



# En-Japan Inc.

## 3<sup>rd</sup> Quarter FY December 2007 Earnings Announcement (Non-Consolidated)

November 8, 2007

Company Name: En-Japan Inc.

Osaka Securities Exchange (Hercules Market)

Stock Code: 4849

URL: <http://corp.en-japan.com/>

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### 1. 3<sup>rd</sup> Quarter FY December 2007 Financial Position and Earnings Performance (From January 1 to September 30, 2007)

#### (1) Earnings Performance

(figures are rounded to the nearest million yen)

	Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy
3 <sup>rd</sup> Quarter FY12/07	15,448	35.4	4,935	33.2	4,954	33.9	2,770	30.5
3 <sup>rd</sup> Quarter FY12/06	11,405	40.3	3,705	28.2	3,700	27.1	2,123	39.8
FY12/06	16,919	—	5,605	—	5,607	—	3,105	—

	EPS	Fully Diluted EPS
	Yen	Yen
3 <sup>rd</sup> Quarter FY12/07	11,446.52	11,128.72
3 <sup>rd</sup> Quarter FY12/06	8,820.82	8,518.12
FY12/06	12,892.66	12,460.36

#### (2) Financial Position

	Total Assets	Net Assets	Net Asset Ratio	BVPS
	Million Yen	Million Yen	%	Yen
3 <sup>rd</sup> Quarter FY12/07	15,308	11,725	76.6	48,380.63
3 <sup>rd</sup> Quarter FY12/06	11,705	8,606	73.5	35,685.06
FY12/06	14,129	9,611	68.0	39,746.13

#### (3) Cash Flow Conditions

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash and Equivalents at Term End
	Million Yen	Million Yen	Million Yen	Million Yen
3 <sup>rd</sup> Quarter FY12/07	2,548	-1,277	-670	6,775
3 <sup>rd</sup> Quarter FY12/06	—	—	—	—
FY12/06	4,076	-2,986	-481	6,173

(Note) Because we started disclosing our cash flow from the third quarter, we do not show year-over-year comparisons.

## 2. Dividend Conditions

	Dividend per Share
(Payment Date)	3 <sup>rd</sup> Quarter End
3 <sup>rd</sup> Quarter FY 12/06	Yen —
3 <sup>rd</sup> Quarter FY 12/07	—

## 3. FY December 2007 Earnings Projections (From January 1 to December 31, 2007)

	Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Yen
FY 12/07	22,500	33.0	7,250	29.3	7,200	28.4	4,000	28.8	16,504.03

## 4. Others

- (1) Standard for creation of our quarterly financial accounts: Interim financial account creation standard
- (2) Changes in our accounting method within the past fiscal year: Yes  
 [(Note) Please refer to “changes in our accounting method” on page four for further details.]
- (3) Corporate auditor participation: None

### **\* Information Relating to Our Earnings Projections and Other Items**

With regards to our earnings projections listed above, these projections are based on the best information available to us at the time of this announcement. However our actual results may deviate from these projections due to various unforeseen factors. For further details of our projections, please refer to page four.

## (Information Regarding to Our Financial Position)

### 1. Information Regarding to Our Business Performance

During the third quarter of the fiscal year under review (January 1 to September 30, 2007) the Japanese economy benefitted from the continued recovery in corporate earnings and stronger capital investments despite the uncertainty brought on by the “subprime loan” problem in the United States and higher crude oil prices globally. Furthermore the unemployment rates in Japan continued to decline on the back of aggressive hirings of employees by corporations.

Against this backdrop, our earnings continued to grow due to our efforts to fortify our marketing capabilities and increase our promotional activities. Furthermore our “en Temporary Placement Info” website was selected as the most satisfying temporary job placement website to use (\*1), and “en Career Change Info” was voted as the best career change job website of 30 private and public sector job websites (\*2).

Our efforts to raise the customer awareness of the “en” brand, and to fortify of our service line-up and marketing capabilities also contributed to strong growth in both our sales and profits. Consequently, our earnings rose by large margins over the previous year’s levels, with sales, and ordinary and net incomes growing by 35.4% year-over-year to ¥15,448 million, 33.9% year-over-year to ¥4,954 million, and 30.5% year-over-year to ¥2,770 million respectively.

\*1: “Dispatched Worker Site Usage Survey 2006” conducted by Interwired Co., Ltd.

\*2: “Career Change Job Site Survey 2007” conducted by Cybozu Media and Technology Co., Ltd. (This survey selects sites based on their “brand recognition,” “repeat usage,” “regular usage,” “user satisfaction,” “credibility,” “user preference,” and “usefulness.”)

### Sales by Our Various Business Segments

Period Segments	3 <sup>rd</sup> Quarter FY12/06			3 <sup>rd</sup> Quarter FY12/07		
	Sales (¥1,000)	Share (%)	YY change (%)	Sales (¥1,000)	Share (%)	YY change (%)
<b>Mid-Career Hiring Business</b>						
en Career Change Info	6,202,486	54.4	32.7	9,164,278	59.3	47.8
en Career Change Consultant	1,117,312	9.8	26.5	1,478,693	9.6	32.3
en Temporary Placement Info	1,858,353	16.3	57.7	2,343,981	15.2	26.1
en Part-time Jobs Plus	581,853	5.1	232.7	829,996	5.4	42.6
Others	109,395	1.0	84.6	128,826	0.8	17.8
<b>New-graduate Hiring-Related Business</b>						
en Job Info for Students	1,146,132	10.0	65.8	1,033,071	6.7	-9.9
Others	276,462	2.4	20.6	327,693	2.1	18.5
<b>Training, Evaluation Business</b>	113,719	1.0	40.1	142,225	0.9	25.1
<b>Total</b>	<b>11,405,715</b>	<b>100.0</b>	<b>43.0</b>	<b>15,448,766</b>	<b>100.0</b>	<b>35.4</b>

1. Value figures do not include consumption taxes.

2. In our new graduate hiring business, the others portion is comprised of sales derived from consulting, competency testing and outsourcing services.

### 2. Information Relating to Our Financial Position

#### Our Assets, Liabilities and Net Asset Conditions

As of the end of the 3<sup>rd</sup> quarter of the current fiscal year, our total assets rose by ¥1,179 million year-over-year to ¥15,308 million. We attribute this rise to increases in our cash and equivalents, construction in progress, software in progress, and marketable securities. Furthermore our total liabilities declined by ¥935 million year-over-year to ¥3,582 million, due in large part to reductions in unpaid taxes. Moreover our net assets increased on the back of higher earnings reserves carried forward.

### **Our Cash Flow Conditions**

During the third quarter under review, cash and equivalents grew to ¥6,775 million due to favorable cash flow from our operating activities and despite cash outlays for taxes, dividends, acquisition of tangible and intangible fixed assets, and purchases of marketable securities.

#### **(Operating cash flow)**

We saw a net cash inflow of ¥2,548 million from our operating activities during the term under review. The major factor contributing to this favorable performance was our ability to record net income of ¥4,937 million, which helped to offset tax payments of ¥3,143 million.

#### **(Investing cash flow)**

In our investing activities we saw a net outflow of ¥1,277 million. The main factors behind this outflow were ¥385 and ¥522 million purchases of tangible and intangible fixed assets respectively, and a ¥340 million acquisition of marketable securities.

#### **(Financing cash flow)**

In our financing activities we saw a net outflow of ¥670 million. Among the major factors behind this outflow were dividend payment of ¥746 million and an inflow of ¥76 million arising from the exercising of stock options and subsequent issuance of shares.

### **3. Information Pertaining to Our Earnings Projections**

We have made no changes to our earnings projections which were announced on November 1, 2007. Furthermore we base our fiscal year December 2007 earnings per share projections on the fully diluted number of shares issued as of the end of the third quarter.

### **4. Other Issues**

#### **(1) Use of simple accounting method:**

We use projected tax rates to calculate our tax expenses.

#### **(2) Changes in accounting methods during the most recent fiscal year:**

Along with the revisions in the corporate tax laws, from this fiscal year we use depreciation as defined by the newly revised corporate tax laws effective from April 1, 2007 for tangible fixed assets. Moreover we expect the impact of this change upon our earnings to be negligible.

# Quarterly Financial Statements (Summary)

## (1) Quarterly Balance Sheet (Summary)

Term Categories	3 <sup>rd</sup> Quarter FY12/06 (As of September 30, 2006)		3 <sup>rd</sup> Quarter FY12/07 (As of September 30, 2007)		FY12/06 (As of December 31, 2006)		Change from previous FY end
	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)
(Assets)							
I Current Assets							
1. Cash and equivalents	4,362,084		6,775,017		6,173,772		
2. Notes receivables	5,706		5,419		16,853		
3. Accounts receivables	2,113,085		2,225,021		2,275,791		
4. Inventories	12,247		9,371		13,630		
5. Prepaid expenses	196,092		226,602		224,044		
6. Others	338,383		263,330		333,960		
Bad credit reserves	-24,748		-18,592		-33,772		
Total current assets	7,002,850	59.8	9,486,171	62.0	9,004,281	63.7	481,889
II Fixed Assets							
1. Tangible fixed assets							
(1) Buildings	114,401		148,676		110,705		
(2) Structures, facilities	—		72,751		—		
(3) Equipment	552,859		474,814		515,356		
(4) Construction in progress	31,402		135,212		33,775		
Total tangible fixed assets	698,663	6.0	831,455	5.4	659,837	4.7	171,617
2. Intangible Fixed Assets							
(1) Trademarks	4,309		5,084		4,165		
(2) Software	589,574		609,697		644,478		
(3) Software in progress	111,407		404,532		199,591		
(4) Telephone deposits	1,351		1,351		1,351		
Total intangible fixed assets	706,642	6.0	1,020,666	6.7	849,587	6.0	171,078
3. Investments and other assets							
(1) Investment securities	270,143		683,664		340,019		
(2) Securities in affiliates	505,745		571,594		571,594		
(3) Long-term prepaid expenses	214,491		151,715		195,039		
(4) Long-term deposits	1,385,800		1,380,860		1,388,220		
(5) Insurance reserve fund	420,987		429,226		422,090		
(6) Lease deposits	348,976		657,100		604,378		
(7) Others	151,465		114,095		94,294		
Bad credit reserves	—		-18,063		—		
Total investments and other assets	3,297,609	28.2	3,970,193	25.9	3,615,637	25.6	354,555
Total fixed assets	4,702,915	40.2	5,822,314	38.0	5,125,062	36.3	697,251
Total assets	11,705,765	100.0	15,308,486	100.0	14,129,344	100.0	1,179,141

Term Categories	3 <sup>rd</sup> Quarter FY12/06 (As of September 30, 2006)		3 <sup>rd</sup> Quarter FY12/07 (As of September 30, 2007)		FY12/06 (As of December 31, 2006)		Change from previous FY end
	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)
(Liabilities)							
I Current Liabilities							
1. Accounts payable	19,770		56,435		79,979		
2. Payments due	1,082,422		1,077,218		1,459,616		
3. Unpaid expenses	150,178		131,101		309,229		
4. Unpaid corporate taxes	900,250		810,299		1,848,360		
5. Unpaid consumption taxes	141,380		198,477		228,573		
6. Advances received	428,358		773,354		327,737		
7. Deposits	42,274		51,826		79,122		
8. Bonus reserves	335,000		478,238		147,992		
9. Executive bonus reserves	—		—		8,800		
10. Others	—		5,762		28,841		
Total current liabilities	3,099,635	26.5	3,582,715	23.4	4,518,254	32.0	-935,538
Total liabilities	3,099,635	26.5	3,582,715	23.4	4,518,254	32.0	-935,538
(Net assets)							
I Capital							
1. Capital	830,610	7.1	879,548	5.8	841,221	6.0	38,327
2. Capital reserves							
(1) Capital surplus reserves	1,297,180		1,346,116		1,307,790		
Total capital reserves	1,297,180	11.1	1,346,116	8.8	1,307,790	9.2	38,326
3. Retained earnings							
(1) Unappropriated reserves							
Contingent reserves	2,000,000		2,000,000		2,000,000		
Reserves carried forward	4,477,485		7,480,996		5,459,685		
Total retained earnings	6,477,485	55.3	9,480,996	61.9	7,459,685	52.8	2,021,310
Total shareholders' equity	8,605,275	73.5	11,706,661	76.5	9,608,697	68.0	2,097,964
II Valuation, translation gains							
1. Gains on other securities	854	0.0	19,108	0.1	2,393	0.0	16,715
Total valuation, translation gains	854	0.0	19,108	0.1	2,393	0.0	16,715
Total net assets	8,606,130	73.5	11,725,770	76.6	9,611,090	68.0	2,114,679
Total liabilities and net assets	11,705,765	100.0	15,308,486	100.0	14,129,344	100.0	1,179,141

**(2) Quarterly Income Statement (Summary)**

Term Categories	3 <sup>rd</sup> Quarter FY12/06 (From January 1 to September 30, 2006)		3 <sup>rd</sup> Quarter FY12/07 (From January 1 to September 30, 2007)		YY change	Previous Fiscal Year (From January 1, 2006 to December 31, 2006)	
	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)	Value (¥1,000)	Share (%)
I Sales	11,405,715	100.0	15,448,766	100.0	4,043,051	16,919,926	100.0
II Cost of sales	1,048,899	9.2	1,420,094	9.2	371,195	1,604,439	9.5
Gross income	10,356,816	90.8	14,028,672	90.8	3,671,856	15,315,487	90.5
III Sales, general and administrative	6,651,334	58.3	9,092,699	58.8	2,441,365	9,710,010	57.4
Operating income	3,705,481	32.5	4,935,972	32.0	1,230,490	5,605,476	33.1
IV Non-operating income	18,613	0.1	34,574	0.2	15,961	30,842	0.2
V Non-operating expense	23,189	0.2	15,561	0.1	-7,628	29,263	0.2
Ordinary income	3,700,905	32.4	4,954,985	32.1	1,254,079	5,607,055	33.1
VI Extraordinary income	—	—	6	0.0	6	—	—
VII Extraordinary loss	12,233	0.1	17,185	0.1	4,951	16,038	0.1
Net income before taxes	3,688,671	32.3	4,937,805	32.0	1,249,134	5,591,017	33.0
Taxes	1,564,926	13.7	2,166,878	14.0	601,951	2,485,072	14.6
Net income	2,123,745	18.6	2,770,927	18.0	647,182	3,105,944	18.4

**(3) Statement of Changes in Capital (Summary)**

**3<sup>rd</sup> Quarter FY12/07 (From January 1 to September 30, 2007)**

(Units: ¥1,000)

Quarter 1 11267 (From January 1 to September 30, 2007)								(Units: ₱,000)		
	Shareholders' equity							Translation, Valuation Gains		Total Net Assets
	Capital	Capital reserves		Retained earnings			Total shareholders' equity	Valuation gain on other marketable securities	Total valuation, translation gains	
		Capital reserves surplus	Total capital reserves	Other retained earnings		Contingent reserves				
				Contingent reserves	Retained earnings carried forward					
As of December 31, 2006	841,221	1,307,790	1,307,790	2,000,000	5,459,685	7,459,685	9,608,697	2,393	2,393	9,611,090
Changes during the 3 <sup>rd</sup> quarter										
New share issuance	38,327	38,326	38,326	—	—	—	76,653	—	—	76,653
Dividend payments	—	—	—	—	749,617	749,617	749,617	—	—	749,617
Net income	—	—	—	—	2,770,927	2,770,927	2,770,927	—	—	2,770,927
Changes from other items	—	—	—	—	—	—	—	16,715	16,715	16,715
Total changes during the 3 <sup>rd</sup> quarter	38,327	38,326	38,326	—	2,021,310	2,021,310	2,097,964	16,715	16,715	2,114,679
As of September 30, 2007	879,548	1,346,116	1,346,116	2,000,000	7,480,996	9,480,996	11,706,661	19,108	19,108	11,725,770

1. All figures are rounded down to the nearest ¥1,000.

2. Because we started reporting changes in capital on a quarterly basis as of the current fiscal year, we do not show figures for changes in capital on a quarterly basis from the previous year.

**FY12/06 (From January 1 to December 31, 2006)**

(Units: ¥1,000)

	Shareholders' equity							Translation, Valuation Gains		Total Net Assets
	Capital	Capital reserves		利益剰余金			Total shareholders' equity	Valuation gain on other marketable securities	Total valuation, translation gains	
		Capital reserves surplus	Total capital reserves	Other retained earnings		Contingent reserves Contingent reserves				
				Contingent reserves	Retained earnings carried forward					
As of December 31, 2005	806,379	1,272,950	1,272,950	2,000,000	2,906,867	4,906,867	6,986,197	—	—	6,986,197
Changes during the fiscal year										
New share issuance	34,841	34,840	34,840	—	—	—	69,682	—	—	69,682
Dividends payment	—	—	—	—	-553,127	-553,127	-553,127	—	—	-553,127
Net income	—	—	—	—	3,105,944	3,105,944	3,105,944	—	—	3,105,944
Changes from other items	—	—	—	—	—	—	—	2,393	2,393	2,393
Total changes during FY12/06	34,841	34,840	34,840	—	2,552,817	2,552,817	2,622,500	2,393	2,393	2,624,893
As of December 31, 2006	841,221	1,307,790	1,307,790	2,000,000	5,459,685	7,459,685	9,608,697	2,393	2,393	9,611,090

All figures are rounded down to the nearest ¥1,000.



**(4) Cash Flow Statement (Summary)**

	3 <sup>rd</sup> Quarter FY12/07 (From January 1 to September 30, 2007)	FY12/06 (From January 1 to December 31, 2006)
Categories	Value (¥1,000)	Value (¥1,000)
I Operating cash flow		
Net income before taxes	4,937,805	5,591,017
Depreciation	448,583	481,635
Bad credit reserves	2,883	17,146
Bonus reserves	330,245	47,641
Directors bonus reserves		8,800
Interest received		
Foreign exchange gains	7,761	
Income from investment in LLC		14,015
Fixed asset liquidation income		—
Fixed asset disposal loss	458	11,404
Accounts receivable	62,203	
Change in payables		17,249
Unpaid expenses		305,895
Change in other assets	25,860	11,237
Change in other liabilities	181,788	385,837
Subtotal	5,669,956	6,064,474
Interest and dividends received	22,711	8,267
Corporate taxes paid		
Operating cash flow	2,548,776	4,076,717
II Investing cash flow		
Outflow from long-term deposits	—	
Outflow for acquisition of securities		
Inflow from liquidation of securities	29,000	—
Outflow for acquisition of affiliate shares	—	
Outflow for acquisition of tangible fixed assets		
Inflow from liquidation of tangible fixed assets	1,700	—
Outflow for acquisition of intangible fixed assets		
Outflow for lease deposits		
Inflow from return of lease deposits	22,191	10,689
Outflow for insurance reserve fund		
Inflow from cancellation of insurance reserve fund	424	691
Inflow from loans recovered	645	1,065
Outflow for loans extended		—
Investing cash flow		
III Financing cash flow		
Inflow from share issuance	76,653	69,682
Dividend payment		
Financing cash flow		
IV Value of translation gains from cash and equivalents		208
V Cash and equivalents net increase	601,244	608,241
VI Cash and equivalents at term start	6,173,772	5,565,531
VII Cash and equivalents at term end	6,775,017	6,173,772

(Note) All figures are rounded down to nearest ¥1,000