

Consolidated Financial Statements for the Six Months Ended June 30, 2012

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

August 10, 2012

Link and Motivation Inc.
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Code number: 2170

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

August 10, 2012

Start of distribution of dividends (scheduled):

September 25, 2012

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 2012 (January 1, 2012 - June 30, 2012)

(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, 2012	9,106	133.1	439	41.6	430	38.1
Six months ended June 30, 2011	3,906	11.8	310	(21.4)	312	(22.9)

	Net income (¥ million)	Change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Six months ended March 31, 2012	178	33.7	726.81	—
Six months ended March 31, 2011	133	(29.7)	507.29	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)
As of June 30, 2012	10,840	2,863	26.4
As of December 31, 2011	8,479	3,172	36.1

(Reference) Net worth As of June 30, 2012: ¥2,863 million As of December 31, 2011: ¥3,056 million

2. Dividends

	Dividends per share				
	1st Qtr.	Interim	3rd Qtr.	Year-end	Full year
2011	500.00	500.00	500.00	500.00	2,000.00
2012	500.00	600.00			
2012 (est.)			300.00	300.00	1,700.00

Note: Revision of dividend forecast during the quarter: No

The Board of Directors resolved at a meeting held on May 10, 2012 to implement a free stock distribution of 2 shares for each 1 share of common stock with an effective date of July 1, 2012. The dividend forecast for the year ending December 31, 2012 takes the effect of this stock split into account.

3. Forecast of Consolidated Results for 2012 (January 1, 2012 - December 31, 2012)

(Percentages represent change compared to the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full-year	18,600	77.0	1,260	55.1	1,220	50.4	700	17.3	2,861.33

Note: Revision of forecast of results during the quarter: No

The Board of Directors resolved at a meeting held on May 10, 2012 to implement a free stock distribution of 2 shares for each 1 share of common stock with an effective date of July 1, 2012. The consolidated forecast for net income per share for the year ending December 31, 2012 takes the effect of this stock split into account, with calculation assuming the stock split occurred at the beginning of the year.

4. Other

- (1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation): Yes
Added: 3 companies (Names: Intec Japan, Inc., Sales Marketing Co., Ltd. and Avance Co., Ltd.)
Removed: 2 companies (Name: Link Place Inc., Avance Co., Ltd.)
- (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 due to change in accounting standards: 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, 2012: 269,920; Year ended December 31, 2011: 269,920
 - (b) Number of treasury shares at the end of the period:
Six months ended June 30, 2012: 27,720; Year ended December 31, 2011: 19,334
 - (c) Average number of shares outstanding (cumulative with earlier quarters):
Six months ended June 30, 2012: 246,200; Six months ended June 30, 2011: 263,858

* Presentation of Implementation Status of Quarterly Review Procedures

- These “Consolidated Financial Statements for the Six Months Ended June 30, 2012” 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

(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 Board of Directors resolved at a meeting held on May 10, 2012 to implement a free stock distribution of 2 shares for each 1 share of common stock with an effective date of July 1, 2012. The consolidated forecast for net income per share for the year ending December 31, 2012 is therefore calculated assuming the number of shares outstanding after the stock split.

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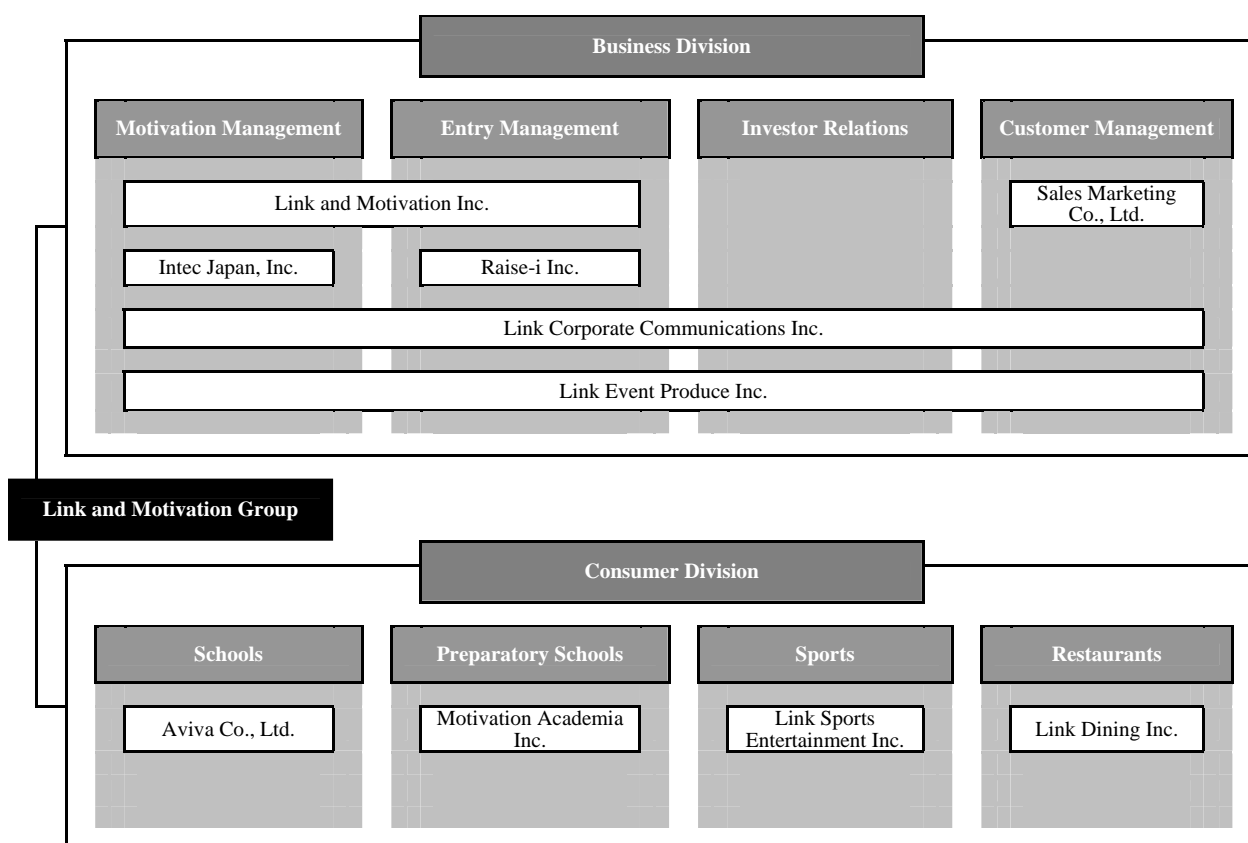
1. Qualitative Information Regarding Results for the Six Months Ended June 30, 2012

(1) Qualitative Information Regarding Results of Consolidated Operations

During the cumulative second-quarter period of 2012 (January 1, 2012 - June 30, 2012), Japan's economy benefited from demand linked to recovery from the Great East Japan Earthquake and a moderate recovery in personal consumption. Employment conditions, weak since the financial crisis of 2008, also showed signs of improvement. The Ministry of Health, Labour and Welfare announced that the ratio of job offers to job seekers of 0.82 for June 2012 was the highest in the three years and eight months since the 0.79 ratio for October 2008, and had improved for 13 consecutive months.

In this economic environment, consolidated net sales of the Link and Motivation Group for the six months ended June 30, 2012 were ¥9,106,293 thousand (a 133.1% increase compared with the same period of the previous year), gross profit was ¥3,531,766 thousand (a 74.7% increase), operating income was ¥439,936 thousand (a 41.6% increase), ordinary income was ¥430,876 thousand (a 38.1% increase), and net income was ¥178,941 thousand (a 33.7% increase).

An overview of results by segment for the six months ended June 30, 2012 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 companies' management and growth by applying the Link and Motivation Group's core "motivation engineering" technology essential for corporate innovation to their communication with stakeholders such as employees, job applicants, shareholders and investors.

Results for the six months ended June 30, 2012 improved substantially compared with the same period of the previous year. Segment sales were ¥5,974,442 thousand (an 89.3% increase) and segment income was ¥2,499,831 thousand (a 41.3% increase). An overview of operating results by business area is as follows.

Motivation Management Business

In the Motivation Management business, net sales for the six months ended June 30, 2012 were ¥1,650,598 thousand (a 29.6% increase) and gross profit was ¥1,094,001 thousand (a 49.3% increase). This segment offers

services for personnel training and organization and system design aimed at creating highly motivated organizations. The segment also supports corporate vision verbalization and brand creation and market penetration.

In the six months ended June 30, 2012, the Motivation Management business made progress under a strategy of enhancing consulting and other services based on management themes to promote the development of one-stop services. In addition, the Motivation Management business concentrated on enhancing repeatable products centered on packages that incorporate motivation engineering technology. As a result, sales of consulting projects linked with customers' essential management issues expanded substantially, as did sales of product packages centered on training and organizational diagnostics. Sales and gross profit increased substantially compared with the same period a year earlier.

The Motivation Management business will address new management needs in areas such as diversity and globalization, while concentrating on increasing sales of repeatable training products that are highly profitable.

Entry Management Business

In the Entry Management business, net sales for the six months ended June 30, 2012 were ¥1,314,639 thousand (a 6.4% increase) and gross profit was ¥686,527 thousand (a 9.4% decrease). This segment offers recruitment strategy planning services aimed at realizing the best matches between companies and applicants in the recruitment stage, and assistance with the execution of those strategies.

In the six months ended June 30, 2012, the Entry Management business implemented a policy of transitioning from a single-engagement business model focusing on consulting services to a stable business model centered on repeatable products. Sales increased as a result, although gross profit decreased slightly. However, sales of products such as aptitude diagnostics used as job applicant initial assessment tools and commissioned recruiting management services increased substantially. Moreover, sales of direct student hiring services launched in the previous year increased steadily. On the other hand, sales of time-intensive consulting services such as event and interview planning decreased.

Mid-career hiring needs are impacting the current recruiting market, and new-graduate recruiting needs are expected to increase. Moreover, as seen in global human resource recruiting, a changeover to portfolio recruiting is apparent that involves recruiting diverse individuals rather than large-scale batch recruiting. The Company is responding to these changes in ways such as concentrating on expanding sales from global human resource recruiting support and direct human resource hiring services tailored to company requirements.

Investor Relations Business

In the Investor Relations business, net sales for the six months ended June 30, 2012 were ¥320,497 thousand (a 5.8% decrease) and gross profit was ¥173,821 thousand (a 3.7% decrease). This segment 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 six months ended June 30, 2012, sales and gross profit decreased compared with the same period of the previous year. Sales of creative tools, primarily paper media such as annual and CSR reports, increased compared with the same period of the previous year. Sales of annual reports, typically strong in the third quarter, benefited from steady sales activities, and are expected to increase year on year. On the other hand, sales in the video distribution service business decreased compared with the same period of the previous year. This business was adversely and significantly affected by an emerging tendency for large-scale projects to migrate to different suppliers.

The Company will continue to concentrate on serving emerging trends such as web-based annual reports and IR website packages.

Customer Management Business

In the Customer Management business, net sales for the six months ended June 30, 2012 were ¥2,688,706 thousand and gross profit was ¥545,480 thousand. Results are not comparable with the same period of the previous

fiscal year. This segment is a one-stop source for corporate sales and marketing needs. It provides services ranging from consulting and proposals for corporate sales strategies to dispatch and referral services that meet human resource needs at the point of sale.

In the six months ended June 30, 2012, the February 2012 consolidation of Sales Marketing Co., Ltd. contributed substantially to consolidated sales and gross profit. Segment sales of core human resource referral services for apparel stores were steady.

With highly functional devices such as smartphones now prevalent, needs for human resource referral services are increasing among big-box home appliance retailers and mobile phone shops. The Link and Motivation Group will use motivation engineering to enhance Sales Marketing's organizational capabilities and create a framework for dispatching human resources that are attractive to customers through a focus on recruiting and training staff available for dispatch.

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.

The Link and Motivation Group acquired all of the shares of AVIVA Co., Ltd. on June 11, 2011. Segment sales and each level of income for the six months ended June 30, 2012 therefore expanded significantly. Segment sales were ¥3,302,034 thousand (a 302.0% increase) and segment profit was ¥1,098,626 thousand (a 301.4% increase). An overview of operating results by business area for the six months ended June 30, 2012 is as follows.

Schools Business

For the six months ended June 30, 2012, net sales were ¥3,026,377 thousand (a 452.6% increase) and gross profit was ¥1,061,847 thousand (a 397.9% increase). This business area offers comprehensive personal computer training, courses and qualification through AVIVA's personal computer classes.

Sales decreased in the vocational training business, which was associated with emergency employment measures in Japan, because it transitioned to providing support to job applicants. Results were steady in the core Schools business as enhanced enrollment promotion drove a 20 percent increase in the number of new visitors and students compared with the same period of the previous year. In addition, sales of qualification support services for fields including bookkeeping and medical administration increased substantially compared with the same period of the previous year.

The Schools business will strengthen promotion while building a dominant position in the contracting personal computer school industry. It will also expand operations as a company that provides qualification support education services in areas other than personal computer skills.

Other Businesses

In other businesses, net sales for the six months ended June 30, 2012 were ¥275,657 thousand (a 0.7% increase) and gross profit was ¥36,778 thousand (a 39.2% decrease). Results in other businesses include Link Sports Entertainment Inc., which operates a professional basketball team called Link Tochigi Brex; Link Dining Inc., which operates an Italian restaurant called Link Dining; and Motivation Academia Inc., which operates the Motivation Academia preparatory schools.

At Link Sports Entertainment Inc., sponsorship fees from highly profitable sponsor companies decreased. However, sales in the Preparatory Schools business increased because Avance Co., Ltd. was added to the scope of consolidation in April 2012. Consequently, sales increased slightly compared with the same period of the previous fiscal year, while gross profit decreased. Going forward, while each business will undertake unique development using motivation engineering, the Company's first focus will be profitability in the Preparatory Schools business.

2. Summary Information (Other Items)

(1) Changes in Significant Subsidiaries for the Six Months Ended June 30, 2012

Newly acquired companies Intec Japan, Inc., Sales Marketing Co., Ltd. and Avance Co., Ltd. were included in the scope of consolidation during the six months ended June 30, 2012. In addition, Link Place Inc. was removed from the scope of consolidation upon divestiture of shares.

Wholly owned subsidiary Motivation Academia Inc. conducted an absorption merger of wholly owned subsidiary Avance Co. Ltd. effective April 30, 2012. Motivation Academia Inc. was the surviving company and Avance Co., Ltd. ceased to exist as a specified subsidiary.

(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 for the quarter 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. Changes in Accounting Policies

From the first quarter of 2012, the Company applies the Accounting Standard for Earnings Per Share (Accounting Standards Board of Japan (ASBJ), Statement No. 2, revised June 30, 2010), the Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, revised June 30, 2010), and Practical Solution on Accounting for Earnings Per Share (ASBJ Practical Issue Task Force No.9, revised June 30, 2010).

The Company implemented a free stock distribution of 2 shares for each 1 share of common stock with an effective date of July 1, 2012. Calculation of quarterly consolidated net income per share assumes the stock split occurred at the beginning of the previous consolidated fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of December 31, 2011	As of June 30, 2012
ASSETS		
Current assets		
Cash and deposits	2,901,154	3,542,053
Notes and accounts receivable	1,446,736	1,743,801
Products	70,909	63,930
Goods in process	48,140	58,222
Merchandise and supplies	17,845	20,679
Prepaid expenses	152,996	244,026
Deferred tax assets	108,564	140,717
Accrued corporate tax refund	1,360	—
Accrued consumption tax	4,591	801
Other	44,326	59,648
Allowance for doubtful accounts	(16,341)	(21,514)
Total current assets	4,780,283	5,852,367
Fixed assets		
Property and equipment		
Buildings and structures	590,303	691,862
Accumulated depreciation	(307,413)	(376,965)
Buildings and structures (net)	282,889	314,897
Vehicles	10,057	10,057
Accumulated depreciation	(9,476)	(9,717)
Vehicles (net)	581	339
Furniture and fixtures	359,183	473,945
Accumulated depreciation	(289,371)	(383,614)
Furniture and fixtures (net)	69,811	90,331
Lease assets	79,201	148,544
Accumulated depreciation	(32,039)	(47,869)
Lease assets (net)	47,162	100,674
Total property and equipment	400,444	506,243
Intangible assets		
Goodwill	2,017,880	3,098,654
Software	174,103	174,748
Other	3,966	4,869
Total intangible assets	2,195,950	3,278,271
Investments and other assets		
Investments in securities	35,514	35,986
Security deposits	973,114	1,047,043
Deferred tax assets	34,784	51,970
Claims in bankruptcy	1,182	5,432
Other	59,553	69,054
Allowance for doubtful accounts	(1,182)	(5,432)
Total investments and other assets	1,102,967	1,204,055
Total fixed assets	3,699,362	4,988,570
Total assets	8,479,645	10,840,937

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

	As of December 31, 2011	As of June 30, 2012
LIABILITIES		
Current liabilities		
Accounts	347,130	282,244
Short-term borrowings	300,000	1,029,444
Long-term debt due within one year	203,721	383,295
Accounts payable	395,516	847,264
Lease obligations	20,393	37,318
Expenses payable	166,575	181,523
Accrued income taxes	214,076	250,343
Accrued consumption taxes	53,738	126,673
Advances received	1,844,037	1,855,501
Accrued bonuses to employees	167,316	165,189
Accrued bonuses to officers	23,501	5,062
Provision for loss on store closure	5,785	642
Asset retirement obligations	2,499	–
Other	74,894	164,986
Total current liabilities	3,819,188	5,329,490
Long-term liabilities		
Long-term debt	1,123,260	2,228,940
Lease obligations	28,863	68,778
Reserve for employee retirement benefits	160,356	174,472
Asset retirement obligations	40,773	44,414
Other	134,750	131,251
Total long-term liabilities	1,488,004	2,647,857
Total liabilities	5,307,193	7,977,347
NET ASSETS		
Shareholders' equity		
Common stock	979,750	979,750
Additional paid-in capital	734,595	734,595
Retained earnings	1,827,321	1,881,720
Treasury stock	(485,006)	(731,840)
Total shareholders' equity	3,056,660	2,864,224
Cumulative other comprehensive income		
Unrealized gain on securities	320	(634)
Total cumulative other comprehensive income	320	(634)
Minority interests	115,471	–
Total net assets	3,172,452	2,863,590
Total liabilities and net assets	8,479,645	10,840,937

(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, 2011	Six months ended June 30, 2012
Net sales	3,906,746	9,106,293
Cost of sales	1,884,712	5,574,527
Gross profit	2,022,033	3,531,766
Selling, general and administrative expenses	1,711,447	3,091,830
Operating income	310,586	439,936
Non-operating income		
Interest income	144	395
Dividend income	501	413
Co-sponsor fees	755	–
Commission fees	1,106	4,443
Other	4,179	8,938
Total non-operating income	6,685	14,190
Non-operating expenses		
Interest expenses	2,064	19,354
Expenses for purchase of treasury stock	3,093	2,250
Other	91	1,645
Total non-operating expenses	5,250	23,250
Ordinary income	312,021	430,876
Extraordinary income		
Gain on sale of shares of subsidiary	–	6,406
Other	309	–
Total extraordinary income	309	6,406
Extraordinary loss		
Loss on valuation of investment securities	3,083	–
Loss on disposal of property and equipment	–	245
Loss on impairment	–	661
Loss on adjustment for changes of accounting standard for asset retirement obligations	8,860	–
Provision for loss on store closure	–	1,816
Total extraordinary loss	11,943	2,723
Income before income taxes	300,388	434,560
Total income taxes	209,716	255,618
Income (loss) before minority interests	90,671	178,941
Loss on minority interests	(43,182)	–
Net income (loss)	133,853	178,941

Consolidated Statements of Comprehensive Income

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

	Six months ended June 30, 2011	Six months ended June 30, 2012
Income (loss) before minority interests	90,671	178,941
Other comprehensive income		
Unrealized gain on securities	1,389	(954)
Total other comprehensive income	1,389	(954)
Comprehensive income	92,060	177,986
(Attributable to)		
Owners of the parent	135,243	177,986
Minority interests	(43,182)	–

(3) Consolidated Statements of Cash Flow

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

	Six months ended June 30, 2011	Six months ended June 30, 2012
Cash flow from operating activities		
Income before income taxes	300,388	434,560
Depreciation and amortization	75,306	123,553
Loss on impairment	–	661
Amortization of goodwill	52,228	173,961
Increase (decrease) in allowance for doubtful accounts	31,849	(25,238)
Increase (decrease) in allowance for employees' bonuses	(91,052)	(23,013)
Increase (decrease) in allowance for officers' bonuses	(5,845)	(18,439)
Loss (gain) on valuation of investment securities	3,083	–
Loss (gain) on sale of shares of subsidiary	–	(6,406)
Interest and dividend income	(645)	(808)
Interest expense	2,064	19,354
Decrease (increase) in notes and accounts receivable – trade	214,401	290,022
Decrease (increase) in inventories	(5,765)	(2,261)
Adjustment for changes of accounting standard for asset retirement obligations	8,860	–
Increase (decrease) in notes and accounts payable	(79,072)	34,012
Increase (decrease) in accounts payable	(96,555)	(6,458)
Increase (decrease) in advances received	(15,352)	2,153
Increase (decrease) in accrued consumption taxes	(4,943)	5,756
Other	(21,282)	21,037
Subtotal	367,666	1,022,449
Interest and dividends received	645	808
Interest paid	(2,525)	(20,385)
Income taxes paid	(21,130)	(339,723)
Net cash provided by operating activities	344,655	663,149
Cash flow from investing activities		
Payments for acquisition of property and equipment	(47,892)	(72,879)
Payments for acquisition of intangible fixed assets	(14,807)	(13,440)
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	470,509	–
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 security deposits and guarantees	(29,590)	(30,390)
Proceeds from recovery of security deposits and guarantees	28,932	16,431
Other	(7,042)	(4,218)
Net cash provided by (used in) investing activities	400,109	(1,613,901)
Cash flow from financing activities		
Increase (decrease) in short-term debt	200,000	663,358
Proceeds from long-term debt	493,600	1,500,000
Repayment of long-term debt	(15,926)	(184,746)
Repayment of lease obligations	(5,965)	(12,503)
Payments for purchase of treasury stock	(171,863)	(249,084)
Payment of cash dividends	(133,926)	(125,373)
Proceeds from stock issuance to minority shareholders	120,000	–
Net cash provided by financing activities	485,918	1,591,651
Net increase in cash and cash equivalents	1,230,683	640,899
Cash and cash equivalents at beginning of period	1,671,715	2,901,154
Cash and cash equivalents at end of period	2,902,399	3,542,053

(4) Notes Regarding Assumption of Going Concern

None applicable

(5) Segment Information

Segment Information

I. Six months ended June 30, 2011

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	3,147,283	759,463	3,906,746	—	3,906,746
Intersegment sales and transfers	8,219	61,865	70,085	(70,085)	—
Total	3,155,502	821,329	3,976,831	(70,085)	3,906,746
Segment income (Note 2)	1,768,541	273,710	2,042,252	(20,219)	2,022,033

Notes: 1. Adjustments represent elimination of intersegment transactions.

2. Segment income is gross profit.

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

None applicable

II. 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. Adjustments represent elimination of intersegment transactions.

2. Segment income is gross profit.

3. Effective from the first quarter of 2012, the name of the former B2B Division was changed to the Business Division, and the name of the former B2C Division was changed to the Consumer Division. This change did not affect segment information.

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

(6) Notes on Significant Changes in Shareholders' Equity

None applicable

(7) Major Subsequent Events

Stock Split and Amendment of Articles of Incorporation

The Link and Motivation Group resolved at a meeting of the Board of Directors on May 10, 2012 to conduct a stock split and amend the Articles of Incorporation. Details are as follows.

1. Objective of the Stock Split

The objective of the stock split was to create an environment for investors that facilitates investment by reducing the absolute amounts required for investment to increase the liquidity of Link and Motivation Group stock and enhance investor diversity.

2. Overview of the Stock Split

(1) Method

The Link and Motivation Group implemented a free stock distribution of 2 shares for each 1 share of common stock to shareholders of record on Saturday, June 30, 2012.

(2) Increase in Shares Issued and Outstanding due to Stock Split

Link and Motivation Group shares issued and outstanding prior to stock split	134,960
Increase in shares issued and outstanding due to stock split	134,960
Shares issued and outstanding after stock split	269,920
Shares authorized for issue after stock split	1,008,000

3. Schedule

Public announcement of date of record	Friday, June 15, 2012
Date of record	Saturday, June 30, 2012
(De facto date of record)	Friday, June 29, 2012
Effective date	Sunday, July 1, 2012

4. Effect on Per Share Information

“Per Share Information” covers effect on per share information.

5. Amendment of the Articles of Incorporation

(1) Reason for Amendment

Pursuant to the stock split, based on Article 184, Paragraph 2 of the Companies Act, as per the resolution of the Board of Directors at the meeting of May 10, 2012, the Link and Motivation Group amended its Articles of

Incorporation as of Sunday, July 1, 2012.

(2) Content of Amendment

Articles of Incorporation prior to amendment: Shares Authorized for Issue

Article 6: The Link and Motivation Group is authorized to issue 504,000 shares.

Articles of Incorporation after amendment: Shares Authorized for Issue

Article 6: The Link and Motivation Group is authorized to issue 1,008,000 shares.

(3) Schedule

Date of Board of Directors resolution to amend Articles of Incorporation:

Thursday, May 10, 2012

Effective date of amendment of Articles of Incorporation:

Sunday, July 1, 2012