

en-japan inc.



1st Quarter FY March 2016 Earnings Announcement [Japan GAAP] (Consolidated)

August 10, 2015

Company Name	en-japan inc.	Listing Exchanges	Tokyo Stock Exchange (Jasdaq Market)
Stock Code	4849	URL	http://corp.en-japan.com/
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Scheduled date for submission of Quarterly Report	August 11, 2015		
Scheduled date to begin dividend payments	—		
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes		
Quarterly Earnings Briefing	None		

(Figures rounded down to nearest million yen)

1. FY Ending March 2016 Cumulative First Quarter Operating Results (From April 1, 2015 to June 30, 2015)

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

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 3/16 1st Qtrr	5,789	26.1	1,230	25.5	1,287	26.4	791	32.5
FYE 3/15 1st Qtrr	4,590	25.7	980	37.5	1,018	12.9	597	(66.3)

(Note) Comprehensive income FYE3/16 1st Qtrr 782 million yen (48.2%) FYE 3/15 1st Qtrr 528 million yen (-28.8%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/16 1st Qtrr	35.16	35.16
FYE 3/15 1st Qtrr	26.65	—

(Note) Fully diluted EPS for the first quarter of the fiscal year ended March 2015 is not shown, because there are no dilutive shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/16 1st Qtrr	23,251	18,482	79.0
FYE 3/15	25,241	19,775	77.9

(Reference) Core capital FYE 3/16 1st Qtrr 18,364 million yen FYE 3/15 19,674 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 3/15	–	0.00	–	32.00	32.00
FYE 3/16	–				
FYE 3/16 (projected)		0.00	–	33.00	33.00

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

3. FY Ending March 2016 Projected Consolidated Operating Results (April 1, 2015 - March 31, 2016)

(Percentage for the full year indicates the percentage change from the prior fiscal year, and percentage for the half year indicates the percentage change from the same period of the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent	EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Half year	11,641	26.5	2,123	22.1	2,156	12.2	1,309	58.19
Full year	24,520	24.9	4,000	1.4	4,120	-3.3	2,620	116.43

(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) –
- (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 pages 3 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 3/16 1st Qtr 24,858,000 shares FYE 3/15 24,858,000 shares
- b. Number of shares of treasury stock at the end of the period
 FYE 3/16 1st Qtr 2,355,700 shares FYE 3/15 2,355,700 shares
- c. Average number of shares issued during the period (Quarter Year-to-Date)
 FYE 3/16 1st Qtr 22,502,300 shares FYE 3/15 1st Qtr 22,408,000 shares

* 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.

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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 operates continued to be favorable as reflected in the jobs-to-applicant ratio that reached 1.19 in June 2015, and hiring needs of corporations remained high and on the rise as they were in the previous fiscal year.

Under such circumstances, the Company continued to improve the effects of service sites and reinforce sales activities, centering on [en] Career Change Info, its core service site. We also pursued active promotional activities, including the launch of the largest-scale TV commercial to date, to heighten people's recognition of the Company.

In our job placement business, we continued to strengthen en-japan's "en agent," as well as the services provided by en World Japan K.K., our subsidiary that exhibits strengths in placing globally-oriented individuals.

Meanwhile, our overseas subsidiaries made efforts to improve the productivity of existing services, strengthened sales in the new developing segment of servicing Japanese corporations, and took other steps to further increase profitability of the Group's overseas business.

As a result, the Company recorded net sales of ¥5,789 million (up 26.1% on a year-on-year basis), operating income of ¥1,230 million (up 25.5% year on year), ordinary income of ¥1,287 million (up 26.4% year on year) and net income attributable to owners of parent of ¥791 million (up 32.5% year on year).

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 the number of job listings and net sales increased year on year, thanks to the favorable number of applications received for our mainstay [en] Career Change Info website and to the effects of marketing activities implemented in line with the TV commercial launched in June. Other job advertisement sites also performed well with steady demand for hiring, resulting in a higher number of companies serviced and greater transaction volumes.

(Job placement service)

en-japan's job placement service "en agent" recorded significantly higher net sales year on year, since the number of individuals entering companies in April increased.

(Overseas subsidiaries)

Effective the beginning of this fiscal year, the operating performance of our Indian subsidiary has been included in the results. Improvements in economic conditions and other positive factors helped the Company's subsidiaries in Vietnam and Thailand to post favorable results. Consequently, net sales rose significantly year on year.

As a result, for the cumulative first quarter of the fiscal year ending March 31, 2016, net sales were ¥5,586 million (up 25.7% on a year-on-year basis) and operating income was ¥1,262 million (up 29.3% year on year).

[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)

As for en-College, the Company developed products linked to the hiring business and worked to expand sales, in addition to promoting repeat orders and strengthening new orders.

(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 ¥218 million (up 37.5% on a year-on-year basis). On the profit front, the Company posted an operating loss of ¥31 million (operating income of ¥4 million was posted a year earlier), due to advance costs incurred mainly in relation to the

new business development.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year ending in March 31, 2016 decreased ¥1,989 million compared to the end of the previous fiscal year to ¥23,251 million.

Current assets decreased ¥501 million to ¥13,841 million. This was mainly due to a decrease in cash and deposits of ¥342 million and a decrease in notes and accounts receivable-trade of ¥55 million following payment of income taxes payable, etc. Noncurrent assets decreased ¥1,487 million to ¥9,409 million. This was primarily attributable to a decrease in goodwill of ¥1,407 million, due to changes in accounting policy associated with amendments to accounting standards, etc.

Total liabilities at the end of the first quarter of the fiscal year under review were ¥4,769 million, a decrease of ¥695 million compared to the end of the previous fiscal year.

Current liabilities decreased ¥736 million to ¥4,123 million. This mainly stemmed from a decrease in income taxes payable of ¥597 million and a decrease in provision for bonuses of ¥137 million. Noncurrent liabilities increased ¥40 million to ¥646 million. This was primarily due to an increase in provision for stock benefits of ¥10 million.

Total net assets were ¥18,482 million, down ¥1,293 million from the end of the previous fiscal year. This was mainly due to a decrease in capital surplus of ¥1,330 million caused by changes in accounting policy associated with amendments to accounting standards.

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

Concerning consolidated operating results projections for the first half and the full year of fiscal year ending March 31, 2016, there is no change from the projections announced on July 27, 2015.

2. Summary Information (Notes)

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

The Company had no material items to report.

(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

(i) Names of accounting standards and changes in accounting policy

The Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) effective the first quarter of the fiscal year ending March 31, 2016. Accordingly, the Company posts the amount of differences arising from changes in the Company's ownership interests in subsidiaries for which it retains control to capital surplus and records the amount as expenses in the fiscal year in which acquisition related expenses arose.

In addition, the Company implemented changes in presentation of quarterly net income and in presentation from minority interests to non-controlling interests.

In order to reflect these changes in presentation, the Company rearranged account classifications in the quarterly consolidated financial statements and consolidated financial statements for the cumulative first quarter and full year of the previous fiscal year.

(ii) Outline of accounting treatment in accordance with transitional measures

The Company has adopted the Accounting Standard for Business Combinations, etc., in accordance with the transitional measures provided in Item 58-2 (3) of Accounting Standard for Business Combinations, Item 44-5 (3) of Accounting Standard for Consolidated Financial Statements, and Item 57-4 (3) of Accounting Standard for Business Divestitures, and has reflected the amount of cumulative effects of changes in accounting policies as of the beginning of the first quarter of the fiscal year ending March 2016 assuming that the new accounting policies have been applied retroactively to all past periods, by decreasing/increasing the respective amount to capital surplus and retained earnings.

(iii) Amount of effects of changes in accounting policy

As a result, as of the beginning of the first quarter of the fiscal year ending March 31, 2016, goodwill decreased by ¥1,315,328,000, capital surplus decreased by ¥1,312,329,000 and foreign currency translation adjustment decreased by ¥20,068,000 while retained earnings increased by ¥17,069,000. In addition, operating income, ordinary income and income before income taxes and minority interests each increased by ¥28,672,000 for the cumulative first quarter of the fiscal year ending March 31, 2016 on a consolidated basis.

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, 2015)	First Quarter of Current Fiscal Year (As of June 30, 2015)
Assets		
Current Assets		
Cash and deposits	8,126,330	7,783,832
Notes and accounts receivable-trade	2,453,824	2,398,416
Short-term investment securities	3,011,460	3,000,000
Other	783,610	690,520
Allowance for doubtful accounts	-31,491	-30,878
Total Current Assets	14,343,732	13,841,890
Noncurrent Assets		
Property, plant and equipment	743,622	750,085
Intangible assets		
Goodwill	4,751,832	3,344,778
Other	1,944,828	2,060,601
Total intangible assets	6,696,661	5,405,379
Investments and other assets		
Investment securities	1,386,145	1,153,997
Stocks of subsidiaries and affiliates	545,593	483,610
Other	1,530,759	1,622,304
Allowance for doubtful accounts	-5,276	-5,486
Total investments and other assets	3,457,222	3,254,426
Total Noncurrent Assets	10,897,506	9,409,891
Total Assets	25,241,239	23,251,781
Liabilities		
Current Liabilities		
Accounts payable-trade	45,690	38,671
Income taxes payable	969,814	372,217
Provision for bonuses	694,630	557,599
Other provision	23,117	4,823
Other	3,126,559	3,149,964
Total Current Liabilities	4,859,812	4,123,276
Noncurrent Liabilities		
Long-term loans payable	18,038	17,377
Provision for stock benefits	155,935	166,811
Asset retirement obligations	227,312	227,766
Other	204,161	234,237
Total Noncurrent Liabilities	605,448	646,192
Total Liabilities	5,465,260	4,769,469
Net Assets		
Shareholders' Equity		
Capital stock	1,194,993	1,194,993
Capital surplus	1,718,709	388,343
Retained earnings	19,344,897	19,394,692
Treasury stock	-3,284,414	-3,284,414
Total Shareholders' Equity	18,974,185	17,693,615
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	26,489	19,844
Foreign currency translation adjustment	674,040	650,804
Total Accumulated Other Comprehensive Income	700,529	670,648
Non-controlling interests	101,262	118,048
Total Net Assets	19,775,978	18,482,312
Total Liabilities and Net Assets	25,241,239	23,251,781

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

Quarterly Consolidated Statements of Income

Cumulative First Quarter

(Unit: Thousand yen)

	Cumulative First Quarter of the Previous Fiscal Year (From April 1, 2014 to June 30, 2014)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2015 to June 30, 2015)
Net sales	4,590,096	5,789,645
Cost of sales	465,281	547,361
Gross profit	4,124,814	5,242,283
Selling, general and administrative expenses	3,144,110	4,011,691
Operating income	980,704	1,230,592
Non-operating income		
Interest income	4,695	18,084
Dividends income	187	187
Equity in earnings of affiliates	38,076	17,879
Other	14,812	22,701
Total non-operating income	57,772	58,853
Non-operating expenses		
Interest expenses	70	691
Other	20,159	1,462
Total non-operating expenses	20,230	2,154
Ordinary income	1,018,246	1,287,290
Extraordinary income		
Gain on sales of investment securities	7,199	-
Total extraordinary income	7,199	-
Extraordinary loss		
Loss on retirement of noncurrent assets	19,692	-
Total extraordinary loss	19,692	-
Income before income taxes and minority interests	1,005,754	1,287,290
Income taxes-current	197,529	364,448
Income taxes-deferred	213,446	112,071
Total income taxes	410,975	476,520
Net income	594,778	810,770
Net income (loss) attributable to non-controlling owners	-2,326	19,587
Net income attributable to owners of parent	597,105	791,182

Quarterly Consolidated Statements of Comprehensive Income

Cumulative First Quarter

(Unit: Thousand yen)

	Cumulative First Quarter of the Previous Fiscal Year (From April 1, 2014 to June 30, 2014)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2015 to June 30, 2015)
Net income	594,778	810,770
Other comprehensive income		
Valuation difference on available-for-sale securities	-10,868	-6,645
Foreign currency translation adjustment	-59,558	-35,118
Share of other comprehensive income of associates accounted for by equity method	3,803	13,516
Total other comprehensive income	-66,624	-28,246
Comprehensive income	528,154	782,524
(Break down)		
Comprehensive income attributable to owners of the parent	531,816	761,301
Comprehensive income attributable to non-controlling owners	-3,661	21,222

(3) Notes regarding Quarterly Consolidated Financial Statements

(Notes relating to the Going Concern Assumption)

There are no pertinent items.

(Notes on Significant Changes to Shareholders' Equity)

Effective the cumulative first quarter of the fiscal year ending March 31, 2016, the Company has adopted the Accounting Standard for Business Combinations.

The impact associated with this change is described in "2. Summary Information (Notes) (3) Changes in Accounting Policy, Changes in Accounting Estimates or Restatement due to Correction" on pages 3.

(Segment Information)

[Segment Information]

I Cumulative first quarter of the previous fiscal year (April 1, 2014 to June 30, 2014)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments			Adjustments (Notes)	Amount recorded in quarterly consolidated statements of income
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	4,440,079	150,016	4,590,096	—	4,590,096
Internal sales among segments, transfers	3,428	8,641	12,070	-12,070	—
Total	4,443,508	158,657	4,602,166	-12,070	4,590,096
Segment profit	976,543	4,010	980,554	150	980,704

(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 first quarter of the fiscal year under review (from April 1, 2015 to June 30, 2015)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments			Adjustments (Notes)	Amount recorded in quarterly consolidated statements of income
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	5,582,591	207,054	5,789,645	—	5,789,645
Internal sales among segments, transfers	4,047	11,113	15,160	-15,160	—
Total	5,586,638	218,167	5,804,806	-15,160	5,789,645
Segment profit (loss)	1,262,271	-31,829	1,230,442	150	1,230,592

(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)

As indicated in “2. Summary Information (Notes) (3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction” on pages 3, the Company has adopted the Accounting Standard for Business Combinations, etc. and followed the transitional measures provided in Item 58-2 (3) of Accounting Standard for Business Combinations, Item 44-5 (3) of Accounting Standard for Consolidated Financial Statements, and Item 57-4 (3) of Accounting Standard for Business Divestitures.

The amount of decrease in goodwill associated with this handling in the hiring business is ¥1,208,156,000 and that in the education/evaluation business is ¥107,171,000 for the cumulative first quarter of the fiscal year ending March 31, 2016.

3. Matters related to changes in the reporting segment
(Application of Accounting Standard for Business Combinations, etc.)

As indicated in “2. Summary Information (Notes) (3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction” on pages 3, the Company has adopted the Accounting Standard for Business Combinations, etc. and followed the transitional measures provided in Item 58-2 (3) of Accounting Standard for Business Combinations, Item 44-5 (3) of Accounting Standard for Consolidated Financial Statements, and Item 57-4 (3) of Accounting Standard for Business Divestitures.

As a result, segment profit for the cumulative first quarter of the fiscal year ending March 31, 2016 has increased in the hiring business segment by ¥25,768,000 and in the education/evaluation business segment by ¥2,903,000, compared to the results obtained under the conventional method.