

en-japan inc.



# 3rd Quarter FY March 2016 Earnings Announcement [Japan GAAP] (Consolidated)

February 9, 2016

Company Name	en-japan inc.	Listing Exchanges	Tokyo Stock Exchange (Jasdaq Market)
Stock Code	4849	URL	<a href="http://corp.en-japan.com/">http://corp.en-japan.com/</a>
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Executive Officer and Corporate Planning Division Director	(Name)	Masanobu Hasegawa Telephone +81-3-3342-4506
Scheduled date for submission of Quarterly Report	February 10, 2016		
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 2016 Cumulative Third Quarter Operating Results (From April 1, 2015 to December 31, 2016)

(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 3rd Qtr	18,693	33.7	4,076	59.8	4,201	47.8	2,627	53.3
FYE 3/15 3rd Qtr	13,977	15.7	2,551	(8.7)	2,842	(8.3)	1,714	(44.5)

(Note) Comprehensive income FYE 3/16 3rd Qtr 2,521 million yen (35.5%) FYE 3/15 3rd Qtr 1,861 million yen (-11.0%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/16 3rd Qtr	116.03	115.88
FYE 3/15 3rd Qtr	76.34	-

(Note) Fully diluted EPS for the third 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 3rd Qtr	26,917	20,940	77.3
FYE 3/15	25,241	19,775	77.9

(Reference) Core capital FYE 3/16 3rd Qtr 20,794 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	–	0.00	–		
FYE 3/16 (projected)				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)

(Percentages indicate 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
Full year	25,900	32.0	4,800	21.7	4,850	13.9	3,000	18.5
								132.34

(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) I Tank Japan, Inc. was added to the scope of consolidation starting from the second quarter of the fiscal year ending March 31, 2016, following the stock acquisition through the share exchange, 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 3/16 3rd 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 3rd Qtr 2,107,820 shares FYE 3/15 2,355,700 shares

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

FYE 3/16 3rd Qtr 22,641,150 shares FYE 3/15 3rd Qtr 22,454,623 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.

## 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).....	4 -
(1) Changes in Status of Material Subsidiaries during the Cumulative Quarter under Review.....	4 -
(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) Notes regarding Quarterly Consolidated Financial Statements .....	8 -
(Notes relating to the Going Concern Assumption).....	8 -
(Notes on Significant Changes to Shareholders' Equity) .....	8 -
(Segment Information) .....	9 -

## 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 1.27 in December 2015, and hiring needs from corporations stay on an upward trend.

According to data released by the Association of Job Information of Japan, the total number of job positions advertised during December 2015 showed a 10.1% increase year on year. And in particular, the number of offered jobs placed on recruitment websites marked a 23.8% increase year on year, indicating strong momentum in online recruitment activities.

Under such business circumstances, with the focus on enhancing site users' convenience in en TENSHOKU, its core service site, the Company has enhanced service effects, achieving business growth in transactions with corporate customers.

In our job placement business, we continued to strengthen en-japan's "en AGENTS," as well as our subsidiary, en World Japan K.K. While en AGENTS stepped up the countermeasure to improve productivity, en World Japan K.K. tackled initiatives including business development targeted at Japanese global corporations in addition to foreign companies in Japan, while bolstering recruitment activities.

With continued efforts for improving productivity in existing services, overseas subsidiaries have worked on the development of their sales and earnings bases for future growth by beefing up sales promotions targeted at Japanese corporations as a new business area and taking other measures.

As a result, the Company recorded net sales of ¥18,693 million (up 33.7% on a year-on-year basis), operating income of ¥4,076 million (up 59.8% year on year), ordinary income of ¥4,201 million (up 47.8% year on year) and net income attributable to owners of parent of ¥2,627 million (up 53.3% 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)

The Company saw continued strong performance in its online service of en TENSHOKU, its core business engine, gaining steady acquisitions of new deals from both existing and new customers. As a consequence, the Company hit a record high in the number of job listings placed on a quarterly basis, with a substantial increase in revenue compared with the same period of the previous fiscal year.

The Company also generated steady operating results in other job advertisement websites with a boost in the number of applications enrolled on the sites at en MIDDLE NO TENSHOKU whose service site was upgraded in the previous quarter, en HAKEN and en BAITO (the former CHALLENGE! HATA☆RAKU) whose service site was renewed in November 2015.

(Job placement service)

en-japan's job placement service "en AGENTS" posted an increase in net sales, which were attributed to a significant boost in the number of individuals entering companies for each month compared with the same period of the previous year.

The Company's subsidiary, en World Japan K.K. posted a year-on-year increase in net sales, attributed to the large demand for recruitment at foreign firms in Japan as well as Japanese global corporations.

(Overseas subsidiaries)

Overseas subsidiaries marked significant sales growth on the year. Major factors for the favorable performances were an improvement in productivity in Vietnam and India backed by the stable placement of personnel, and the stabilized operations in Thailand on the back of improved local political and economic environment compared with the previous fiscal year.

As a result, for the cumulative third quarter of the fiscal year ending March 31, 2016, net sales were ¥18,065 million (up 33.9% on a year-on-year basis) and operating income was ¥4,167 million (up 62.5% 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)

In addition to the reinforced acquisition of repeat orders and new orders, the Company expanded the lineups of online services including the launch of e-learning programs tailored for temporary staffing firms.

(Recruiting and personnel-related system)

The Company's consolidated subsidiary Cbase Corporation logged a year-on-year increase in net sales, backed by a strong performance in repeat and new orders.

As a result, net sales were ¥682 million (up 28.7% on a year-on-year basis). In terms of operating profit and loss, the Company posted an operating loss of ¥91 million (against an operating loss of ¥11 million in the same period of the previous fiscal year) due to upfront investment in the new business development, etc.

## (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, 2016 increased ¥1,676 million compared to the end of the previous fiscal year to ¥26,917 million.

Current assets increased ¥2,520 million to ¥16,864 million. The major factors for the increase were an increase of ¥3,117 million in cash and deposits and a decline of ¥1,011 million in short-term investment securities. Noncurrent assets decreased ¥843 million to ¥10,053 million. This was primarily attributable to a decrease in goodwill of ¥993 million, due to changes in accounting policy associated with amendments to accounting standards, etc.

Total liabilities at the end of the third quarter of the fiscal year under review were ¥5,977 million, an increase of ¥511 million compared to the end of the previous fiscal year.

Current liabilities increased ¥424 million to ¥5,284 million. This was mainly due to an increase of ¥284 million in advances received. Noncurrent liabilities increased ¥86 million to ¥692 million. This was primarily due to an increase in provision for stock benefits of ¥29 million.

Total net assets were ¥20,940 million, up ¥1,164 million from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of ¥1,885 million resulting from the posting of net income attributable to owners of parent, and a decrease in capital surplus of ¥1,039 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 fiscal year ending March 31, 2016, there is no change from the projections announced on October 28, 2015.

## 2. Summary Information (Notes)

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

I Tank Japan, Inc. was added to the scope of consolidation starting from the second quarter of the fiscal year ending March 31, 2016. This resulted from the share exchange under which the Company became a wholly-owning company holding 100% of the shares of I Tank Japan, Inc. and I Tank Japan, Inc. became a wholly-owned subsidiary of the Company.

### (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 third 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. The Company 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 31, 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 ¥86,611,000 for the cumulative third quarter of the fiscal year ending March 31, 2016 on a consolidated basis.

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

(Unit: Thousand yen)

	Previous Fiscal Year (As of March 31, 2015)	Third Quarter of Current Fiscal Year (As of December 31, 2015)
<b>Assets</b>		
Current Assets		
Cash and deposits	8,126,330	11,243,404
Notes and accounts receivable-trade	2,453,824	2,591,815
Short-term investment securities	3,011,460	2,000,000
Other	783,610	1,081,373
Allowance for doubtful accounts	-31,491	-52,518
Total Current Assets	14,343,732	16,864,074
Noncurrent Assets		
Property, plant and equipment	743,622	660,265
Intangible assets		
Goodwill	4,751,832	3,758,277
Other	1,944,828	2,291,931
Total intangible assets	6,696,661	6,050,209
Investments and other assets		
Investment securities	1,386,145	1,131,227
Stocks of subsidiaries and affiliates	545,593	479,967
Other	1,530,759	1,738,705
Allowance for doubtful accounts	-5,276	-6,541
Total investments and other assets	3,457,222	3,343,359
Total Noncurrent Assets	10,897,506	10,053,834
Total Assets	25,241,239	26,917,908
<b>Liabilities</b>		
Current Liabilities		
Accounts payable-trade	45,690	53,459
Income taxes payable	969,814	919,839
Provision for bonuses	694,630	642,485
Other provision	23,117	8,000
Advances received	725,609	1,010,352
Other	2,400,950	2,650,570
Total Current Liabilities	4,859,812	5,284,708
Noncurrent Liabilities		
Long-term loans payable	18,038	14,312
Provision for stock benefits	155,935	185,239
Asset retirement obligations	227,312	228,673
Other	204,161	264,151
Total Noncurrent Liabilities	605,448	692,377
Total Liabilities	5,465,260	5,977,085
<b>Net Assets</b>		
Shareholders' Equity		
Capital stock	1,194,993	1,194,993
Capital surplus	1,718,709	678,714
Retained earnings	19,344,897	21,230,510
Treasury stock	-3,284,414	-2,880,410
Total Shareholders' Equity	18,974,185	20,223,808
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	26,489	7,553
Foreign currency translation adjustment	674,040	563,308
Total Accumulated Other Comprehensive Income	700,529	570,862
Subscription rights to shares	-	25,842
Non-controlling interests	101,262	120,310
Total Net Assets	19,775,978	20,940,822
Total Liabilities and Net Assets	25,241,239	26,917,908



(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, 2014 to December 31, 2014)	Cumulative Third Quarter of the Current Fiscal Year (From April 1, 2015 to December 31, 2015)
Net sales	13,977,455	18,693,054
Cost of sales	1,436,664	1,698,356
Gross profit	12,540,791	16,994,697
Selling, general and administrative expenses	9,989,047	12,918,156
Operating income	2,551,744	4,076,541
Non-operating income		
Interest income	22,071	36,173
Dividends income	187	6,382
Equity in earnings of affiliates	66,594	16,550
Gain on investments in partnership	12,680	54,905
Gain on valuation of investment securities	2,000	7,980
Foreign exchange gain	179,458	-
Other	16,623	9,961
Total non-operating income	299,616	131,953
Non-operating expenses		
Foreign exchange losses	-	4,780
Other	9,029	2,333
Total non-operating expenses	9,029	7,113
Ordinary income	2,842,331	4,201,382
Extraordinary income		
Gain on sales of investment securities	7,199	-
Total extraordinary income	7,199	-
Extraordinary loss		
Loss on retirement of noncurrent assets	36,626	623
Loss on sales of investment securities	5,053	-
Total extraordinary loss	41,679	623
Income before income taxes and minority interests	2,807,851	4,200,758
Income taxes-current	822,726	1,568,179
Income taxes-deferred	243,762	-25,405
Total income taxes	1,066,489	1,542,774
Net income	1,741,362	2,657,984
Net income attributable to non-controlling owners	27,245	30,982
Net income attributable to owners of parent	1,714,117	2,627,001

Quarterly Consolidated Statements of Comprehensive Income

Cumulative Third Quarter

(Unit: Thousand yen)

	Cumulative Third Quarter of the Previous Fiscal Year (From April 1, 2014 to December 31, 2014)	Cumulative Third Quarter of the Current Fiscal Year (From April 1, 2015 to December 31, 2015)
Net income	1,741,362	2,657,984
Other comprehensive income		
Valuation difference on available-for-sale securities	10,702	-18,936
Foreign currency translation adjustment	89,826	-129,046
Share of other comprehensive income of associates accounted for by equity method	19,148	11,203
Total other comprehensive income	119,677	-136,780
Comprehensive income	1,861,039	2,521,204
(Break down)		
Comprehensive income attributable to owners of the parent	1,826,617	2,497,333
Comprehensive income attributable to non-controlling owners	34,422	23,870

(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)

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

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 4.

On July 31, 2015, the Company implemented the share exchange making the Company a wholly-owning company holding 100% of the shares of I Tank Japan, Inc. and I Tank Japan, Inc. a wholly-owned subsidiary of the Company. As a result, capital surplus increased ¥289,983,000 and treasury stock decreased ¥404,416,000 for the cumulative third quarter of the fiscal year ending March 31, 2016.

(Segment Information)

[Segment Information]

I Cumulative third quarter of the previous fiscal year (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.

II Cumulative third quarter of the fiscal year under review (from April 1, 2015 to December 31, 2015)

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	18,046,967	646,086	18,693,054	–	18,693,054
Internal sales among segments, transfers	18,236	36,076	54,312	-54,312	–
Total	18,065,204	682,162	18,747,367	-54,312	18,693,054
Segment profit (loss)	4,167,381	-91,290	4,076,091	450	4,076,541

(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 page 4, 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 third quarter of the fiscal year ending March 31, 2016.

Because the Company acquired shares of I Tank, Japan, Inc. through the share exchange in the second quarter of the fiscal year ending March 31, 2016, there have been significant fluctuations in the value of goodwill in the Hiring Business segment. As a result of the said share exchange, the amount of goodwill increased by ¥656,607,000.

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 page 4, 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 third quarter of the fiscal year ending March 31, 2016 has increased in the hiring business segment by ¥77,900,000 and in the education/evaluation business segment by ¥8,711,000, compared to the results obtained under the conventional method.