

Consolidated Financial Statements for the First Quarter of 2011

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

May 13, 2011

Link and Motivation Inc.
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Stock exchange listing: Tokyo, First Section
Code number: 2170

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Filing of Quarterly Report (*Shihanki Hokokusho*) (scheduled):

May 13, 2011

Start of distribution of dividends (scheduled):

June 24, 2011

Supplementary documents for quarterly results:

No

Quarterly results briefing:

No

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for First Quarter of 2011 (January 1, 2011 - March 31, 2011)

(1) Sales and Income (Percentages represent change compared with the same quarter of the previous year.)

| | Net sales (¥ million) | Change (%) | Operating income (¥ million) | Change (%) | Ordinary income (¥ million) | Change (%) |
|--------------------------------------|--------------------------|---------------|---------------------------------|---------------|--------------------------------|---------------|
| Three months ended March 31, 2011 | 1,630 | (0.8) | 33 | (54.5) | 34 | (53.0) |
| Three months ended March 31, 2010 | 1,643 | (4.8) | 73 | — | 73 | — |

| | Net income (¥ million) | Change (%) | Earnings per share (¥) | Earnings per share (diluted) (¥) |
|--------------------------------------|---------------------------|---------------|---------------------------|-------------------------------------|
| Three months ended March 31, 2011 | (11) | — | (88.45) | — |
| Three months ended March 31, 2010 | 9 | — | 67.51 | — |

(2) Financial Position

| | Total assets (¥ million) | Net assets (¥ million) | Net worth ratio (%) | Net assets per share (¥) |
|-------------------------|-----------------------------|---------------------------|------------------------|-----------------------------|
| As of March 31, 2011 | 4,315 | 3,179 | 69.3 | 22,633.37 |
| As of December 31, 2010 | 4,560 | 3,228 | 69.1 | 23,559.37 |

(Reference) Net worth As of March 31, 2011: ¥2,989 million As of December 31, 2010: ¥3,151 million

2. Dividends

| | Dividends per share | | | | |
|-------------|---------------------|---------|----------|----------|-----------|
| | 1st Qtr. | Interim | 3rd Qtr. | Year-end | Full year |
| 2010 | 500.00 | 500.00 | 500.00 | 500.00 | 2,000.00 |
| 2011 | 500.00 | — | — | — | — |
| 2011 (est.) | — | 500.00 | 500.00 | 500.00 | 2,000.00 |

Note: Revision of dividend forecast during the quarter: No

3. Forecast of Results for 2011 (January 1, 2011 - December 31, 2011)

(Percentages represent change compared to the previous interim period or fiscal year, as applicable)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Earnings per share |
|----------------|-------------|-----|------------------|-----|-----------------|-----|-------------|--------|-----------------------|
| | (¥ million) | (%) | (¥ million) | (%) | (¥ million) | (%) | (¥ million) | (%) | (¥) |
| Interim period | — | — | — | — | — | — | — | — | — |
| Full-year | 7,270 | 2.4 | 750 | 2.6 | 750 | 0.5 | 370 | (36.8) | 2,821.38 |

Note: Revision of forecast of results during the quarter: No

4. Other

- (1) Changes in Significant Subsidiaries during the Period: Yes
New: 1 company (Name: Raise-i Inc.)
Note: Changes in specified subsidiaries due to changes in the scope of consolidation during the three months ended March 31, 2011.
- (2) Application of Simplified Accounting Procedures and Specific Accounting Procedures: Yes
Note: Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements.
- (3) Changes in Accounting Rules, Procedures, Presentation Methods, etc.
 - (a) Changes in consolidated accounting methods: Yes
 - (b) Changes other than (a) above: NoNote: Changes in accounting rules, procedures, presentation methods, etc. for the quarterly consolidated financial statements stated in "Changes in Significant Items Regarding Presentation of Quarterly Financial Statements".
- (4) Number of Shares Issued and Outstanding (Common Stock)
 - (a) Number of shares at the end of the period (including treasury stock)
Three months ended March 31, 2011: 134,960; Year ended December 31, 2010: 134,960
 - (b) Number of treasury shares at the end of the period:
Three months ended March 31, 2011: 2,893; Year ended December 31, 2010: 1,191
 - (c) Average number of shares outstanding (cumulative with earlier quarters):
Three months ended March 31, 2011: 132,699; Three months ended March 31, 2010: 134,857

* Presentation of Implementation Status of Quarterly Review Procedures

These "Consolidated Financial Statements for the First Quarter of 2011" are not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act and, as of the date of publication of these statements, the review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

* Explanation on Proper Use of the Forecast of Results and Other Special Instructions

For the background to the forecast of consolidated results contained in this document, please refer to "(1) Qualitative Information Regarding Results of Consolidated Operations" of "1. Qualitative Information Regarding Consolidated Results, etc." starting on page 2. The forecast of consolidated results contained in this document is based on the most reliable information and assumptions available to the Company as of the date of submission. Please bear in mind that numerous uncertain factors are present given an increasingly unclear economic environment.

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1. Qualitative Information Regarding Consolidated Results, etc.

(1) Qualitative Information Regarding Results of Consolidated Operations

During the first quarter of 2011 (January 1, 2011 to March 31, 2011), Japan's economy began to show some signs of improvement, despite economic uncertainties attributable to instability in the global economy and the strength of the yen persisting since the previous year. However, the Great East Japan Earthquake that occurred on March 11 has had an immeasurable impact on the domestic economy, and it is difficult to assess the future outlook.

Employment improved from the temporary nadir but remained weak, with the ratio of job offers to university and other graduates still just 0.63 as of March 2011 and the overall unemployment rate hovering at 4.6%.

In this environment, Link and Motivation Inc. ("the Company") was committed to strengthening services based on management issues, strengthening products and services that are compatible with the recruitment environment and applying motivation engineering to B2C businesses. To strengthen services based on management issues, the Company provided solutions that address target companies' essential issues in order to improve their results, and the number of projects that touched on those issues increased. To strengthen products and services that are compatible with the recruitment environment, the Company launched a Chinese recruitment support service in 2010 and promoted the shift from a large-scale mass-hiring model to a smaller-scale model, focusing on targets through Raise-i Inc., which was established in February 2011. In addition, to apply the motivation engineering to B2C businesses, the Company established Motivation Academia Inc. as the first step to advance into the education business and began managing a private preparatory school.

As a result, consolidated net sales of the Link and Motivation Group for the first quarter of 2011 were ¥1,630,444 thousand (a 0.8% decrease compared with the same period of the previous year), gross profit was ¥789,287 thousand (a 5.2% decrease), operating income was ¥33,452 thousand (a 54.5% decrease), ordinary income was ¥34,626 thousand (a 53.0% decrease), and net loss was ¥11,738 thousand. Net sales returned to almost the same level as in the first quarter of the previous fiscal year, but income at all levels declined. An overview of results by segment for the first quarter of 2011 is provided below. The segments of the Link and Motivation Group and respective service areas are as follows.

| Segment classification | Service area | Name of Group company providing the service |
|------------------------|--------------------------------|---|
| B2B Division | Motivation management business | Link and Motivation Inc. Link Tourist Inc. |
| | Entry management business | Link and Motivation Inc. Raise-i Inc. |
| | Investor relations business | Link Investor Relations Inc. |
| | Place management business | Link Place Inc. |
| B2C Division | Sports business | Link Sports Entertainment Inc. |
| | Restaurant business | Link Dining Inc. |
| | Preparatory school business | Motivation Academia Inc. |

B2B Division

This segment offers one-stop services that support companies' management and growth by applying the "motivation engineering" technology essential for corporate innovation to their communication with stakeholders such as employees, job applicants, shareholders and investors.

In the first quarter, segment sales were ¥1,495,834 thousand and segment income was ¥774,756 thousand. An overview of operating results by business area is as follows.

Motivation Management Business

In the Motivation Management business, net sales in the first quarter were ¥488,359 thousand and gross profit was ¥273,342 thousand.

This segment offers services for personnel training and organization and system design aimed at creating highly motivated organizations. The segment also supports corporate vision and brand creation and market penetration.

In the first quarter, consulting projects that addressed customers' essential management issues increased as a result of more selective targeting and stronger customer relations amid the beginning of a recovery in spending on personnel, training, advertising and PR.

Going forward, although the full impact of the Great East Japan Earthquake remains uncertain, the Company will continue to concentrate on setting themes and providing solutions that meet customer needs, and will focus on sales of the "compliance survey," a new product that visualizes the status of compliance in a business organization.

Entry Management Business

In the Entry Management business, net sales in the first quarter were ¥733,649 thousand and gross profit was ¥404,380 thousand.

This segment offers recruitment strategy planning services aimed at realizing the best matches between companies and applicants in the recruitment stage, and assistance with the execution of those strategies.

In the first quarter, solid sales continued for consulting services at the planning stage of recruitment activities and interviewer training services to assess students as client companies operating in a severe economic environment tended to select students more strictly. Meanwhile, sales of consulting for planning large-scale company information meetings declined significantly.

Going forward, Link and Motivation will provide services while identifying the recruitment trends of client companies referring to the "Charter on Corporate Ethics Regarding the Recruiting of Graduating Undergraduate Students and Graduating Master's Program Students for Employment" established by Nippon Keidanren. Mainly through Raise-i Inc., the Company will focus on offering the student recruitment service demanded by companies, and the corporate PR support service, which helps promote corporate brands among the student population.

Investor Relations Business

In the Investor Relations business, net sales were ¥110,202 thousand and gross profit was ¥47,830 thousand.

This segment provides IR consulting services designed to achieve effective and efficient communication with investors, including annual report production and video distribution of business results briefings.

In the first quarter, sales in the core video distribution service remained solid despite the yearly drop in the number of listed companies.

Going forward, the Company will focus on CSR activity support and other corporate stakeholder services that use its advanced production technologies, in addition to its existing services that support customers' IR activities.

Place Management Business

In the Place Management business, net sales were ¥163,623 thousand and gross profit was ¥49,201 thousand.

This segment provides office brokerage and consulting services related to office design and construction.

In the first quarter, customers refrained from active investment in offices. As a result, although sales in the core consulting service business remained firm, sales in the office brokerage business declined. Link and Motivation also constructed a new office for this business to embody and convey a new business working style to the world.

Going forward, the Company will strengthen sales through PR using the new office as a subject, and will

focus on one-stop services from office selection for start-ups to office construction consulting.

B2C Division

Businesses in this segment, including schools, sporting organizations, and restaurants, apply the Company's core "motivation engineering" technology in the B2C domain.

In the first quarter, segment sales were ¥151,761 thousand and segment income was ¥19,366 thousand. Due to the Great East Japan Earthquake, a number of games of Link Tochigi Brex professional basketball team during the 2010-2011 season were cancelled, and the restaurant business was affected by a trend among consumers to refrain from eating out. Going forward, the segment will focus on generating income from existing businesses and the private preparatory school business of Motivation Academia Inc. opening in May 2011.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets as of March 31, 2011 were ¥4,315,533 thousand, down ¥244,715 thousand from a year earlier. The principal factors were a ¥49,691 thousand decrease in cash and deposits and a ¥318,082 thousand decrease in notes and accounts receivable.

Total liabilities were ¥1,136,256 thousand, down ¥195,253 thousand from a year earlier. The principal factors were a ¥63,224 thousand decrease in accounts payable, a ¥58,019 thousand decrease in accounts, and a ¥33,750 thousand decrease in accrued bonuses to employees.

Total net assets were ¥3,179,277 thousand, down ¥49,461 thousand from a year earlier. Principal factors were a ¥66,884 thousand decrease in retained earnings due to payment of dividends and a ¥11,738 thousand decrease in retained earnings from net loss.

Cash Flow

The balance of cash and cash equivalents (“cash”) as of March 31, 2011 was ¥1,622,023 thousand, a decrease of ¥49,691 thousand from the end of the previous fiscal year (an increase of 55.1% from the same period of the previous year).

Cash flow for the first quarter of 2011 was as follows:

Cash Flow from Operating Activities

Net cash provided by operating activities was ¥192,676 thousand, a 2.2% increase compared with the same period of the previous year. The principal factors were a ¥318,082 thousand decrease in notes and accounts receivable – trade and income before income taxes of ¥22,683 thousand, as well as a ¥58,019 thousand decrease in notes and accounts payable, a ¥77,459 thousand decrease in accounts payable and a ¥27,429 thousand decrease in advances received.

Cash Flow from Investing Activities

Net cash used in investing activities was ¥42,082 thousand, a 166.0% increase compared with the same period of the previous year.

The principal factors were ¥26,944 thousand in payments for security deposits and guarantees and ¥11,019 thousand in payments for acquisition of intangible fixed assets.

Cash Flow from Financing Activities

Net cash used in financing activities was ¥200,286 thousand, a 25.6% decrease compared with the same period of the previous year. The principal factors were ¥248,101 thousand in payments for purchase of treasury stock and payment of cash dividends totaling ¥68,850 thousand, as well as ¥120,000 thousand in proceeds from stock issuance to minority shareholders.

(3) Qualitative Information Regarding Forecast of Consolidated Results

There are currently no revisions to the forecast for the year ending December 31, 2011.

2. Other Information

(1) Overview of Changes in Significant Subsidiaries

One company, Raise-i Inc. which was established during the first quarter under review, has been added to the scope of consolidation.

(2) Overview of Simplified Accounting Procedures and Specific Accounting Procedures

| First Quarter of 2011 (January 1, 2011 to March 31, 2011) |
|---|
| (Simplified accounting procedures) |
| 1. Appraisal method for inventory assets With respect to the calculation of inventory assets as of March 31, 2011, physical stocktaking was not conducted, and instead a method of reasonably calculating inventory based on physical inventory figures at the end of the previous consolidated fiscal year was adopted. In addition, with respect to the write-down of book values, actual sales value is estimated for those inventory assets with clearly diminished profitability. |
| 2. Calculation method for the depreciation cost of fixed assets With respect to the assets calculated using the declining-balance method, the portion of depreciation cost for the consolidated fiscal year under review is included. |

| First Quarter of 2011 (January 1, 2011 to March 31, 2011) |
|--|
| (Accounting procedures specific to the preparation of quarterly consolidated financial statements) |
| 1. Calculation of tax expenses With respect to tax expenses, a reasonable estimate is made for the effective tax rate after the application of tax effect accounting to pretax net income for the consolidated fiscal year, and the estimated tax rate is multiplied by pretax net income. The adjustment for corporate and other taxes is included in income taxes in the Consolidated Statements of Operations. |

(3) Overview of Changes in Accounting Rules, Procedures, Presentation Methods, etc.

| First Quarter of 2011 (January 1, 2011 to March 31, 2011) |
|--|
| 1. Application of accounting standard for asset retirement obligations From the first quarter of 2011, the Company applies the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued March 31, 2008). As a result, operating income and ordinary income each decreased by ¥351 thousand, and income before income taxes decreased by ¥9,212 thousand. The change in asset retirement obligations due to the application of this standard is ¥22,303 thousand. |
| 2. Changes in presentation methods As a result of applying the Cabinet Office Ordinance Partially Revising Regulations on the Terminology, Format and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, issued March 24, 2009) based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 issued on December 26, 2008), "Income before minority interests" is presented for the first quarter of 2011. "Commission fees" were more than 20 hundredths of total non-operating income in the first quarter of 2011. Therefore, they are presented as a separate item. For the previous year, "Commission fees" included in "Other" under non-operating income were ¥81 thousand. |

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen, rounded down to the nearest thousand)

| | As of March 31, 2011 | As of December 31, 2010 |
|------------------------------------|-------------------------|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 1,622,023 | 1,671,715 |
| Notes and accounts receivable | 896,392 | 1,214,475 |
| Products | 10,823 | 11,890 |
| Goods in process | 54,387 | 53,647 |
| Merchandise and supplies | 16,865 | 13,618 |
| Prepaid expenses | 38,376 | 64,508 |
| Deferred tax assets | 155,563 | 155,563 |
| Deposits paid | 162,000 | — |
| Accrued consumption tax | 1,108 | 6,223 |
| Other | 13,996 | 32,555 |
| Allowance for doubtful accounts | (12,390) | (13,861) |
| Total current assets | 2,959,147 | 3,210,337 |
| Fixed assets | | |
| Property and equipment | | |
| Buildings and structures | 162,641 | 140,444 |
| Accumulated depreciation | (97,217) | (91,378) |
| Buildings and structures (net) | 65,424 | 49,065 |
| Vehicles | 6,411 | 6,411 |
| Accumulated depreciation | (5,860) | (5,690) |
| Vehicles (net) | 551 | 721 |
| Furniture and fixtures | 265,237 | 263,338 |
| Accumulated depreciation | (213,201) | (208,299) |
| Furniture and fixtures (net) | 52,036 | 55,039 |
| Lease assets | 37,073 | 37,073 |
| Accumulated depreciation | (15,071) | (12,187) |
| Lease assets (net) | 22,002 | 24,886 |
| Total property and equipment | 140,013 | 129,713 |
| Intangible assets | | |
| Goodwill | 521,979 | 542,689 |
| Software | 164,037 | 174,142 |
| Other | 4,228 | 4,440 |
| Total intangible assets | 690,245 | 721,272 |
| Investments and other assets | | |
| Investments in securities | 16,861 | 18,360 |
| Security deposits | 397,374 | 370,564 |
| Deferred tax assets | 63,057 | 63,702 |
| Claims in bankruptcy | 242 | 242 |
| Other | 48,833 | 46,298 |
| Allowance for doubtful accounts | (242) | (242) |
| Total investments and other assets | 526,127 | 498,925 |
| Total fixed assets | 1,356,386 | 1,349,911 |
| Total assets | 4,315,533 | 4,560,248 |

(Thousands of yen, rounded down to the nearest thousand)

| | As of March 31, 2011 | As of December 31, 2010 |
|---|-------------------------|----------------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Accounts | 256,036 | 314,055 |
| Short-term borrowings | 450,000 | 450,000 |
| Long-term debt due within one year | 2,052 | 2,052 |
| Accounts payable | 145,903 | 209,128 |
| Lease obligations | 11,552 | 11,442 |
| Expenses payable | 2,472 | 13,158 |
| Accrued income taxes | 28,903 | 23,422 |
| Accrued consumption taxes | 32,262 | 36,041 |
| Advances received | 42,109 | 69,538 |
| Accrued bonuses to employees | 88,290 | 122,041 |
| Accrued bonuses to officers | — | 6,630 |
| Other | 41,892 | 58,078 |
| Total current liabilities | 1,101,477 | 1,315,589 |
| Long-term liabilities | | |
| Long-term debt | 1,368 | 1,881 |
| Lease obligations | 11,107 | 14,039 |
| Asset retirement obligations | 22,303 | — |
| Total long-term liabilities | 13,563 | 15,623 |
| Total liabilities | 1,317,899 | 1,745,400 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 979,750 | 979,750 |
| Additional paid-in capital | 734,595 | 734,595 |
| Retained earnings | 1,414,907 | 1,493,530 |
| Treasury stock | (140,749) | (56,040) |
| Total shareholders' equity | 2,988,503 | 3,151,835 |
| Valuation and translation adjustments | | |
| Unrealized gain on securities | 617 | (321) |
| Total valuation and translation adjustments | 617 | (321) |
| Minority interests | 190,155 | 77,224 |
| Total net assets | 3,179,277 | 3,228,738 |
| Total liabilities and net assets | 4,315,533 | 4,560,248 |

(2) Consolidated Statements of Operations

(Thousands of yen, rounded down to the nearest thousands)

| | Three months ended March 31, 2010 | Three months ended March 31, 2011 |
|---|--------------------------------------|--------------------------------------|
| Net sales | 1,643,549 | 1,630,444 |
| Cost of sales | 810,977 | 841,157 |
| Gross profit | 832,572 | 789,287 |
| Selling, general and administrative expenses | 758,982 | 755,834 |
| Operating income | 73,590 | 33,452 |
| Non-operating income | | |
| Interest income | 133 | 129 |
| Dividend income | 22 | 72 |
| Reversal of allowance for doubtful accounts | 95 | — |
| Commission fees | 81 | 1,059 |
| Office work fees | — | 1,096 |
| Other | 1,019 | 893 |
| Total non-operating income | 1,352 | 3,251 |
| Non-operating expenses | | |
| Interest expenses | 1,158 | 639 |
| Expenses for purchase of treasury stock | — | 1,392 |
| Other | 161 | 46 |
| Total non-operating expenses | 1,319 | 2,078 |
| Ordinary income (loss) | 73,623 | 34,626 |
| Extraordinary loss | | |
| Loss on sale of property and equipment | 2,231 | — |
| Loss on valuation of investment securities | 1,195 | 3,083 |
| Business transfer expenses | 6,901 | — |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 8,860 |
| Other | 9,692 | — |
| Total extraordinary loss | 20,020 | 11,943 |
| Income before income taxes | 53,602 | 22,683 |
| Total income taxes | 44,490 | 41,490 |
| Loss before minority interests | — | (18,807) |
| Loss on minority interests | — | (7,068) |
| Net income (loss) | 9,112 | (11,738) |

(3) Consolidated Statements of Cash Flow

(Thousands of yen, rounded down to the nearest thousand)

| | Three months ended March 31, 2010 | Three months ended March 31, 2011 |
|--|---|---|
| Cash flow from operating activities | | |
| Income (loss) before income taxes | 53,602 | 22,683 |
| Depreciation and amortization | 33,686 | 32,470 |
| Amortization of goodwill | 20,710 | 20,710 |
| Increase (decrease) in allowance for doubtful accounts | (446) | (1,471) |
| Increase (decrease) in allowance for employees' bonuses | (11,860) | (33,750) |
| Increase (decrease) in allowance for officers' bonuses | (5,846) | (6,630) |
| Increase (decrease) in reserve for loss on returned goods | (1,158) | — |
| Loss (gain) on valuation of investment securities | 1,195 | 3,083 |
| Loss (gain) on sale of fixed assets | 2,231 | — |
| Interest and dividend income | (155) | (201) |
| Interest expense | 1,158 | 639 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 8,860 |
| Decrease (increase) in notes and accounts receivable - trade | 302,436 | 318,082 |
| Decrease (increase) in inventories | (6,288) | (2,920) |
| Increase (decrease) in notes and accounts payable | 16,861 | (58,019) |
| Increase (decrease) in accounts payable | (62,843) | (77,459) |
| Increase (decrease) in advances received | (96,962) | (27,429) |
| Increase (decrease) in accrued consumption taxes | (7,034) | 1,336 |
| Other | (48,090) | 14,302 |
| Subtotal | 191,196 | 214,288 |
| Interest and dividends received | 155 | 201 |
| Interest paid | (1,075) | (751) |
| Corporate tax refund | 1,481 | — |
| Income taxes paid | (3,149) | (21,061) |
| Net cash provided by operating activities | 188,609 | 192,676 |
| Cash flow from investing activities | | |
| Payments for acquisition of property and equipment | (13,331) | (1,675) |
| Payments for acquisition of intangible fixed assets | (9,580) | (11,019) |
| Payments for security deposits and guarantees | (4,000) | (26,944) |
| Proceeds from recovery of security deposits and guarantees | 13,552 | 134 |
| Other | (2,458) | (2,576) |
| Net cash used in investing activities | (15,818) | (42,082) |
| Cash flow from financing activities | | |
| Increase (decrease) in short-term debt | (200,000) | — |
| Repayment of long-term debt | (513) | (513) |
| Repayment of lease obligations | — | (2,821) |
| Payments for purchase of treasury stock | — | (248,101) |
| Payment of cash dividends | (68,723) | (68,850) |
| Proceeds from stock issuance to minority shareholders | — | 120,000 |
| Net cash provided by (used in) financing activities | (269,236) | (200,286) |
| Net increase (decrease) in cash and cash equivalents | (96,445) | (49,691) |
| Cash and cash equivalents at beginning of period | 1,142,532 | 1,671,715 |
| Cash and cash equivalents at end of period | 1,046,086 | 1,622,023 |

(4) Notes Regarding Assumption of Going Concern

First quarter of 2011 (January 1, 2011 – March 31, 2011)

None applicable

(5) Segment Information

a. Business Segment Information

First quarter of 2011 (January 1, 2011 – March 31, 2011)

Not applicable because the business of the Company and its subsidiaries, “Management consulting through motivation engineering,” is a single segment.

b. Geographic Segment Information

First quarter of 2011 (January 1, 2011 – March 31, 2011)

Geographic segment information is not disclosed because the Company has no consolidated subsidiaries or significant branch offices outside Japan.

c. Overseas Sales

First quarter of 2011 (January 1, 2011 – March 31, 2011)

Overseas sales information is omitted because the Company has no overseas sales.

d. Segment Information

1. Overview of reportable segments

The reportable segments of the Group are constituent units for which separate financial information is available and for which the Board of Directors undertakes a regular review to determine the allocation of management resources and assess business performance.

The Group operates based on comprehensive strategies for the services it offers.

The Group consists of business segments based on the format in which the services are offered and has consequently set two segments—the B2B Division and the B2C Division—as its reportable segments.

In the B2B Division, the Group applies the “motivation engineering,” the essential technology for corporate innovation, to communicate with corporate stakeholders such as employees, applicants, shareholders, and investors and supports the management and growth of companies with one-stop services. In the B2C Division, the Group operates by applying the essential “motivation engineering” technology to the management of business domains such as schools, sports and restaurants.

2. Sales and income by reportable segment

First quarter of 2011 (January 1, 2011 – March 31, 2011)

(Thousands of yen, rounded down to the nearest thousand)

| | Reportable Segment | | | Adjustment (Note 1) | Consolidated |
|----------------------------------|--------------------|--------------|-----------|------------------------|--------------|
| | B2B Division | B2C Division | Total | | |
| Segment sales | | | | | |
| Sales to outside customers | 1,490,830 | 139,614 | 1,630,444 | — | 1,630,444 |
| Intersegment sales and transfers | 5,004 | 12,147 | 17,151 | (17,151) | — |
| Total | 1,495,834 | 151,761 | 1,647,596 | (17,151) | 1,630,444 |
| Segment income (Note 2) | 774,756 | 19,366 | 794,122 | (4,834) | 789,287 |

Notes: 1. Adjustments represent elimination of intersegment transactions

2. Segment income is gross profit.

(Additional Information)

As of the first quarter of 2011, the Company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, issued March 27, 2009) and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued March 21, 2008).

(6) Notes in the Event of Significant Changes in Shareholders' Equity

First-quarter period (January 1, 2011 – March 31, 2011)

None applicable

(7) Major Subsequent Events

None applicable