

en-japan inc.
Fiscal Year Ended March 31, 2013, Earnings Announcement
[under Japanese GAAP] (Consolidated)

May 10, 2013

Company Name	en-japan inc.	Listing Exchanges	Osaka Securities Exchange (Jasdaq Market)
Stock Code	4849	URL	http://corp.en-japan.com/
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Vice President and Managing Director, Administrative Office	(Name)	Takashi Fujino
		Telephone	+81-3-3342-4506
Regular General Shareholders' Meeting	June 26, 2013		
Scheduled date to begin dividend payments	June 27, 2013		
Scheduled date for submission of Securities Report	June 27, 2013		
Preparation of Summary Supplementary Explanatory Materials	Yes		
Earnings Briefing	Yes (for institutional investors)		

(Figures rounded down to nearest million yen)

1. FYE 03/2013 Consolidated Earnings (From April 1, 2012 to March 31, 2013)
(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 03/2013	13,563	—	2,783	—	2,840	—	1,545	—
FYE 03/2012	15,687	—	3,047	—	2,884	—	1,135	—

(Notes) 1. Comprehensive income FYE03/2013: 2,108 million yen (-%) FYE03/2012: 1,478 million yen (-%)

2. Following the Company's change of fiscal year-end, the fiscal year ended March 31, 2012 was a transitional period of 15 months (from January 1, 2011 to March 31, 2012). Therefore, year-on-year changes are not shown.

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Assets	Operating Income to Sales
	Yen	Yen	%	%	%
FYE 03/2013	6,974.21	6,971.16	10.7	16.4	20.5
FYE 03/2012	5,129.36	5,124.50	8.8	18.8	19.4

(Reference) Equity in earnings (loss) of affiliates FYE 03/2013 37 million yen FYE 03/2012 50 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2013	18,463	15,278	82.7	68,847.07
FYE 03/2012	16,084	13,581	84.4	61,285.60

(Reference) Equity FYE 03/2013 15,278 million yen FYE 03/2012 13,581 million yen

(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 03/2013	2,772	329	—427	10,349
FYE 03/2012	2,822	—771	—269	7,665

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	4th Quarter-end	Year End	Full-Year Total			
	Yen	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE 03/2012	—	—	0.00	—	1,850.00	1,850.00	432	36.1	3.2
FYE 03/2013	—	0.00	—	—	1,950.00	1,950.00	456	28.0	3.0
FYE 03/2014 (projected)	—	0.00	—		2,150.00	2,150.00		28.7	

(Note) 1. 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 03/2012 becomes 38.0%, FYE 03/2013 becomes 29.5% and FYE 03/2014 becomes 30.2%.

2. Following the Company's change of fiscal year-end, the fiscal year ended March 31, 2012 was a transitional period of 15 months (from January 1, 2011 to March 31, 2012).

3. FY Ending March 2014 Projected Consolidated Operating Results (From April 1, 2013 to March 31, 2014)

(Percentage for the full year indicates the percentage change from the prior fiscal year and percentage for the half year indicates the percentage 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
Half year	7,270	13.0	1,130	—11.8	1,190	—12.4	690	—14.4	3,109.26
Full year	16,300	20.2	3,200	15.0	3,280	15.5	1,665	7.7	7,502.77

*Notes

(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)

(2) Changes in accounting policy, changes in accounting estimates, or restatement due to correction

- a. Changes in accounting policy accompanying amendment of accounting principles: Yes
- b. Changes in accounting policy other than "a.": No
- c. Changes in accounting estimates: Yes
- d. Restatement due to correction: No

(Note) The Company changed the depreciation method effective the fiscal year under review, which is applicable to "a case when a change in accounting policy is difficult to distinguish from a change in accounting estimates." For details, please refer to "(5) Notes to the Consolidated Financial Statements" in "4. Consolidated Financial Statements" on page 22 of the Attachments.

(3) Number of shares issued (common stock)

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

FYE 03/2013	246,418 shares	FYE 03/2012	246,118 shares
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- b. Number of shares of treasury stock at fiscal year-end

FYE 03/2013	24,500 shares	FYE 03/2012	24,500 shares
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- c. Average number of shares issued during the period

FYE 03/2013	221,655 shares	FYE 03/2012	221,448 shares
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(Reference) Summary of Non-Consolidated Operating Results

1. FYE 03/2013 Non-Consolidated Earnings (From April 1, 2012 to March 31, 2013)

(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 03/2013	10,631	—	2,473	—	2,871	—	1,695	—
FYE 03/2012	12,843	—	2,779	—	2,664	—	1,117	—

(Note) Following the Company's change of fiscal year-end, the fiscal year ended March 31, 2012 was a transitional period of 15 months (from January 1, 2011 to March 31, 2012). Therefore, year-on-year changes are not shown.

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 03/2013	7,648.25	7,644.90
FYE 03/2012	5,047.33	5,042.55

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2013	17,741	15,292	86.2	68,911.26
FYE 03/2012	15,494	13,455	86.8	60,715.19

(Reference) Equity FYE 03/2013 15,292 million yen FYE 03/2012 13,455 million yen

2. FY Ending March 2014 Projected Non-Consolidated Operating Results (From April 1, 2013 to March 31, 2014)

(Percentage for the full year indicates percentage change from prior fiscal year and percentage for the second quarter [year-to-date] indicates changes from the same period of the prior fiscal year.)

	Net Sales		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	5,270	6.5	1,260	11.8	900	29.3	4,055.55
Full year	11,700	10.0	3,150	9.7	1,850	9.1	8,336.41

[Notice regarding audit procedures]

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

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

Forward-looking statements including projected operating results contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational, and are not intended to guarantee achievements by the Company. Actual results may differ significantly from such projections due to various factors. Please refer to "(1) Analysis of Business Performance" in "1. Analysis of Business Performance and Financial Position" on page 6 of the Attachments for the conditions used as assumptions and matters to note when using the projected operating results.

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1. Analysis of Business Performance and Financial Position

Following the Company's change of fiscal year-end from December 31 to March 31, the fiscal year ended March 31, 2012 was a transitional period of 15 months. Due to such difference in the accounting periods, year-on-year changes are not shown for the fiscal year ended March 31, 2013.

(1) Analysis of Business Performance

(Business Performance for the Period)

Consolidated Business Performance Overview

In the fiscal year ended March 31, 2013, the economic outlook continued to be uncertain in Japan until the middle of the period, due primarily to the sovereign debt crisis in Europe and the economic slowdowns in emerging countries. Subsequently, however, triggered by the economic measures introduced by the new administration that came to power in December 2012, signs of an economic recovery began to appear, including the correction of the excessive appreciation of the yen and improvements in the domestic stock market.

The employment environment also continued to recover gradually. In March 2013, the effective ratio of job offers to job seekers marked 0.86 times, which was comparable to the level seen in August 2008 immediately before the 2008 financial crisis.

Under such circumstances, the en-japan Group worked to reinforce measures on its mainstay website, [en] Career Change Info, to bolster sales of contingent-fee-type job advertising and increase the number of persons joining companies.

In addition, the en-japan Group strove to expand and enhance its product line-up. Specifically, the Group newly launched [en] Temp to Perm Info, a recruitment site for females wishing to work as full-time employees, in December 2012. Site renewals were also implemented for [en] Career Change Consultant, [en] Temporary Placement Info, and [en] New Career Challenges.

Meanwhile, en world Japan K.K., which provides job placement services for multinational companies in Japan, took steps to reinforce manpower both in terms of number and competence while aggressively pursuing sales activities.

Furthermore, the Company took aggressive initiatives overseas, mainly in the Asia Pacific region. It established offices in Hong Kong and South Korea under the "en world" brand to handle job placement services for multinational companies. In addition, the Company acquired Calibrate Recruitment Pty Ltd., a company engaged in job placement and temporary staffing services in Australia.

As a result, the Company posted net sales of ¥13,563 million, operating income of ¥2,783 million, ordinary income of ¥2,840 million and net income of ¥1,545 million for the fiscal year ended March 31, 2013.

For reference, these results are compared with those of the corresponding period in the previous year as follows.

(Reference) Comparison with results of the corresponding period in the previous year

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	(Million yen) Ratio of Year-on- Year change
Net Sales	12,790	13,563	6.0%
Operating Income	2,541	2,783	9.5%
Ordinary Income	2,424	2,840	17.2%
Net Income	963	1,545	60.4%

1) Mid-Career Hiring Business

In [en] Career Change Info, the Company actively pursued sales activities and implemented various trial measures to increase sales of the contingent-fee-type job advertising segment. As a result, net sales generally reached the planned level. However, charge-per-listing job advertising fell short of the plan, and consequently, the overall net sales in [en] Career Change Info were below the plan.

[en] Temporary Placement Info posted net sales above the plan, owing to the favorable performance of new products for small-size temporary staffing companies.

In [en] Career Change Consultant, net sales exceeded the plan, thanks to new products released on top of an increased number of customers repeatedly using the services and the strong performance of contingent-fee-type services.

[en] New Career Challenges specializes in posting job listings of various recruitment styles from temporary staffing companies. During the fiscal year under review, there was high demand from companies to mainly hire salespersons such as those for smartphone selling stores and the number of listings on the site increased. As a result, net sales exceeded the plan.

In [en] Temp to Perm Info, active efforts were made in conducting sales activities and attracting registered users. Although the number of registered users has been steadily increasing, net sales fell short of the plan, affected by the delay in the opening of the site from the initial schedule.

Sales at en world Japan K.K. exceeded the plan, as a result of factors including the strong hiring needs among client companies mainly in the fields of consumer products, IT and medical and the favorable performance of “en premium,” a job placement service brand for growing Japanese companies.

As a result, net sales were ¥11,748 million, and operating income was ¥2,640 million for the fiscal year ended March 2013.

2) New Graduate Hiring Business

[en] Job Info for Students 2014 that provides recruitment information particularly on mid-tier, small-and-midsize, and venture companies, recorded net sales above the plan, due primarily to an increase in the number of customers repeatedly using the site and a higher unit price of products after launching new items. Consequently, an operating income was recorded for the first time in four fiscal years.

As a result, net sales were ¥1,484 million, and operating income was ¥133 million for the fiscal year ended March 2013.

3) Education/Evaluation Business

In the education/evaluation business, the number of contracted corporate members for the flat-rate training service en-College increased while efforts were made to reduce costs and improve efficiency. As a result, the business posted an operating income after having recorded losses for the last two fiscal years.

As a result, net sales were ¥294 million, and operating income was ¥43 million for the fiscal year ended March 2013.

For reference, the results by business segment are compared with those of the corresponding period in the previous year as follows.

(Reference) Comparison with results by segment of the corresponding period in the previous year

		(Million yen)		
		Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Ratio of Year- on-Year change
Mid-Career Hiring Business	Net sales	11,049	11,748	6.3%
	Operating income	2,899	2,640	-8.9%
New Graduate Hiring Business	Net sales	1,362	1,484	8.9%
	Operating income	-85	133	—
Education/ Evaluation Business	Net sales	251	294	17.0%
	Operating income	-17	43	—

(Outlook for the Next Fiscal Year)

We expect the Japanese economy will continue recovering moderately in the fiscal year ending March 31, 2014, in anticipation of the expected upturn in corporate earnings on the back of the weakening yen and high stock prices.

The employment environment is also seeing growing hiring needs, and we expect conditions will remain steady for the time being.

The Company will strive to enhance its services to accommodate the hiring needs of corporations while continuing to aggressively take initiatives in expanding its overseas business.

Effective the fiscal year ending March 31, 2014, the Company will newly include eight subsidiaries in the scope of consolidation. For details, please refer to the “Notice Concerning Change to Scope of Consolidated Accounting.”

In consideration of the above, the Company projects net sales of ¥16,300 million, operating income of ¥3,200 million, ordinary income of ¥3,280 million and net income of ¥1,665 million on a consolidated basis for the next fiscal year.

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Total assets at the fiscal year ended in March 2013 increased by ¥2,379 million compared with the end of the previous fiscal year to ¥18,463 million. This was mainly due to an increase of ¥2,533 million in cash and bank deposits.

Total liabilities were ¥3,185 million, an increase of ¥683 million compared with the end of the previous fiscal year. This was mainly due to increases in deferred tax liabilities of ¥432 million and income taxes payable of ¥234 million.

Total net assets were ¥15,278 million, up by ¥1,696 million compared with the end of the previous fiscal year. This was primarily because retained earnings increased ¥1,117 million and valuation difference on available-for-sale securities increased ¥535 million.

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

Net cash provided by operating activities in the fiscal year ended March 2013 amounted to ¥2,772 million. Major components thereof were net income before taxes of ¥2,862 million.

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

Net cash provided by investing activities during the fiscal year under review amounted to ¥329 million. The major components thereof were ¥622 million for the purchase of certain noncurrent assets and ¥131 million for the purchase of stocks of subsidiaries and affiliates, all of which was offset by ¥772 million in proceeds from sales and redemption of investment securities and ¥322 million in proceeds from sales of stocks of subsidiaries and affiliates.

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

Net cash used in financing activities during the fiscal year under review amounted to ¥427 million. Major components thereof were ¥408 million in cash dividends paid.

(Reference) Cash Flow Indicators

	FYE 12/10	FYE 03/12	FYE 03/13
Equity ratio (%)	84.1	84.4	82.7
Equity ratio based on market capitalization (%)	172.5	130.2	150.1
Cash flows/Interest-bearing debt ratio (%)	—	—	—
Interest coverage ratio (times)	—	—	—

(Notes)

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:

$[\text{Closing stock price at fiscal year-end}] \times [\text{Number of shares issued at fiscal year-end (net of treasury stock)}]$

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 fiscal year ended in December 2010, the figures before the fiscal year ended in December 2010 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 ¥1,950 per share for the fiscal year ended March 31, 2013.

For the next fiscal year, the Company plans to pay a year-end dividend of ¥2,150 per share based on its basic policy.

(4) Business Risks

Details of the major risk factors recognized by the en-japan Group as part of its business are provided below. The Group believes in actively disclosing information to investors and shareholders that may not be considered business risks, but which the Group believes is important for making investing decisions or understanding the Company's business. Having identified the potential of these risks, the Group endeavors to either prevent their occurrence or respond in the event of occurrence; however, the Group 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) Changes in the business trend and employment situation

The en-japan Group's business is highly sensitive to changes in the economic environment such as business trends and labor market conditions. The Group expects that, even if the economic environment unexpectedly deteriorates, there will always be a certain level of demand for recruiting and job seeking services. However, the Company's earnings could be adversely affected if changes in the economic environment are beyond the expectations of the Group.

(ii) Business Lines

The en-japan Group, as a provider of comprehensive human resources services, focuses on business lines in which it can utilize the know-how and brand power it has fostered to date, and the Group will continue to operate on this policy. However, the earnings of the Group might be adversely impacted by factors such as the curtailment and slowed growth of the relevant markets and by declines in competitiveness and/or prices of various services offered by the Group.

(iii) M&A

In an effort to promote business expansion, the en-japan Group pursues M&A activities mainly in its human resources-related business. The Group plans to continue taking this approach as necessary going forward. In executing an M&A or such like, the Group conducts advance evaluations in detail of the financial conditions of the target company, contract terms and other factors in order to evade risks as much as possible. However, such transactions may have a negative effect on the Group's earnings if after executing an M&A or such like, the related businesses do not develop according to the plan, due to an occurrence of a contingent liability, changes in the business environment and other factors.

(iv) Overseas subsidiaries

The Group owns overseas subsidiaries, and management of these overseas subsidiaries carries specific operational risks such as the effects from changes in economic, political, legal, and tax-related matters in each of the relevant countries and regions, as well as the difference in business practices, on top of the foreign exchange fluctuation risk. If our overseas business expands in the future and the share of the overseas subsidiaries within the Group's sales and earnings increases, and changes in the economic conditions in relevant countries and regions occur, such changes may affect the Group's operating performance.

(v) Dependence on President and Representative Director

Takatsugu Suzuki, President and Representative Director, is concurrently responsible for the formulation of overall management policies and business strategies of the Group, and also for the management of the mid-career hiring business division, which is a core segment of the Group. Hence, the Group is extremely dependent on Mr. Suzuki. While the Company is proceeding to establish a management structure that is not excessively dependent on him, should an unforeseen incident occur with respect to him, this may have an impact on the Group's operating performance.

(vi) Human Capital

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

Even if the hiring and training of the necessary personnel proceed as planned, if there is an increase in the Group's fixed assets such as personnel costs or facility costs, above the level expected by the Group, this may adversely impact the operating performance of the Group.

(vii) Share Price Dilution due to Stock Option Grants

The en-japan Group 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-japan Group brand in the market is vital to the growth of our business. The en-japan Group 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 Group earnings.

(ii) Transactions with Customers in Specific Industries

The en-japan Group 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 Group 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 Group earnings.

(iii) 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, the Group has put into place a system for each planning division to take the lead in working with related departments to develop new products and services. This enables the en-japan Group to receive feedback from users and clients and reflect this information in our system.

Although we continue to expand the Group's personnel structure, if we delay 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, which may have an effect on the operating performance of the Group.

(c) Legal and Regulatory Risks

(i) Intellectual Property Infringement

The en-japan Group owns numerous intellectual property rights, including trademarks related to service names and copyrights related to content offered by the Group. The Group 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 Group earnings.

(ii) Compliance with Laws and Statutes

In recognition of the growing number of subsidiaries and affiliates in the Group both in Japan and overseas, we are 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 or a rapid change in the business environment, the Group might be unable to appropriately manage the various business risks, and this might have a negative effect on the Group's 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 Group employee is responsible for serious negligence, fraud or another illegal act, the Group's earnings may be adversely impacted by subsequent lawsuits and/or compensation for damages. Further, in the event an investigation by the Labor Standards Supervision Office results in administrative guidance, this might have a negative effect on the management of the Group and on the Group's operating performance.

(iii) Protection of Personal Information

As a company providing comprehensive human resources services, en-japan recognizes the extreme importance of properly managing personal information during the course of its business activities to ensure the prevention of leaks, and misuse or alteration of information. 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, subsequently continued to renew the certification, and maintains the certification at the present.

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

Human resources-related businesses are obligated to publicly announce accurate information, including "worker recruitment methods" and "working conditions" as defined by the Employment Security Act. 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 Act, the protection of minimum wages by region or industry under the Act, and regulations regarding false or exaggerated representations as set forth by the Consumer Protection Act. These legal regulations could restrict the Group's business. Furthermore, various other regulations including the Worker Dispatching Act and the Ethical Charter for new graduates hiring defined by KEIDANREN (Japan Business Foundation) that impact the businesses of clients of the Group may lead us to also

establishing a structure to accommodate such rules, which may have an effect on the operating performance of the Group.

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

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

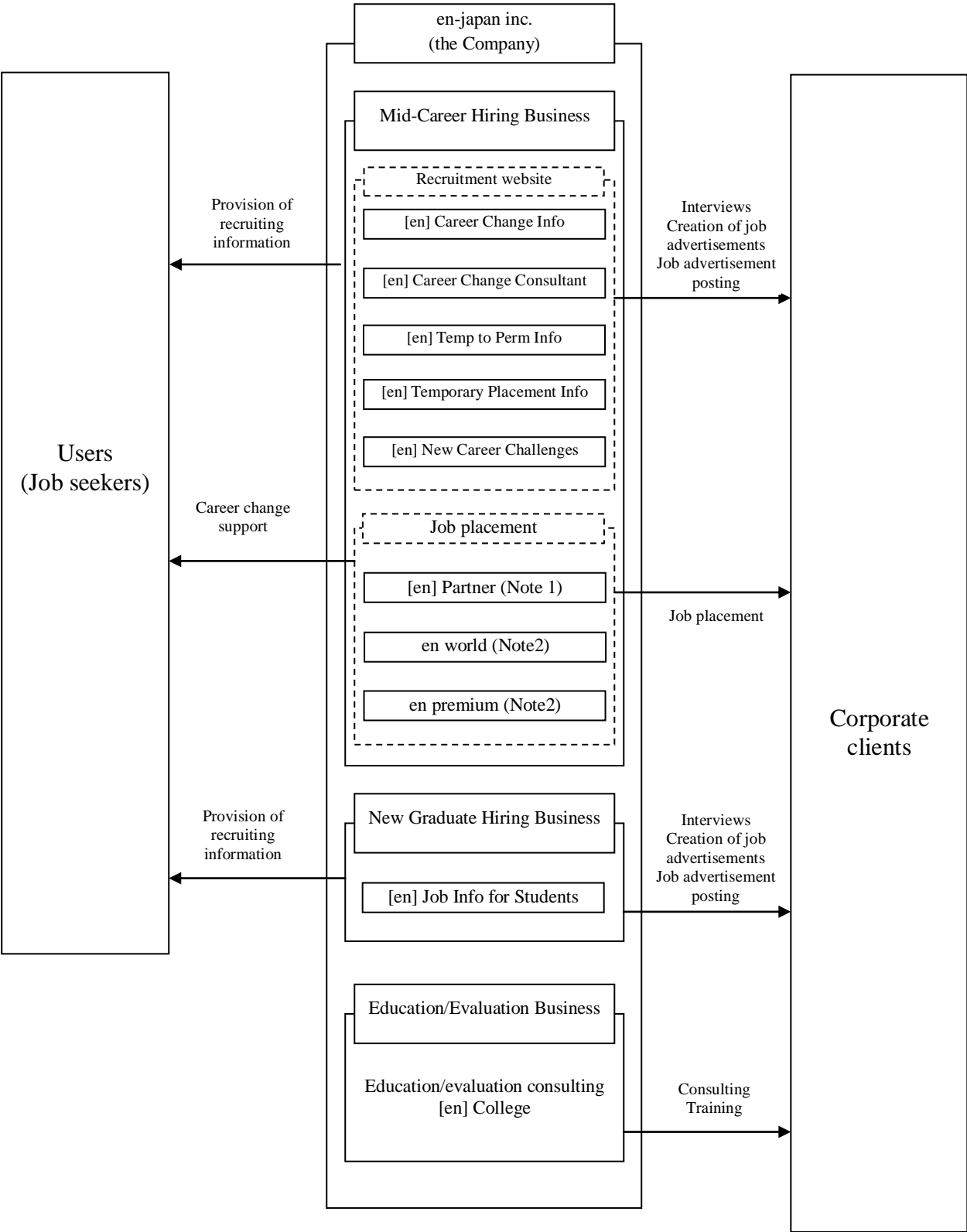
(v) Major Natural Disasters and Accidents

The en-japan Group's business relies on communications networks that connect computer systems. The Group 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 Group 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 Group or employee error. Not only could such damages inflict direct harm on the Group, but a server inoperability or defect could also result in damage to the Group's reputation and suspension of business transactions, or in lawsuits and compensation for damages, potentially having a negative impact on the Group's business.

(5) Significant Events, etc. Relating to the Going Concern Assumption

The Company had no material items to report.

2. Current Conditions of the Corporate Group



(Notes)

1. The [en] Partner service was launched in April 2013.
2. Job placement services “en world” and “en premium” are provided by en world Japan K.K., a consolidated subsidiary.

3. Management Policies

(1) Basic Corporate Management Policy

The en-japan Group is a provider of comprehensive human resources services that mainly specialize in the business involving the operation of recruitment sites as well as job placement services. Since its foundation, the Group's 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 establish a preferential position. Today, we take advantage of this preferential position in expanding our business in overseas.

Going forward, we will work to keep growing by providing services that consistently achieve hiring of individuals who fit better to the respective organizations and businesses and ensure such individuals can demonstrate competence and stay with the companies they joined.

(2) Target Management Indices

The en-japan Group believes that providing high-quality services will translate into higher recognition from clients, leading to improvements in net sales, the operating income to sales ratio, and the ordinary income to sales ratio. The Group has therefore positioned these three gauges as significant management indices and will strive to enhance them for the ultimate purpose of maximizing the corporate value of the Company over the course of the business.

(3) Mid- and Long-Term Company Management Strategies and Issues to be Addressed

The Group anticipates the Japanese economy will not experience significant growth in the future due to the decreasing population. For such reason, more companies are developing their overseas businesses, making their human resource hiring needs more diversified, and at the same time, they are being more selective in their hiring processes.

In recognition of these circumstances, the en-japan Group is working to expand its service line-up.

The Group's contingent-fee-type job advertisement service that was launched in 2010 has received favorable recognition from companies that tend to be highly selective in their hiring processes, and we have seen a steady growth in net sales of this service. The Group will reinforce its job placement services going forward with a view to responding even more effectively to the needs that firms have.

In addition, in August 2010, the Group turned en world Japan K.K., a company engaged in the job placement and temporary staffing services to multinational companies, into its wholly-owned subsidiary. Today, the en-japan Group strives to expand its international business by making full use of en world Japan K.K.'s job placement know-how and its relationships with multinational firms. On top of providing job placement and temporary staffing services under the "en world" brand in Singapore, Hong Kong and South Korea, the Group acquired a job placement agency in Australia. In April 2013, the Group also acquired the Navigos Group, the No. 1 operator of recruitment sites and provider of job placement services in Vietnam. The en-japan Group will continue to take initiatives in further expanding its overseas business.

Given that we operate not only the hiring business that accounts for the majority of our net sales, but also the education/evaluation business, we will make full use of our expertise in such businesses as we strive to become a provider of services that consistently have job seekers join companies, demonstrate their competence after joining and stay with the companies.

(4) Other Important Matters for Management of the Company

No material matters to report

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2012)	Current Fiscal Year (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	7,815,613	10,349,167
Notes and accounts receivable—trade	1,303,775	1,340,466
Supplies	10,611	11,715
Deferred tax assets	241,103	278,490
Other	185,585	336,031
Allowance for doubtful accounts	— 6,238	— 19,577
Total current assets	9,550,450	12,296,293
Noncurrent assets		
Property, plant and equipment		
Buildings	220,771	296,517
Accumulated depreciation	— 57,465	— 90,530
Buildings, net	163,306	205,987
Vehicles	471	471
Accumulated depreciation	— 471	— 471
Vehicles, net	0	0
Furniture and fixtures	1,194,360	984,850
Accumulated depreciation	— 884,125	— 801,870
Furniture and fixtures, net	310,235	182,980
Lease assets	115,841	135,777
Accumulated depreciation	— 52,544	— 53,417
Lease assets, net	63,297	82,360
Construction in progress	2,323	26,009
Total property, plant and equipment	539,162	497,337
Intangible assets		
Software	693,826	729,531
Goodwill	1,471,173	1,301,141
Other	5,976	63,612
Total intangible assets	2,170,977	2,094,284
Investments and other assets		
Investment securities	2,244,639	2,289,226
Long-term loans receivable	23,443	9,279
Deferred tax assets	148,051	2,667
Stocks of subsidiaries and affiliates	991,233	836,489
Other	429,376	439,288
Allowance for doubtful accounts	— 13,211	— 880
Total investments and other assets	3,823,533	3,576,072
Total noncurrent assets	6,533,672	6,167,694
Total assets	16,084,123	18,463,988

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2012)	Current Fiscal Year (As of March 31, 2013)
Liabilities		
Current liabilities		
Accounts payable—trade	33,950	41,697
Lease obligations	31,416	43,879
Income taxes payable	235,067	469,094
Accounts payable—other	1,044,892	838,726
Provision for bonuses	391,225	501,889
Reserve for directors' bonuses	10,826	35,399
Other	626,390	622,834
Total current liabilities	2,373,770	2,553,522
Noncurrent liabilities		
Long-term accounts payable—other	66,498	102,850
Asset retirement obligations	26,818	55,497
Deferred tax liabilities	—	432,674
Lease obligations	35,045	41,039
Total noncurrent liabilities	128,361	632,062
Total liabilities	2,502,132	3,185,584
Net assets		
Shareholders' equity		
Capital stock	977,812	986,144
Capital surplus	1,444,376	1,452,708
Retained earnings	14,101,568	15,219,016
Treasury stock	—3,438,187	—3,438,187
Total shareholders' equity	13,085,570	14,219,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	507,138	1,042,266
Foreign currency translation adjustment	—10,717	16,455
Total accumulated other comprehensive income	496,421	1,058,722
Total net assets	13,581,991	15,278,404
Total liabilities and net assets	16,084,123	18,463,988

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Net sales	15,687,730	13,563,682
Cost of sales	2,393,658	1,931,807
Gross profit	13,294,071	11,631,875
Selling, general and administrative expenses		
Advertising expenses	2,308,631	1,739,033
Salaries and allowances	3,260,864	2,932,272
Bonuses	1,129,710	768,680
Other	3,547,574	3,368,462
Total selling, general and administrative expenses	10,246,780	8,848,450
Operating income	3,047,290	2,783,425
Non-operating income		
Interest income	27,705	11,865
Dividends income	33,874	36,374
Miscellaneous income	16,093	12,596
Equity in earnings of affiliates	50,219	37,605
Total non-operating income	127,892	98,442
Non-operating expenses		
Rent payable	70,652	—
Donation expenses	130,000	—
Transfer expenses	—	14,392
Miscellaneous loss	90,102	27,022
Total non-operating expenses	290,754	41,415
Ordinary income	2,884,427	2,840,452
Extraordinary income		
Reversal of allowance for doubtful accounts	40,000	—
Gain on sales of investment securities	—	12,973
Gain on sales of subsidiaries and affiliates' stocks	—	58,122
Total extraordinary income	40,000	71,095
Extraordinary loss		
Loss on retirement of noncurrent assets	*1 131,996	*1 25,422
Effect of application in accounting standard for asset retirement obligations	4,247	—
Subsidiary establishment expenses	101,514	—
Loss on valuation of investment securities	68,105	24,046
Impairment loss	*2 381,658	—
Total extraordinary loss	687,521	49,469
Income before income taxes and minority interests	2,236,906	2,862,078
Income taxes—current	1,160,359	1,078,442
Income taxes—deferred	— 75,171	237,766
Total income taxes	1,085,188	1,316,209
Income before minority interests	1,151,718	1,545,868
Minority interests in income	15,831	—
Net income	1,135,886	1,545,868

Consolidated Statements of Comprehensive Income

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Income before minority interests	1,151,718	1,545,868
Other comprehensive income		
Valuation difference on available-for-sale securities	337,194	535,127
Share of other comprehensive income of associates accounted for by equity method	— 10,717	27,173
Total other comprehensive income	*1 326,476	*1 562,300
Comprehensive income	1,478,194	2,108,169
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,462,363	2,108,169
Comprehensive income attributable to minority interests	15,831	—

(3) Consolidated Statements of Changes in Net Assets

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of the current period	970,929	977,812
Changes of items during the period		
Issuance of new shares	6,882	8,332
Total changes of items during the period	6,882	8,332
Balance at the end of current period	977,812	986,144
Capital surplus		
Balance at the beginning of the current period	1,437,494	1,444,376
Changes of items during the period		
Issuance of new shares	6,882	8,331
Total changes of items during the period	6,882	8,331
Balance at the end of current period	1,444,376	1,452,708
Retained earnings		
Balance at the beginning of the current period	13,144,766	14,101,568
Changes of items during the period		
Dividends from surplus	— 250,111	— 409,993
Net income	1,135,886	1,545,868
Change of scope of equity method	71,027	—
Decrease in surplus from newly consolidated subsidiary	—	— 18,427
Total changes of items during the period	956,801	1,117,447
Balance at the end of current period	14,101,568	15,219,016
Treasury stock		
Balance at the beginning of the current period	— 3,438,187	— 3,438,187
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	— 3,438,187	— 3,438,187
Total shareholders' equity		
Balance at the beginning of the current period	12,115,003	13,085,570
Changes of items during the period		
Issuance of new shares	13,765	16,664
Dividends from surplus	— 250,111	— 409,993
Net income	1,135,886	1,545,868
Change of scope of equity method	71,027	—
Decrease in surplus from newly consolidated subsidiary	—	— 18,427
Total changes of items during the period	970,567	1,134,111
Balance at the end of current period	13,085,570	14,219,682

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	169,944	507,138
Changes of items during the period		
Net changes of items other than shareholders' equity	337,194	535,127
Total changes of items during the period	337,194	535,127
Balance at the end of current period	507,138	1,042,266
Foreign currency translation adjustment		
Balance at the beginning of the current period	—	—10,717
Changes of items during the period		
Net changes of items other than shareholders' equity	—10,717	27,173
Total changes of items during the period	—10,717	27,173
Balance at the end of current period	—10,717	16,455
Total accumulated other comprehensive income		
Balance at the beginning of the current period	169,944	496,421
Changes of items during the period		
Net changes of items other than shareholders' equity	326,476	562,300
Total changes of items during the period	326,476	562,300
Balance at the end of current period	496,421	1,058,722
Minority interests		
Balance at the beginning of the current period	49,850	—
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	—	—
Total net assets		
Balance at the beginning of the current period	12,334,797	13,581,991
Changes of items during the period		
Issuance of new shares	13,765	16,664
Dividends from surplus	—250,111	—409,993
Net income	1,135,886	1,545,868
Change of scope of equity method	71,027	—
Decrease in surplus from newly consolidated subsidiary	—	—18,427
Net changes of items other than shareholders' equity	276,626	562,300
Total changes of items during the period	1,247,193	1,696,412
Balance at the end of current period	13,581,991	15,278,404

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,236,906	2,862,078
Depreciation and amortization	885,483	616,617
Amortization of goodwill	187,683	170,032
Increase (decrease) in provision for loss on office transfer	— 55,023	—
Impairment losses	381,658	—
Increase (decrease) in allowance for doubtful accounts	— 47,112	1,007
Increase (decrease) in provision for bonuses	206,121	110,663
Increase (decrease) in reserve for directors' bonuses	10,826	23,573
Interest and dividends income	— 61,580	— 48,240
Foreign exchange losses (gains)	— 531	— 4,992
Loss (gain) on equity in earnings of affiliates	— 50,219	— 37,605
Loss (gain) on sales of investment securities	—	— 12,973
Loss (gain) on valuation of investment securities	68,105	24,046
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	— 58,122
Loss on retirement of noncurrent assets	131,996	25,422
Subsidiary establishment expenses	101,514	—
Decrease (increase) in notes and accounts receivable—trade	— 62,195	— 25,233
Increase (decrease) in notes and accounts payable—trade	— 15,207	7,746
Increase (decrease) in accounts payable—other	234,190	205,851
Decrease (increase) in other current assets	— 5,440	— 24,689
Increase (decrease) in other current liabilities	304,795	11,982
Decrease (increase) in other noncurrent assets	42,468	— 26,907
Increase (decrease) in other noncurrent liabilities	76,999	118,897
Subtotal	4,571,440	3,527,453
Interest and dividends income received	58,693	107,083
Income taxes paid	— 1,740,640	— 880,435
Income taxes refund	34,076	18,176
Subsidiary establishment expenses paid	— 101,514	—
Net cash provided by (used in) operating activities	2,822,056	2,772,278

(Thousand yen)		
	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	300,000	150,000
Purchase of property, plant and equipment	— 313,997	— 92,075
Purchase of intangible assets	— 561,319	— 530,448
Purchase of investment securities	— 30,361	—
Proceeds from sales and redemption of investment securities	319,990	772,103
Purchase of stocks of subsidiaries and affiliates	— 373,749	— 131,359
Proceeds from sales of stocks of subsidiaries and affiliates	—	322,900
Cash used for purchase of investments in subsidiaries	— 388,708	—
Payments for lease and guarantee deposits	— 82,167	— 26,824
Proceeds from collection of lease and guarantee deposits	348,994	1,655
Purchase of insurance funds	— 6,456	— 6,456
Payments of loans receivable	— 31,068	— 136,207
Collection of loans receivable	49,264	6,478
Other payments	— 1,804	—
Net cash provided by (used in) investing activities	— 771,383	329,765
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	13,765	16,664
Cash dividends paid	— 255,660	— 408,697
Cash dividends paid to minority shareholders	— 8,400	—
Repayments of lease obligations	— 19,585	— 35,378
Net cash provided by (used in) financing activities	— 269,882	— 427,412
Effect of exchange rate change on cash and cash equivalents	24	— 11,520
Net increase (decrease) in cash and cash equivalents	1,780,814	2,663,110
Cash and cash equivalents at beginning of period	5,884,799	7,665,613
Increase in cash and cash equivalents from newly consolidated subsidiary	—	20,443
Cash and cash equivalents at end of period	*1 7,665,613	*1 10,349,167

(5) Notes to the Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

The Company had no material items to report.

(Basis of Preparing the Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 1

Name of company: en world Japan K.K.

Consolidated subsidiary en world Japan K.K. merged through acquisition with its wholly-owned subsidiary Wing Consulting K.K. effective August 1, 2012.

(2) Names of unconsolidated subsidiaries:

Talent Alliance (Beijing) Technology Development Limited, Bake de Nature Corporation, Zhiyuan Human Resource Management Service, en-Asia holdings Limited, EN-WORLD SINGAPORE PTE, LTD, en world Hong Kong Limited, Cbase Corporation, Global Education, Inc., Calibrate Recruitment Pty Ltd, and en world Korea Co., Ltd

(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.

2. Application of the Equity Method

(1) Number of unconsolidated subsidiaries accounted for by the equity method: 1

Name of company: Talent Alliance (Beijing) Technology Development Limited

The closing date of the affiliate accounted for by the equity method differs from the consolidated closing date, but the Company used the financial statements created on the said affiliate's closing date.

(2) Names of the unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

Unconsolidated subsidiaries:

Bake de Nature Corporation, Zhiyuan Human Resource Management Service, en-Asia holdings Limited, EN-WORLD SINGAPORE PTE, LTD, en world Hong Kong Limited, Cbase Corporation, Global Education, Inc., Calibrate Recruitment Pty Ltd, and en world Korea Co., Ltd

Affiliates:

Lacras Corporation

(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.

3. Fiscal Year, etc., of Consolidated Subsidiaries

The closing date of en world Japan K.K., the consolidated subsidiary of the Company, is the same as the consolidated closing date.

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for important assets

1) Held-to-maturity debt securities:

Valued at amortized cost by the straight-line method.

2) Available-for-sale securities

Other 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.

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.

(2) Valuation of inventories

Supplies

Most recent purchase cost method (amount reported on the balance sheet is stated by writing down based on decrease in profitability)

(3) Depreciation method for major depreciable assets

1) 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.

The range of useful lives is as follows:

Buildings:	8–50 years
Vehicles:	2 years
Furniture and fixtures:	4–20 years

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.

(Change in accounting policy, which is difficult to distinguish from a change in accounting estimates)

In conjunction with the revision to the Corporation Tax Act, the Company and its consolidated subsidiaries adopt the depreciation method based on the revised Corporation Tax Act for property, plant and equipment acquired on or after April 1, 2012, effective the fiscal year under review.

The impact of this change on profit and loss for the fiscal year under review is minimal.

2) 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.

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 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.

(4) Accounting for important reserves

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.

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.

3) Provision for Directors' Bonuses:

Provision for directors' bonuses at subsidiaries is provided for in estimated amounts, which the subsidiaries will pay based on the service provided during the current consolidated accounting period.

(5) Method and period of amortization of goodwill

The amount of goodwill and negative goodwill is equally amortized over the estimated years during which the effects are estimated to emerge.

(6) 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.

(7) Other important matters of presenting the consolidated financial statements

Accounting for consumption taxes

Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

(Additional Information)

The Company applies "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and past error corrections conducted at the beginning of the fiscal year under review and thereafter.

(Changes in Presentation)

“Provision for bonuses” and “provision of allowance for doubtful accounts” that were posted as separate items under “selling, general and administrative expenses” in the previous fiscal year have been included in “other” in the fiscal year under review, as they continue to be no more than 10% of the total amount of “selling, general and administrative expenses” and hence are not significant. In order to reflect this change in the presentation method, the account items of consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “provision for directors’ bonuses” of ¥354,656 thousand (fiscal year under review: ¥478,346 thousand) and “provision of allowance for doubtful accounts” of ¥13,196 thousand (fiscal year under review: ¥12,999 thousand) that were presented as separate items under “selling, general and administrative expenses” in the consolidated statements of income in the previous fiscal year have been included in “other” of ¥3,547,574 thousand.

(Consolidated Balance Sheets)

Overdraft Facility Agreement

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 fiscal years based on this agreement was as follows.

	Prior fiscal year (As of March 31,2012)	Current fiscal year (As of March 31,2013)
Maximum overdraft amount	1,000,000 thousand yen	1,000,000 thousand yen
Outstanding borrowings	— thousand yen	— thousand yen
Balance	1,000,000 thousand yen	1,000,000 thousand yen

(Consolidated Statements of Income)

*1 Loss on Retirement of Noncurrent Assets

	Prior fiscal year (from January 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Buildings	81,907 thousand yen	7,814 thousand yen
Furniture and fixtures	18,519 thousand yen	9,420 thousand yen
Software	31,569 thousand yen	8,187 thousand yen

*2 Impairment Losses

Prior fiscal year (from January 1, 2011 to March 31, 2012)

The Company recognized impairment losses for the asset group described below.

(1) Outline of asset group for which the Company recognized impairment losses

Purpose of use	Type	Location
en-Wedding	Furniture and fixtures Software	Shinjuku-ku, Tokyo
FINE	Software	Shinjuku-ku, Tokyo
[en] New Career Challenges	Software	Shinjuku-ku, Tokyo

(2) Reason for recognizing impairment losses

Impairment losses at en-Wedding were recognized due to the Company's decision to withdraw from the business because its operating performance was constantly deviating from the Company's initial plan.

Impairment losses at the management and human resource strategy system FINE were recognized because the Company decided to transfer the business to its affiliate company.

Impairment losses at [en] New Career Challenges were recognized since the Company considered that the investments are not expected to be fully recoverable after evaluating its business outlook.

(3) Amount of impairment loss

Furniture and fixtures	11,013 thousand yen
Software	370,645 thousand yen

(4) Method of asset grouping

The en-japan Group divides its assets into asset groups in accordance with the management accounting category, which is applied to monitor earnings of the business assets and such like continuously.

(5) Method of estimating recoverability

The recoverable amount of the said asset groups is measured by net sales value or use value. When measuring the recoverable amount using the use value, a specific discount rate is not calculated since the estimated value based on future cash flow is negative.

(Consolidated Statements of Comprehensive Income)

*1 Adjustments and Taxes in Other Comprehensive Income

	Prior fiscal year (from January 1, 2011 to March 31, 2012)		Current fiscal year (from April 1, 2012 to March 31, 2013)	
Valuation difference on other investment securities				
Amount incurred during the term	501,388	thousand yen	812,249	thousand yen
Recycling amount	—	thousand yen	19,210	thousand yen
Amount before tax adjustment	501,388	thousand yen	831,460	thousand yen
Taxes	164,193	thousand yen	196,332	thousand yen
Valuation difference on other investment securities	337,194	thousand yen	535,127	thousand yen
Share of other comprehensive income by equity method				
Amount incurred during the term	— 10,717	thousand yen	27,173	thousand yen
Other comprehensive income	326,476	thousand yen	562,300	thousand yen

(Consolidated Statements of Changes in Net Assets)

Prior fiscal year (from January 1, 2011 to March 31, 2012)

1. Shares Issued and Treasury Stock

Class	Number of Shares at the Beginning of Current Fiscal Year (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)	245,838	280	—	246,118
Total	245,838	280	—	246,118
Treasury Stock				
Common Stock (Note)	24,500	—	—	24,500
Total	24,500	—	—	24,500

(Note)

The increase of 280 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.

2. Matters related to Subscription Rights to Shares

The Company had no material items to report.

3. Matters related to Dividends

(1) Cash dividends paid

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

(2) Dividends for which the date of record is during the 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	Payment Date
Regular General Shareholders' Meeting held on June 27, 2012	Common stock	Retained earnings	432,193	1,850	March 31, 2012	June 28, 2012

Current fiscal year (from April 1, 2012 to March 31, 2013)

1. Shares Issued and Treasury Stock

Class	Number of Shares at the Beginning of Current Fiscal Year (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)	246,118	300	—	246,418
Total	246,118	300	—	246,418
Treasury Stock				
Common Stock (Note)	24,500	—	—	24,500
Total	24,500	—	—	24,500

(Note)

The increase of 300 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.

2. Matters related to Subscription Rights to Shares

The Company had no material items to report.

3. Matters related to Dividends

(1) Cash dividends paid

Resolution	Class of Stock	Total Dividend (thousand yen)	Dividend per Share (yen)	Date of Record	Payment Date
Regular General Shareholders' Meeting held on June 27, 2012	Common stock	432,193	1,850	March 31, 2012	June 28, 2012

(2) Dividends for which the date of record is during the 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	Payment Date
Regular General Shareholders' Meeting to be held on June 26, 2013	Common stock	Retained earnings	456,140	1,950	March 31, 2013	June 27, 2013

(Consolidated Statements of Cash Flows)

1. Relationship between Cash and Cash Equivalents at End of Period and the Line Item Amounts Stated on the Consolidated Balance Sheets

	Prior fiscal year (from January 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Cash and deposits	7,815,613 thousand yen	10,349,167 thousand yen
Term deposits with a maturity longer than three months	— 150,000 thousand yen	— thousand yen
Cash and cash equivalents	7,665,613 thousand yen	10,349,167 thousand yen

(Lease Transactions)

Presentation is omitted as the information is considered insignificant.

(Marketable Securities)

1. Held-to-Maturity Debt Securities

Prior fiscal year (As of March 31, 2012)

Category	Amount Shown on Consolidated Balance Sheets	Fair Market Value	Difference
Those for which the fair market value exceeds the amount shown on consolidated balance sheets	700,000 thousand yen	700,000 thousand yen	0 thousand yen
Total	700,000 thousand yen	700,000 thousand yen	0 thousand yen

Current fiscal year (As of March 31, 2013)

The Company had no material matters to report.

2. Available-for-Sale Securities

Prior fiscal year (As of March 31, 2012)

Category	Amount Shown on Consolidated Balance Sheets	Acquisition Cost	Difference
Stocks for which the amounts shown on consolidated balance sheets exceed the acquisition cost	1,230,366 thousand yen	417,861 thousand yen	812,505 thousand yen
Total	1,230,366 thousand yen	417,861 thousand yen	812,505 thousand yen

Current fiscal year (As of March 31, 2013)

Category	Amount Shown on Consolidated Balance Sheets	Acquisition Cost	Difference
Stocks for which the amounts shown on consolidated balance sheets exceed the acquisition cost	2,022,500 thousand yen	387,500 thousand yen	1,635,000 thousand yen
Stocks for which the amounts shown on consolidated balance sheets do not exceed the acquisition cost	11,150 thousand yen	30,361 thousand yen	— 19,210 thousand yen
Total	2,033,650 thousand yen	417,861 thousand yen	1,615,789 thousand yen

(Tax-Effect Accounting)

1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities by Major Factor

	Prior Fiscal Year (As of March 31, 2012)		Current Fiscal Year (As of March 31, 2013)	
Deferred tax assets				
Loss on valuation of stocks of subsidiaries and affiliates	211,063	thousand yen	234,749	thousand yen
Provision for bonuses	143,265	thousand yen	175,024	thousand yen
Depreciation	225,663	thousand yen	73,727	thousand yen
Loss on valuation of investment securities	57,547	thousand yen	34,332	thousand yen
Accrued enterprise tax	14,306	thousand yen	46,996	thousand yen
Allowance for investment loss	26,817	thousand yen	24,617	thousand yen
Accrued bonuses	55,378	thousand yen	5,792	thousand yen
Other	71,209	thousand yen	115,954	thousand yen
Subtotal deferred tax assets	805,253	thousand yen	711,185	thousand yen
Valuation reserve	—69,878	thousand yen	—270,711	thousand yen
Total deferred tax assets	735,374	thousand yen	440,473	thousand yen
Deferred tax liabilities				
Valuation difference on available-for-sale securities	—280,833	thousand yen	—577,165	thousand yen
Other	—65,386	thousand yen	—14,824	thousand yen
Total deferred tax liabilities	—346,219	thousand yen	—591,990	thousand yen
Net deferred tax assets (liabilities)	389,154	thousand yen	—151,516	thousand yen

2. Reconciliation between the Statutory Effective Tax Rate and the Actual Effective Income Tax Rate after Tax-effect Accounting

	Prior Fiscal Year (As of March 31, 2012)		Current Fiscal Year (As of March 31, 2013)	
Statutory effective tax rate	40.70	%	38.01	%
(Reconciliation items)				
Change in valuation allowances	0.33	%	9.81	%
Amortization of goodwill	3.41	%	2.26	%
Impact of revised income return	—		0.57	%
Downward adjustment of deferred tax assets at the end of term due to change in tax rate	2.56	%	—	
Non-deductible expenses of contribution	1.96	%	—	
Non-taxable income of dividend income	—0.34	%	—4.70	%
Other	—0.11	%	0.04	%
Actual effective income tax rate after having applied tax-effect accounting	48.51	%	45.99	%

(Segment Information, etc.)

(Segment Information)

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 and also offers personnel training programs and human strategy consulting services which ultimately culminate in personnel evaluation.

Therefore, the Company 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, [en] Temp to Perm Info, 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. Measurement of Sales, Income (loss), Assets, Liabilities and Other Material Items of Reportable Segments

The accounting policies for the reportable segments are the same as those described in “Basis of Presenting the Consolidated Financial Statements.”

The figures of segment income (loss) are based on operating income.

Note that the assets are not allocated by business segment, but depreciation expenses on assets are allocated to each of the business segments in accordance with rational criteria set based on their status of use and such like.

3. Information on Sales, Income (loss), Assets, Liabilities and Other Material Items by Reportable Segment

Prior fiscal year (from January 1, 2011 to March 31, 2012)

(Thousand yen)

	Reportable segments				Others (see notes)	Amount stated in Consolidated Financial Statements
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	13,617,673	1,614,046	303,392	15,535,112	152,617	15,687,730
Internal sales among segments, transfers	—	—	—	—	—	—
Total	13,617,673	1,614,046	303,392	15,535,112	152,617	15,687,730
Segment profit/loss (-)	3,637,732	-197,073	-37,155	3,403,502	-356,212	3,047,290
Other Items						
Depreciation	502,899	301,402	8,989	813,290	72,193	885,483

(Notes)

1. “Others” includes the en-Wedding and FINE businesses.
2. The sum of the segment profit/loss equals the operating income/loss in the consolidated income statement.
3. Segment assets are not stated because assets are not allocated by reportable segment.

Current fiscal year (from April 1, 2012 to March 31, 2013)

(Thousand yen)

	Reportable segments				Others (see notes)	Amount stated in Consolidated Financial Statements
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	11,748,995	1,484,641	294,815	13,528,452	35,230	13,563,682
Internal sales among segments, transfers	—	—	—	—	—	—
Total	11,748,995	1,484,641	294,815	13,528,452	35,230	13,563,682
Segment profit/loss (-)	2,640,842	133,933	43,554	2,818,330	-34,905	2,783,425
Other Items						
Depreciation	338,955	269,907	7,180	616,044	573	616,617

(Notes)

1. “Others” includes the en-Wedding and FINE businesses.
2. The sum of the segment profit/loss equals the operating income/loss in the consolidated income statement.
3. Segment assets are not stated since the assets are not allocated by reportable segment.

(Related Information)

Prior fiscal year (from January 1, 2011 to March 31, 2012)

1. Information by Product and Service

Presentation is omitted as similar information is provided in the segment information.

2. Information by Region

(1) Net sales

Presentation is omitted as the share of sales to outside customers located in Japan exceed 90% of sales recorded in the consolidated statements of income.

(2) Property, plant and equipment

Presentation is omitted as the share of property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment stated in the consolidated balance sheets.

3. Information by Major Customer

Presentation is omitted as there are no sales to specific outside customers categorized as major customers that exceed 10% of sales recorded in the consolidated statements of income.

Current fiscal year (from April 1, 2012 to March 31, 2013)

1. Information by Product and Service

Presentation is omitted as similar information is provided in the segment information.

2. Information by Region

(1) Net sales

Presentation is omitted as the share of sales to outside customers located in Japan exceed 90% of sales recorded in the consolidated statements of income.

(2) Property, plant and equipment

Presentation is omitted as the share of property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment stated in the consolidated balance sheets.

3. Information by Major Customer

Presentation is omitted as there are no sales to specific outside customers categorized as major customers that exceed 10% of sales recorded in the consolidated statements of income.

(Information on Impairment Losses of Property, Plant and Equipment by Reportable Segment)

Prior fiscal year (from January 1, 2011 to March 31, 2012)

(Thousand yen)

	Reportable segments				Others (see note)	Eliminations or Corporate	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total			
Impairment loss	244,860	—	—	244,860	136,798	—	381,658

(Note)

“Others” include the en-Wedding and FINE businesses.

Current fiscal year (from April 1, 2012 to March 31, 2013)

The Company had no material matters to report.

(Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment)

Prior fiscal year (from January 1, 2011 to March 31, 2012)

(Thousand yen)

	Reportable segments				Others	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	187,683	–	–	187,683	–	187,683
Balance at the end of the period	1,471,173	–	–	1,471,173	–	1,471,173

Current fiscal year (from April 1, 2012 to March 31, 2013)

(Thousand yen)

	Reportable segments				Others	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	170,032	–	–	170,032	–	170,032
Balance at the end of the period	1,301,141	–	–	1,301,141	–	1,301,141

(Information on Gain on Negative Goodwill by Reportable Segment)

Prior fiscal year (from January 1, 2011 to March 31, 2012)

The Company had no material matters to report.

Current fiscal year (from April 1, 2012 to March 31, 2013)

The Company had no material matters to report.

(Per-Share Information)

Prior Fiscal Year (From January 1, 2011 to March 31, 2012)		Current fiscal year (from April 1, 2012 to March 31, 2013)	
Net Assets per Share	61,285.60 yen	Net Assets per Share	68,847.07 yen
EPS	5,129.36 yen	EPS	6,974.21 yen
Fully Diluted EPS	5,124.50 yen	Fully Diluted EPS	6,971.16 yen

(Note)

The basis for calculating EPS and Fully Diluted EPS is shown below.

Category	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Net Income stated in the Consolidated Statements of Income (thousand yen)	1,135,886	1,545,868
Net Income associated with Common Stock (thousand yen)	1,135,886	1,545,868
Amount not attributable to Common Shareholders (thousand yen)	—	—
Average Number of Shares of Common Stock Outstanding during the Period (shares)	221,448	221,655
Net Income Adjustments (thousand yen)	—	—
Significant Components of the Increase in Shares of Common Stock used to Calculate the Fully Diluted EPS (shares)		
Subscription Rights	53	0
Share Warrants	157	97
Increase in the Number of Shares of Common Stock (shares)	210	97
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	—	—

(Material Subsequent Event)

(Making of a subsidiary through acquisition of shares)

The Company reached a decision at its board of directors meeting on March 29, 2013 to acquire a majority of shares of Navigos Group, Ltd. to make the firm a wholly-owned subsidiary, and the two companies concluded a share purchase agreement on April 11, 2013.

Further on April 26, 2013, the Company acquired 89.8% of the shares of Navigos Group, Ltd. based on the aforesaid agreement through en-Asia Holdings Limited, which supervises the overseas locations.

1. Purpose of making Navigos Group a wholly-owned subsidiary

Since its establishment, en-japan inc. has been providing the Japanese market with services to assist in the employee hiring, education and evaluation activities of companies with the focus on online recruiting and job seeking information services. The Company not only supports the hiring process but also helps new employees settle into their new posts.

In 2010, en world Japan K.K., a job placement service provider for multinational companies became a subsidiary of en-japan. This enabled en-japan to expand operations into overseas markets while providing enhanced job placement services in Japan. Currently, en-japan has 6 locations in the Asia Pacific region.

Vietnam, a new market en-japan is entering, has a population of about 90 million, the third largest in ASEAN countries. With an average age of as low as 28 years, the country offers potential for economic growth going forward. This should help grow the recruitment market significantly. The Navigos Group, which en-japan intends to acquire, has Vietnam's largest job search website VietnamWorks as well as Navigos Search, the largest job placement service in the country. en-japan believes that the acquisition will help the company grow significantly as its markets expand.

Overseas operations with the focus on Asia Pacific are strategically important to en-japan. The Company will continue expanding operations in the region for further growth.

2. Main shareholders whose shares will be acquired

Blue Kai Holdings Ltd.

Sofia Holdings Ltd.

IDP GP Limited

3. Name, business and size of company to be acquired

1) Corporate name: Navigos Group, Ltd.

2) Main business: Running job search website; offering career change support through job placement services

3) Size (fiscal year ended December 2012)

Net sales: USD 6,354 thousand

Total assets: USD 2,733 thousand

4. Schedule

Resolution of the board of directors: March 29, 2013

Signing of the share purchase agreement: April 11, 2013

Closing date of this share acquisition: April 26, 2013

5. Number of shares to be acquired, acquisition value, and ownership ratio after acquisition

1) Number of shares to be acquired: 9,984,512

2) Acquisition value: USD 22,110,104 (approximately ¥2,202 million)

3) Ownership ratio after acquisition: 89.8%

6. Financing and payment method

The acquisition is made by own funds.

5. Non-Consolidated Financial Statements

(1) Balance Sheets

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2012)	Current Fiscal Year (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	7,109,923	9,492,676
Notes receivable—trade	2,341	4,859
Accounts receivable—trade	1,107,562	1,120,342
Supplies	10,611	11,715
Prepaid expenses	116,309	114,492
Deferred tax assets	190,352	183,056
Other	42,504	191,658
Allowance for doubtful accounts	— 3,552	— 8,261
Total current assets	8,576,053	11,110,540
Noncurrent assets		
Property, plant and equipment		
Buildings	190,405	225,908
Accumulated depreciation	— 57,465	— 82,664
Buildings, net	132,939	143,243
Vehicles	471	471
Accumulated depreciation	— 471	— 471
Vehicles, net	0	0
Furniture and fixtures	1,171,389	951,137
Accumulated depreciation	— 875,576	— 788,643
Furniture and fixtures, net	295,812	162,493
Lease assets	94,550	128,652
Accumulated depreciation	— 34,786	— 46,292
Lease assets, net	59,763	82,360
Construction in progress	2,323	26,009
Total property, plant and equipment	490,839	414,106
Intangible assets		
Right of trademark	4,548	4,130
Software	677,172	711,994
Software in progress	—	58,054
Telephone subscription right	1,351	1,351
Total intangible assets	683,073	775,530
Investments and other assets		
Investment securities	2,244,639	2,289,226
Stocks of subsidiaries and affiliates	2,915,698	2,782,280
Claims provable in bankruptcy, claims provable in rehabilitation and other	13,211	880
Long-term prepaid expenses	27,471	18,145
Deferred tax assets	205,588	—
Lease and guarantee deposits	319,166	327,989
Other	31,705	23,997
Allowance for doubtful accounts	— 13,211	— 880
Total investments and other assets	5,744,269	5,441,639
Total noncurrent assets	6,918,182	6,631,276
Total assets	15,494,236	17,741,817

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2012)	Current Fiscal Year (As of March 31, 2013)
Liabilities		
Current liabilities		
Accounts payable—trade	33,950	41,697
Accounts payable—other	744,509	654,456
Lease obligations	29,288	43,879
Accrued expenses	80,798	73,684
Income taxes payable	226,215	287,619
Accrued consumption taxes	73,930	62,227
Advances received	307,878	289,591
Deposits received	36,631	38,329
Provision for bonuses	376,916	318,036
Other	1,757	7,582
Total current liabilities	1,911,877	1,817,105
Noncurrent liabilities		
Long-term accounts payable—other	66,498	102,850
Asset retirement obligations	26,818	55,497
Lease obligations	33,463	41,039
Deferred tax liabilities	—	432,674
Total noncurrent liabilities	126,779	632,062
Total liabilities	2,038,657	2,449,167
Net assets		
Shareholders' equity		
Capital stock	977,812	986,144
Capital surplus		
Legal capital surplus	1,444,376	1,452,708
Total capital surpluses	1,444,376	1,452,708
Retained earnings		
Other retained earnings		
General reserve	2,000,000	2,000,000
Retained earnings brought forward	11,964,438	13,249,717
Total retained earnings	13,964,438	15,249,717
Treasury stock	— 3,438,187	— 3,438,187
Total shareholders' equity	12,948,440	14,250,383
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	507,138	1,042,266
Total valuation and translation adjustments	507,138	1,042,266
Total net assets	13,455,579	15,292,650
Total liabilities and net assets	15,494,236	17,741,817

(2) Statements of Income

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Net sales	12,843,356	10,631,612
Cost of sales	1,921,467	1,511,995
Gross profit	10,921,889	9,119,617
Selling, general and administrative expenses		
Advertising expenses	2,297,805	1,727,660
Salaries and allowances	2,570,492	2,193,884
Bonuses	476,781	302,361
Legal welfare expenses	463,974	389,857
Business consignment expenses	362,265	336,080
Rents	384,327	384,160
Other	1,586,942	1,312,585
Total selling, general and administrative expenses	8,142,589	6,646,590
Operating income	2,779,300	2,473,026
Non-operating income		
Interest income	24,823	11,695
Commission fee	50	—
Dividends income	*1 109,540	*1 389,049
Miscellaneous income	17,141	9,232
Total non-operating income	151,555	409,977
Non-operating expenses		
Interest expenses	10	—
Rent payable	61,228	—
Donation expenses	130,000	—
Loss on retirement of software in progress	28,500	—
Miscellaneous loss	46,659	11,629
Total non-operating expenses	266,398	11,629
Ordinary income	2,664,457	2,871,374
Extraordinary income		
Gain on sales of investment securities	—	12,973
Gain on sales of subsidiaries and affiliates' stocks	—	58,122
Total extraordinary income	—	71,095

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2012)
Extraordinary loss		
Loss on retirement of noncurrent assets	*2 110,633	*2 24,293
Effect of application in accounting standard for asset retirement obligations	4,247	—
Loss on valuation of investment securities	68,105	24,046
Subsidiary establishment expenses	101,514	—
Impairment loss	*3 381,658	—
Total extraordinary losses	666,159	48,990
Income before income taxes	1,998,297	2,893,479
Income taxes—current	991,772	848,979
Income taxes—deferred	–111,197	349,227
Total income taxes	880,575	1,198,207
Net income	1,117,722	1,695,272

Detailed Statement of Cost of Sales

		Prior Fiscal Year (From January 1, 2011 to March 31, 2012)			Current Fiscal Year (From April 1, 2012 to March 31, 2013)		
Category	Notes	Amount (thousand yen)		Ratio (%)	Amount (thousand yen)		Ratio (%)
I Content Production Expense			513,677	26.7		442,716	29.3
II Website Operating Expense			1,231,529	64.1		927,352	61.3
III Subcontract expenses			117,947	6.2		69,550	4.6
IV Other Expenses			58,312	3.0		72,375	4.8
Cost of Sales			1,921,467	100.0		1,511,995	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. Subcontract expenses include the cost of special events and trainings held to support job seekers in their search for employment.

(3) Statements of Changes in Net Assets

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of the current period	970,929	977,812
Changes of items during the period		
Issuance of new shares	6,882	8,332
Total changes of items during the period	6,882	8,332
Balance at the end of current period	977,812	986,144
Capital surplus		
Legal capital surplus		
Balance at the beginning of the current period	1,437,494	1,444,376
Changes of items during the period		
Issuance of new shares	6,882	8,331
Total changes of items during the period	6,882	8,331
Balance at the end of current period	1,444,376	1,452,708
Total capital surplus		
Balance at the beginning of the current period	1,437,494	1,444,376
Changes of items during the period		
Issuance of new shares	6,882	8,331
Total changes of items during the period	6,882	8,331
Balance at the end of current period	1,444,376	1,452,708
Retained earnings		
Other retained earnings		
General reserve		
Balance at the beginning of the current 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 beginning of the current period	11,096,828	11,964,438
Changes of items during the period		
Dividends from surplus	— 250,111	— 409,993
Net income	1,117,722	1,695,272
Total changes of items during the period	867,610	1,285,279
Balance at the end of current period	11,964,438	13,249,717
Total retained earnings		
Balance at the beginning of the current period	13,096,828	13,964,438
Changes of items during the period		
Dividends from surplus	— 250,111	— 409,993
Net income	1,117,722	1,695,272
Total changes of items during the period	867,610	1,285,279
Balance at the end of current period	13,964,438	15,249,717

(Thousand yen)

	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Treasury stock		
Balance at the beginning of the current period	— 3,438,187	— 3,438,187
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	— 3,438,187	— 3,438,187
Total shareholders' equity		
Balance at the beginning of the current period	12,067,064	12,948,440
Changes of items during the period		
Issuance of new shares	13,765	16,664
Dividends from surplus	— 250,111	— 409,993
Net income	1,117,722	1,695,272
Total changes of items during the period	881,375	1,301,943
Balance at the end of current period	12,948,440	14,250,383
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	169,944	507,138
Changes of items during the period		
Net changes of items other than shareholders' equity	337,194	535,127
Total changes of items during the period	337,194	535,127
Balance at the end of current period	507,138	1,042,266
Total valuation and translation adjustments		
Balance at the beginning of the current period	169,944	507,138
Changes of items during the period		
Net changes of items other than shareholders' equity	337,194	535,127
Total changes of items during the period	337,194	535,127
Balance at the end of current period	507,138	1,042,266
Total net assets		
Balance at the beginning of the current period	12,237,008	13,455,579
Changes of items during the period		
Issuance of new shares	13,765	16,664
Dividends from surplus	— 250,111	— 409,993
Net income	1,117,722	1,695,272
Net changes of items other than shareholders' equity	337,194	535,127
Total changes of items during the period	1,218,570	1,837,070
Balance at the end of current period	13,455,579	15,292,650

(4) Notes to the Non-Consolidated Financial Statements

(Significant Accounting Policies)

1. Valuation basis and method of securities

(1) Held-to-maturity debt securities:

Valued at amortized cost by the straight-line method.

(2) Stocks of subsidiaries and affiliates

Valued at cost determined by the moving average method

(3) 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.

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.

2. Valuation basis and method of inventories

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)

3. Depreciation method for noncurrent assets

(1) Property, plant and equipment (excluding lease assets)

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.

The range of useful lives is as follows:

Buildings: 8–25 years

Vehicles: 2 years

Furniture and fixtures: 5–20 years

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.

(Change in accounting policy, which is difficult to distinguish from a change in accounting estimates)

In conjunction with the revision to the Corporation Tax Act, the Company adopts the depreciation method based on the revised Corporation Tax Act for property, plant and equipment acquired on or after April 1, 2012, effective the fiscal year under review.

The impact of this change on profit and loss for the fiscal year under review is minimal.

(2) Intangible assets (excluding lease 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.

(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

4. Accounting standards for reserves

(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

(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

5. Other important matters as the basis of presenting the non-consolidated financial statements

Accounting for consumption taxes

Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

(Change in Presentation)

“Directors’ compensations,” “provision for bonuses,” “commission fee,” “depreciation,” and “provision of allowance for doubtful accounts” that were posted as separate items under “selling, general and administrative expenses” in the previous fiscal year have been included in “other” in the fiscal year under review, as they continue to be no more than 5% of the total amount of “selling, general and administrative expenses” and hence are not significant. In order to reflect this change in the presentation method, the account items of non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “directors’ compensations” of ¥114,150 thousand (fiscal year under review: ¥83,100 thousand), “provision for bonuses” of ¥340,347 thousand (fiscal year under review: ¥288,033 thousand), “commission fee” of ¥151,455 thousand (fiscal year under review: ¥136,313 thousand), “depreciation” of ¥194,771 thousand (fiscal year under review: ¥132,538 thousand), and “provision of allowance for doubtful accounts” of ¥11,240 thousand (fiscal year under review: ¥4,236 thousand) are included in “other” of ¥1,586,942 thousand.

(Balance Sheets)

Overdraft Facility Agreement

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 fiscal years based on this agreement was as follows.

	Prior fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2013)
Maximum overdraft amount	1,000,000 thousand yen	1,000,000 thousand yen
Outstanding borrowings	— thousand yen	— thousand yen
Balance	1,000,000 thousand yen	1,000,000 thousand yen

(Statements of Income)

*1 Items with subsidiaries and affiliates included in each account are as follows.

	Prior fiscal year (from January 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Dividends Income	75,665 thousand yen	352,675 thousand yen

*2 Loss on retirement of noncurrent assets

	Prior fiscal year (from January 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Buildings	69,098 thousand yen	7,388 thousand yen
Furniture and fixtures	17,664 thousand yen	9,368 thousand yen
Software	23,870 thousand yen	8,187 thousand yen

*3 Impairment losses

Prior fiscal year (from January 1, 2011 to March 31, 2012)

The Company recognized impairment losses for the asset group described below.

(1) Outline of asset group for which the Company recognized impairment losses

Purpose of use	Type	Location
en-Wedding	Furniture and fixtures Software	Shinjuku-ku, Tokyo
FINE	Software	Shinjuku-ku, Tokyo
[en] New Career Challenges	Software	Shinjuku-ku, Tokyo

(2) Reason for recognizing impairment losses

Impairment losses at en-Wedding were recognized due to the Company's decision to withdraw from the business because its operating performance was constantly deviating from the Company's initial plan.

Impairment losses at the management and human resource strategy system FINE were recognized because the Company decided to transfer the business to its affiliate company.

Impairment losses at [en] New Career Challenges were recognized since the Company considered that the investments are not expected to be fully recoverable after evaluating its business outlook.

(3) Amount of impairment loss

Furniture and fixtures	11,013 thousand yen
Software	370,645 thousand yen

(4) Method of asset grouping

The en-japan Group divides its assets into asset groups in accordance with the management accounting category, which is applied to monitor earnings of the business assets and such like continuously.

(5) Method of estimating recoverability

The recoverable amount of the said asset groups is measured by net sales value or use value. When measuring the recoverable amount using the use value, a specific discount rate is not calculated since the estimated value based on future cash flow is negative.

(Statements of Changes in Net Assets)

Prior Fiscal Year (From January 1, 2011 to March 31, 2012)

Matters Related to Treasury Stock

Class	Number of Shares at the Beginning of Current Fiscal Year (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)
Common Stock	24,500	—	—	24,500
Total	24,500	—	—	24,500

Current Fiscal Year (From April 1, 2012 to March 31, 2013)

Matters Related to Treasury Stock

Class	Number of Shares at the Beginning of Current Fiscal Year (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)
Common Stock	24,500	—	—	24,500
Total	24,500	—	—	24,500

(Lease Transactions)

Presentation is omitted as the information is considered insignificant.

(Marketable Securities)

Stocks of subsidiaries and affiliates have no fair value.

(Note)

Following are the amounts reported on the non-consolidated balance sheets for stocks of subsidiaries and affiliates, whose fair value is deemed extremely difficult to estimate.

(Thousand yen)

Class	March 31, 2012	March 31, 2013
Stock of subsidiaries	2,440,920	2,572,280
Stock of affiliates	474,778	210,000
Total	2,915,698	2,782,280

These are not included in “stocks of subsidiaries and affiliates” as they have no market value and their fair value is deemed to be extremely difficult to estimate.

(Tax-Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	Prior Fiscal Year (As of March 31, 2012)		Current Fiscal Year (As of March 31, 2013)	
Deferred tax assets				
Loss on valuation of stocks of subsidiaries and affiliates	211,063	thousand yen	234,749	thousand yen
Provision for bonuses	143,265	thousand yen	120,885	thousand yen
Depreciation	225,549	thousand yen	73,727	thousand yen
Loss on valuation of investment securities	57,547	thousand yen	34,322	thousand yen
Accrued enterprise tax	16,447	thousand yen	30,238	thousand yen
Allowance for investment loss	26,817	thousand yen	24,617	thousand yen
Other	73,303	thousand yen	94,541	thousand yen
Subtotal deferred tax assets	753,995	thousand yen	613,082	thousand yen
Valuation reserve	—69,878	thousand yen	—270,711	thousand yen
Total deferred tax assets	684,117	thousand yen	342,371	thousand yen
Deferred tax liabilities				
Valuation difference on available-for-sale securities	—280,833	thousand yen	—577,165	thousand yen
Other	—7,343	thousand yen	—14,824	thousand yen
Total deferred tax liabilities	—288,176	thousand yen	—591,990	thousand yen
Net deferred tax assets (liabilities)	395,941	thousand yen	—249,618	thousand yen

2. Reconciliation between the statutory effective tax rate and the actual effective income tax rate after having applied the tax-effect accounting:

	Prior Fiscal Year (As of March 31, 2012)		Current Fiscal Year (As of March 31, 2013)	
Statutory effective tax rate	40.70	%	38.01	%
(Reconciliation items)				
Change in valuation allowances	0.37	%	7.47	%
Impact of revised income return	—		0.57	%
Downward adjustment of deferred tax assets at the end of term due to change in tax rate	2.69	%	—	
Non-deductible expenses of contribution	2.20	%	—	
Non-taxable income of dividend income	—1.93	%	—4.65	%
Other	0.03	%	0.01	%
Actual effective income tax rate after having applied tax-effect accounting	44.07	%	41.41	%

(Per-Share Information)

Prior Fiscal Year (From January 1, 2011 to March 31, 2012)		Current Fiscal Year (From April 1, 2012 to March 31, 2013)	
Net Assets per Share	60,715.19 yen	Net Assets per Share	68,911.26 yen
EPS	5,047.33 yen	EPS	7,648.25 yen
Fully Diluted EPS	5,042.55 yen	Fully Diluted EPS	7,644.90 yen

(Note)

Basis for calculating EPS and Fully Diluted EPS is shown below.

Category	Prior Fiscal Year (From January 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Net Income stated on the Statements of Income (thousand yen)	1,117,722	1,695,272
Net Income associated with Common Stock (thousand yen)	1,117,722	1,695,272
Amount not attributable to Common Shareholders (thousand yen)	—	—
Average Number of Shares of Common Stock Outstanding during the Period (shares)	221,448	221,655
Net Income Adjustments (thousand yen)	—	—
Significant Components of the Increase in Shares of Common Stock used to Calculate the Fully Diluted EPS (shares)		
Subscription Rights	53	0
Share Warrants	157	97
Increase in the Number of Shares of Common Stock (shares)	210	97
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	—	—

(Material Subsequent Event)

Reported under Material Subsequent Event for Consolidated Financial Statements.

6. Other

(1) Changes in Assignment of Directors

The Company will disclose once the assignments have been confirmed.