

# Link and Motivation Inc.

## Consolidated Financial Information for the Fiscal Year Ended December 31, 2012



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Link and Motivation Group



## Resolution to change the organization of directors at a Board of Directors meeting held on December 29, 2012

### ● Change

#### Previous Organization

President and  
Representative Director Yoshihisa Ozasa  
Director Shunichi Ono  
Director Kiyotaka Sakakibara  
Director Hideki Sakashita  
Director Akira Suguro  
Director Takehiko Mizutani

#### New Organization

Chairman and Representative Director  
Yoshihisa Ozasa  
President and Representative Director  
Hideki Sakashita  
Director Shunichi Ono  
Director Akira Suguro

#### Notes:

1. Mr. Sakakibara was appointed President and Representative Director of the following two corporations:
  - Motivation Academia Inc.
  - Link Dining Inc.
2. Mr. Mizutani was appointed as a Fellow.

### ● Date of Change January 1, 2013 (Tuesday)

1. Announcement of Results for 2012
2. Strategies for Future Growth
3. Plan for 2013
4. TOPICS

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# Announcement of Results for 2012



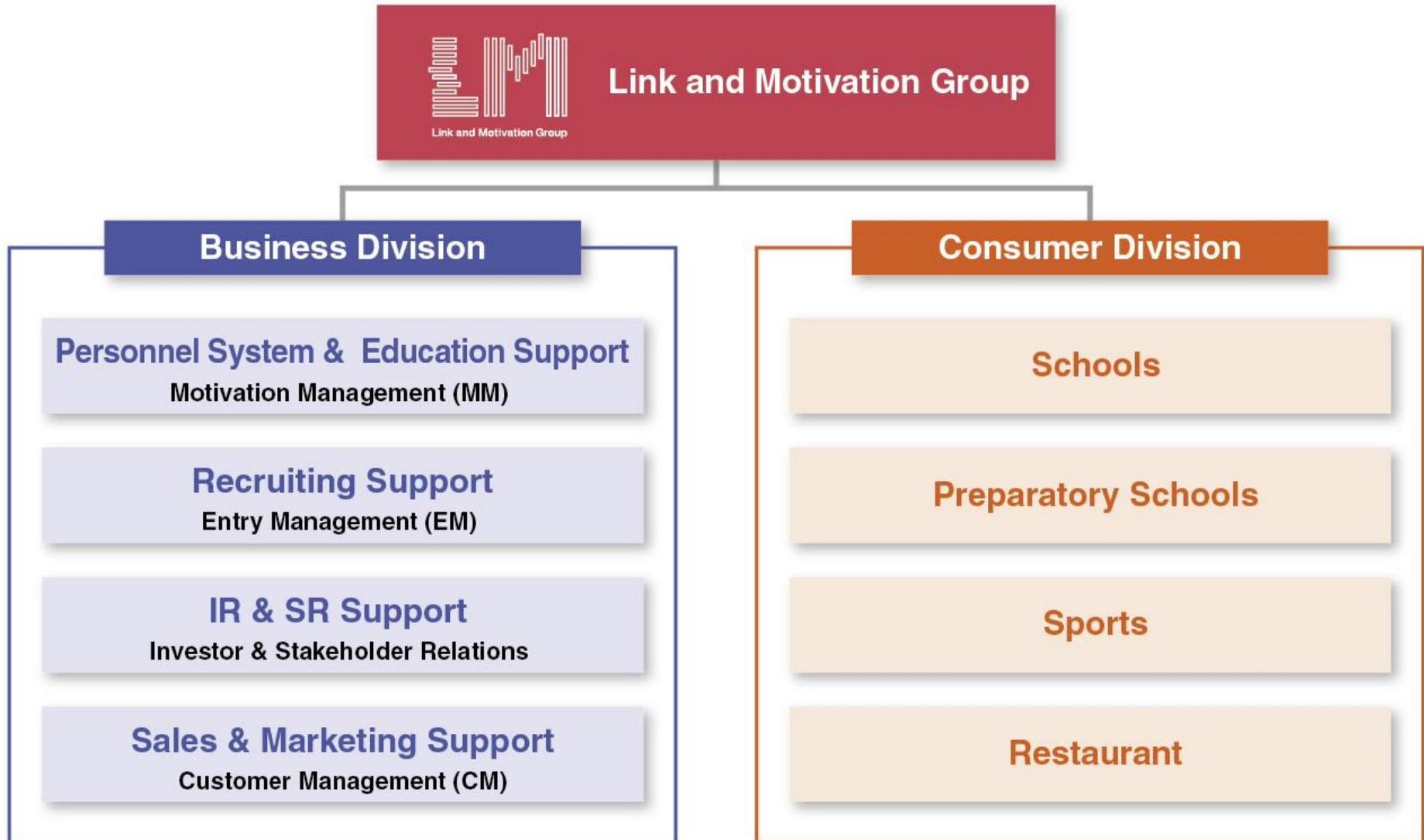
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# Statements of Operations (Year-on-year Comparison)

| Consolidated (¥ million) | 2011 Results | 2012 Plan | 2012 Results | Results vs. Plan | YoY Change |
|--------------------------|--------------|-----------|--------------|------------------|------------|
| Net Sales                | 10,507       | 18,600    | 18,705       | +0.6%            | +78.0%     |
| Operating Income         | 812          | 1,260     | 1,149        | -8.8%            | +41.5%     |
| Ordinary Income          | 810          | 1,220     | 1,133        | -7.1%            | +39.8%     |
| Net Income               | 596          | 700       | 708          | +1.2%            | +18.7%     |

- With the expansion of business fields, net sales and operating income **increased substantially** compared with the previous year.
- Due to prior investments, operating income and ordinary income fell short of the plan, but net sales and net income were as expected.

# 2012 Link and Motivation Group Operating Structure



# Sales and Gross Profit by Division Vs. Same Period of Previous Year

| Consolidated (¥ million)<br>[Gross profit in brackets] |                 | 2011<br>Results | 2012<br>Plan | 2012<br>Results | Results<br>vs.<br>Plan | YoY<br>Change |
|--|-----------------|-----------------|--------------|-----------------|------------------------|---------------|
| Business<br>Division                                   | Sales           | 6,305           | 12,200       | 12,317          | +1.0%                  | +95.3%        |
|  | Gross<br>Profit | [3,547]         | –            | [5,033]         | –                      | [+41.9%]      |
| Consumer<br>Division                                   | Sales           | 4,352           | 6,850        | 6,852           | +0.0%                  | +57.4%        |
|  | Gross<br>Profit | [1,586]         | –            | [2,428]         | –                      | [+53.1%]      |

- The Consumer Division and the Business Division both **exceeded the plan and results in the previous year** due to the integration of Sales Marketing Co., Ltd. (Feb. 2012: Business Division) and Aviva Co., Ltd. (June 2011: Consumer Division), in addition to growth in existing businesses.

# Business Division: Sales and Gross Profit Vs. Same Period of Previous Year

| Consolidated (¥ million)<br>[Gross profit in brackets] | 2011<br>Results  | 2012<br>Results  | YoY<br>Change      | Product Trends  |
|--|------------------|------------------|--------------------|---|
| ① Personnel System & Education Support (MM)            | 2,645<br>[1,485] | 3,200<br>[2,000] | +21.0%<br>[+34.6%] | Education training services↑<br>Consulting services ↑             |
| ② Recruiting Support (EM)                              | 2,322<br>[1,528] | 2,548<br>[1,528] | +9.7%<br>[+0.0%]   | Student recruitment services↑<br>Employment training services↑    |
| ③ IR & SR Support (IR)                                 | 696<br>[343]     | 619<br>[319]     | -11.0%<br>[-6.7%]  | Annual reports↑<br>Web-based video↓                               |
| ④ Sales & Marketing Support (CM)                       | 0<br>[0]         | 5,948<br>[1,184] | -<br>-             | Fashion temp staffing<br>Communications/electronics temp staffing |

- ① Personnel System & Education Support **increased substantially YoY** due to strong sales of education training services and consulting services.
- ② In Recruiting Support, **sales increased** as employment training services expanded as planned.
- ③ IR & SR Support decreased YoY due to the transfer of human resources to other fields.
- ④ Sales & Marketing Support expanded with the integration of Sales Marketing Co., Ltd. (Feb. 2012).

# Consumer Division: Sales and Gross Profit Vs. Same Period of Previous Year

| Consolidated (¥ million)<br>[Gross profit in brackets] |                     | 2011<br>Results | 2012<br>Results | YoY<br>Change | Product Trends              |
|--|---------------------|-----------------|-----------------|---------------|-----------------------------|
| ①・②  | Schools             | 3,722           | 6,209           | +66.8%        | Personal computer courses ↑ |
|  | Preparatory Schools | [1,398]         | [2,228]         | [+59.3%]      | Qualification courses ↑     |
| ③・④  | Sports              | 630             | 642             | +1.9%         | Sponsorship income ↑        |
|  | Restaurant          | [187]           | [199]           | [+6.6%]       | Income from goods ↓         |

- ① Schools contributed significantly to consolidated earnings due to increases from the integration of Aviva (June 2011), new student enrollment and higher sales of courses for qualifications.
- ② Preparatory Schools results increased YoY with steady growth in enrollment.
- ③ For Sports, gross profit increased YoY due to growth in high-profit-margin sponsorship income.

# Balance Sheets

| Consolidated (¥ million)                | Dec. 31, 2011 | Dec. 31, 2012 | Change        |
|---|---------------|---------------|---------------|
| Current Assets                          | 4,780         | 5,454         | +674          |
| Property and Equipment                  | 3,699         | 4,848         | +1,149        |
| <b>Total Assets</b>                     | <b>8,479</b>  | <b>10,303</b> | <b>+1,823</b> |
| Current Liabilities                     | 3,819         | 4,553         | +734          |
| Long-term Liabilities                   | 1,488         | 2,501         | +1,013        |
| Net Assets                              | 3,172         | 3,248         | +75           |
| <b>Total Liabilities and Net Assets</b> | <b>8,479</b>  | <b>10,303</b> | <b>+1,823</b> |

- **Substantial increases in assets and liabilities** due to the integration of Sales Marketing Co., Ltd.
- **Increase in net assets** as the increase in net income offset decreases from payment of dividends and stock repurchase.

## ● Dividend Policy for 2012

- Dividends **paid quarterly**
- **Fixed dividend of 300 yen** for each quarter, **1,200 yen** annually

Note: Dividend increase and free stock distribution with a record date of June 30, 2012

## ● 2012 4Q Dividend

- As initially planned, a **300 yen** per-share dividend, with a planned payment date of **March 25, 2013**

|                    | 1Q<br>Actual | 2Q<br>Actual                   | 3Q<br>Actual                                     | 4Q<br>Planned   |
|--------------------|--------------|--------------------------------|--|---|
| Per-share dividend | 500 yen      | 600 yen<br>(dividend increase) | 300 yen<br>(reflects free stock<br>distribution) | <b>300 yen</b><br>(reflects free stock<br>distribution) |

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