

**en-japan inc.****2nd Quarter FY December 2010 Earnings Announcement [Japan GAAP] (Non-Consolidated)****August 9, 2010**

Company Name	en-japan inc.	Listing Exchanges	Osaka Securities Exchange (Hercules Market)
Stock Code	4849	URL	<a href="http://corp.en-japan.com/">http://corp.en-japan.com/</a>
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Managing Director, Administrative Office	(Name)	Shinichi Yamazaki
		Telephone	+81-3-3342-4506
Scheduled date for submission of Quarterly Report	August 10, 2010		
Scheduled date to begin dividend payments	-		
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes		
Quarterly Earnings Briefings	Yes (For analysts and institutional investors)		

(Figures rounded down to nearest million yen)

**1. FY Ending December 2010 Second Quarter Year-to-Date Operating Results (From January 1, 2010 to June 30, 2010)****(1) Operating Results (cumulative)** (percentages indicate percent change from prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 12/10 2nd Qtr	4,221	-19.6	477	131.9	505	155.6	226	-
FYE 12/09 2nd Qtr	5,250	-	206	-	197	-	-87	-

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 12/10 2nd Qtr	996.78	994.68
FYE 12/09 2nd Qtr	-371.75	-

**(2) Financial Position**

	Total Assets	Net Assets	Net Asset Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 12/10 2nd Qtr	12,938	11,633	89.9	52,603.70
FYE 12/09	14,064	12,962	92.2	55,605.54

(Reference) Net Assets FYE 12/10 2nd Qtr 11,633 million yen FYE 12/09 12,962 million yen

**2. Dividends**

	Dividends per Share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Full Year
	Yen	Yen	Yen	Yen	Yen
FYE 12/09	-	0.00	-	800.00	800.00
FYE 12/10	-	0.00			
FYE 12/10 (projected)			-	1,070.00	1,070.00

Notes Revisions to the Company's dividend projection during the quarter: None

**3. FY Ending December 2010 Projected Operating Results (January 1, 2010 - December 31, 2010)**

(Percentages indicate change from prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	9,480	-7.1	1,450	15.1	1,470	21.2	830	80.6	3,560.34

Note: Revisions to the Company's operating results projections during the quarter: No

## 4. Other (See [Attachments] Page 4 “Other” for further details.)

- (1) Application of simplified accounting method and special accounting method? Yes

Note: Application of simplified accounting method and special accounting method in the preparation of quarterly financial statements.

- (2) Changes in accounting principles, procedures and reporting methods

a. Changes in conjunction with revisions in accounting methods: No

b. Revisions other than a.: No

Note: Changes in the accounting principles, procedures and reporting methods pertaining to preparation of quarterly financial statements as described in “Changes in Important Matters Used as the Basis for Preparation of the Financial Statements”

- (3) Number of shares issued (common stock)

a. Number of shares issued at the end of the period (including treasury stock).

FYE 12/10 2nd Qtr	245,658 shares	FYE 12/09	245,624 shares
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b. Number of shares of treasury stock at the end of the period

FYE 12/10 2nd Qtr	24,500 shares	FYE 12/09	12,500 shares
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c. Average number of shares issued during the period (Quarter Year-to-Date)

FYE 12/10 2nd Qtr	227,105 shares	FYE 12/09 2nd Qtr	234,544 shares
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Note: Other matters deserving special mention

At its Board of Directors meeting held on February 19, 2010, en-japan resolved to introduce a Share Benefit Trust (J-ESOP), and on April 1, 2010 Trust & Custody Services Bank, Ltd. (Trust E Account) (referred to below as “the Trust E Account”) acquired en-japan shares. The en-japan shares owned by the Trust E Account will be accounted for as treasury stock.

(Cautionary Notes)

1. This quarterly earnings announcement is excluded from quarterly review procedures based on the Financial Instruments and Exchange Law. As of the time of disclosure of this quarterly earnings announcement, en-japan had not completed the quarterly financial statements review procedure based on the Financial Instruments and Exchange Law.
2. The forward-looking statements, including business results projections, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. See Page 3 “Qualitative Information Concerning Projected Operating Results” of the quarterly earnings announcement (Attachments) for the conditions used as assumptions and matters to note when using the projected operating results.

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Note: en-japan plans to hold a briefing for investors as shown below. en-japan will publish the materials distributed at the briefing promptly on the Company's website after the meeting.

Tuesday, August 10, 2010: Results briefing for institutional investors and analysts

Note: In addition to the briefing indicated above, en-japan occasionally holds briefings concerning its business and operating results for individual investors. Please confirm the schedule and other information concerning such meetings on en-japan's website.

## 1. Qualitative Information Concerning Quarterly Business Performance

## (1) Qualitative Information Concerning Operating Results

During the second quarter year-to-date period, Japan's economy was lifted by growth in China and other newly developing Asian countries and followed a gradual recovery trend, including improved corporate earnings as a result of an upturn in exports and recovering production. Nevertheless, unstable swings in the financial market that originated in concerns over deteriorating fiscal conditions in various European countries affected the global economy as well, and business activity remained under clouds of uncertainty regarding the future direction of the economy.

The unemployment rate, which briefly exhibited a positive trend, deteriorated from March and remained severe, and more time is expected to pass before employment conditions recover.

Given such conditions, en-japan launched its "Search-based Employment Solutions," an incentive fee job advertising service, on [en] Career Change Info, the Company's core job change information site. The new site has broadened services to existing clients, and contributed to new client development. The service also has led to growth in the number of job advertisements, and contributed significantly to improving the appeal of en-japan's website.

On [en] Job Info for Students, en-japan's job information site for students, the Company decided to provide specialized job information to middle-market, small and medium-sized and venture companies based on a site en-japan will open in October 2010 for students scheduled to graduate in March 2012. Although the percentage of university students who have received informal employment offers remains low, middle-market and small and medium-sized companies and venture firms have been unable to hire sufficient numbers of new graduates. To address this situation, en-japan strove to achieve optimum matching of middle-market, small and medium-sized and venture companies with university students. The Company conducted an aggressive promotion to elevate awareness of the site concept. As a result the site has received an empathic response from both firms and colleges, enabling the business to enjoy a smooth start.

In the Company's Education/Evaluation Business, en-japan's seminars for new employees continued to attract strong attendance since the first quarter. In addition, the number of user firms registered for [en] College, a members-only business education course, has increased steadily as well, helping to increase net sales in the Education/Evaluation Business 43.3% compared with the same period of the prior fiscal year.

As a result, net sales for the second quarter year-to-date accounting period under review were ¥4,221 million (a 19.6% year-on-year decrease), operating income was ¥477 million (a 131.9% year-on-year increase) and ordinary income was ¥505 million (a 155.6% year-on-year increase). Quarterly net income was ¥226 million, compared with a net loss of ¥87 million in the same quarterly period of the previous fiscal year.

A year-on-year comparison of quarterly sales by segment is presented below:

Category	FY Ending December 2009 Second Quarter (From January 1, 2009 to June 30, 2009)		FY Ending December 2010 Second Quarter (From January 1, 2010 to June 30, 2010)	
	Net Sales (thousand yen)	Share (%)	Net Sales (thousand yen)	Share (%)
Mid-Career Hiring Business				
[en] Career Change Info	2,028,714	38.6	1,970,926	46.7
[en] Career Change Consultant	786,383	15.0	442,954	10.5
[en] Temporary Placement Info	1,352,663	25.8	868,846	20.6
[en] Part-time Jobs	371,795	7.1	386,145	9.1
Other	43,723	0.8	42,595	1.0
New Graduate Hiring Business				
[en] Job Info for Students	495,482	9.4	281,428	6.7
Other	67,114	1.3	71,836	1.7
Education/Evaluation Business	104,221	2.0	149,381	3.5
Other Business	—	—	7,356	0.2
Total	5,250,099	100.0	4,221,472	100.0

(Note) 1. Values for net sales do not include consumption taxes or local consumption taxes.

2. "Other" under Mid-Career Hiring Business and New Graduate Hiring Business represents competency testing.

3. "Other Business" is a wedding business.

(2) Qualitative Information Concerning Financial Position

Assets, Liabilities and Net Assets

Total Assets at the end of the second quarter accounting period under review decreased by ¥1,126 million compared with the last day of the prior fiscal year to ¥12,938 million. This mainly reflected decreases in consumption taxes receivable and corporate and other tax refunds receivable.

Total Liabilities as of the end of the second quarter under review were ¥1,304 million, an increase of ¥202 million compared with the last day of the prior fiscal year. This mainly reflected increases in accrued corporate and other taxes payable and consumption and other taxes payable.

Total Net Assets decreased by ¥1,329 million compared with the last day of the prior fiscal year to ¥11,633 million. This mainly reflected an increase in treasury stock as a result of the introduction of a Share Benefit Trust (J-ESOP).

(Cash Flows from Operating Activities)

Cash flows from operating activities in the second quarter year-to-date period under review were ¥2,273 million, compared with cash flows used for operating activities of ¥405 million in the same quarter year-to-date period of the previous fiscal year. This consisted mainly of net income before taxes of ¥398 million and refunds of corporate and other taxes totaling ¥1,078 million.

(Cash Flows from Investing Activities)

Cash flows used for investing activities in the second quarter year-to-date period under review were ¥1,393 million, compared with cash flows provided by investing activities of ¥793 million in the same quarter year-to-date period of the previous fiscal year. This consisted mainly of ¥1,000 million used for the purchase of investment securities.

(Cash Flows from Financing Activities)

Cash flows used for financing activities in the second quarter year-to-date period under review were ¥1,593 million, an increase of 10.1% compared with the same quarter year-to-date period of the previous fiscal year. This consisted mainly of ¥1,399 million used for acquisition of treasury stock and ¥188 million used for payment of dividends.

(3) Qualitative Information Concerning Projected Operating Results

There are no revisions to the full-year operating results projections released by the Company on May 12, 2010.

## 2. Other Information

### (1) Summary of Simplified Accounting Method and Special Accounting Method

#### Method of calculating estimated balance of doubtful accounts for normal accounts

Because actual loss experience and other factors for the second quarter accounting period under review have not changed significantly from the values calculated at the end of the prior fiscal year, the Company used reasonable criteria such as the loan loss ratio for the prior fiscal year-end to calculate the estimated balance of doubtful accounts for normal accounts.

#### Method of calculating fixed assets depreciation expense

For assets depreciated using the declining balance method, the Company allocates the depreciation expense pertaining to the current fiscal year proportionally over the period.

#### Method of calculating corporate taxes, deferred tax assets, and deferred tax liability

To calculate its tax payment amount for corporate taxes the Company uses a method that limits tempering tax increase and decrease items and tax credits to material amounts.

When judging the possibility of recovery of deferred income tax assets, the Company uses the future operating results projections and tax planning that it utilized at the end of the prior fiscal year when it determines there have been no significant changes in the operating environment or major temporary differences since the end of the prior fiscal year. When it determines there have been significant changes in the operating environment or major temporary differences since the end of the prior fiscal year, the Company uses the future operating results projections and tax planning that it utilized at the end of the prior fiscal year, tempered for the effect of such significant changes.

### (2) Summary of Changes in Accounting Principles, Procedures and Reporting Methods

The Company had no material items to report.

## 3. Quarterly Financial Statements

## (1) Quarterly Balance Sheets

(Unit: Thousand yen)

	FY Ending December 2010 Second Quarter (As of June 30, 2010)	Previous Fiscal Year-end (As of December 31, 2009)
Assets		
Current Assets		
Cash and deposits	6,700,527	6,214,449
Notes and accounts receivable	938,891	980,393
Inventories	11,479	9,125
Consumption and other taxes receivable	–	266,184
Corporate and other tax refunds receivable	–	1,042,661
Other	258,697	207,523
Reserve for bad debts	–5,711	–13,844
Total Current Assets	7,903,885	8,706,494
Fixed Assets		
Tangible fixed assets	611,890	541,769
Intangible fixed assets	962,716	1,080,517
Investments and other assets		
Investment securities	2,147,989	1,154,030
Other	1,335,489	2,607,232
Reserve for bad debts	–23,826	–25,585
Total Investments and Other Assets	3,459,651	3,735,678
Total Fixed Assets	5,034,258	5,357,965
Total Assets	12,938,143	14,064,460
Liabilities		
Current Liabilities		
Accounts payable	20,071	38,226
Lease liabilities	12,999	12,190
Corporate and other taxes payable	221,055	–
Reserve for bonuses	89,085	78,969
Other	933,938	956,896
Total Current Liabilities	1,277,150	1,086,282
Long-term Liabilities		
Long-term accrued amount payable	14,656	–
Lease liabilities	12,608	15,191
Total Long-term Liabilities	27,264	15,191
Total Liabilities	1,304,415	1,101,473
Net Assets		
Shareholders' Equity		
Paid-in capital	969,057	968,495
Capital surplus	1,435,622	1,435,060
Retained earnings	12,495,708	12,455,834
Treasury stock	–3,438,187	–2,038,386
Total Shareholders' Equity	11,462,201	12,821,003
Valuation and Translation Adjustments		
Valuation difference on other investment securities	171,527	141,982
Total Valuation and Translation Adjustments	171,527	141,982
Total Net Assets	11,633,728	12,962,986
Total Liabilities and Net Assets	12,938,143	14,064,460

## (2) Quarterly Income Statements

2nd Quarter Year-to-Date

(Unit: Thousand yen)

	FY Ending December 2009 Second Quarter (From January 1, 2009 to June 30, 2009)	FY Ending December 2010 Second Quarter (From January 1, 2010 to June 30, 2010)
Net sales	5,250,099	4,221,472
Cost of sales	963,013	770,293
Gross income	4,287,085	3,451,179
Selling, general and administrative expenses		
Salaries and allowances	1,446,601	1,004,861
Advertising and public relations expenses	1,150,619	846,481
Other	1,483,789	1,121,961
Total selling, general and administrative expenses	4,081,010	2,973,304
Operating income	206,075	477,874
Non-operating income		
Interest received	14,863	11,418
Dividends received	18,500	22,500
Interest on refund of corporate and other taxes	—	29,551
Other	12,235	11,454
Total non-operating income	45,599	74,925
Non-operating expenses		
Loss from investment in LLC	41,854	33,355
Other	12,118	14,099
Total non-operating expenses	53,973	47,455
Ordinary income	197,700	505,344
Extraordinary income		
Reimbursement due to cancellation of insurance	84,807	—
Total extraordinary income	84,807	—
Extraordinary loss		
Loss on sale of fixed assets	561	—
Loss on disposal of fixed assets	84,292	60,840
Office relocation expenses	11,716	—
Loss on valuation of affiliated company stock	29,999	—
Valuation loss on investment securities	24,263	19,100
Special retirement allowance	236,184	—
Loss related to lawsuit	—	26,554
Total extraordinary loss	387,018	106,494
Net income (loss) before taxes	−104,509	398,849
Corporate, local and business taxes	2,020	215,455
Corporate tax adjustment	−19,338	−42,978
Total tax expense	−17,318	172,476
Net income (loss)	−87,191	226,373



## 2nd Quarter

(Unit: Thousand yen)

	FY Ending December 2009 Second Quarter (From April 1, 2009 to June 30, 2009)	FY Ending December 2010 Second Quarter (From April 1, 2010 to June 30, 2010)
Net sales	2,286,757	2,102,607
Cost of sales	414,184	366,353
Gross income	1,872,572	1,736,253
Selling, general and administrative expenses		
Salaries and allowances	681,861	502,490
Advertising and public relations expenses	467,060	516,245
Other	715,478	565,924
Total selling, general and administrative expenses	1,864,400	1,584,660
Operating income	8,171	151,593
Non-operating income		
Interest received	5,394	6,642
Dividends received	18,500	22,500
Interest on refund of corporate and other taxes	—	29,551
Other	5,106	3,504
Total non-operating income	29,001	62,198
Non-operating expenses		
Loss from investment in LLC	16,800	4,209
Other	9,419	9,209
Total non-operating expenses	26,220	13,419
Ordinary income	10,953	200,372
Extraordinary income		
Reimbursement due to cancellation of insurance	84,807	—
Total extraordinary income	84,807	—
Extraordinary loss		
Loss on sale of fixed assets	561	—
Loss on disposal of fixed assets	84,292	60,840
Office relocation expenses	11,678	—
Loss on valuation of affiliated company stock	29,999	—
Valuation loss on investment securities	24,263	1,222
Special retirement allowance	236,184	—
Total extraordinary loss	386,980	62,062
Net income (loss) before taxes	−291,219	138,309
Corporate, local and business taxes	−7,307	30,525
Corporate tax adjustment	−86,531	29,413
Total tax expense	−93,838	59,938
Net income (loss)	−197,380	78,371

Quarterly Statements of Cash Flows

(Unit: Thousand yen)

	FY Ending December 2009 Second Quarter (From January 1, 2009 to June 30, 2009)	FY Ending December 2010 Second Quarter (From January 1, 2010 to June 30, 2010)
Cash flows from operating activities		
Net income (loss) before taxes	-104,509	398,849
Depreciation expense	403,266	383,962
Increase (decrease) in reserve for bad debts	16,064	-9,891
Increase (decrease) in reserve for bonuses	-155,108	10,115
Interest and dividends received	-33,363	-33,918
Foreign exchange loss (gain)	-	989
Loss (gain) from investment in LLC	41,854	33,355
Loss (gain) on valuation of investment securities	24,263	19,100
Loss on valuation of affiliated company stock	29,999	-
Loss on sale of fixed assets	561	-
Loss on disposal of fixed assets	84,292	60,840
Special retirement allowance	236,184	-
Reimbursement due to cancellation of insurance	-84,807	-
Interest on refund of corporate and other taxes	-	-29,551
(Increase) decrease in accounts receivable	989,662	41,501
Increase (decrease) in accounts payable	-104,756	-18,155
Increase (decrease) in payments due	-435,806	106,123
(Increase) decrease in other current assets	-22,757	303,435
Increase (decrease) in other current liabilities	-496,617	-60,635
(Increase) decrease in other fixed assets	31,868	-47,589
Increase (decrease) in other long-term liabilities	-	14,656
Subtotal	420,292	1,202,741
Interest and dividends received	23,049	24,107
Corporate taxes paid	-612,580	-1,895
Refund of corporate and other taxes	-	1,078,543
Special retirement allowance paid	-236,184	-
Cash flows from operating activities	-405,423	2,273,945
Cash flows from investing activities		
Funds provided from maturity of time deposits	1,000,000	-
Cash used for acquisition of tangible fixed assets	-51,914	-232,068
Cash used for acquisition of intangible fixed assets	-278,518	-222,591
Cash used for purchase of investment securities	-387,500	-1,000,000
Cash provided from sale of investment securities	-	3,408
Cash provided from sale of affiliated company stock	-	56,190
Cash provided from return of deposit and guarantees	-	1,022
Cash used for accumulation of insurance reserve	-1,391	-
Funds provided from cancellation of insurance reserve	525,198	-
Cash used for other investing activities	-15,376	-15
Cash provided from other investing activities	2,818	175
Cash flows from investing activities	793,315	-1,393,879
Cash flows from financing activities		
Cash provided by issuance of stock	6,497	1,124
Cash used for acquisition of treasury stock	-484,629	-1,399,800
Cash used for dividend payment	-969,393	-188,596
Cash used for repayment of lease obligations	-	-6,712
Cash flows from financing activities	-1,447,525	-1,593,985
Translation adjustment to cash and equivalents	5	-2
Net increase (decrease) in cash and equivalents	-1,059,627	-713,921
Cash and equivalents at beginning of period	7,657,204	6,214,449
Cash and cash equivalents at end of period	6,597,577	5,500,527

(4) Notes Relating to the Going Concern Assumption

Second quarter year-to-date period under review (from January 1, 2010 to June 30, 2010)

There are no pertinent items.

(5) Notes on Significant Changes to Shareholders' Equity

At its Board of Directors meeting held on February 19, 2010, the Company resolved to introduce a Share Benefit Trust (J-ESOP) for the purposes of stimulating employees' incentive to increase the Company's stock price and operating results and improving morale by providing the Company's shares to employees as new benefit service, further strengthening the link between the stock price and the Company's operating results and enabling employees to share the economic effects with shareholders.

In conjunction with the introduction of this program, Trust & Custody Services Bank, Ltd. (Trust E Account) (referred to below as "the Trust E Account") acquired 12,000 shares of en-japan stock on April 1, 2010 for a total consideration of ¥1,399,800 thousand.

To account for the Share Benefit Trust, from the standpoint of emphasizing the economic reality en-japan will treat the Company and the Trust E Account as a single entity for accounting purposes, and will report the Company shares owned by the Trust E Account and the Trust E Account assets, liabilities, expenses and income by including these items in the Company's balance sheets, income statements and statements of cash flows.

As a result, for the second quarter year-to-date period treasury stock increased by ¥1,399,800 thousand and treasury stock at the end of second quarter accounting period under review was ¥3,438,187 thousand.

(6) Material Events after the Close of the Quarter

There are no pertinent items.