

Link and Motivation Inc.
Consolidated Financial Information for the
Six Months Ended June 30, 2010



ひとりひとりの本気がこの世界を熱くする Link and Motivation Group



Presentation Agenda

1. Financial Results for the Six Months Ended June 30, 2010
2. Revision to 2010 Full-Year Results Forecast
3. Topics

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Financial Results for the Six Months Ended June 30, 2010



Statements of Operations Vs. Same Period of Previous Year

| Consolidated (¥ million) | 2009 Results | 2010 Results | YoY Change |
|--------------------------|--------------|--------------|------------|
| Net Sales | 3,715 | 3,493 | - 6.0% |
| Gross Operating Profit | 1,931 | 1,842 | - 4.6% |
| Operating Income | 9 | 395 | +4,195.3% |
| Ordinary Income | 9 | 404 | +4,288.8% |
| Net Income | - 212 | 190 | - |

Maintained strict cost management, but net sales declined slightly
Reduced SG&A expenses led to **significant increases in income, from operating income down**

Net Sales/Gross Profit by Business Vs. Same Period of Previous Year

| Consolidated (¥ million) [Gross profit in brackets] | 2009 Results | 2010 Results | YoY Change |
|--|----------------|----------------|---------------------|
| Motivation Management Business (MM) | 1,402 <916> | 1,292 <771> | -7.8% <-15.8%> |
| Entry Management Business (EM) | 1,349 <678> | 1,200 <738> | -11.0% <+8.8%> |
| Investor Relations Business (IR) | 422 <180> | 352 <173> | -16.7% <-4.0%> |
| Place Management Business (MM) | 474 <133> | 399 <116> | -15.7% <-12.8%> |
| Other Business | 66 <22> | 248 <43> | +273.5% <+92.1%> |

Year-on-year increases in gross profit for EM and Other Business, same level for IR Business, and decreases for MM and PM businesses.

Breakdown of Orders by Business Vs. Same Period of Previous Year

| <u>Consolidated (¥ million)</u> | 2009 Results | 2010 Results | YoY Change |
|-------------------------------------|--------------|--------------|------------|
| Motivation Management Business (MM) | 517 | 592 | +14.5% |
| Entry Management Business (EM) | 439 | 481 | +9.6% |
| Investor Relations Business (IR) | 267 | 266 | -0.4% |
| Place Management Business (MM) | 234 | 189 | -19.2% |
| Other Business | 153 | 162 | +5.9% |

Orders for the main MM and EM businesses increased compared with the previous year as they took their share of the gradually increasing corporate investment in human resources.

SG&A Expenses

| <u>Consolidated (¥ million)</u> | 2009 Results | 2010 Results | YoY Change |
|---------------------------------|--------------|--------------|------------|
| SG&A Expenses | 1,921 | 1,447 | -24.7% |

Main Cost Reductions

- **Reduction in office-related expenses: Approx. ¥203 million**
- **Reduction in outsourcing expenses: Approx. ¥179 million**
- **Reduction in goodwill expenses: Approx. ¥69 million**

- **Decrease in costs of about 25%** compared with the previous year due to reductions in fixed expenses
- Reductions are not temporary, but structural and will lead to **significant improvements in earning structure**

Balance Sheets

| <u>Consolidated (¥ million)</u> | 2009 Results | 2010 Results | YoY Change |
|---------------------------------|--------------|--------------|-------------|
| Current Assets | 2,812 | 2,490 | -322 |
| Fixed Assets | 1,008 | 921 | -87 |
| Investments and Other Assets | 815 | 754 | -61 |
| Total Assets | 4,637 | 4,166 | -471 |

| <u>Consolidated (¥ million)</u> | 2009 Results | 2010 Results | YoY Change |
|---|--------------|--------------|-------------|
| Current Liabilities | 1,729 | 1,206 | -522 |
| Long-term Liabilities | 15 | 11 | -4 |
| Net Assets | 2,892 | 2,948 | +56 |
| Total Liabilities and Net Assets | 4,637 | 4,166 | -471 |

Net worth ratio **increased from 62.4% to 70.8%**, enhancing stability

Cash Flow

Consolidated (¥ million)

2010 Results

| | |
|--------------------------------|------------|
| C/F from Operating Activities | 657 |
| C/F from Investment Activities | 79 |
| C/F from Financing Activities | -589 |
| Total Cash Flow | 146 |

- Operating cash flow increased due to increased income before income taxes
- Net cash used in financing activities decreased as a result of progress in repayment of debt

Second-Quarter Dividend

2010 Dividend Policy

- Dividends are **paid quarterly**
- **Fixed dividend** of **¥500** each quarter, **¥2,000** annually

Second-Quarter Dividend

- Payment on **September 24** of **¥500** dividend, as planned

| | 1Q Actual | 2Q Actual | 3Q Planned | 4Q Planned |
|--------------------------|--------------|--------------|---------------|---------------|
| Cash dividends per share | ¥500 | ¥500 | ¥500 | ¥500 |

2 Revisions to 2010 Full-Year Results Forecast



Statements of Operations (Full-Year Forecast and Progress)

| <u>Consolidated (¥ million)</u> | Forecast (Full Year) | Jan.-Jun. Cumulative Results | Progress |
|---------------------------------|-------------------------|---------------------------------|----------|
| Net Sales | 5,500 | 3,493 | 63.5% |
| Operating Income | 520 | 395 | 76.0% |
| Ordinary Income | 520 | 404 | 77.8% |
| Net Income | 450 | 190 | 42.3% |

- Net sales and all levels of income **making firm progress** toward forecast
- Taking orders into account, results should **significantly exceed forecast**

Forecast / Upward Revision of Forecast / Statements of Operations

| <u>Consolidated (¥ million)</u> | Previous Forecast | Revised Forecast | Increase |
|---------------------------------|-------------------|------------------|----------|
| Net Sales | 5,500 | 6,700 | +21.8% |
| Operating Income | 520 | 680 | +30.8% |
| Ordinary Income | 520 | 690 | +32.7% |
| Net Income | 450 | 450 | - |

- Net sales, operating income, ordinary income **revised upward** considering progress
- The forecast for net income remains unchanged due to our judgment that there will be no tax benefits from subsidiaries' business results

Forecast / Upward Revision of Forecast / Sales by Business

| <u>Consolidated (¥ million)</u> | Previous Forecast | Revised Forecast | Increase |
|--|-------------------|------------------|----------|
| <u>Motivation Management Business (MM)</u> | 1,940 | 2,630 | +35.6% |
| <u>Entry Management Business (EM)</u> | 1,850 | 2,200 | +18.9% |
| <u>Investor Relations Business (IR)</u> | 660 | 730 | +10.6% |
| <u>Place Management Business (PM)</u> | 700 | 700 | - |
| Other Business | 350 | 440 | +25.7% |

Expecting continued growth in human resource-related corporate investment, we have made **significant upward revisions** for MM and EM businesses

3 Topics



Established Motivation Laboratory

We established the Motivation Laboratory to further strengthen our motivation engineering techniques and allow motivation specialists to have an impact on the wider world.

Specific Initiatives

Strengthening R&D Functions

Review the knowledge acquired in the 10 years since our foundation in order to strengthen **new product development for the next 10 years**

Sending Motivation Specialists Out into the Wider World

Strengthen connections to outside sources to **transmit our originality and expertise** to the world

* The head of the Motivation Laboratory appeared on the “World Business Satellite” program that aired on July 21 in a feature on “The Most Motivating Company.”

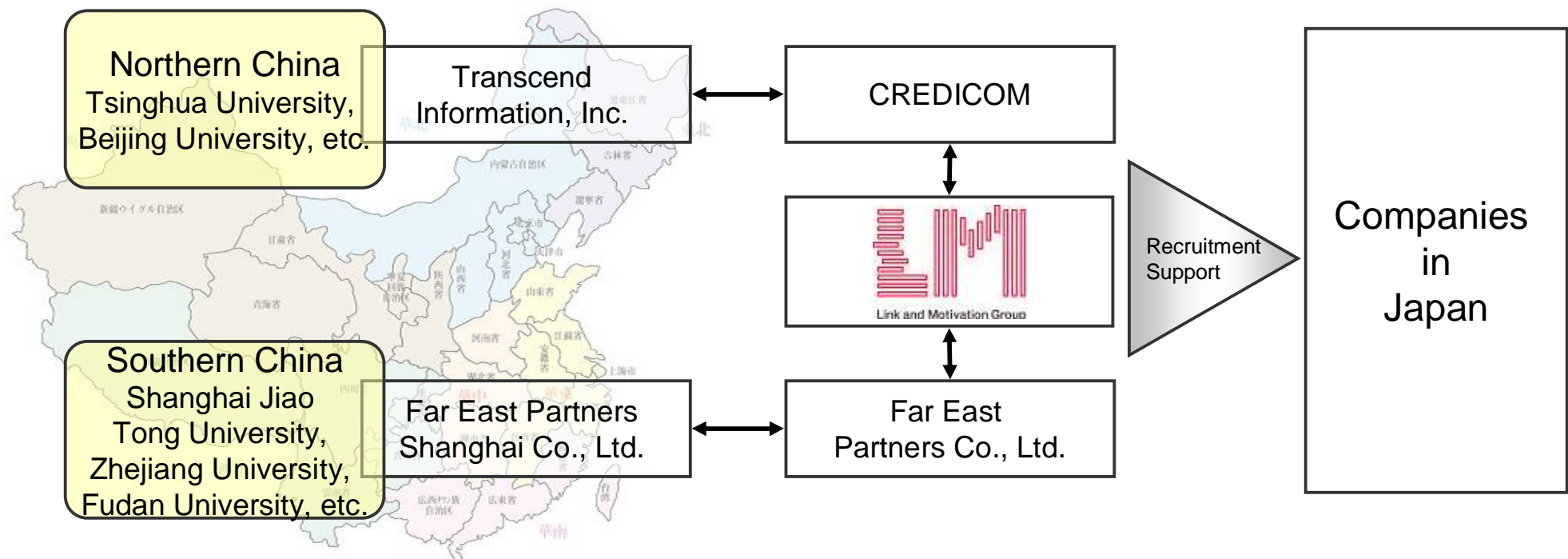


Support Service for Recruiting Chinese Employees

(Released on May 19)

Together with partners experienced in introducing new graduates from top Chinese universities, we conduct Chinese employee recruitment support services for Japanese companies.

We believe that in Japan's future recruitment environment, recruiting will increasingly consider **human resource portfolios** based on the key words **diversity, globalization and selective recruitment**. As one step in this direction, we aim to build the top brand for recruiting Chinese candidates by responding to the recent needs of companies in Japan to find outstanding Chinese employees.



Link Tochigi Brex Are Japan Champions!

(Released April 12)



Link Tochigi Brex were **champions** of the JBL 2009-10 season.

Sequence

Participated in operating a pro basketball team as a venue to **apply motivation engineering to a sports team**

2007-08 Season: Division 2 Champions

2007-08 Season: Promoted to Division 1, fifth place

Success in 2010

1. JBL **season champions** three years after establishment
2. Operating company achieves **profitability** for the first time since its foundation
3. President Takushi Yamatani **receives the Top League Trophy**

* First-ever recipient in consecutive years



Yuta Tabuse

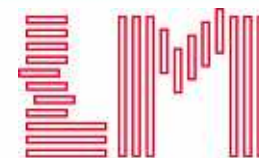


Takuya Kawamura



President Yamaya (left) and former Prime Minister Yoshiro Mori (right), President of the Cooperative Organization of Japan Top Leagues.

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