en-japan inc.

Fiscal Year Ended March 31, 2016, Earnings Announcement [under Japanese GAAP] (Consolidated)

May 12, 2016

Company Name	en-japan inc.	Listing Exchanges	Tokyo Securities Exchange (Jasdaq Market)
Stock Code	4849	URL	http://corp.en-japan.com/
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Executive Officer and Administrative office, Director	(Name)	Masanobu Hasegawa Telephone +81-3-3342-4506

Regular General Shareholders' Meeting June 28, 2016
Scheduled date to begin dividend payments June 29, 2016
Scheduled date for submission of Securities Report June 29, 2016
Preparation of Summary Supplementary Explanatory Materials Yes
Earnings Briefing Yes (for institutional investors)

(Figures rounded down to nearest million yen)

1. FYE 03/2016 Consolidated Earnings (From April 1, 2015 to March 31, 2016)

(1) Consolidated Operating Results (Percentages indicate percent change from the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable To Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 03/2016	26,135	33.2	5,118	29.8	5,047	18.5	2,756	8.9
FYE 03/2015	19,623	17.1	3,943	14.6	4,259	13.7	2,531	-9.2

(Note) Comprehensive income FYE03/2016: 2,690 million yen (-12.9%) FYE03/2015: 3,087 million yen (69.6%)

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Assets	Operating Income to Sales
	Yen	Yen	%	%	%
FYE 03/2016	60.79	60.70	14.0	19.2	19.6
FYE 03/2015	56.34	—	13.8	17.8	20.1

(Reference) Equity in earnings (loss) of affiliates FYE 03/2016 11 million yen FYE 03/2015 67 million yen

(Notes) 1. Fully diluted EPS for FYE 03/2015 is not shown above because there were no dilutive shares.
2. Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. EPS and fully diluted EPS are calculated on the assumption that the aforesaid stock split was executed at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2016	28,558	21,112	73.4	460.56
FYE 03/2015	25,241	19,775	77.9	437.17

(Reference) Equity FYE 03/2016 20,955 million yen FYE 03/2015 19,674 million yen

(Note) Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. Net assets per share are calculated on the assumption that the aforesaid stock split was executed at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
	Million yen	Million yen	Million yen	Million yen
FYE 03/2016	5,791	1,783	-812	15,953
FYE 03/2015	2,533	-6,148	-609	9,137

2. Dividends

	Dividend per Share					Total Dividend Amount (Full year)	Dividend Payout Ratio (Consolidated)	Dividend to Net Asset Ratio (Consolidated)
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year End	Full-Year Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE 03/2015	–	0.00	–	32.00	32.00	758	28.4	3.9
FYE 03/2016	–	0.00	–	34.50	34.50	826	28.4	4.0
FYE 03/2017 (projected)	–	0.00	–	23.30	23.30		28.5	

(Notes)1. EPS applied in the calculation of the dividend payout ratio is derived by dividing profit attributable to owners of parent by the number of shares excluding treasury shares. These treasury shares include shares for the board benefit system (J-ESOP). (FYE 03/2015: 1,199,500 shares; FYE 03/2016: 1,199,500 shares.) Since dividends are paid also for these shares, the dividend payout ratios in consideration of this factor are: 29.9% for FYE 03/2015, 29.9% for FYE 03/2016 and 30.6% for FYE 03/2017.

2. For the dividend of FYE 03/2016, refer to "1. Analysis of Business Performance and Financial Position (3) Basic Policy concerning Distribution of Earnings and Current and Future Period Dividends" on page 8 of the Attachments.

3. Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. Dividends up until the FY 03/2016 reflect the amounts prior to the aforesaid stock split while the dividend per share for FY 03/2017 (projected) reflects the amount after the stock split.

3. FY Ending March 2017 Projected Consolidated Operating Results (From April 1, 2016 to March 31, 2017)

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	14,740	21.0	2,530	-12.0	2,530	-13.6	1,680	-8.9	36.92
Full year	32,100	22.8	5,700	11.4	5,680	12.5	3,720	35.0	81.76

(Note) Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. EPS under the projected consolidated operating results is calculated based on the number of shares issued (excluding treasury shares) after the aforesaid stock split.

*Notes

(1) Change in major subsidiaries during the fiscal year under review (Change in specific subsidiaries that will accompany a change in scope of consolidation): No

Addition (Name): None Exclusion (Name) None

(Note) i Tank Japan, Inc. has been added to the scope of consolidation effective the fiscal year under review following the stock acquisition, although this company is not a specified subsidiary.

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

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

(Note) For changes in accounting policy, refer to "5. Consolidate Financial statement (5) Notes to the Consolidated Financial Statements (Change in Accounting Policy)" on page 24 of the Attachments.

(3) Number of shares issued (common share)

a. Number of shares issued at fiscal year-end (including treasury shares)
FYE 03/2016 49,716,000 shares FYE 03/2015 49,716,000 shares

b. Number of shares of treasury share at fiscal year-end
FYE 03/2016 4,215,640 shares FYE 03/2015 4,711,400 shares

c. Average number of shares issued during the period
FYE 03/2016 45,336,516 shares FYE 03/2015 44,932,758 shares

(Note) Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. Numbers of shares are calculated on the assumption that the aforesaid stock split was executed at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Operating Results

1. FYE 03/2016 Non-Consolidated Earnings (From April 1, 2015 to March 31, 2016)

(1) Non-Consolidated Operating Results (Percentages indicate percent change from the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 03/2016	17,869	40.4	4,512	35.9	4,496	20.5	2,627	8.0
FYE 03/2015	12,725	5.7	3,319	10.0	3,730	5.4	2,431	-16.6

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 03/2016	57.95	57.86
FYE 03/2015	54.12	–

(Notes) 1. Fully diluted EPS for FYE 03/2015 is not shown above because there were no dilutive shares.
2. Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. EPS and fully diluted EPS are calculated on the assumption that the aforesaid stock split was executed at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2016	27,656	21,761	78.6	477.47
FYE 03/2015	22,531	19,190	85.2	426.40

(Reference) Equity FYE 03/2016 21,724 million yen FYE 03/2015 19,190 million yen

(Note) Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. Net assets per share are calculated on the assumption that the aforesaid stock split was executed at the beginning of the previous fiscal year.

2. FY Ending March 2017 Projected Non-Consolidated Operating Results (From April 1, 2016 to March 31, 2017)
(Percentage for the full year indicates the percentage change from the prior fiscal year and percentage for the half year indicates the percentage changes from the same period of the prior fiscal year.)

	Net Sales		Ordinary Income		Profit		EPS
	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	10,420	28.7	2,270	-13.6	1,570	-12.4	34.51
Full year	22,600	26.5	4,630	3.0	3,140	19.5	69.01

(Note) Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. EPS under the projected non-consolidated operating results is calculated based on the number of shares issued (excluding treasury shares) after the aforesaid stock split.

[Notice regarding audit procedures]
This earnings announcement is excluded from the audit procedures based on the Financial Instruments and Exchange Act. As of the time of disclosure of this earnings announcement, the audit procedure for consolidated financial statements is in process.

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

Attachments Table of Contents

1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

The business environment of the human resources market in the fiscal year ended March 31, 2016 continued to expand mainly due to the effects of the structural shortage of workers although there was uneasiness that spreading concerns about the Japanese economic slowdown might have an adverse impact on hiring needs from corporations. The jobs-to-applicant ratio remained on an upward path throughout the fiscal year and the ratio for the fiscal year ended March 31, 2016 rose 0.12 points year on year to 1.23.

Under such circumstances, the Company worked to increase convenience for job-seekers by improving en TENSHOKU, its core site, and other job information sites, reinforced promotional activities to raise the level of recognition and took other initiatives. As a result, applicants for listings on these sites increased, which led the Company to expand sales to corporate clients.

In job placement services, the Company made efforts to strengthen its en AGENTS and its subsidiary, en world Japan K.K. With respect to en AGENTS, measures were implemented to improve productivity. Meanwhile, en world Japan K.K. worked to expand sales to globally operating Japanese firms in addition to foreign firms in Japan and took other steps.

Overseas subsidiaries strove to enhance the productivity of existing services while working to reinforce services for Japanese companies in an effort to cultivate a new business field and made other efforts to expand the earnings platform for the future.

As a result, the Company recorded net sales of ¥26,135 million (up 33.2% year on year), operating income of ¥5,118 million (up 29.8% year on year), and ordinary income of ¥5,047 million (up 18.5% year on year) in the fiscal year ended March 31, 2016. Profit attributable to owners of parent came to ¥2,756 million (up 8.9% year on year) as a result of recording extraordinary losses of ¥530 million in connection with the mergers by absorption with two unconsolidated subsidiaries (INNOBASE Co., Ltd. and en executive search inc.)

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

1) Hiring Business

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

(Job advertisement websites)

In the Company’s core job information site, en TENSHOKU, applicants to job listings on the site remained favorable, resulting in attracting incremental orders and capturing new recruitment advertisements. Consequently, the Company posted another record high in the number of job listings in the second half of the fiscal year, and net sales significantly rose from the previous fiscal year.
Also in other job information sites, applicants to the job listings increased for MIDDLE NO TENSHOKU, en HAKEN, and en BAITO all of which had been renewed. Net sales for each of these sites were favorable and rose from the results of a year earlier.

(Job placement service)

In en-japan’s job placement service, en AGENTS, productivity improved as a result of reinforcing the education system for salespersons and consultants. Consequently, net sales of the service increased significantly from the previous fiscal year.
The Company’s subsidiary, en world Japan K.K. recorded higher net sales than the previous fiscal year against the backdrop of robust hiring needs among foreign firms in Japan and globally operating Japanese firms although the competition to capture candidates is becoming increasingly severe.

(Overseas subsidiaries)

Net sales increased significantly from the previous fiscal year mainly since subsidiaries in Vietnam and India managed to fix their human resources and improve productivity while the subsidiary in Thailand demonstrated favorable performance as the political and economic conditions in the country improved from a year earlier.

As a result of the above, net sales of this segment amounted to ¥25,249 million (up 33.3% year on year) and operating income was ¥5,220 million (up 32.1% year on year).

2) Education/Evaluation Business

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

(Flat-rate training service)

The Company reinforced acquisition of incremental orders and new orders. At the same time, initiatives were taken to enhance the service lineup by releasing online programs in line with the revised Worker Dispatching Act for temporary staffing companies and taking other steps. As a result, net sales increased from the previous fiscal year.

(Recruiting and personnel-related system)

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

As a result, net sales in this segment totaled ¥964 million (up 29.0% year on year). On the profit front, the Company posted an operating loss of ¥101 million (operating loss of ¥9 million in the previous fiscal year) due to advance investments for new business development, etc.

(Outlook for the Next Fiscal Year)

We foresee that the operating environment of the human resources market to which the en-japan Group belongs will continue to see strong hiring needs of corporations due to a decline in the working-age population, changes in industrial structures and other factors, although there are concerns about a domestic economic slowdown. Under these circumstances, the Group will focus on enhancing the usability of job information sites and job placement services and will work to strengthen the Group's competitiveness by providing high-quality services.

Furthermore, we will continue to reinforce our advertising and promotional activities in an effort to heighten the level of recognition of our services. Through taking these initiatives, we will increase our market share and make our position firm in each of the service segments.

Consequently, the Group projects consolidated net sales of ¥32,100 million, operating income of ¥5,700 million, ordinary income of ¥5,680 million, and profit attributable to owners of parent of ¥3,720 million for the fiscal year ending March 31, 2017.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets in the fiscal year ended March 31, 2016 increased by ¥3,317 million compared with the end of the previous fiscal year to ¥28,558 million.

Current assets increased ¥5,536 million from a year earlier to ¥19,880 million. This was mainly due to an increase in cash and deposits of ¥5,826 million, an increase in notes and accounts receivable – trade of ¥615 million, and a decrease in securities of ¥1,011 million. Non-current assets decreased ¥2,219 million to ¥8,678 million. This was primarily attributable to a decline in goodwill of ¥1,080 million following a change in accounting policy associated with the revision of accounting standards, etc. among other factors and a decline in investment securities of ¥1,023 million following sales, etc.

Total liabilities were ¥7,445 million, an increase of ¥1,980 million from the end of the previous fiscal year. Current liabilities increased ¥1,913 million to ¥6,773 million. This mainly stemmed from increases in accounts payable-other of ¥909 million, income taxes payable of ¥320 million, provision for bonuses of ¥330 million, and advances received of ¥481 million. Non-current liabilities rose ¥66 million to ¥671 million. This was primarily due to an increase in provision for share benefits of ¥32 million.

Total net assets were ¥21,112 million, up ¥1,336 million from the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings of ¥2,014 million and to decreases in capital surplus of ¥1,044 million and a foreign currency translation adjustment of ¥64 million.

2) Cash Flow

Cash and cash equivalents at end of period for the fiscal year ended March 31, 2016 increased ¥6,815 million from the previous fiscal year to ¥15,953 million.

(Net cash provided by (used in) operating activities)
Net cash provided by operating activities in the fiscal year ended March 31, 2016 was ¥5,791 million compared to the previous fiscal year of ¥2,533 million. This was due to the posting of income before income taxes of ¥4,517 million and income taxes paid of ¥1,710 million.

(Net cash provided by (used in) investing activities)
Net cash provided in investing activities during the fiscal year ended March 31, 2016 was ¥1,783 million compared to net cash used in the amount of ¥6,148 million during the previous fiscal year. Major components were proceeds from sales of securities of ¥2,000 million, proceeds from sales and redemption of investment securities of ¥1,065 million, and purchase of intangible assets of ¥889 million.

(Net cash provided by (used in) financing activities)
Net cash used in financing activities during the fiscal year ended March 31, 2016 amounted to ¥812 million compared to ¥609 million used in the previous fiscal year. This was primarily due to cash dividends paid of ¥758 million.

(Reference) Cash Flow Indicators

	FYE 03/12	FYE 03/13	FYE 03/14	FYE03/15	FYE03/16
Equity ratio (%)	84.4	82.6	74.8	77.9	73.4
Equity ratio based on market capitalization (%)	130.2	150.1	180.9	147.2	302.9
Cash flows/Interest-bearing debt ratio (%)	-	-	-	-	-
Interest coverage ratio (times)	-	-	-	-	-

(Notes)
Each indicator is calculated based on the following criteria.
Equity Ratio: Equity/Total assets
Equity ratio based on market capitalization: Market capitalization/Total assets
Cash flows/Interest-bearing debt ratio: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/Interest payment
*Market capitalization is calculated as follows:
[Closing stock price at fiscal year-end] × [Number of shares issued at fiscal year-end (net of treasury shares)]
*The Company started adopting the “Practical Solution on Transactions of Delivering Company’s Own Stock to Employees, etc., through Trusts” (PITF No. 30 issued by the Accounting Standards Board of Japan on March 26, 2015) from the fiscal year ended March 31, 2015. Following this change, financial data after the fiscal year ended March 31, 2012 represent figures after retroactive application of this accounting policy.

(3) Basic Policy concerning Distribution of Earnings and Current and Future Period Dividends

The Company adopts the basic policy of returning profits to shareholders based on a target dividend payout ratio of approximately 30% of net income, which is linked to the Group's earnings, while using retained earnings to invest in the Group's future growth ultimately for the purpose of maximizing corporate value.

As a result, the Company decided to pay a year-end dividend of ¥34.50 per share for the fiscal year ended March 31, 2016.

Next fiscal year, the Company plans to pay a year-end dividend of ¥23.30 per share based on this policy. The Company executed a 2-for-1 stock split effective April 1, 2016 with March 31, 2016 as the record date. The projected dividend per share for the next fiscal period will be the amount after the stock split. (Reference: Projected full-year dividend based on the pre-split standard: ¥46.60.)

(4) Business Risks

Details of the major risk factors recognized by the en-japan Group as part of its business are provided below. The Group believes in actively disclosing information to investors and shareholders that may not be considered business risks, but which the Group believes is important for making investing decisions or understanding the Company's business. Having identified the potential of these risks, the Group endeavors to either prevent their occurrence or respond in the event of occurrence; however, the Group believes that decisions related to management or future business operations should be made only after carefully considering the matters presented below. The matters presented below do not necessarily represent all of the risks related to investment in en-japan inc. stock.

1) Changes in the business trend and employment situation

The en-japan Group's business is highly sensitive to changes in the economic environment such as business trends and labor market conditions. The Group expects that, even if the economic environment unexpectedly deteriorates, there will always be a certain level of demand for recruiting and job seeking services. However, the Company's earnings could be adversely affected if market conditions in Japan worsen due to the hike in consumption tax planned for April 2017 or if there are changes in the economic environment that go beyond the assumptions of the Group.

2) Business lines

The en-japan Group is currently promoting its business centering on areas where it can take advantage of the expertise and brand strength it has built up over years, as a company specialized in offering services that contribute to hiring personnel and helping those newly hired to succeed. However, the earnings of the Group might be adversely impacted by factors such as the curtailment and slowed growth of the relevant markets and by declines in competitiveness and/or prices of various services offered by the Group.

3) New business

It is the Group's policy to explore new business for the purpose of expanding the size of its operation and diversifying its earnings base. In implementing this policy, the Group conducts the necessary information gathering and analysis to reduce risk. But there may be many uncertain factors, and in the event that the Group fails to develop new business as planned and additional costs relating to system investment, R&D, advertisement and personnel for the new business arise, they may have a negative effect on the Group's earnings.

4) M&A

The en-japan Group pursues M&A activities and plans to continue taking this approach as necessary going forward, in an effort to promote business expansion. The Group plans to continue taking this approach as necessary going forward. In executing an M&A or such like, the Group conducts advance evaluations in detail of the financial conditions of the target company, contract terms and other factors in order to evade risks as much as possible. However, such transactions may have a negative effect on the Group's earnings if, after executing an M&A, the Company fails to develop its business according to the plan due to contingent liabilities or a change in the business environment, among other factors, forcing the Company to post impairment losses on goodwill and shares of affiliate companies.

5) Overseas subsidiaries

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

6) Competitors

Numerous competitors exist in each of the business fields of the market in which the en-japan Group operates. If these competitors offer services comparable to those of the Group at lower prices or provide innovative services that attract individual job-seekers, such movements might cause the Group's market share to fall and adversely impact the Group's operating performance.

7) Human capital

We believe that a strong sales structure and technological development are vital factors in building a solid corporate foundation for the Group to keep growing. Accordingly, the en-japan Group places high priority on the hiring and training of talented individuals. Group business activities and earnings may be negatively affected in the event that the Group cannot hire and train the necessary personnel required for expanding operations, or in the event that highly skilled and knowledgeable personnel leave the Group.
Even if the hiring and training of the necessary personnel proceed as planned, if there is an increase in the Group's fixed assets such as personnel costs or facility costs, above the level expected by the Group, this may adversely impact the operating performance of the Group.

8) Advertising and promotion activities

Enhancing recognition of the en-japan Group brand in the market is vital to the growth of our business. The en-japan Group plans to actively engage in advertising and promotional activities, including the use of current media, to build our capacity to attract customers. However, it is impossible to accurately predict the effectiveness of these activities, and detailed plans have yet to be made. Expenses may increase significantly depending on the cost of advertising and promotions, which could have a negative effect on Group earnings.

9) Transactions with customers in specific industries

The en-japan Group sells job placement advertisements across a broad range of industries and occupations. However, demand for employment advertisements is strongly linked to changes in the economic environment and may result in a concentration of sales to a specific industry. The Group plans to continue a policy of selling advertisements across a wide range of industries and occupations; however, the business environment in a specific industry may have a negative effect on Group earnings.

10) Intellectual property infringement

The en-japan Group owns numerous intellectual property rights, including trademarks related to service names and copyrights related to content offered by the Group. The Group is engaged in the appropriate protection, maintenance and acquisition of intellectual property rights; however, disputes may occur with third parties related to such intellectual property, resulting in legal defense costs and other expenditures that may negatively affect our business and/or Group earnings.
Meanwhile, if a third party utilizes the same or similar name given to a service of the Group without permission, this might cause job-seekers to make a mistake or damage the reputation and credibility of the Group, consequently giving an adverse impact on the Group earnings.

11) Compliance with laws and statutes

In recognition of the growing number of subsidiaries and affiliates in the Group both in Japan and overseas, we are creating a stronger internal management control structure. Nevertheless, in the event that the construction, operation or monitoring of the system concerning internal controls does not function sufficiently because of human factors or a rapid change in the business environment, the Group might be unable to appropriately manage the various business risks, and this might have a negative effect on the Group's earnings.
Moreover, even if systems concerning internal controls fulfill their functions completely, such structures do not guarantee the elimination of all illegal activities. In the event a Group employee is responsible for serious negligence, fraud or another illegal act, the Group's earnings may be adversely impacted by subsequent lawsuits and/or compensation for damages.

12) Protection of personal information

The en-japan Group recognizes the extreme importance of managing personal information appropriately during the course of its business activities to ensure the prevention of leaks and misuse or alteration of information. Therefore, we have implemented proactive measures to create a management system to protect personal information.
However, in the event of a serious problem such as a leak of personal information, there is a risk that legal responsibility could be imposed on the Group regardless of its contractual obligations. Even if the Group is not charged with legal responsibility, issues connected with personal data management could potentially damage the Group's brand image and have a negative impact on the Group's business and/or earnings.

13) Special statutory regulations

The en-japan Group needs to comply with laws and regulations of the countries and regions where it operates. The Group also needs to acquire permission and authorization for certain types of business.
In the event that the Group violates such laws and regulations or loses permission and authorization, the Group may no longer operate its business. Furthermore, in the event that new laws and regulations applicable to the Group's business are established or that a revision or change in judiciary or administrative interpretation of such laws and regulations occurs, the Group will be compelled to restructure its system to respond to such change, and as a result, the Group's earnings could be negatively affected.

14) Response to search engine

Internet users commonly obtain the necessary information through a search site, and our Group's website services also collect customers through a search site. If in the future, search results are not displayed in favor of the en-japan Group due to such reasons as changes in a search engine operator's high-order display policy or system trouble, the Group's customer collection effect will be reduced, and this may have a negative impact on the operating performance of the Group.

15) Dependence on Representative Directors

Michikatsu Ochi, Chairman and Representative Director, and Takatsugu Suzuki, President and Representative Director, are responsible for the formulation of overall management policies and business strategies of the Group, playing a major role in multiple areas. While the Company is working to establish a management structure that does not depend excessively on Representative Directors, should an unforeseen incident occur with respect to them, this may affect the Group's operating performance.

16) New technologies

Technological innovation proceeds at a dramatic pace in the Internet business segment; new technologies and services are introduced continuously. Our business is deeply intertwined with the Internet, and in order to continue offering competitive services we must be able to provide the latest technologies and services to our clients and users in a timely manner. To offer high-quality services, the Group has put into place a system for each planning division to take the lead in working with related departments to develop new products and services. This enables the en-japan Group to receive feedback from users and clients and reflect this information in our system.
Although we continue to expand the Group's personnel structure, if we delay the introduction of new technologies and/or services because an excessive amount of time is required to develop systems that are effective in enhancing our services, we may lose our competitive advantage within the industry, which may have an effect on the operating performance of the Group.

17) Litigation with a third party

The en-japan Group complies with laws and regulations in the countries and regions where it operates, but if a lawsuit which is important to our business is filed and an unfavorable judgment relating to our Group is made, the Group's earnings may be negatively affected.

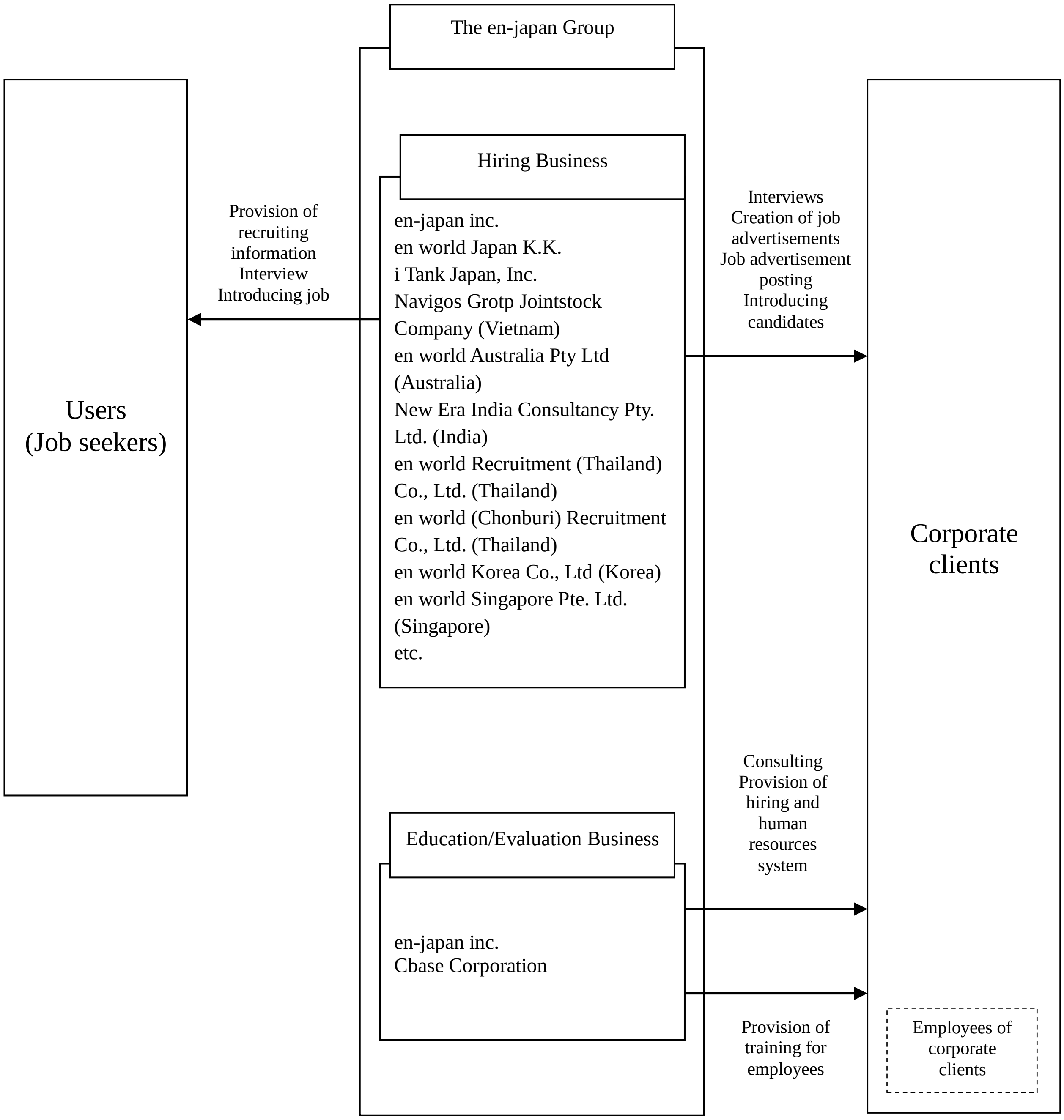
18) Share price dilution due to stock option grants

The en-japan Group has adopted a stock-based compensation system. Future exercises of stock options may dilute share prices.

19) Major natural disasters and accidents

The en-japan Group's business relies on communications networks that connect computer systems. The Group may be unable to operate normally in the event that a natural disaster, power failure or communications problem interferes with network communications. Servers at the Group or our Internet Service Provider may not operate properly due to temporary access overloads, and network problems may occur due to unauthorized access from outside the Group or employee error. Not only could such damages inflict direct harm on the Group, but a server inoperability or defect could also result in damage to the Group's reputation and suspension of business transactions, or in lawsuits and compensation for damages, potentially having a negative impact on the Group's business.

2. Current Conditions of the Corporate Group



3. Management Policies

(1) Basic Corporate Management Policy

The en-japan Group is a provider of services that contribute to hiring personnel and helping newly hired people to succeed. The Group is specialized mainly in businesses involving the management of recruitment websites, job placement services, and personnel education and evaluations. Since its establishment, the Group has focused on assisting job seekers in every way possible by emphasizing individuality, social justice, and profitability; and, thanks to this policy the Company has been able to establish a dominant position.

Going forward, we will be working to differentiate ourselves from our competitors by providing services that consistently allow for the hiring of individuals who fit better in the respective organizations and businesses and ensure such individuals can demonstrate competence and stay with the companies they joined.

The Group's main business, the hiring business, is highly susceptible to the changes in economic trends. To achieve sustainable growth in the Group's business, it will be working to develop and foster new businesses other than education/evaluation and personnel hiring business.

(2) Target Management Indices

The en-japan Group believes that providing high-quality, fully user-oriented services will translate into greater recognition of the Group among job seekers and corporate clients, leading to improvements in net sales and income.

The Company's basic policy is to secure a dividend payout ratio of 30% against profit attributable to owners of parent linked to the consolidated operating performance of its business. By taking the aforesaid initiatives to continuously expand net sales and income, the Company will promote return to shareholders with a focus on increasing the dividend amount.

Under the three-year Medium-term Management Plan launched in May 2015, the Company sets targets of posting consolidated net sales of ¥36 billion and consolidated operating income of ¥7.6 billion in the final fiscal year of the Plan and aims at posting another record-high profit.

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

The Group expects that the human resources business market in Japan will not experience significant growth over the long term in the future due to a declining and aging population. Also, since the human resources business is susceptible to fluctuations in economic trends, the Group recognizes that it is important to react appropriately to changes in the operating environment especially when the economy is going through a downturn.

In light of such circumstances, the en-japan Group will be strengthening the operation of (1) its recruitment website, (2) its job placement service, (3) its international business and (4) new businesses in hiring business as well as in areas other than hiring business, to enhance its business portfolio.

[(1) Recruitment website and (2) human placement]
Due to a labor shortage in the domestic market, firms' hiring demand is currently high. Nevertheless, companies' hiring demand is becoming more diversified and selective, and they tend to take different hiring methods depending on the type of human resources they wish to hire. For this reason, the Group will be strengthening its mainstay recruitment website and enhancing its service lineup through a job placement service with a view to expanding and stabilizing its business performance.

[(3) International business]
International economies have higher growth potential compared to Japan, and demand for a human resources service is expected to be high particularly in countries whose population is large and average age is lower than in other countries. Going forward, cross border job placements and job changes within the Asian region are expected to increase. To respond to such phenomenon, the Group will be promoting collaboration among these countries more aggressively in the future.

[(4) New business]
With changes in the employment environment and people's lifestyles, job placement and job change services in the human resources business market are expected to be more diversified. To respond to such change, the Group will be developing new services in the arena of the hiring business. The Group will also be striving to create new businesses in areas other than hiring, in order to stabilize its business portfolio and minimize any negative impact on the Group's earnings when the economy is going through a downturn.

(4) Other Important Matters for Management of the Company

No material matters to report

4. Basic Approach to the Selection of Accounting Standards

It is the en-japan Group's policy, in the foreseeable future, to continue preparing its consolidated financial statements based on the Japanese accounting standard to secure the comparability of financial data over different periods and among different companies.

Concerning the adoption of International Financial Reporting Standards (IFRS), the Group will be taking appropriate measures in consideration of the domestic and international situation.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2015)	Current Fiscal Year (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	8,126,330	13,953,273
Notes and accounts receivable—trade	2,453,824	3,069,625
Securities	3,011,460	2,000,000
Supplies	12,670	13,116
Deferred tax assets	384,620	514,700
Other	386,318	363,708
Allowance for doubtful accounts	-31,491	-34,204
Total current assets	14,343,732	19,880,220
Non-current assets		
Property, plant and equipment		
Buildings	623,635	639,516
Accumulated depreciation	-190,964	-293,553
Buildings, net	432,670	345,963
Furniture and fixtures	908,742	585,806
Accumulated depreciation	-612,640	-305,950
Furniture and fixtures, net	296,102	279,855
Leased assets	60,585	56,933
Accumulated depreciation	-45,735	-16,427
Leased assets, net	14,850	40,505
Construction in progress	-	33,031
Total property, plant and equipment	743,622	699,356
Intangible assets		
Software	1,318,918	1,594,078
Goodwill	4,751,832	3,671,565
Other	625,910	771,608
Total intangible assets	6,696,661	6,037,252
Investments and other assets		
Investment securities	1,386,145	362,893
Long-term loans receivable	401,700	145,700
Deferred tax assets	154,245	219,577
Shares of subsidiaries and associates	545,593	253,590
Other	974,814	1,108,171
Allowance for doubtful accounts	-5,276	-148,112
Total investments and other assets	3,457,222	1,941,820
Total non-current assets	10,897,506	8,678,430
Total assets	25,241,239	28,558,651

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2015)	Current Fiscal Year (As of March 31, 2016)
Liabilities		
Current liabilities		
Accounts payable—trade	45,690	58,656
Lease obligations	14,033	17,433
Accounts payable—other	1,401,254	2,311,184
Income taxes payable	969,814	1,290,402
Provision for bonuses	694,630	1,024,767
Provision for directors' bonuses	17,090	10,000
Provision related to termination of website service	6,027	-
Advances received	725,609	1,207,035
Other	985,663	854,253
Total current liabilities	4,859,812	6,773,735
Non-current liabilities		
Lease obligations	-	26,312
Deferred tax liabilities	125,395	100,482
Provision for share benefits	155,935	188,009
Asset retirement obligations	227,312	230,628
Long-term accounts payable – other	78,766	110,050
Other	18,038	16,488
Total non-current liabilities	605,448	671,971
Total liabilities	5,465,260	7,445,706
Net assets		
Shareholders' equity		
Capital stock	1,194,993	1,194,993
Capital surplus	1,718,709	673,767
Retained earnings	19,344,897	21,359,666
Treasury shares	-3,284,414	-2,880,410
Total shareholders' equity	18,974,185	20,348,017
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,489	-1,369
Foreign currency translation adjustment	674,040	609,129
Total accumulated other comprehensive income	700,529	607,759
Subscription rights to shares	-	36,361
Non-controlling interests	101,262	120,806
Total net assets	19,775,978	21,112,944
Total liabilities and net assets	25,241,239	28,558,651

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

Consolidated Statements of Income

(Thousand yen)

	Prior Fiscal Year (From April 1, 2014 to March 31, 2015)	Current Fiscal Year (From April 1, 2015 to March 31, 2016)
Net sales	19,623,921	26,135,302
Cost of sales	1,931,066	2,396,675
Gross profit	17,692,854	23,738,626
Selling, general and administrative expenses		
Advertising expenses	2,512,838	4,683,957
Salaries and allowances	4,396,340	5,195,934
Bonuses	1,308,360	1,663,238
Other	5,532,243	7,077,477
Total selling, general and administrative expenses	13,749,782	18,620,608
Operating income	3,943,071	5,118,018
Non-operating income		
Interest income	36,122	43,257
Dividends income	6,667	13,212
Foreign exchange gains	166,320	-
Gain on investments in partnership	14,952	57,921
Share of profit of entities accounted for using equity method	67,190	11,441
Miscellaneous income	33,279	23,315
Total non-operating income	324,532	149,148
Non-operating expenses		
Foreign exchange losses	-	62,701
Provision of allowance for doubtful accounts	2,871	145,013
Miscellaneous loss	5,673	12,291
Total non-operating expenses	8,544	220,006
Ordinary income	4,259,059	5,047,160
Extraordinary income		
Gain on sales of investment securities	7,199	-
Total extraordinary income	7,199	-
Extraordinary losses		
Loss on retirement of non-current assets	*1 45,447	*1 12,454
Loss on valuation of shares of subsidiaries and associates	1,970	24,999
Loss on sales of investment securities	5,053	37,725
Loss on valuation of investment securities	6,269	-
Loss on extinguishment of tie-in shares	-	*2 454,874
Total extraordinary losses	58,741	530,055
Income before income taxes	4,207,518	4,517,105
Income taxes—current	1,447,070	1,934,926
Income taxes—deferred	193,784	-207,607
Total income taxes	1,640,854	1,727,318
Profit	2,566,664	2,789,786
Profit attributable to non-controlling interests	35,202	33,629
Profit attributable to owners of parent	2,531,461	2,756,157

Consolidated Statements of Comprehensive Income

(Thousand yen)

	Prior Fiscal Year (From April 1, 2014 to March 31, 2015)	Current Fiscal Year (From April 1, 2015 to March 31, 2016)
Profit	2,566,664	2,789,786
Other comprehensive income		
Valuation difference on available-for-sale securities	14,008	-27,859
Foreign currency translation adjustment	466,474	-76,748
Share of other comprehensive income of entities accounted for using equity method	40,138	4,935
Total other comprehensive income	* 520,621	* -99,672
Comprehensive income	3,087,285	2,690,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,032,388	2,663,387
Comprehensive income attributable to non-controlling interests	54,897	26,727

(3) Consolidated Statements of Changes in Net Assets
Prior fiscal year (from April 1, 2014 to March 31, 2015)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,194,993	1,661,558	17,391,831	-3,437,958	16,810,424
Cumulative effects of changes in accounting policies	-	-	-	-	-
Restated balance	1,194,993	1,661,558	17,391,831	-3,437,958	16,810,424
Changes of items during the period					
Dividends of surplus			-578,396		-578,396
Profit attributable to owners of parent			2,531,461		2,531,461
Purchase of treasury shares				-	-
Disposal of treasury shares		-		583	583
Increase by share exchanges		57,151		152,960	210,112
Changes in treasury shares of parent arising from transactions with non-controlling interests		-			-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	57,151	1,953,065	153,543	2,163,760
Balance at end of current period	1,194,993	1,718,709	19,344,897	-3,284,414	18,974,185

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	12,480	187,122	199,602	-	125,782	17,135,810
Cumulative effects of changes in accounting policies	-	-	-	-	-	-
Restated balance	12,480	187,122	199,602	-	125,782	17,135,810
Changes of items during the period						
Dividends of surplus			-			-578,396
Profit attributable to owners of parent			-			2,531,461
Purchase of treasury shares			-			-
Disposal of treasury shares			-			583
Increase by share exchanges			-			210,112
Changes in treasury shares of parent arising from transactions with non-controlling interests			-			-
Net changes of items other than shareholders' equity	14,008	486,918	500,927	-	-24,519	476,407
Total changes of items during period	14,008	486,918	500,927	-	-24,519	2,640,168
Balance at end of current period	26,489	674,040	700,529	-	101,262	19,775,978

Current fiscal year (from April 1, 2015 to March 31, 2016)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,194,993	1,718,709	19,344,897	-3,284,414	18,974,185
Cumulative effects of changes in accounting policies	-	-1,312,329	17,069	-	-1,295,259
Restated balance	1,194,993	406,379	19,361,967	-3,284,414	17,678,926
Changes of items during the period					
Dividends of surplus			-758,457		-758,457
Profit attributable to owners of parent			2,756,157		2,756,157
Purchase of treasury shares				-411	-411
Disposal of treasury shares		-		-	-
Increase by share exchanges		289,983		404,416	694,400
Changes in treasury shares of parent arising from transactions with non-controlling interests		-22,596			-22,596
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	267,387	1,997,699	404,004	2,669,091
Balance at end of current period	1,194,993	673,767	21,359,666	-2,880,410	20,348,017

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets Foreign currency translation adjustment
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	26,489	674,040	700,529	-	101,262	19,775,978
Cumulative effects of changes in accounting policies	-	-20,068	-20,068	-	-	-1,315,328
Restated balance	26,489	653,971	680,461	-	101,262	18,460,650
Changes of items during the period						
Dividends of surplus			-			-758,457
Profit attributable to owners of parent			-			2,756,157
Purchase of treasury shares			-			-411
Disposal of treasury shares			-			-
Increase by share exchanges			-			694,400
Changes in treasury shares of parent arising from transactions with non-controlling interests			-			-22,596
Net changes of items other than shareholders' equity	-27,859	-44,842	-72,701	36,361	19,543	-16,797
Total changes of items during period	-27,859	-44,842	-72,701	36,361	19,543	2,652,294
Balance at end of current period	-1,369	609,129	607,759	36,361	120,806	21,112,944

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Prior Fiscal Year (From April 1, 2014 to March 31, 2015)	Current Fiscal Year (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes	4,207,518	4,517,105
Depreciation	563,614	861,006
Amortization of goodwill	375,129	405,721
Increase (decrease) in allowance for doubtful accounts	19,251	145,785
Increase (decrease) in provision for bonuses	100,524	332,386
Increase (decrease) in provision for directors' bonuses	2,456	-7,090
Increase (decrease) in provision related to termination of website service	-176,033	-6,027
Interest and dividend income	-42,789	-56,470
Foreign exchange losses (gains)	-166,320	62,701
Share of (profit) loss of entities accounted for using equity method	-67,190	-11,441
Loss (gain) on sales of investment securities	-2,146	37,725
Loss (gain) on investments in partnership	-14,952	-57,921
Loss (gain) on valuation of investment securities	-4,430	-7,980
Loss (gain) on valuation of shares of subsidiaries and associates	1,970	24,999
Loss on retirement of non-current assets	45,447	12,454
Loss (gain) on extinguishment of tie-in shares	-	454,874
Decrease (increase) in notes and accounts receivable—trade	-519,200	-600,126
Increase (decrease) in notes and accounts payable—trade	-21,602	10,284
Increase (decrease) in accounts payable—other	-209,837	795,019
Decrease (increase) in other current assets	-65,662	44,229
Increase (decrease) in other current liabilities	754,084	313,985
Decrease (increase) in other non-current assets	-48,959	-1,338
Increase (decrease) in other non-current liabilities	101,002	42,628
Subtotal	4,831,873	7,312,514
Interest and dividend income received	94,635	166,575
Income taxes paid	-2,404,731	-1,710,864
Income taxes refund	11,842	23,408
Net cash provided by (used in) operating activities	2,533,620	5,791,634

(Thousand yen)

	Prior Fiscal Year (From April 1, 2014 to March 31, 2015)	Current Fiscal Year (From April 1, 2015 to March 31, 2016)
Cash flows from investing activities		
Purchase of securities	-2,000,000	-
Proceeds from sales of securities	-	2,000,000
Purchase of property, plant and equipment	-296,145	-157,047
Purchase of intangible assets	-884,159	-889,460
Purchase of investment securities	-897,921	-73,347
Proceeds from sales and redemption of investment securities	78,199	1,065,642
Purchase of shares of subsidiaries and associates	-35,849	-45,000
Purchase of shares of subsidiaries	-1,046,799	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 597,559	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	*2 28,775
Payments for lease and guarantee deposits	-190,882	-45,032
Proceeds from collection of lease and guarantee deposits	4,302	524
Purchase of insurance funds	-17,629	-17,629
Proceeds from cancellation of insurance funds	5,919	-
Payments of loans receivable	-401,000	-81,654
Collection of loans receivable	130,685	1,450
Other proceeds	-	-4,104
Net cash provided by (used in) investing activities	-6,148,840	1,783,116
Cash flows from financing activities		
Repayments of long-term loans payable	-4,238	-4,331
Purchase of treasury shares	-	-411
Cash dividends paid	-577,717	-758,282
Purchase of shares of subsidiaries that do not result in change in scope of consolidation	-	-23,718
Repayments of lease obligations	-27,006	-25,469
Net cash provided by (used in) financing activities	-609,051	-812,214
Effect of exchange rate change on cash and cash equivalents	192,842	-24,641
Net increase (decrease) in cash and cash equivalents	-4,031,428	6,737,895
Cash and cash equivalents at beginning of period	13,169,219	9,137,790
Increase in cash and cash equivalents resulting from merger	-	77,587
Cash and cash equivalents at end of period	*1 9,137,790	*1 15,953,273

(5) Notes to the Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

The Company had no material items to report.

(Basis of Preparing the Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 14

Name of company: en world Japan K.K.
en-Asia holdings Limited
en world Singapore Pte. Ltd.
en world Hong Kong Limited.
Cbase Corporation
en world Australia Pty Ltd
en world Korea Co., Ltd
Navigos Group, Ltd.
Navigos Group Vietnam Joint Stock Company
en world Recruitment (Thailand) Co., Ltd.
en Holdings (Thailand) Ltd.
New Era India Consultancy Pvt. Ltd.
en world (Chonburi) Recruitment Co., Ltd.
i Tank Japan, Inc.

In conjunction with the share exchange executed with the Company as the wholly owning parent company in the share exchange and i Tank Japan, Inc. as the wholly owned subsidiary in the share exchange in the fiscal year ended March 31, 2016, i Tank Japan, Inc. has been included in the scope of consolidation.

(2) Names of major unconsolidated subsidiaries:

Talent Alliance (Beijing) Technology Development Limited,
Zhiyuan Human Resource Management Service,
Fuman Kaitori Center Inc. and three other companies

Unconsolidated subsidiaries INNOBASE CO., LTD. and en executive search inc. were dissolved effective March 31, 2016 as a result of absorption-type mergers with the Company as the surviving company, executed in the fiscal year ended March 31, 2016.

(Reason for exclusion from consolidation).

Unconsolidated subsidiaries are excluded from the scope of consolidation since their total assets, net sales, profit (amount proportional to the equity share), retained earnings (amount proportional to the equity share), etc. have no material impact on the consolidated financial statements.

2. Application of the Equity Method

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

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

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

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

Unconsolidated subsidiaries:

Zhiyuan Human Resource Management Service,
Fuman Kaitori Center Inc. and three other companies

Unconsolidated subsidiaries INNOBASE CO., LTD. and en executive search inc. were dissolved effective March 31, 2016 as a result of absorption-type mergers with the Company as the surviving company, executed in the fiscal year ended March 31, 2016.

(Reason for not applying the equity method)

Unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are excluded from the scope of application of the equity method since their profit (amount proportional to the equity share), retained earnings (amount proportional to the equity share), etc. have no material impact on the consolidated financial statements, and they are immaterial also on the whole.

3. Fiscal Year, etc., of Consolidated Subsidiaries

Consolidated subsidiaries whose term end differs from the consolidated term end are as follows:

Consolidated subsidiaries	Closing date	
en world Australia Pty Ltd.	June 30	Note 1
Navigos Group, Ltd.	December 31	Note 2
Navigos Group Vietnam Joint Stock Company	December 31	Note 2
en world Recruitment (Thailand) Co Ltd.	December 31	Note 2
en world (Chonburi) Recruitment Co Ltd.	December 31	Note 2

Note 1 The Group adopts provisional financial statements ending on December 31, and necessary adjustments on consolidation are made to reflect material transactions conducted between that date and the consolidated term end.

Note 2 The Group adopts provisional financial statements for the term end of consolidated subsidiaries, provided, however, those necessary adjustments on consolidation are made to reflect material transactions conducted between this date and the consolidated term end.

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for important assets

1) Securities

a. Held-to-maturity securities

Carried at amortized cost (straight-line method)

b. Available-for-sale securities

Available-for-sale securities for which the fair market values are readily determinable:

Valued at market as of the balance sheet date. Unrealized gain or loss is included directly in net assets. The cost of securities sold is determined by the moving-average method.

Compound instruments whose embedded derivatives cannot be estimated individually are valued at market as a whole, and unrealized gains or losses are included in the Statements of Income.

Available-for-sale securities for which the fair market values are not readily determinable:

Valued at cost determined by the moving-average method

The Company accounts for investments in investment limited partnerships and similar associations (investments deemed to be negotiable securities under Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) by booking a net amount equivalent to the equity method value, based on the most recent closing statement that can be obtained in accordance with the account reporting date provided for in the partnership agreement.

2) Inventories

Supplies

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

(2) Depreciation method for major depreciable assets

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

The depreciation of property, plant and equipment at the Company and its consolidated subsidiary is computed by the declining-balance method using the applicable rates based on the estimated useful lives of the assets.

However, buildings (excluding annexed facilities) are depreciated using the straight-line method.

The range of useful lives is as follows:

Buildings:	8–25 years
Furniture and fixtures:	2–20 years

For assets acquired on or before March 31, 2007, the remaining book values are equally depreciated on a straight-line basis over five years, starting from the year following the year during which depreciation to the residual values was completed up to the maximum depreciable amounts.

2) Intangible assets (excluding lease assets)

The amortization of intangible assets at the Company and its consolidated subsidiary is computed by the straight-line method. Computer software for internal use is amortized over the estimated useful life (2–5 years) depending on the nature of the respective software products.

3) Lease assets

Lease assets related to the finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee are amortized by the straight-line method, assuming the lease period as the useful life and no residual value.

(3) Accounting for important reserves

1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided for possible bad debt of claims at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful receivables.

2) Provision for bonuses:

The provision for bonuses is provided for possible payment of bonuses to employees at an amount based on the amount estimated to be paid at the end of the fiscal year under review.

3) Provision for directors' bonuses:

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

4) Provision related to termination of website service

A provision related to termination of website service is provided for possible loss incurred by terminating the website management service.

5) Provision for share benefits
A provision for share benefits is provided for possible delivery of stock to employees in accordance with the stock delivery regulation at an amount based on the estimated amount of stock benefits obligation at the end of the fiscal year under review.

(4) Method and period of amortization of goodwill
The amount of goodwill and negative goodwill is equally amortized over the estimated years during which the effects are estimated to emerge.

(5) Scope of cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, demand deposits and short-term investments due within three months from the date of acquisition, which are easily convertible into cash with little or no risk from fluctuation in value.

(6) Other important matters of presenting the consolidated financial statements
Accounting for consumption taxes
Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

(Change in Accounting Policy)

The Company began adopting the Accounting Standard for Business Combinations (ASBJ Statement No. 21; September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7; September 13, 2013), etc. from the fiscal year ended March 31, 2016, and the Company has posted the difference resulting from a change in equity of the Company against subsidiaries over which control continues to capital surplus and changed to the method of posting purchase-related expenses as expenses in the fiscal year such expenses arise.
Furthermore, the Company changed the presentation of profit, etc. while changing the presentation from minority interests to non-controlling interests.
In order to reflect these changes in presentation, account items on the consolidated financial statements have been reclassified for the previous fiscal year.
In the Consolidated Statements of Cash Flows for the fiscal year ended March 31, 2016, cash flows associated with purchases or sales of shares of subsidiaries that do not involve a change in the scope of consolidation are recorded under “Cash flows from financing activities” while cash flows associated with expenses relating to purchases of shares of subsidiaries that involve changes in the scope of consolidation and those associated with expenses arising in connection with purchases or sales of shares of subsidiaries that do not involve a change in the scope of consolidation are recorded under “Cash flows from operating activities.”
With respect to the application of the Accounting Standard for Business Combinations, etc., the Company complies with the provisional treatment prescribed in paragraph 58-2 (3) of the Accounting Standard for Business Combinations, paragraph 44-5 (3) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (3) of the Accounting Standard for Business Divestitures, and accordingly reflects the amount of cumulative impact as of the beginning of the fiscal year ended March 31, 2016 assuming that the new accounting policy is applied retrospectively to all past periods in terms of capital surplus and retained earnings.
As a result of the above, as of the beginning of the fiscal year ended March 31, 2016, goodwill decreased by ¥1,315,328 thousand, capital surplus decreased by ¥1,312,329 thousand, foreign currency translation adjustment decreased by ¥20,068 thousand and retained earnings increased by ¥17,069 thousand. In addition, operating income, ordinary income and income before income taxes increased by ¥115,428 thousand respectively.
The amount of impact on the per-share information is provided in the respective sections.

(Change in Method of Presentation)

(Consolidated Balance Sheets)
Effective the fiscal year ended March 31, 2016, “Advances received” which had been included in “Other” under “Current liabilities” in the previous fiscal year is separately presented since its monetary significance has increased. In order to reflect this change in the method of presentation, account items in the consolidated financial statements of the previous fiscal year have been reclassified.
As a result, in the consolidated balance sheets of the previous fiscal year, ¥1,711,272 thousand included in “Other” under “Current liabilities” has been reclassified as “Advances received” of ¥725,609 thousand and “Other” of ¥985,663 thousand.
Furthermore, “Long-term loans payable” separately presented under “Non-current liabilities” in the previous fiscal year has been included “Other” in the fiscal year ended March 31, 2016, since its monetary significance has diminished. In order to reflect this change in the method of presentation, the Company has reclassified the accounts in the consolidated financial statements of the previous fiscal year.
As a result, “Long-term loans payable” of ¥18,038 thousand presented under “Non-current liabilities” in the consolidated balance sheets of the previous fiscal year has been reclassified under “Other.”

(Consolidated Balance Sheets)

Overdraft Facility Agreement

To procure working capital efficiently, the Company has concluded an overdraft facility agreement with one of its primary financing banks. The unused balance at the end of fiscal years based on this agreement was as follows.

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Maximum overdraft amount	1,000,000 thousand yen	1,000,000 thousand yen
Outstanding borrowings	— thousand yen	— thousand yen
Balance	1,000,000 thousand yen	1,000,000 thousand yen

(Consolidated Statements of Income)

*1 Loss on Retirement of Non-current Assets was as follows.

	Prior fiscal year (from April 1, 2014 to March 31, 2015)	Current fiscal year (from April 1, 2015 to March 31, 2016)
Buildings	6,056 thousand yen	— thousand yen
Furniture and fixtures	3,927 thousand yen	— thousand yen
Software	35,463 thousand yen	12,454 thousand yen

*2 The content of loss on extinguishment of tie-in shares is as follows.

Current fiscal year (from April 1, 2015 to March 31, 2016)

The loss on extinguishment of tie-in shares was due to mergers through absorption with unconsolidated subsidiaries, INNOBASE CO. LTD. and en executive search inc. on March 31, 2016.

(Consolidated Statements of Comprehensive Income)

* Adjustments and Taxes in Other Comprehensive Income

	Prior fiscal year (from April 1, 2014 to March 31, 2015)	Current fiscal year (from April 1, 2015 to March 31, 2016)
Valuation difference on available-for-sale securities		
Amount incurred during the term	-3,932 thousand yen	-55,149 thousand yen
Recycling amount	- thousand yen	37,725 thousand yen
Amount before tax adjustment	-3,932 thousand yen	-17,423 thousand yen
Taxes	17,941 thousand yen	-10,435 thousand yen
Valuation difference on available-for-sale securities	14,008 thousand yen	-27,859 thousand yen
Foreign currency translation adjustment		
Amount incurred during the term	466,474 thousand yen	-76,748 thousand yen
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred during the term	40,138 thousand yen	4,935 thousand yen
Other comprehensive income	520,621 thousand yen	-99,672 thousand yen

(Consolidated Statements of Cash Flows)

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

	Prior fiscal year (from April 1, 2014 to March 31, 2015)	Current fiscal year (from April 1, 2015 to March 31, 2016)
Cash and deposits	8,126,330 thousand yen	13,953,273 thousand yen
Balance of items corresponding to cash equivalents in the securities account	1,011,460 thousand yen	2,000,000 thousand yen
Cash and cash equivalents	9,137,790 thousand yen	15,953,273 thousand yen

*2. Details of Assets and Liabilities of Newly Consolidated Subsidiaries Resulting from the Company's Share Acquisition

Prior fiscal year (from April 1, 2015 to March 31, 2016)

Details of assets and liabilities of New Era India Consultancy Pvt. Ltd., a newly consolidated subsidiary following the Company's acquisition of shares, as of the starting date of consolidation and the relationship between the share acquisition cost and the (net) payment for the share acquisition are as follows:

Current assets	206,686	thousand yen
Non-current assets	50,375	thousand yen
Goodwill	535,093	thousand yen
Current liabilities	-110,371	thousand yen
Non-current liabilities	-7,524	thousand yen
Non-controlling interests	-55,666	thousand yen
Share acquisition cost	618,592	thousand yen
Cash and cash equivalents	-21,033	thousand yen
Difference: payment for the share acquisition	597,559	thousand yen

Current fiscal year (from April 1, 2015 to March 31, 2016)

Details of assets and liabilities of i Tank Japan, Inc., a newly consolidated subsidiary following a share exchange, as of the starting date of consolidation and the relationship between the share acquisition cost and the (net) revenue from the share acquisition are as follows:

Current assets	62,785	thousand yen
Non-current assets	18,296	thousand yen
Current liabilities	-60,124	thousand yen
Goodwill	673,443	thousand yen
Share acquisition cost	694,400	thousand yen
Cash and cash equivalents	-28,775	thousand yen
Stock issuance cost relating to share exchange	-694,400	
Difference: revenue from the share acquisition	28,775	thousand yen

(Business Combination, etc.)

1. Business Combination due to Acquisition

(1) Summary of business acquisition

1) Name and business of acquired company

New Era India Consultancy, i Tank Japan, Inc. (hereafter “i Tank Japan”)

Business: Operation of internship information site for university students, intern hiring and consulting, etc.

2) Major reason for business combination

i Tank Japan is engaged in the operation, etc. of Career BAITO, one of the largest internship sites for university students in Japan. The Company expects to generate synergistic effects by combining i Tank Japan’s services and the en-japan Group’s customer assets, human resource assets, know-how, etc. with the aim of achieving further growth of the en-japan Group and i Tank Japan and increasing earnings in the new business.

3) Date of business combination

July 31, 2015

4) Legal form of business combination

Share exchange

5) Company name after business combination

i Tank Japan, Inc.

6) Voting right ratio acquired

100%

7) Major reason for determining company to acquire

The Company acquired all shares of i Tank Japan.

(2) Period in which acquired company’s operating results is included in consolidated income statements in the fiscal year under review
From October 1, 2015 to March 31, 2016

(3) Acquisition cost of acquired company and its breakdown

Compensation for acquisition (Market value of common share issued on the date of business combination)	¥694,400 thousand
Acquisition cost	¥694,400 thousand

(4) Share exchange ratio by class of stock and its calculation method and the number of shares issued

1) Share exchange ratio by class of stock

62 shares of common share of the Company: 1 share of common share of i Tank Japan

2) Method of calculation of share exchange ratio

The share exchange ratio is calculated based on the report received from a third-party assessment agency independent from both the Company and i Tank Japan to which a request for calculation of the share exchange ratio was made and on discussions between the two companies.

3) Number of shares issued

248,000 shares of common share

(5) Content and amount of major acquisition-related cost

Advisory fees, etc. ¥981 thousand

(6) Amount of goodwill generated, reason for generation, and method/period of amortization

1) Amount of goodwill generated

¥673,443 thousand

2) Reason for generation of goodwill

The difference between the net amount of assets received and liabilities undertaken and the acquisition cost was posted to goodwill, reflecting the future excessive earning power expected of i Tank Japan, which operates one of the country's largest internship sites for university students.

3) Method/period of amortization

Straight-line method over 10 years

(7) Amounts and major components of assets received and liabilities undertaken effective the date of business combination

Current assets	62,785	thousand yen
Non-current assets	18,296	thousand yen
Total asset	81,081	thousand yen
Non-current liabilities	60,124	thousand yen
Total liabilities	60,124	thousand yen

(8) Estimated amount of impact on the consolidated statements of income for the fiscal year ended March 31, 2016 assuming that the business combination was completed on the first day of the fiscal year and the calculation method

Presentation is omitted since the estimated amount of impact on the consolidated statements of income is immaterial.

2. Transactions, etc. of Entities under Common Control

(1) Outline of transactions

1) Names of acquired firms and business description

Names: INNOBASE CO., LTD. en executive search inc.

Business: Internet media operation, etc.; recruitment services

2) Date of business combination

March 31, 2016

3) Legal form of business combination

Absorption-type merger with the Company as the surviving company and INNOBASE CO., LTD. and en executive search inc. as absorbed companies

4) Company name after business combination

en-japan inc.

5) Purpose of business combination

INNOBASE CO., LTD. and en executive search inc. are subsidiaries wholly capitalized by the Company. INNOBASE CO., LTD. engages in the new graduate hiring support business while en executive search inc. operates a job placement business specializing in executive positions. In August 2014, the Company made INNOBASE CO., LTD. a subsidiary through a share exchange, established en executive search inc. and made it a subsidiary by capitalizing, and since has been promoting synergistic effects with the Company's business. Having executed the mergers, the Company will take the lead in further accelerating and promoting the efficiency of businesses of both companies to reinforce a consistent service structure of the en-japan Group.

(2) Outline of accounting performed

The Company accounted for these transactions as those of entities under common control in accordance with the Accounting Standard for Business Combinations and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10; September 13, 2013).

(Segment Information, etc.)

(Segment Information)

1. Outline of Reporting Segments

The en-japan Group's reporting segments are business units for which separate financial information can be obtained and periodically reviewed by the Company's decision making bodies such as the Board of Directors in the determination of resource allocation as well as the evaluation of business performance.

As a company specializing in offering services that contribute to hiring personnel and helping those newly hired to succeed, the en-japan Group is engaged mainly in managing job advertising websites, job placement services, and education/evaluation of human resources.

Therefore, the Company classifies its business into the two segments of the Hiring Business and Education/Evaluation Business, in accordance with their respective management organization and characteristics of services.

The main services provided at each segment are as follows.

(1) Hiring Business –	Management of job advertising website (main websites are en TENSHOKU, en HAKEN, MIDDLE NO TENSHOKU and Vietnam Works), personnel placement (main brands are en world and en AGENTS) and personnel dispatching services
(2) Education/Evaluation Business –	Provision of en-College flat-rate training service and hiring/human resources-related system

2. Measurement of Sales, Income (loss), Assets, Liabilities and Other Material Items of Reportable Segments

The accounting policies for the reportable segments are the same as those described in "Basis of Preparing the Consolidated Financial Statements."

Intersegment sales are based on the transaction price among third parties and figures of segment profit (loss) are based on operating income.

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

(Application of Accounting Standard for Business Combinations, etc.)

As previously described in "Change in Accounting Policy," the Company has adopted the Accounting Standard for Business Combinations and others and has complied with the provisional treatment prescribed in paragraph 58-2 (3) of the Accounting Standard for Business Combinations, paragraph 44-5 (3) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (3) of the Accounting Standard for Business Divestitures.

The amount of decrease in goodwill associated with the aforesaid adoption in the fiscal year ended March 31, 2016 is ¥1,208,156 thousand in the hiring business segment and ¥107,171 thousand in the education/evaluation business segment.

Compared to the results based on the conventional method, segment profit in the fiscal year ended March 31, 2016 increased by ¥103,813 thousand yen in the hiring business segment and by ¥11,615 thousand in the education/evaluation business segment.

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

Prior fiscal year (from April 1, 2014 to March 31, 2015)

(Thousand yen)

	Reportable segments			Adjustment amount (Note 1)	Amount stated in Consolidated Financial Statements (Note 2)
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	18,919,830	704,090	19,623,921	–	19,623,921
Internal sales among segments, transfers	22,622	43,080	65,702	-65,702	–
Total	18,942,452	747,170	19,689,623	-65,702	19,623,921
Segment profit/(loss)	3,953,065	-9,093	3,943,971	-899	3,943,071
Other Items					
Depreciation	543,421	20,192	563,614	–	563,614
Amortization of goodwill	350,392	24,737	375,129	–	375,129

(Notes)

1. Adjustment amount of segment profit represents elimination of intersegment transactions.
2. Segment profit/loss has been adjusted based on the operating income in the consolidated financial statements.
3. Segment assets are not stated because assets are not allocated by reportable segment.

Current fiscal year (from April 1, 2015 to March 31, 2016)

(Thousand yen)

	Reportable segments			Adjustment of Segment Profit (Note 1)	Amount stated in Consolidated Financial Statements (Note 2)
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	25,221,772	913,529	26,135,302	–	26,135,302
Internal sales among segments, transfers	28,103	50,492	78,595	-78,595	–
Total	25,249,875	964,022	26,213,898	-78,595	26,135,302
Segment profit/(loss)	5,220,792	-101,997	5,118,794	-776	5,118,018
Other Items					
Depreciation	832,411	28,595	861,006	–	861,006
Amortization of goodwill	389,963	15,758	405,721	–	405,721

(Notes)

1. Adjustment of segment profit represents eliminated intersegment transactions.
2. Segment profit/loss is adjusted from operating income booked in the consolidated financial statements.
3. Segment assets are not stated since the assets are not allocated by reportable segment.

(Related Information)

Prior fiscal year (from April 1, 2014 to March 31, 2015)

1. Information by Product and Service

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

2. Information by Region

(1) Net sales

(Thousand yen)

Japan	Asia/Oceania	Total
17,781,862	1,842,058	19,623,921

(2) Property, plant and equipment

(Thousand yen)

Japan	Asia/Oceania	Total
556,313	187,309	743,622

3. Information by Major Customer

Presentation is omitted as there are no net sales for outside customers that exceed 10% of net sales recorded in the consolidated statements of income.

Current fiscal year (from April 1, 2015 to March 31, 2016)

1. Information by Product and Service

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

2. Information by Region

(1) Net sales

(Thousand yen)

Japan	Asia/Oceania	Total
23,391,994	2,743,307	26,135,302

(2) Property, plant and equipment

(Thousand yen)

Japan	Asia/Oceania	Total
525,626	173,730	699,356

3. Information by Major Customer

Presentation is omitted as there are no net sales for outside customers that exceed 10% of net sales recorded in the consolidated statements of income.

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

Prior fiscal year (from April 1, 2014 to March 31, 2015)

The Company had no material matters to report.

Current fiscal year (from April 1, 2015 to March 31, 2016)

The Company had no material matters to report.

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

Prior fiscal year (from April 1, 2014 to March 31, 2015)

(Thousand yen)

	Reportable segments			Adjustment amount	Total
	Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	350,392	24,737	375,129	–	375,129
Balance at the end of the period	4,534,353	217,478	4,751,832	–	4,751,832

Current fiscal year (from April 1, 2015 to March 31, 2016)

(Thousand yen)

	Reportable segments			Adjustment amount	Total
	Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	389,963	15,758	405,721	–	405,721
Balance at the end of the period	3,577,016	94,549	3,671,565	–	3,671,565

(Information on Gain on Negative Goodwill by Reportable Segment)

Prior fiscal year (from April 1, 2014 to March 31, 2015)

The Company had no material matters to report.

Current fiscal year (from April 1, 2015 to March 31, 2016)

The Company had no material matters to report.

(Per-Share Information)

	Prior Fiscal Year (From April 1, 2014 to March 31, 2015)	Current fiscal year (from April 1, 2015 to March 31, 2016)
Net Assets per Share	437.17 yen	460.56 yen
EPS	56.34 yen	60.79 yen
Fully Diluted EPS	– yen	60.70 yen

(Notes)

1. Fully diluted EPS for the prior fiscal year is not shown because there were no dilutive shares.
2. The Company executed a 2-for-1 stock split of its common share effective April 1, 2016. Therefore, net assets per share, EPS, and fully diluted EPS have been calculated on the assumption that the stock split was executed at the beginning of the prior fiscal year.
3. With respect to the average number of shares of common share outstanding during the period, which is the basis of calculation of EPS, the calculation is performed by including the shares of the Company held by Trust & Custody Services Bank, Ltd. (Trust E account) as trust assets under the board benefit system (J-ESOP) in the treasury shares eligible for deduction. (Prior fiscal year: 1,199,500 shares; current fiscal year: 1,199,500 shares.)
4. As previously described in "Change in Accounting Policy," the Company has adopted the Accounting Standard for Business Combinations and others. As a result, in the current fiscal year, net assets per share decreased by ¥28.91 while EPS and fully diluted EPS increased by ¥2.55 and ¥2.54 respectively.
5. The basis for calculating EPS and fully diluted EPS is shown below.

	Prior Fiscal Year (From April 1, 2014 to March 31, 2015)	Current fiscal year (from April 1, 2015 to March31, 2016)
EPS		
Profit Attributable to Owners of Parent (thousand yen)	2,531,461	2,756,157
Amount not attributable to Common Shareholders (thousand yen)	–	–
Profit Attributable to Owners of Parent concerning Common Share (thousand yen)	2,531,461	2,756,157
Average Number of Shares of Common Share Outstanding during the Period (shares)	44,932,758	45,336,516
Fully Diluted EPS		
Profit Attributable to Owners of Parent – Deferred (thousand yen)	–	–
Increase in the Number of Shares of Common Share (shares)	–	67,896
(of which subscription rights to shares [shares])	–	(67,896)
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	One type of subscription rights to shares (number of subscription rights to shares: 72)	One type of subscription rights to shares There is no outstanding balance as of the end of the current fiscal year due to the lapse of rights upon completion of the rights exercise period.

(Material Subsequent Event)

Based on a resolution by the Board of Directors held on February 26, 2016, the Company implemented a stock split effective April 1, 2016.

1. Purpose of stock split

   The stock split is intended to increase liquidity and expand investor base by reducing the minimum amount of investment to create an easier investment environment.

2. Overview of stock split

   Method of stock split

   Shares of common share held by shareholders listed or recorded in the final shareholder register as of the record date of March 31, 2016 will be split at a ratio of one to two.

3. Impact on per share information

   The impact of the stock split is listed in (Per-Share Information).