

Consolidated Financial Statements for the Nine Months Ended September 30, 2014

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

November 14, 2014

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Code number: 2170

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Filing of Quarterly Report (*Shihanki Hokokusho*) (scheduled): November 14, 2014

Start of distribution of dividends (scheduled): December 25, 2014

Supplementary documents for quarterly results: No

Quarterly results briefing: No

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for the Nine Months Ended September 30, 2014 (January 1, 2014 - September 30, 2014)

(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, 2014	20,594	23.9	839	0.2	805	(0.2)
Nine months ended September 30, 2013	16,626	21.8	837	43.3	807	41.6

	Net income (¥ million)	Change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended September 30, 2014	272	(26.6)	2.55	—
Nine months ended September 30, 2013	371	34.7	3.83	—

Notes: 1. Comprehensive income For the nine months ended September 30, 2014: ¥275 million (-27.6%)
For the nine months ended September 30, 2013: ¥381 million (39.2%)

2. The Company implemented a stock split of 2 shares for each 1 share of common stock as of May 1, 2013. The Company implemented a stock split of 2 shares for each 1 share of common stock as of December 1, 2013. The Company implemented a stock split of 100 shares for each 1 share of common stock as of April 1, 2014. Earnings per share have been calculated as though the stock splits had occurred at the beginning of the 14th period.

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)
As of September 30, 2014	17,340	6,316	36.4
As of December 31, 2013	10,371	3,794	36.6

(Reference) Net worth As of September 30, 2014: ¥6,316 million As of December 31, 2013: ¥3,794 million

2. Dividends

	Dividends per share				
	1st Qtr.	Interim	3rd Qtr.	Year-end	Full year
2013	300.00	150.00	150.00	90.00	690.00
2014	90.00	1.10	1.10		
2014 (est.)				1.10	93.3

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

2. The Company implemented stock splits of 2 shares for each 1 share of common stock with effective dates of May 1, 2013 and December 1, 2013. Dividends per share for 2013 take the effect of this stock split into account.

3. The Company implemented a stock split of 100 shares for each 1 share of common stock with an effective date of April 1, 2014. Dividends per share for 2014 take the effect of this stock split into account.

3. Forecast of Consolidated Results for 2014 (January 1, 2014 - December 31, 2014)

(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	30,800	37.6	2,120	36.1	2,080	37.7	1,100	32.2	9.72

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

2. The Company implemented a stock split of 100 shares for each 1 share of common stock with an effective date of April 1, 2014. The forecast for earnings per share takes the effect of this stock split into account.

Notes

- (1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation): No
Added: –
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: No
 - (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, 2014: 113,068,000; Year ended December 31, 2013: 107,968,000
 - (b) Number of treasury shares at the end of the period:
Nine months ended September 30, 2014: 200; Year ended December 31, 2013: 11,088,000
 - (c) Average number of shares outstanding (cumulative with earlier quarters):
Nine months ended September 30, 2014: 106,569,426; Nine months ended September 30, 2013: 96,880,000

Notes:

1. The Company implemented stock splits of 2 shares for each 1 share of common stock with effective dates of May 1, 2013 and December 1, 2013. The number of shares for the nine months ended September 30, 2013 takes the effect of these stock splits into account.
2. The Company implemented a stock split of 100 shares for each 1 share of common stock with an effective date of April 1, 2014. The number of shares for the nine months ended September 30, 2013, the year ended December 31, 2013 and the nine months ended September 30, 2014 take the effect of this stock split into account.

* Presentation of Implementation Status of Quarterly Review Procedures

- These “Consolidated Financial Statements for the Nine Months Ended September 30, 2014” 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.

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1. Qualitative Information Regarding Results for the Nine Months Ended September 30, 2014

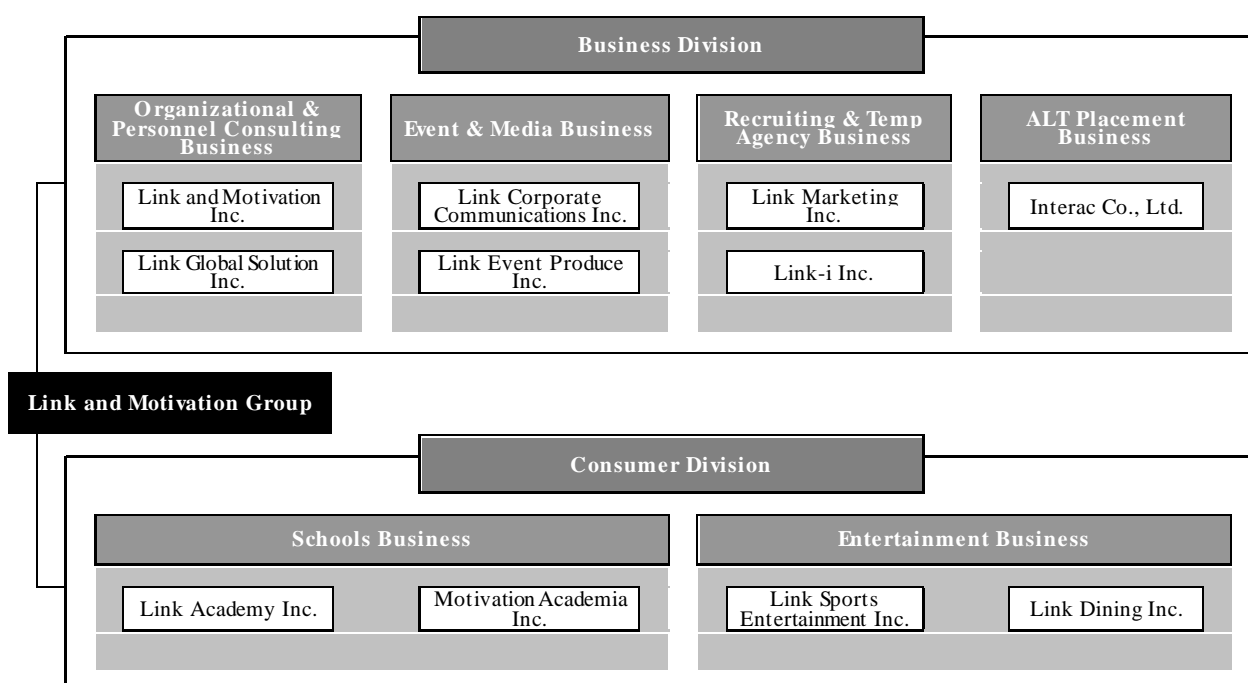
(1) Commentary on Results of Operations

Matters in this document regarding the future represent the judgment of the Link and Motivation Group as of the last day of the accounting period under review.

During the first nine months of 2014 (January 1, 2014 – September 30, 2014), despite a gradual recovery in business conditions, elements of uncertainty remained, including the current weakness in personal consumption due to the prolonged impact of the increase in the consumption tax rate and adverse weather conditions.

In this operating environment, net sales for the nine months ended September 30, 2014 were ¥20,594,280 thousand (a 23.9% increase compared with the same period of the previous year), gross profit was ¥7,305,107 thousand (a 14.0% increase) and operating income was ¥839,345 thousand (a 0.2% increase). On the other hand, ordinary income decreased slightly compared with the same period of the previous year to ¥805,462 thousand (a 0.2% decrease) due to an increase in interest expenses associated with an increase in borrowings, and net income decreased substantially to ¥272,605 thousand (a 26.6% decrease) due to an increase in extraordinary loss associated with closure or consolidation of locations and an increase in the estimated effective tax rate.

An overview of results by segment and business for the nine months ended September 30, 2014 is provided below. The classification of segments and businesses of the Link and Motivation Group is as follows.



Business Division

The Business Division conducts operations with corporations such as companies and schools as its customers. It offers personnel training support and services that raise organizational capabilities by strengthening relationships with the organization’s stakeholders using “motivation engineering,” which is the core technology of the Link and Motivation Group.

In this segment, with the substantial impact of the addition of Interac Co., Ltd. to the scope of consolidation from April, segment sales and income for the nine months ended September 30, 2014 increased compared with the same period of the previous year. Segment sales were ¥15,061,975 thousand (a 44.9% increase) and segment income was ¥5,554,647 thousand (a 34.4% increase). An overview of operating results by business for the nine months ended September 30, 2014 is as follows.

Organizational & Personnel Consulting Business

In this business, sales for the nine months ended September 30, 2014 were ¥4,377,491 thousand (a 10.9% increase) and gross profit was ¥2,659,748 thousand (an 11.3% increase).

The Organizational & Personnel Consulting business acts under the concept of producing 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 the nine months ended September 30, 2014, sales and gross profit both increased due to expansion of sales of packaged products such as management training and new employee training, which bring together motivation engineering technology in a standardized format, and global personnel training, as well as diagnostic tools for understanding the state of organization and individual motivation.

Linked with the shift in full-scale corporate recruiting activities to autumn this year, the business will focus on further expanding sales of consulting services for recruiting by enhancing its services for achieving the best match between customer and applicant. In addition, while continuing to focus on expanding sales of high-margin packaged products, the business will concentrate on global personnel training, which performed solidly in the nine months ended September 30, 2014, to increase its support for corporate globalization using the know-how of new Link and Motivation Group company Interac Co., Ltd.

Event & Media Business

In this business, sales in the nine months ended September 30, 2014 were ¥2,236,832 thousand (an 18.5% decrease) and gross profit was ¥801,297 thousand (a 3.2% decrease).

The Event & Media business produces events and media for various communications in corporate activities to create motivation companies. In its event production, the business supports organizational vitalization by promoting stakeholders’ interest and understanding 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 the nine months ended September 30, 2014, the business focused on expansion of services with a high profit margin. The business terminated provision of contract advertising services, which have a high cost ratio, and promoted expansion of sales of intra-company events and communication tools for stakeholders, which are highly compatible with motivation engineering technology. The termination of provision of high-cost-ratio contract advertising services led to a substantial decrease in sales compared with the same period of the previous year. On the other hand, the business was successful in expanding sales of planned intra-company events with a high profit margin, such as anniversary events, thus achieving a higher profit margin compared with the same period of the previous year.

The business will work for stable sales by incorporating motivation engineering technology into its services to develop highly differentiated products with an even higher profit margin.

Recruiting & Temp Agency Business

In this business, sales in the nine months ended September 30, 2014 were ¥5,460,323 thousand (a 10.0% increase) and gross profit was ¥1,340,442 thousand (a 9.7% increase).

The Recruiting & Temp Agency 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 marketing staff to apparel and mobile phone stores and handles corporate sales activities.

In the nine months ended September 30, 2014, sales increased substantially with an increase in sales and clerical temp staff deployed, including in the core service of temp sales staff for apparel stores, in response to rising corporate needs to reinforce staff. In an increasingly severe staff recruiting environment, the business is achieving long-term deployment of staff by raising its accuracy in matching companies and staff using motivation engineering, the Link and Motivation Group's core technology. The resulting success in decreasing staff recruiting expenses increased gross profit compared with the same period of the previous year.

While continuing the business policy it has followed to date, the business will promote staff deployment for increased profitability. The business will continue to reduce recruiting costs by using motivation engineering technology to raise its accuracy in matching corporate needs and further promote long-term deployment of staff. In addition, the business will work to use Group assets effectively and further reduce recruiting costs by encouraging individual staff to register with the Group's Schools business to improve their skills, thus further accelerating activities linked to corporate dispatch and introductions.

ALT Placement Business

In this business, sales in the nine months ended September 30, 2014 were ¥4,499,650 thousand and gross profit was ¥1,120,849 thousand.

The ALT Placement business is the main business of Interac Co., Ltd., whose stock the Link and Motivation Group acquired in April 2014, and which dispatches foreign assistant language teachers (ALTs) in elementary, secondary and other schools throughout Japan and provides English-language instruction services on contract. Interac has the top track record among private companies in the ALT placement business. The business has earned customer trust over many years and barriers to entry in this field are high because of the limited number of business opportunities each year. With a growing trend toward strengthening English ability in educational guidelines for elementary and middle schools ahead of the Tokyo Olympics to be held in 2020, Interac is conducting steady business with high-quality dispatch of ALTs using its accumulated ALT management expertise.

The Link and Motivation Group will introduce the support for vitalizing organizations it has accumulated in the Organizational & Personnel Consulting business with the aim of further expanding the business.

Consumer Division

The Consumer Division provides services by applying motivation engineering, which is the core technology of the Link and Motivation Group, to business for consumers in areas including schools, preparatory schools and sports.

In this segment, segment sales and income for the nine months ended September 30, 2014 decreased compared with the same period of the previous year. Segment sales were ¥6,334,268 thousand (an 8.2% decrease) and segment income was ¥2,156,992 thousand (an 11.4% decrease). An overview of operating results by business for the nine months ended September 30, 2014 is as follows.

Schools Business

In this business, sales in the nine months ended September 30, 2014 were ¥5,875,872 thousand (a 10.9% decrease) and gross profit was ¥1,975,123 thousand (a 15.4% decrease).

The Schools business defines human resources who act independently and autonomously, without depending on an organization, as "i-companies" and operates under the business concept of producing numerous i-companies. Its services are broadly divided into the two areas of preparatory schools for middle and high school students and career schools for university students and working adults. Preparatory schools provide a place where students can not only prepare for school entrance exams but also develop skills to play a role in society under the "Motivation Academia" service brand. Career schools provide one-stop support for literacy skills such as personal computer and

language skills and for acquiring qualifications under the three service brands of “Aviva” personal computer schools, “Daiei” qualification schools and “Aviva English” language schools.

In the nine months ended September 30, 2014, the career schools worked to reduce costs by closing or consolidating unprofitable or neighboring locations and by combining administrative divisions to promote a transformation into a business entity with a low break-even point. As a result, sales and gross profit for the first half decreased due to a decline in the number of students associated with the closure and consolidation of schools, and some expenses of closure and consolidation resulted in a reduction of operating income. In preparatory schools, sales and gross profit both increased as the number of students grew steadily due to introductions from existing Motivation Academia students.

The Schools business will accelerate its transformation into a highly profitable business entity in addition to promoting speedy integration of functions. It also aims to increase the added value of the School business as a whole to further raise the loyalty of current students and to attract more new customers. In addition to placing greater emphasis on providing language skills with the aim of establishing a total career school, the business will coordinate with the personnel introduction and temp staffing businesses of the Business Division to offer comprehensive services from career instruction to providing employment opportunities.

Entertainment Business

In this business, sales in the nine months ended September 30, 2014 were ¥483,357 thousand (a 7.9% increase) and gross profit was ¥189,784 thousand (an 81.2% increase).

The Entertainment business manages a professional basketball team and operates an Italian restaurant under the concept of “creating quality of life” for individuals. The professional basketball team managed by the business is the Link Tochigi Brex, which is based in Tochigi, and revenues consist mainly of sales of tickets for games and goods and sponsorship income. The Italian restaurant, called Link Dining, is located in Ginza. These two businesses record sales and gross profit.

In the nine months ended September 30, 2014, ticket sales for the Link Tochigi Brex were strong due to the extension of its playing season as it advanced to the playoffs. In addition, gross profit increased with growth in high-margin sponsorship income as the team advanced to the playoffs. Performance at Link Dining was solid, and sales and gross profit both increased compared with the same period of the previous year.

This business will continue to aim for business development with originality driven by motivation engineering technology. In particular, at the Link Tochigi Brex, Thomas Wisman, who guided the team to a league championship in the 2009-2010 season, has been named head coach once again for the 2014-2015 season. The business will focus more than previously on external public relations with the intention of continuing to increase the number of core local fans with activities closely linked to the local community and to raise the team’s ability to win another league championship.

(2) Commentary on Financial Condition

A. Assets, Liabilities and Net Assets

As of September 30, 2014, total assets were ¥17,340 million (an increase of ¥6,969 million from the end of the previous year), total liabilities were ¥11,023 million (an increase of ¥4,447 million from the end of the previous year) and net assets were ¥6,316 million (an increase of ¥2,521 million from the end of the previous year).

(3) Commentary on Forecast of Consolidated Results and Other Information on Outlook

The forecast of consolidated results for 2014 is unchanged from the figures announced on May 9, 2014.

2. Items Regarding Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Nine months ended September 30, 2014	
The Company acquired Interac Co., Ltd. and included it in the scope of consolidation on April 30, 2014.	

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

Nine months ended September 30, 2014	
Calculation of tax expenses	Tax expenses are calculated by multiplying pretax net income for the fiscal year 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

None applicable.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of December 31, 2013	As of September 30, 2014
ASSETS		
Current assets		
Cash and deposits	555,487	1,013,888
Notes and accounts receivable	2,582,310	3,422,976
Products	117,579	103,423
Goods in process	295,255	451,871
Merchandise and supplies	17,804	40,109
Prepaid expenses	252,290	326,200
Deferred tax assets	261,166	341,239
Short-term loans receivable	343	31,754
Accrued corporate tax refund	1,031	82
Other	141,677	111,494
Allowance for doubtful accounts	(29,636)	(23,974)
Total current assets	4,195,311	5,819,064
Fixed assets		
Property and equipment		
Buildings and structures	661,360	954,696
Accumulated depreciation	(398,624)	(494,168)
Buildings and structures (net)	262,736	460,528
Vehicles	8,812	11,933
Accumulated depreciation	(8,728)	(11,036)
Vehicles (net)	83	896
Furniture and fixtures	547,665	656,186
Accumulated depreciation	(462,740)	(518,774)
Furniture and fixtures (net)	84,924	137,411
Lease assets	283,755	443,049
Accumulated depreciation	(111,551)	(179,845)
Lease assets (net)	172,203	263,203
Total property and equipment	519,948	862,040
Intangible assets		
Goodwill	3,821,745	7,906,345
Software	288,726	465,793
Other	3,282	21,909
Total intangible assets	4,113,754	8,394,048
Investments and other assets		
Investments in securities	213,683	943,653
Security deposits	1,229,825	1,224,711
Deferred tax assets	14,984	1,345
Claims in bankruptcy	8,977	13,124
Other	83,889	83,531
Allowance for doubtful accounts	(8,977)	(13,124)
Total investments and other assets	1,542,382	2,253,242
Total fixed assets	6,176,085	11,509,331
Deferred assets		
Stock issuance expenses	—	12,039
Total deferred assets	—	12,039
Total assets	10,371,397	17,340,435

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

	As of December 31, 2013	As of September 30, 2014
LIABILITIES		
Current liabilities		
Accounts	335,376	224,687
Short-term borrowings	260,273	1,900,000
Long-term debt due within one year	327,240	673,512
Accounts payable	1,031,929	1,508,121
Lease obligations	65,125	104,198
Expenses payable	116,793	144,541
Accrued income taxes	385,584	294,883
Accrued consumption taxes	183,402	499,420
Advances received	2,002,319	1,717,160
Accrued bonuses to employees	226,747	199,723
Accrued bonuses to officers	—	1,447
Provision for loss on store closure	23,299	1,898
Other	124,985	325,354
Total current liabilities	5,083,077	7,594,950
Long-term liabilities		
Long-term debt	1,054,980	2,920,566
Lease obligations	124,428	184,606
Deferred income taxes	6,422	36,197
Asset retirement obligations	49,218	70,018
Other	258,414	217,599
Total long-term liabilities	1,493,463	3,428,987
Total liabilities	6,576,541	11,023,938
NET ASSETS		
Shareholders' equity		
Common stock	979,750	1,380,610
Additional paid-in capital	734,595	2,146,648
Retained earnings	2,807,677	2,781,425
Treasury stock	(731,840)	(44)
Total shareholders' equity	3,790,182	6,308,639
Cumulative other comprehensive income		
Unrealized gain on securities	4,672	4,991
Deferred gain on hedges	—	1,234
Foreign currency translation adjustment	—	1,632
Total cumulative other comprehensive income	4,672	7,858
Total net assets	3,794,855	6,316,497
Total liabilities and net assets	10,371,397	17,340,435

(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, 2013	Nine months ended September 30, 2014
Net sales	16,626,733	20,594,280
Cost of sales	10,216,219	13,289,173
Gross profit	6,410,513	7,305,107
Selling, general and administrative expenses	5,572,646	6,465,761
Operating income	837,866	839,345
Non-operating income		
Interest income	1,612	312
Dividend income	515	112
Commission fees	12,107	34,681
Other	6,854	8,895
Total non-operating income	21,089	44,001
Non-operating expenses		
Interest expenses	29,321	34,022
Commission fees	14,993	39,087
Other	7,548	4,775
Total non-operating expenses	51,862	77,884
Ordinary income	807,093	805,462
Extraordinary income		
Reversal of provision for loss on store closure	6,652	—
Gain on termination of retirement benefit plan	27,680	—
Other	736	—
Total extraordinary income	35,068	—
Extraordinary loss		
Loss on disposal of property and equipment	2,707	4,203
Impairment loss	17,119	—
Carryover of provision for loss on store closure	—	1,898
Business structure improvement expenses	2,614	35,706
Other	5,031	—
Total extraordinary loss	27,471	41,808
Income before income taxes	814,690	763,654
Income taxes	443,145	491,049
Income before minority interests	371,545	272,605
Net income	371,545	272,605

Consolidated Statements of Comprehensive Income

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

	Nine months ended September 30, 2013	Nine months ended September 30, 2014
Income before minority interests	371,545	272,605
Other comprehensive income		
Unrealized gain on securities	9,575	318
Deferred gain on hedges	—	1,234
Foreign currency translation adjustment	—	1,632
Total other comprehensive income	9,575	3,185
Comprehensive income	381,120	275,791
(Attributable to)		
Owners of the parent	381,120	275,791

(3) Notes to Consolidated Financial Statements

Notes Regarding Assumption of Going Concern

None applicable.

Notes on Significant Changes in Shareholders' Equity

On June 10, 2014, the Company received payment for the issuance of new stock through a public offering and disposal of treasury stock through a public offering. In addition, on June 25, 2014, the Company received payment from Daiwa Securities Co. Ltd. for an increase in capital through a private placement of shares. As a result, during the nine months ended September 30, 2014, common stock increased ¥400,860 thousand and capital surplus increased ¥400,860 thousand due to the issuance of new stock and increase in capital through a private placement. Other additional paid-in capital increased ¥1,011,193 thousand and treasury stock decreased ¥731,840 thousand due to the disposal of treasury stock. As a result, common stock was ¥1,380,610 thousand and additional paid-in capital was ¥2,146,648 thousand as of September 30, 2014.

Segment Information

Segment Information

I. Nine months ended September 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	9,937,573	6,689,160	16,626,733	—	16,626,733
Intersegment sales and transfers	454,769	213,503	668,273	(668,273)	—
Total	10,392,342	6,902,664	17,295,006	(668,273)	16,626,733
Segment income (Note 2)	4,132,280	2,434,602	6,566,882	(156,369)	6,410,513

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 September 30, 2013 changed significantly from December 31, 2012.

During the cumulative third-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 ¥621,520 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 ¥1,280,979 thousand in the nine months ended September 30, 2013.

(Significant gains on negative goodwill)

None applicable.

II. Nine months ended September 30, 2014

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	14,772,439	5,821,841	20,594,280	—	20,594,280
Intersegment sales and transfers	289,535	512,427	801,962	(801,962)	—
Total	15,061,975	6,334,268	21,396,243	(801,962)	20,594,280
Segment income (Note 2)	5,554,647	2,156,992	7,711,639	(406,532)	7,305,107

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 September 30, 2014 changed significantly from December 31, 2013. During the nine months ended September 30, 2014, the Link and Motivation Group added Interac Co., Ltd. as a consolidated subsidiary, and included the assets of this company in the Business Division.

The addition of the consolidated subsidiary increased Business Division assets by ¥2,819,248 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 the stock of Interac Co., Ltd. This event increased goodwill by ¥4,463,042 thousand in the nine months ended September 30, 2014.

(Significant gains on negative goodwill)

None applicable.