

en-japan inc.



1st Quarter FY March 2012 Earnings Announcement [Japan GAAP] (Consolidated)

May 12, 2011

Company Name	en-japan inc.	Listing Exchanges	Osaka Securities Exchange (Hercules Market)
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Scheduled date for submission of Quarterly Report	May 13, 2011		
Scheduled date to begin dividend payments	-		
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes		
Quarterly Earnings Briefing	No		

(Figures rounded down to nearest million yen)

1. FY Ending March 2012 First Quarter Year-to-Date Operating Results (From January 1, 2011 to March 31, 2011)

(1) Consolidated Operating Results (cumulative) (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 3/12 1st Qtr	2,896	-	505	-	460	-	172	-
FYE 12/10 1st Qtr	-	-	-	-	-	-	-	-

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/12 1st Qtr	777.68	776.48
FYE 12/10 1st Qtr	-	-

(Note) As quarterly consolidated financial statements will be prepared starting from 3rd Qtr FYE 12/10, figures and year-on-year changes for 1st Qtr FYE 12/10 are not shown.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 3/12 1st Qtr	14,153	12,270	86.3	55,178.29
FYE 12/10	14,612	12,334	84.1	55,728.33

(Reference) Core capital FYE 3/12 1st Qtr 12,219 million yen FYE 12/10 12,284 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 12/10	-	-	-	1,130.00	1,130.00
FYE 3/12	-	-	-	-	-
FYE 3/12 (projected)	-	-	-	-	-

(Note) As the fiscal year under review covers a transitional period of 15 months due to the Company's change of fiscal year-end, the Company will announce its dividend forecast as soon as the details become available.

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

(Percentage for full year and 4th quarter (year-to-date) indicates changes from the prior fiscal year, and percentage for 2nd quarter (year-to-date) indicates changes from the same period of the prior fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter (year-to-date)	5,669	-	622	-	600	-	214	-	969.93
4th quarter (year-to-date)	12,390	24.0	2,000	12.7	1,981	9.9	978	11.8	4,419.69
Full year	-	-	-	-	-	-	-	-	-

(Note) 1. Revisions to the Company's operating results projections during the quarter: Yes

2. Due to the Company's change of fiscal year-end from December 31 to March 31, the fiscal year under review covers a transitional period of 15 months from January 1, 2011 to March 31, 2012. The Company will announce its full-year earnings projection as soon as the details become available.

4. Other (See [Attachments] Page 5. "Other Information" for further details.)

(1) Change in major subsidiary companies during quarter?

(change in a specified subsidiary that affects the scope of consolidation): No

Note: Subsidiary company that affects the scope of consolidation within this quarterly accounting period.

(2) Application of simplified accounting method and special accounting method?

Yes

Note: Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements.

(3) Changes in accounting principles, procedures and reporting methods

a. Changes in conjunction with revisions in accounting methods:

Yes

b. Revisions other than a.:

No

Note: Changes in the accounting principles, procedures and reporting methods pertaining to preparation of quarterly consolidated financial statements as described in "Changes in Important Matters Used as the Basis for Preparation of the Quarterly Financial Statements."

(4) Number of shares issued (common stock)

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

FYE 3/12 1st Qtr	245,954 shares	FYE 12/10	245,838 shares
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b. Number of shares of treasury stock at the end of the period

FYE 3/12 1st Qtr	24,500 shares	FYE 12/10	24,500 shares
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c. Average number of shares issued during the period (Quarter Year-to-Date)

FYE 3/12 1st Qtr	221,361 shares	FYE 12/10 1st Qtr	233,129 shares
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Notice regarding quarterly review procedures

This quarterly earnings announcement is excluded from quarterly review procedures based on the Financial Instruments and Exchange Act. As of the time of disclosure of this quarterly earnings announcement, en-japan had not completed the quarterly financial statements review procedure based on the Financial Instruments and Exchange Law.

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

The forward-looking statements, including business results projections, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. See Page 4 "Qualitative Information Concerning Consolidated Projected Operating Results" of the quarterly earnings announcement (Attachments) for the conditions used as assumptions and matters to note when using the projected operating results.

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Note: en-japan does not plan to hold a briefing for investors but intends to post materials on its financial results for the first quarter under review on the Company's website

1. Qualitative Information Concerning Quarterly Consolidated Business Performance

(1) Qualitative Information Concerning Consolidated Operating Results

During the first quarter of the fiscal year ending March 2012, the Japanese economy gradually recovered as a whole thanks to a notable pickup in the export sector, fuelled by the economic growth in emerging countries where domestic demand expanded. Nonetheless, because the Great East Japan Earthquake on March 11, 2011 greatly damaged the infrastructure of eastern Japan, concern over the future stagnation of the Japanese economy is mounting, as such damage will not only affect corporate activities but also people's daily lives.

The job situation started to show signs of improvement with both the unemployment rate and ratio of job openings to job seekers recovering, but the Great Earthquake may affect companies' hiring activities negatively, making the future outlook bleaker.

Under such circumstances, the en-japan Group reinforced its sales activities on "Search-based Employment Solutions" which are positioned as a strategic product of the group's mainstay website [en] Career Change Info. The Group also started developing services to make it easier for companies to hire staff and for job seekers to change their careers, by taking advantage of social networks (SNS) that are becoming ever more important as a piece of information infrastructure.

As a result, the Company recorded net sales of ¥2,896 million, operating income of ¥505 million, ordinary income of ¥460 million, and net income of ¥172 million for the first quarter of the fiscal year ending in March 2012.

[1] Mid-Career Hiring Business

The number of postings for [en] Career Change Info increased by 12.3% compared with the same period of the prior fiscal year thanks to the recovery in firms' interest in hiring staff. In addition, reinforced marketing of "Search-based Employment Solutions" culminated in an increase in new customers, pushing up the number of companies posted by 51.5% from the same period of the prior fiscal year.

[en] Temporary Placement Info also performed firmly, supported by a comeback in temporary staffing needs.

[en] Career Change Consultant continued to face more challenging conditions compared to other websites, but net sales exceeded the previous quarter for the first time in the past 12 quarters.

In [en] New Career Challenges, the number of job offers decreased for some industries due to the impact of the Great East Japan Earthquake.

At Wall Street Associates KK, although the job placement business performed steadily, temporary dispatch of high-caliber personnel, which the Company has started to strengthen from this fiscal year, fell below the Company's expectations.

As a result, net sales were ¥2,567 million, and operating income was ¥737 million for the first quarter of the fiscal year ending in March 2012.

[2] New Graduate Hiring Business

As companies held their presentation meeting targeted at prospective graduate students in March 2012 more actively, sales of "Process products," aimed at supporting companies' hiring activities, showed good performance.

As a result, net sales were ¥251 million, and operating losses were ¥111 million for the first quarter of the fiscal year ending in March 2012.

From the fiscal year under review, sales of training products targeted at personnel in their first to third year of employment, which were originally categorized as the Education/Evaluation Business, are recorded in the New Graduate Hiring Business, because this product is considered to be an early strategic product.

[3] Education/Evaluation Business

Sales of training products targeted at personnel in their first to third year of employment are now recorded in the New Graduate Hiring Business, and thus sales of training products declined. Nonetheless, [en] College flat-rate training service showed a stable performance.

As a result, net sales were ¥51 million, and operating losses were ¥19 million for the first quarter of the fiscal year ending in March 2012.

[4] Other Business

[en] Green Wedding faced a difficult operating environment as more people voluntarily restrained from holding wedding ceremonies after the Great East Japan Earthquake. The Company is striving to improve profitability quickly by renewing its website.

The Company received the first order for the cloud-based human resources and payroll accounting system “FINE.” This product will be delivered in May and start operating in June.

As a result, net sales were ¥26 million, and operating losses were ¥101 million for the first quarter of the fiscal year ending in March 2012.

Quarterly sales information by segment is presented below:

Category	FY Ending March 2012 First Quarter	
	From January 1, 2011 to March 31, 2011	
	Net Sales (thousand yen)	Share (%)
Mid-Career Hiring Business	2,567,866	88.6
New Graduate Hiring Business	251,217	8.7
Education/Evaluation Business	51,475	1.8
Other Business	26,373	0.9
Total	2,896,933	100.0

- Notes: 1. Values for net sales do not include consumption taxes or local consumption taxes.
 2. Intercompany sales among consolidated companies are eliminated.
 3. Sales of the consolidated subsidiary Wall Street Associates KK is categorized in Mid-Career Hiring Business.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the first quarter of the fiscal year ending in March 2012 decreased by ¥459 million compared with the end of the previous fiscal year to ¥14,153 million. This mainly reflected a decrease in cash and deposits and investments and other assets.

Total liabilities at the end of the first quarter under review were ¥1,882 million, a decrease of ¥395 million compared with the end of the previous fiscal year. The decrease was mainly attributable to a decrease in corporate and other taxes payable.

Total net assets were ¥12,270 million, down by ¥63 million compared with the end of the previous fiscal year. The decrease in net assets was mainly the result of a decrease in retained earnings.

(Cash Flows from Operating Activities)

Cash flows from operating activities in the first quarter of the fiscal year ending in March 2012 increased to ¥249 million. In spite of a decrease in cash flow due to the corporate taxes payment of ¥755 million, cash flow from operating activities increased mainly as a result of posting a net income before taxes of ¥314 million and depreciation expenses of ¥172 million, and an increase in reserve for bonuses of ¥204 million.

(Cash Flows from Investing Activities)

Cash flow from investing activities in the first quarter of the fiscal year ending in March 2012 was ¥177 million. Although the Company spent ¥315 million to acquire tangible fixed assets, it received income of ¥300 million as repayment of time deposits and ¥287 million as return of deposit and guarantee.

(Cash Flows from Financing Activities)

Cash flow used for financing activities in the first quarter of the fiscal year ending in March 2012 was ¥231 million. This mainly consisted of dividend payment of ¥229 million.

Note: As the Company started to present its quarterly consolidated financial statements from the third quarter of the fiscal year ended December 2010, figures and year-on-year changes for the first quarter of the fiscal year ended December 2010 are not shown.

(3) Qualitative Information Concerning Projected Consolidated Operating Results

The Company revised its consolidated operating results projections for the second quarter year-to-date period of the fiscal year ending March 2012 announced on February 9, 2011.

The operating results projections for the fourth quarter year-to-date period of the fiscal year ending March 2012 have also been modified partially following the revision of the projections for the second quarter year-to-date period. Differences from the previous projections disclosed in the earnings announcement that was released on February 9, 2011 are presented below.

Revisions on Consolidated Operating Results Forecast for FYE 3/12 Fourth Quarter Year-to-Date Period (January 1, 2011 – December 31, 2011)

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS
	Million yen	Million yen	Million yen	Million yen	yen
Previous projections (A)	12,570	2,000	1,924	960	4,340.24
Revised projections (B)	12,390	2,000	1,981	978	4,419.69
Change (B-A)	-180	0	57	18	
Rate of change (%)	-1.4	0.0	3.0	1.9	
(Reference) Actual results (FYE12/10)	9,991	1,774	1,803	875	3,905.72

Revisions on Non-consolidated Operating Results Forecast for FYE 3/12 Fourth Quarter Year-to-Date Period (January 1, 2011 – December 31, 2011)

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS
	Million yen	Million yen	Million yen	Million yen	yen
Previous projections (A)	10,380	1,833	1,752	936	4,232.00
Revised projections (B)	10,380	1,833	1,810	946	4,273.47
Change (B-A)	0	0	58	10	
Rate of change (%)	0.0	0.0	3.3	1.1	
(Reference) Actual results (FYE12/10)	9,276	1,642	1,676	827	3,691.84

Due to the Company's change of fiscal year-end from December 31 to March 31, the fiscal year under review covers a transitional period of 15 months from January 1, 2011 to March 31, 2012. The Company will announce its full-year consolidated and non-consolidated earnings projection as soon as the details become available.

2. Other Information

(1) Summary of Important Changes in Subsidiary Companies

The Company had no material items to report.

(2) Summary of Simplified Accounting Method and Special Accounting Method

[1] Method of calculating estimated balance of doubtful accounts in normal accounts

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

[2] 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 consolidated accounting period proportionally over the period.

[3] 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.

When judging the possibility of recovery of deferred income tax assets, the Company uses the future operating results projections and tax planning that it utilized at the end of the prior consolidated accounting period when it determines there have been no significant changes in the operating environment or major temporary differences since the end of the prior consolidated accounting period. When it determines there have been significant changes in the operating environment or major temporary differences since the end of the prior consolidated accounting period, the company uses the future operating results projections and tax planning that it utilized at the end of the prior consolidated fiscal year, tempered for the effect for such significant changes.

(3) Summary of Changes in Accounting Principles, Procedures and Reporting Methods

[1] Change in accounting standards

Application of the “Accounting Standards for Asset Retirement Obligations”

From the first quarter of the fiscal year under review, the Company applies the “Accounting Standards for Asset Retirement Obligations” (Accounting Standard Boards of Japan [ASBJ] Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21 of March 31, 2008).

The impact of this change is a decrease of operating income and ordinary income by ¥1,181 thousand, and net income before taxes by ¥5,428 thousand. Also, changes to the asset retirement obligations accompanying the application of this accounting policy amounted to ¥8,201 thousand.

[2] Change in presentation

Based on the “Accounting Policies Concerning Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the Company applies the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements, etc.” (The Cabinet Office Ordinance No. 5 of March 24, 2009). As a result, “Income before minority interests” is presented in the first quarter consolidated accounting period under review.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousand yen)

	FY Ending March 2012 End-First Quarter Consolidated Accounting Period (As of March 31, 2011)	Summarized consolidated balance sheets for the prior fiscal year (as of December 31, 2010)
Assets		
Current Assets		
Cash and deposits	6,079,970	6,184,799
Notes and accounts receivable	1,146,072	1,241,579
Other	532,918	532,263
Reserve for bad debts	-3,316	-3,813
Total Current Assets	7,755,644	7,954,830
Fixed Assets		
Tangible fixed assets	589,489	605,887
Intangible fixed assets		
Goodwill	1,293,207	1,327,429
Other	1,027,051	1,028,207
Total intangible fixed assets	2,320,259	2,355,637
Investments and other assets		
Investment securities	2,149,012	2,102,528
Other	1,399,767	1,656,305
Reserve for bad debts	-60,803	-62,749
Total Investments and Other Assets	3,487,976	3,696,084
Total Fixed Assets	6,397,725	6,657,609
Total Assets	14,153,369	14,612,439
Liabilities		
Current Liabilities		
Accounts payable	41,091	49,158
Lease liabilities	14,399	17,153
Corporate and other taxes payable	111,779	699,030
Reserve for bonuses	389,646	185,104
Increase (decrease) in reserve for relocation	—	55,023
Other	1,242,604	1,221,307
Total Current Liabilities	1,799,522	2,226,777
Long-term Liabilities		
Long-term accrued amount payable	44,910	35,536
Lease liabilities	12,895	15,327
Asset retirement obligations	25,060	—
Total Long-term Liabilities	82,866	50,864
Total Liabilities	1,882,388	2,277,641
Net Assets		
Shareholders' Equity		
Paid-in capital	972,552	970,929
Capital surplus	1,439,117	1,437,494
Retained earnings	13,066,801	13,144,766
Treasury stock	-3,438,187	-3,438,187
Total Shareholders' Equity	12,040,284	12,115,003
Valuation and Translation Adjustments		
Valuation difference on other investment securities	179,168	169,944
Total Valuation and Translation Adjustments	179,168	169,944
Small-lot shareholders' equity	51,527	49,850
Total Net Assets	12,270,981	12,334,797
Total Liabilities and Net Assets	14,153,369	14,612,439

(2) Quarterly Consolidated Income Statements

[First Quarter Consolidated Year-to-Date]

(Unit: Thousand yen)

	FY Ending March 2012 First Quarter Consolidated Year-to-Date (From January 1, 2011 to March 31, 2011)
Net sales	2,896,933
Cost of sales	456,916
Gross income	2,440,017
Selling, general and administrative expenses	1,934,357
Operating income	505,660
Non-operating income	
Interest received	5,410
Gain from investment in LLC	2,937
Other	5,186
Total non-operating income	13,534
Non-operating expenses	
Rent payable	51,874
Other	7,183
Total non-operating expenses	59,058
Ordinary income	460,136
Extraordinary loss	
Loss on disposal of fixed assets	63,774
Effect of application in accounting standard for asset retirement obligations	4,247
Subsidiary establishment expenses	77,846
Total extraordinary loss	145,868
Net income (loss) before taxes	314,267
Corporate, local and business taxes	134,965
Corporate tax adjustment	5,477
Total tax expense	140,442
Income before minority interests	173,825
Small-lot shareholder income (loss)	1,677
Net income (loss)	172,147

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Thousand yen)

	FY Ending March 2012 First Quarter Consolidated Year-to-Date (From January 1, 2011 to March 31, 2011)
Cash flows from operating activities	
Net income (loss) before taxes	314,267
Depreciation expense	172,207
Goodwill amortization	34,222
Increase (decrease) in reserve for relocation	-55,023
Increase (decrease) in reserve for bad debts	-2,442
Increase (decrease) in reserve for bonuses	204,542
Interest and dividends received	-5,410
Foreign exchange loss (gain)	-623
Loss (gain) from investment in LLC	-2,937
Loss on disposal of fixed assets	63,774
Subsidiary establishment expenses	77,846
(Increase) decrease in accounts receivable	95,507
Increase (decrease) in accounts payable	-8,066
Increase (decrease) in payments due	23,053
(Increase) decrease in other current assets	35,209
Increase (decrease) in other current liabilities	89,917
(Increase) decrease in other fixed assets	11,044
Increase (decrease) in other long-term liabilities	34,336
Subtotal	1,081,426
Interest and dividends received	994
Corporate taxes paid	-755,354
Subsidiary establishment expenses paid	-77,846
Cash flows from operating activities	249,220
Cash flows from investing activities	
Funds provided from maturity of time deposits	300,000
Cash used for acquisition of tangible fixed assets	-116,566
Cash used for acquisition of intangible fixed assets	-199,345
Cash used for purchase of investment securities	-30,361
Cash provided from sale of investment securities	2,370
Cash used for acquiring stock of affiliated companies	-66,359
Cash used for deposits and guarantees	-471
Cash provided from return of deposit and guarantees	287,907
Cash provided from collection of loans	89
Cash flows from investing activities	177,263
Cash flows from financing activities	
Cash provided by issuance of stock	3,246
Cash used for dividend payment	-229,372
Cash used for repayment of lease obligations	△ 5,185
Cash flows from financing activities	-231,311
Net increase (decrease) in cash and equivalents	195,171
Cash and equivalents at beginning of period	5,884,799
Cash and cash equivalents at end of period	6,079,970

(4) Notes Relating to the Going Concern Assumption

First quarter year-to-date period under review (from January 1, 2011, to March 31, 2011)

There are no pertinent items.

(5) Segment Information

As the Company started to present its quarterly consolidated financial statements from the third quarter of the fiscal year ended December 2010, segment information for the first quarter of the fiscal year ended December 2010 is not shown.

[Segment Information]

(Additional information)

From the first quarter of the fiscal year ending March 2012, the Company applies the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17 of March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 of March 21, 2008).

1. Outline of reporting segments

The Company’s reporting segments are business units for which separate financial information can be obtained and periodically reviewed by the Company’s decision making bodies such as the Board of Directors in the determination of resource allocation as well as the evaluation of business performance.

The Company is engaged in the management of various job advertising websites on the Internet as its principal business activities. The Company also offers personnel training programs and human strategy consulting services which ultimately culminate in personnel evaluation.

The Company therefore classifies its business into the three segments of the Mid-Career Hiring Business, New Graduate Hiring Business, and Education/Evaluation Business, in accordance with their respective management organization and characteristics of services.

The main services provided at each segment are as follows.

- (1) Mid-Career Hiring Business – [en] Career Change Info., [en] Career Change Consultant, [en] Temporary Placement Info, [en] New Career Challenges, testing services, personnel placement, personnel dispatching
- (2) New Graduate Hiring Business – [en] Job Info for Students, testing services
- (3) Education/Evaluation Business – Education, evaluation services, [en] college, testing services

2. Information on sales and profit/income by reporting segment

First quarter consolidated accounting period under review (from January 1, 2011 to March 31, 2011)

(thousand yen)

	Reporting segments				Others (see notes)	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/Evaluation Business	Total		
Net sales						
Sales to outside customers	2,567,866	251,217	51,475	2,870,560	26,373	2,896,933
Internal sales among segments, transfers	–	–	–	–	–	–
Total	2,567,866	251,217	51,475	2,870,560	26,373	2,896,933
Segment profit/loss (-)	737,883	-111,207	-19,862	606,813	-101,152	505,660

(Notes)

1. “Other” includes the [en] Green Wedding and FINE businesses that are not included in the three reporting segments.
2. The sum of the segment profit/loss equals the operating income/loss in the consolidated financial statement.
3. Information on fixed assets, impairment loss or goodwill by reporting segment
The Company has no material items to report.

(6) Notes on Significant Changes to Shareholders' Equity

There are no pertinent items.

4. Reference Materials

(1) Financial Statements for the First Quarter (Year-to-Date) of the Prior Fiscal Year

The Company started to prepare consolidated financial statements from the third quarter of the fiscal year ended December 2010. The Company therefore presents a non-consolidated financial statement for the first quarter of the fiscal year ended December 2010 as a reference to compare with the first quarter of the fiscal year under review.

(1) Quarterly Income Statement (The first quarter year-to-date period of the prior fiscal year)

(Unit: Thousand yen)

	FY Ended December 2010 First Quarter Year-to-Date (From January 1, 2010 to March 31, 2010)
Net sales	2,118,865
Cost of sales	403,939
Gross income	1,714,925
Selling, general and administrative expenses	
Salaries and allowances	502,370
Advertising and PR costs	330,235
Other	556,036
Total selling, general and administrative expenses	1,388,643
Operating income	326,281
Non-operating income	
Interest received	4,775
Other	8,295
Total non-operating income	13,071
Non-operating expenses	
Loss from investment in LLC	29,145
Other	5,235
Total non-operating expenses	34,381
Ordinary income	304,972
Extraordinary losses	
Loss related to lawsuit	26,554
Loss on valuation of investment securities	17,877
Total extraordinary losses	44,432
Net income (loss) before taxes	260,540
Corporate, local and business taxes	184,930
Corporate tax adjustment	-72,392
Total tax expense	112,538
Net income (loss)	148,001

(2) Quarterly Statements of Cash Flows (The first quarter year-to-date period of the prior fiscal year)

(Unit: Thousand yen)

	(From January 1, 2010 to March 31, 2010)
Cash flows from operating activities	
Net income (loss) before taxes	260,540
Depreciation expense	198,282
Increase (decrease) in reserve for bad debts	-2,245
Increase (decrease) in reserve for bonuses	107,325
Interest and dividends received	-4,775
Foreign exchange loss (gain)	-345
Loss (gain) from investment in LLC	29,145
Loss (gain) on valuation of investment securities	17,877
(Increase) decrease in accounts receivable	56,093
Increase (decrease) in accounts payable	-9,211
Increase (decrease) in payments due	-49,011
(Increase) decrease in other current assets	267,478
Increase (decrease) in other current liabilities	-28,036
(Increase) decrease in other fixed assets	-49,066
Sub-total	794,049
Interest and dividends received	1,578
Corporate taxes paid	-315
Cash flow from operating activities	795,312
Cash flows from investing activities	
Cash used for acquisition of tangible fixed assets	-152,981
Cash used for acquisition of intangible fixed assets	-202,529
Cash provided from sale of investment securities	3,408
Cash provided from return of deposit and guarantees	1,000
Other cash used	-5
Other cash provided	87
Cash flows from investing activities	-351,020
Cash flows from financing activities	
Cash provided by issuance of stock	457
Cash used for dividend payment	-167,623
Cash used for repayment of lease obligations	-3,356
Cash flows from financing activities	-170,522
Translation adjustment to cash and equivalents	1
Net increase (decrease) in cash and equivalents	273,771
Cash and equivalents at beginning of period	6,214,449
Cash and cash equivalents at end of period	6,488,220