

Link and Motivation Inc.

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

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Company Profile

Established	April 7, 2000
Mission	To contribute to the revitalization of society through motivation engineering
Employees	372 (consolidated), 264 (non-consolidated) (As of February 1, 2009)
Average Employee Age	30.6 (As of February 1, 2009)
Fiscal Year End	December 31
Market	Tokyo Stock Exchange, First Section (designated December 17, 2008) Code: 2170
Representative	Yoshihisa Ozasa
Business Description	Consulting on corporate transformation through motivation engineering
Business Areas	

1

Motivation
Management
(Organizational Strategy)

2

Entry
Management
(Recruiting Strategy)

3

Place
Management
(Place Strategy)

4

Brand
Management
(Brand Strategy)

Presentation Agenda

1. Financial Highlights of 2008
2. Plan for 2009
3. Question and Answer

1

Financial Highlights of 2008



Statements of Operations (Comparison with Plan)

<u>Consolidated (¥ million)</u>	2008 Plan	2008 Results	Results vs. Plan
Net Sales	8,790	8,275	-5.9%
Operating Income	1,570	1,414	-9.9%
Ordinary Income	1,570	1,425	-9.2%
Net Income	880	818	-7.0%

Results for net sales and operating income were below our plan

Statements of Operations (Year-on-Year Comparison)

<u>Consolidated (¥ million)</u>	2007 Results	2008 Results	YoY Change
Net Sales	8,184	8,275	+1.1%
(Gross Profit)	4,990	5,166	(+3.5%)
Operating Income	1,361	1,414	+3.9%
Ordinary Income	1,332	1,425	+7.0%
Net Income	743	818	+10.1%

We achieved our **eighth consecutive year of increased sales and income** since our establishment

Net Sales and Gross Profit: Breakdown by Business

Consolidated (¥ million)

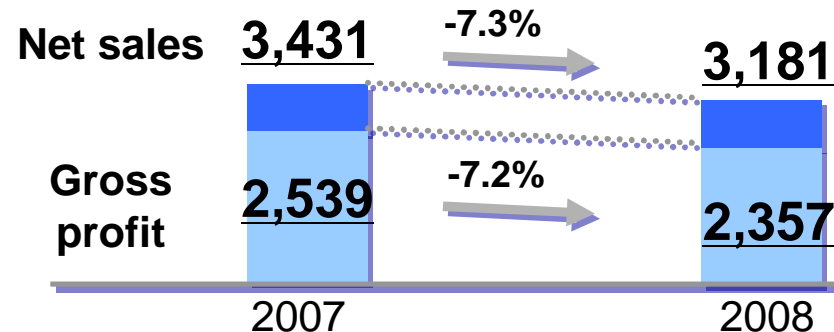
Note: Figures in parenthesis indicate gross profit.

	2007 Results	2008 Results	YoY Change
Motivation Management Business (MM)	3,431 (2,539)	3,181 (2,357)	-7.3% (-7.2%)
Entry Management Business (EM)	2,979 (1,722)	3,117 (1,917)	+4.6% (+11.4%)
Brand Management Business (BM)	877 (497)	1,196 (696)	+36.4% (+40.0%)
Place Management Business (PM)	843 (194)	745 (183)	-11.6% (-5.7%)

- MM, PM Businesses: Both net sales and gross profit decreased from the previous year
- EM, BM Businesses: Results increased steadily from previous year
In particular, BM business net sales and gross profit increased significantly, driving overall results

Net Sales and Gross Profit: Motivation Management Business (MM)

【Net Sales, Gross Profit】 (¥ million)



No. of customers: 1,207 (+34, +2.9%)

Per customer (¥ thousand): 2,635 (-288, -9.9%)

Budget decrease of small-to-medium sized businesses

- Affected by bankruptcies and personnel- and training-related budgets cutbacks at small-to-medium sized companies due to economic slowdown

Sales to major companies increased steadily

- The shift of sales personnel activities to major companies resulted in net sales on par with the previous year

【Net Sales of Main Products】 (¥ million)

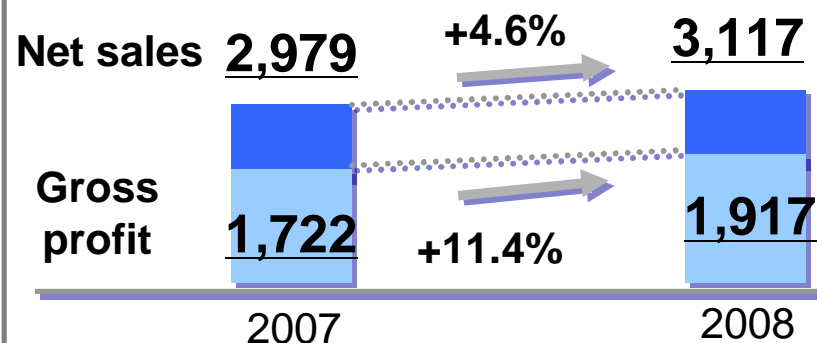
Employee motivation diagnosis	319	(+ 12.1%)
Personnel systems consulting	147	(- 32.3%)
Organizational climate consulting	206	(- 33.8%)
Educational training consulting	230	(+127.3%)
New employee training series	604	(- 5.4%)
Management training series	363	(- 34.1%)
Top management training series	128	(+ 53.6%)
Stance training series	480	(- 3.3%)
Skill training series	294	(- 18.6%)

Growth of employee motivation diagnosis

- Strengthened sales of high-margin databases
 - Stagnant sales of personnel systems and organizational climate consulting
- Affected by budget cutbacks at small-to-medium sized companies
 - Increased customization of training programs
- Educational training consulting for major companies increased significantly
- Management and skill training packages decreased due to loss of repeat orders from major companies
- Increase from release of new products for top management training

Net Sales and Gross Profit: Entry Management Business (EM)

【Net Sales, Gross Profit】 (¥ million)



No. of customers: 483 (+39, +8.8%)

Per customer (¥ thousand): 6,453 (-256, -2.5%)

Strengthened sales to major companies

- Continued hiring a set number of new graduates due to reflection on the crash of the bubble economy
- Net sales growth due to customer targeting centered on major companies

Strengthened direct sales channels

- Net sales increased (¥1,428 million, +14.0%) due to strengthening of direct sales channels

【Net Sales of Main Products】 (¥ million)

Recruiting tests	144	(+165.5%)
Recruiting strategy	1,086	(+ 0.3%)
Recruiter training	150	(+ 9.2%)
Potential employee follow-up	133	(+173.7%)
Recruiting tool formulation	343	(+ 6.8%)
Recruiting agent services	546	(- 2.5%)

Full-scale development of recruiting tests

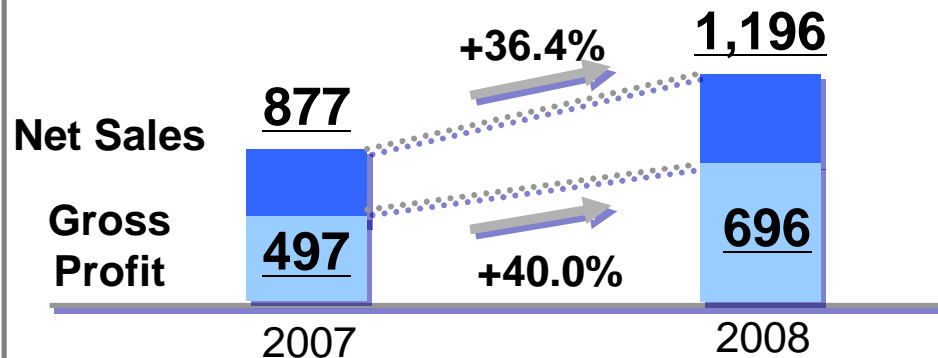
- Net sales increased due to full-scale development of recruiting tests as a high-margin database (¥144 million, +131.2%)

Growth of follow-up program for prospective employees

- Strengthened sales for high-repeat packages
- Released new programs for the age group that grew up under lax educational policies

Net Sales and Gross Profit: Brand Management Business (BM)

【Net Sales, Gross Profit】 (¥ million)



No. of customers: 193 (+61, +46.2%)

Per customer (¥ thousand): 6,200 (-447, -6.8%)

Strengthened sales through personnel investment

- Strengthened sales, mainly to new customers, through mid-career hiring and other personnel investments

【Net Sales of Main Products】 (¥ million)

Marketing support business

Lifestyle motivation diagnosis 355 (+40.2%)

Marketing strategy consulting 208 (+69.4%)

IR support business

Annual reports 441 (+33.9%)

Shareholders reports, company brochures 84 (+ 0.7%)

Sales of marketing support business increased significantly

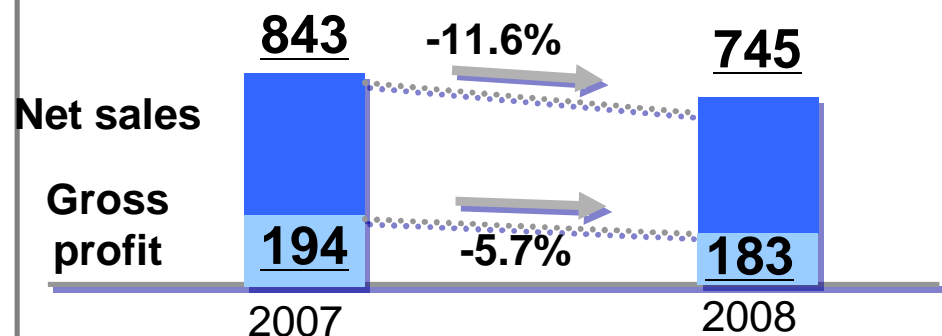
- Significant increase in sales, mainly to major companies, centered on database of individual values and consumer trends, and consulting based on the database

Sales of IR support business were solid

- High repeat rate for core annual report products, and stable growth

Net Sales and Gross Profit: Place Management Business (PM)

【Net Sales, Gross Profit】 (¥ million)



No. of customers: 172 (+44, +34.4)

Per customer (¥ thousand): 4,333 (-2,252, -34.2%)

Decrease in office investment by small-to-medium sized companies

- Fewer opportunities for office investment for small-to-medium sized companies due to economic slowdown

【Net Sales of Main Products】 (¥ million)

Place strategy consulting	197	(- 16.4%)
Package contract services	394	(- 13.8%)
Office intermediary	17	(-)
Rental office services	32	(+52.0%)

Sales of main products decreased

- Sales of place strategy consulting and package contract services decreased

1. Strengthen Database Products

Further increase profitability and create high barriers to entry

2. Strengthen the Brand Management Business

Strengthen personnel and expand product service lineup

3. Aggressively Expand Operating Bases

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

Net Sales and Gross Profit: Results (of Growth Strategy)

(¥ million)

2007 Results

2008 Results

(Year-on-year change)

1. Strengthen Database Products

Net Sales	689	908	+31.7%
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Note: Figures in parenthesis indicate gross profit.

(8.5%)

(11.0%)

(+2.5 percentage points)

Motivation Management Business

305

322

+5.6%

E M S

Entry Management Business

B R I D G E

109

183

+71.6%

Brand Management Business

L S M I

253

355

+40.2%

2. Strengthen the Brand Management Business

Net Sales	877	1,196	+36.4%
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Note: Figures in parenthesis indicate gross profit.

(497)

(696)

(+40.0%)

3. Aggressively Expand Operating Bases

Tokai Net Sales	261	365	+40.0%
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Profitability: Reasons for Change

Selling, General and Administrative Expenses ¥3,751 million (+3.4%)

Growth in personnel and office expenses **absorbed by increased efficiency and cost control**

Main expenses	2007 results	2008 results	YoY change	Cost reductions	2007 results	2008 results	YoY change
(¥ million)				(¥ million)			
Salary, bonuses	876	1,082	+23.5%	Advertising expenses	145	83	-42.8%
Rent	455	606	+33.2%	Outsourced staff expenses	160	106	-33.8%
Legal welfare expenses	127	170	+33.9%	Hiring expenses	194	133	-31.4%

Non-operating Items

- Non-operating income: ¥14 million (94.0%)
¥10 million gain from cancellation of insurance contract
- Non-operating expenses: ¥3 million (-91.6%)
Expenses of stock exchange listing in 2007 (¥28 million) did not recur in 2008

Extraordinary Items

- Extraordinary income: none
- Extraordinary loss: ¥11 million (-44.1%)
Decreases from 2007 in loss on disposal of fixed assets and loss on valuation of investment securities

Balance Sheets (Assets)

Consolidated (¥ million)	2007 Results	2008 Results	YoY Change
Current Assets	3,478	3,263	215
Property and Equipment	275	308	+33
Intangible Assets	698	754	+56
Investments and Other Assets	560	635	+75
Total Assets	5,013	4,963	50

Main factors in year-on-year changes

Current assets

- Steady repayment of debt

Property and equipment

- Tokai branch transferred to new office; opened new training facility "Link Port Harumi"

Balance Sheets (Liabilities and Net Assets)

Consolidated (¥ million)	2007 Results	2008 Results	YoY Change
Current Liabilities	1,596	1,169	427
Long-term Liabilities	90	5	85
Net Assets	3,326	3,787	+461
Total Liabilities and Net Assets	5,013	4,963	50

Main factors in year-on-year changes

Current liabilities

- Steady repayment of debt

Net assets

- Net income increased due to solid results

Cash Flow

<u>Consolidated (¥ million)</u>	2007 Results	2008 Results	YoY Change
C/F from Operating Activities	937	765	172
C/F from Investing Activities	794	554	+240
C/F from Financing Activities	292	567	859
Total Cash Flow	435	356	

Main factors (¥ million)

Operating Activities: Income from main business (1,414), income taxes paid (-710)

Investing Activities: M&A (-147), office investment (-220), system investments (-160)

Financing Activities: Steady repayment of debt (-226), dividend payments (-341)

Dividends

Distribution of dividends

- **Quarterly dividend** (**variable dividend** linked to quarterly net income)
- **Payout ratio of 50%** (30% ordinary dividend and 20% commemorative dividend for first year listed on stock exchange)

Dividends (¥ per share)

2008 year-end

	Forecast	Actual	Difference	Actual vs. forecast
Amount	1,637	1,409	-228	-13.9%

Note: Actual dividend includes commemorative dividend of ¥563.60.

2008 full year

	2007	2008	2008 vs. 2007
1st quarter	-	525	+525
2nd quarter	655	787	+132
3rd quarter	163	309	+146
Year-end	947	1,409	+462
Full year	1,765	3,030	+1,265

2 Plan for 2009



Results Forecast: Consolidated (Full year)

<u>Consolidated (¥ million)</u>	2008 Results	2009 Plan	YoY Change
Net Sales	8,275	8,400	+1.5%
Operating Income	1,414	1,480	+4.7%
Ordinary Income	1,425	1,470	+3.1%
Net Income	818	820	+0.2%

**Slight increase in net sales and
each stage of income from previous year**

Results Forecast: Consolidated (Interim)

Consolidated (¥ million)	Interim	Full Year	Progress
Net Sales	4,130	8,400	49.2%
Operating Income	430	1,480	29.1%
Ordinary Income	425	1,470	28.9%
Net Income	230	820	28.0%

- By end of interim period, achieve 49.2% of net sales forecast of ¥8,400 million
Essentially unchanged from 2007 results (49.5%)
- Achieve up to 30% of forecast of each stage of income
Forecast increase in SG&A expenses in interim period, including initial costs from company integration and office transfer

Results Forecast: Net Sales by Segment (Full Year)

<u>Consolidated (¥ million)</u>	2008 Results	2009 Forecast	YoY Change
Motivation Management Business (MM)	3,181	3,000	-5.7%
Entry Management Business (EM)	3,117	3,000	-3.8%
Brand Management Business (BM)	1,197	1,650	+37.9%
Place Management Business (PM)	745	750	+0.6%

- Slight year-on-year decreases in MM and EM businesses with foreseeable reduction in corporate personnel-related investment due to the economic slowdown
- Significant increase in BM business due to synergy with acquired companies
- Maintain net sales in PM business on par with 2008 while raising profitability

1. Aim for efficient and effective operations through
Group reorganization

2. Respond to varied needs by
strengthening new product development

Growth Strategy 1. Group Reorganization

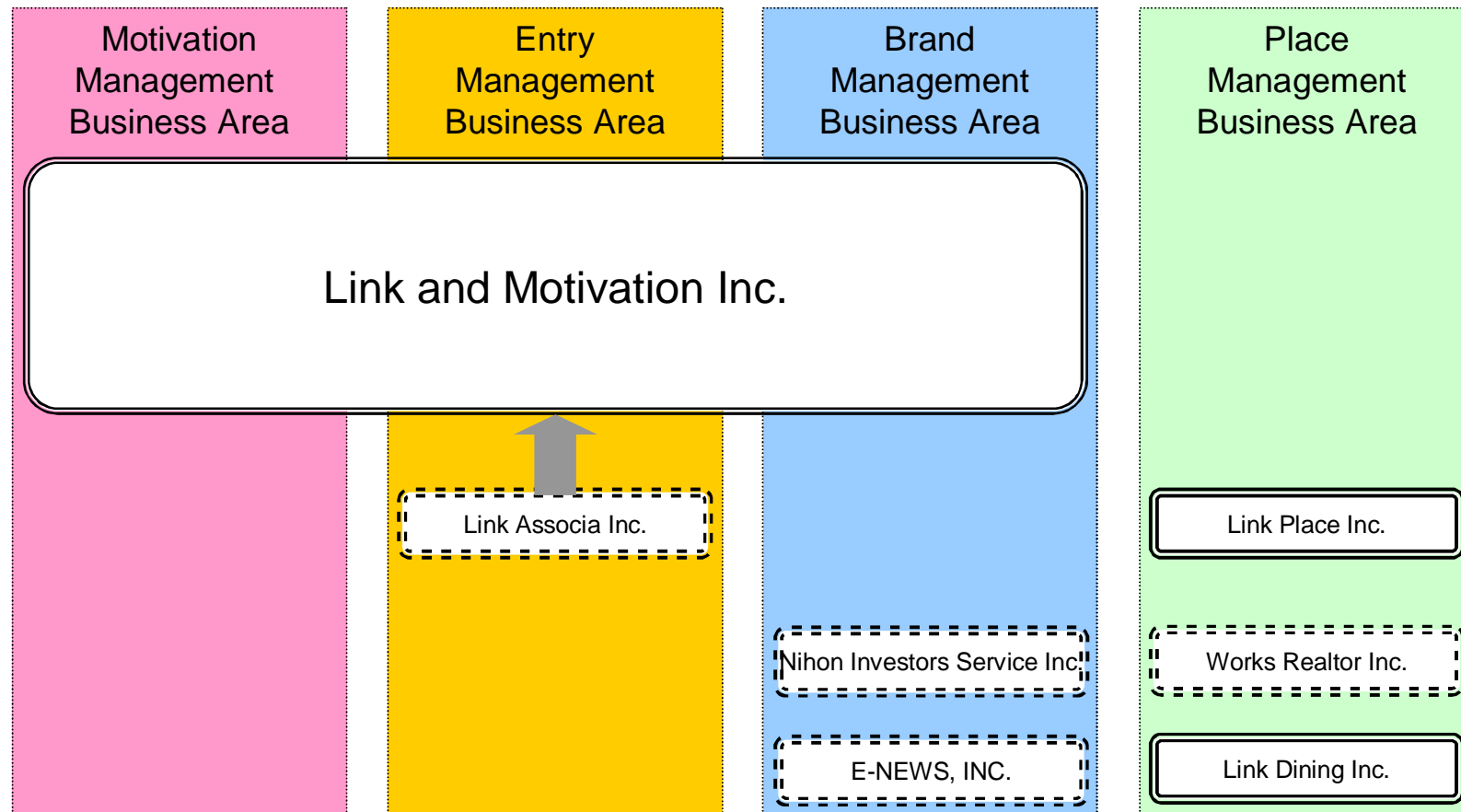
Objective Enhance synergy within each business

- Increase synergy within each business by consolidating Group companies operating in the same field

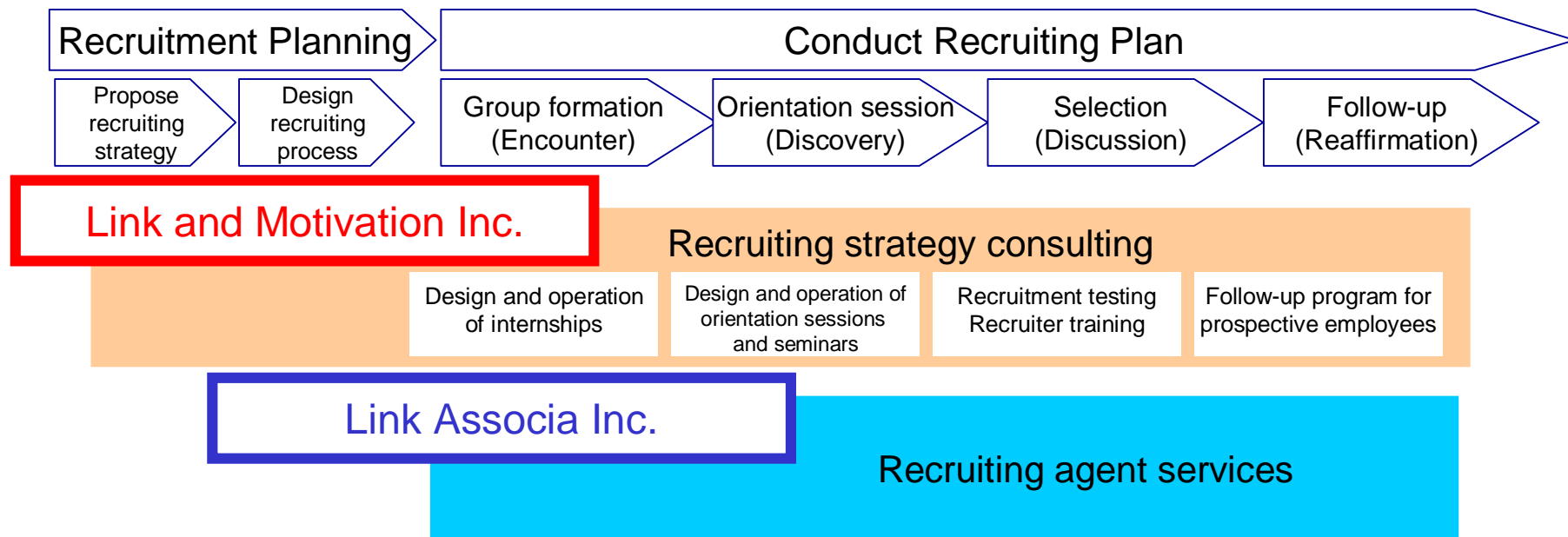
Objective Reduce administrative costs

- Reduce administrative costs necessary for operation by reorganizing 7 Group companies into 4 through consolidation and elimination

Details of Group Reorganization



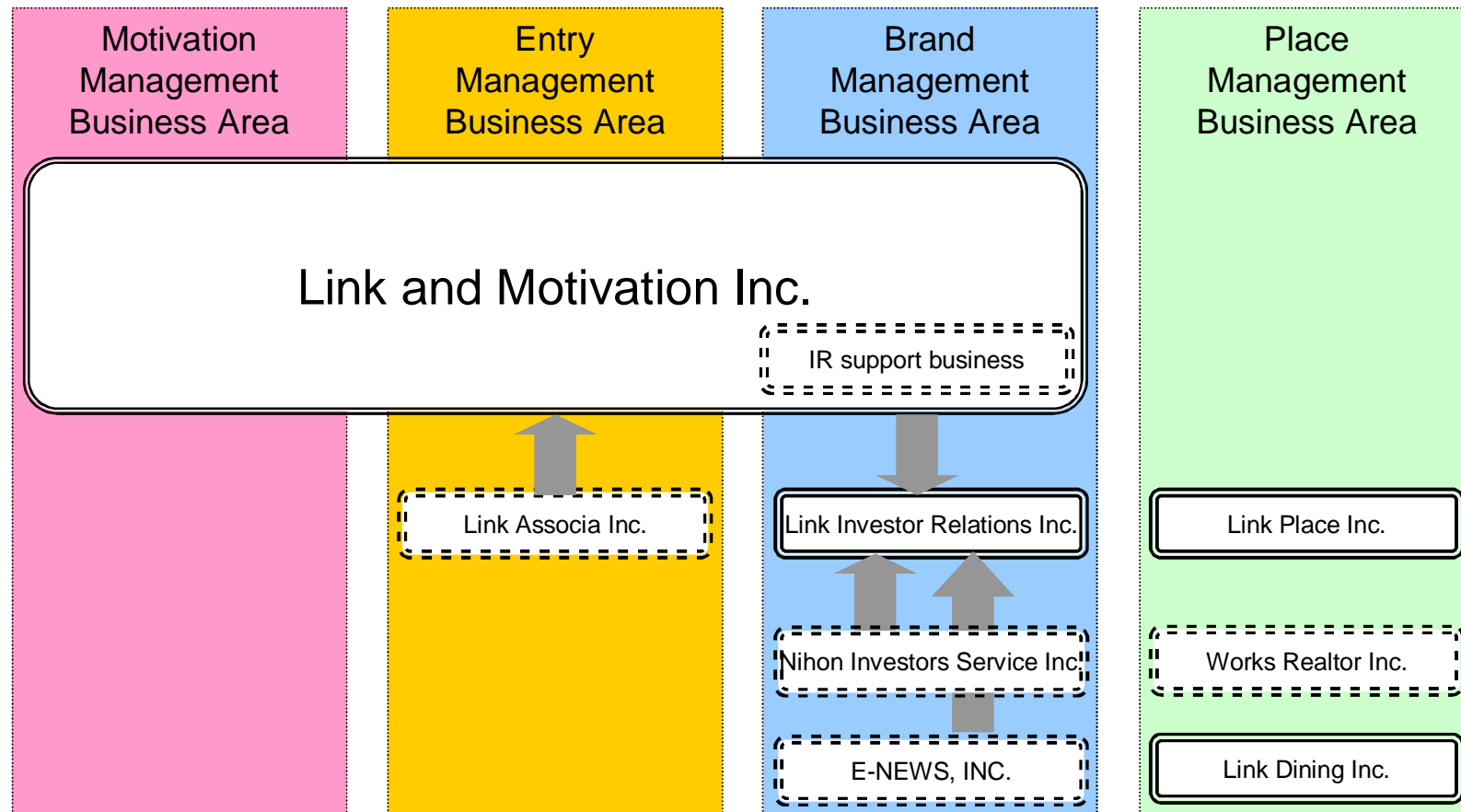
Synergy through Group Reorganization: Entry Management Business



Merge and absorb Link Associa Inc. into
Link and Motivation Inc.

Strengthen one-stop solutions from upstream to
downstream of recruitment area

Details of Group Reorganization



Synergy through Group Reorganization: Brand Management Business

Link and Motivation Inc. IR Support Business

Consulting

IR tool production centered on
annual reports and
shareholders reports



Nihon Investor's Service Inc.

(Acquired July 25, 2008)

Publisher of investment magazines
Holds presentations for individual
investors



E-NEWS, INC.

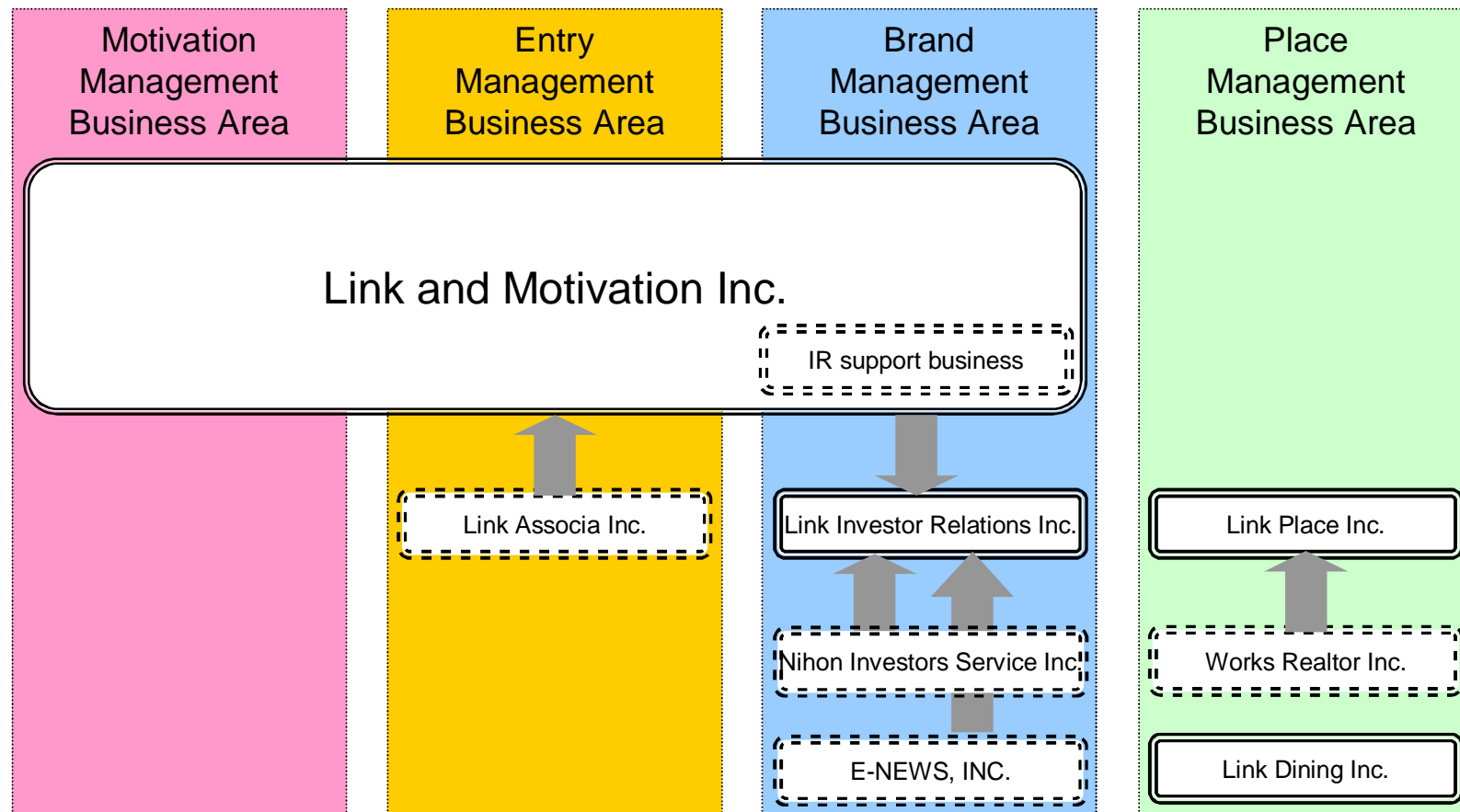
(Acquired January 5, 2009)

Video distribution service
centered on business results
briefings

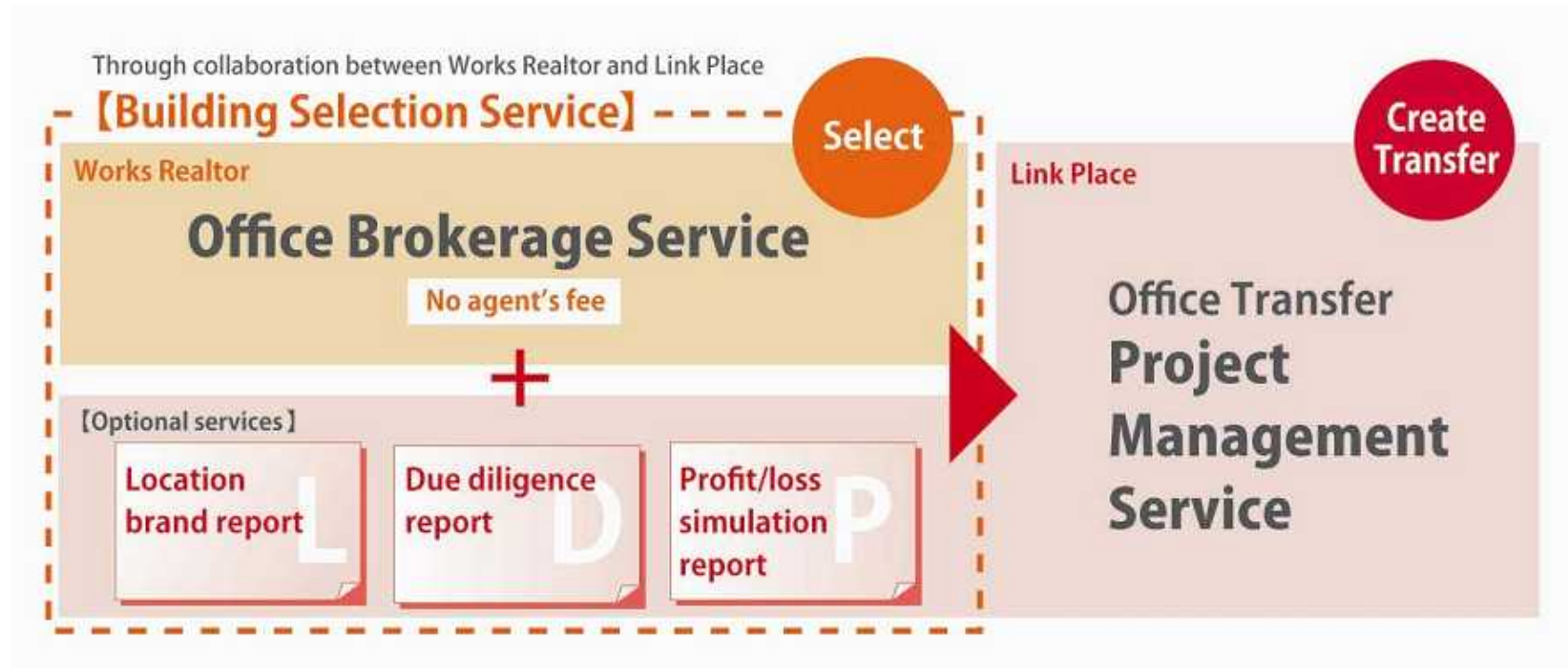


Strengthen more comprehensive IR support services
through consolidation into Link Investor Relations Inc.

Details of Group Reorganization



Synergy through Group Reorganization: Place Management Business



Through consolidation into Link Place Inc., create sales opportunities from an earlier stage while strengthening comprehensive services from office selection to set-up

Growth Strategy 2. Strengthen New Product Development

Objective: Respond to varied needs

- Develop new products and services for varied needs previously out of reach to reinforce and enhance product lineup

Motivation Management Business

Develop training programs in areas previously out of reach

Creative thinking
Practical communication skills
Mental toughness

etc....

Entry Management Business

Develop hiring program that utilizes the internet

Internet-based internship
Internet-based follow-up program for prospective employees
Internet-based selection program

etc....

Mental toughness training is:

- A training program to resolve problems related to the mental health of employees, which has become an issue at many companies recently
- Learning thinking and behavior to relieve stress, based on the belief that strengthening “prevention” is key to resolving underlying causes of employee mental health issues



Provide “**mental health**” related services in addition to traditional “motivation” and “skill” services

(Target of **¥100 million** in initial year)

(Plans to further enhance product and service lineup in the future)

Contracting company

PRO-FIELDZ Co., Ltd. (Affiliate of Senkusha Co., Ltd.)



Act Training is:

- A program of communication skills combining the acting techniques of actors and entertainers with improvisation techniques, rearranged for business
- Learning effective communication skills by training in physical aspects of expression, eye line and voice to increase one's ability to make an impression, and in mental aspects of concentration, decision making and the ability to act quickly

Enable **more practical acquisition of communication ability**
in addition to traditional knowledge and theory training
(Target of **¥100 million** in initial year)

New Product Mind Map Training (Released February 6)

Contracting company
ALMACREATIONS, Inc.
(Masanori Kanda, CEO)

Mind Map is:

- A thinking technique developed by English educator Tony Buzan
- A tool to draw out the various abilities of the mind, including understanding, memory, innovation and problem solving by taking notes through emanative thinking
- Well known for its use by Bill Gates, Al Gore and other global leaders



Enable support to comprehensively enhance the value of personnel by **providing training for creative thinking** in addition to traditional training for logical thinking
(Target of **¥200 million** in initial year)

2009 Dividend Policy

- Dividends are paid quarterly
- Fixed dividend of ¥500 each quarter, ¥2,000 annually
- * Factors in change in distribution method
Changed to fixed dividend due to problems with method linked to net income, including:
 - Substantial variation in dividend between quarters
 - Difficulty for investors to understand
- * Dividend calculation standard
Payout ratio of approx. 30% (32.9%) of full-year results forecast for consolidated net income of ¥820 million

3 Q&A



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