

En-Japan Inc.

FY12/05 Interim Earnings Announcement (Non-Consolidated)

August 18, 2005

Company Name En-Japan Inc. Stock Exchange: Osaka Securities Exchange (Hercules Market)
 Stock Code: 4849 Headquarters: Tokyo
 (URL <http://www.en-japan.com/>)

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1. FY12/05 Interim Earnings

(1) Earnings Performance

(figures are rounded to the nearest million yen)

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
Interim 6/05	5,064	(85.0)	1,874	(110.0)	1,884	(110.5)
Interim 6/04	2,738	(32.0)	892	(-4.3)	895	(-4.2)
FY 12/04	6,980		2,245		2,254	

	Net Income		EPS		EPS Diluted for Latent Shares	
	Million yen	%	Yen		Yen	
Interim 6/05	991	(89.4)	4,145	43	3,998.20	
Interim 6/04	523	(-2.2)	4,424	41	4,315.40	
FY 12/04	1,253		5,277	44	5,147.07	

(note) ① Average number of shares Interim 6/05: 239,077, Interim 6/04: 118,286 FY12/04: 237,478

(2) Dividends

	Interim dividend per share	Full-year dividend per share
	Yen	Yen
Interim 6/05	—	—
Interim 6/04	—	—
FY 12/04	—	1,500.00

(3) Financial Position

	Total assets	Shareholders' Equity	Equity ratio	BPS
	Million yen	Million yen	%	Yen
Interim 6/05	8,468	5,797	68.5	24,221.91
Interim 6/04	5,594	4,406	78.8	36,987.17
FY 12/04	7,067	5,116	72.4	21,417.22

(note) ① total shares at end of term: Interim 6/05: 239,343 Interim 6/04: 119,143 FY 12/04: 238,909

(4) Cash Flows

	Operating cash flows	Investing cash flows	Financing cash flows	Cash & equivalents at end of term
	Million yen	Million yen	Million yen	Million yen
Interim 6/05	1,186	- 699	- 344	4,711
Interim 6/04	818	- 134	- 287	3,707
FY 12/04	2,009	- 480	- 269	4,569

2. FY 12/05 Earnings Projections (January 1, 2005 to December 31, 2005)

	Net sales	Ordinary income	Net income	Dividend per share	
				Term end	
Full year	Million yen 11,000	Million yen 3,350	Million yen 1,730	Yen tba	Yen tba

(Reference) Projected EPS (full year) ¥7,228.12

* Our earnings projections reflect targets based on data available at the time of this announcement; our actual results may differ from these projections due to unforeseen factors. For further information regarding our projections, please refer to page seven of this announcement.

1. Corporate Structure

We do not maintain any subsidiaries or other affiliated companies.

2. Management Policy

(1) Our Basic Management Policy

The Japanese human resources market is becoming more liquid along with changes in the nation's industrial structure. We perform human resources strategy consulting which includes our Internet-based job information services, personnel hiring, staff training, and personnel evaluation. We define the connections linking people to work and people to companies as "shoku-en," (literally "work luck"), and our basic management principle is to promote the optimum matching of job-seekers to hiring companies. Our social mission is to contribute to the creation of employment through our ability to provide applicants with precise information about jobs and client corporations with appropriate consulting and advice.

(2) Our Basic Policy Regarding Profit Allocation

We maintain a policy regarding profit allocation that seeks to strike a balance between fortifying our management foundation and financial position through retention of earnings on the one hand, and returning an appropriate level of profits to our shareholders on the other.

During fiscal year December 2004, we paid a dividend of ¥1,500 per share. This represents a payment that is actually 1.2 times the dividend paid during fiscal year December 2003 due to the one-for-two stock-split in September 2004.

In the future, we will continue to pursue a policy that strikes a balance between retaining earnings to prepare us for changes in our business environment and to allow us to aggressively pursue new business fields, and returning profits to our shareholders through an appropriate level of dividends.

(3) Intermediate-term Management Strategy

(a) Trends in Our External Environment

During the current interim period, conditions improved in the markets for digital consumer electronics and electric machinery, general machinery, steel, automobile and other manufacturing industries, and retail sales including department stores. Against this background, employment conditions improved and contributed to a year-over-year decline in the unemployment rate in June to a low of 4.2%, and the effective job offers-to-applicants ratio improved to 0.96 in June as a reflection of these favorable employment conditions (Source: Ministry of Health, Labor and Welfare).

Job advertising is making a steady shift from job-search magazines, newspapers and other traditional print media to the Internet as a means of communicating job information on a nationwide basis. Additionally, the labor shortage that is widely publicized by the press to occur beginning in 2007 as large numbers of the baby boomer generation of Japanese workers reach retirement age is leading the more advanced corporations to secure superior staff at an early stage. In light of this trend, the Internet job advertising market we target is expected to expand rapidly. The synergies from the integration of our main mid-career hiring business and our new graduate job placement business are increasing, and we have expanded and prepared our internal structure to be able to respond in a timely manner to demands in the external market.

(b) Our Intermediate- to Long-Term Management Strategy

Our basic management policy is to realize the best match between job applicants to hiring companies, and to provide satisfaction to both parties by providing a large volume of detailed, easy-to-use, and accurate job information to people seeking jobs. In order to increase the satisfaction of both the job applicants and hiring companies, we will work to maintain our position as the Number 1 Internet site specializing in job advertising. The comprehensive job information service sites we operate are called: "en Career Change Info," "en Career Change Consultant," "en Temporary Placement Info," "en Job Info for Students," and "en Part-time Jobs Plus." We are able to make a variety of proposals to our customers through the use of this service line-up of different job sites that accurately target the jobs market. We also seek to secure both the "quantity" and "quality" of job information from the standpoint of job seekers, providing qualitative information such as the level of challenges and difficulty of jobs offered by companies in addition to information related to compensation and benefits, and quantitative information including a large number of various job offers from various companies.

In the future, we will continuously provide and develop new functions and services for the Internet in order to respond without delay to an expansion in market demand and to stay ahead of changes in our business environment as the leading company in our industry. Moreover, we hope to contribute to raising the consciousness of younger Japanese workers, who have increasingly styled themselves as "professional part-timers" and "NEET" (not in employment, education, or training). We want to help them see their role as an integral part of society by providing opportunities for them to grow through full-time work. We believe that if the sites we operate can even slightly alleviate the unstable conditions in the job market, this would help us to realize our corporate guiding principle of "social justice."

(4) Issues Confronting Our Company

(a) Longer-Term Issues

One issue facing our Company is how to maintain the quality of the job information included in our sites while we increase the number of companies advertising jobs. Although we maintain a competitive advantage in the quality of job information we offer, we still need to maintain the same kind of growth rates in terms of the number of companies placing ads as our competitors.

(b) Progress in the Current Term

Along with the implementation of the personal information protection laws, securing an even higher level of data security is an important part of our corporate social responsibility. In response to this, we have already established a protection management structure that follows the “personal information protection compliance program” (JIS Q 15001). Furthermore, during the interim we have renewed our privacy mark certification from the Japan Information Processing Development Corporation, and have undergone their auditing of our internal supervisory structure.

Additionally as a longer-term issue and part of our strategy to increase the number of jobs advertised, we opened the “en Serious Part-Time Jobs” site in February to provide information specifically about part-time jobs where workers have the potential to later be hired as full-time workers. This site has gotten off to a good start thanks to the recovery in the economy. We also opened a new branch in Kobe in January to help strengthen and to propagate the “en” brand in the Kansai region. In April, together with the entry of new employees, we strengthened and trained both our marketing and production staff.

(c) Short-Term Issues

We are in the third year of operations in the business of finding jobs for recent graduates – the “en Job Info for Students” which was integrated last year. And in fiscal year 2005 and 2006, we expect to further leverage the “en” brand to achieve even greater success in this field. In fiscal year 2007 we will aggressively approach customer companies interested in mid-career hires, to further expand this business.

The market for job advertising over the Internet will continue to grow in the future. Beginning in fiscal year 2007, we will enter a period of heightened competition to secure staff to replace the baby boomers who will begin reaching retirement age. Against this backdrop, we need to concentrate our efforts on creating a new business axis to differentiate ourselves from our competitors and boost the strength of “en” brand as a response to this impending dramatic increase in personnel demand.

Additionally, we need to renovate our internal management systems to bring about further increases in efficiencies and rationalization of our back office, which has supported the rapid growth in our business foundation since our establishment.

3. Overview of Our Business Performance and Financial Position

(1) Our Interim-term Business Performance

During the interim period under review, the unemployment rate, which had been 4.4% at the end of the previous interim period (FY12/04), declined to 4.2% (Source: Ministry of Internal Affairs and Communications). Over the same period, the effective job offers-to-applicants ratio recovered from 0.94 to 0.96 (Source: Ministry of Health, Labor and Welfare), reflecting an improvement in employment conditions.

With these conditions, we will aggressively run advertising campaigns, including ads inside trains and busses, in train stations, and using Web portal site banners as we did during the previous year, and work to raise our brand recognition and visibility among our users (job applicants) and our clients (companies). We will also focus our efforts to develop new customers through our opening of a branch in Kobe in January 2005 designed to fortify our marketing capabilities in the Kansai region, and through efforts in other regions as well. During February 2005, we added a new dimension to our Company through the launch of our “en Part-time Jobs Plus” site. This site is the only one that carefully selects part-time job offers for positions where there is a possibility that the worker might be hired later as a full-time employee, and it has been received favorably by both our users and clients.

In our mid-career hire business, “en Career Change Consultant” and “en Temporary Placement Information” both rose by more than 160% year-over-year to record high levels. Sales of our overall mid-career hire business rose by ¥1,708 million from the previous term (up 63.5% year-over-year) to ¥4,399 million. Furthermore, our total new-graduate-related business sales reached ¥605 million on the back of our integration of the “en Job Info for Students” site last year and the favorable results of our new-graduate hires for the coming fiscal year 2006.

As a result of these developments, we recorded net sales of ¥5,064 million (up 85.0% year-over-year), operating income of ¥1,874 million (up 110.0% year-over-year), ordinary income of ¥1,884 million (up 110.5% year-over-year), and net income of ¥991 million (up 89.4% year-over-year).

Information regarding the performance of each of our business segments is provided below.

Sales of Our Main Business Segments during the Interim Period

(1) Mid-career Hire Business

The number of users of “en Career Change Info” in terms of both industries and job categories is rising steadily. Thanks to the fair and detailed information about jobs advertised on this site, job seekers are able to get a good understanding of the job and the type of company making the offer. This helps to raise the effectiveness of the job applicants once they are hired, and we have received very favorable evaluations by the client companies who use our service to hire staff. During the interim period, we began providing our content to Microsoft Corporation’s portal site (MSN) in February, as well as to Livedoor Co., Ltd.’s site (Livedoor Career) to increase opportunities to contact users (job seekers). Our expansion and deployment of offices from last year has contributed to the development of new clients and increased listings from existing clients. While providing regional job information to our users, the Internet gives us the ability to also advertise jobs to applicants on a nationwide basis, which is one key reason for our growth. With this situation as a backdrop, we leveraged our strengthened marketing and production capabilities to record strong business performance and effectively increase our sales by 66.9% year-over-year to ¥2,980 million.

As noted above, from February of this year “en Career Change Consultant” began providing content to the MSN portal site, which has grown to become the largest site for human resources recruiting companies in Japan, with 280 HR recruiting companies advertising 27,000 jobs. During the interim period, our efforts to acquire new listings from customers allowed us to record sales of ¥565 million (up 19.7% year-over-year). In July we established a “High-end Jobs Corner” (a special section of the website including information for jobs ranging from ¥8 to ¥20 million a year in compensation), as well as adding mail service for new job offers and web-based resume services, detailed information about human resources recruiting companies and other functions to improve the convenience of our site for our users.

As noted above, “en Temporary Placement Info” began providing content to Livedoor Career in an effort to reach more job seekers. In July 2004, we completely renovated this site so that it could respond to the various detailed requests of our users, and the response has been quite favorable; in fact, this site received the top ranking as “the most satisfying worker-dispatch job site” in a recent survey (“Dispatched Worker Site Usage Survey 2005” by Interwired Co., Ltd.). During the interim period under review, we recorded sales of ¥730 million (up 68.6% year-over-year).

In order to increase employment opportunities for part timers, in February 2005 “en Part-time Jobs Plus” was launched as a site specializing in jobs where part-time workers have the potential to be hired as full-time employees. We are not happy to see the steady increase in the number of part-timer workers in this country, and view this trend as a threat to Japan’s future. We designed this site with the twin goals of reducing the number of part-timer worker and cultivating their skills. We succeeded with this site by accurately matching the needs of companies seeking superior staff for part-time jobs but also considering retaining those part-timers as full time employees in the future to the needs of our part-time job seekers who ultimately hope to find work as full-time employees. In May, we opened a mobile-phone online site to provide users with remote access. During this site’s four months of operation in the interim period under review, it recorded sales of ¥81 million.

(2) New-graduate Hiring Business

“en Job Info for Students” was integrated last year and at the same time we started “2006 en Job Info for Students” (a job information site targeting undergraduate and graduate students who will be entering the job market in March 2006). The new site has performed solidly, and in the interim period we recorded sales of ¥402 million, with an additional ¥203 million in sales associated with company explanation meetings, employment consulting, and outsourcing. The recognition of the two special portions of our site, “How to examine a potential job” and “Company visit documentary,” has increased in recent years among students who are serious about finding jobs after graduation. Along with a basic recovery in the economy, the HR personnel in charge of hiring at our client companies are enthusiastic, and we believe it is this enthusiasm that is the real base for our earnings. During the interim period under review, we aggressively conducted marketing activities to existing clients in the mid-career hires business and were able to exceed the performance of the “2005 en Job Info for Students.”

(3) Education and Evaluation Business

In our education and evaluation business, we conducted back-up activities to support our new-graduate hiring business. Our pre-job training for students who have received hiring notification has helped to eliminate students turning down good offers by clarifying their motivation in becoming employed. We tell HR people at our client companies about both this pre-job training and also our post-hiring training to increase applicants’ skill levels, and position these services as part of our integrated HR solutions from placing job ads to securing a productive employee. This integrated solution service is possible because of our ability to educate and evaluate staff in-house, and it significantly contributes to this division’s business performance. As a result of these activities, sales of this business division reached ¥59 million.

Business Performance Comparison

(1) Earnings Summary

(units: ¥1,000)

	Previous Interim Period From 1/1/04 To 6/30/04	Current Interim Period From 1/1/05 To 6/30/05	Previous Fiscal Year From 1/1/04 To 12/31/04
Net Sales	2,738,413	5,064,917	6,980,678
Operating Income	892,347	1,874,312	2,245,350
Ordinary Income	895,384	1,884,891	2,254,671

(2) Sales Segments

Segment	Previous Interim Period From 1/1/04 To 6/30/04		Current Interim Period From 1/1/05 To 6/30/05		Previous Fiscal Year From 1/1/04 To 12/31/04	
	Sales (¥1,000)	Share (%)	Sales (¥1,000)	Share (%)	Sales (¥1,000)	Share (%)
Mid-Career Hiring Business						
en Career Change Info	1,785,626	65.2	2,980,967	58.9	4,307,912	61.7
en Career Change Consultant	472,540	17.3	565,858	11.2	1,010,874	14.5
en Temporary Placement Info	432,877	15.8	730,006	14.4	982,995	14.1
en Part-time Jobs Plus	—	—	81,822	1.6	—	—
Others	—	—	40,663	0.8	—	—
New-graduate Hiring- Related Business						
en Job Info for Students	* 13,445	0.5	402,100	7.9	* 500,527	7.2
Others	* 28,229	1.0	203,763	4.0	* 135,888	1.9
Training, Evaluation	* 5,695	0.2	59,736	1.2	* 42,480	0.6
Total	2,738,413	100.0	5,064,917	100.0	6,980,678	100.0

* As of June 1, 2004, the business of Nihon Brain Center Co., Ltd. was transferred to our Company, and added to our sales.
(Note) “Others” in both business categories includes consulting and outsourcing related to hiring.

(2) Earnings Projections

Against the backdrop of the overall improvement in the economy and the impending labor shortage from fiscal year 2007 forward, we expect hiring companies to move quickly to secure high quality human resources. In light of this outlook, we will increase our brand recognition and raise the visibility of the “en” brand through aggressive promotions. Based on the fortification of our business alliances, the growth in our various business facilities, and the performance of each of our business segments through our unique, detailed and fair job advertising, we have come up with projections that exceed our previous projections announced on February 15, 2005.

As a result, we have made the following upward revisions to our FY2005 (January 1, 2005 to December 31, 2005) earnings projections, and we officially announced this upward revision to our earnings in the notice “Revision to Our Full-year FY12/05 Earnings” released today.

(units: yen million)

	Net sales	Ordinary income	Net income
Previous projection (A)	9,800	2,700	1,550
Revised projection (B)	11,000	3,350	1,730
Increase (B-A)	1,200	650	180
Rate of increase	12.2%	24.1%	11.6%
Previous fiscal year	6,980	2,254	1,253

(Note) With regard to our revision, the smaller margin of increase in net income than ordinary income can be attributed to the retirement of fixed assets associated with the expansion of our Tokyo headquarters, which resulted in a ¥50 million in extraordinary losses, and a ¥140 million increase in taxes arising from internal reserves.

(3) Financial Position

(a) Review of our assets, liabilities and shareholders' equity

(Current assets)

At the end of the current interim period, the balance of our current assets rose by ¥341 million from the end of the previous term to ¥6,068 million. We attribute this increase primarily to a ¥142 million increase in deposits, and a ¥177 million rise in receivables.

(Fixed assets)

At the end of the interim period, the balance of our fixed assets grew by ¥1,059 million from the end of the previous term to ¥2,400 million. Our tangible fixed assets increased by ¥539 million from the previous term-end due to the acquisition of facilities and interior construction work associated with the move of our Tokyo headquarters to a new floor within the same building, and equipping the office with server-related infrastructure. Our intangible fixed assets rose by ¥24 million from the previous term-end to ¥196 million due to investments in software used in the opening of our "en Part-time Jobs Plus" site in February 2005, and the renewal of our "en Career Change Consultant" site in July 2005. Investments and other assets reached ¥1,379 million, partly due to the recovery of a ¥220 million lease deposit following the move of our marketing division and an increase in long-term deposits of ¥219 million.

(Current liabilities)

The balance of current liabilities at the end of the interim period under review rose by ¥720 million from the previous term-end to ¥2,671 million. Compared with the previous term-end, increased taxes associated with our higher income levels and liabilities associated with our facilities led to increased in tax payables of ¥209 million and other accounts payable of ¥524 million.

(Shareholders' equity)

At the end of the interim period, our shareholders' equity increased by ¥680 million from the end of the previous term to ¥5,797 million. This increase can be attributed to the exercise of stock options, which led to ¥6 million increases in both capital and capital reserves, and a ¥632 million increase in retained earnings arising from the increase in our earnings. Moreover, our retained earnings increased by ¥2,000 million due to contingent reserves from appropriated earnings in the previous term, while our carried-forward profits transferred to unappropriated profits in the current term declined by ¥1,367 million.

(b) Cash flow conditions

While we saw cash outflows arising from lease deposits, acquisition of tangible fixed assets, and declines in long-term bank deposits due to investment activities, our cash and equivalents during the interim period under review rose by ¥1,004 million from the previous interim period to ¥4,711 million (up 27.1% year-over-year), supported by favorable earnings on our business operations.

Operating cash flow

Our operating activities provided a cash inflow of ¥1,186 million (up 45.0% year-over-year). This increase is attributed primarily to an inflow from our pretax income of ¥1,869 million and an outflow of tax payments of ¥705 million.

Investing cash flow

Our investing activities saw a cash outflow of ¥699 million (up 421.2% year-over-year). The main factors in this outflow were the ¥215 million decrease in long-term bank deposits, a ¥113 million payment to acquire tangible fixed assets, a ¥141 million payment to purchase intangible fixed assets, and a ¥220 million payment for lease deposits.

Financing cash flow

We saw a net outflow in our financing cash flows of ¥344 million (up 20.0% year-over-year). This outflow is attributed primarily to the payment of dividends.

(3) Cash Flow Indicators

	FY12/02	FY12/03	FY12/04	Interim 6/05
Equity ratio (%)	80.1	82.4	72.4	68.5
Equity ratio based on market capitalization (%)	330.9	714.6	1,115.5	1,427.3

(note) 1. Each indicator is calculated in accordance with the formulas shown below.

a) Equity ratio: Shareholders' equity / Total assets

b) Equity ratio based on market capitalization: Market capitalization / Total assets

2. Because we maintain no interest-bearing debt, we do not provide information pertaining to the period of debt repayment or interest rate coverage.

4. Interim Financial Statements

(1) Interim Balance Sheet

		Previous Interim Period End (June 30, 2004)		Current Interim Period End (June 30, 2005)		Previous Full Fiscal Year (December 31, 2004)	
Categories		Value ('000 yen)	Share (%)	Value ('000 yen)	Share (%)	Value ('000 yen)	Share (%)
(Assets)							
I Current assets							
1. Cash and equivalents		3,707,254		4,711,484		4,569,364	
2. Notes receivable		18,682		5,067		14,633	
3. Accounts receivable		668,628		1,167,928		990,165	
4. Inventories		7,935		9,904		8,810	
5. Prepaid expenses		32,310		43,163		50,869	
6. Deferred tax asset		55,613		97,329		92,489	
7. Others		5,337		42,749		11,112	
Bad credit reserves		- 8,602		- 9,222		- 10,593	
Total current assets		4,487,159	80.2	6,068,404	71.7	5,726,851	81.0
II Fixed assets							
1. Tangible fixed assets							
(1) Buildings	* 1	—		126,364		—	
(2) Facilities	* 1	59,804		—		89,796	
(3) Equipment and others	* 1	206,484		205,536		195,017	
(4) Construction in progress		—		492,130		—	
Total tangible fixed assets		266,289	4.8	824,031	9.7	284,814	4.0
2. Intangible fixed assets							
(1) Trademarks		2,277		2,866		2,140	
(2) Software		127,027		95,871		73,381	
(3) Software in progress		—		96,087		95,287	
(4) Telephone deposits		1,351		1,351		1,351	
Total intangible assets		130,656	2.3	196,177	2.3	172,161	2.4
3. Investments and other assets							
(1) Investment securities		146,800		141,600		82,400	
(2) Deferred tax assets		—		37,387		43,038	
(3) Long-term deposits		150,000		369,240		150,000	
(4) Insurance reserve fund		243,934		410,761		408,175	
(5) Lease deposits		169,498		420,839		199,930	
Total investments and other assets		710,233	12.7	1,379,827	16.3	883,545	12.6
Total fixed assets		1,107,179	19.8	2,400,035	28.3	1,340,520	19.0
Total assets		5,594,338	100.0	8,468,440	100.0	7,067,372	100.0

		Previous Interim Period End (June 30, 2004)		Current Interim Period End (June 30, 2005)		Previous Full Fiscal Year (December 31, 2004)	
Categories		Value ('000 yen)	Share (%)	Value ('000 yen)	Share (%)	Value ('000 yen)	Share (%)
(Liabilities)							
I Current liabilities							
1. Accounts payables		8,295		5,244		12,542	
2. Payments due		488,471		1,229,635		705,511	
3. Unpaid expenses		98,031		161,517		160,319	
4. Unpaid taxes		404,520		910,087		701,065	
5. Unpaid consumption taxes	* 2	39,899		77,615		95,459	
6. Advances received		120,508		265,746		239,138	
7. Deposits		16,888		19,439		34,299	
8. Others		3,060		1,808		2,266	
Total current liabilities		1,179,677	21.1	2,671,095	31.5	1,950,604	27.6
II Long-term liabilities							
1. Deferred tax liabilities		7,899		—		—	
Total long-term liabilities		7,899	0.1	—	—	—	—
Total liabilities		1,187,576	21.2	2,671,095	31.5	1,950,604	27.6
(Shareholders' equity)							
I Capital		773,869	13.8	789,381	9.3	783,002	11.1
II Capital reserves							
1. Capital surplus reserves		1,240,440		1,255,953		1,249,573	
Total capital reserves		1,240,440	22.2	1,255,953	14.8	1,249,573	17.7
III Retained earnings							
1. Unappropriated reserves							
Contingent reserves		—		2,000,000		—	
2. Interim unappropriated profits		2,331,965		1,694,608		3,061,894	
Total retained earnings		2,331,965	41.7	3,694,608	43.7	3,061,894	43.3
IV Net unrealized gains on securities and other holdings		60,486	1.1	57,402	0.7	22,296	0.3
Total shareholders' equity		4,406,761	78.8	5,797,345	68.5	5,116,767	72.4
Total liabilities and shareholders' equity		5,594,338	100.0	8,468,440	100.0	7,067,372	100.0

(2) Interim Income Statement

		Previous Interim Period End (June 30, 2004)		Current Interim Period End (June 30, 2005)		Previous Full Fiscal Year (December 31, 2004)	
Categories		Value ('000 yen)	Share (%)	Value ('000 yen)	Share (%)	Value ('000 yen)	Share (%)
I Net sales		2,738,413	100.0	5,064,917	100.0	6,980,678	100.0
II Cost of sales		185,547	6.8	434,889	8.6	572,105	8.2
Gross profits		2,552,865	93.2	4,630,028	91.4	6,408,573	91.8
III Sales, general and administrative expenses		1,660,517	60.6	2,755,716	54.4	4,163,222	59.6
Operating income		892,347	32.6	1,874,312	37.0	2,245,350	32.2
IV Non-operating income	* 1	3,037	0.1	10,579	0.2	10,513	0.2
V Non-operating expenses	* 2	—	—	—	—	1,192	0.1
Ordinary income		895,384	32.7	1,884,891	37.2	2,254,671	32.3
VI Extraordinary losses	* 3	—	—	15,097	0.3	—	—
Current net income before taxes		895,384	32.7	1,869,794	36.9	2,254,671	32.3
Corporate, residential, enterprise taxes		405,054	14.8	902,000	17.8	1,096,015	15.7
Corporate tax adjustments		- 33,015	- 1.2	- 23,282	- 0.5	- 94,618	- 1.4
Net income		523,346	19.1	991,077	19.6	1,253,275	18.0
Unappropriated retained earnings carried forward from previous term		1,808,619		703,531		1,808,619	
Unappropriated retained earnings		2,331,965		1,694,608		3,061,894	

(3) Interim Cash Flow Statement

		Previous Interim Period End (June 30, 2004)	Current Interim Period End (June 30, 2005)	Previous Full Fiscal Year (December 31, 2004)
Categories		Value ('000 yen)	Value ('000 yen)	Value ('000 yen)
I Operating cash flows				
Current net income before taxes		895,384	1,869,794	2,254,671
Depreciation		84,705	147,229	223,585
Bad credit reserves increase		1,469	- 1,370	3,459
Interest received		- 561	- 2,636	- 1,091
Dividends received		—	—	- 800
Loss on retirement of fixed assets		—	15,097	—
Accounts receivable (increase)		- 20,458	- 168,197	- 337,946
Accounts payable (decrease)		- 6,373	- 7,298	- 2,126
Prepayment (increase)		124,129	52,749	297,486
Other current assets (decrease)		12,881	- 21,010	- 14,927
Other current liabilities (increase)		69,245	7,570	322,340
Subtotal		1,160,422	1,891,927	2,744,652
Interest and dividends received		563	465	1,891
Taxes paid		- 342,598	- 705,905	- 737,014
Cash flow from operating activities		818,387	1,186,488	2,009,528
II Investing cash flows				
Outflow from long-term deposits		—	- 215,760	—
Acquisition of tangible fixed assets		- 38,605	- 113,377	- 91,371
Acquisition of intangible fixed assets		- 81,123	- 141,961	- 183,174
Lease deposit payments		- 13,128	- 220,908	- 44,464
Return of lease deposit		303	—	303
Payment for insurance reserve fund		- 1,724	- 6,172	- 162,063
Other		—	- 1,737	—
Cash flow from investing activities		- 134,278	- 699,917	- 480,770
III Financing cash flows				
New share issuance income		6,280	12,758	24,545
Dividend payments		- 293,435	- 357,210	- 294,240
Cash flow from financing activities		- 287,155	- 344,451	- 269,694
IV Value of translation associated cash and equivalents		—	—	—
V Cash and equivalent net increase		396,954	142,119	1,259,063
VI Cash and equivalents at start of term		3,310,300	4,569,364	3,310,300
VII Cash and equivalents at end of term		3,707,254	4,711,484	4,569,364