

Consolidated Financial Statements for the Cumulative Third Quarter of the Fiscal Year Ending December 31, 2009

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan. November 11, 2009

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

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

November 11, 2009

Start of distribution of dividends (scheduled):

December 25, 2009

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for the Cumulative Third Quarter of 2009 (January 1, 2009 – September 30, 2009)

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

	Net sales (¥ million)	Year-on-year change (%)	Operating income (loss) (¥ million)	Year-on-year change (%)	Ordinary income (loss) (¥ million)	Year-on-year change (%)
Nine months ended Sept. 30, 2009	5,087	—	(155)	—	(153)	—
Nine months ended Sept. 30, 2008	5,906	6.3	770	17.5	772	22.1

	Net income (loss) (¥ million)	Year-on-year change (%)	Earnings (loss) per share (¥)	Earnings per share (diluted) (¥)
Nine months ended Sept. 30, 2009	(341)	—	(2,527.57)	—
Nine months ended Sept. 30, 2008	438	27.8	3,239.87	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net assets / Total assets (%)	Net assets per share (¥)
As of September 30, 2009	4,662	3,122	67.0	23,132.82
As of December 31, 2008	4,963	3,787	76.3	28,066.52

(Reference) Net worth As of September 30, 2009: ¥3,122 million As of December 31, 2008: ¥3,787 million

2. Dividends

	Dividends per share				
	1st Qtr.	Interim	3rd Qtr.	Year end	Full year
2008	525.00	787.00	309.00	1,409.00	3,030.00
2009 (actual)	500.00	500.00	500.00	—	—
2009 (est.)	—	—	—	500.00	2,000.00

Note: Revisions to projected dividends during the quarter: No

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

(Percentages represent change compared to the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full year	7,700	(7.0)	700	(50.5)	700	(50.9)	190	(76.8)	1,407.82

Note: Changes to the forecast of results during the third quarter: No

4. Other

- (1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation): Yes
New: 2 companies (Names: E-News, Inc., Digit Co., Ltd.) Eliminations: 1 company (Name: E-News, Inc.)
(For details, see “4. Other” of “Qualitative Information and Financial Statements” on page 6.)
- (2) Application of Simplified Accounting Procedures and Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements: Yes
(For details, see “4. Other” of “Qualitative Information and Financial Statements” on page 6.)
- (3) Changes in Accounting Policies and Procedures and Presentation Methods for Preparation of the Quarterly Consolidated Financial Statements
 - (a) Changes in consolidated accounting methods: Yes
 - (b) Changes other than (a) above: No(For details, see “4. Other” of “Qualitative Information and Financial Statements” on page 6.)
- (4) Number of Shares Issued (Common Stock)
 - (a) Number of shares at the end of the period (including treasury stock)
Three months ended September 30, 2009: 134,960; Year ended December 31, 2008: 134,960
 - (b) Number of treasury shares at the end of the period:
Three months ended September 30, 2009: 0; Year ended December 31, 2008: 0
 - (c) Average number of shares outstanding (cumulative with earlier quarters):
Nine months ended September 30, 2009: 134,960; Nine months ended September 30, 2008: 134,960

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 could cause actual results to differ materially from the forecast. Please see “3. Qualitative Data on the Forecast of Consolidated Results” of “Qualitative Information and Financial Statements” on page 6.

From the fiscal year ending March 31, 2010, the Company applies the Accounting Standard for Quarterly Financial Statements (ASB Standard No. 12) and the Guidance on Accounting Standard for Quarterly Financial Statements (ASB Guidance No. 14). In addition, quarterly consolidated financial statements are produced in compliance with the rules for quarterly consolidated financial statements.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Results of Consolidated Operations

In the Japanese economy during the nine months ended September 30, 2009, the economic downturn that began in fiscal 2008 showed no sign of ending. The precipitous drop of some economic indicators appeared to end, but the situation remained serious with no expectations of recovery in poor employment conditions or the cool investment climate caused by sluggish corporate earnings.

Under these circumstances, Link and Motivation Inc. focused its efforts on reorganizing Group companies to improve synergies within its businesses, and stepping up the development of new products to respond to changing customer needs. The reorganization of Group companies successfully created a framework within each business area to easily provide one-stop services that is beginning to create synergies. Regarding the stepping up of new product development, we focused on the Motivation Management and Entry Management businesses in working to strengthen the product and service development framework and accelerate development times in order to expand our lineup of products and services to meet customer needs. However, the personnel and advertising-related budgets of our client companies inevitably shrank due to the economic recession, which substantially impacted the Company's results.

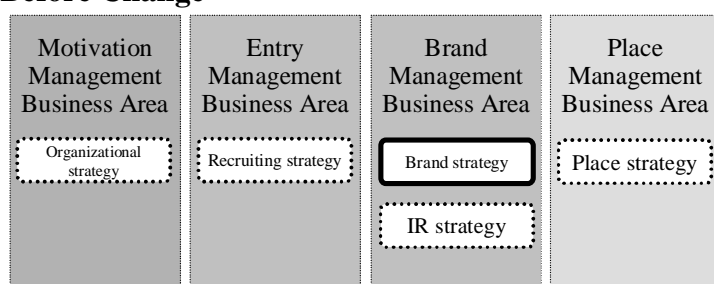
Consequently, consolidated net sales of the Link and Motivation Group for the cumulative third quarter were ¥5,087,458 thousand (a decrease of 13.9% compared with the same period of the previous fiscal year), operating loss was ¥155,857 thousand (compared with operating income of ¥770,504 thousand), ordinary loss was ¥153,942 thousand (compared with ordinary income of ¥772,138 thousand) and net loss was ¥341,121 thousand (compared with net income of ¥438,332 thousand).

Note: Percentage comparisons with the same quarter of the previous year are presented for reference.

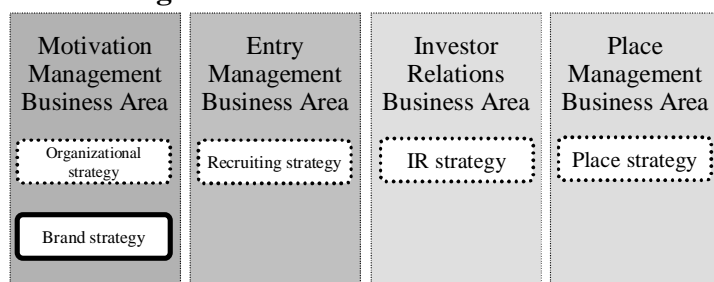
Business areas during the nine months ended September 30, 2009 were as follows.

Note: In the six months ended June 30, 2009, the branding support business, traditionally a part of the Brand Management business, was integrated with the Motivation Management business in order to develop synergies. In line with this change, the Brand Management business was renamed the Investor Relations business.

Before Change



After Change



Motivation Management Business

In the Motivation Management business, sales in the nine months ended September 30, 2009 were ¥1,900,587 thousand (a decrease of 35.1% compared with the same period of the previous year) and gross profit was ¥1,226,145 thousand (a decrease of 41.9%).

This segment offers support services designed to create highly motivated organizations through educational training, organization and system design, and formation and dissemination of corporate visions and brands.

Sales decreased substantially compared with the same period of the previous year as the significant impact of the economic downturn caused customers to cut budgets related to personnel, training, advertising and PR. However, demand is steady mainly among major corporations for both level-based training, such as for new employees and management, and for regular training. Accordingly, we will continue to focus sales efforts on these needs.

Entry Management Business

In the Entry Management business, sales in the nine months ended September 30, 2009 were ¥1,786,072 thousand (a 5.8% decrease compared with the same period of the previous year) and gross profit was ¥883,958 thousand (a 20.1% decrease).

This segment provides planning and implementation support services for recruitment strategies for achieving best-match relationships between companies and applicants.

Sales decreased compared with the same period of the previous year due to the impact of factors including the cancellation or reduction of summer internships due to cutbacks in hiring budgets for new graduates in fiscal 2011. We will continue to focus our efforts on developing new products and services in line with changes in the recruiting environment, including recruiting events that use the Internet.

Investor Relations Business

In the Investor Relations business, sales in the nine months ended September 30, 2009 were ¥667,015 thousand (a 42.7% increase compared with the same period of the previous year) and gross profit was ¥278,902 thousand (an 8.4% increase).

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

Although sales per customer decreased due to the impact of IR budget cutbacks in all industries, sales and gross profit both increased compared with the same period of the previous year due to success in maintaining a high repeat rate for annual reports, a core product, and the addition this fiscal year of video distribution services.

Place Management Business

In the Place Management business, sales in the nine months ended September 30, 2009 were ¥601,926 thousand (a 2.6% increase compared with the same period of the previous year), while gross profit was ¥188,060 thousand (a 67.3% increase).

This segment provides office intermediary services and services related to office design and construction.

Although the economic downturn muted investment in offices, sales and gross profit both increased compared with the same period of the previous fiscal year due to increased sales per customer resulting from the provision of one-stop services from office intermediary to office construction.

Other

Other sales in the nine months ended September 30, 2009 were ¥131,857 thousand (a 401.6% increase compared with the same period of the previous year).

In addition to proceeds from speeches at various business events, book publishing and articles written for newspapers and business magazines, results from the second quarter included sales of Link Sports Entertainment Inc., which operates the Link Atsugi Brex professional basketball team.

Note: Comparisons with the same period of the previous fiscal year for the Motivation Management and Investor Relations businesses, in which business areas have changed, are based on retroactively revised figures.

2. Qualitative Data on Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets as of September 30, 2009 were ¥4,662,795 thousand, down ¥300,647 thousand from the end of the previous year. The principal factors included a decrease of ¥347,605 thousand in cash and deposits and a decrease of ¥671,450 thousand in notes and accounts receivable, as well as an increase of ¥284,050 thousand in accrued corporate tax refund from the interim payment of income taxes and an increase of ¥513,371 thousand in goodwill. The decline in notes and accounts receivable reflects the fact that most of the Company's sales take place during the fourth quarter.

Total liabilities were ¥1,540,788 thousand, up ¥365,204 thousand from the end of the previous year. The principal factors included an increase of ¥988,000 thousand in short-term borrowings, as well as a decrease of ¥159,922 thousand in accounts payable and a decrease of ¥312,046 thousand in accrued income taxes due to payment.

Net assets decreased ¥665,852 thousand from the end of the previous year to ¥3,122,006 thousand. The principal factor was a decrease of ¥666,240 thousand in retained earnings due to payment of dividends and the net loss.

Cash Flow

The balance of cash and cash equivalents ("cash") as of September 30, 2009 was ¥1,014,888 thousand, a decrease of ¥297,605 thousand compared with the end of the previous year.

Cash flow for the nine months ended September 30, 2009 was as follows.

Cash Flow from Operating Activities

Net cash used in operating activities was ¥135,033 thousand.

Principal factors were a decrease of ¥730,058 in notes and accounts receivable - trade, loss before income taxes of ¥465,218 thousand and income taxes paid of ¥601,530 thousand.

Cash Flow from Investing Activities

Net cash used in investing activities was ¥314,893 thousand.

Principal factors were ¥588,857 thousand in payments for acquisition of stock of subsidiary, as well as proceeds of ¥200,000 thousand from recovery of short-term loans.

Cash Flow from Financing Activities

Net cash provided by financing activities was ¥152,321 thousand.

Principal factors included an increase in long- and short-term debt totaling ¥514,208 thousand, as well as payments for redemption of bonds totaling ¥43,200 thousand and payment of cash dividends totaling ¥318,687 thousand.

3. Qualitative Data on the Forecast of Consolidated Results

There is no change to the forecast of consolidated results for the fiscal ending December 31, 2009.

4. Other

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation)

E-News, Inc. became a consolidated subsidiary of the Company on January 1, 2009, and is therefore included in the scope of consolidation beginning in the first quarter.

Digit Co., Ltd. became a consolidated subsidiary of the Company on April 1, 2009, and is therefore included in the scope of consolidation beginning in the second quarter.

E-News, Inc. was dissolved through merger with Link Investor Relations Inc., and therefore was removed from the scope of consolidation in the second quarter.

(2) Application of Simplified Accounting Procedures and Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements

Nine Months Ended September 30, 2009 (January 1, 2009 to September 30, 2009)
(Simplified accounting procedures) 1. Appraisal method for inventory assets With respect to the calculation of inventory assets as of September 30, 2009, 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 age-life method, the portion of depreciation cost for the consolidated fiscal year under review is included.

Nine Months Ended September 30, 2009 (January 1, 2009 to September 30, 2009)
(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 the category of Income taxes in the Consolidated Statements of Operations.

(3) Changes in Accounting Policies and Procedures and Presentation Methods for Preparation of the Quarterly Consolidated Financial Statements

Nine Months Ended September 30, 2009 (January 1, 2009 to September 30, 2009)
(i) From the year ending December 31, 2009, the Company applies the Accounting Standard for Quarterly Financial Statements (ASB Standard No. 12, issued by the Accounting Standards Board of Japan on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Statements (ASB Guidance No. 14 issued by the Accounting Standards Board of Japan on March 14, 2007). In addition, quarterly consolidated financial statements are produced in compliance with the rules for quarterly consolidated financial statements. Please note that for the nine months ended September 30, 2009 (from January 1, 2009 to September 30, 2009), the amended “Regulations (for Quarterly Consolidated Financial Statements)” have been applied ahead of the date of enforcement of the amendments pursuant to the Proviso of Article 7, Paragraph 1, Item 5 of the “Partial Amendments of Regulations for Terminology, Forms and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008). (ii) From the year ending December 31, 2009, the Company applies the Accounting Standard for Measurement of Inventories (ASB Standard No. 9 dated July 5, 2006). Accordingly, the measurement standard for the values entered in balance sheets was changed from the cost method by the gross average method to the cost method by the gross average method of devaluing book value on a decline of profitability. The effect of the change on income and loss in the nine months ended September 30, 2009 was immaterial.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of September 30, 2009	As of December 31, 2008
ASSETS		
Current assets		
Cash and deposits	1,014,888	1,362,494
Notes and accounts receivable	863,650	1,535,100
Inventories	30,625	162,608
Products	6,664	—
Merchandise and supplies	10,040	10,387
Prepaid expenses	81,964	98,443
Deferred tax assets	224,139	77,233
Accrued corporate tax refund	284,050	—
Accrued consumption tax	43,959	—
Other	19,095	25,529
Allowance for doubtful accounts	(8,594)	(7,932)
Total current assets	2,570,484	3,263,863
Fixed assets		
Property and equipment		
Buildings and structures	213,233	326,627
Accumulated depreciation	(95,464)	(140,274)
Buildings and structures - net	117,768	186,353
Vehicles and transportation equipment	5,540	—
Accumulated depreciation	(2,869)	—
Vehicles and transportation equipment - net	2,671	—
Furniture and fixtures	357,985	327,628
Accumulated depreciation	(246,850)	(205,090)
Furniture and fixtures - net	111,134	122,538
Total property and equipment	231,574	308,891
Intangible assets		
Goodwill	978,821	465,449
Software	260,826	285,749
Other	5,041	3,792
Total intangible assets	1,244,689	754,992
Investments and other assets		
Investments in securities	10,018	9,364
Security deposits and guarantees	546,221	575,487
Deferred tax assets	14,563	15,538
Claims in bankruptcy	14,220	10,678
Other	45,243	35,304
Allowance for doubtful accounts	(14,220)	(10,678)
Total investments and other assets	616,046	635,694
Total fixed assets	2,092,310	1,699,578
Total assets	4,662,795	4,963,442

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

	As of September 30, 2009	As of December 31, 2008
LIABILITIES		
Current liabilities		
Accounts	166,759	271,881
Short-term borrowings	1,000,000	12,000
Long-term debt due within one year	2,052	93,643
Accounts payable	122,441	177,241
Expenses payable	21,612	12,619
Accrued income taxes	1,130	313,176
Accrued consumption taxes	18,047	66,481
Advances received	79,374	71,871
Accrued bonuses to employees	73,164	95,440
Accrued bonuses to officers	—	611
Reserve for loss on returned goods	—	5,525
Other	51,825	49,324
Total current liabilities	1,536,408	1,169,815
Long-term liabilities		
Long-term debt	4,379	5,768
Total long-term liabilities	4,379	5,768
Total liabilities	1,540,788	1,175,583
NET ASSETS		
Shareholders' equity		
Common stock	979,750	979,750
Additional paid-in capital	734,595	734,595
Retained earnings	1,407,788	2,074,028
Total shareholders' equity	3,122,133	3,788,373
Valuation and translation adjustments		
Unrealized gain on securities	(126)	(515)
Total valuation and translation adjustments	(126)	(515)
Total net assets	3,122,006	3,787,858
Total liabilities and net assets	4,662,795	4,963,442

(2) Consolidated Statements of Operations

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

	Nine months ended September 30, 2009
Net sales	5,087,458
Cost of sales	2,481,940
Gross profit	2,605,518
Selling, general and administrative expenses	2,761,375
Operating loss	(155,857)
Non-operating income	
Interest income	724
Dividend income	188
Other	5,611
Total non-operating income	6,523
Non-operating expenses	
Interest expenses	3,741
Payment guarantee fees	362
Other	503
Total non-operating expenses	4,608
Ordinary loss	(153,942)
Extraordinary income	
Gain on donated fixed assets	2,000
Total extraordinary income	2,000
Extraordinary loss	
Loss on disposal of property and equipment	4,092
Office transfer expenses	213,901
Loss on lease cancellation	14,984
Business structure improvement expenses	79,511
Other	786
Total extraordinary loss	313,276
Loss before income taxes	(465,218)
Income taxes	(124,096)
Net loss	(341,121)

(2) Consolidated Statements of Operations

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

	Third quarter of 2009 July 1, 2009 to September 30, 2009
Net sales	1,372,243
Cost of sales	697,872
Gross profit	674,371
Selling, general and administrative expenses	839,427
Operating loss	(165,056)
Non-operating income	
Interest income	22
Dividend income	35
Other	3,474
Total non-operating income	3,533
Non-operating expenses	
Interest expenses	1,188
Payment guarantee fees	117
Other	333
Total non-operating expenses	1,639
Ordinary loss	(163,162)
Extraordinary loss	
Office transfer expenses	14,716
Business structure improvement expenses	552
Total extraordinary loss	15,269
Loss before income taxes	(178,431)
Income taxes	(49,531)
Net loss	(128,900)

(3) Consolidated Statements of Cash Flow

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

	Nine months ended September 30, 2009
I Cash flow from operating activities	
Loss before income taxes	(465,218)
Depreciation and amortization	128,079
Amortization of goodwill	166,020
Increase in allowance for doubtful accounts	3,407
Decrease in allowance for employees' bonuses	(22,456)
Decrease in allowance for officers' bonuses	(611)
Transfer expenses	213,901
Business structure improvement expenses	79,511
Decrease in reserve for loss on returned goods	(2,766)
Gain on donated fixed assets	(2,000)
Loss on disposal of fixed assets	4,092
Interest expense	3,741
Interest and dividend income	(912)
Decrease in inventories	92,757
Decrease in notes and accounts receivable - trade	730,058
Decrease in accounts payable	(97,430)
Decrease in notes and accounts payable	(137,975)
Decrease in accrued consumption taxes	(98,379)
Increase in advances received	14,032
Other	58,266
Subtotal	666,118
Interest and dividends received	597
Interest paid	(3,714)
Income taxes paid	(601,530)
Payment for transfer expenses	(149,787)
Payment for business reorganization	(6,717)
Officers' retirement bonuses	(40,000)
Net cash used in operating activities	(135,033)
II Cash flow from investing activities	
Proceeds from withdrawal of time deposits	50,000
Payments for acquisition of property and equipment	(41,934)
Payments for acquisition of intangible assets	(39,473)
Proceeds from transfer of business	7,505
Payments for acquisition of stock of subsidiary for consolidation	(588,857)
Payments for acquisition of stock of subsidiary	(8,699)
Proceeds from recovery of short-term loans	200,000
Proceeds from recovery of long-term loans	30,000
Proceeds from recovery of security deposits and guarantees	81,097
Payments for security deposits and guarantees	(2,330)
Other	(2,200)
Net cash used in investing activities	(314,893)
III Cash flow from financing activities	
Net increase in short-term debt	988,000
Repayment of long-term debt	(473,791)
Payments for redemption of bonds	(43,200)
Payment of cash dividends	(318,687)
Net cash provided by financing activities	152,321
IV Cash and cash equivalents at beginning of period	1,312,494
V Net decrease in cash and cash equivalents	(297,605)
VI Cash and cash equivalents at end of period	1,014,888

From the fiscal year ending December 31, 2009, the Company applies the Accounting Standard for Quarterly Financial Statements (ASB Standard No. 12) and the Guidance on Accounting Standard for Quarterly Financial Statements (ASB Guidance No. 14). In addition, quarterly consolidated financial statements are produced in compliance with the rules for quarterly consolidated financial statements.

(4) Notes regarding Assumption of Going Concern

Nine months ended September 30, 2009 (January 1, 2009 – September 30, 2009)

None applicable.

(5) Segment Information

a. Business Segment Information

Nine months ended September 30, 2009 (January 1, 2009 – September 30, 2009)

Applicable information is not available as the Company's business and that of its subsidiaries, "management consulting motivation engineering," are in one segment.

b. Geographic Segment Information

Nine months ended September 30, 2009 (January 1, 2009 – September 30, 2009)

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

c. Overseas Sales

Nine months ended September 30, 2009 (January 1, 2009 – September 30, 2009)

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

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

Nine months ended September 30, 2009 (January 1, 2009 – September 30, 2009)

None applicable.

(Reference)

(Summary) Consolidated Statements of Operations

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

	Nine months ended September 30, 2008
	Amount
I. Net sales	5,906,736
II. Cost of sales	2,311,568
Gross profit	3,595,167
III. Selling, general and administrative expenses	2,824,662
Operating income	770,504
IV. Non-operating income	
1. Interest income	2,815
2. Dividend income	238
3. Other	1,409
Total non-operating income	4,462
V. Non-operating expenses	
1. Interest expenses	1,986
2. Loss on insurance contract cancellation	480
3. Other	362
Total non-operating expenses	2,829
Ordinary income	772,138
VI. Extraordinary loss	
1. Loss on sales of fixed assets	4,867
2. Loss on disposal of fixed assets	1,708
3. Loss on valuation of investment securities	3,145
Total extraordinary loss	9,721
Income before income taxes	762,416
Current income taxes	319,090
Deferred income taxes	4,994
Net income	438,332

(Reference)

(Summary) Consolidated Statements of Cash Flow

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

	Nine months ended Sept. 30, 2008
I Cash flow from operating activities	
Income before income taxes	762,416
Depreciation and amortization	102,754
Amortization of goodwill	101,247
Increase in allowance for doubtful accounts	13,187
Decrease in allowance for employees' bonuses	(3,272)
Increase in allowance for officers' bonuses	800
Loss on valuation of investment securities	3,145
Loss on sales of fixed assets	4,867
Loss on disposal of fixed assets	1,708
Loss on insurance contract cancellation	480
Interest and dividend income	(3,053)
Interest expense	1,986
Decrease in notes and accounts receivable - trade	482,880
Increase in inventories	(24,232)
Decrease in notes and accounts payable	(157,855)
Decrease in accounts payable	(105,969)
Decrease in advances received	(33,263)
Decrease in accrued consumption taxes	(7,291)
Other	1,989
Subtotal	1,142,527
Interest and dividends received	3,053
Interest paid	(1,765)
Income taxes paid	(719,612)
Proceeds from insurance contract cancellation	7,966
Net cash provided by operating activities	432,169
II Cash flow from investing activities	
Payments into time deposits	(50,000)
Payments for acquisition of property and equipment	(122,383)
Proceeds from sale of property and equipment	5,044
Payments for acquisition of intangible fixed assets	(68,810)
Payments for acquisition of business	(80,000)
Payments for acquisition of stock of subsidiary for consolidation	(54,164)
Payments for security deposits	(49,025)
Other	(2,670)
Net cash used in investing activities	(422,009)
III Cash flow from financing activities	
Increase in short-term borrowings	6,000
Proceeds from long-term debt	2,625
Repayment of long-term debt	(184,000)
Payments for purchase of treasury stock	(10,800)
Payment of cash dividends	(296,136)
Net cash used in financing activities	(482,311)
IV Net decrease in cash and cash equivalents	(472,151)
V Cash and cash equivalents at beginning of period	1,668,877
VI Cash and cash equivalents at end of period	1,196,725