

en-japan inc.



3rd Quarter FY March 2015 Earnings Announcement [Japan GAAP] (Consolidated)

February 9, 2015

Company Name	en-japan inc.	Listing Exchanges	Tokyo Stock Exchange (Jasdaq Market)
Stock Code	4849	URL	http://corp.en-japan.com/
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Corporate Planning Division Director	(Name)	Masanobu Hasegawa
Scheduled date for submission of Quarterly Report	February 10, 2015	Telephone	+81-3-3342-4506
Scheduled date to begin dividend payments	—		
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes		
Quarterly Earnings Briefing	No		

(Figures rounded down to nearest million yen)

1. FY Ending March 2015 Cumulative Third Quarter Operating Results (From April 1, 2014 to December 31, 2014)

(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 3/15 3rd Qtr	13,977	15.7	2,551	-8.7	2,842	-8.3	1,714	-44.5
FYE 3/14 3rd Qtr	12,080	18.0	2,793	—	3,100	—	3,089	—

(Note) Comprehensive income FYE3/15 3rd Qtr 1,861 million yen (-11.0%) FYE 3/14 3rd Qtr 2,090 million yen (—%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/15 3rd Qtr	76.34	—
FYE 3/14 3rd Qtr	139.21	—

(Note) 1. Figures for the third quarter of FYE 3/14 reflect the retroactive application of a change in the accounting policy. Therefore, the percent change from prior fiscal year is not presented.

2. Fully diluted EPS 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 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 3/15 3rd Qtr	22,628	18,555	81.6
FYE 3/14	22,733	17,135	74.8

(Reference) Core capital FYE 3/15 3rd Qtr 18,468 million yen FYE 3/14 17,010 million yen

(Note) Figures for the FYE 3/14 reflect a retroactive application of a change in the accounting policy.

2. Dividends

	Dividends per Share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Full Year
	Yen	Yen	Yen	Yen	Yen
FYE 3/14	–	0.00	–	24.50	24.50
FYE 3/15	–	0.00	–		
FYE 3/15 (projected)				28.50	28.50

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

3. FY Ending March 2015 Projected Consolidated Operating Results (April 1, 2014 - March 31, 2015)

(Percentages indicate percentage change 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
Full year	19,200	14.6	3,950	14.8	3,970	5.9	2,240	-19.7	99.96

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

* 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) No

Newly included None (Name of company) –

Exclusion None (Name of company) –

(Note) New Era India Consultancy Pvt. Ltd. has been added to the scope of consolidation starting from the first quarter of FYE 3/15 following the stock acquisition, although this company is not a specified subsidiary.

(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: Yes

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

c. Changes in accounting estimates: No

d. Restatement due to correction: No

(Note) For details, refer to "2. Summary Information (Notes) (3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction" on page 4 of the Attachments

(4) Number of shares issued (common stock)

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

FYE 3/15 3rd Qtr 24,858,000 shares FYE 3/14 24,858,000 shares

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

FYE 3/15 3rd Qtr 2,355,700 shares FYE 3/14 2,450,000 shares

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

FYE 3/15 3rd Qtr 22,454,623 shares FYE 3/14 3rd Qtr 22,191,800 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.

* 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 over the quarterly financial statements has not yet been completed.

* 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	3 -
(3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction	4 -
3. Significant Events related to Going Concern Assumptions	4 -
4. 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) Notes regarding Quarterly Consolidated Financial Statements	8 -
(Notes relating to the Going Concern Assumption).....	8 -
(Segment Information)	8 -

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

(1) Explanation of Operating Results

The business environment of the human resources market where the en-japan Group operates continues to be favorable as can be seen from the jobs-to-applicant ratio that reached 1.15 for the first time in 22 years and nine months in December 2014. However, while job offers are increasing, the number of job seekers continues to decline, and competition to acquire job seekers has intensified further.

Under such circumstances, the Group continued to expand sales of job advertisements centering on the [en] Career Change Info service which had been fully renewed in August 2014.

With regard to the job placement business, we strengthened the service provided by en World Japan K.K., our subsidiary that has strengths in placing global human resources, as well as en-japan's "en agent."

Concerning overseas development, operating results of our Indian subsidiary New Era India Consultancy Pvt. Ltd., which was acquired in June 2014, has been newly added to the group's consolidated operating results beginning from the third quarter of the fiscal year ending March 31, 2015.

As a result, the Company recorded net sales of ¥13,977 million (up 15.7% on a year-on-year basis), operating income of ¥2,551 million (down 8.7% on a year-on-year basis), and ordinary income of ¥2,842 million (down 8.3% on a year-on-year basis). Net income declined to ¥1,714 million (down 44.5% on a year-on-year basis) since the Company had recorded a gain on sales of investment securities of ¥2,030 million a year earlier.

The Company will terminate the provision of [en] Job Info for Students, a website specialized in job search information for college students, at the end of March 2015. Usually, the Company opens the website in December for college students seeking a job and runs the website up until March in the year after next. For this reason, sales from this website tend to concentrate in the third quarter which corresponds to the site opening period, and hence the proportion of sales and profit during the said period becomes greater than other periods. For the third quarter of the fiscal year ending March 31, 2015, sales and profit declined compared to the same period of the year before, because the Company did not open the website targeted at students graduating in March 2016.

Operating results by segment are as follows (net sales include internal sales).

[1] Hiring Business

The Hiring Business comprises management of job advertisement website, provision of job placement services, and operations at overseas subsidiaries, among others.

(Job advertisement website)

Both number of job listings and net sales increased year on year mainly because the number of applications increased after the renewal of the Group's mainstay [en] Career Change Info website and as the Company strengthened marketing activities for new customers. Other websites also performed well; as a result, all of the websites achieved higher net sales compared to the same period of the previous fiscal year.

(Job placement service)

The Company's subsidiary en Japan K.K. generated sound operating results primarily because hiring demand from multinational companies was strong and the increase in the number of work-ready staff took effect. Little progress has been made in "en agent," a new job placement service launched by en-japan in the previous fiscal year, but its net sales exceeded those of the previous quarter.

(Overseas subsidiaries)

Net sales from overseas subsidiaries grew significantly year on year because full-year operating results of consolidated subsidiaries in Thailand and Vietnam have been included in the consolidated operating results starting from the beginning of the fiscal year under review. In addition, operating results of our Indian subsidiary have also been included beginning from the third quarter of the fiscal year under review.

As a result, net sales were ¥13,493 million (up 15.6% on a year-on-year basis) for the cumulative third quarter of the fiscal year ending March 31, 2015. Operating income came in at ¥2,564 million (down 5.3% on a year-on-year basis), mainly due to increases in personnel expenses, advertising and promotion expenses and rents, among others.

The Company will terminate the provision of [en] Job Info for Students, a website specialized in job search information for college students, at the end of March 2015. Usually, the Company opens the website in December for college students seeking a job and runs

the website up until March in the year after next. For this reason, sales from this website tend to concentrate in the third quarter which corresponds to the site opening period, and hence the proportion of sales and profit during the said period becomes greater than other periods. For the third quarter of the fiscal year ending March 31, 2015, sales and profit declined compared to the same period of the year before, because the Company did not open the website targeted at students graduating in March 2016.

[2] Education/Evaluation Business

The Education/Evaluation Business comprises a flat-rate training service and provision of recruiting and personnel-related system, among others

(Flat-rate training service)

Concerning en-College, the Company opened a Nagoya class in October 2014 as the fourth venue. Furthermore, the Company developed new courses and revised the content of existing courses to strengthen measures ultimately to improve customer satisfaction.

(Recruiting and personnel-related system)

Net sales increased year on year as new and repeat orders of a consolidated subsidiary, Cbase Corporation, grew.

As a result, net sales were ¥529 million (up 19.6% on a year-on-year basis). On the profit front, the Company posted an operating loss of ¥11 million (against an operating income of ¥86 million in the same period of the previous fiscal year) mainly due to a rise in up-front costs such as personnel expenses following an increase in the number of staff to support the Company's business expansion.

(2) Explanation of Financial Position

Analysis of Financial Position

Total assets at the end of the third quarter of the fiscal year ending in March 31, 2015 decreased ¥105 million compared to the end of the previous fiscal year to ¥22,628 million.

Current assets decreased ¥3,618 million to ¥12,194 million. This was mainly due to a decrease of cash and deposits of ¥5,741 million following payment of income taxes payable and purchase of short-term investment securities, and payment of ¥2,000 million for the purchase of short-term investment securities. Noncurrent assets increased ¥3,513 million to ¥10,433 million. This was primarily attributable to an increase in goodwill of ¥1,309 million, following an additional acquisition of a subsidiary's shares and an acquisition of subsidiaries shares which led to a change in the scope of consolidation, as well as purchase of investment securities of ¥842 million.

Total liabilities at the end of the third quarter of the fiscal year under review were ¥4,072 million, a decrease of ¥1,525 million compared to the end of the previous fiscal year.

Current liabilities decreased ¥1,704 million to ¥3,474 million. This mainly stemmed from a decrease of income taxes payable of ¥1,586 million. Noncurrent liabilities rose ¥179 million to ¥598 million. This was primarily due to an increase in asset retirement obligations of ¥150 million.

Total net assets were ¥18,555 million, up ¥1,420 million compared to the end of the previous fiscal year.

This was mainly attributable to an increase in retained earnings of ¥1,135 million yen as a result of registering net income of ¥1,714 million and paying out a dividend of ¥578 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, 2015, there is no change from the projections announced on May 12, 2014.

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, 2015, New Era India Consultancy Pvt. Ltd., in which the Company newly acquired shares, has been added to the scope of consolidation. Since the Company set June 30, 2014 as a date when the acquisition is deemed to have taken place, operating results of New Era Consultancy Pvt. Ltd. from July 1, 2014 to September 30, 2014 are included in the Company's consolidated financial statements.

(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 has adopted the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts” (PITF No. 30 issued by the Accounting Standards Board of Japan on December 25, 2013) starting from the first quarter of the fiscal year ending March 31, 2015. Accordingly, the Company recognizes dividends from the Company for shares held by the trust and miscellaneous expenses concerning the trust to liabilities on a net basis.

This change in accounting policy was applied retroactively; consequently, the consolidated financial statements for the third quarter of the previous fiscal year and for the full previous fiscal year present the results after retroactive application.

As a result, noncurrent liabilities at the end of the previous fiscal year increased ¥51,066 thousand, and retained earnings and treasury stock decreased ¥51,295 thousand and ¥228 thousand, respectively, compared to the amount before retroactive application.

3. Significant Events related to Going Concern Assumptions

The Company had no material items to report.

4. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Unit: Thousand yen)

	Previous Fiscal Year (As of March 31, 2014)	Third Quarter of Current Fiscal Year (As of December 31, 2014)
Assets		
Current Assets		
Cash and deposits	12,169,219	6,428,095
Notes and accounts receivable-trade	1,832,513	2,077,046
Short-term investment securities	1,000,000	3,000,000
Other	826,022	702,131
Allowance for doubtful accounts	-14,247	-12,688
Total Current Assets	15,813,507	12,194,584
Noncurrent Assets		
Property, plant and equipment	451,556	744,297
Intangible assets		
Goodwill	3,328,770	4,637,922
Other	1,450,976	1,881,279
Total intangible assets	4,779,746	6,519,202
Investments and other assets		
Investment securities	463,257	1,305,385
Stocks of subsidiaries and affiliates	327,106	550,589
Other	901,848	1,318,885
Allowance for doubtful accounts	-3,268	-4,429
Total investments and other assets	1,688,944	3,170,431
Total Noncurrent Assets	6,920,247	10,433,931
Total Assets	22,733,755	22,628,515
Liabilities		
Current Liabilities		
Accounts payable-trade	65,039	54,555
Income taxes payable	1,890,233	303,510
Provision for bonuses	593,920	512,884
Other provision	196,692	112,377
Other	2,433,217	2,490,871
Total Current Liabilities	5,179,103	3,474,199
Noncurrent Liabilities		
Long-term loans payable	3,198	17,539
Provision for stock benefits	151,915	159,436
Asset retirement obligations	75,957	226,862
Long-term accounts payable-other	51,066	77,385
Lease liabilities	14,033	-
Deferred tax liabilities	122,669	117,235
Total Noncurrent Liabilities	418,841	598,459
Total Liabilities	5,597,944	4,072,658
Net Assets		
Shareholders' Equity		
Capital stock	1,194,993	1,194,993
Capital surplus	1,661,558	1,718,709
Retained earnings	17,391,831	18,527,552
Treasury stock	-3,437,958	-3,284,414
Total Shareholders' Equity	16,810,424	18,156,841
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	12,480	23,182
Foreign currency translation adjustment	187,122	288,919
Total Accumulated Other Comprehensive Income	199,602	312,102
Minority Interests	125,782	86,912
Total Net Assets	17,135,810	18,555,856
Total Liabilities and Net Assets	22,733,755	22,628,515

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

Quarterly Consolidated Statements of Income

Cumulative Third Quarter

(Unit: Thousand yen)

	Cumulative Third Quarter of the Previous Fiscal Year (From April 1, 2013 to December 31, 2013)	Cumulative Third Quarter of the Current Fiscal Year (From April 1, 2014 to December 31, 2014)
Net sales	12,080,983	13,977,455
Cost of sales	1,365,658	1,436,664
Gross profit	10,715,324	12,540,791
Selling, general and administrative expenses	7,921,875	9,989,047
Operating income	2,793,449	2,551,744
Non-operating income		
Interest income	7,623	22,071
Dividends income	37,500	187
Equity in earnings of affiliates	54,754	66,594
Gain on investments in partnership	31,128	12,680
Foreign exchange gain	175,314	179,458
Miscellaneous income	9,292	18,623
Total non-operating income	315,613	299,616
Non-operating expenses		
Miscellaneous loss	8,380	9,029
Total non-operating expenses	8,380	9,029
Ordinary income	3,100,682	2,842,331
Extraordinary income		
Gain on sales of investment securities	2,030,865	7,199
Total extraordinary income	2,030,865	7,199
Extraordinary loss		
Loss on retirement of noncurrent assets	10,563	36,626
Loss on sales of investment securities	-	5,053
Total extraordinary loss	10,563	41,679
Income before income taxes and minority interests	5,120,984	2,807,851
Income taxes-current	2,037,822	822,726
Income taxes-deferred	-18,774	243,762
Total income taxes	2,019,047	1,066,489
Income before minority interests	3,101,937	1,741,362
Minority interests in income (loss)	12,616	27,245
Net income	3,089,320	1,714,117

Quarterly Consolidated Statements of Comprehensive Income

Cumulative Third Quarter

(Unit: Thousand yen)

	Cumulative Third Quarter of the Previous Fiscal Year (From April 1, 2013 to December 31, 2013)	Cumulative Third Quarter of the Current Fiscal Year (From April 1, 2014 to December 31, 2014)
Income before minority interests	3,101,937	1,741,362
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,035,844	10,702
Foreign currency translation adjustment	-1,554	89,826
Share of other comprehensive income of associates accounted for by equity method	25,521	19,148
Total other comprehensive income	-1,011,877	119,677
Comprehensive income	2,090,059	1,861,039
(Break down)		
Comprehensive income attributable to owners of the parent	2,077,442	1,826,617
Comprehensive income attributable to minority interests	12,616	34,422

(3) Notes regarding Quarterly Consolidated Financial Statements

(Notes relating to the Going Concern Assumption)

There are no pertinent items.

(Segment Information)

[Segment Information]

I Cumulative third quarter of the previous fiscal year (April 1, 2013 to December 31, 2013)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments			Adjustments (Notes)1	Amount recorded in quarterly consolidated statements of income (Notes)2
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	11,662,731	418,251	12,080,983	—	12,080,983
Internal sales among segments, transfers	13,119	24,801	37,920	-37,920	—
Total	11,675,851	443,053	12,118,904	-37,920	12,080,983
Segment profit	2,706,957	86,041	2,792,999	450	2,793,449

(Notes) 1. Adjustments to segment profit are eliminations of intersegment transactions.

2. Segment profit is adjusted from the operating income booked in the consolidated financial statements.

II Cumulative third quarter of the fiscal year under review (from April 1, 2014 to December 31, 2014)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments			Adjustments (Notes)1	Amount recorded in quarterly consolidated statements of income (Notes)2
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	13,477,386	500,068	13,977,455	—	13,977,455
Internal sales among segments, transfers	16,020	29,871	45,891	-45,891	—
Total	13,493,406	529,940	14,023,347	-45,891	13,977,455
Segment profit (loss)	2,564,017	-11,223	2,552,794	-1,049	2,551,744

(Notes) 1. Adjustments to segment profit (loss) are eliminations of intersegment transactions.

2. Segment profit (loss) is adjusted from the operating income booked in the consolidated financial statements.

2. Information concerning impairment loss or goodwill on fixed assets by segment
(Significant change in amount of goodwill)

Because the Company acquired shares of New Era India Consultancy Pvt. Ltd. in the first quarter of the fiscal year ending March 31, 2015 and additional shares of Navigos Group, Ltd. in the third quarter of the fiscal year ending March 31, 2015, there has been a significant change to the amount of goodwill in the Hiring Business segment.

The amount of change in the goodwill booked as a result of the acquisition is ¥552,404 thousand for New Era India Consultancy Pvt. Ltd. and ¥797,207 thousand for Navigos Group, Ltd.

3. Matters related to changes in the reporting segment

The Company decided to terminate operation of its job advertisement website in the new graduate recruitment business at the end of March 2015 and change its business model. For this reason, the Company has changed its operating segment to “Hiring Business” and “Education/Evaluation Business” starting from the first quarter of the fiscal year ending March 31, 2015.

Segment information for the third quarter of the fiscal year ended March 31, 2014 reflects the classification change following the change in the reporting segment.