

Link and Motivation Inc.
Consolidated Financial Information
for the Interim Period of 2008
(January 1, 2008 – March 21, 2008)



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group



Company Profile

Established

April 7, 2000

Mission

To contribute to the revitalization of society through motivation engineering

Employees

366 (Consolidated), 278 (Nonconsolidated) (As of August 1, 2008)

Fiscal Year End

December 31

Representative

Yoshihisa Ozasa

Business Description

Consulting on corporate transformation through motivation engineering

Business Areas

1

Motivation
Engineering
(Organizational Strategy)

2

Entry
Management
(Recruiting Strategy)

3

Brand
Management
(Brand Strategy)

4

Place
Management
(Place Strategy)

Conducting Corporate Transformation Consulting in Four Areas

Presentation Agenda

- 1. Financial Results for the Interim Period of 2008**
- 2. Progress of 2008 Growth Strategy**
- 3. Recent M&As**
- 4. Forecast of Results for Full Year**
- 5. Questions and Answers**

1

Financial Results for the Interim Period of 2008



Results Forecast (Announced on February 13, 2008)

Consolidated (¥ million)

Interim Period

Year-on-year change

Full Year

Year-on-year change

Net Sales	4,300	+10.3%	9,200	+ 12.4%
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Operating Income	580	+19.2%	1,660	+ 21.9%
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Ordinary Income	575	+18.4%	1,620	+ 21.6%
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Net Income	310	+12.8%	880	+ 18.3%
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Plan for the interim period was to achieve 46.7% of full-year net sales forecast and 35% of full-year net income forecast

Interim Period Financial Results vs. Plan

Consolidated (¥ million)	Plan	Interim Period Results	Results vs. Plan
Net Sales	4,300	4,105	- 4.5%
Operating Income	580	601	+ 3.7%
Ordinary Income	575	602	+ 4.8%
Net Income	310	355	+ 14.5%

Net sales fell slightly short of plan but operating income, ordinary income and net income all exceeded plan

Interim Period Financial Results vs. Previous Interim Period

Consolidated (¥ million)

Interim 2007 Results

Interim 2008 Results

Year-on-year change

Net Sales	3,897	4,105	+ 5.4%
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Operating Income	486	601	+ 23.7%
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Ordinary Income	485	602	+ 24.1%
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Net Income	274	355	+ 29.2%
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Net sales, operating income, ordinary income and net income surpassed results for the same period of the previous year (Selling, general and administrative expenses controlled by strengthening administration)

Net Sales by Business, Gross Profit Breakdown

Consolidated (¥ million)

Note: Figures in parentheses indicate gross profit

Interim 2007 Results

Interim 2008 Results

(Year-on-year change)

Motivation Management Business (MM)	1,779 (1,315)	1,778 (1,341)	-0.1 % (+2.9%)
Entry Management Business (EM)	1,358 (719)	1,387 (752)	+2.1 % (+4.5%)
Brand Management Business (BM)	382 (204)	468 (283)	+22.5 % (+38.9%)
Place Management Business (PM)	339 (66)	454 (83)	+33.6 % (+16.8%)

MM, EM Businesses: Results nearly same as previous interim period
BM, PM Businesses: Results increased from previous interim period

Net Sales, Gross Profit for Motivation Management Business (MM)

Consolidated (¥ million)

Note: Figures in parentheses indicate change compared with the same period of previous year

1st Quarter

2nd Quarter

Interim Period

Net Sales	732 (-6.7%)	1,045 (+5.1%)	1,778 (-0.1%)
Gross Profit	545 (-7.0%)	795 (+9.2%)	1,341 (+2.9%)

2nd quarter net sales and gross profit increased
compared with the previous 2nd quarter
(Upswing due to positive influence of changes in operating policy)

Net Sales, Gross Profit for Entry Management Business (EM)

Consolidated (¥ million)

Note: Figures in parentheses indicate change
compared with the same period of previous year

1st Quarter

2nd Quarter

Interim Period

Net Sales	935 (-0.6%)	451 (+8.1%)	1,387 (+2.1%)
Gross Profit	473 (-0.5%)	278 (+14.3%)	752 (+4.5%)

2nd quarter net sales and gross profit increased
compared with the previous 2nd quarter
(Due to doubling of net sales in the Tokai region)

Net Sales, Gross Profit for Brand Management Business (BM)

Consolidated (¥ million)

Note: Figures in parentheses indicate change compared with the same period of previous year

2nd Quarter

2nd Quarter

Interim Period

Net Sales	229 (+12.7%)	238 (+33.6%)	468 (+22.5%)
Gross Profit	128 (+76.8%)	155 (+17.9%)	283 (+38.9%)

In the 1st and 2nd quarters, net sales and gross profit were significantly higher compared with the same respective periods of the previous year
(Due to positive influence of strengthening personnel and database products)

Net Sales, Gross Profit for Place Management Business (PM)

Consolidated (¥ million)

Note: Figures in parentheses indicate change compared with same period of previous year

1st Quarter

2nd Quarter

Interim Period

Net Sales	230 (+166.0%)	223 (-11.7%)	454 (+33.6%)
Gross Profit	34 (+48.6%)	48 (+12.0%)	83 (+16.8%)

Interim period net sales and gross profit were significantly higher compared with the same period of the previous year
(There were many lump-sum contracts in the 2nd quarter of the previous year, but in the 2nd quarter of the current year consulting contracts increased)

Purchase and Retirement of Treasury Stock

June 18: Repurchased 540 shares of treasury stock from Nikken Sekkei Management Solutions, Inc.

July 31: Retired 540 shares of treasury stock



Total number of shares issued and outstanding after retirement: 134,960

Dividend Policy

Dividends are paid quarterly

Payout ratio of 30% of consolidated net income

+

20% as a commemorative dividend for
stock exchange listing



2008 dividend payout ratio changed to 50% of
consolidated net income

Interim Dividend

(As of April 16, 2008)

	Forecast	Actual	Difference	(Actual vs. Forecast)
Dividends per share	¥628	¥787	¥+159	+25.3 %

Dividends of ¥787 per share
with addition of commemorative dividend

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Progress of 2008 Growth Strategy



1. Strengthen the Database Business

Further increase profitability and create high barriers to entry

2. Strengthen the Brand Management Business

Accelerate growth by expanding product service lineup and strengthening synergy with Motivation Management Business

3. Aggressively Expand Operating Bases

Implement full-scale operating base development
and customer acquisition in the Tokai region

Interim Period Results: 1. Strengthen the Database Business

(¥ million)

Interim 2007 Results

Interim 2008 Results

(Year-on-year change)

Sales	339	483	+ 42.2%
% of Total Net Sales	8.8%	11.8%	+ 3.2 points

Net Sales by Product

	Interim 2007 Results	Interim 2008 Results	Year-on-year change
<u>Motivation Management Business</u>			
EMS	119	166	+ 39.0%
<u>Entry Management Business</u>			
BRIDGE	69	109	+ 58.3%
<u>Brand Management Business</u>			
LSMI	141	191	+ 35.3%

Initiatives to be implemented from the 3rd quarter

➡ Develop web-based testing system for BRIDGE, a business aptitude test product of the Entry Management Business

· Raise annual sales 2.9 times during 2009

Interim Results: 2. Strengthen the Brand Management Business

(¥ million)

Interim 2007 Results

Interim 2008 Results

(Year-on-year change)

Sales

382

468

+ 22.5%

(204)

(283)

(+ 38.9%)

Note: Figures in parentheses indicate gross profit

Significant increase in sales and gross profit compared with the same period of the previous year in Brand Management business due to strengthening of personnel

Initiatives to be implemented from the 3rd quarter



Strengthen IR support service through M&A

· Nihon Investors Service inc. to become a consolidated subsidiary

Interim Results: 3. Aggressively Expand Operating Bases

(¥ million)

Interim 2007 Results

Interim 2008 Results

(Year-on-year change)

Tokai Sales

93

187

+ 100.8%

Tokai Branch established:

Sales doubled compared with the same period of the previous year
(Staff increased from 4 (1st quarter) to 10 (2nd quarter))

Initiatives to be implemented from the 3rd quarter



Relocation and expansion of Tokai Branch

· Commencement of full-scale sales activities



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Recent M&As



M & A Nihon Investors Service inc. (Acquired stock on July 25)



Company Profile

CEO	Shuichi Komatsu
Address	Chuo Ward, Tokyo
Established	April 11, 2008
Paid-in Capital	¥80 million
Net Sales	¥111,210 thousand (Year ended May 31, 2008)
No. of Employees	13
Main Clients	Tokyo Stock Exchange Group, Inc., Osaka Securities Exchange Co., Ltd. Jasdaq Securities Exchange, Inc., Listed Companies and others

Business Description

IR-Related Business

- Compiles and publishes free IR newspaper "Motekabu"
- Plans and runs company presentation meetings for individual investors

Editing Service Business

- Edits Tokyo Stock Exchange journal "Exchange Square" under contract

"Kabu Nippon" Business

- Publishes IR magazine "Kabu Nippon"



Synergies Created by Merger

- One-stop IR support service now possible
- Pool customer base to increase sales

* Nihon Investors Service net sales forecast for second half of 2008 (June-December):
¥120 million

Company Profile

CEO	Hiroyuki Yoshisaku
Address	Minato Ward, Tokyo
Established	October 2003
Paid-in Capital	¥10 million
Net Sales	¥90,740 thousand (Year ended October 31, 2007)
No. of Employees	6
Main Clients	MITSUBISHI ESTATE CO., LTD. Tokyo Tatemono Co., Ltd. Mitsui Fudosan Co., Ltd. Nomura Real Estate Development Co., Ltd.



Business Description

Office broker and consulting



Synergies Created by Merger

- Total office planning now possible
- Sales opportunities created through owner network

* Works Realtor net sales forecast for
second half of the year (June-December): ¥30 million

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Forecast of Full-Year Results



Forecast of 3rd Quarter Results (Nine months ending September 30, 2008)

(Consolidated) (¥ million)	Nine months ending Sept. 30, 2008	(Year-on-year change)	Full Year	(Year-on-year change)
Net Sales	5,900	+6.1%	9,200	+12.4%
Operating Income	710	+8.3%	1,660	+21.9%
Ordinary Income	705	+11.5%	1,620	+21.6%
Net Income	410	+19.6%	880	+18.3%

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Q&A



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Reference Material: Topics in the 2nd Quarter and Beyond

April 2	New product: Launched “Platon Basic” training program for upper management
April 17	CSR: Support for primary school construction project in the Philippines
April 17	Ranked 52nd place in Recruit’s “2008 Job-Seekers Brand Survey”
April 28	Link and Motivation president featured as guest on Tokyo Channel 12, Ltd. program “Cambria Palace”
May 7	Selected as one of 402 outstanding Internet IR sites by Daiwa Investor Relations Co., Ltd.
June 18	93rd in “DODA 2008 Career Change Company Popularity Ranking”
July 11	Link and Motivation president delivers speech at ceremony for “The 10th Annual Kigyoka Prize for Entrepreneurial Excellence”
July 31	Launch of new “Color Scheme Method” product (Link Place)
August 5	Osaka Branch Office receives “Encouragement Prize” at the 21st Nikkei New Office Awards
August 8 (Planned)	Link and Motivation president to appear as guest on Tokyo Broadcasting System, Inc. program “R30”