

Consolidated Financial Statements for the Nine Months Ended September 30, 2016

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

November 11, 2016

Link and Motivation Inc.

http://www.lmi.ne.jp

Representative: Yoshihisa Ozasa, Chairman and Representative Director

Contact: Shunichi Ohno, Director and

Manager of Group Design Division

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

Start of distribution of dividends (scheduled):

Supplementary documents for quarterly results:

Quarterly results briefing:

Stock exchange listing: Tokyo, First Section

Code number: 2170

Phone: +81-3-3538-9819

November 11, 2016

December 22, 2016

No

No

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for the Nine Months Ended September 30, 2016

(January 1, 2016 - September 30, 2016)

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

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)
Nine months ended September 30, 2016	25,336	7.6	1,470	558.8	1,395	684.4
Nine months ended September 30, 2015	23,539	14.3	223	(74.6)	177	(78.9)

Note: Comprehensive income Nine months ended September 30, 2016: ¥1,292 million (—%)

Nine months ended September 30, 2015: (¥18 million) (—%)

	Net income (loss) attributable to owners of the parent (¥ million)	Change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended September 30, 2016	1,178	—	10.72	—
Nine months ended September 30, 2015	(14)	—	(0.13)	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)
As of September 30, 2016	18,616	5,552	29.8
As of December 31, 2015	17,474	6,032	34.5

Reference: Net worth As of September 30, 2016: ¥5,552 million

As of December 31, 2015: ¥6,032 million

2. Dividends

	Dividends per share				
	1st Qtr.	Interim	3rd Qtr.	Year-end	Full year
2015	1.10	1.10	1.10	1.10	4.40
2016	1.25	1.25	1.40		
2016 (est.)				1.40	5.30

Note: Revisions since the most recently announced dividend forecast: No

3. Forecast of Consolidated Results for 2016 (January 1, 2016 - December 31, 2016)

(Percentages represent change compared with the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full-year	34,000	6.4	1,860	114.3	1,760	129.4	1,350	—	12.28

Note: Revision of forecast of results during the quarter: Yes

Notes

- (1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation): No
- (2) Application of Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements: Yes
- (3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements
 - (a) Changes in accounting policies in connection with revisions of accounting standards, etc.: Yes
 - (b) Changes in accounting policies other than (a) above: No
 - (c) Changes in accounting estimates: No
 - (d) Restatements: No
- (4) Number of Shares Issued and Outstanding (Common Stock)
 - (a) Number of shares at the end of the period (including treasury stock)
Nine months ended September 30, 2016: 113,068,000; Year ended December 31, 2015: 113,068,000
 - (b) Number of treasury shares at the end of the period:
Nine months ended September 30, 2016: 7,445,700; Year ended December 31, 2015: 200
 - (c) Average number of shares outstanding (cumulative with earlier quarters):
Nine months ended September 30, 2016: 109,854,096; Nine months ended September 30, 2015: 113,067,800

* **Presentation of Implementation Status of Quarterly Review Procedures**

- These “Consolidated Financial Statements for the Nine Months Ended September 30, 2016” are not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act although, as of the date of publication of these statements, the review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had been completed.

* **Explanation of the Proper Use of Performance Forecasts and Other Special Instructions**

- Consolidated forecasts and other statements regarding the future contained in this document are based on information currently available to the Company and certain reasonable assumptions. Actual performance may differ substantially due to numerous factors.

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1. Qualitative Information Regarding Results for the Nine Months Ended September 30, 2016

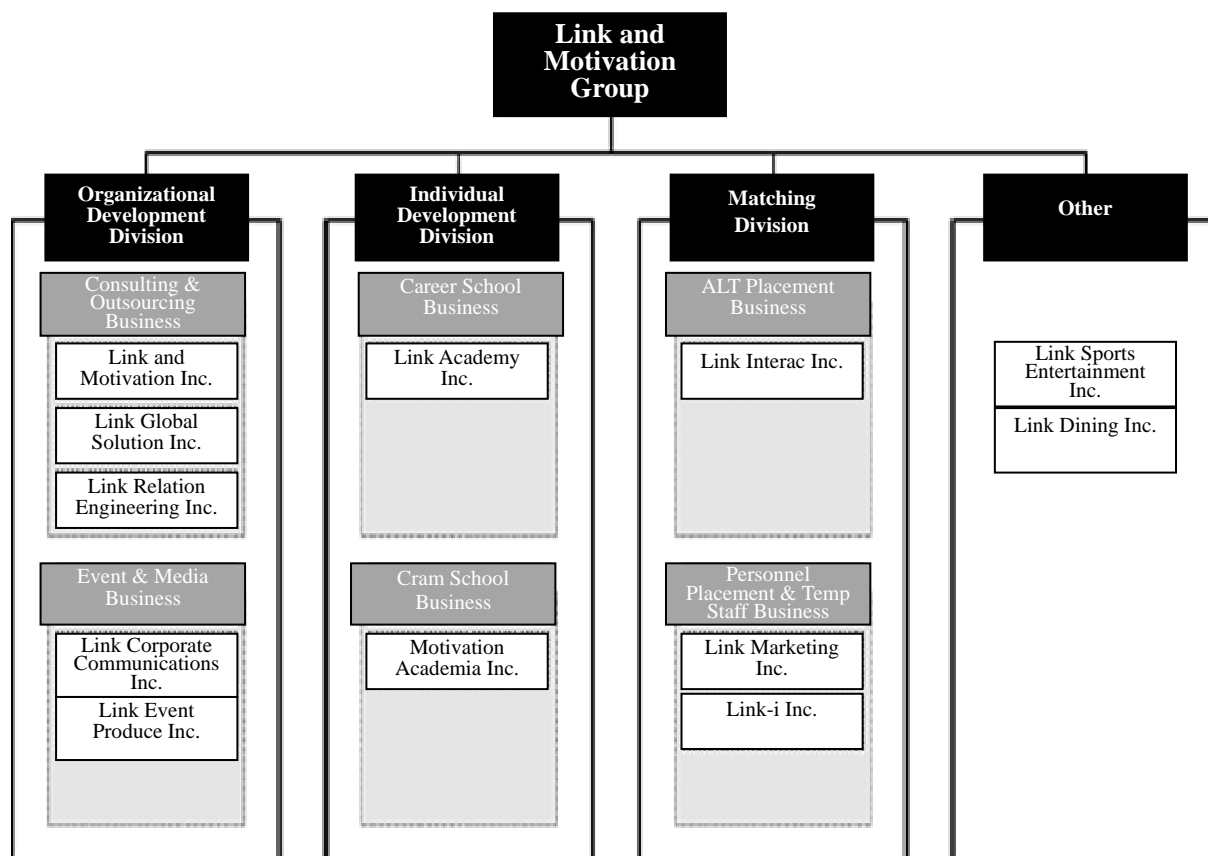
(1) Commentary on Results of Operations

During the first nine months of 2016 (January 1, 2016 – September 30, 2016), due to the appreciation of the yen and lower stock prices resulting from the impact of overseas economies, growth in personal consumption was slack and very sluggish conditions continued in the Japanese economy, despite a faint pickup in the final stages of the period.

In this operating environment, the Link and Motivation Group’s net sales increased 7.6% compared with the same period a year earlier to ¥25,336 million. In addition, due to improvement in the profit margin and an increase in extraordinary income, each level of income increased substantially. Gross profit was ¥9,192 million (a 19.1% increase), operating income was ¥1,470 million (a 558.8% increase), ordinary income was ¥1,395 million (a 684.4% increase), and net income attributable to owners of the parent was ¥1,178 million (compared with a net loss of ¥14 million in the same period a year earlier).

An overview of general conditions by segment and business for the first nine months of 2016 is provided below. The classification of segments and businesses of the Link and Motivation Group is as follows.

From the third quarter of 2016, the Link and Motivation Group has changed the business segments presented as its reportable segments. Comparisons and analysis for the nine months ended September 30, 2016 are based on the classifications after the change.



Organizational Development Division

The Organizational Development Division offers services for corporate customers that provide support for building and strengthening relationships with a company's stakeholders (employees, job applicants, customers, shareholders) using "Motivation Engineering," which is the core technology of the Link and Motivation Group.

In this segment, due to strong performance by each business, segment sales for the nine-month period increased substantially compared with the same period a year earlier to ¥7,765 million (a 25.1% increase). In addition, with the contribution of strong performance by the Consulting & Outsourcing business, which has a high profit margin, segment income increased substantially to ¥4,946 million (a 79.6% increase). An overview of operating results by business for the first nine months of 2016 is as follows.

Consulting & Outsourcing Business

The Consulting & Outsourcing business acts under the concept of creating numerous "motivation companies" in which employee motivation is a company's growth engine. As its method of providing services, the business diagnoses the state of a company's motivation based on its original diagnostic framework and offers various one-stop solutions for innovations related to organizations and personnel, including recruiting, training, framework and corporate culture.

In this business, sales in the first nine months of 2016 were ¥6,165 million (a 21.2% increase) and gross profit was ¥4,155 million (a 75.0% increase).

In the first nine months of 2016, consulting and outsourcing services with the theme of strengthening sales capabilities grew as the business captured rising corporate needs for sales promotion. In addition, due to substantial growth in the new business of cloud-based service for organizational improvement, sales and gross profit both increased substantially compared with the same period a year earlier.

Substantially expanding this business's cloud-based service for organizational improvement and developing linked solutions for innovation based on the results of its diagnosis will lead to further business growth.

Event & Media Business

The Event & Media business produces events and media for various communications in corporate activities to support the "creation of motivation companies" at corporations. In its event production, the business offers assistance in stimulating the interest and promoting the understanding of stakeholders through support for creation of forums such as anniversary events, recruiting presentations, promotional events and shareholders' meetings. In its media production, the business is involved in printed media such as company newsletters, corporate brochures and annual reports for shareholders, as well as web-based media such as corporate websites and investor relations sites and visual media such as videos that explain products and webcasts of shareholders' meetings.

In this business, sales in the first nine months of 2016 were ¥2,759 million (a 13.3% increase) and gross profit was ¥1,025 million (a 71.5% increase).

In the first nine months of 2016, due to the growth of high-margin products including planning and operation of anniversary events and employee general meetings, and production of visual media such as streaming video, sales and gross profit both increased substantially compared with the same period a year earlier.

The business will work for growth by developing products with greater advantages using "Motivation Engineering," the Link and Motivation Group's core technology.

Individual Development Division

The Individual Development Division applies "Motivation Engineering," which is the core technology of the Link and Motivation Group, to businesses in areas including career schools and cram schools, to offer individual customers "career navigation" services, which provide total support for independent and autonomous career creation.

In this segment, due to a substantial reduction in transactions among Group companies to focus on sales to external customers, segment sales decreased and segment income decreased substantially compared with the same period a year earlier. Segment sales for the first nine months of 2016 were ¥5,012 million (a 7.0% decrease) and segment income was ¥1,722 million (a 17.8% decrease). An overview of operating results by business for the first nine months of 2016 is as follows.

Career School Business

The Career School business defines human resources who act independently and autonomously, without depending on an organization, as “i-companies” and supports the production of numerous i-companies. As for specific services, the business operates career schools for university students and working adults, providing one-stop support for individual career advancement under the three service brands of “Aviva” personal computer schools, “Daiei” qualification schools and “Aviva Pro” programming schools.

In this business, sales in the first nine months of 2016 were ¥4,927 million (a 6.7% decrease) and gross profit was ¥1,723 million (a 16.1% decrease).

In the first nine months of 2016, sales decreased and gross profit decreased substantially compared with the same period a year earlier due to a significant reduction in transactions among Group companies to focus on sales to external customers. On the other hand, transactions with external customers were steady due to a smooth shift in the portfolio from the Office course, which was a core service in the past, to programming courses to acquire the IT skills strongly needed by companies, in addition to strong sales of courses to prepare for national examinations and civil service examinations.

The business will enhance its courses as a total career school and establish comprehensive services from providing career guidance to offering employment opportunities in collaboration with the Personnel Placement & Temp Staff business. By doing so, it will promote career navigation with the aim of raising the loyalty of existing customers and attracting more new customers.

Cram School Business

Unlike typical cram schools, the Cram Schools business operates under the business concept of producing numerous “i-companies” in addition to improving the academic ability of its students. Its services consist of operating “Motivation Academia” cram schools for junior high and high school students to provide a place where students can not only prepare for school entrance exams but also develop skills to play a role in society.

In this business, sales in the first nine months of 2016 were ¥84 million (a 23.7% decrease) and gross profit was negative ¥1 million (compared with gross profit of ¥42 million in the same period a year earlier).

In the first nine months of 2016, sales and gross profit both decreased substantially compared with the same period a year earlier due to a significant reduction in transactions among Group companies to focus on sales to external customers. On the other hand, transactions with external customers were steady due to a smooth increase in the number of students. By further applying the know-how in training adults that has been cultivated in the Consulting & Outsourcing business, this business aims to achieve added value unattainable by conventional cram schools.

Matching Division

The Matching Division provides services under the concept of matching organizations with hiring needs and individuals who want to advance their careers through “motivation matching,” which applies “Motivation Engineering,” the core technology of the Link and Motivation Group, to personnel placement and temp staff dispatch.

In this segment, segment sales and segment income both increased slightly compared with the same period a year earlier. Segment sales for the first nine months of 2016 were ¥13,186 million (a 3.8% increase) and segment income was ¥3,065 million (a 1.4% increase). An overview of operating results by business for the first nine months of 2016 is as follows.

ALT Placement Business

The ALT Placement business dispatches foreign assistant language teachers (ALTs) to elementary, junior high and other schools throughout Japan and provides English-language instruction services on contract. In this business, where barriers to entry are extremely high due to the importance placed on relationships of trust with customers and a company’s track record, the Link and Motivation Group has established the number-one share among private companies.

In this business, sales in the first nine months of 2016 were ¥7,419 million (a 4.7% increase) and gross profit was ¥1,943 million (a 5.8% increase).

In the first nine months of 2016, sales and gross profit both increased compared with the same period a year earlier from capitalizing on the trend toward strengthening English ability in educational guidelines for elementary and junior high schools.

The business will use the personnel training capabilities accumulated by the Consulting & Outsourcing business as a new advantage, in addition to the ability to recruit foreign employees and labor management capability it has built up. In addition, capitalizing on rising needs for hiring foreigners, the business established Link Japan Careers Inc. in October 2016 to provide companies promoting the employment of foreigners with one-stop recruiting, training and work support for foreign staff. By doing so, it aims for further business growth by offering placement services extending beyond the ALTs it has handled to date.

Personnel Placement & Temp Staff Business

The Personnel Placement & Temp Staff business provides solutions in the form of recruiting and temp agency services for the human resources an organization requires to grow. The main businesses include new graduate recruiting and introduction, which connects university students looking for employment with corporate presentations and interviews, a mid-career introduction service, which matches working adults looking to change jobs with companies, and a sales and marketing temp staff and agency service, which dispatches temporary sales and office staff and handles corporate sales activities.

In this business, sales in the first nine months of 2016 were ¥5,775 million (a 6.8% increase) and gross profit was ¥1,129 million (a 2.1% decrease).

In the first nine months of 2016, the temp staff business grew through its understanding of corporate personnel procurement needs, backed by a lack of human resources. On the other hand, sales of the new graduate recruiting and introduction business decreased substantially compared with the same period a year earlier because of a strategic focus by the Company and its Group companies on strengthening their own new graduate recruiting. As a result, sales increased and gross profit decreased slightly compared with the same period a year earlier.

The business will work to increase profitability by further accelerating activities linked to corporate dispatch and introductions for individuals who have improved their skills through the Group's Career School business.

Other

In the Other segment, the Link and Motivation Group operates a sports team, restaurant and other businesses for individual customers as situations for management using "Motivation Engineering," which is the core technology of the Link and Motivation Group.

In this segment, sales and gross profit both decreased substantially compared with the same period a year earlier due to the transfer of all of the shares of a professional basketball team management company to a local corporation in June 2016 to concentrate management resources. Sales in the first nine months of 2016 were ¥393 million (a 26.2% decrease) and gross profit was ¥97 million (a 53.2% decrease).

(2) Commentary on Financial Condition

A. Assets, Liabilities and Net Assets

As of September 30, 2016, total assets were ¥18,616 million (an increase of ¥1,142 million from the end of the previous year), liabilities were ¥13,064 million (an increase of ¥1,622 million from the end of the previous year), and net assets were ¥5,552 million (a decrease of ¥480 million from the end of the previous year).

(3) Commentary on Information on Outlook, Including Forecast of Consolidated Results

Based on recent performance trends, the full-year forecast for 2016 (January 1, 2016 – December 31, 2016) that was announced on September 21, 2016 has been revised.

For details, see “Revision of Forecast of Results,” announced today (November 11, 2016).

2. Items Regarding Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

None applicable.

Please note that, although it is not applicable as a change in a specified subsidiary, during the six months ended June 30, 2016 the Company removed Link Sports Entertainment Inc., which was a consolidated subsidiary, from the scope of consolidation as a result of the sale of all of its shares.

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

Nine months ended September 30, 2016	
Calculation of tax expenses	Tax expenses are calculated by multiplying pretax net income for the fiscal year, including the nine months ended September 30, 2016, by a reasonable estimate of the effective tax rate after application of tax effect accounting to pretax net income.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

Nine months ended September 30, 2016	
<p>(Change in Accounting Policies)</p> <p>From the three months ended March 31, 2016, the Company has adopted standards including “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on September 13, 2013, hereinafter “Business Combinations Accounting Standard”), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on September 13, 2013, hereinafter “Consolidated Accounting Standard”) and “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013, hereinafter “Business Divestitures Accounting Standard”) and has changed to a method in which the difference made by changes in the ownership interest in subsidiaries in which the Company retains a controlling interest is recorded as capital surplus, and acquisition-related costs are treated as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations carried out at or after the beginning of the three months ended March 31, 2016, the Company has changed to a method in which the reallocation of acquisition costs, as determined after reviewing provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the period in which the business combination took place. The Company also changed the manner in which quarterly net income and other items are presented, and changed “minority interests” to “non-controlling interests.” The quarterly consolidated financial statements for the first half of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been reclassified to reflect these changes.</p> <p>The Company has adopted these accounting standards as of the beginning of the three months ended March 31, 2016 and will apply them thereafter in accordance with the transitional handling set forth in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidated Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard.</p> <p>The impact of these changes on the consolidated financial statements for the nine months ended September 30, 2016 is immaterial.</p>	
<p>(Change in Depreciation Method)</p> <p>Associated with the revision of the Corporation Tax Law, the Company has applied “Practical Solution on a change in depreciation method due to Tax Reform 2016” (ASBJ Practical Issues Task Force (PITF) No. 32 issued on June 17, 2016) as of the six months ended June 30, 2016, and changed the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.</p> <p>The impact of this change on the quarterly consolidated financial statements for the nine months ended September 30, 2016 is immaterial.</p>	

(4) Additional Information

(Allowance for Shareholders' Benefits)

Associated with the introduction of a shareholder special benefit plan, the Company records the estimated amount of expenses incurred pursuant to the shareholder special benefit plan from the six months ended June 30, 2016.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of December 31, 2015	As of September 30, 2016
ASSETS		
Current assets		
Cash and deposits	997,295	1,279,338
Notes and accounts receivable	3,724,562	3,787,282
Products	75,596	76,057
Goods in process	63,132	47,855
Merchandise and supplies	37,388	40,993
Prepaid expenses	340,885	419,494
Deferred tax assets	221,883	276,331
Short-term loans receivable	17,130	30,171
Accrued corporate tax refund	56,855	607,581
Accrued consumption tax	23,173	354,268
Other	323,695	189,718
Allowance for doubtful accounts	(29,948)	(12,007)
Total current assets	5,851,650	7,097,085
Fixed assets		
Property and equipment		
Buildings and structures	1,187,950	1,262,412
Accumulated depreciation	(574,327)	(614,498)
Buildings and structures (net)	613,623	647,913
Vehicles	13,048	4,130
Accumulated depreciation	(11,869)	(3,833)
Vehicles (net)	1,179	296
Furniture and fixtures	685,251	687,030
Accumulated depreciation	(569,581)	(574,453)
Furniture and fixtures (net)	115,669	112,577
Lease assets	509,366	532,628
Accumulated depreciation	(260,930)	(306,932)
Lease assets (net)	248,436	225,695
Total property and equipment	978,908	986,482
Intangible assets		
Goodwill	7,070,661	6,520,349
Software	536,001	439,329
Other	6,389	54,815
Total intangible assets	7,613,053	7,014,494
Investments and other assets		
Investments in securities	1,606,920	1,598,192
Security deposits	1,258,079	1,651,787
Deferred tax assets	18,553	72,458
Claims in bankruptcy	10,878	17,656
Other	190,941	298,013
Allowance for doubtful accounts	(60,878)	(122,227)
Total investments and other assets	3,024,494	3,515,879
Total fixed assets	11,616,456	11,516,856
Deferred assets		
Stock issuance expenses	6,396	3,009
Total deferred assets	6,396	3,009
Total assets	17,474,503	18,616,952

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

	As of December 31, 2015	As of September 30, 2016
LIABILITIES		
Current liabilities		
Accounts	322,478	315,035
Short-term borrowings	3,008,636	1,700,000
Long-term debt due within one year	621,512	1,557,596
Accounts payable	1,580,736	1,614,571
Lease obligations	102,745	112,961
Expenses payable	155,842	303,052
Accrued income taxes	426,525	408,777
Accrued consumption taxes	433,227	785,821
Advances received	1,727,406	1,679,010
Accrued bonuses to employees	194,302	272,720
Accrued bonuses to officers	29,800	15,510
Asset retirement obligations	—	23,166
Other	263,430	251,778
Total current liabilities	8,866,643	9,040,002
Long-term liabilities		
Long-term debt	2,130,676	3,537,324
Lease obligations	156,887	173,271
Deferred income taxes	21,131	75,947
Asset retirement obligations	88,266	69,135
Other	178,381	169,085
Total long-term liabilities	2,575,343	4,024,764
Total liabilities	11,441,986	13,064,767
NET ASSETS		
Shareholders' equity		
Common stock	1,380,610	1,380,610
Additional paid-in capital	2,146,648	2,146,648
Retained earnings	2,482,106	3,261,504
Treasury stock	(44)	(1,373,485)
Total shareholders' equity	6,009,320	5,415,277
Cumulative other comprehensive income		
Unrealized gain on securities	15,399	136,892
Deferred gain (loss) on hedges	41	(2,204)
Foreign currency translation adjustment	7,755	2,219
Total cumulative other comprehensive income	23,196	136,907
Total net assets	6,032,516	5,552,185
Total liabilities and net assets	17,474,503	18,616,952

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations

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

	Nine months ended September 30, 2015	Nine months ended September 30, 2016
Net sales	23,539,841	25,336,142
Cost of sales	15,824,320	16,143,288
Gross profit	7,715,521	9,192,853
Selling, general and administrative expenses	7,492,342	7,722,622
Operating income	223,179	1,470,230
Non-operating income		
Interest income	1,446	1,513
Dividend income	3	1,051
Commission fees	10,564	8,861
Other	8,560	12,599
Total non-operating income	20,573	24,025
Non-operating expenses		
Interest expenses	32,463	31,476
Carryover of allowance for doubtful accounts	—	50,000
Commission fees	11,921	48
Other	21,483	17,447
Total non-operating expenses	65,868	98,972
Ordinary income	177,884	1,395,284
Extraordinary income		
Gain on sale of property and equipment	—	150
Gain on sale of investment securities	—	428,185
Gain on sales of subsidiaries stock	—	51,894
Compensation received	33,914	88,360
Other	961	134
Total extraordinary income	34,875	568,724
Extraordinary loss		
Loss on disposal of property and equipment	7,191	30,898
Impairment loss	5,157	8,978
Loss on valuation of investment securities	—	27,706
Loss on valuation of investments in capital	—	14,554
Expenses for relocation of headquarters	—	177,074
Business structure improvement expenses	1,340	4,081
Loss on cancellation of leasehold contracts	3,459	—
Other	—	8,500
Total extraordinary loss	17,149	271,795
Income before income taxes	195,610	1,692,213
Total income taxes	210,447	513,885
Net income (loss)	(14,837)	1,178,327
Net income (loss) attributable to owners of the parent	(14,837)	1,178,327

Consolidated Statements of Comprehensive Income

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

	Nine months ended September 30, 2015	Nine months ended September 30, 2016
Net income (loss)	(14,837)	1,178,327
Other comprehensive income		
Unrealized gain (loss) on securities	(5,557)	121,493
Deferred gain (loss) on hedges	313	(2,246)
Foreign currency translation adjustment	2,041	(5,535)
Total other comprehensive income	(3,201)	113,711
Comprehensive income (loss)	(18,038)	1,292,039
(Attributable to)		
Owners of the parent	(18,038)	1,292,039

(3) Notes to Consolidated Financial Statements

Notes Regarding Assumption of Going Concern

None applicable.

Notes on Significant Changes in Shareholders' Equity

None applicable.

Segment Information

Segment Information

I. Nine months ended September 30, 2015

1. Sales and Income or Loss by Reportable Segment

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

	Reportable Segment						Adjustment (Note 1)	Consolidated
	Organizational Development Division	Matching Division		Individual Development Division	Other	Total		
		ALT Placement Business	Personnel Placement & Temp Staff Business					
Segment sales								
Sales to outside customers	5,986,841	7,090,001	5,195,030	4,851,255	416,711	23,539,841	—	23,539,841
Intersegment sales and transfers	219,646	—	441,786	536,833	116,379	1,314,646	(1,314,646)	—
Total	6,206,488	7,090,001	5,636,816	5,388,089	533,091	24,854,488	(1,314,646)	23,539,841
Segment income (profit)	2,754,730	1,836,612	1,202,806	2,095,811	208,582	8,098,544	(383,022)	7,715,521

Notes: 1. Adjustment represents elimination of intersegment transactions.

2. Segment income is gross profit.

2. Assets by Reportable Segment

None applicable.

3. Changes in Reportable Segments

None applicable.

4. Loss on Impairment of Fixed Assets and Goodwill by Reportable Segment

(Significant loss on impairment of fixed assets)

None applicable.

(Significant changes in goodwill)

None applicable.

(Significant gains on negative goodwill)

None applicable.

II. Nine months ended September 30, 2016

1. Sales and Income or Loss by Reportable Segment

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

	Reportable Segment						Adjustment (Note 1)	Consolidated
	Organizational Development Division	Matching Division		Individual Development Division	Other	Total		
		ALT Placement Business	Personnel Placement & Temp Staff Business					
Segment sales								
Sales to outside customers	7,265,435	7,414,680	5,411,778	4,928,228	316,018	25,336,142	—	25,336,142
Intersegment sales and transfers	500,374	5,209	363,418	84,031	77,305	1,030,340	(1,030,340)	—
Total	7,765,809	7,419,890	5,775,197	5,012,260	393,323	26,366,482	(1,030,340)	25,336,142
Segment income (profit)	4,946,256	1,943,283	1,129,541	1,722,670	97,558	9,839,309	(646,455)	9,192,853

Notes: 1. Adjustment represents elimination of intersegment transactions.

2. Segment income is gross profit.

2. Assets by Reportable Segment

None applicable.

3. Changes in Reportable Segments

Associated with a reorganization of the business structure for selection and concentration of management resources, the classification of business segments has been revised and reportable segments have been changed from the former Business Division and Consumer Division to the Organizational Development Division, the Matching Division ALT Placement Business, the Matching Division Personnel Placement & Temp Staff Business, the Individual Development Division, and Other.

Segment information for the nine months ended September 30, 2015 presents data prepared based on the classification method after the change.

4. Loss on Impairment of Fixed Assets and Goodwill by Reportable Segment

(Significant loss on impairment of fixed assets)

None applicable.

(Significant changes in goodwill)

None applicable.

(Significant gains on negative goodwill)

None applicable.