

en-japan inc.

# Fiscal Year Ended December 31, 2010, Earnings Announcement



February 9, 2011

Company Name	en-japan inc.	Listing Exchanges	Osaka Securities Exchange (Hercules Market)
Stock Code	4849	URL	<a href="http://corp.en-japan.com/">http://corp.en-japan.com/</a>
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Managing Director, Administrative Office	(Name)	Mitsuhiro Ota
Regular General Shareholders' Meeting		Telephone	+81-3-3342-4506
Scheduled date to begin dividend payments		March 30, 2011	
Scheduled date for submission of Securities Report		March 31, 2011	

(Figures rounded down to nearest million yen)

## 1. FYE 12/10 Consolidated Earnings (From January 1, 2010 to December 31, 2010)

### (1) Consolidated Operating Results (Percentages indicate percent change from the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 12/10	9,991	—	1,774	—	1,803	—	875	—
FYE 12/09	—	—	—	—	—	—	—	—

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Assets	Operating Income to Sales
	Yen	Yen	%	%	%
FYE 12/10	3,905.72	3,897.70	7.1	12.3	17.8
FYE 12/09	—	—	—	—	—

(Reference) Equity in earnings (loss) of affiliates FYE 12/10 — million yen FYE 12/09 — million yen

- (Notes) 1. As the consolidated financial statements have been prepared starting from the current fiscal year, the figures and year-over-year changes for the prior fiscal year are not shown.  
2. Equity at fiscal year-end is employed as the equity used in calculating the ROE for the current fiscal year.  
3. Total assets at fiscal year-end are employed as the total assets used in calculating the Ordinary Income to Total Assets for the current fiscal year.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 12/10	14,612	12,334	84.1	55,728.33
FYE 12/09	—	—	—	—

(Reference) Equity FYE 12/10 12,284 million yen FYE 12/09 — million yen

(Note) As the consolidated financial statements have been prepared starting from the current fiscal year, the figures for the prior fiscal year are not shown.

### (3) Consolidated Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
	Million yen	Million yen	Million yen	Million yen
FYE 12/10	3,886	—2,502	—1,713	5,884
FYE 12/09	—	—	—	—

(Note) As the consolidated financial statements have been prepared starting from the current fiscal year, the figures for the prior fiscal year are not shown.

## 2. Dividends

	Dividend per Share					Total Dividend Amount (Full year)	Dividend Payout Ratio (Consolidated)	Dividend to Net Asset Ratio (Consolidated)
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year End	Full-Year Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE 12/09	—	0.00	—	800.00	800.00	186	—	—
FYE 12/10	—	0.00	—	1,130.00	1,130.00	263	28.9	2.0
FYE 3/12 (projected)	—	—	—	—	—		—	

- (Notes) 1. As the consolidated financial statements have been prepared starting from the current fiscal year, the Dividend Payout Ratio and Dividend to Net Asset Ratio for the prior fiscal year are not shown.
2. Net assets at fiscal year-end are employed as the net assets used in calculating the Dividend to Net Asset Ratio (Consolidated) for the current fiscal year.
3. The net income per share figure used in calculating the Dividend Payout Ratio is net income divided by the number of shares excluding shares of treasury stock, in which 12,000 en-japan shares held under an employee benefit trust (J-ESOP) scheme are included. If the Dividend Payout Ratio is calculated by taking into account the fact that dividends are actually distributed for these en-japan shares under the J-ESOP scheme, the Dividend Payout Ratio for FYE 12/10 becomes 30.1%.
4. The next fiscal year will have an irregular 15-month accounting period due to the planned change in the closing date. The Company intends to release its dividend projections after the change in the accounting period upon details thereof having been confirmed by the Company.

## 3. FY Ending March 2012 Projected Consolidated Operating Results (From January 1, 2011 to March 31, 2012)

(Percentages indicate change from the prior fiscal year and from the corresponding prior period for “Fourth Quarter YTD.”)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second Quarter YTD	5,779	—	634	—	556	—	3	—	17.28
Fourth Quarter YTD	12,570	25.8	2,000	12.7	1,924	6.8	960	9.7	4,340.24
Full year	—	—	—	—	—	—	—	—	—

(Note) The next fiscal year will have an irregular 15-month accounting period from January 1, 2011 to March 31, 2012, due to the planned change in the closing date from December 31 to March 31. The Company intends to release its consolidated operating results projections after the change in the accounting period upon details thereof having been confirmed by the Company.

## 4. Other

- (1) Change in major subsidiaries during the fiscal year under review (Change in specific subsidiaries that will accompany a change in scope of consolidation): No

Addition (Name) Deletion (Name)

Note: Although not relevant to the change in major subsidiaries, Wall Street Associates KK became a consolidated subsidiary from FYE 12/10. For details, refer to “Current Conditions of the Corporate Group” on Page 9.

- (2) Change in accounting principles, procedures and reporting methods, etc., in preparing the consolidated financial statements (which are stated in “Changes in the Basis of Presenting the Consolidated Financial Statements”)

- a. Changes in conjunction with revisions to accounting methods: No
- b. Changes other than a.: No

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

- a. Number of shares issued at fiscal year-end (including treasury stock)

FYE 12/10 245,838 shares FYE 12/09 245,624 shares

- b. Number of shares of treasury stock at fiscal year-end

FYE 12/10 24,500 shares FYE 12/09 12,500 shares

(Note) Refer to “Per-Share Information” for the number of shares used as the basis for calculating Net Income per Share (consolidated) on Page 24.

(Reference) Summary of Non-Consolidated Operating Results

1. FYE 12/10 Non-Consolidated Earnings (From January 1, 2010 to December 31, 2010)

(1) Non-Consolidated Operating Results

(Percentages indicate percent change from the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 12/10	9,276	—9.1	1,642	30.4	1,676	38.2	827	80.1
FYE 12/09	10,209	—52.1	1,259	—78.8	1,212	—79.5	459	—85.1

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 12/10	3,691.84	3,684.26
FYE 12/09	1,965.24	1,961.26

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 12/10	14,224	12,237	86.0	55,286.53
FYE 12/09	14,064	12,962	92.2	55,605.54

(Reference) Equity FYE 12/10 12,237 million yen FYE 12/09 12,962 million yen

2. FY Ending March 2012 Projected Non-Consolidated Operating Results (From January 1, 2011 to March 31, 2012)

(Percentages indicate change from the prior fiscal year and from the corresponding prior period for “Second Quarter YTD” and “Fourth Quarter YTD.”)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second Quarter YTD	4,718	11.8	556	16.5	475	—6.0	1	99.2	8.49
Fourth Quarter YTD	10,380	11.9	1,833	11.6	1,752	4.5	936	13.2	4,232.00
Full year	—	—	—	—	—	—	—	—	—

(Note) Similarly to the consolidated operating results projections, the Company intends to release its non-consolidated operating results projections after the change in the accounting period upon details thereof having been confirmed by the Company.

Explanation regarding appropriate use of operating results projections and other special notes

The forward-looking statements, including business results projections, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document. Actual business results may differ substantially due to a number of factors.

## 1. Business Performance

### (1) Analysis of Business Performance

During the current fiscal year, signs of an improvement in corporate profits owing to a gradual increase in exports and a stop in the decline of capital investments began to emerge in Japan's economy against the backdrop of a rallying global economy, which was primarily driven by the growth of economies in Asia.

Although some corporations refrained from hiring new workers, affected by the recurring concern of an economic downturn due to the rapid appreciation of the yen in the foreign exchange market in the second half, the hiring interest of corporations has tended to recover with the ratio of job openings to job seekers rising for six consecutive months.

Amid such conditions, en-japan (the "Company") focused its efforts on the development of new products that appropriately meet corporate needs and the launch of a new, easy-to-use Web site for job seekers. In addition, the Company made Wall Street Associates KK, a job placement agency mainly for bilingual personnel, a subsidiary during the year under review. The Company now intends to develop its job placement services globally by integrally optimizing its domestically nurtured know-how on job placement to corporations and the strengths of Wall Street Associates.

Furthermore, the Company has launched the [en] College flat-rate training service. With the number of member companies increasing significantly, more than 10,000 students have used this service.

As a result, net sales were ¥9,991 million, operating income was ¥1,774 million, ordinary income was ¥1,803 million and net income was ¥875 million on a consolidated basis.

#### a. Mid-Career Hiring Business

Net sales of the mainstay [en] Career Change Info business increased after a lapse of two accounting periods, supported by stronger trends in filling vacant positions and the buildup of manpower mainly at small- to medium-sized enterprises (SMEs). Despite weak employment conditions during which hiring needs were low, the [en] Career Change Info endeavored to enhance its relationship with clients, thereby increasing its share in the Internet recruitment advertising market.

Meanwhile, net sales in the [en] Career Change Consultant and the [en] Temporary Placement Info businesses declined mainly due to the shortened terms of contracts of workers and a reduction in the contractual prices of our products, affected by the deteriorated business environment for the corporate clients of job placement agencies.

The [en] Part-time Jobs business recorded an increase in net sales, supported by expected corporate demand for employment resulting from the steadily improving economy. The [en] Part-time Jobs Web site was renewed on December 20, 2010, and renamed [en] New Career Challenges as an integrated recruiting and job-seeking Web site for part-time workers, temporary staff and regular workers.

Wall Street Associates performed well as foreign-affiliated companies, the main clientele, have been increasingly willing to hire.

As a result, net sales of this segment for the fiscal year under review amounted to ¥8,522 million and operating income was ¥2,636 million.

#### b. New Graduate Hiring Business

The [en] Job Info for Students business, which was originally a job placement Web site oriented toward students, changed its primary feature by limiting postings only to employment information offered by SME venture companies rather than being oriented toward students planning to graduate in March 2012. As the mind-set of students and universities has varied greatly because of the tough employment environment for new graduates, expectations for this Web site have been rising from corporate clients and students. Given that SME venture companies have less experience employing new graduates than large firms, the Company has targeted these companies to reinforce the sales activity for products concerning the hiring process of new graduates.

As a result, net sales of this segment amounted to ¥1,123 million and an operating loss of ¥363 million was recorded.

#### c. Education/Evaluation Business

The Company received increased orders for integration-type training for employees, as well as the En-College membership-style business education course, reflecting the rising need to improve the skills of existing employees at corporate clients.

Furthermore, sales of the intellectual proficiency assessment test 3E-i and the business propriety, human relations proficiency and stress endurance test 3E-hII, of which sales started during the fiscal year under review, performed well as the need to better assess personnel at the screening stage has been expanding at corporations.

As a result, net sales of this segment amounted to ¥291 million and operating income was ¥6 million.

#### d. Other Business

The [en] Green Wedding business, a wedding venue information site, was launched in December 2009 with the pay service starting in April 2010. The number of registered wedding venues and members has increased steadily as a result of aggressive promotional activities.

Sales of FINE, a cloud-computing-based personnel system and payroll calculation outsourcing service, started in February 2010, and aggressive sales activities to acquire new orders were made during the fiscal year under review.

As a result, net sales of this segment amounted to ¥53 million and an operating loss of ¥504 million was recorded.

Earnings Comparison  
Detail of Net Sales

Business Segment	Current Fiscal Year (From January 1, 2010 to December 31, 2010)	
	Net Sales (thousand yen)	Ratio (%)
Mid-Career Hiring Business	8,522,962	85.3
New Graduate Hiring Business	1,123,158	11.3
Education/Evaluation Business	291,819	2.9
Other Business	53,074	0.5
Total	9,991,015	100.0

(Notes) 1. The amounts above do not include consumption taxes or local consumption taxes.

2. The figures regarding transactions between the Company and the consolidated subsidiary have been eliminated via offsets.

3. Net sales of Wall Street Associates, the consolidated subsidiary, are included in the Mid-Career Hiring Business segment.

#### Outlook for the Next Fiscal Year

The Japanese economy is expected to gradually turn upward against the backdrop of a rally in overseas economies and the positive effect of various governmental stimulus policies. Although a full-scale recovery is not yet on the horizon, the employment situation is expected to improve with the forecast rise in demand for hiring in line with the economic rally.

In light of these circumstances, en-japan will work to strengthen its sales activities for existing businesses to address the employment need at corporate clients and, at the same time, aggressively address sales of promising products other than job advertising such as FINE, a cloud-computing-based personnel system and payroll calculation outsourcing service, and the [en] College flat-rate training service.

Based on these conditions, the Company projects net sales of ¥12,570 million (up 25.8% year over year), operating income of ¥2,000 million (up 12.7%), ordinary income of ¥1,924 million (up 6.8%) and net income of ¥960 million (up 9.7%) for the fourth quarter YTD of the fiscal year ending March 31, 2012, on a consolidated basis.

The Company intends to release its consolidated operating results projections for the fiscal year ending March 31, 2012 upon details thereof having been confirmed by the Company.

## (2) Analysis of Financial Position

### Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year under review amounted to ¥14,612 million. Major components thereof were ¥6,184 million in cash and deposits, ¥1,241 million in notes and accounts receivable—trade, ¥2,355 million in intangible assets and ¥2,102 million in investment securities.

Total liabilities amounted to ¥2,277 million. Major components thereof were ¥699 million in income taxes payable and ¥751 million in accounts payable—other.

Total net assets amounted to ¥12,334 million. Major components thereof were ¥970 million in capital stock, ¥13,144 million in retained earnings, ¥1,437 million in capital surplus and ¥—3,438 million in treasury stock.

#### (Net cash provided by (used in) operating activities)

Net cash provided by operating activities during the fiscal year under review amounted to ¥3,886 million. Major components thereof were ¥1,596 million in income before income taxes and minority interests, ¥787 million in depreciation and amortization and a ¥1,077 million income taxes refund.

#### (Net cash provided by (used in) investing activities)

Net cash used in investing activities during the fiscal year under review amounted to ¥2,502 million. Major components thereof were the ¥1,466 million purchase of investments in subsidiaries due to the purchase of shares in Wall Street Associates, which became a subsidiary, ¥1,001 million for the purchase of investment securities and ¥944 million for the purchase of certain noncurrent assets, all of which was partly offset by ¥1,200 million in proceeds from withdrawal of time deposits.

#### (Net cash provided by (used in) financing activities)

Net cash used in financing activities during the fiscal year under review amounted to ¥1,713 million. Major components thereof were ¥1,399 million in the purchase of treasury stock and ¥189 million in cash dividends paid.

(Note) As the consolidated financial statements have been prepared starting from the current fiscal year, comparison with the prior fiscal year is not made.

(Reference) Cash Flow Indicators

	FYE 12/10
Equity ratio (%)	84.1
Equity ratio based on market capitalization (%)	172.5
Cash flows/Interest-bearing debt ratio (%)	—
Interest coverage ratio (times)	—

(Note) Each indicator is calculated based on the following criteria.

Equity Ratio:  $\text{Equity} / \text{Total assets}$

Equity ratio based on market capitalization:  $\text{Market capitalization} / \text{Total assets}$

Cash flows/Interest-bearing debt ratio:  $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio:  $\text{Operating cash flow} / \text{Interest payment}$

- Market capitalization is calculated as follows: (Closing stock price at fiscal year-end)  $\times$  (Number of shares issued at fiscal year-end (after deducting shares of treasury stock))
- Operating cash flow employs “Net cash provided by (used in) operating activities” in the consolidated statements of cash flows. The interest payment corresponds to the amount of “Interest expenses” associated with operating activities.
- As the consolidated financial statements have been prepared starting from the current fiscal year, the figures for the prior and preceding fiscal years are not shown in the table above.

(3) Basic Policy concerning Distribution of Earnings and Current and Future Period Dividends

en-japan utilizes retained earnings to invest for future growth and to maximize corporate value. The Company’s basic policy is to return profits to our shareholders as appropriate, using a dividend payout target of 30%, while taking into account fiscal period earnings.

Based on this policy, the Company plans to pay a year-end dividend of ¥1,130 per share for the current fiscal year.

The Company intends to release dividend information for the next fiscal year after details of the planned change in the accounting period have been confirmed by the Company.

(4) Business Risks

Details of the major risk factors recognized by the Company as part of its business are provided below. The Company believes in actively disclosing information to investors and shareholders that may not be considered business risks, but which the Company believes is important for making investing decisions or understanding the Company’s business. Having identified the potential of these risks, the Company endeavors to either prevent their occurrence or respond in the event of occurrence; however, the Company believes that decisions related to management or future business operations should be made only after carefully considering the matters presented below. The matters presented below do not necessarily represent all of the risks related to investment in en-japan inc. stock.

(a) Management Risks

(i) The Business Environment

The Company’s core business is the employment support business, including our [en] Career Change Info and [en] Job Info for Students Web sites. Accordingly, any changes in hiring trends associated with changes in business or other external environmental factors and fluctuations in employment supply and changes in demand due to the aging of Japan’s workforce demographic may potentially have a negative impact on our business activities and earnings.

(ii) Expansion of Business Lines

The Company plans to extend the [en] brand, developing new products and services, including broader service and content offerings for our users and clients. In addition, the Company plans to diversify earnings fluctuation risks by exploring and developing new lines of business and strengthening its operating base.

There is the potential that new business lines may not develop according to plan because of their nature or unanticipated circumstances and may have a negative effect on Company earnings.

The Company plans to continue investigating and executing corporate acquisitions and capital alliances for the expansion of existing businesses and the development of new business lines. However, such transactions may have a negative effect on Company earnings if related businesses do not develop according to plan.

(iii) Human Capital

We believe that a strong sales structure and technological development are vital factors in building a solid corporate foundation from which to grow. Accordingly, the Company places high priority on the hiring and training of talented individuals. Company business activities and earnings may be negatively affected in the event that the Company cannot hire and train the necessary personnel required for expanding operations, or in the event that highly skilled and knowledgeable

personnel leave the Company.

(iv) Share Price Dilution due to Stock Option Grants

The Company has adopted a stock-based compensation system. Future exercises of stock options may dilute share prices.

(b) Business Risks

(i) Advertising and Promotion Activities

Enhancing recognition of the [en] brand in the market is vital to the growth of our business. The Company plans to actively engage in advertising and promotional activities, including the use of current media, to build our capacity to attract customers. However, it is impossible to accurately predict the effectiveness of these activities, and detailed plans have yet to be made. Expenses may increase significantly depending on the cost of advertising and promotions, which could have a negative effect on Company earnings.

(ii) Transactions with Customers in Specific Industries

The Company sells job placement advertisements across a broad range of industries and occupations. However, demand for employment advertisements is strongly linked to changes in the economic environment and may result in a concentration of sales to a specific industry. The Company plans to continue a policy of selling advertisements across a wide range of industries and occupations; however, the business environment in a specific industry may have a negative effect on Company earnings.

(iii) Company Product Differentiation

Job information services can be broken into three segments: a) traditional print media companies publishing employment classified magazines and newspapers, b) online recruitment advertising companies utilizing the Internet and c) recruitment consulting/temporary staffing companies. en-japan inc. is an online recruitment advertising company utilizing the Internet. Many companies compete in the online recruitment advertising space, with more companies continuing to enter the market, resulting in a highly competitive industry segment.

The Company views the provision of detailed job offer and employment information that is based on distinct market coverage from the user's point of view, continued system improvements, user/client service improvements and brand identity enhancement as means to differentiate itself from the competition. With respect to cost competition, there are other companies selling similar services at lower prices; however, we believe that offering detailed services at a fair price is an important factor in establishing trust with the client.

Company earnings may be negatively affected in the event these differentiation efforts do not progress according to plan. Accordingly, the Company has chosen to disclose differentiation as a business risk.

(iv) New Technologies

Technological innovation proceeds at a dramatic pace in the Internet business segment; new technologies and services are introduced continuously. Our business is deeply intertwined with the Internet, and in order to continue offering competitive services we must be able to provide the latest technologies and services to our clients and users in a timely manner. To offer high-quality services, a system has been established for each planning group to take the lead in working with related business segments to develop new products and services. This enables the Company to receive feedback from users and clients and reflect this information in our system. Although we continue to expand our personnel structure, if the Company delays the introduction of new technologies and/or services because an excessive amount of time is required to develop systems that are effective in enhancing our services, we may lose our competitive advantage within the industry.

(c) Legal and Regulatory Risks

(i) Intellectual Property Infringement

en-japan inc. owns numerous intellectual property rights, including trademarks related to service names and copyrights related to content offered by the Company. The Company is engaged in the appropriate protection, maintenance and acquisition of intellectual property rights; however, disputes may occur with third parties related to such intellectual property, resulting in legal defense costs and other expenditures that may negatively affect our business and/or Company earnings.

(ii) Compliance with Laws and Statutes

In recognition of our social responsibilities as a growth company, en-japan is engaged in creating a stronger internal management control structure. Nevertheless, in the event that the construction, operation or monitoring of the system concerning internal controls does not function sufficiently because of human factors and rapid change in the business environment, the Company might be unable to appropriately manage the various business risks, and this might have a negative effect on Company earnings.

Moreover, even if systems concerning internal controls fulfill their functions completely, such structures do not guarantee the elimination of all illegal activities. In the event a Company employee is responsible for serious negligence, fraud or other illegal act, the Company's financial position and/or earnings may be negatively affected by subsequent lawsuits and/or compensation for damages. In the event an investigation by the Labor Standards Supervision Office results in administrative guidance, this might have a negative impact on the management of the Company and on the Company's financial position and/or earnings.

(iii) Protection of Personal Information

As a company involved in the human resources business, en-japan recognizes the extreme importance of properly managing personal information during the course of our business activities to ensure the prevention of leaks, misuse or alteration. We have implemented aggressive measures to create a personal information protection management system. As a result, the Company received the Privacy Mark certification from the Japan Information Processing and Development Corporation on March 22, 2001. The Company continues to receive this certification, which was renewed for the fourth time on March 21, 2009.

To ensure information security, personal information is encrypted during transmission and managed according to strict standards at a 24-hour data center equipped with robust and up-to-date security equipment. Moreover, access to data stored on Company servers is strictly limited to certain employees. In the event of a serious problem such as a leak of personal information from a Web site managed by en-japan, there is a danger that legal responsibility could be imposed on the Company regardless of its contractual obligations. Even if the Company is not charged with legal responsibility, issues connected with personal data management could potentially damage the Company's brand image and have a negative impact on the Company's business and/or earnings.

(iv) Special Statutory Regulations

At present, the laws of Japan regulating usage of the Internet and related businesses are extremely limited in scope, and calls have been made to address these insufficiencies. Accordingly, the Company's business may be restricted by future enactments of new regulations or laws regulating Internet usage, or by the clarification of the application of existing statutes to Internet use.

Employment information services businesses are obligated to publicly announce accurate information, including "worker recruitment methods" and "working conditions" as defined by the Employment Security Law. en-japan's businesses are also subject to regulations that include provisions governing equal pay for men and women as set forth by the Labor Standards Law, the protection of minimum wages by region or industry under the Minimum Wage Law, and regulations regarding false or exaggerated representations as set forth by the Consumer Protection Law. These various regulations could negatively affect the Company's business activities.

To build a relationship of trust with our users, the Company maintains strict compliance with these laws when creating recruitment advertisements and fully informs clients of the purposes of these statutes. If, for some reason, Company systems do not function adequately to prevent a violation of these laws, this could result in a loss of trust and reassurance among service users and have an adverse effect on the Company's business and relationships.

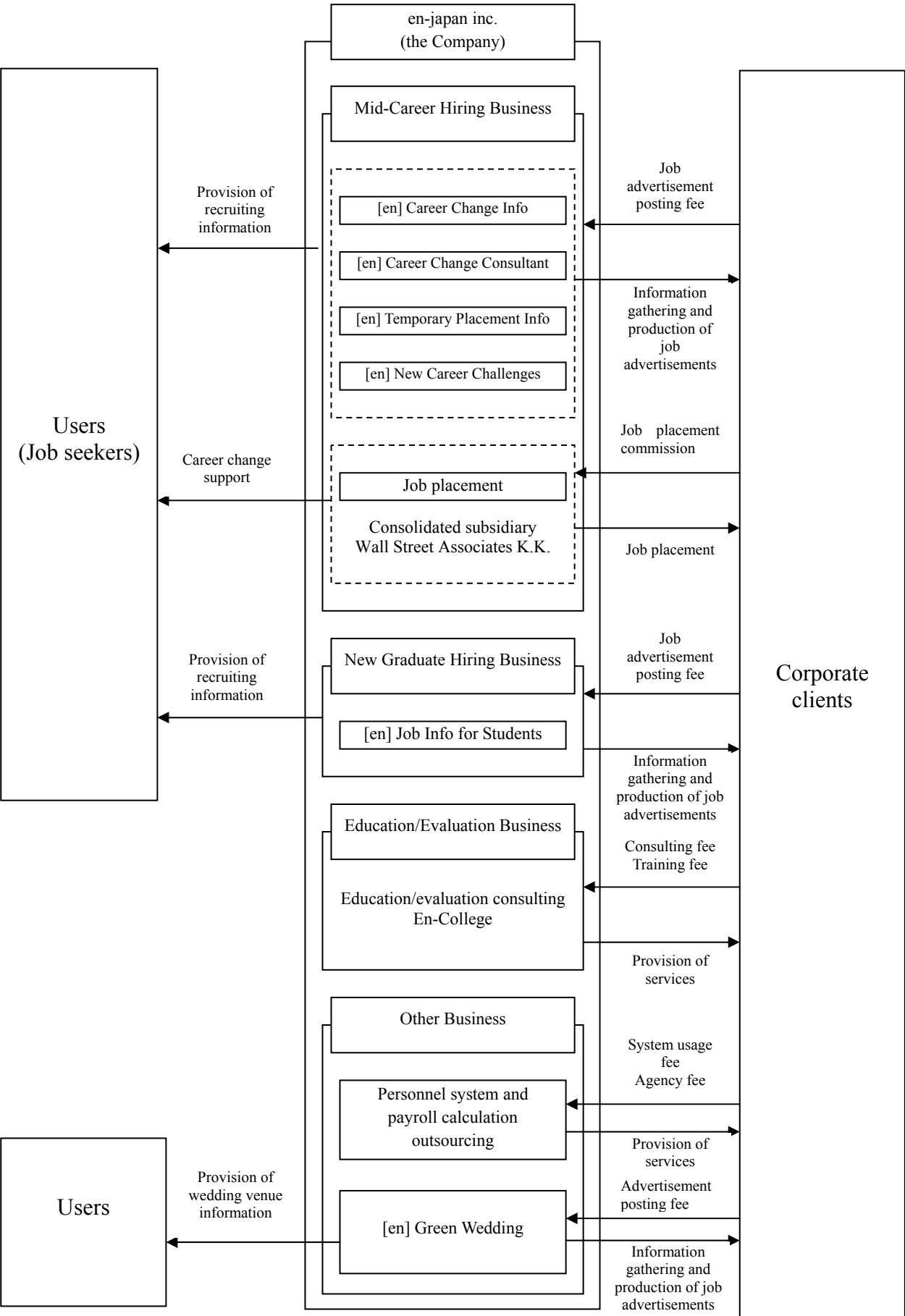
en-japan inc. was certified as an employment agency under the Employment Security Law in November 2000. The Company's earnings could be negatively affected if the Company is unable to renew certification, or if certification is revoked.

(v) Major Natural Disasters and Accidents

en-japan's business relies on communications networks that connect computer systems. The Company may be unable to operate normally in the event that a natural disaster, power failure or communications problem interferes with network communications. Servers at the Company or our Internet Service Provider may not operate properly due to temporary access overloads, and network problems may occur due to unauthorized access from outside the Company or employee error. Not only could such damages inflict direct harm on the Company, but a server inoperability or defect could also result in damage to the Company's reputation and suspension of business transactions, or in lawsuits and compensation for damages, potentially having a negative impact on the Company's business.

2. Current Conditions of the Corporate Group

The current conditions of the en-japan Group’s business activities are summarized as follows:



### 3. Management Policies

#### (1) Basic Corporate Management Policy

en-japan inc. has been engaged in the business of employment information services offered over the Internet. Since its foundation, its focus has been on serving job seekers in every way possible, supported by our concern for “Individuality,” “Social Justice” and “Profitability.” This focus has allowed the Company to produce highly effective recruitment advertisements and establish a preferential position as the preeminent company in the Internet recruitment advertising industry.

In the future, we will seek to expand earnings by going beyond our human resource business to develop links among our businesses, creating “people to firm,” “people to people” and “firm to firm” ties based on a new cornerstone of “considering ties among “people” and “firms.”

#### (2) Mid- and Long-Term Company Management Strategies

##### a. Trends in the External Operating Environment

Although an economic recession has been lingering since the autumn of 2008, several signs of an economic upturn have emerged in the employment situation in Japan along with the recovery of exports given a rally in overseas demand. On [en] Career Change Info, our mainstay Web site, the number of postings has increased since bottoming in May 2009. The unit price for posting has started to increase but only slowly. Despite the anticipated favorable trend toward recovery, it seems difficult to regain the peak level for postings due to changes in the market environment.

On the other hand, an incentive fee job advertising service model, according to which a contract-close fee is paid only after the job seeker has joined the client company, has become popular for job advertising. As corporations need not pay the fee if they cannot hire suitable workers in this model, corporate clients who desire this type service are on the increase and the need is expected to rise in the future despite higher prices for the service than ordinary job advertising.

##### b. Mid- to Long-Term Management Strategy

###### [Mid-Term Policies]

I. Strive to increase the value added to our employment information services by focusing on “the utilization of human resources once they have been hired”

II. Set up a second mainstay business by taking advantage of various business assets accumulated in the name of “en-japan”

The Company has established a strong position in Japan by providing value-added services that are not limited to hiring support but also help corporate clients to pursue corporate growth and individuals to become useful human resources. en-japan intends to extend similar services globally in the years ahead. en-japan will address maximizing profits by placing its core operations in the human resources business in a solid growth pattern with this initiative.

We have valuable assets such as the [en] brand, which has been established by the human resources business, many corporate clients and users of our products and services. We will set up a new business pillar as soon as possible to develop a stable revenue base by making the best use of these assets.

###### [Basic Measures]

Return to solid growth by developing a stable revenue base:

- Maximize profits by reinforcing the existing businesses centering on the recruiting information sites
- Globally develop new human resources businesses such as a job placement service to increase profits
- Develop a “second mainstay” business other than human resources as soon as possible to create a new revenue base

###### [Annual Targets in the Three Years Ahead]

(Million yen)

	FYE 12/10 (Actual)	FYE 12/11	FYE 12/12	FYE 12/13
Net Sales	9,991	12,570	17,300	23,000
Operating Income	1,774	2,000	3,000	4,200

#### (3) Other Issues to Be Addressed by the Company

Since its foundation, en-japan has provided firms with hiring support services and human-development support services focusing on the utilization of human resources once they have been hired. Consequently, [en] Career Change Info, our mainstay career change information Web site, has achieved a high appraisal with a client satisfaction rate of 94.8% (according to a survey conducted in March 2010 on the Web site) and a job seekers’ satisfaction rate of 98.4 (according to a survey conducted in June 2010 on the Web site). We therefore take pride in en-japan’s established position as a recruiting information Web site.

However, we recognize that the risk of high volatility in business performance is a problem because recruiting information Web

sites are susceptible to changes in the economy.

To address this issue of vulnerability, we started FINE to provide a cloud-computing-based personnel system and payroll calculation outsourcing service and the [en] Green Wedding Web site for wedding venue information during the fiscal year under review as new initiatives outside the operation of recruiting information Web sites. As these businesses would ensure a more stable revenue stream due to their service features, we intend to develop these services as promising business pillars.

(4) Other Important Matters for Management of the Company

No material matters to report

4. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Unit: Thousand yen)

	Current Fiscal Year (As of December 31, 2010)
Assets	
Current assets	
Cash and deposits	6,184,799
Notes and accounts receivable—trade	1,241,579
Supplies	10,924
Deferred tax assets	268,085
Other	253,254
Allowance for doubtful accounts	—3,813
Total current assets	7,954,830
Noncurrent assets	
Property, plant and equipment	
Buildings	221,904
Accumulated depreciation	—115,447
Buildings, net	106,456
Vehicles	471
Accumulated depreciation	—314
Vehicles, net	157
Furniture and fixtures	1,300,253
Accumulated depreciation	—842,353
Furniture and fixtures, net	457,899
Lease assets	68,578
Accumulated depreciation	—37,644
Lease assets, net	30,934
Construction in progress	10,440
Total property, plant and equipment	605,887
Intangible assets	
Software	991,978
Goodwill	1,327,429
Other	36,229
Total intangible assets	2,355,637
Investments and other assets	
Investment securities	2,102,528
Long-term loans receivable	60,738
Deferred tax assets	252,268
Other	* <sub>1</sub> 1,343,298
Allowance for doubtful accounts	—62,749
Total investments and other assets	3,696,084
Total noncurrent assets	6,657,609
Total assets	14,612,439

(Unit: Thousand yen)

	Current Fiscal Year (As of December 31, 2010)
Liabilities	
Current liabilities	
Accounts payable—trade	49,158
Lease obligations	17,153
Income taxes payable	699,030
Accounts payable—other	751,377
Provision for bonuses	185,104
Provision for loss on office transfer	55,023
Other	469,929
Total current liabilities	2,226,777
Noncurrent liabilities	
Long-term accounts payable—other	35,536
Lease obligations	15,327
Total noncurrent liabilities	50,864
Total liabilities	2,277,641
Net assets	
Shareholders' equity	
Capital stock	970,929
Capital surplus	1,437,494
Retained earnings	13,144,766
Treasury stock	— 3,438,187
Total shareholders' equity	12,115,003
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	169,944
Total valuation and translation adjustments	169,944
Minority interests	49,850
Total net assets	12,334,797
Total liabilities and net assets	14,612,439

## (2) Consolidated Statements of Income

(Unit: Thousand yen)

	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Net sales	9,991,015
Cost of sales	1,636,575
Gross profit	8,354,440
Selling, general and administrative expenses	
Advertising expenses	1,729,108
Salaries and allowances	2,180,113
Provision of allowance for doubtful accounts	4,412
Provision for bonuses	153,707
Other	2,512,610
Total selling, general and administrative expenses	6,579,952
Operating income	1,774,487
Non-operating income	
Interest income	26,221
Dividends income	22,500
Miscellaneous income	43,710
Total non-operating income	92,432
Non-operating expenses	
Interest expenses	244
Loss on investments in partnership	38,404
Miscellaneous loss	25,210
Total non-operating expenses	63,859
Ordinary income	1,803,060
Extraordinary loss	
Loss on retirement of noncurrent assets	*1 75,574
Loss on litigation	26,554
Loss on valuation of investment securities	49,100
Provision for transfer	*2 55,023
Total extraordinary loss	206,253
Income before income taxes and minority interests	1,596,807
Income taxes—current	773,837
Income taxes—deferred	—62,389
Total income taxes	711,447
Minority interests in income	9,928
Net income	875,431

## (3) Consolidated Statements of Changes in Net Assets

(Unit: Thousand yen)

	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Shareholders' equity	
Capital stock	
Balance at the end of previous period	968,495
Changes of items during the period	
Issuance of new shares	2,434
Total changes of items during the period	2,434
Balance at the end of current period	970,929
Capital surplus	
Balance at the end of previous period	1,435,060
Changes of items during the period	
Issuance of new shares	2,433
Total changes of items during the period	2,433
Balance at the end of current period	1,437,494
Retained earnings	
Balance at the end of previous period	12,455,834
Changes of items during the period	
Dividends from surplus	— 186,499
Net income	875,431
Total changes of items during the period	688,932
Balance at the end of current period	13,144,766
Treasury stock	
Balance at the end of previous period	— 2,038,386
Changes of items during the period	
Purchase of treasury stock	— 1,399,800
Total changes of items during the period	— 1,399,800
Balance at the end of current period	— 3,438,187
Total shareholders' equity	
Balance at the end of previous period	12,821,003
Changes of items during the period	
Issuance of new shares	4,867
Dividends from surplus	— 186,499
Net income	875,431
Purchase of treasury stock	— 1,399,800
Total changes of items during the period	— 706,000
Balance at the end of current period	12,115,003

(Unit: Thousand yen)

	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the end of previous period	141,982
Changes of items during the period	
Net changes of items other than shareholders' equity	27,961
Total changes of items during the period	27,961
Balance at the end of current period	169,944
Total valuation and translation adjustments	
Balance at the end of previous period	141,982
Changes of items during the period	
Net changes of items other than shareholders' equity	27,961
Total changes of items during the period	27,961
Balance at the end of current period	169,944
Minority interests	
Balance at the end of previous period	—
Changes of items during the period	
Net changes of items other than shareholders' equity	49,850
Total changes of items during the period	49,850
Balance at the end of current period	49,850
Total net assets	
Balance at the end of previous period	12,962,986
Changes of items during the period	
Issuance of new shares	4,867
Dividends from surplus	— 186,499
Net income	875,431
Purchase of treasury stock	— 1,399,800
Net changes of items other than shareholders' equity	77,811
Total changes of items during the period	— 628,188
Balance at the end of current period	12,334,797

## (4) Consolidated Statements of Cash Flows

(Unit: Thousand yen)

	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	1,596,807
Depreciation and amortization	787,612
Amortization of goodwill	41,467
Increase (decrease) in provision for loss on office transfer	55,023
Increase (decrease) in allowance for doubtful accounts	— 17,540
Increase (decrease) in provision for bonuses	15,815
Interest and dividends income	— 48,721
Foreign exchange losses (gains)	2,564
Loss (gain) on investments in partnership	38,404
Loss (gain) on valuation of investment securities	49,100
Loss on retirement of noncurrent assets	75,574
Interest on refund like corporation tax	— 29,900
Decrease (increase) in notes and accounts receivable—trade	— 99,203
Increase (decrease) in notes and accounts payable—trade	10,931
Increase (decrease) in accounts payable—other	163,780
Decrease (increase) in other current assets	247,862
Increase (decrease) in other current liabilities	— 15,042
Decrease (increase) in other noncurrent assets	— 46,744
Increase (decrease) in other noncurrent liabilities	35,536
Subtotal	2,863,329
Interest and dividends income received	82,805
Income taxes paid	— 136,606
Income taxes refund	1,077,289
Net cash provided by (used in) operating activities	3,886,817
Net cash provided by (used in) investing activities	
Payments into time deposits	— 300,000
Proceeds from withdrawal of time deposits	1,200,000
Purchase of property, plant and equipment	— 370,982
Purchase of intangible assets	— 573,482
Purchase of investment securities	— 1,001,000
Proceeds from sales of investment securities	12,150
Proceeds from sales of stocks of subsidiaries and affiliates	56,190
Purchase of investments in subsidiaries resulting in change in scope of consolidation	— 1,466,771
Payments for lease and guarantee deposits	— 279,200
Proceeds from collection of lease and guarantee deposits	5,385
Collection of loans receivable	214,960
Net cash provided by (used in) investing activities	— 2,502,749
Net cash provided by (used in) financing activities	
Decrease in short-term loans payable	— 31,992
Repayment of long-term loans payable	— 85,352
Proceeds from issuance of common stock	4,867
Purchase of treasury stock	— 1,399,800
Cash dividends paid	— 189,639
Repayments of lease obligations	— 15,277
Proceeds from stock issuance to minority shareholders	3,478
Net cash provided by (used in) financing activities	— 1,713,715
Effect of exchange rate change on cash and cash equivalents	— 2
Net increase (decrease) in cash and cash equivalents	— 329,650
Cash and cash equivalents at beginning of period	6,214,449
Cash and cash equivalents at end of period	*1 5,884,799

(5) Notes Relating to the Going Concern Assumption  
The Company had no material items to report.

(6) Basis of Presenting the Consolidated Financial Statements

Category	Current fiscal year (from January 1, 2010 to December 31, 2010)
1. Scope of Consolidation	<p>1) Number of consolidated subsidiaries: 1 Wall Street Associates K.K.</p> <p>2) Names of unconsolidated subsidiaries: Talent Alliance (Beijing) Technology Development Limited, Yui Corporation and Wing Consulting K.K.</p> <p>(Reason for exclusion from consolidation) The unconsolidated subsidiaries above are small in corporate size, and the impact of total assets, net sales, net income (loss) and retained earnings on the respective consolidated total assets, consolidated net sales, consolidated net income and consolidated retained earnings is insignificant. For these reasons, these companies are excluded from the scope of consolidation.</p>
2. Application of the Equity Method	<p>(1) Unconsolidated subsidiaries and affiliates accounted for by the equity method No material matters to report</p> <p>(2) Names of the unconsolidated subsidiaries and affiliates that are not accounted for by the equity method Unconsolidated subsidiaries: Talent Alliance (Beijing) Technology Development Limited Yui Corporation Wing Consulting K.K. Affiliates: Lacras Corporation Pharma Network Co., Ltd.</p> <p>(Reason for not applying the equity method) The unconsolidated subsidiaries and affiliates above that are not accounted for by the equity method are excluded from the application of the equity method because their income (loss) and retained earnings have no significant impact on the consolidated financial statements, and they are immaterial on the whole.</p>
3. Fiscal Year, etc., of Consolidated Subsidiaries	The closing date of Wall Street Associates K.K., the consolidated subsidiary of the Company, is the same as the consolidated closing date.
<p>4. Summary of Significant Accounting Policies</p> <p>(1) Valuation basis and method for important assets</p> <p>(2) Depreciation method for major depreciable assets</p>	<p>Available-for-sale securities Available-for-sale securities for which the fair market values are readily determinable: Valued at market as of the balance sheet date. Unrealized gain or loss is included directly in net assets. The cost of securities sold is determined by the moving-average method.</p> <p>Available-for-sale securities for which the fair market values are not readily determinable: Valued at cost determined by the moving-average method The Company accounts for investments in investment limited partnerships and similar associations (investments deemed to be negotiable securities under Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) by booking a net amount equivalent to the equity method value, based on the most recent closing statement that can be obtained in accordance with the account reporting date provided for in the partnership agreement.</p> <p>Held-to-maturity debt securities: Valued at amortized cost by the straight-line method.</p> <p>Property, plant and equipment (excluding lease assets) The depreciation of property, plant and equipment at the Company and its consolidated subsidiary is computed by the declining-balance method using the applicable rates based on the estimated useful lives of the assets. However, buildings (excluding annexed facilities) are depreciated using the straight-line method.</p> <p>The range of useful lives is as follows: Buildings: 5–18 years Furniture and fixtures: 2–20 years Vehicles: 2 years</p> <p>For assets acquired on or before March 31, 2007, the remaining book values are equally depreciated on a straight-line basis over five years, starting from the year following the year during which depreciation to the residual values was completed up to the maximum depreciable amounts.</p> <p>Intangible assets (excluding lease assets) The amortization of intangible assets at the Company and its consolidated subsidiary is computed by the straight-line method. Computer software for internal use is amortized over the estimated useful life (2–5 years) depending on the nature of the respective software products.</p> <p>Lease assets Lease assets related to the finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee are amortized by the straight-line method, assuming the lease period as the useful life and no residual value. Of finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee, those for which the commencement day of the lease transaction is prior to December 31, 2008, are accounted for as ordinary rental transactions.</p>

Category	Current fiscal year (from January 1, 2010 to December 31, 2010)
(3) Accounting for important reserves	<p>Allowance for doubtful accounts: The allowance for doubtful accounts is provided for possible bad debt of claims at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful receivables.</p> <p>Provision for bonuses: The provision for bonuses is provided for possible payment of bonuses to employees at an amount based on the amount estimated to be paid at the end of the fiscal year under review.</p> <p>Provision for loss on office transfer: The provision for loss on office transfer is provided at an amount reasonably estimated to be necessary with regard to the expenses of restoring to the original state and other relevant expenses that would result from an office transfer.</p>
(4) Other important matters as the basis of presenting the consolidated financial statements	<p>Accounting for consumption taxes Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.</p>
5. Valuation of Assets and Liabilities of Consolidated Subsidiaries	The assets and liabilities of the consolidated subsidiary are fully valued at their market value on the respective dates when the subsidiaries were initially consolidated.
6. Amortization of Goodwill and Negative Goodwill	The amount of goodwill and negative goodwill is equally amortized over the estimated years during which the effects are estimated to emerge.
7. Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows	Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, demand deposits and short-term investments due within three months from the date of acquisition, which are easily convertible into cash with little or no risk from fluctuation in value.

(Additional Information)

Current fiscal year (from January 1, 2010 to December 31, 2010)
<p>The Company resolved, at the Board of Directors meeting held on February 19, 2010, that a “J-ESOP (Employee Stock Ownership Plan),” a welfare benefit service to grant the Company’s shares as an employee benefit trust, be implemented for the purpose of increasing motivation and raising the morale of employees with the goals of higher stock prices and improvement of business performance by allowing them to share in the economic effects along with shareholders through enhanced linkage with the stock price of the Company’s shares and operating results.</p> <p>As a result of implementing this new welfare scheme, Trust &amp; Custody Services Bank, Ltd. (trust account E) (hereinafter the “Trust Account E”), obtained 12,000 en-japan shares at a cost of ¥1,399,800 thousand as of April 1, 2010.</p> <p>The accounting of said benefit trust using the en-japan shares is processed by assuming that the Trust Account E be integrated with the Company from the viewpoint of emphasizing economic reality. Accordingly, the en-japan shares held by the Trust Account E, the assets and liabilities thereof and the expenses and revenue thereof are inclusively reported on the consolidated balance sheets, the consolidated statements of income and the consolidated statements of cash flows.</p> <p>As a result, the number of shares as treasury stock includes the en-japan shares held by the Trust Account E. The en-japan shares held by the Trust Account E were 12,000 as of December 31, 2010.</p>

(7) Notes to the Consolidated Financial Statements

(Consolidated Balance Sheets)

Current fiscal year (As of December 31)
<p>*1 In relation to the unconsolidated subsidiaries and affiliates Stocks of subsidiaries and affiliates: 464,778 thousand yen</p>

## (Consolidated Statements of Income)

Current fiscal year (from January 1, 2010 to December 31, 2010)	
*1 Loss on retirement of noncurrent assets	
Furniture and fixtures	64,292 thousand yen
Software	11,282 thousand yen
*2 Provision for loss on office transfer	
The provision for loss on office transfer is provided at an amount reasonably estimated to be necessary with regard to the expenses of restoring to the original state and other relevant expenses that would result from the transfer of the head office, which will be moved to another floor within the same building in January 2011.	

## (Consolidated Statements of Changes in Net Assets)

Current fiscal year (from January 1, 2010 to December 31, 2010)

## 1. Class and Number of Shares Issued and of Shares of Treasury Stock

Class	Number of Shares at Prior Fiscal Year-End (shares)	Increase in Number of Shares during Current Fiscal Year (shares)	Decrease in Number of Shares during Current Fiscal Year (shares)	Number of Shares at Current Fiscal Year-End (shares)
Shares Issued				
Common Stock (Note 1)	245,624	214	—	245,838
Total	245,624	214	—	245,838
Treasury Stock				
Common Stock (Note 2)	12,500	12,000	—	24,500
Total	12,500	12,000	—	24,500

(Note 1) The increase of 214 shares in total shares issued of common stock was an increase due to the issuance of new shares based on the execution of subscription rights in connection with incentive stock options.

(Note 2) The increase of 12,000 shares of common stock as treasury stock refers to en-japan shares held by Trust & Custody Services Bank, Ltd. (trust account E), as of December 31, 2010, owing to the J-ESOP scheme implemented by the Company.

## 2. Matters related to Dividends

## (1) Cash Dividends Paid

Resolution	Class of Stock	Source of Dividend	Total Dividend (thousand yen)	Dividend per Share (yen)	Date of Record	Payment Date
Regular General Shareholders' Meeting held on March 30, 2010	Common stock	Retained earnings	186,499	800	December 31, 2009	March 31, 2010

## (2) Dividends for which the Date of Record is during the Current Fiscal Year but the Proposed Payment Date is in the Following Fiscal Year

Resolution	Class of Stock	Source of Dividend	Total Dividend (thousand yen)	Dividend per Share (yen)	Date of Record	Proposed Payment Date
Regular General Shareholders' Meeting to be held on March 30, 2011	Common stock	Retained earnings	263,671	1,130	December 31, 2010	March 31, 2011

(Consolidated Statements of Cash Flows)

Current fiscal year (from January 1, 2010 to December 31, 2010)	
1	Relationship between cash and cash equivalents at end of period and the line item amounts stated on the consolidated balance sheets
	Cash and deposits 6,184,799 thousand yen
	Term deposits with a maturity longer than three months — 300,000 thousand yen
	Cash and cash equivalents 5,884,799 thousand yen

(Segment Information)

As the consolidated financial statements have been prepared starting from the current fiscal year, segment information for the prior fiscal year is not shown.

1. Segment Information by Business Type

Current fiscal year (from January 1, 2010 to December 31, 2010)

	Mid-Career Hiring Business (Thousand yen)	New Graduate Hiring Business (Thousand yen)	Education/Evaluation Business (Thousand yen)	Other Business (Thousand yen)	Total (Thousand yen)	Eliminations or Corporate (Thousand yen)	Consolidated (Thousand yen)
I. Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	8,522,962	1,123,158	291,819	53,074	9,991,015	—	9,991,015
(2) Intersegment sales or transfers	—	—	—	—	—	—	—
Total	8,522,962	1,123,158	291,819	53,074	9,991,015	—	9,991,015
Operating expenses	5,886,081	1,486,688	285,729	558,029	8,216,528	—	8,216,258
Operating income (loss)	2,636,881	— 363,529	6,090	— 504,954	1,774,487	—	1,774,487
II. Assets, depreciation and amortization and capital expenditures							
Assets	3,239,222	655,248	87,515	221,118	4,203,104	10,409,334	14,612,439
Depreciation and amortization	489,380	266,837	6,571	66,289	829,080	—	829,080
Capital expenditures	587,858	112,787	42,536	86,251	829,433	—	829,433

(Note 1) The business segmentation is based on the internal administrative classifications used.

(Note 2) The main services for the respective business segments are as follows:

- (1) Mid-Career Hiring Business – [en] Career Change Info, [en] Career Change Consultant, [en] Temporary Placement Info, [en] Part-time Jobs ([en] Challenge! & Working!), testing, job placement and personnel dispatching services
- (2) New Graduate Hiring Business – [en] Job Info for Students and testing services
- (3) Education/Evaluation Business – Education/evaluation, [en] College and testing services
- (4) Other Business – [en] Green Wedding, FINE and other services

(Note 3) Of the “Total assets” above, corporate assets included in “Eliminations or corporate” were ¥10,409,334 thousand for the current fiscal year. They mainly consisted of surplus funds for management (cash and deposits) and long-term investment funds (investment securities).

2. Segment Information by Location

Current fiscal year (from January 1, 2010 to December 31, 2010)

As the Company has no foreign office or significant overseas subsidiary, segment information by location is omitted.

3. Overseas Net Sales

Current fiscal year (from January 1, 2010 to December 31, 2010)

As overseas net sales accounted for less than 10% of consolidated net sales, overseas sales data are omitted.

## (Tax-Effect Accounting)

Current Fiscal Year (As of December 31, 2010)	
1 Breakdown of deferred tax assets and deferred tax liabilities by major cause	
(Deferred tax assets)	
Loss on valuation of stocks of subsidiaries and affiliates	230,546 thousand yen
Depreciation and amortization	130,822 thousand yen
Provision for bonuses	75,733 thousand yen
Accrued bonuses	62,981 thousand yen
Loss on valuation of investment securities	58,340 thousand yen
Accrued enterprise tax	46,343 thousand yen
Allowance for investment loss	38,953 thousand yen
Provision for loss on office transfer	22,394 thousand yen
Other	68,245 thousand yen
Valuation reserve	—92,926 thousand yen
Total deferred tax assets	641,436 thousand yen
(Deferred tax liabilities)	
Valuation difference on available-for-sale securities	121,082 thousand yen
Total deferred tax liabilities	121,082 thousand yen
Net deferred tax assets	520,353 thousand yen
2 Reconciliation between the statutory effective tax rate and the actual effective income tax rate after having applied tax-effect accounting:	
Statutory effective income tax rate	40.70%
(Reconciliation items)	
Taxation on retainage	1.24%
Valuation reserve	2.60%
Other	0.01%
Actual effective income tax rate after having applied tax-effect accounting	44.55%

## (Marketable Securities)

Current fiscal year (from January 1, 2010 to December 31, 2010)

## 1. Held-to-Maturity Debt Securities (As of December 31, 2010)

Category	Amount Shown on Consolidated Balance Sheets on the Consolidated Closing Date	Fair Market Value on the Consolidated Closing Date	Difference
Those for which the fair market value does not exceed the amount shown on consolidated balance sheets	1,000,000 thousand yen	1,000,000 thousand yen	— thousand yen
Total	1,000,000 thousand yen	1,000,000 thousand yen	— thousand yen

## 2. Available-for-Sale Securities (As of December 31, 2010)

Category	Amount Shown on Consolidated Balance Sheets on the Consolidated Closing Date	Acquisition Cost	Difference
Stocks for which the amounts shown on consolidated balance sheets exceed the acquisition cost	685,000 thousand yen	387,500 thousand yen	297,500 thousand yen
Total	685,000 thousand yen	387,500 thousand yen	297,500 thousand yen

## 3. Available-for-Sale Securities That Were Not Valuated at Fair Market Value

Category	Amount Shown on Consolidated Balance Sheets
Investments in investment limited partnerships and similar associations	239,921 thousand yen
Unlisted stocks	177,606 thousand yen
Total	417,528 thousand yen

(Note) A loss on valuation of investment securities of ¥49,100 thousand was recorded for unlisted stocks under available-for-sale securities.

### (Per-Share Information)

Current Fiscal Year (From January 1, 2010, to December 31, 2010)	
Net Assets per Share	55,728.33 yen
Net Income per Share	3,905.72 yen
Fully Diluted Net Income per Share	3,897.70 yen

(Note) The basis for calculating net income per share and fully diluted net income per share is shown below.

Category	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Net Income stated on the Consolidated Statements of Income (thousand yen)	875,431
Net Income associated with Common Stock (thousand yen)	875,431
Amount not attributable to Common Shareholders (thousand yen)	—
Average Number of Shares of Common Stock Outstanding during the Period (shares)	224,141
Net Income Adjustments (thousand yen)	—
Significant Components of the Increase in Shares of Common Stock used to Calculate the Fully Diluted Net Income per Share (shares)	
Subscription Rights	258
Share Warrants	203
Increase in the Number of Shares of Common Stock (shares)	461
Summary of Potential Shares not used in the Calculation of Fully Diluted Net Income per Share (potential shares have no dilutive effect)	—

### (Material Subsequent Event)

The Company had no material matters to report.

### (Omission of Disclosure)

The notes relating to lease transactions, related party transactions, financial instruments, derivative transactions, retirement benefits, stock options, business combinations and real estate transactions including rentals have been omitted hereby, as the information disclosure of the respective statements on the Earnings Announcement was considered insignificant or there was none applicable thereto.

## 5. Non-Consolidated Financial Statements

### (1) Balance Sheets

(Unit: Thousand yen)

	Prior Fiscal Year (As of December 31, 2009)	Current Fiscal Year (As of December 31, 2010)
<b>Assets</b>		
Current assets		
Cash and deposits	6,214,449	5,750,170
Notes receivable—trade	4,452	6,951
Accounts receivable—trade	975,941	1,087,834
Supplies	9,125	10,924
Consumption taxes receivable	266,184	—
Income taxes receivable	1,042,661	—
Prepaid expenses	159,437	116,356
Deferred tax assets	21,509	201,495
Other	26,575	75,336
Allowance for doubtful accounts	— 13,844	— 3,083
Total current assets	8,706,494	7,245,986
Noncurrent assets		
Property, plant and equipment		
Buildings	185,113	185,113
Accumulated depreciation	— 76,971	— 94,128
Buildings, net	108,141	90,984
Vehicles	—	471
Accumulated depreciation	—	— 314
Vehicles, net	—	157
Furniture and fixtures	1,424,083	1,287,953
Accumulated depreciation	— 1,016,533	— 831,959
Furniture and fixtures, net	407,550	455,994
Lease assets	37,687	47,287
Accumulated depreciation	— 11,609	— 24,701
Lease assets, net	26,077	22,585
Construction in progress	—	10,440
Total property, plant and equipment	541,769	580,162
Intangible assets		
Right of trademark	4,823	4,876
Software	1,019,809	976,610
Software in progress	54,532	29,925
Telephone subscription right	1,351	1,351
Total intangible assets	1,080,517	1,012,763
Investments and other assets		
Investment securities	1,154,030	2,102,528
Stocks of subsidiaries and affiliates	520,968	2,193,241
Claims provable in bankruptcy, claims provable in rehabilitation and other	25,585	22,749
Long-term prepaid expenses	8,278	58,512
Deferred tax assets	332,359	247,441
Long-term time deposits	1,350,000	150,000
Lease and guarantee deposits	338,954	612,769
Other	31,086	20,738
Allowance for doubtful accounts	— 25,585	— 22,749
Total investments and other assets	3,735,678	5,385,231
Total noncurrent assets	5,357,965	6,978,158
Total assets	14,064,460	14,224,144

(Unit: Thousand yen)

	Prior Fiscal Year (As of December 31, 2009)	Current Fiscal Year (As of December 31, 2010)
Liabilities		
Current liabilities		
Accounts payable—trade	38,226	49,158
Accounts payable—other	552,473	575,473
Lease obligations	12,190	12,629
Accrued expenses	82,955	63,816
Income taxes payable	—	699,030
Accrued consumption taxes	—	55,592
Advances received	266,257	240,586
Deposits received	54,105	30,125
Provision for bonuses	78,969	157,651
Provision for loss on office transfer	—	55,023
Other	1,104	1,426
Total current liabilities	1,086,282	1,940,513
Noncurrent liabilities		
Long-term accounts payable—other	—	35,536
Lease obligations	15,191	11,085
Total noncurrent liabilities	15,191	46,622
Total liabilities	1,101,473	1,987,135
Net assets		
Shareholders' equity		
Capital stock	968,495	970,929
Capital surplus		
Legal capital surplus	1,435,060	1,437,494
Total capital surpluses	1,435,060	1,437,494
Retained earnings		
Other retained earnings		
General reserve	2,000,000	2,000,000
Retained earnings brought forward	10,455,834	11,096,828
Total retained earnings	12,455,834	13,096,828
Treasury stock	—2,038,386	—3,438,187
Total shareholders' equity	12,821,003	12,067,064
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	141,982	169,944
Total valuation and translation adjustments	141,982	169,944
Total net assets	12,962,986	12,237,008
Total liabilities and net assets	14,064,460	14,224,144

## (2) Statements of Income

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2009 to December 31, 2009)	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Net sales	10,209,242	9,276,387
Cost of sales	1,804,517	1,513,842
Gross profit	8,404,725	7,762,545
Selling, general and administrative expenses		
Advertising expenses	1,934,944	1,726,726
Directors' compensations	59,600	83,510
Salaries and allowances	2,502,551	2,012,587
Bonuses	99,265	311,994
Provision for bonuses	78,005	126,255
Legal welfare expenses	343,600	314,134
Business consignment expenses	304,863	242,786
Rents	781,311	445,934
Commission fee	79,884	120,224
Depreciation	180,096	151,430
Provision of allowance for doubtful accounts	15,900	6,896
Other	764,963	577,612
Total selling, general and administrative expenses	7,144,988	6,120,093
Operating income	1,259,737	1,642,451
Non-operating income		
Interest income	23,486	26,208
Commission fee	95	136
Dividends income	18,500	22,500
Miscellaneous income	17,284	42,011
Total non-operating income	59,365	90,855
Non-operating expenses		
Interest expenses	95	142
Foreign exchange losses	1,969	2,564
Loss on investments in partnership	73,051	38,404
Loss on cancel of lease contracts	27,088	—
Miscellaneous loss	3,991	15,960
Total non-operating expenses	106,197	57,071
Ordinary income	1,212,905	1,676,235
Extraordinary income		
Surrender value of insurance	84,807	—
Total extraordinary income	84,807	—
Extraordinary loss		
Loss on sales of noncurrent assets	*1 578	*1 —
Loss on retirement of noncurrent assets	*2 124,206	*2 75,574
Office transfer expenses	85,095	—
Loss on litigation	11,971	26,554
Loss on valuation of stocks of subsidiaries and affiliates	29,999	—
Loss on valuation of investment securities	24,263	49,100
Special retirement expenses	236,184	—
Provision for transfer	—	*3 55,023
Total extraordinary losses	512,299	206,253
Income before income taxes	785,413	1,469,982
Income taxes—current	94,514	756,748
Income taxes—deferred	231,369	—114,259
Total income taxes	325,884	642,489
Net income	459,529	827,492

## Detailed Statement of Cost of Sales

		Prior Fiscal Year (From January 1, 2009 to December 31, 2009)		Current Fiscal Year (From January 1, 2010 to December 31, 2010)	
Category	Notes	Amount (thousand yen)	Component Ratio (%)	Amount (thousand yen)	Component Ratio (%)
I Content Production Expense		374,906	20.8	297,863	19.7
II Website Operating Expense		1,258,634	69.7	1,116,299	73.7
III Event Expense		140,127	7.8	70,530	4.7
IV Other Expenses		30,849	1.7	29,148	1.9
Cost of Sales		1,804,517	100.0	1,513,842	100.0

(Notes) 1. Content Production Expense includes outsourced production expense and internal production expense.  
2. Website Operating Expense includes depreciation for servers as well as website maintenance expenses.  
3. Event Expense includes the cost of special events held to support job seekers in their search for employment.

## (3) Statements of Changes in Net Assets

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2009 to December 31, 2009)	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	965,246	968,495
Changes of items during the period		
Issuance of new shares	3,248	2,434
Total changes of items during the period	3,248	2,434
Balance at the end of current period	968,495	970,929
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	1,431,811	1,435,060
Changes of items during the period		
Issuance of new shares	3,248	2,433
Total changes of items during the period	3,248	2,433
Balance at the end of current period	1,435,060	1,437,494
Total capital surplus		
Balance at the end of previous period	1,431,811	1,435,060
Changes of items during the period		
Issuance of new shares	3,248	2,433
Total changes of items during the period	3,248	2,433
Balance at the end of current period	1,435,060	1,437,494
Retained earnings		
Other retained earnings		
General reserve		
Balance at the end of previous period	2,000,000	2,000,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	2,000,000	2,000,000
Retained earnings brought forward		
Balance at the end of previous period	10,973,491	10,455,834
Changes of items during the period		
Dividends from surplus	— 977,185	— 186,499
Net income	459,529	827,492
Total changes of items during the period	— 517,656	640,993
Balance at the end of current period	10,455,834	11,096,828
Total retained earnings		
Balance at the end of previous period	12,973,491	12,455,834
Changes of items during the period		
Dividends from surplus	— 977,185	— 186,499
Net income	459,529	827,492
Total changes of items during the period	— 517,656	640,993
Balance at the end of current period	12,455,834	13,096,828

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2009 to December 31, 2009)	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Treasury stock		
Balance at the end of previous period	— 1,553,757	— 2,038,386
Changes of items during the period		
Purchase of treasury stock	— 484,629	— 1,399,800
Total changes of items during the period	— 484,629	— 1,399,800
Balance at the end of current period	— 2,038,386	— 3,438,187
Total shareholders' equity		
Balance at the end of previous period	13,816,792	12,821,003
Changes of items during the period		
Issuance of new shares	6,497	4,867
Dividends from surplus	— 977,185	— 186,499
Net income	459,529	827,492
Purchase of treasury stock	— 484,629	— 1,399,800
Total changes of items during the period	— 995,788	— 753,939
Balance at the end of current period	12,821,003	12,067,064
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	— 4,066	141,982
Changes of items during the period		
Net changes of items other than shareholders' equity	146,049	27,961
Total changes of items during the period	146,049	27,961
Balance at the end of current period	141,982	169,944
Total valuation and translation adjustments		
Balance at the end of previous period	— 4,066	141,982
Changes of items during the period		
Net changes of items other than shareholders' equity	146,049	27,961
Total changes of items during the period	146,049	27,961
Balance at the end of current period	141,982	169,944
Total net assets		
Balance at the end of previous period	13,812,725	12,962,986
Changes of items during the period		
Issuance of new shares	6,497	4,867
Dividends from surplus	— 977,185	— 186,499
Net income	459,529	827,492
Purchase of treasury stock	— 484,629	— 1,399,800
Net changes of items other than shareholders' equity	146,049	27,961
Total changes of items during the period	— 849,739	— 725,977
Balance at the end of current period	12,962,986	12,237,008

(4) Notes Relating to the Going Concern Assumption

The Company had no material items to report.

(5) Significant Accounting Policies

Category	Prior Fiscal Year (From January 1, 2009 to December 31, 2009)	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
1. Valuation basis and method of securities	<p>(1) Stocks of subsidiaries and affiliates Valued at cost determined by the moving average method</p> <p>(2) Available-for-sale securities Available-for-sale securities for which the fair market values are readily determinable: Valued at market as of the balance sheet date. Unrealized gain or loss is included directly in net assets. The cost of securities sold is determined by the moving-average method.</p> <p>Available-for-sale securities for which the fair market values are not readily determinable: Valued at cost determined by the moving-average method The Company accounts for investments in investment limited partnerships and similar associations (investments deemed to be negotiable securities under Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) by booking a net amount equivalent to the equity method value, based on the most recent closing statement that can be obtained in accordance with the account reporting date provided for in the partnership agreement.</p>	<p>(1) Stocks of subsidiaries and affiliates Valued at cost determined by the moving average method</p> <p>(2) Available-for-sale securities Available-for-sale securities for which the fair market values are readily determinable: Same as left</p> <p>Available-for-sale securities for which the fair market values are not readily determinable: Same as left</p> <p>(3) Held-to-maturity debt securities: Valued at amortized cost by the straight-line method.</p>
2. Valuation basis and method of inventories	<p>(1) Supplies Last Purchase Price Method (write-down of book values due to the decline in profitability for the amounts stated in the non-consolidated balance sheets) (Change in accounting policy) Effective from the fiscal year under review, the Company has adopted the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Accounting Standard Statement No. 9 dated July 5, 2006). This change had no effect on the non-consolidated financial statements.</p>	<p>(1) Supplies Last Purchase Price Method (write-down of book values due to the decline in profitability for the amounts stated in the non-consolidated balance sheets)</p>
3. Depreciation method for noncurrent assets	<p>(1) Property, plant and equipment The depreciation of property, plant and equipment of the Company is computed by the declining-balance method using the applicable rates based on the estimated useful lives of the assets. However, buildings (excluding annexed facilities) are depreciated using the straight-line method.</p> <p>The range of useful lives is as follows: Buildings: 5–24 years Furniture and fixtures: 2–20 years</p> <p>For assets acquired on or before March 31, 2007, the remaining book values are equally depreciated on a straight-line basis over five years, starting from the year following the year during which depreciation to the residual values was completed up to the maximum depreciable amounts.</p>	<p>(1) Property, plant and equipment The depreciation of property, plant and equipment of the Company is computed by the declining-balance method using the applicable rates based on the estimated useful lives of the assets. However, buildings (excluding annexed facilities) are depreciated using the straight-line method.</p> <p>The range of useful lives is as follows: Buildings: 5–18 years Furniture and fixtures: 2–20 years Vehicles: 2 years</p> <p>For assets acquired on or before March 31, 2007, the remaining book values are equally depreciated on a straight-line basis over five years, starting from the year following the year during which depreciation to the residual values was completed up to the maximum depreciable amounts.</p>

Category	Prior Fiscal Year (From January 1, 2009 to December 31, 2009)	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
	<p>(2) Intangible assets The amortization of intangible assets is computed by the straight-line method. Computer software for internal use is amortized over the estimated useful life (1–5 years) depending on the nature of the respective software products.</p> <p>(3) Lease assets Lease assets related to the finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee: The lease assets are amortized by the straight-line method, assuming the lease period as the useful life and no residual value. Of finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee, those for which the commencement day of the lease transaction is prior to December 31, 2008, are accounted for as ordinary rental transactions.</p>	<p>(2) Intangible assets The amortization of intangible assets is computed by the straight-line method. Computer software for internal use is amortized over the estimated useful life (2–5 years) depending on the nature of the respective software products.</p> <p>(3) Lease assets Same as left</p>
4. Accounting standards for reserves	<p>(1) Allowance for doubtful accounts The allowance for doubtful accounts is provided for possible bad debt of claims at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful receivables.</p> <p>(2) Provision for bonuses The provision for bonuses is provided for possible payment of bonuses to employees at an amount based on the amount estimated to be paid at the end of the fiscal year under review</p> <p style="text-align: center;">—</p>	<p>(1) Allowance for doubtful accounts Same as left</p> <p>(2) Provision for bonuses Same as left</p> <p>(3) Provision for loss on office transfer: The provision for loss on office transfer is provided at an amount reasonably estimated to be necessary with regard to the expenses of restoring to the original state and other relevant expenses that would result from an office transfer.</p>
5. Other important matters as the basis of presenting the non-consolidated financial statements	<p>(1) Accounting for consumption taxes Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.</p>	<p>(1) Accounting for Consumption Taxes Same as left</p>

(6) Changes in Significant Accounting Policies

Category	Prior Fiscal Year (From January 1, 2009 to December 31, 2009)	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
1. Accounting Standard for Lease Transactions, etc.	<p>Conventionally, the Company accounted for finance lease transactions except for those that transfer ownership of the property to the lessee by applying an accounting treatment based on the method applied for ordinary rental transactions. Effective from the fiscal year under review, the Company has adopted the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13, June 17, 1993 (Business Accounting Council Subcommittee No. 1), revised March 30, 2007) and the Implementation Guidance on Accounting Standard for Lease Transactions (Guidance on Accounting Standard for Lease Transactions No. 16, January 18, 1994 (the Japanese Institute of Certified Public Accountants, Accounting System Committee), revised March 30, 2007), and will apply the standard for lease transactions based on the accounting treatment applied to ordinary purchase and sale transactions.</p> <p>Finance lease transactions for which the commencement day of the lease transaction is prior to December 31, 2008, are accounted for as ordinary rental transactions.</p> <p>The effect of this change on earnings is immaterial.</p>	—

(7) Notes to the Non-Consolidated Financial Statements

(Balance Sheets)

Prior Fiscal Year (As of December 31, 2009)	Current Fiscal Year (As of December 31, 2010)												
<p>Overdraft Facility Agreement</p> <p>To procure working capital efficiently, the Company has concluded an overdraft facility agreement with one of its primary financing banks. The unused balance at the end of the current fiscal year based on this agreement was as follows.</p> <table> <tr> <td>Maximum overdraft amount</td><td>1,000,000 thousand yen</td></tr> <tr> <td>Outstanding borrowings</td><td>— thousand yen</td></tr> <tr> <td>Balance</td><td>1,000,000 thousand yen</td></tr> </table>	Maximum overdraft amount	1,000,000 thousand yen	Outstanding borrowings	— thousand yen	Balance	1,000,000 thousand yen	<p>Overdraft Facility Agreement</p> <p>To procure working capital efficiently, the Company has concluded an overdraft facility agreement with one of its primary financing banks. The unused balance at the end of the current fiscal year based on this agreement was as follows.</p> <table> <tr> <td>Maximum overdraft amount</td><td>1,000,000 thousand yen</td></tr> <tr> <td>Outstanding borrowings</td><td>— thousand yen</td></tr> <tr> <td>Balance</td><td>1,000,000 thousand yen</td></tr> </table>	Maximum overdraft amount	1,000,000 thousand yen	Outstanding borrowings	— thousand yen	Balance	1,000,000 thousand yen
Maximum overdraft amount	1,000,000 thousand yen												
Outstanding borrowings	— thousand yen												
Balance	1,000,000 thousand yen												
Maximum overdraft amount	1,000,000 thousand yen												
Outstanding borrowings	— thousand yen												
Balance	1,000,000 thousand yen												

## (Statements of Income)

Prior Fiscal Year (From January 1, 2009 to December 31, 2009)		Current Fiscal Year (From January 1, 2010 to December 31, 2010)	
*1	Loss on sales of noncurrent assets	*1	Loss on sales of noncurrent assets
	Furniture and fixtures 578 thousand yen		Furniture and fixtures — thousand yen
*2	Loss on retirement of noncurrent assets	*2	Loss on retirement of noncurrent assets
	Buildings 59,646 thousand yen		Furniture and fixtures 64,292 thousand yen
	Structures 4,803 thousand yen		Software 11,282 thousand yen
	Furniture and fixtures 41,025 thousand yen		
	Software 18,730 thousand yen		
	—	*3	Provision for loss on office transfer
			The provision for loss on office transfer is provided at an amount reasonably estimated to be necessary with regard to the expenses of restoring to the original state and other relevant expenses that would result from the transfer of the head office, which will be moved to another floor within the same building in January 2011.

## (Statements of Changes in Net Assets)

Prior Fiscal Year (From January 1, 2009 to December 31, 2009)

## Matters Related to Treasury Stock

Class	Number of Shares at Prior Fiscal Year-End (shares)	Increase in Number of Shares during Current Fiscal Year (shares)	Decrease in Number of Shares during Current Fiscal Year (shares)	Number of Shares at Current Fiscal Year- End (shares)
Treasury Stock				
Common Stock (Note 1)	7,000	5,500	—	12,500
Total	7,000	5,500	—	12,500

(Note 1) The increase of 5,500 treasury shares of common stock was an increase due to the purchase of treasury stock approved during the Board of Directors meeting held on February 12, 2009.

Current Fiscal Year (From January 1, 2010 to December 31, 2010)

## Matters Related to Treasury Stock

Class	Number of Shares at Prior Fiscal Year-End (shares)	Increase in Number of Shares during Current Fiscal Year (shares)	Decrease in Number of Shares during Current Fiscal Year (shares)	Number of Shares at Current Fiscal Year- End (shares)
Treasury Stock				
Common Stock (Note 1)	12,500	12,000	—	24,500
Total	12,500	12,000	—	24,500

(Note 1) The increase of 12,000 shares of common stock as treasury stock refers to en-japan shares held by Trust & Custody Services Bank, Ltd. (trust account E), as of December 31, 2010, as a result of having implemented the J-ESOP system by the Company.

## (Tax-Effect Accounting)

Prior Fiscal Year (As of December 31, 2009)		Current Fiscal Year (As of December 31, 2010)	
1	Breakdown of deferred tax assets and deferred tax liabilities by major cause	1	Breakdown of deferred tax assets and deferred tax liabilities by major cause
(Deferred tax assets)		(Deferred tax assets)	
Loss on valuation of stocks of subsidiaries and affiliates	226,761 thousand yen	Loss on valuation of stocks of subsidiaries and affiliates	226,761 thousand yen
Depreciation	215,256 thousand yen	Depreciation	125,996 thousand yen
Provision for bonuses	32,140 thousand yen	Provision for bonuses	64,164 thousand yen
Allowance for investment loss	34,093 thousand yen		
Loss on valuation of investment securities	38,357 thousand yen	Loss on valuation of investment securities	58,340 thousand yen
Other	26,742 thousand yen	Accrued enterprise tax	51,067 thousand yen
		Allowance for investment loss	38,953 thousand yen
Valuation reserve	— 50,567 thousand yen	Provision for loss on office transfer	22,394 thousand yen
Total deferred tax assets	522,784 thousand yen	Other	54,763 thousand yen
		Valuation reserve	— 72,422 thousand yen
(Deferred tax liabilities)		Total deferred tax assets	570,019 thousand yen
Projected enterprise tax refund	69,200 thousand yen		
Valuation difference on available-for-sale securities	99,715 thousand yen	(Deferred tax liabilities)	
Total deferred tax liabilities	168,915 thousand yen	Valuation difference on available-for-sale securities	121,082 thousand yen
Net deferred tax assets	353,869 thousand yen	Total deferred tax liabilities	121,082 thousand yen
		Net deferred tax assets	448,937 thousand yen
2	Reconciliation between the statutory effective tax rate and the actual effective income tax rate after having applied the tax-effect accounting:	2	Reconciliation between the statutory effective tax rate and the actual effective income tax rate after having applied the tax-effect accounting:
The difference between the statutory effective tax rate and the actual effective income tax rate after having applied the tax-effect accounting is less than 5%. Accordingly, the related notes have been omitted.		Statutory effective income tax rate	40.70%
		(Reconciliation items)	
		Taxation on retainage	1.35%
		Valuation reserve	1.49%
		Other	<u>0.17%</u>
		Actual effective income tax rate after having applied tax-effect accounting	43.71%

## (Per-Share Information)

Prior Fiscal Year (From January 1, 2009 to December 31, 2009)		Current Fiscal Year (From January 1, 2010 to December 31, 2010)	
Net Assets per Share	55,605.54 yen	Net Assets per Share	55,286.53 yen
Net Income per Share	1,965.24 yen	Net Income per Share	3,691.84 yen
Fully Diluted Net Income per Share	1,961.26 yen	Fully Diluted Net Income per Share	3,684.26 yen

(Note) Basis for calculating net income per share and fully diluted net income per share is shown below.

Category	Prior Fiscal Year (From January 1, 2009 to December 31, 2009)	Current Fiscal Year (From January 1, 2010 to December 31, 2010)
Net Income stated on the Statements of Income (thousand yen)	459,529	827,492
Net Income associated with Common Stock (thousand yen)	459,529	827,492
Amount not attributable to Common Shareholders (thousand yen)	—	—
Average Number of Shares of Common Stock Outstanding during the Period (shares)	233,828	224,141
Net Income Adjustments (thousand yen)	—	—
Significant Components of the Increase in Shares of Common Stock used to Calculate the Fully Diluted Net Income per Share (shares)		
Subscription Rights	301	258
Share Warrants	174	203
Increase in the Number of Shares of Common Stock (shares)	475	461
Summary of Potential Shares not used in the Calculation of Fully Diluted Net Income per Share (potential shares have no dilutive effect)	—	—

(Material Subsequent Event)

The Company had no material matters to report.

## 6. Other

### (1) Changes in Assignment of Directors

The Company will disclose once the assignments have been confirmed.