

en-japan inc.



## 2nd Quarter FY March 2014 Earnings Announcement [Japan GAAP] (Consolidated)

November 12, 2013

Company Name	en-japan inc.	Listing Exchanges	Yes	Tokyo Stock 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, Administration Office	(Name)	Takashi Fujino	Telephone +81-3-3342-4506
Scheduled date for submission of Quarterly Report	November 13, 2013			
Scheduled date to begin dividend payments	-			
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes			
Quarterly Earnings Briefing	Yes (For analysts and institutional investors) (Figures rounded down to nearest million yen)			

### 1. FY Ending March 2014 Cumulative Second Quarter Operating Results (From April 1, 2013 to September 30, 2013)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 3/14 2nd Qtr	7,486	16.3	1,616	26.1	1,826	34.5	2,317	187.4
FYE 3/13 2nd Qtr	6,435	-	1,281	-	1,358	-	806	-

(Note) Comprehensive income FYE3/14 2nd Qtr 1,312 million yen (45.3%) FYE 3/13 2nd Qtr 903 million yen (-%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/14 2nd Qtr	104.43	-
FYE 3/13 2nd Qtr	36.38	36.36

(Note) 1. Year-on-year changes from the second quarter of FYE 3/12 until the second quarter of FYE 3/13 are not shown above because the second quarter of FYE 3/13 and the second quarter of FYE 3/12 differ in terms of months subject to comparison, due to a change in the fiscal year-end in FYE 3/12.

2. Fully diluted EPS for the second quarter of FYE 3/14 are not shown above because there are no dilutive shares.

3. The Company implemented a 100-for-1 stock split effective on October 1, 2013. Therefore, EPS and fully diluted EPS are calculated assuming that the stock split was implemented at the beginning of the previous fiscal year.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/14 2nd Qtr	20,143	16,082	79.5
FYE 3/13	18,463	15,278	82.7

(Reference) Core capital FYE 3/14 2nd Qtr 16,004 million yen FYE 3/13 15,278 million yen

### 2. Dividends

	Dividends per Share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Full Year
	Yen	Yen	Yen	Yen	Yen
FYE 3/13	-	0.00	-	1,950.00	1,950.00
FYE 3/14	-	0.00	-	-	-
FYE 3/14 (projected)	-	-	-	21.50	21.50

(Note) 1. Revisions to the Company's latest dividend forecast: None

2. The Company implemented a 100-for-1 stock split effective on October 1, 2013 and made the share unit 100 shares. Therefore, dividend per share at the end of FYE3/14 (projected) shown in the table above takes into account the effects of the stock split. Dividend per share at the end of FYE3/13 shows the actual amount of dividend before the implementation of the stock split.

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

(Percentages indicate percentage changes from the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,300	20.2	3,200	15.0	3,280	15.5	2,900	87.6	130.68

(Note) 1. Revisions to the Company's latest operating results projections: None

2. EPS for the full-year projected consolidated operating results take into account the effects of the 100-for-1 stock split implemented on October 1, 2013.

\* Notes

(1) Changes in major subsidiaries during the cumulative quarter under review (Change in specific subsidiaries that will accompany a change in scope of consolidation) Yes

Newly included 2 companies (Name of company) en-Asia holdings Limited

Navigos Group, Ltd.

(Note) Five companies including Cbase Corporation were added to the scope of consolidation from the first quarter of the fiscal year ending March 31, 2014, although these companies are not specified subsidiaries. For details, please refer to "Summary Information (Notes) (1) Changes in status of material subsidiaries during the cumulative quarter under review" on page 3 of the Attachments.

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements No

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

a. Changes in accounting policy accompanying amendment of accounting principles: No

b. Changes in accounting policy other than "a." No

c. Changes in accounting estimates: No

d. Restatement due to correction: No

(4) Number of shares issued (common stock)

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

FYE 3/14 2nd Qtr 24,641,800 shares FYE 3/13 24,641,800 shares

b. Number of shares of treasury stock at the end of the period

FYE 3/14 2nd Qtr 2,450,000 shares FYE 3/13 2,450,000 shares

c. Average number of shares issued during the period (Quarter Year-to-Date)

FYE 3/14 2nd Qtr 22,191,800 shares FYE 3/13 2nd Qtr 22,164,000 shares

(Note) The Company implemented a 100-for-1 stock split effective on October 1, 2013 and made the share unit 100 shares. Number of shares issued at the end of the period (including treasury stock), number of shares of treasury stock at the end of period and average number of shares issued during the period (quarter year-to-date) are calculated assuming that the stock split was implemented at the beginning of the previous fiscal year.

Notes regarding the number of shares issued

Notice regarding quarterly review procedures

- This quarterly earnings announcement is not within the scope of the quarterly review procedure under the Financial Instruments and Exchange Act. As of the time of disclosure of this quarterly earnings announcement, the quarterly review procedure over the quarterly consolidated financial statements is in process.

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

(Notes concerning forward-looking statements)

- 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. For assumptions used when preparing projected operating results and reminders when using projected operating results, please refer to "1. Qualitative Information of Consolidated Performance during the Quarter under Review (3) Explanation of Future Projections such as Projections of Consolidated Operating Results" on page 3 of the Attachments.

## Attachments Table of Contents

1. Qualitative Information of Consolidated Performance during the Quarter under Review .....	2 -
(1) Explanation of Operating Results.....	2 -
(2) Explanation of Financial Position .....	3 -
(3) Explanation of Future Projections such as Projections of Consolidated Operating Results .....	3 -
2. Summary Information (Notes).....	3 -
(1) Changes in Status of Material Subsidiaries during the Cumulative Quarter under Review.....	3 -
(2) Adoption of Special Accounting Treatment used in Preparation of the Quarterly Consolidated Financial Statements .....	4 -
(3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction .....	4 -
3. Quarterly Consolidated Financial Statements .....	5 -
(1) Quarterly Consolidated Balance Sheets .....	5 -
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income .....	6 -
(3) Quarterly Consolidated Statements of Cash Flows .....	8 -
(4) Notes regarding Quarterly Consolidated Financial Statements .....	10 -
(Notes relating to the Going Concern Assumption) .....	10 -
(Segment Information).....	10 -

## 1. Qualitative Information of Consolidated Performance during the Quarter under Review

As announced in “Notice Regarding Changes in Scope of Consolidated Accounting” as of May 10, 2013, the Company added seven overseas affiliates and one domestic affiliate to the scope of consolidation from the quarter under review.

### (1) Explanation of Operating Results

During the cumulative second quarter of the fiscal year ending March 31, 2014, the Japanese economy saw various economic policies take effect, and despite the presence of risk factors, it is expected to head for a full-fledged recovery fuelled by household income and investment growth thanks to an improvement in corporate earnings.

The employment environment has been recovering with a jobs-to-applicant ratio of 0.95 in September 2013.

Under such circumstances, the en-japan Group reinforced the marketing of its mainstay website [en] Career Change Info to new customers. The Group also launched its job placement service [en] PARTNER in earnest and enhanced its organization and personnel structure.

Furthermore, with a view to increasing job seekers' awareness of en-japan, the Group undertook an active advertisement campaign by posting advertisements in the stations and trains of major railway routes in Tokyo, Nagoya and Osaka.

As a result, the Company recorded net sales of ¥7,486 million (up 16.3% on a year-on-year basis), operating income of ¥1,616 million (up 26.1% on a year-on-year basis), ordinary income of ¥1,826 million (up 34.5% on a year-on-year basis) and net income of ¥2,317 million (up 187.4% on a year-on-year basis) for the cumulative second quarter of the fiscal year ending March 31, 2014.

#### [1] Mid-Career Hiring Business

In [en] Career Change Info, the number of job listings increased year on year thanks to a stronger need for pay-per-listing-type job advertising, following the improvement in business sentiment. Concerning a contingent-fee-type service, the Company launched [en] PARTNER in July as its prioritized job placement service, and actual placement of employees started from the second quarter under review. As a result, [en] Career Change Info posted net sales that exceeded those in the same quarter of the previous fiscal year.

At [en] Temporary Placement Info, the number of company listings increased from the same period of the previous fiscal year as temporary staffing companies were more eager to post job advertisements and the Company focused its marketing efforts on its regional bases. As a result, net sales grew year on year.

[en] Career Change Consultant posted net sales above those for the same quarter of the previous fiscal year, due to a recovering job placement market and expanded sales to job placement agencies.

At [en] New Career Challenges, there was high demand for sales and administrative positions targeting young applicants with limited experience. As a result, net sales exceeded the plan.

At [en] Temp to Perm Info, although net sales came slightly below the plan, the number of listings increased steadily.

Net sales at En World Japan K.K. exceeded those for the same quarter of the previous fiscal year due to strong hiring demand among client companies especially in the IT, finance and manufacturing sectors and aggressive marketing activities.

The Company added seven overseas affiliates to the scope of consolidation, but net sales came below the plan due to the effect of an economic slowdown in some of the countries.

As a result, net sales were ¥6,914 million (up 18.0% on a year-on-year basis), and operating income were ¥1,905 million (up 26.1% on a year-on-year basis) for the cumulative second quarter of the fiscal year ending March 31, 2014.

#### [2] New Graduate Hiring Business

The hiring market for students graduating in March 2014 has come to the final stage, and companies are in the middle of making hiring plans and undertaking preparations for hiring students graduating in March 2015.

Amid such circumstances, the Company conducted aggressive marketing and promotion activities for the grand opening of [en] Job Info for Students 2015 which is scheduled to be launched in December.

In addition, anticipating that the methods of hiring new graduates will diversify further in the future, the Company introduced an event-type fee-based service focused on specific types of students, such as students from overseas and varsity players.

As a result, net sales were ¥323 million (down 17.4% on a year-on-year basis), and operating loss was ¥333 million (operating loss of ¥215 million in for same quarter of the previous fiscal year) for the cumulative second quarter of the fiscal year ending March 31, 2014.

### [3] Education/Evaluation Business

Net sales at the flat-rate training service en-College grew year on year, thanks to an increase in the number of new corporate members in April and the introduction of the service in Osaka which led to growth in the number of corporate members. In addition, business performance of a newly consolidated subsidiary, Cbase Corporation, was favorable, and net sales exceeded the plan.

As a result, net sales were ¥271 million (up 79.3% on a year-on-year basis), and operating income was ¥44 million (up 78.4% on a year-on-year basis) for the cumulative second quarter of the fiscal year ending March 31, 2014.

#### (2) Explanation of Financial Position

##### Assets, Liabilities and Net Assets

Total assets at the end of the second quarter of the fiscal year ending in March 31, 2014 increased ¥1,679 million compared to the end of the previous fiscal year to ¥20,143 million. This mainly reflected an increase in goodwill of ¥2,152 million and in cash and deposits of ¥850 million, as a result of the change in the scope of consolidation from the first quarter of the fiscal year ending March 31, 2014, and also a decrease in investment securities of ¥1,891 million due to sales of owned shares.

Total liabilities at the end of the second quarter of the fiscal year under review were ¥4,060 million, an increase of ¥875 million compared to the end of the previous fiscal year. This was mainly due to an increase in income taxes payable of ¥1,092 million.

Total net assets were ¥16,082 million, up ¥804 million compared to the end of the previous fiscal year. The growth in net assets was mainly the result of recording net income for the quarter under review, an increase in retained earnings of ¥1,752 million as a result of dividend payments, and a decrease in the valuation difference on available-for-sale securities of ¥1,036 million.

##### (Cash Flows from Operating Activities)

Cash flows from operating activities in the cumulative second quarter of the fiscal year ending March 31, 2014 amounted to ¥1,073 million (down 21.3% year on year). This was primarily a result of posting income before income taxes and minority interests of ¥3,824 million, which was reduced by a gain on sales of investment securities of ¥1,998 million, foreign exchange gain of ¥130 million and income taxes paid of ¥505 million.

##### (Cash Flows from Investing Activities)

Cash flows from investing activities in the cumulative second quarter of the fiscal year ending March 31, 2014 were ¥64 million (down 75.5% year on year). This mainly consisted of proceeds from sales of investment securities of ¥2,396 million, cash used for purchase of investments in subsidiaries resulting in a change in the scope of consolidation of ¥1,933 million and cash used for purchase of intangible assets of ¥369 million.

##### (Cash Flows from Financing Activities)

Cash flows from financing activities in the cumulative second quarter of the fiscal year ending March 31, 2014 were ¥455 million (up 7.6% year on year). This mainly consisted of cash dividend paid of ¥433 million.

#### (3) Explanation of Future Projections such as Projections of Consolidated Operating Results

Concerning consolidated operating results projections for the fiscal year ending March 31, 2014, there is no change from the projections announced on May 16, 2013.

## 2. Summary Information (Notes)

### (1) Changes in Status of Material Subsidiaries during the Cumulative Quarter under Review

Starting from the first quarter of the fiscal year ending March 31, 2014, Navigos Group, Ltd., in which the Company acquired shares, and en-Asia holdings Limited, whose significance increased, were added to the scope of consolidation.

Starting from the first quarter of the fiscal year ending March 31, 2014, Navigos Group Joint Stock Company, in which the Company acquired shares, Cbase Corporation, en world Singapore Pte. Ltd., en world Hong Kong Limited, Calibrate Recruitment Pty Ltd., and en world Korea Co., Ltd., whose significance all increased, were added to the scope of consolidation, although these companies are not specified subsidiaries.

(2) Adoption of Special Accounting Treatment used in Preparation of the Quarterly Consolidated Financial Statements

The Company had no material items to report.

(3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction

The Company had no material items to report.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Unit: Thousand yen)

	Previous Fiscal Year (As of March 31, 2013)	Second Quarter of Current Fiscal Year (As of September 30, 2013)
<b>Assets</b>		
Current Assets		
Cash and deposits	10,349,167	11,199,727
Notes and accounts receivable-trade	1,340,466	1,630,181
Other	626,237	585,668
Allowance for doubtful accounts	-19,577	-10,518
Total Current Assets	12,296,293	13,405,058
Noncurrent Assets		
Property, plant and equipment	497,337	507,912
Intangible assets		
Goodwill	1,301,141	3,454,079
Other	793,143	1,087,078
Total intangible assets	2,094,284	4,541,157
Investments and other assets		
Investment securities	2,289,226	397,532
Other	1,287,726	1,294,465
Allowance for doubtful accounts	-880	-2,692
Total investments and other assets	3,576,072	1,689,304
Total Noncurrent Assets	6,167,694	6,738,373
Total Assets	18,463,988	20,143,432
<b>Liabilities</b>		
Current Liabilities		
Accounts payable-trade	41,697	25,362
Income taxes payable	469,094	1,561,202
Provision for bonuses	501,889	525,419
Other	1,540,840	1,733,382
Total Current Liabilities	2,553,522	3,845,366
Noncurrent liabilities		
Long-term accounts payable-other	102,850	137,839
Lease liabilities	41,039	23,388
Asset retirement obligations	55,497	54,007
Deferred tax liabilities	432,674	—
Total Noncurrent Liabilities	632,062	215,235
Total Liabilities	3,185,584	4,060,602
<b>Net Assets</b>		
Shareholders' Equity		
Capital stock	986,144	986,144
Capital surplus	1,452,708	1,452,708
Retained earnings	15,219,016	16,971,244
Treasury stock	-3,438,187	-3,438,187
Total Shareholders' Equity	14,219,682	15,971,910
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	1,042,266	5,334
Foreign currency translation adjustment	16,455	27,215
Total Accumulated Other Comprehensive Income	1,058,722	32,550
Minority Interests	—	78,368
Total Net Assets	15,278,404	16,082,829
Total Liabilities and Net Assets	18,463,988	20,143,432

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

## Quarterly Consolidated Statements of Income

## Cumulative Second Quarter

(Unit: Thousand yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2012 to September 30, 2012)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2013 to September 30, 2013)
Net sales	6,435,315	7,486,470
Cost of sales	923,541	866,665
Gross profit	5,511,774	6,619,805
Selling, general and administrative expenses	4,230,033	5,003,401
Operating income	1,281,741	1,616,404
Non-operating income		
Interest income	9,321	1,467
Dividends income	32,500	37,500
Equity in earnings of affiliates	34,091	45,270
Foreign exchange gain	—	130,200
Miscellaneous income	6,522	4,758
Total non-operating income	82,436	219,196
Non-operating expenses		
Loss on investments in partnership	—	4,764
Foreign exchange loss	3,819	—
Miscellaneous loss	1,809	3,858
Total non-operating expenses	5,629	8,623
Ordinary income	1,358,548	1,826,977
Extraordinary income		
Gain on sales of investment securities	—	1,998,097
Total extraordinary income	—	1,998,097
Extraordinary loss		
Loss on retirement of noncurrent assets	1,398	197
Loss on valuation of investment securities	16,926	—
Total extraordinary loss	18,325	197
Income before income taxes and minority interests	1,340,222	3,824,877
Income taxes-current	497,608	1,581,644
Income taxes-deferred	36,294	-67,325
Total income taxes	533,902	1,514,319
Income before minority interests	806,320	2,310,557
Minority interests in income	—	-6,972
Net income	806,320	2,317,530



Quarterly Consolidated Statements of Comprehensive Income

Cumulative Second Quarter

(Unit: Thousand yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2012 to September 30, 2012)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2013 to September 30, 2013)
Income before minority interests	806,320	2,310,557
Other comprehensive income		
Valuation difference on available-for-sale securities	111,620	-1,036,931
Foreign currency translation adjustment	—	609
Share of other comprehensive income of associates accounted for by equity method	-13,872	38,483
Total other comprehensive income	97,388	-997,838
Comprehensive income	903,708	1,312,718
(Break down)		
Comprehensive income attributable to owners of the parent	903,708	1,319,691
Comprehensive income attributable to minority interests	—	-6,972

## (3) Quarterly Consolidated Statements of Cash Flows

(Unit: Thousand yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2012 to September 30, 2012)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2013 to September 30, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	1,340,222	3,824,877
Depreciation and amortization	284,416	231,753
Amortization of goodwill	85,016	97,819
Increase (decrease) in allowance for doubtful accounts	7,032	-7,246
Increase (decrease) in reserve for bonuses	92,046	18,580
Increase (decrease) in reserve for directors' bonuses	-7,826	-25,399
Interest and dividends received	-42,821	-38,967
Foreign exchange loss (gain)	3,819	-130,200
Loss (gain) on equity in earnings of affiliates	-34,091	-45,270
Loss (gain) from investments in partnership	-855	4,764
Loss (gain) on sales of investment securities	—	-1,998,097
Loss (gain) on valuation of investment securities	16,926	—
Loss on retirement of noncurrent assets	1,398	197
(Increase) decrease in notes and accounts receivable-trade	45,529	-167,839
Increase (decrease) in notes and accounts payable-trade	-8,691	-16,334
Increase (decrease) in accounts payable-other	-372,967	-83,104
(Increase) decrease in other current assets	30,052	-9,497
Increase (decrease) in other current liabilities	43,834	-36,755
(Increase) decrease in other noncurrent assets	-23,796	-153,574
Increase (decrease) in other noncurrent liabilities	48,539	33,119
Subtotal	1,508,785	1,498,825
Interest and dividends income received	94,302	79,617
Income taxes paid	-239,557	-505,390
Net cash provided by (used in) operating activities	1,363,529	1,073,052
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	150,000	—
Purchase of property, plant and equipment	-28,299	-62,088
Purchase of intangible assets	-229,602	-369,123
Purchase of investment securities	—	-22,450
Proceeds from sales of investment securities	22,820	2,396,334
Purchase of stacks of subsidiaries and affiliates	-131,359	—
Cash used for purchase of investments in subsidiaries resulting in a change in the scope of consolidation	—	-1,933,255
Payment for lease and guarantee deposits	-381	-84,530
Proceeds from collection of lease and guarantee deposits	1,579	12,986
Purchase of insurance funds	-6,456	-6,456
Payments of loans receivable	-45,621	—
Collection of loans receivable	2,906	3,851
Net cash provided by (used in) investing activities	-264,415	-64,732

(Unit: Thousand yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2012 to September 30, 2012)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2013 to September 30, 2013)
Cash flows from financing activities		
Proceeds from issuance of common stock	1,333	—
Cash dividends paid	-408,122	-433,175
Repayments of lease obligations	-16,341	-22,094
Net cash provided by (used in) financing activities	-423,130	-455,269
Effect of exchange rate change on cash and cash equivalents	-3	141,030
Net increase (decrease) in cash and cash equivalents	675,980	694,081
Cash and cash equivalents at beginning of period	7,665,613	10,349,167
Cash and cash equivalents of the new consolidated subsidiary at beginning of period	20,443	156,478
Cash and cash equivalents at end of period	8,362,036	11,199,727

(4) Notes regarding Quarterly Consolidated Financial Statements

(Notes relating to the Going Concern Assumption)

There are no pertinent items.

(Segment Information)

[Segment Information]

I Cumulative second quarter of the previous fiscal year (April 1, 2012 to September 30, 2012)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments				Others (Notes)	Amount recorded in quarterly consolidated statements of income
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	5,861,105	391,544	151,314	6,403,965	31,350	6,435,315
Internal sales among segments, transfers	—	—	—	—	—	—
Total	5,861,105	391,544	151,314	6,403,965	31,350	6,435,315
Segment profit/loss (-)	1,510,920	-215,183	24,789	1,320,527	-38,785	1,281,741

(Note) “Other” includes the [en] Wedding and FINE businesses that are not included in the three reporting segments.

2 Information concerning impairment loss or goodwill on fixed assets by segment

There are no pertinent items.

II Cumulative second quarter of the fiscal year under review (from April 1, 2013 to September 30, 2013)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments				Adjustments (Note)	Amount recorded in quarterly consolidated statements of income
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	6,907,156	323,325	255,987	7,486,470	—	7,486,470
Internal sales among segments, transfers	7,175	—	15,298	22,474	-22,474	—
Total	6,914,332	323,325	271,286	7,508,944	-22,474	7,486,470
Segment profit/loss (-)	1,905,696	-333,507	44,215	1,616,404	—	1,616,404

(Note) Adjustments to segment profit are eliminations of intersegment transactions.

2 Information concerning impairment loss or goodwill on fixed assets by segment

(Significant change in amount of goodwill)

Since the Company acquired shares of Navigos Group, Ltd. in the first quarter of the fiscal year ending March 31, 2014, there occurred a significant change in the amount of goodwill of the “Mid-Career Hiring Business” segment.

The amount of goodwill recorded for this event was ¥2,020,747,000, which was calculated provisionally because allocation of the acquisition cost had not been completed.

(Material Subsequent Event)

Making of a subsidiary through acquisition of shares

The Company signed a share transfer agreement with The Capstone Group Recruitment and Consulting (Thailand) Ltd. (hereinafter called “R&C”) on November 5, 2013 to acquire shares of the company and make it en-japan’s subsidiary.

(1) Purpose of making R&C a subsidiary

The Company has been working on global business deployment as one of the key strategies to achieve further growth. The Company currently has seven locations in the Asia-Pacific region, utilizing resources and know-how of en world Japan K.K., a placement service provider for global companies, which became a subsidiary of en-japan in 2010.

Thailand, where the Company expands its business, has a large economic scale, and can boast of having the second highest GDP in ASEAN countries (nominal GDP in 2011; source: JETRO). The salary of corporate management-level employees in Thailand is higher than in other countries in the region. The job placement market continues growing as well.

R&C has been operating since 2002 in Thailand with main focus on the job placement business. Having members with excellent skills, its strength lies in being able to introduce management-level employees and especially executives and highly paid professionals.

In addition to the economic growth in Thailand, many Japan-based and global companies have been operating business in the country. As we can expect to obtain a synergy effect with en-japan Group’s customer assets and know-how, we believe that this

investment will further drive the significant growth of R&C.

Because global business deployment with the focus on the Asia-Pacific region is one of our key strategies, we will continue expanding business in this area for further growth.

(2) Overview of acquisition

The three companies of en-japan, its consolidated subsidiary en-Asia holdings Ltd., and En Holdings (Thailand) Ltd. (tentative name), which is scheduled to be established in November 2013, will acquire 73.99% of R&C's issued shares in two stages from R&C's shareholders.

Along with this acquisition of shares, the business property of The Capstone Group Holding (Thailand) Ltd. and TopTalent Asia Ltd. owned by R&C representative Carl Denny will be transferred to R&C.

Therefore, the sales figures shown in "(iii) Size" of "(4) Name of the company to be acquired and content and size of its main business" below indicate the combined figure of the three companies.

(3) Main counterparty of the share acquisition

The Capstone Group Holding (Thailand) Ltd.

Carl Denny

(4) Name of the company to be acquired and content and size of its main business

(i) Company name: The Capstone Group Recruitment and Consulting (Thailand) Ltd.

(ii) Main business: Job placement, temporary staffing service

(iii) Size (fiscal year ended December 2012)

Capital: THB 4,000 thousand

Sales: THB 48,000 thousand

(5) Schedule of the share acquisition

Signing of share acquisition agreement: November 5, 2013

Closing date of the share acquisition: Scheduled for the end of November 2013

(6) Number of shares to be acquired, acquisition value and shareholding ratio after the acquisition

(i) Number of shares to be acquired 29,596

(ii) Acquisition value USD 2.2 million (approx. ¥215 million)

(iii) Shareholding ratio after the acquisition 73.99%

(7) Procurement of fund and payment method

The payment for the acquisition will be made from the Company's own funds.