Consolidated Financial Statements for the Fiscal Year Ended December 31, 2008

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

February 9, 2009

Link and Motivation Inc.
3-7-3 Ginza, Chuo-ku, Tokyo 104-0061
http://www.lmi.ne.jp

Stock exchange listing: Tokyo, First Section
Code number: 2170

Representative: Yoshihisa Ozasa, President and Representative Director
Contact: Shunichi Ohno, Managing Executive Officer and
Manager of Corporate Design Division — Phone: +81-3-3538-8558

Ordinary General Meeting of Shareholders (scheduled): March 22, 2009
Start of distribution of dividends (scheduled): March 23, 2009
Filing of Securities Report (*Yuka Shoken Hokokusho*) (scheduled): March 23, 2009

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for 2008 (January 1, 2008 - December 31, 2008)

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

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
2008	8,275	1.1	1,414	3.9	1,425	7.0
2007	8,184	28.8	1,361	58.5	1,332	55.2

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)	Return on equity (%)	Ordinary income/Total assets (%)	Ordinary income/Net sales (%)
2008	818	10.1	6,053.23	—	23.0	28.6	17.1
2007	743	60.2	5,882.72	—	28.5	30.7	16.6

(Reference) Equity in earnings of affiliates: ¥— million (2007: ¥— million)

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net assets/ Total assets (%)	Net assets per share (¥)
2008	4,963	3,787	76.3	28,066.52
2007	5,013	3,326	66.4	24,551.21

(Reference) Net worth: ¥3,787 million (2007: ¥3,326 million)

(3) Cash Flow

	Cash flow from operating activities (¥ million)	Cash flow from investing activities (¥ million)	Cash flow from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
2008	765	(554)	(567)	1,312
2007	937	(794)	292	1,668

2. Dividends

	Dividends per share					Total dividends paid (full year) (¥ million)	Payout ratio (%)	Dividends/ Net assets (%)
	1st Qtr.	Interim	3rd Qtr.	Year-end	Full year			
2007	—	655.00	163.00	947.00	1,765.00	231	30.0	8.9
2008	525.00	787.00	309.00	1,409.00	3,030.00	409	50.1	11.5
2009 (est.)	500.00	500.00	500.00	500.00	2000.00	269	32.9	6.7

Note: Breakdown of dividend for the first quarter of 2008: Ordinary dividend: ¥315.00; Commemorative dividend: ¥210.00
Breakdown of interim dividend of 2008: Ordinary dividend: ¥472.20; Commemorative dividend: ¥314.80
Breakdown of dividend for the third quarter of 2008: Ordinary dividend: ¥185.40; Commemorative dividend: ¥123.60
Breakdown of year-end dividend of 2008: Ordinary dividend: ¥845.40; Commemorative dividend: ¥563.60

3. Forecast of Results for 2009 (January 1, 2009 - December 31, 2009)

(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	4,130	0.6	430	(28.6)	425	(29.5)	230	(35.2)	1,704.20
Full-year	8,400	1.5	1,480	4.7	1,470	3.1	820	0.2	6,075.87

4. Other

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation): No

(2) Changes in Accounting Rules, Procedures, Presentation Method, etc. for the Consolidated Financial Statements
(a) Changes in consolidated accounting methods: No
(b) Changes other than (a) above: No

(3) Number of shares issued and outstanding (common stock)
(a) Number of shares at end of period (including treasury stock): December 31, 2008: 134,960 shares, December 31, 2007: 135,500 shares
(b) Treasury stock at end of period: December 31, 2008: — shares, December 31, 2007: — shares

Note: See "Per Share Data" on page 52 of the Japanese language version for the number of shares used as the basis for calculation of earnings per share (consolidated). [Omitted from English translation.]

(Reference) Summary of Non-consolidated Results

Non-consolidated Results for 2008 (January 1, 2008 – December 31, 2008)

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

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
2008	7,017	2.0	1,366	5.9	1,367	8.4
2007	6,881	29.9	1,289	57.7	1,261	55.1

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
2008	798	12.9	5,905.87	—
2007	707	62.5	5,598.71	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net assets / Total assets (%)	Net assets per share (¥)
2008	4,720	3,703	78.5	27,444.50
2007	4,818	3,262	67.7	24,078.71

(Reference) Net worth: ¥3,703 million (2007: ¥3,262 million)

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

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 in an increasingly unclear economic environment, or the materialization of risks detailed in "2. Results of Operations, (4) Business and Other Risks" on pages 6-7 could cause actual results to differ materially from the forecast.

1. [Omitted from English Translation]

2. Results of Operations

(1) Analysis of Results of Operations

In 2008, the Japanese economy suffered a serious slowdown due to a global downturn in stock prices that began in the United States, triggered by the bankruptcy of Lehman Brothers Holdings Inc. As a result, many companies faced greater-than-expected deterioration of their earnings, and significant budget reductions were seen among customers of Link and Motivation, centered on small-to-medium sized companies.

Under these severe conditions, the Company worked to respond flexibly to changes in the environment by accelerating its growth strategies and changing its sales methods. It has positioned its growth strategies as strengthening database product sales, enhancing the Brand Management business and acquiring new customers by expanding business bases. All strategies progressed well in 2008, resulting in substantial growth in sales and income from database analysis, the Brand Management business and the Tokai region. Sales methods focused on clarifying target customers and providing solutions to match customers' awareness of problems and issues in an economic downturn.

As a result, consolidated net sales of the Link and Motivation Group for 2008 were ¥8,275,839 thousand (a year-on-year increase of 1.1%), gross profit was ¥5,166,025 thousand (an increase of 3.5%), operating income was ¥1,414,165 thousand (an increase of 3.9%), ordinary income was ¥1,425,964 thousand (an increase of 7.0%) and net income was ¥818,453 thousand (a 10.1% increase), for the eighth consecutive annual increase in net sales and income on a consolidated basis since the Company's establishment.

Operating results by business for the full year are described below.

Motivation Management Business: Organizational strategies

In 2008, the Motivation Management business generated net sales of ¥3,181,345 thousand (a year-on-year decrease of 7.3%) and gross profit of ¥2,357,536 thousand (a 7.2% decrease).

The Motivation Management business provides services related to planning and implementation support of organizational strategies, including training, personnel systems and organizational climate, for raising employee motivation. Net sales and gross profit in 2008 decreased compared with the previous year due to budget cutbacks for personnel and training centered on small-to-medium sized companies affected by the economic downturn. As a result of shifting sales personnel from small-to-medium sized companies to major companies from July 2008, results related to major companies were essentially unchanged from the previous year.

Entry Management Business: Employment strategies

In 2008, net sales of the Entry Management business were ¥3,117,007 thousand (a year-on-year increase of 4.6%) and gross profit was ¥1,917,925 thousand (an increase of 11.4%).

The Entry Management business provides services related to planning and implementation support of recruiting strategies to achieve the best match for each recruiting situation. Despite a trend toward suspending mid-career hiring and reducing new graduate hiring, many large companies are continuing to hire a set number of new graduates due to reflection on the crash of the bubble economy. In addition to shifting sales personnel since 2007 toward strengthening sales to major companies, the Company has revised its marketing technique to offer comprehensive market-in solutions that resolve customers' upstream issues instead of product-out solutions in order to respond to customers' increasingly complicated and sophisticated needs. These initiatives contributed toward significant increases in net sales and income compared with the previous year.

Brand Management Business: Brand strategies

Net sales of the Brand Management business were ¥1,196,731 thousand (a year-on-year increase of 36.4%) and gross profit was ¥696,034 thousand (an increase of 40.0%) (these figures include net sales of ¥85,200 thousand and gross profit of ¥11,081 thousand for the period from June to December 2008 from Nihon Investors Service Inc., which the Company acquired on July 25, 2008).

The Brand Management business provides support services related to planning and implementation of IR activities and marketing activities for the clarification and penetration of brand image. In 2008, sales centered on major companies increased significantly for databases and internet research regarding individual values and consumption trends, as well as associated consulting services. In addition, net sales of IR branding activities, consisting of IR consulting and annual reports, rose steadily, taking advantage of the trend of demands for detailed disclosure of information to investors. As a result, net sales and gross profit increased significantly compared with the previous year.

Place Management Business: Place strategies

In 2008, the Place Management Business generated net sales of ¥745,294 thousand (a year-on-year decrease of 11.6%) and gross profit of ¥183,400 thousand (a decrease of 5.7%) (these figures include net sales of ¥17,712 thousand and gross profit of ¥17,712 thousand for the period from October to December 2008 from Works Realtor Inc., which the Company acquired on October 1, 2008).

The Place Management business provides services related to planning and implementation support for office set-up and other place strategies for energizing communication and raising productivity. Sales of place strategy consulting, the main service, decreased 16.4% compared to the previous year due to an increase in small-to-medium sized businesses refraining from office investment. As a result, net sales and gross profit decreased compared with the previous year.

Other

Other net sales in 2008 totaled ¥35,460 thousand (a year-on-year decrease of 33.6%). Other net sales included compensation from speaking engagements at business events, as well as compensation from published books and contributions to newspapers and business journals. From the first quarter, Link Dining Inc., a part of Other until the end of the previous year, was included in the Place Management business. Comparisons with the previous year are based on retroactively revised figures.

(2) Analysis of Financial Condition

Significant Accounting Policies

The Company's consolidated and non-consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan (Japanese GAAP). The significant accounting policies used in the Company's consolidated financial statements are described in "4. Consolidated Financial Statements, (6) Basis of Presentation of Consolidated Financial Statements." The significant accounting policies used in the Company's non-consolidated financial statements are described in "5. Non-consolidated Financial Statements, (5) Significant Accounting Policies." [Both omitted from English translation.] In preparing these consolidated and non-consolidated financial statements, the Company made estimates and judgments based on various factors that it considers reasonable given past financial results and conditions. However, because of inherent uncertainties and risks, actual results in the future may differ from these estimates and judgments.

Assets, Liabilities and Net Assets

Total assets as of December 31, 2008 were ¥4,963,442 thousand, a decrease of ¥50,091 thousand from a year earlier. The principal factors included decreases of ¥18,372 thousand in property and equipment following the sale of vehicles and transportation equipment, ¥306,383 thousand in cash and deposits following repayment of debt and payment of income taxes and other taxes, and ¥54,643 thousand due to amortization of goodwill, despite increases of ¥111,431 thousand in software following the start of internet sales of database products, ¥119,513 thousand in property and equipment following office set-up and the enhancement of training facilities due to aggressive expansion of business bases, and ¥94,229 thousand in security deposits.

Total liabilities decreased ¥511,259 thousand from a year earlier to ¥1,175,583 thousand. Principal factors were decreases of ¥203,589 thousand in debt following scheduled repayment of debt and ¥186,484 thousand in notes and accounts receivable following the internalization of production processes and cost reductions.

Net assets increased ¥461,168 thousand from a year earlier to ¥3,787,858 thousand. Principal factors included net income of ¥818,453 thousand following solid operating activities and ¥347,358 thousand in retained earnings used to pay dividends.

Cash Flow

The balance of cash and cash and cash equivalents ("cash") as of December 31, 2008 was ¥1,312,494 thousand, a decrease of ¥356,383 thousand (21.4%) from a year earlier.

Cash Flow from Operating Activities

Net cash provided by operating activities was ¥765,335 thousand, a year-on-year decrease of ¥172,576 thousand (18.4%).

Principal factors included an increase of ¥102,819 thousand (7.8%) year on year in income before income taxes following the expansion of business and an increase of ¥163,044 thousand from the payment of notes and accounts payable and the recovery of notes and accounts receivable - trade, while income taxes paid increased ¥361,498 thousand (103.6%) and inventories increased ¥98,906 thousand year on year.

Cash Flow from Investing Activities

Net cash used in investing activities was ¥554,441 thousand, compared with ¥794,487 thousand in the previous year.

Principal factors included payments totaling ¥221,104 thousand for acquisition of property and equipment and security deposits for the opening of Link Port Harumi, a training facility, the relocation of the Tokai branch office and the renovation of some existing offices, ¥160,205 thousand for acquisition of software following the strengthening and start of internet sales of database products, ¥80,000 thousand in payments related to the contract completed with ODS Corporation in 2007 for acquisition of business, ¥67,607 thousand for the acquisition of Nihon Investors Service Inc. and Works Realtor Inc., and a ¥50,000 thousand increase in time deposits longer than 3 months.

Cash Flow from Financing Activities

Net cash used in financing activities was ¥567,276 thousand. Financing activities provided ¥292,558 thousand in the previous year.

Principal factors included ¥226,251 thousand in repayment of long-term debt and ¥341,225 thousand for payment of cash dividends.

For reference:

Cash Flow Related Indicators

	2006	2007	**2008**
Net worth ratio (%)	51.5	66.4	76.3
Net worth ratio on market value basis (%)	—	556.7	127.3
Cash flow to interest-bearing debt (times)	1.47	0.34	0.15
Interest coverage ratio (times)	52.1	114.3	422.9

Net worth ratio: Net worth/Total assets

Net worth ratio on market value basis: Total market capitalization/Total assets

Cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest expense

Notes: 1. Each indicator is calculated on a consolidated basis.

2. Total market capitalization: Share price at end of period/number of shares at end of period
3. Operating cash flow: Cash flow from operating activities in statements of cash flow
4. Interest expense: Interest expense on statements on statements of cash flow
5. Net worth ratio on market value basis is not calculated for 2006 because Link and Motivation Inc. was not yet a publicly traded company.

(3) Dividend Policy and Dividends for the Year and the Next Year

The Company's basic dividend policy is to make more active and stable returns to shareholders while taking into account the future operating environment, investment plans and other factors. The Company seeks to maintain the dividend payout ratio at about 30% of consolidated net income. However, for its first year as a listed company, the Company paid a commemorative dividend of 20% in addition to an ordinary dividend of 30% for a payout ratio of 50% of net income.

The Company will allocate retained earnings for investment in human resources and facilities for the purpose of expanding business and raising efficiency, as part of its effort to further expand its operations and increase its enterprise value. In addition, the Company will actively pay dividends on a quarterly basis, including interim and year-end dividends, for flexible shareholder returns.

In 2008, linking dividends to quarterly net income, the Company paid a first-quarter dividend of ¥525.00 per share, an interim dividend of ¥787.00 per share, and a third-quarter dividend of ¥309.00 per share. Pursuant to the provisions of Article 459, paragraph 1, item 4 of the Corporation Law, the Articles of Incorporation allow the Company to distribute earned surplus as dividends by resolution of the Board of Directors, which resolved on February 9, 2009 to set the year-end dividend at ¥1,409.00. As a result, dividends for the full year were ¥3,030.00.

In 2009, in order to make dividend payments more stable and easier to understand, the Company plans to pay quarterly dividends of ¥500.00 for a full-year dividend of ¥2,000.00.

(4) Business and Other Risks

The paragraphs below describe the items believed to be potential risk factors in the Group's business operations. From the standpoint of proactive information disclosure, this section also includes items considered to be significant in the investment decisions of investors, even though they are not necessarily considered business risks. The Group is aware of the possibility of these risk factors materializing, and makes efforts to prevent their occurrence and to respond in the event that they do occur. However, investment decisions with respect to the Company's stock should be made after careful judgment that also takes into account factors other than those described herein. Forward-looking statements contained in this text are based on the judgment of the Group's management as of February 9, 2009.

1. Seasonal Bias of Sales

In the breakdown of Group sales by quarter, fourth-quarter sales are higher than sales in other quarters. This is due to the nature of the Entry Management business.

Currently, corporations are beginning their new graduate hiring activities earlier, and that trend was evident in 2008. Reflecting this situation, net sales in the fourth quarter accounted for 28.6% of total net sales for 2008.

For Reference:
Quarterly Net Sales in 2008

	Q1	Q2	Q3	Q4	**Full Year**
Net sales (¥ thousand):	2,137,408	1,968,122	1,801,206	2,369,104	**8,275,840**
Percentage of total:	25.8	23.8	21.8	28.6	**100.0**

2. Degree of Reliance on a Specific Client (Recruit Co., Ltd.)

Transactions with Recruit Co., Ltd. accounted for 19.8% of the Group's sales for 2008.

These sales take place through an outsourcing agreement mainly in the Entry Management business. Under the agreement, Recruit Co., Ltd., which has Japan's largest customer base in the new graduate recruiting business, is responsible for sales functions, while Link and Motivation Inc. provides content such as recruitment strategy planning, and planning and design of company information meetings and applicant screenings. The aforementioned agreement is signed on April 1 each year while confirming the contents of the tie-up. As the Company has developed direct sales channels in the Entry Management business and expanded sales in other businesses, its degree of reliance on sales to Recruit Co., Ltd., which was 28.5% in 2006, 21.2% in 2007 and 19.8% in 2008, has been decreasing each year.

However, sales in the Entry Management business could be temporarily impacted in the event that this tie-up relationship is terminated.

3. Occurrence of Personal Information Leaks, etc.

Due to the nature of its corporate transformation consulting, the Group handles a large amount of personal information of clients, and conducts its motivation consulting business based on this information. In regard to the handling of personal information, the Personal Information Protection Act was promulgated and put into effect in May 2003, followed by full enforcement in April 2005. This necessitates even greater attention to handling of personal information. Link and Motivation Inc. obtained the Privacy Mark in February 2005, and, in response to an audit for Privacy Mark renewal conducted in November 2006, has established internal company rules for handling personal information, conducted regular in-house training, strengthened information management, and paid due attention to strengthening information management and handling of personal information. However, in the event that unforeseen circumstances cause personal information to be leaked to external parties, and this causes damage to the owner of the personal information, client companies or others, the resulting damage claims and loss of social trust could impact the Group's business results and financial condition.

4. Infringement of Intellectual Property Rights

In consulting, the business of the Group, securing copyrights, trademarks and other intellectual property rights is critical for conducting business.

The Group makes efforts to protect and preserve its proprietary techniques, knowledge and know-how, which are developed internally as much as possible through acquisition of trademarks, specification of copyrights and establishment and maintenance of original brands. However, in the event that the Group's services are imitated by a malicious third party, this could interfere with the Group's sales efforts, which could potentially impact business results and financial condition.

5. Reliance on a Specific Individual

Yoshihisa Ozasa, the representative director of the Company, is the Company's founder and has served as representative director since the Company was established. By hiring and training excellent personnel and promoting standardization of services, the Company is building a systematic business management structure that is not dependent upon the skills of a single individual. However, at present, Mr. Ozasa plays an important role in terms of the Group's overall brand formation. In this aspect as well, the Group is building a stronger organization that can realize systematic brand formation. However, if for any reason it becomes difficult for Mr. Ozasa to continue his work for the Company, this could have an impact on the Company's business promotion and other aspects of operations.

6. Changes in Society and the Economy

Recently in Japan, personal values concerning lifestyle and work have been diversifying rapidly, as have the reasons behind job hunting and purchasing. With these trends, attention has focused increasingly on the important management resources of "people" and "motivation," which many companies consider an important management issue.

Backed by these elemental needs, the Group is promoting a business base that is not easily affected by economic changes. However, in the event that corporate profits worsen significantly due to social and economic trends, the Group's performance could be affected.

3. Management Policies

(1) Basic Policy on Company Management

As discussed above, the Link and Motivation Group is a consulting firm specializing in "motivation," a category that previously did not exist. The Group conducts its business with its mission to "contribute to the vitalization of society through motivation engineering."

The Group has asked society about the importance of "motivation" of an enterprise's various stakeholders and the effect that has on management, and built its business on corporate transformation through improvement of motivation. A prerequisite for growth is for the Group itself to continuing being a model example of a first-rate "motivation company," and the Group has set this as its basic management policy.

(2) Target Management Indicators

To ensure that management focuses on business profitability and productivity, the operating margin is positioned as a key management indicator in the Group.

The Group conducts management with a strong awareness of this indicator, as it is an indicator of the Group's profitability. Specifically, the Group focuses on sales of products and services with high gross margins (database analysis and packaged products), and uses expenses in a systematic and efficient manner after scrutinizing their contents. As a result of this approach, profitability is steadily being enhanced. The operating margin has consistently improved, from 11.6% in 2005 to 13.5% in 2006, 16.6% in 2007 and 17.1% in 2008. The Group will continue taking various measures to improve this indicator.

(3) Medium-to-Long-Term Management Strategies

In order to promote expansion of a more stable business foundation and improve enterprise value, starting with enhancement of the indicator mentioned above, the Group has set the following two core business strategies over the medium to long term.

The first is efficient and effective business operations through group reorganization.

The Group will enhance the synergy within each business by consolidating companies operating in the same field. This will make comprehensive solutions possible while more organically combining a variety of products and services in each business based on customers' issues. The Group believes that reorganizing its 7 companies as of February 9, 2009 into 4 will reduce costs necessary for business operations.

The second strategy is responding to varied needs by strengthening new product development.

The Group will work to reinforce and enhance its lineup by developing new products and services to respond to needs previously out of reach.

(4) Issues Facing the Company

As the speed of business expansion and the expectations of the Company's various stakeholders further increase, the following three points concern the entire Company. We intend to take proactive steps in dealing with them.

The first point is organizational decentralization.

The Company has made use of mergers and acquisitions in working to diversify its profit model and to enhance its lineup of products and services. However, increasing the synergy within each business area and base will enable the Company to provide truly effective solutions to resolve customers' issues. Therefore, the Company believes it is essential to promote organizational decentralization, grant rights to each business area and base, and manage each according to its business characteristics.

The second point is sharing and managing customer information.

Sharing customer information appropriately within an organization becomes difficult with organizational expansion and diversification. The Company believes that in order to effectively link its various business areas while efficiently and effectively approaching limited customer resources, the importance of sharing and managing customer information will increase.

The third point is personnel development.

The Company has actively implemented new graduate and mid-career hiring, but views quickly developing the skills of new employees as a key issue for business expansion. In addition, middle management will play an increasingly important role in coordinating the organization as it expands. Therefore, developing and expanding management is a key issue.

The Company will work to deal with these three issues through initiatives including the introduction of a company system and a customer control system, and by enhancing a development program.

(5) Other Important Matters Concerning the Company's Operations

Significant contracts in the Company's operations in 2008 were as follows.

1) Business Outsourcing Agreement

Name of contracting company:	Link and Motivation, Inc.
Name of contract counterparty:	Recruit Co., Ltd.
Content of contract:	Business outsourcing agreement in the entry management business area
Contract term:	April 1, 2008 - March 31, 2009

2) Business Transfer Agreement

Name of contracting company:	Link and Motivation, Inc.
Name of contract counterparty:	E-NEWS Inc.
Content of counterparty's business:	IR support business through recording and internet distribution of video content
Contract amount:	Common stock: ¥125,000 thousand
Ownership after acquisition:	100%
Date of contract:	December 22, 2008
Date of stock transfer:	January 5, 2009

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of December 31, 2007		As of December 31, 2008	
ASSETS				
I Current assets				
1. Cash and deposits	1,668,877		1,362,494	
2. Notes and accounts receivable	1,543,472		1,535,100	
3. Inventories	81,303		172,996	
4. Prepaid expenses	82,985		98,443	
5. Deferred tax assets	83,505		77,233	
6. Other	20,772		25,529	
Allowance for doubtful accounts	(2,521)		(7,932)	
Total current assets	3,478,395	69.4	3,263,863	65.8
II Fixed assets				
1. Property and equipment				
(1) Buildings and structures	259,117		326,627	
Accumulated depreciation	(109,347)		(140,274)	
	149,770		186,353	
(2) Vehicles	18,372		—	
Accumulated depreciation	(6,193)		—	
	12,178		—	
(3) Furniture and fixtures	275,624		327,628	
Accumulated depreciation	(161,630)		(205,090)	
	113,994		122,538	
Total property and equipment	275,943	5.5	308,891	6.2
2. Intangible assets				
(1) Goodwill	520,093		465,449	
(2) Software	174,318		285,749	
(3) Other	4,475		3,792	
Total intangible assets	698,888	13.9	754,992	15.2
3. Investments and other assets				
(1) Investments in securities	17,521		9,364	
(2) Security deposits	481,258		575,487	
(3) Deferred tax assets	21,268		15,538	
(4) Claims in bankruptcy	—		10,678	
(5) Other	40,258		35,304	
(6) Allowance for doubtful accounts	—		(10,678)	
Total investments and other assets	560,306	11.2	635,694	12.8
Total fixed assets	1,535,137	30.6	1,699,578	34.2
Total assets	5,013,533	100.0%	4,963,442	100.0%

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

	As of December 31, 2007		As of December 31, 2008	
LIABILITIES				
I Current liabilities				
1. Accounts	323,089		271,881	
2. Short-term borrowings	—		12,000	
3. Long-term debt due within one year	225,000		93,643	
4. Accounts payable	312,519		177,241	
5. Expenses payable	862		12,619	
6. Accrued income taxes	439,100		313,176	
7. Accrued consumption taxes	55,444		66,481	
8. Advances received	90,593		71,871	
9. Accrued bonuses to employees	117,747		95,440	
10. Accrued bonuses to officers	—		611	
11. Reserve for loss on returned goods	—		5,525	
12. Other	32,485		49,324	
Total current liabilities	1,596,843	31.9	1,169,815	23.6
II Long-term liabilities				
1. Long-term debt	90,000		5,768	
Total long-term liabilities	90,000	1.8	5,768	0.1
Total liabilities	1,686,843	33.6	1,175,583	23.7
NET ASSETS				
I Shareholders' equity				
1. Common stock	979,750	19.5	979,750	19.7
2. Additional paid-in capital	734,595	14.7	734,595	14.8
3. Retained earnings	1,613,733	32.2	2,074,028	41.8
Total shareholders' equity	3,328,078	66.4	3,788,373	76.3
II Valuation and translation adjustments				
1. Unrealized gain on securities	(1,388)	(0.0)	(515)	(0.0)
Total valuation and translation adjustments	(1,388)	(0.0)	(515)	(0.0)
Total net assets	3,326,690	66.4	3,787,858	76.3
Total liabilities and net assets	5,013,533	100.0%	4,963,442	100.0%

(2) Consolidated Statements of Operations

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

	Year ended December 31, 2007		Year ended December 31, 2008	
I. Net sales	8,184,955	100.0%	8,275,839	100.0%
II. Cost of sales	3,194,042	39.0	3,109,814	37.6
Gross profit	4,990,912	61.0	5,166,025	62.4
III. Selling, general and administrative expenses	3,629,649	44.3	3,751,859	45.3
Operating income	1,361,263	16.6	1,414,165	17.1
IV. Non-operating income				
1. Interest income	1,551		2,483	
2. Dividend income	284		434	
3. Gain on cancellation of insurance contract	—		10,040	
4. Refund of consumption tax	4,328		—	
5. Other	1,525		1,962	
Total non-operating income	7,689	0.1	14,921	0.2
V. Non-operating expenses				
1. Interest expenses	8,123		2,190	
2. Stock listing expenses	28,545		—	
3. Loss on cancellation of insurance contract	—		480	
4. Other	146		452	
Total non-operating loss	36,815	0.4	3,122	0.0
Ordinary income	1,332,137	16.3	1,425,964	17.2
VI. Extraordinary loss				
1. Loss on sale of property and equipment	—		4,867	
2. Loss on disposal of property and equipment	11,020		1,923	
3. Loss on sale of investment securities	—		20	
4. Loss on valuation of investment securities	9,379		4,595	
Total extraordinary loss	20,399	0.2	11,406	0.1
Income before income taxes	1,311,737	16.0	1,414,557	17.1
Income taxes				
Current income taxes	587,840		584,303	
Deferred income taxes	(19,557)		11,800	
Total income taxes	568,282	6.9	596,104	7.2
Net income	743,454	9.1	818,453	9.9

(3) Consolidated Statements of Changes in Net Assets

Year ended December 31, 2007

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

	Shareholders' Equity			
	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2006	538,000	292,845	1,062,050	1,892,895
Changes during the year ended December 31, 2007				
Issuance of new stock	441,750	441,750	—	883,500
Dividends from capital surplus (Note)	—	—	(191,772)	(191,772)
Net income	—	—	743,454	743,454
Net change in items other than shareholders' equity during the year	—	—	—	—
Total changes during the year ended December 31, 2007	441,750	441,750	551,682	1,435,182
Balance at December 31, 2007	979,750	734,595	1,613,733	3,328,078

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

	Valuation and Translation Adjustments		Total Net Assets
	Unrealized Gain on Securities	Total Valuation and Translation Adjustments	
Balance at December 31, 2006	(3,254)	(3,254)	1,889,641
Changes during the year ended December 31, 2007			
Issuance of new stock	—	—	883,500
Dividends from capital surplus (Note)	—	—	(191,772)
Net income	—	—	743,454
Net change in items other than shareholders' equity during the year	1,866	1,866	1,866
Total changes during the year ended December 31, 2007	1,866	1,866	1,437,049
Balance at December 31, 2007	(1,388)	(1,388)	3,326,690

Note: A breakdown of dividends from retained earnings is as follows.

Approved by resolution of the ordinary general meeting of shareholders on March 28, 2007 ¥88,704 thousand
Approved by resolution of the board of directors on July 30, 2007 ¥82,530 thousand
Approved by resolution of the board of directors on October 30, 2007 ¥20,538 thousand

Year ended December 31, 2008

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

	Shareholders' Equity				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at December 31, 2007	979,750	734,595	1,613,733	—	3,328,078
Changes during the year ended December 31, 2008					
Dividends from capital surplus (Note)	—	—	(347,358)	—	(347,358)
Net income	—	—	818,453	—	818,453
Payments for purchase of treasury stock	—	—	—	(10,800)	(10,800)
Retirement of treasury stock	—	—	(10,800)	10,800	—
Net change in items other than shareholders' equity during the year	—	—	—	—	—
Total changes during the year ended December 31, 2008	—	—	460,295	—	460,295
Balance at December 31, 2008	979,750	734,595	2,074,028	—	3,788,373

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

	Valuation and Translation Adjustments		Total Net Assets
	Unrealized Gain on Securities	Total Valuation and Translation Adjustments	
Balance at December 31, 2007	(1,388)	(1,388)	3,326,690
Changes during the year ended December 31, 2008			
Dividends from capital surplus (Note)	—	—	(347,358)
Net income	—	—	818,453
Payments for purchase of treasury stock	—	—	(10,800)
Retirement of treasury stock	—	—	—
Net change in items other than shareholders' equity during the year	873	873	873
Total changes during the year ended December 31, 2008	873	873	461,168
Balance at December 31, 2008	(515)	(515)	3,787,858

Note: A breakdown of dividends from retained earnings is as follows.

Approved by resolution of the board of directors on February 9, 2008 ¥128,318 thousand
Approved by resolution of the board of directors on May 7, 2008 ¥71,135 thousand
Approved by resolution of the board of directors on August 5, 2008 ¥106,213 thousand
Approved by resolution of the board of directors on November 6, 2008 ¥41,702 thousand

(4) Consolidated Statements of Cash Flow

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

	Year ended December 31, 2007	Year ended December 31, 2008
I Cash flow from operating activities		
Income before income taxes	1,311,737	1,414,557
Depreciation and amortization	130,750	142,682
Amortization of goodwill	130,598	138,068
Increase (decrease) in allowance for doubtful accounts	162	16,054
Increase (decrease) in allowance for employees' bonuses	(16,098)	(22,906)
Increase (decrease) in allowance for officers' bonuses	(6,000)	611
Increase (decrease) in reserve for loss on returned goods	—	544
Loss on sale of investment securities	—	20
Loss on valuation of investment securities	9,379	4,595
Loss on sales of fixed assets	—	4,867
Loss on disposal of fixed assets	11,020	1,923
Loss on cancellation of insurance contract	—	480
Gain on cancellation of insurance contract	—	(10,040)
Interest and dividend income	(1,836)	(2,918)
Interest expense	8,123	2,190
Stock listing expenses	28,545	—
Decrease (increase) in notes and accounts receivable - trade	(247,872)	52,456
Decrease (increase) in inventories	7,213	(91,692)
Increase (decrease) in notes and accounts payable	(20,565)	(83,421)
Increase (decrease) in accounts payable	(4,327)	(78,756)
Increase (decrease) in advances received	(61,072)	(18,722)
Increase (decrease) in accrued consumption taxes	19,489	13,206
Other	(6,460)	(9,252)
Subtotal	1,292,787	1,474,547
Interest and dividends received	2,154	2,918
Interest paid	(8,206)	(1,809)
Income taxes paid	(348,823)	(710,321)
Net cash provided by operating activities	937,911	765,335
II Cash flow from investing activities		
Payments for time deposits	—	(50,000)
Payments for acquisition of property and equipment	(76,225)	(127,522)
Proceeds from sale of property and equipment	—	5,044
Payments for acquisition of intangible fixed assets	(71,622)	(160,205)
Proceeds from sale of investment securities	—	5,013
Payments for acquisition of business	(517,654)	(80,000)
Payments for acquisition of stock of subsidiary for consolidation	—	(67,607)
Payments for security deposits	(140,455)	(93,581)
Receipt from cancellation of insurance contract	—	18,007
Proceeds from return of security deposits	17,269	—
Other	(5,797)	(3,589)
Net cash used in investing activities	(794,487)	(554,441)
III Cash flow from financing activities		
Increase (decrease) in short-term debt	—	8,000
Proceeds from long-term debt	—	3,000
Repayment of long-term debt	(385,170)	(226,251)
Proceeds from issuance of stock	869,500	—
Payment of cash dividends	(191,772)	(341,225)
Payments for purchase of treasury stock	—	(10,800)
Net cash provided by (used in) financing activities	292,558	(567,276)
IV Net increase (decrease) in cash and cash equivalents	435,982	(356,383)
V Cash and cash equivalents at beginning of year	1,232,894	1,668,877
VI Cash and cash equivalents at end of year	1,668,877	1,312,494