

Consolidated Financial Statements for the First Half of 2013

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

August 9, 2013

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Code number: 2170

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

August 9, 2013

Start of distribution of dividends (scheduled):

September 25, 2013

Supplementary documents for quarterly results:

No

Quarterly results briefing:

No

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for the Six Months Ended June 30, 2013 (January 1, 2013 - June 30, 2013)

(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 (%)
Six months ended June 30, 2013	11,349	24.6	642	45.9	628	45.9
Six months ended June 30, 2012	9,106	133.1	439	41.6	430	38.1

Note: Comprehensive income Six months ended June 30, 2013: ¥318 million (78.8%)

Six months ended June 30, 2012: ¥177 million (93.3%)

	Net income (¥ million)	Change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Six months ended June 30, 2013	309	72.9	638.82	—
Six months ended June 30, 2012	178	33.7	363.44	—

Notes: 1. The Company implemented a stock split of 2 shares for each 1 share of common stock on July 1, 2012. Accordingly, earnings per share have been calculated as though the stock split had occurred at the beginning of the previous year.

2. The Company implemented a stock split of 2 shares for each 1 share of common stock on May 1, 2013. Accordingly, earnings per share have been calculated as though the stock split had occurred at the beginning of the previous year.

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)
As of June 30, 2013	11,263	3,421	30.4
As of December 31, 2012	10,303	3,248	31.5

Reference: Net worth As of June 30, 2013: ¥3,421 million

As of December 31, 2012: ¥3,248 million

2. Dividends

	Dividends per share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year-end	Total
2012	500.00	600.00	300.00	300.00	1,700.00
2013	300.00	150.00			
2013 (est.)			150.00	150.00	750.00

Notes: 1. Revision of dividend forecast during the quarter: No

2. The Company implemented a stock split of 2 shares for each 1 share of common stock on May 1, 2013. The dividend forecast for the year ending December 31, 2013 takes the effect of this stock split into account.

3. Forecast of Consolidated Results for 2013 (January 1, 2013 - December 31, 2013)

(Percentages represent change compared with the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full-year	23,300	24.6	1,470	27.9	1,430	26.1	770	8.7	1,589.59

Notes: 1. Revision of forecast of results during the quarter: No

2. The Company implemented a stock split of 2 shares for each 1 share of common stock with an effective date of May 1, 2013. The forecast for consolidated earnings per share for the year ending December 31, 2013 takes the effect of this stock split into account, with calculation assuming the stock split had occurred at the beginning of the year.

Notes

- (1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation): Yes
Added: 1 company (Name: Daiei Education System Co., Ltd.)
Removed: –
- (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: 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)
Six months ended June 30, 2013: 539,840; Year ended December 31, 2012: 539,840
 - (b) Number of treasury shares at the end of the period:
Six months ended June 30, 2013: 55,440; Year ended December 31, 2012: 55,440
 - (c) Average number of shares outstanding (cumulative with earlier quarters):
Six months ended June 30, 2013: 484,400; Six months ended June 30, 2012: 492,400

Notes:

1. The Company implemented a stock split of 2 shares for each 1 share of common stock on July 1, 2012. Accordingly, earnings per share have been calculated as though the stock split had occurred at the beginning of the previous year.
2. The Company implemented a stock split of 2 shares for each 1 share of common stock on May 1, 2013. Accordingly, earnings per share have been calculated as though the stock split had occurred at the beginning of the previous year.

* Presentation of Implementation Status of Quarterly Review Procedures

- These “Consolidated Financial Statements for the First Half of 2013” are not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act and, 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 not been completed.

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

Explanation of the proper use of performance forecasts

- 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.

Other special instructions

- The Company implemented a stock split of 2 shares for each 1 share of common stock with an effective date of May 1, 2013. The forecast for consolidated earnings per share for the year ending December 31, 2013 takes the effect of this stock split into account, with calculation assuming the stock split had occurred at the beginning of the year.

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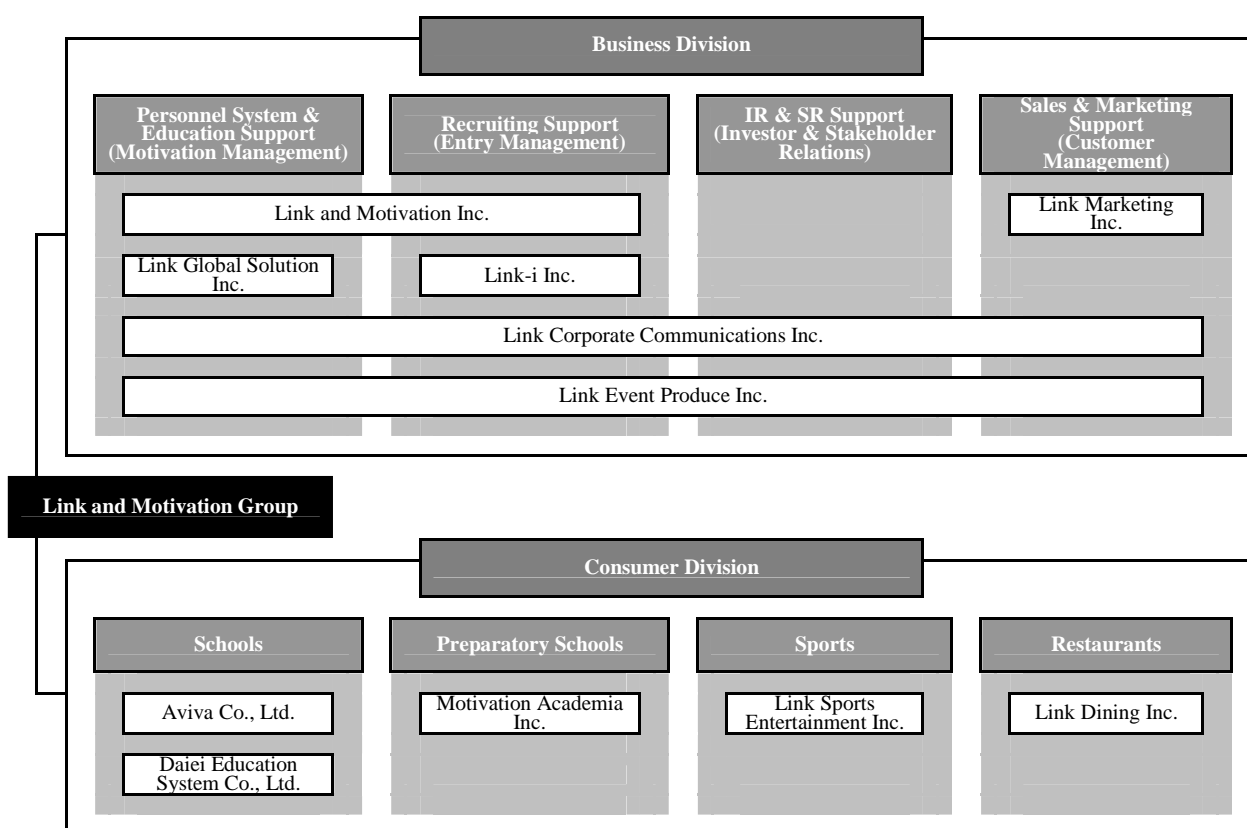
1. Qualitative Information Regarding Results for the Six Months Ended June 30, 2013

(1) Qualitative Information Regarding Results of Consolidated Operations

In the Japanese economy during the first half of 2013 (January 1, 2013 - June 30, 2013), some companies continued to maintain a cautious stance toward capital investment. Overall, however, Japan's economy trended toward recovery as the yen weakened, stock prices rose and personal consumption steadily picked up against the background of positive expectations for the economic policies of the Abe administration, or "Abenomics."

The Link and Motivation Group performed well in this economic environment. Consolidated net sales for the first half of 2013 were ¥11,349,704 thousand (a 24.6% increase compared with the same period of the previous year), gross profit was ¥4,453,824 thousand (a 26.1% increase), operating income was ¥642,049 thousand (a 45.9% increase), ordinary income was ¥628,462 thousand (a 45.9% increase), and net income was ¥309,447 thousand (a 72.9% increase).

An overview of results by segment for the first half of 2013 is provided below. The segments of the Link and Motivation Group and respective service areas are as follows.



Business Division

This segment offers one-stop services that support the management and growth of companies by applying the motivation engineering technology essential for corporate innovation to their communication with stakeholders such as employees, job applicants, shareholders, investors and customers.

Businesses in all fields performed well in the first half of 2013, resulting in substantial gains compared with the same period of the previous year. Segment sales were ¥7,203,195 thousand (a 20.6% increase) and segment income was ¥2,925,662 thousand (a 17.0% increase). An overview of operating results in the first half of 2013 by business field is as follows.

Personnel System & Education Support (Motivation Management Business)

In this business, net sales in the first half were ¥1,773,652 thousand (a 7.5% increase) and gross profit was ¥1,285,103 thousand (a 17.5% increase).

This business offers services for personnel training and organization and system design to create highly motivated organizations, corporate vision verbalization and support for its dissemination, and support for corporate events that aim to develop personnel and vitalize organizations.

In the first half, sales of consulting services for personnel systems, customized training and other products were strong as they adjusted to the increase in corporate budgets for human resources and training. In addition, the number of companies that introduced new employee training, which is recorded in earnings in the second quarter, and the number of course participants both increased substantially compared with the same period of the previous year. As a result, the Personnel System & Education Support performed well.

The Personnel System & Education Support business will concentrate on further enhancing its service lineup to benefit from the trend toward larger corporate training budgets as the economy recovers.

Recruiting Support (Entry Management Business)

In the Recruiting Support business, net sales in the first half were ¥1,555,558 thousand (an 18.3% increase) and gross profit was ¥857,594 thousand (a 24.9% increase).

This business offers recruitment strategy planning services aimed at realizing the best matches between companies and applicants in the recruitment process, and assistance with the execution of those strategies.

In the first half, the Recruiting Support business promoted the new service area of direct student introductions to companies for hiring to capture a market that is changing from large-scale batch recruiting to needs for portfolio recruiting that finds the right person for each position, who can be an immediate asset. As a result, the new service performed well, in addition to core consulting services.

The Recruiting Support business will continue to respond flexibly to changes in the time frame for university student recruiting activities to further expand sales of direct personnel recruitment and introduction services tailored to company requirements.

IR & SR Support (Investor & Stakeholder Relations Business)

In the IR & SR Support business, net sales were ¥326,403 thousand (a 1.8% increase) and gross profit was ¥157,425 thousand (a 9.4% decrease).

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

In the first half, sales were firm for IR tools, primarily printed media such as annual reports and investor communications, which are core products with which the business can differentiate itself. However, due to an increase in the proportion of products with a higher cost of sales ratio, gross profit decreased compared with the same period of the previous year.

The IR & SR Support business will anticipate new trends by concentrating on web-based annual reports, IR website packages and other products that leverage web-based creative functions.

Sales & Marketing Support (Customer Management Business)

In the Sales & Marketing Support business, net sales were ¥3,547,580 thousand (a 31.9% increase) and gross profit was ¥625,537 thousand (a 14.7% increase).

This business is a one-stop source for corporate sales and marketing needs. Services range from consulting, involving the proposal, dissemination, promotion planning and implementation support for corporate brand strategies and proposals for corporate sales strategies, to dispatch and referral services that meet human resource needs at the point of sale.

In the first half, the addition of Link Marketing Inc. (formerly Sales Marketing Co., Ltd.) to the scope of consolidation from February 2012, together with steady growth in results for temp staffing services for retail apparel stores, which is a core service, while capturing demand for temp staffing services for major mass merchandisers of home appliances and mobile phone shops, resulted in substantial increases in both net sales and gross profit.

Using the Link and Motivation Group's motivation engineering technology, this business will create a framework to enable long-term dispatch of personnel who are attractive to customers by focusing on improving the organizational capabilities of Link Marketing and training temp staff to conduct faster and more accurate matching of temp staff with customers.

Consumer Division

In this segment, the Link and Motivation Group applies its core motivation engineering technology to provide services in consumer businesses including schools, preparatory schools, a sporting organization and a restaurant.

With the impact of the acquisition of all the shares of Daiei Education System Co., Ltd. on January 1, 2013, results for the first half grew substantially. Segment sales were ¥4,605,356 thousand (a 39.5% increase) and segment income was ¥1,592,169 thousand (a 44.9% increase). An overview of operating results by business field for the first half of 2013 is as follows.

Schools Business/Preparatory Schools Business

In the first half, net sales were ¥4,284,461 thousand (a 40.5% increase) and gross profit was ¥1,522,262 thousand (a 43.5% increase).

The Schools business offers comprehensive personal computer training courses and measures to acquire qualifications through the personal computer classes of Aviva Co., Ltd. and through newly acquired Daiei Education System. The Preparatory Schools business offers courses to prepare students for school entrance exams and to teach portable skills through preparatory schools managed by Motivation Academia Inc.

In the first half, sales and gross profit in the Schools business increased substantially due to the addition of Daiei Education System to the scope of consolidation and steady growth in both new inquiries about and new student enrollment in Aviva's personal computer classes. In the Preparatory Schools business, the number of students increased significantly due to factors including referrals by registered students who are satisfied with Motivation Academia's instruction performance. Both sales and gross profit therefore increased.

The Schools business will expand its operations in areas other than personal computer skills to provide educational support services for qualification exams in general and aims to display a larger presence in the personal computer school and qualification school industries by aggressively developing a major foothold in the market. The Preparatory Schools business aims to further raise its profitability by increasing the number of students and building up a track record of performance in instruction.

Sports Business/Restaurant Business

In these businesses, net sales for the first half were ¥320,895 thousand (a 26.6% increase) and gross profit was ¥69,906 thousand (an 84.3% increase). Sales and gross profit are recorded in the Sports business by Link Sports Entertainment Inc., which operates a professional basketball team called Link Tochigi Brex, and in the Restaurant business by Link Dining Inc., which operates an Italian restaurant called Link Dining.

In the Sports business, sponsorship income from sponsor companies, which has a high profit margin, increased substantially. As a result, net sales and gross profit both increased substantially compared with same period of the previous year. Net sales and gross profit decreased slightly in the Restaurant business. Going forward, both businesses aim to undertake unique development using motivation engineering.

Cash Flow

Cash and cash equivalents (“cash”) as of June 30, 2013 decreased ¥221,432 thousand to ¥2,246,024 thousand (a decrease of 36.6% compared with a year earlier). Cash flow for the six months ended June 30, 2013 was as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities was ¥818,598 thousand (a 23.4% increase). Principal factors providing cash were income before income taxes of ¥644,134 thousand and amortization of goodwill of ¥255,705 thousand. The principal factor using cash was income taxes paid of ¥252,100 thousand.

Cash Flow from Investing Activities

Net cash used in investing activities was ¥16,190 thousand (a 99.0% decrease). The principal factor providing cash was proceeds from recovery of security deposits and guarantees of ¥162,153 thousand, and the principal factor using cash was payments for acquisition of property and equipment totaling ¥109,953 thousand.

Cash Flow from Financing Activities

Net cash used in financing activities was ¥1,023,840 thousand. In the same period of the previous year, financing activities provided net cash totaling ¥1,591,651 thousand. The principal factors using cash were repayment of long-term debt of ¥556,100 thousand and a decrease of ¥466,884 thousand due to net repayments of short-term debt.

Number of Employees

(a) Consolidated

In the first half, the number of employees in the Consumer Division increased by 199 due to the expansion of the scope of consolidation of the Link and Motivation Group.

The number of employees excludes Link and Motivation Group employees seconded outside the Group and includes employees seconded from outside the Link and Motivation Group into the Group.

(b) Reporting Company

In the first half, there was no change in the number of employees.

(2) Qualitative Information Regarding Consolidated Financial Condition

Total assets as of June 30, 2013 were ¥11,263,403 thousand, an increase of ¥960,008 thousand from the end of the previous year as a result of increases in goodwill, fixed assets and other items from the acquisition of Daiei Education System Co., Ltd.

Similarly, total liabilities were ¥7,842,285 thousand, an increase of ¥787,150 thousand from the end of the previous year due to factors including an increase of ¥631,033 thousand in advances received following the acquisition of Daiei Education System and an increase in the number of students enrolled in Aviva’s personal computer courses, and an increase of ¥241,090 thousand in accounts payable as a result of the acquisition of Daiei Education System.

Total net assets increased ¥172,857 thousand from the end of the previous year to ¥3,421,118 thousand. The principal factors in the change were a ¥309,447 thousand increase in retained earnings as a result of recording net income, partially offset by a decrease of ¥145,320 thousand in retained earnings due to payment of dividend.

(3) Qualitative Information Regarding Forecast of Consolidated Results

There is no change to the forecast of consolidated results for 2013 that was announced on February 8, 2013.

2. Items Regarding Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Newly acquired company Daiei Education System Co., Ltd. was included in the scope of consolidation from the first quarter of 2013.

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

The Company calculates tax expenses by multiplying pretax net income by a reasonable estimate of the effective tax rate after application of tax effect accounting to pretax net income. The quarterly Consolidated Statements of Operations present income taxes net of deferred income taxes.

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

1. Change in accounting policies

In accordance with the revision of the Corporation Tax Act of Japan, the depreciation method for property and equipment acquired on or after January 1, 2013 by the Company and its consolidated subsidiaries has been changed to the method under the revised act from the first quarter of 2013.

The impact of this change on operating income, ordinary income, and income before income taxes and minority interests for the six months ended June 30, 2013 is immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of December 31, 2012	As of June 30, 2013
ASSETS		
Current assets		
Cash and deposits	2,467,457	2,246,024
Notes and accounts receivable	2,041,411	2,013,013
Products	57,477	98,712
Goods in process	118,678	88,356
Merchandise and supplies	20,019	43,162
Prepaid expenses	203,513	268,092
Deferred tax assets	93,235	97,647
Short-term loans receivable	331,893	1,143
Accrued corporate tax refund	35,799	2,329
Other	110,351	60,658
Allowance for doubtful accounts	(25,073)	(32,305)
Total current assets	5,454,765	4,886,835
Fixed assets		
Property and equipment		
Buildings and structures	675,267	847,712
Accumulated depreciation	(395,217)	(491,533)
Buildings and structures (net)	280,050	356,178
Vehicles	10,057	8,812
Accumulated depreciation	(9,959)	(8,687)
Vehicles (net)	98	125
Furniture and fixtures	492,590	561,551
Accumulated depreciation	(411,465)	(471,215)
Furniture and fixtures (net)	81,124	90,335
Lease assets	207,832	241,970
Accumulated depreciation	(70,717)	(77,859)
Lease assets (net)	137,114	164,111
Total property and equipment	498,388	610,751
Intangible assets		
Goodwill	2,948,313	4,077,450
Software	179,813	290,953
Other	4,497	3,970
Total intangible assets	3,132,624	4,372,375
Investments and other assets		
Investments in securities	24,585	34,461
Security deposits	1,057,798	1,215,266
Deferred tax assets	69,787	60,941
Claims in bankruptcy	8,489	8,369
Other	65,446	82,772
Allowance for doubtful accounts	(8,489)	(8,369)
Total investments and other assets	1,217,617	1,393,440
Total fixed assets	4,848,629	6,376,567
Total assets	10,303,395	11,263,403

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

	As of December 31, 2012	As of June 30, 2013
LIABILITIES		
Current liabilities		
Accounts	285,079	313,750
Short-term borrowings	292,636	1,399
Long-term debt due within one year	382,440	449,640
Accounts payable	814,107	1,055,198
Lease obligations	48,723	57,377
Expenses payable	246,012	237,256
Accrued income taxes	238,282	338,660
Accrued consumption taxes	127,969	141,988
Advances received	1,807,892	2,438,926
Accrued bonuses to employees	160,598	176,836
Accrued bonuses to officers	17,043	9,356
Provision for loss on store closure	2,551	1,539
Other	129,895	186,395
Total current liabilities	4,553,232	5,408,325
Long-term liabilities		
Long-term debt	2,037,720	1,964,650
Lease obligations	96,505	117,009
Reserve for employee retirement benefits	188,536	—
Deferred income taxes	6,824	7,871
Asset retirement obligations	45,057	48,207
Other	127,257	296,221
Total long-term liabilities	2,501,902	2,433,960
Total liabilities	7,055,135	7,842,285
NET ASSETS		
Shareholders' equity		
Common stock	979,750	979,750
Additional paid-in capital	734,595	734,595
Retained earnings	2,265,931	2,430,058
Treasury stock	(731,840)	(731,840)
Total shareholders' equity	3,248,436	3,412,563
Cumulative other comprehensive income		
Unrealized gain (loss) on securities	(176)	8,554
Total cumulative other comprehensive income	(176)	8,554
Total net assets	3,248,260	3,421,118
Total liabilities and net assets	10,303,395	11,263,403

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

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

	Six months ended June 30, 2012	Six months ended June 30, 2013
Net sales	9,106,293	11,349,704
Cost of sales	5,574,527	6,895,880
Gross profit	3,531,766	4,453,824
Selling, general and administrative expenses	3,091,830	3,811,774
Operating income	439,936	642,049
Non-operating income		
Interest income	395	1,395
Dividend income	413	473
Commission fees	4,443	11,117
Other	8,938	6,488
Total non-operating income	14,190	19,475
Non-operating expenses		
Interest expenses	19,354	21,510
Expenses for purchase of treasury stock	2,250	—
Commission fees	—	9,976
Other	1,645	1,575
Total non-operating expenses	23,250	33,062
Ordinary income	430,876	628,462
Extraordinary income		
Gain on termination of retirement benefit plan	—	28,680
Gain on sale of shares of subsidiary	6,406	—
Reversal of provision for loss on store closure	—	6,114
Other	—	736
Total extraordinary income	6,406	35,531
Extraordinary loss		
Loss on disposal of property and equipment	245	2,707
Loss on impairment	661	17,119
Carryover of provision for loss on store closure	1,816	—
Other	—	33
Total extraordinary loss	2,723	19,859
Income before income taxes	434,560	644,134
Total income taxes	255,618	334,687
Income before minority interests	178,941	309,447
Net income	178,941	309,447

Consolidated Statements of Comprehensive Income

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

	Six months ended June 30, 2012	Six months ended June 30, 2013
Income before minority interests	178,941	309,447
Other comprehensive income		
Unrealized gain on securities	(954)	8,730
Total other comprehensive income	(954)	8,730
Comprehensive income	177,986	318,177
(Attributable to)		
Owners of the parent	177,986	318,177

(3) Consolidated Statements of Cash Flow

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

	Six months ended June 30, 2012	Six months ended June 30, 2013
Cash flow from operating activities		
Income before income taxes	434,560	644,134
Depreciation and amortization	123,553	169,135
Loss on impairment	661	17,119
Amortization of goodwill	173,961	255,705
Increase (decrease) in allowance for doubtful accounts	(25,238)	(120)
Increase (decrease) in allowance for employees' bonuses	(23,013)	16,238
Increase (decrease) in allowance for officers' bonuses	(18,439)	(7,687)
Increase (decrease) in reserve for employee retirement benefits	14,115	(188,536)
Increase (decrease) in provision for loss on store closure	(5,143)	(148,500)
Loss (gain) on sale of shares of subsidiary	(6,406)	—
Loss on disposal of fixed assets	—	2,707
Interest and dividend income	(808)	(1,869)
Interest expense	19,354	21,510
Decrease (increase) in notes and accounts receivable – trade	290,022	132,518
Decrease (increase) in inventories	(2,261)	2,886
Increase (decrease) in notes and accounts payable	34,012	(11,983)
Increase (decrease) in accounts payable	(6,458)	(37,594)
Increase (decrease) in advances received	2,153	22,811
Increase (decrease) in long-term accounts payable	—	161,613
Increase (decrease) in accrued consumption taxes	5,756	12,441
Other	12,065	(26,352)
Subtotal	1,022,449	1,036,174
Interest and dividends received	808	2,257
Interest paid	(20,385)	(21,649)
Income tax refund	—	53,917
Income taxes paid	(339,723)	(252,100)
Net cash provided by operating activities	663,149	818,598
Cash flow from investing activities		
Payments for acquisition of property and equipment	(72,879)	(109,953)
Gain on sale of property and equipment	—	1,796
Payments for acquisition of intangible fixed assets	(13,440)	(75,916)
Payments for acquisition of subsidiary stock due to a change in the scope of consolidation	(1,372,003)	—
Proceeds from acquisition of subsidiary stock due to a change in the scope of consolidation	—	82,055
Proceeds from sale of subsidiary stock due to a change in the scope of consolidation	24,599	—
Payments for transfer expenses	(45,000)	—
Payments for acquisition of subsidiary stock	(117,000)	—
Payments for investments in capital of subsidiaries and affiliates	—	(8,000)
Payments for security deposits and guarantees	(30,390)	(64,329)
Proceeds from recovery of security deposits and guarantees	16,431	162,153
Other	(4,218)	(3,995)
Net cash used in investing activities	(1,613,901)	(16,190)
Cash flow from financing activities		
Increase (decrease) in short-term debt	663,358	(466,884)
Proceeds from long-term debt	1,500,000	200,000
Repayment of long-term debt	(184,746)	(556,100)
Repayment of lease obligations	(12,503)	(55,188)
Payments for purchase of treasury stock	(249,084)	—
Payment of cash dividends	(125,373)	(145,668)
Net cash provided by (used in) financing activities	1,591,651	(1,023,840)
Net increase in cash and cash equivalents	640,899	(221,432)
Cash and cash equivalents at beginning of period	2,901,154	2,467,457
Cash and cash equivalents at end of period	3,542,053	2,246,024

(4) Notes Regarding Assumption of Going Concern

None applicable

(5) Segment Information

Segment Information

I. Six months ended June 30, 2012

1. Sales and Income by Reportable Segment

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

	Reportable Segment			Adjustment (Note 1)	Consolidated
	Business Division	Consumer Division	Total		
Segment sales					
Sales to outside customers	5,877,170	3,229,122	9,106,293	—	9,106,293
Intersegment sales and transfers	97,272	72,911	170,183	(170,183)	—
Total	5,974,442	3,302,034	9,276,477	(170,183)	9,106,293
Segment income (Note 2)	2,499,831	1,098,626	3,598,457	(66,690)	3,531,766

Notes: 1. Adjustment represents elimination of intersegment transactions.

2. Segment income is gross profit.

2. Assets by Reportable Segment

Assets by reportable segment as of June 30, 2012 changed significantly from December 31, 2011. During the cumulative second-quarter period, the Link and Motivation Group added Intec Japan, Inc. and Sales Marketing Co., Ltd. as consolidated subsidiaries, and included the assets of these companies in the Business Division.

The addition of consolidated subsidiaries increased Business Division assets by ¥1,758,371 thousand.

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

(Significant loss on impairment of fixed assets)

None applicable

(Significant changes in goodwill)

In the Business Division, goodwill increased due to the acquisition of Intec Japan, Inc. and Sales Marketing Co., Ltd. In the Consumer Division, goodwill increased due to the acquisition of the shares of Avance Co., Ltd.

These events increased goodwill by ¥1,162,285 thousand in the six months ended June 30, 2012.

(Significant gains on negative goodwill)

None applicable

II. Six months ended June 30, 2013

1. Sales and Income by Reportable Segment

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

	Reportable Segment			Adjustment (Note 1)	Consolidated
	Business Division	Consumer Division	Total		
Segment sales					
Sales to outside customers	6,832,639	4,517,065	11,349,704	—	11,349,704
Intersegment sales and transfers	370,556	88,290	458,846	(458,846)	—
Total	7,203,195	4,605,356	11,808,551	(458,846)	11,349,704
Segment income (Note 2)	2,925,662	1,592,169	4,517,831	(64,007)	4,453,824

Notes: 1. Adjustment represents elimination of intersegment transactions.

2. Segment income is gross profit.

2. Assets by Reportable Segment

Assets by reportable segment as of June 30, 2013 changed significantly from December 31, 2012. During the cumulative second-quarter period, the Link and Motivation Group added Daiei Education System Co., Ltd. as a consolidated subsidiary, and included the assets of this company in the Consumer Division.

The addition of the consolidated subsidiary increased Consumer Division assets by ¥682,039 thousand.

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

(Significant loss on impairment of fixed assets)

None applicable

(Significant changes in goodwill)

In the Consumer Division, goodwill increased due to the acquisition of Daiei Education System Co., Ltd.

This event increased goodwill by ¥1,315,600 thousand in the six months ended June 30, 2013.

(Significant gains on negative goodwill)

None applicable

(6) Notes on Significant Changes in Shareholders' Equity

None applicable