

en-japan inc.



1st Quarter FY December 2010 Earnings Announcement (Non-Consolidated)

May 12, 2010

Company Name	en-japan inc.	Listing Exchanges	Osaka Securities Exchange (Hercules Market)
Stock Code	4849	URL	http://corp.en-japan.com/
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Managing Director, Administrative Office	(Name)	Shinichi Yamazaki
Scheduled date for submission of Quarterly Report	May 13, 2010	Telephone	+81-3-3342-4506
Scheduled date to begin dividend payments	—		

(Figures rounded down to nearest million yen)

1. FY Ending December 2010 First Quarter Year-to-Date Operating Results (From January 1, 2010 to March 31, 2010)

(1) Operating Results (percentages indicate percent change from prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 12/10 1st Qtr	2,118	-28.5	326	64.9	304	63.3	148	34.3
FYE 12/09 1st Qtr	2,963	—	197	—	186	—	110	—

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 12/10 1st Qtr	634.85	633.53
FYE 12/09 1st Qtr	466.90	466.05

(2) Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 12/10 1st Qtr	14,109	13,009	92.2	55,800.05
FYE 12/09	14,064	12,962	92.2	55,605.54

(Reference) Net Assets FYE 12/10 1st Qtr 13,009 million yen FYE 12/09 12,962 million yen

2. Dividends

	Dividends per Share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Full Year
	Yen	Yen	Yen	Yen	Yen
FYE 12/09	—	0.00	—	800.00	800.00
FYE 12/10	—				
FYE 12/10 (projected)	—	0.00	—	1,070.00	1,070.00

Notes Revisions to the Company's dividend projection during the quarter: None

3. FY Ending December 2010 Projected Operating Results (January 1, 2010 - December 31, 2010)

(Percentages indicate change from prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FYE 12/10 Interim	4,249	-19.1	351	70.7	353	79.0	176	—	758.50
Full year	9,480	-7.1	1,450	15.1	1,470	21.2	830	80.6	3,560.34

Note: Revisions to the Company's operating results projections during the quarter: Yes

4. Other

- (1) Application of simplified accounting method and special accounting method in the preparation of quarterly financial statements? Yes

[Note: For details please refer to Item 4. Other under Qualitative Information and Financial Statements on Page 5.]

- (2) Changes in accounting principles, procedures and reporting methods pertaining to preparation of the quarterly financial statements (Items reported in Changes in Important Matters Used as the Basis for Preparation of the Quarterly Financial Statements).

a. Changes in conjunction with revisions in accounting methods: No

b. Revisions other than a.: No

[Note: For details please refer to Item 4. Other under Qualitative Information and Financial Statements on Page 5.]

- (3) Number of shares issued (common stock)

a. Number of shares issued at the end of the period (including treasury stock).

FYE 12/10 1st Qtr	245,646 shares	FYE 12/09	245,624 shares
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b. Number of shares of treasury stock at the end of the period

FYE 12/10 1st Qtr	12,500 shares	FYE 12/09	12,500 shares
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c. Average number of shares issued during the period (Quarter Year-to-Date)

FYE 12/10 1st Qtr	233,129 shares	FYE 12/09 1st Qtr	236,003 shares
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Note: Explanation Concerning Appropriate Use of the Projected Operating Results and Other Items to Note

The earnings projections were prepared based on information available to the Company as of the date this material was released. There is a possibility the Company's actual operating results will differ from the projected amounts as a result of various future factors.

【Qualitative Information and Financial Statements】

1. Qualitative Information concerning Operating Results

During the first quarter accounting period under review, certain sectors of Japan's economy including export-oriented firms began showing indications of a business recovery as they benefitted from the recovery trend in overseas economies, which was supported by economic stimulus policies and financial stabilization programs, particularly in the United States and in Europe. Nevertheless, product prices continued to trend downward, and businesses in Japan continued to face difficult economic conditions that stirred concerns of a slow economic recovery hampered by deflation.

Despite small improvements in the unemployment rate and the ratio of job openings to job seekers compared with 2009, employment conditions at the start of 2010 did not yet exhibit a full-scale recovery.

Given such conditions, in addition to its traditional hiring support services en-japan ("the Company") strengthened sales activity for [en] College, a members-only business education course the Company launched on a full-scale in 2010. Even at firms that have adopted a prudent stance towards hiring, the need for services to help existing employees improve their skills is greater than ever, and orders for [en] College steadily increased. Moreover, compared with prior years more firms are taking advantage of available subsidies to attend seminars for new employees, and net sales for en-japan's Education/Evaluation Business rose 5.7% compared with the same quarter one year ago.

In the Company's hiring-related businesses, on the other hand, firms' hiring intentions for both mid-career workers and new graduates did not exhibit a vigorous recovery, and operating results fell below the same quarter of the prior fiscal year.

From an expense perspective, the Company substantially lowered its costs from the same quarter one year earlier by reducing rent expense through office consolidation and reorganization, making more efficient use of advertising, public relations and sales promotion expenditures and implementing operating efficiency improvements.

As a result, net sales for the first quarter accounting period under review were ¥2,118 million (a 28.5% year-on-year decrease), operating income was ¥326 million (a 64.9% year-on-year increase) and ordinary income was ¥304 million (a 63.3% year-on-year increase). Quarterly net income rose 34.3% compared with the same quarter of the prior fiscal year to ¥148 million.

A year-on-year comparison of quarterly sales by segment is presented below:

Category	FY Ending December 2009 First Quarter (From January 1, 2009 to March 31, 2009)		FY Ending December 2010 First Quarter (From January 1, 2010 to March 31, 2010)	
	Net Sales (thousand yen)	Share (%)	Net Sales (thousand yen)	Share (%)
Mid-Career Hiring Business				
[en] Career Change Info	1,086,863	36.7	956,525	45.2
[en] Career Change Consultant	433,918	14.6	234,916	11.1
[en] Temporary Placement Info	773,450	26.1	449,013	21.2
[en] Part-time Jobs	201,436	6.8	190,339	9.0
Other	23,149	0.8	21,864	1.0
New Graduate Hiring Business				
[en] Job Info for Students	366,449	12.4	184,088	8.7
Other	40,967	1.4	43,173	2.0
Education/Evaluation Business	36,835	1.2	38,943	1.8
Total	2,963,341	100.0	2,118,865	100.0

(Notes) 1. Values for net sales do not include consumption taxes or local consumption taxes.

2. "Other" under Mid-Career Hiring Business and New Graduate Hiring Business represents competency testing.

2. Qualitative Information concerning Financial Position

Assets, Liabilities and Net Assets

Total Assets as of the end of the first quarter under review increased by ¥45 million compared with the last day of the prior fiscal year to ¥14,109 million. This mainly reflected a decrease in enterprise taxes receivable and consumption taxes receivable, and an increase in cash and deposits.

Total Liabilities as of the end of the first quarter under review were ¥1,100 million, a decrease of ¥1 million compared with the last day of the prior fiscal year.

This decrease mainly reflected a decrease in payments due and an increase in the reserve for bonuses.

Total Net Assets increased by ¥46 million compared with the last day of the prior fiscal year to ¥13,009 million. The increase in net assets was mainly the result of a decrease in retained earnings as a result of dividend payments, and an increase in valuation difference on other investment securities.

Cash Flow Condition

(Cash Flows from Operating Activities)

Cash flows from operating activities were ¥795 million, compared with cash flows used for operating activities of ¥200 million in the same quarter of the previous fiscal year. This consisted mainly of quarterly net income before taxes and other adjustments of ¥260 million and a decrease of ¥266 million in consumption and other taxes receivable.

(Cash Flows from Investing Activities)

Cash used for investing activities in the first quarter accounting period under review decreased 31.8% year-on-year to ¥351 million. This consisted mainly of funds used for acquisition of tangible fixed assets of ¥152 million and funds used for acquisition of intangible fixed assets of ¥202 million.

(Cash Flows from Financing Activities)

Cash flows used for investing activities in the first quarter accounting period under review were ¥170 million, a decrease of 87.0% compared with the same period of the previous fiscal year. This consisted mainly of ¥167 million used for payment of dividends and cash used for repayment of lease obligations of ¥3 million.

3. Qualitative Information concerning Projected Operating Results

The Company has revised the second quarter year-to-date earnings projections released on February 9, 2010. For the details of the revision, please refer to the “Notice Concerning Revision of Operating Results Projections” for the cumulative second quarter released separately today.

There are no revisions to the full-year operating results projections for the fiscal year ending December 2010.

4. Other

(1) Application of simplified accounting method and special accounting method in the preparation of quarterly financial statements

Method of calculating estimated balance of doubtful accounts for normal accounts

Because actual loss experience and other factors for the first quarter accounting period under review have not changed significantly from the values calculated at the end of the prior fiscal year, the Company used reasonable criteria such as the loan loss ratio for the prior fiscal year-end to calculate the estimated balance of doubtful accounts for normal accounts.

Method of calculating fixed assets depreciation expense

For assets depreciated using the declining balance method, the Company allocates the depreciation expense pertaining to the current fiscal year proportionally over the period.

Method of calculating corporate taxes, deferred tax assets, and deferred tax liability

To calculate its tax payment amount for corporate taxes, the Company uses a method that limits tempering tax increase and decrease items and tax credits to material amounts.

To judge the possibility of recovery of deferred income tax assets, the Company uses the future operating results forecast and tax planning that it utilized at the end of the prior fiscal year when there have been no remarkable changes in the operating environment or major temporary differences since the end of the prior fiscal year, and when it determines there have been remarkable changes in the operating environment or major temporary differences since the end of the prior fiscal year, the Company uses the future operating results forecast and tax planning that it utilized at the end of the prior fiscal year, tempered for the effects of those changes.

(2) Changes in accounting principles, procedures and reporting methods pertaining to preparation of the quarterly financial statements

The Company had no material items to report.

5. Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Unit: Thousand yen)

	FY Ending December 2010 First Quarter (As of March 31, 2010)	Previous Fiscal Year-end (As of December 31, 2009)
Assets		
Current Assets		
Cash and deposits	7,688,220	6,214,449
Notes and accounts receivable	924,300	980,393
Inventories	9,560	9,125
Consumption and other taxes receivable	—	266,184
Enterprise and other tax refunds receivable	852,947	1,042,661
Other	273,324	207,523
Reserve for bad debts	-5,417	-13,844
Total Current Assets	9,742,935	8,706,494
Fixed Assets		
Tangible fixed assets	710,865	541,769
Intangible fixed assets	1,035,704	1,080,517
Investments and other assets		
Other	2,651,833	3,761,263
Reserve for bad debts	-31,766	-25,585
Total Investments and Other Assets	2,620,066	3,735,678
Total Fixed Assets	4,366,636	5,357,965
Total Assets	14,109,572	14,064,460
Liabilities		
Current Liabilities		
Accounts payable	29,014	38,226
Lease liabilities	13,425	12,190
Reserve for bonuses	186,294	78,969
Other	855,738	956,896
Total Current Liabilities	1,084,473	1,086,282
Long-term liabilities		
Lease liabilities	15,539	15,191
Total Long-term Liabilities	15,539	15,191
Total Liabilities	1,100,012	1,101,473
Net Assets		
Shareholders' Equity		
Paid-in capital	968,724	968,495
Capital surplus	1,435,289	1,435,060
Retained earnings	12,417,337	12,455,834
Treasury stock	-2,038,386	-2,038,386
Total Shareholders' Equity	12,782,964	12,821,003
Valuation and Translation Adjustments		
Valuation difference on other investment securities	226,595	141,982
Total Valuation and Translation Adjustments	226,595	141,982
Total Net Assets	13,009,559	12,962,986
Total Liabilities and Net Assets	14,109,572	14,064,460

(2) Quarterly Income Statements

1st Quarter Year-to-Date

(Unit: Thousand yen)

	FY Ending December 2009 First Quarter (From January 1, 2009 to March 31, 2009)	FY Ending December 2010 First Quarter (From January 1, 2010 to March 31, 2010)
Net sales	2,963,341	2,118,865
Cost of sales	548,828	403,939
Gross income	2,414,513	1,714,925
Selling, general and administrative expenses		
Salaries and allowances	764,739	502,370
Advertising and public relations expenses	638,559	330,235
Other	768,311	556,036
Total selling, general and administrative expenses	2,216,609	1,388,643
Operating income	197,903	326,281
Non-operating income		
Interest received	9,468	4,775
Other	7,128	8,295
Total non-operating income	16,597	13,071
Non-operating expenses		
Loss from investment in LLC	25,053	29,145
Other	2,699	5,235
Total non-operating expenses	27,753	34,381
Ordinary income	186,747	304,972
Extraordinary loss		
Office relocation expenses	38	-
Loss related to lawsuit	-	26,554
Valuation loss on investment securities	-	17,877
Total extraordinary loss	38	44,432
Net income before taxes	186,709	260,540
Corporate, local and business taxes	9,327	184,930
Corporate tax adjustment	67,192	-72,392
Total tax expense	76,520	112,538
Net income	110,189	148,001

(3) Quarterly Statements of Cash Flows

(Unit: Thousand yen)

	FY Ending December 2009 First Quarter (From January 1, 2009 to March 31, 2009)	FY Ending December 2010 First Quarter (From January 1, 2010 to March 31, 2010)
Cash flows from operating activities		
Net income before taxes	186,709	260,540
Depreciation expense	200,827	198,282
Increase (decrease) in reserve for bad debts	5,022	-2,245
Increase (decrease) in reserve for bonuses	-14,051	107,325
Interest and dividends received	-9,468	-4,775
Foreign exchange loss (gain)	-	-345
Loss (gain) from investment in LLC	25,053	29,145
Loss (gain) on valuation of investment securities	-	17,877
(Increase) decrease in accounts receivable	703,217	56,093
Increase (decrease) in accounts payable	-86,200	-9,211
Increase (decrease) in payments due	-341,852	-49,011
(Increase) decrease in other current assets	15,891	267,478
Increase (decrease) in other current liabilities	-303,985	-28,036
(Increase) decrease in other fixed assets	20,888	-49,066
Subtotal	402,052	794,049
Interest and dividends received	4,545	1,578
Corporate taxes paid	-607,114	-315
Cash flows from operating activities	-200,517	795,312
Cash flows from investing activities		
Cash used for acquisition of tangible fixed assets	-32,648	-152,981
Cash used for acquisition of intangible fixed assets	-94,280	-202,529
Cash used for purchase of investment securities	-387,500	-
Cash provided from sale of investment securities	-	3,408
Cash provided from return of deposit and guarantees	-	1,000
Cash used for accumulation of insurance reserve	-1,105	-
Cash used for other investing activities	-12	-5
Cash provided from other investing activities	697	87
Cash flows from investing activities	-514,850	-351,020
Cash flows from financing activities		
Cash provided by issuance of stock	4,159	457
Cash used for acquisition of treasury stock	-484,629	-
Cash used for dividend payment	-828,267	-167,623
Cash used for repayment of lease obligations	-	-3,356
Cash flows from financing activities	-1,308,737	-170,522
Translation adjustment to cash and equivalents	8	1
Net increase (decrease) in cash and equivalents	-2,024,096	273,771
Cash and equivalents at beginning of period	7,657,204	6,214,449
Cash and cash equivalents at end of period	5,633,108	6,488,220

(4) Notes Relating to the Going Concern Assumption

There are no pertinent items

(5) Notes on Significant Changes to Shareholders' Equity

There are no pertinent items

(6) Material Events after the Close of the Quarter

There are no pertinent items

6. Other Information

There are no pertinent items