

# En-Japan Inc.

## 3<sup>rd</sup> Quarter FY12/06 Earnings Announcement (Non-Consolidated) November 9, 2006

Company Name: En-Japan Inc.

Stock Code: 4849

(URL: <http://www.corp.en-japan.com/>)

Osaka Securities Exchange (Hercules Market)

Senior Director: President and CEO, Michikatsu Ochi

Telephone: +81-3-3342-4506

Contact: Managing Director, Taka Fujino

### 1. Notes regarding the creation of our quarterly financial and earnings data.

- 1) Changes in accounting practices during the most recent year. We adopt a simple method of accounting for corporate taxes.
- 2) Changes in the scope of our consolidated accounts and NA companies held under the equity accounting method.
- 3) Involvement of CPA or corporate auditors. NA

### 2. 3<sup>rd</sup> Quarter FY12/06 Financial Position and Aggregated Earnings Performance (From January 1, 2006 to September 30, 2006)

#### (1) Earnings Performance (figures are rounded to the nearest million yen)

	Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy
3 <sup>rd</sup> Quarter FY12/06	11,405	43.0	3,705	28.2	3,700	27.1	2,123	39.8
3 <sup>rd</sup> Quarter FY12/05	7,973	73.3	2,891	94.8	2,911	95.5	1,519	74.6
FY12/05	11,491		3,791		3,826		2,203	

	EPS	Fully Diluted EPS
	Yen	Yen
3 <sup>rd</sup> Quarter FY12/06	8,820.82	8,518.12
3 <sup>rd</sup> Quarter FY12/05	6,352.35	6,119.50
FY12/05	9,205.85	8,873.40

(note) The percentage change in sales, operating income, ordinary income, and net income are made with the same period during the previous fiscal year.

#### (Information Regarding Our Earnings Performance)

During the first to third quarters of the fiscal year ending December 2006 (From January 1, 2006 to September 30, 2006) the employment situation continued to improve on the back of the expansion in the economy, which was fueled by higher corporate earnings and strong consumer spending.

Against this backdrop, all of our websites continued to see strong growth in their earnings.

Amongst our sites, “en Career Change Info” received the top overall ranking amongst all private sector career change job websites in the “2006 Career Change Websites Survey” performed by Network and Security Research Institute Co., Ltd. (A survey of the those workers employed using websites during the past three years.) and its sales rose by a strong 32.7% year-over-year. Also sales of our “en Career Change Consultant” website rose by 26.5% year-over-year due to increases in the number of advertisement listings and higher pricing on listings, which were made possible by a fortification of the functionality of our website implemented in July 2005. Continuing on the back of last year’s top ranking, “en Temporary Placement Info” once again received the top ranking as “the most satisfying worker dispatch job site” in the “Dispatched Worker Site Usage Survey 2006” by Interwired Co., Ltd. and its sales rose by a large 57.7% year-over-year margin, helping to boost our overall earnings. “en Part-time Jobs Plus” (a special site listing part-time jobs with the potential to be hired as a full-time staff), which was launched in February 2005, also demonstrated remarkably strong sales growth of 232.7% year-over-year. Additionally our student job information site called “en Job Info for Students 2007”

launched in October 2005 (targeting college and graduate school students graduating in March 2007) trended favorably, with sales rising by a large 65.8% margin over the same period last year.

Consequently our total sales rose by 43.0% year-over-year to ¥11,405 million, operating income by 28.2% year-over-year to ¥3,705 million, ordinary income by 27.1% year-over-year to ¥3,700 million, and net income by 39.8% year-over-year to ¥2,123 million.

### Sales by Our Various Business Segments

Period Segments	3 <sup>rd</sup> Quarter FY12/05			3 <sup>rd</sup> Quarter FY12/06		
	Sales (¥1,000)	Share (%)	Yoy change (%)	Sales (¥1,000)	Share (%)	Yoy change (%)
<b>Mid-Career Hiring Business</b>						
en Career Change Info	4,675,582	58.6	59.6	6,202,486	54.4	32.7
en Career Change Consultant	883,579	11.1	20.0	1,117,312	9.8	26.5
en Temporary Placement Info	1,178,143	14.8	71.3	1,858,353	16.3	57.7
en Part-time Jobs Plus	174,874	2.2	—	581,853	5.1	232.7
Others	59,251	0.7	—	109,395	1.0	84.6
<b>New-graduate Hiring-Related Business</b>						
en Job Info for Students	691,457	8.7	340.1	1,146,132	10.0	65.8
Others	229,236	2.9	233.1	276,462	2.4	20.6
<b>Training, Evaluation Business</b>	81,161	1.0	263.9	113,719	1.0	40.1
<b>Total</b>	<b>7,973,286</b>	<b>100.0</b>	<b>73.3</b>	<b>11,405,715</b>	<b>100.0</b>	<b>43.0</b>

(Note)

1. In our mid-career hiring business, the others portion is comprised of sales derived from outsourcing services.
2. In our new graduate hiring business, the others portion is comprised of sales derived from consulting and outsourcing services.

### (2) Financial Position

	Total assets	Net Assets	Equity ratio	BPS
	Million yen	Million yen	%	Yen
<b>3<sup>rd</sup> Quarter FY12/06</b>	11,705	8,606	73.5	35,685.06
<b>3<sup>rd</sup> Quarter FY12/05</b>	8,546	6,334	74.1	26,446.44
<b>FY12/05</b>	9,949	6,986	70.2	29,049.85

### (Information Relating to Changes in Our Financial Position)

As of the end of the third quarter under review our total assets rose by ¥1,756 million compared with the end of the previous fiscal year to ¥11,705 million. We attribute this increase to the rise in intangible fixed assets associated with the introduction of a new backbone system, the renewal of our “en Career Change Info” website and the natural rise in accounts receivables accompanying the strong growth in our sales. With regards to our liabilities, we saw increases in our unpaid accounts arising from increased spending on advertising to help raise our brand recognition, and in our bonus reserves arising from the increase our staff numbers. Our net assets grew strongly on the back of our favorable earnings performance and the rise in retained earnings.

### 3. FY December 2006 Earnings Projections (From January 1, 2006 to December 31, 2006)

	Sales	Ordinary Income	Net Income	EPS
	Million Yen	Million Yen	Million Yen	Yen
FY12/06	16,600	5,100	2,880	11,941.83

(Note) Our EPS projections are based on the number of outstanding shares as of the end of the 3<sup>rd</sup> quarter (241,169 shares).

#### **(Information Relating to Our Earnings Projections)**

The earnings projections for the fiscal year ending December 2006 listed above represent an upward revision from our initial projections announced in our previous term's earnings announcement on February 15, 2006.

During the current term we anticipate a continued expansion in the economy based on continued strong capital investments made possible by improved corporate earnings, and continued improvement in the employment situation. Against this backdrop, we expect our websites to continue to see strong growth in earnings thanks to our efforts to raise the brand recognition of our Company. Our main site "en Career Change Info" continues to expand at a faster pace than we originally anticipated. Furthermore "en Job Info for Students" is benefiting from the remarkable increase in the recognition of our "en Job Info for Students 2007" and should allow us to see continued strong increases in earnings after the launch of our new "en Job Info for Students 2008" site (Job information site for college and graduate school students graduating in March 2008) in October.

Based on these stronger than expected trends in our sites, we have revised up our earnings projections.

\* Our earnings projections are based on data available at the time of this announcement. Our actual results may differ from these projections due to unforeseen factors.

**(Quarterly Financial Statements)**

**1. Quarterly Balance Sheet (Summary)**

	3 <sup>rd</sup> Quarter FY12/05 (As of September 30, 2005)		3 <sup>rd</sup> Quarter FY12/06 (As of September 30, 2006)		FY12/05 (As of December 31, 2005)	
Categories	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)
(Assets)						
I Current Assets						
1. Cash and equivalents	4,199,190		4,362,084		5,565,531	
2. Notes receivables	7,307		5,706		10,433	
3. Accounts receivables	1,391,335		2,113,085		1,473,310	
4. Inventories	7,589		12,247		10,738	
5. Prepaid expenses	134,694		196,092		163,666	
6. Others	111,897		338,383		161,681	
Bad credit reserves	- 13,281		- 24,748		- 16,626	
Total current assets	5,838,733	68.3	7,002,850	59.8	7,368,735	74.1
II Fixed Assets						
1. Tangible fixed assets						
(1) Buildings	125,279		114,401		119,856	
(2) Structures, facilities	674,281		552,859		597,749	
(3) Construction in progress	32,900		31,402		38,637	
Total tangible fixed assets	832,460	9.7	698,663	6.0	756,243	7.6
2. Intangible Fixed Assets						
(1) Trademarks	3,187		4,309		3,090	
(2) Software	171,817		589,574		160,584	
(3) Software in progress	54,520		111,407		142,195	
(4) Telephone deposits	1,351		1,351		1,351	
Total intangible fixed assets	230,876	2.7	706,642	6.0	307,222	3.1
3. Investments and other assets						
(1) Investment securities	140,000		270,143		25,000	
(2) Securities in affiliates	—		505,745		—	
(3) Long-term prepaid expenses	—		214,491		271,338	
(4) Long-term deposits	374,440		1,385,800		384,140	
(5) Insurance reserve fund	411,930		420,987		413,235	
(6) Lease deposits	389,217		348,976		331,890	
(7) Others	328,693		151,465		91,749	
Total investments and other assets	1,644,281	19.3	3,297,609	28.2	1,517,355	15.2
Total fixed assets	2,707,618	31.7	4,702,915	40.2	2,580,821	25.9
Total assets	8,546,352	100.0	11,705,765	100.0	9,949,557	100.0

	3 <sup>rd</sup> Quarter FY12/05 (As of September 30, 2005)		3 <sup>rd</sup> Quarter FY12/06 (As of September 30, 2006)		FY12/05 (As of December 31, 2005)	
Categories	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)
(Liabilities)						
I Current Liabilities						
1. Accounts payable	13,170		19,770		62,730	
2. Payments due	887,763		1,082,422		1,023,714	
3. Unpaid expenses	144,891		150,178		69,748	
4. Unpaid corporate taxes	801,246		900,250		1,174,419	
5. Unpaid consumption taxes	81,406		141,380		123,675	
6. Advances received	273,589		428,358		364,860	
7. Deposits	9,188		42,274		42,831	
8. Bonus reserves	—		335,000		100,350	
9. Others	724		—		1,029	
Total current liabilities	2,211,981	25.9	3,099,635	26.5	2,963,360	29.8
Total liabilities	2,211,981	25.9	3,099,635	26.5	2,963,360	29.8
(Shareholders' equity)						
I Capital	794,137	9.3	—	—	806,379	8.1
II Capital reserves	1,260,708	14.8	—	—	1,272,950	12.8
III Retained earnings						
1. Unappropriated reserves	2,000,000		—		2,000,000	
2. Unappropriated earnings	2,223,070		—		2,906,867	
Total retained earnings	4,223,070	49.4	—	—	4,906,867	49.3
IV Net unrealized gains on securities and other holdings	56,453	0.6	—	—	—	—
Total shareholders' equity	6,334,371	74.1	—	—	6,986,197	70.2
Total liabilities and shareholders' equity	8,546,352	100.0	—	—	9,949,557	100.0

	3 <sup>rd</sup> Quarter FY12/05 (As of September 30, 2005)		3 <sup>rd</sup> Quarter FY12/06 (As of September 30, 2006)		FY12/05 (As of December 31, 2005)	
Categories	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)
(Net Assets)						
I Shareholders' equity						
1. Capital	—	—	830,610	7.1	—	—
2. Capital reserves						
(1) Capital surplus reserves	—	—	1,297,180	11.1	—	—
Total capital reserves	—	—	1,297,180	11.1	—	—
3. Retained earnings						
(1) Unappropriated reserves						
Contingent reserves	—	—	2,000,000	55.3	—	—
Reserves carried over	—	—	4,477,485	73.5	—	—
Total retained earnings	—	—	6,477,485	73.5	—	—
Total shareholders' equity	—	—	8,605,275	73.5	—	—
II Valuation, translation gains						
1. Gains on other securities	—	—	854	0.0	—	—
Total valuation, translation gains	—	—	854	0.0	—	—
Total net assets	—	—	8,606,130	73.5	—	—
Total liabilities and net assets	—	—	11,705,765	100.0	—	—

## 2. Quarterly Income Statement (Summary)

	3 <sup>rd</sup> Quarter FY12/05 (From January 1, 2005 to September 30, 2005)		3 <sup>rd</sup> Quarter FY12/06 (From January 1, 2006 to September 30, 2006)		FY12/05 (From January 1, 2005 to December 31, 2005)	
Categories	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)	Value (¥1,000)	Share (%)
I Sales	7,973,286	100.0	11,405,715	100.0	11,491,772	100.0
II Cost of sales	706,790	8.9	1,048,899	9.2	1,097,051	9.5
Gross income	7,266,495	91.1	10,356,816	90.8	10,394,720	90.5
III Sales, general and administrative expenses	4,375,306	54.8	6,651,334	58.3	6,603,000	57.5
Operating income	2,891,189	36.3	3,705,481	32.5	3,791,720	33.0
IV Non-operating income	19,894	0.2	18,613	0.1	34,852	0.3
V Non-operating expense	—	—	23,189	0.2	450	0.0
Ordinary income	2,911,083	36.5	3,700,905	32.4	3,826,122	33.3
VI Extraordinary income	—	—	—	—	81,308	0.7
VII Extraordinary loss	89,826	1.1	12,233	0.1	96,147	0.8
Ordinary net income before taxes	2,821,256	35.4	3,688,671	32.3	3,811,282	33.2
Taxes	1,301,717	16.3	1,564,926	13.7	1,607,946	14.0
Net income	1,519,539	19.1	2,123,745	18.6	2,203,336	19.2
Unappropriated retained earnings carried forward from previous term	703,531		—		703,531	
Unappropriated earnings	2,223,070		—		2,906,867	