



en-japan inc.

## Fiscal Year Ended March 31, 2014, Earnings Announcement

[under Japanese GAAP] (Consolidated)

May 12, 2014

Company Name	en-japan inc.	Listing Exchanges	Tokyo Securities Exchange (Jasdaq Market)
Stock Code	4849	URL	<a href="http://corp.en-japan.com/">http://corp.en-japan.com/</a>
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Corporate Planning Division Director	(Name)	Masanobu Hasegawa Telephone +81-3-3342-4506
Regular General Shareholders' Meeting	June 25, 2014		
Scheduled date to begin dividend payments	June 26, 2014		
Scheduled date for submission of Securities Report	June 26, 2014		
Preparation of Summary Supplementary Explanatory Materials		Yes	
Earnings Briefing		Yes (for institutional investors)	

(Figures rounded down to nearest million yen)

### 1. FYE 03/2014 Consolidated Earnings (From April 1, 2013 to March 31, 2014)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 03/2014	16,755	23.5	3,441	23.6	3,747	31.9	2,789	80.4
FYE 03/2013	13,563	—	2,783	—	2,840	—	1,545	—

(Note) Comprehensive income FYE03/2014: 1,820 million yen (-13.6%) FYE03/2013: 2,108 million yen (-%)

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Assets	Operating Income to Sales
	Yen	Yen	%	%	%
FYE 03/2014	125.59	-	17.3	18.2	20.5
FYE 03/2013	69.74	69.71	10.7	16.4	20.5

(Reference) Equity in earnings (loss) of affiliates FYE 03/2014 60 million yen FYE 03/2013 37 million yen

(Notes) 1. Year-on-year changes between the fiscal year ended March 31, 2013 and 2012 are not shown above because they cover different months due to a change in the fiscal year-end during the fiscal year ended March 2012.

2. Fully diluted EPS for the fiscal year ended March 31, 2014 are not shown above because there are no dilutive shares.

3. The Company instituted a 100-for-1 stock split effective on October 1, 2013. Therefore, EPS and fully diluted EPS are calculated assuming that the stock split was instituted at the beginning of the previous consolidated fiscal year.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2014	22,733	17,186	75.0	761.38
FYE 03/2013	18,463	15,278	82.7	688.47

(Reference) Equity FYE 03/2014 17,061 million yen FYE 03/2013 15,278 million yen

### (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 03/2014	3,695	-1,165	-60	13,169
FYE 03/2013	2,772	329	-427	10,349

## 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 03/2013	—	0.00	—	1,950.00	1,950.00	456	28.0	3.0
FYE 03/2014	—	0.00	—	24.50	24.50	578	19.5	3.4
FYE 03/2015 (projected)	—	0.00	—	28.50	28.50		28.5	

(Note) 1. The Company instituted a 100-for-1 stock split effective on October 1, 2013 and made the share unit 100 shares. Dividend per share at the end of the fiscal year ended March 31, 2013 shows the actual dividend before the stock split.

2. For the dividend of the fiscal year ended March 31, 2014, 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 9 of the Attachments.

## 3. FY Ending March 2015 Projected Consolidated Operating Results (From April 1, 2014 to March 31, 2015)

(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		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	9,080	21.3	1,660	2.7	1,680	-8.0	1,000	-56.9	44.63
Full year	19,200	14.6	3,950	14.8	3,970	5.9	2,240	-19.7	99.96

### \*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): 2

Addition (Name) en-Asia holdings Limited  
Navigos Group, Ltd.

(Note) In addition to the above, seven overseas subsidiaries and one domestic subsidiary have been added to the scope of consolidation, although these companies are not specified subsidiaries. For details, refer to “4. Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements (Basis of Preparing the Consolidated Financial Statements) on page 22 of the Attachments.

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

- |  |    |
|--|----|
| a. Changes in accounting policy accompanying amendment of accounting principles: | No |
| b. Changes in accounting policy other than “a.”:                                 | No |
| c. Changes in accounting estimates:  | No |
| d. Restatement due to correction   | No |

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

- a. Number of shares issued at fiscal year-end (including treasury stock)

FYE 03/2014 24,858,000 shares FYE 03/2013 24,641,800 shares

- b. Number of shares of treasury stock at fiscal year-end

FYE 03/2014 2,450,000 shares FYE 03/2013 2,450,000 shares

- c. Average number of shares issued during the period

FYE 03/2014 22,209,751 shares FYE 03/2013 22,165,500 shares

(Note) The Company instituted a 100-for-1 stock split effective on October 1, 2013 and made the share unit 100 shares. Number of shares issued at the end of the period (including treasury stock), number of treasury stocks at the end of period, and average number of shares issued during the period are calculated assuming that the stock split was implemented at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Operating Results

1. FYE 03/2014 Non-Consolidated Earnings (From April 1, 2013 to March 31, 2014)

(1) Non-Consolidated Operating Results

(Percentages indicate percent change from the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 03/2014	12,041	13.3	3,017	22.0	3,541	23.3	2,915	72.0
FYE 03/2013	10,631	–	2,473	–	2,871	–	1,695	–

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 03/2014	131.27	–
FYE 03/2013	76.48	76.45

(Notes) 1. Year-on-year changes between the fiscal year ended March 31, 2013 and 2012 are not shown above because they cover different months due to a change in the fiscal year-end in the fiscal year ended March 31, 2012.

2. Fully diluted EPS for the fiscal year ended March 31, 2014 are not shown above because there are no dilutive shares.

3. The Company instituted a 100-for-1 stock split effective on October 1, 2013. Therefore, EPS and fully diluted EPS are calculated assuming that the stock split was instituted 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 03/2014	21,270	17,163	80.7	765.94
FYE 03/2013	17,741	15,292	86.2	689.11

(Reference) Equity FYE 03/2014 17,163 million yen FYE 03/2013 15,292 million yen

2. FY Ending March 2015 Projected Non-Consolidated Operating Results (From April 1, 2014 to March 31, 2015)

(Percentage for the full year indicates percentage change from prior fiscal year and percentage for the second quarter [year-to-date] indicates changes from the same period of the prior fiscal year.)

	Net Sales		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	6,120	12.2	1,670	–13.2	1,180	54.1	52.66
Full year	13,170	9.4	3,750	5.9	2,330	–20.1	103.98

[Notice regarding audit procedures]

This earnings announcement is excluded from audit procedures based on the Financial Instruments and Exchange Act. As of the time of disclosure of this earnings announcement, en-japan had not completed the financial statements audit procedure based on the Financial Instruments and Exchange Act.

[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.

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## 1. Analysis of Business Performance and Financial Position

### (1) Analysis of Business Performance

The Company added nine overseas affiliates and one domestic affiliate to the scope of consolidation from the fiscal year ended March 31, 2014.

#### Qualitative Information on Consolidated Operating Results

During the fiscal year ended March 31, 2014, Japan's economy as a whole continued to recover, supported by improved corporate earnings as various economic measures taken by the government took effect, despite an uncertain economic outlook stemming from such concerns as the impacts of a consumption tax increase on the real economy and slower economic growth at emerging countries.

The employment environment also continued to improve throughout the fiscal year with the jobs-to-applicant ratio recovering to 1.07 in March 2014 for the first time since June 2007.

Under these circumstances, the en-japan Group continued to reinforce marketing of its mainstay website [en] Career Change Info to new customers and stepped up efforts to enhance the content of its media by improving the quality of advertisements and organizing various events. In addition, in April 2013, the Company launched the job placement service [en] PARTNER and strengthened the organization and personnel structure to build the foundations for future growth.

Furthermore, with the job market becoming more buoyant, the Group undertook an active advertising campaign, which included posting advertisements in stations and trains, in addition to newspaper advertisements, to increase awareness of en-japan among job seekers.

Concerning overseas development, en-japan's basic policy is to promote international expansion through M&A mainly in Asia. Based on this policy, the Group acquired Navigos Group, Ltd., the largest job placement firm and manager of a job advertising website in Vietnam, in April 2013, and Capstone Group Recruitment and Consulting (Thailand) Ltd., a leading job placement firm in Thailand, in December 2013.

As a result, the Company recorded net sales of ¥16,755 million (up 23.5% on a year-on-year basis), operating income of ¥3,441 million (up 23.6% on a year-on-year basis), ordinary income of ¥3,747 million (up 31.9% on a year-on-year basis), and net income of ¥2,789 million (up 80.4% on a year-on-year basis) for the fiscal year ended March 31, 2014.

Operating results by segment are as follows. Net sales include internal sales and intersegment transfers.

#### 1) Mid-career Hiring Business

In [en] Career Change Info, the number of job listings, as well as unit price, increased year-on-year due to stronger demand for job advertising and progress made on sales activities to new customers. In addition, at the job placement service [en] PARTNER, the number of people who joined new companies and net sales grew significantly quarter-on-quarter. As a result, net sales of [en] Career Change Info exceeded those of the previous fiscal year.

[en] Career Change Consultant posted net sales above those in the preceding fiscal year, due to an increase in job listings on the back of a recovering job placement market and an improved and expanded service lineup.

At [en] Temporary Placement Info, orders received from temporary staffing companies grew as corporate demand to hire temporary staff continued to be strong, and the number of company listings increased as the Company reinforced its marketing to acquire new corporate customers. As a result, net sales grew from the previous fiscal year.

At [en] New Career Challenges, which covers the hiring needs of temporary staffing companies for young applicants with little working experience, net sales exceeded the plan due to strong demand from sales positions, among other factors.

At [en] Temp to Perm Info, which covers temporary to permanent hiring needs of temporary staffing companies, net sales increased steadily, reflecting increasing demand for such a service, particularly among large temporary staffing firms.

Net sales at en World Japan K.K. grew from the previous fiscal year as hiring demand from global client companies remained firm, and the Company succeeded in increasing the number of its human resources and improving their quality.

Since the fiscal year ended March 31, 2014, the operating results of overseas businesses have been incorporated as the Company included overseas subsidiaries in the scope of consolidation.

As a result, net sales were ¥14,827 million (up 26.2% on a year-on-year basis), and operating income was ¥3,341 million (up 26.5% on a year-on-year basis) for the fiscal year ended March 31, 2014.

## 2) New Graduate Hiring Business

Improved business sentiment stimulated new graduate hiring activities of firms. In response, the Company conducted an aggressive campaign to promote [en] Job Info for Students 2015, which is targeted at students graduating in March 2015. As a result, the number of both members and applications per listed company grew from the preceding fiscal year. Nonetheless, on the operation front, net sales declined from the previous fiscal year because the Company was unable to receive orders as forecasted due to intensified competition.

As a result, net sales were ¥1,346 million (down 9.3% on a year-on-year basis) and operating loss was ¥33 million yen (operating income of ¥133 million in the previous fiscal year) for the fiscal year ended March 31, 2014.

As announced on February 24, 2014, the Company will terminate the management service [en] Job Info for Students website on March 31, 2015. In the future, the Company will change the business model and offer various services to assist hiring and job-seeking activities targeted at new graduates based on the new business plan.

## 3) Education/Evaluation Business

At en-College, a flat-rate training service, number of corporate members and net sales grew from the preceding fiscal year as the Company took a variety of measures targeted at improving repeat rates and made progress in service development in Osaka.

In addition, the performance of a newly consolidated subsidiary, Cbase Corporation, was favorable, and net sales exceeded the plan.

As a result, net sales were ¥636 million (up 115.9% on a year-on-year basis), and operating income was ¥132 million (up 204.4% on a year-on-year basis)

### (Outlook for the Next Fiscal Year)

We expect Japan's economy to continue recovering moderately during the fiscal year ending March 31, 2015 because policy measures taken by the government are anticipated to continue taking effect, despite concerns that the consumption tax increase will have a negative impact on the real economy. Overseas, steady growth is also expected, despite the risk of an economic slowdown and unstable political conditions in emerging countries.

We also foresee that the employment environment will continue recovering as some markets experience structural shortages of human resources, and hiring needs of firms seeking further growth in the future remain robust.

The en-japan Group will work to enhance the quality of its services as a company specializing in services that contribute to hiring personnel and helping those newly hired to succeed, and to make its international operations profitable.

Consequently, the Group projects net sales of ¥19,200 million, operating income of ¥3,950 million, ordinary income of ¥3,970 million, and net income of ¥2,240 million on a consolidated basis for the fiscal year ending March 31, 2015.

## (2) Analysis of Financial Position

### 1) Assets, Liabilities and Net Assets

Total assets at the fiscal year ended in March 2014 increased by ¥4,269 million compared with the end of the previous fiscal year to ¥22,733 million. Current assets increased ¥3,517 million to ¥15,813 million. This was mainly due to increases of cash and deposits of ¥1,820 million, notes and accounts receivable – trade of ¥492 million and securities of ¥1,000 million. Noncurrent assets also rose ¥752 million to ¥6,920 million. This was primarily attributable to an increase of goodwill and other intangible assets of ¥2,585 million following acquisition of a subsidiary's shares that changed the scope of consolidation, as well as a decrease of investment securities by 1,825 million due to the disposal of shares owned by the Company.

Total liabilities were ¥5,546 million, an increase of ¥2,361 million compared with the end of the previous fiscal year. Current liabilities increased ¥2,625 million to ¥5,179 million. This mainly stemmed from increases of income taxes payable of ¥1,421 million and accounts payable- other of ¥717 million. Noncurrent liabilities declined ¥264 million to ¥367 million. This was primarily due to a decrease of deferred tax liabilities of ¥310 million.

Total net assets were ¥17,186 million, up by ¥1,908 million compared with the end of the previous fiscal year. This was mainly attributable to increases of retained earnings of ¥2,224 million, as well as capital stock and a capital surplus of ¥208 million, each following the exercising of stock options by the Company, and a decrease of valuation difference on available-for-sale securities of ¥1,029 million.

### 2) Cash Flow

Cash and cash equivalents at end of period for the fiscal year ended March 31, 2014 grew ¥2,820 million from the previous fiscal year to ¥13,169 million.

#### (Net cash provided by (used in) operating activities)

Net cash provided by operating activities in the fiscal year ended March 31, 2014 was ¥3,695 million compared to the previous fiscal year of ¥2,772 million. This was due to the posting of income before income taxes and minority interests of ¥4,861 million and non-cash items that have a positive impact to cash flow, including depreciation of ¥591 million, amortization of goodwill of ¥252 million, and impairment losses of ¥470 million, as well as the registering of a gain on sales of investment securities of ¥2,030 million, which had a negative impact on operating cash flow because it was transferred to net cash provided by investing activities, and income taxes paid of ¥995 million.

#### (Net cash provided by (used in) investing activities)

Net cash used in investing activities during the fiscal year ended March 31, 2014 was ¥1,165 million compared to net cash provided in the amount of ¥329 million during the previous fiscal year. Major components were ¥757 million for the purchase of intangible assets for the website renewal, etc., ¥2,636 million for proceeds from sales and redemption of investment securities, and ¥2,155 million for the purchase of investments in subsidiaries, resulting in a change in the scope of consolidation.

#### (Net cash provided by (used in) financing activities)

Net cash used in financing activities during the fiscal year ended March 31, 2014 amounted to ¥60 million compared to ¥427 million used in the previous fiscal year. This was primarily due to proceeds from the issuance of common stock due to the exercising of stock options of ¥417 million and cash dividends paid of ¥434 million.

#### (Reference) Cash Flow Indicators

	FYE 12/10	FYE 03/12	FYE 03/13	FYE 03/14
Equity ratio (%)	84.1	84.4	82.7	75.0
Equity ratio based on market capitalization (%)	172.5	130.2	150.1	180.9
Cash flows/Interest-bearing debt ratio (%)	-	-	-	-
Interest coverage ratio (times)	-	-	-	-

#### (Notes)

Each indicator is calculated based on the following criteria.

Equity Ratio:  $\text{Equity} / \text{Total assets}$

Equity ratio based on market capitalization:  $\text{Market capitalization} / \text{Total assets}$

Cash flows/Interest-bearing debt ratio:  $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio:  $\text{Operating cash flow} / \text{Interest payment}$

Market capitalization is calculated as follows:

$[\text{Closing stock price at fiscal year-end}] \times [\text{Number of shares issued at fiscal year-end (net of treasury stock)}]$

As the consolidated financial statements have been prepared starting from the fiscal year ended in December 2010, the figures before the fiscal year ended in December 2010 are not shown in the table above.



(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.

Concerning the year-end dividend for the fiscal year ended March 31, 2014, the Company believes that the impact of extraordinary income and loss on net income has been excessive; therefore, net income does not accurately reflect the Company's operating performance. With a view to correctly linking the Company's earnings to dividend payment, the Company decided to calculate dividend based on the growth rate of ordinary income announced today from the ordinary income target announced in May 10, 2014. As a result, the Company decided to pay a year-end dividend of ¥24.5 per share for the fiscal year ended March 31, 2014. The dividend payout ratio calculated based on the above method is 30.4%.

Next fiscal year, the Company plans to pay a year-end dividend of ¥28.5 per share based on this policy.

(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.

(a) Management Risks

(i) 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 changes in the economic environment are beyond the expectations of the Group.

(ii) Business lines

The en-japan Group is currently focusing on areas where it can make use of the expertise and brand strength it has built until now as a company specializing in offering services that contribute to hiring personnel and helping those newly hired to succeed. The Group plans to adhere to this policy for the time being. 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.

(iii) M&A

In an effort to promote business expansion, the en-japan Group pursues M&A activities mainly in its human resources-related business. 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.

(iv) 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.

(v) Dependence on Representative Directors

Michikatsu Ochi, Chairman and Representative Director, and Takatsugu Suzuki, President and Representative Director, are concurrently responsible for the formulation of overall management policies and business strategies of the Group, as well as the management of a specific business division, 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.

(vi) 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.

(vii) 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.

(b) Business Risks

(i) 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.

(ii) 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.

(iii) 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.

(c) Legal and Regulatory Risks

(i) 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.

(ii) 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. Further, in the event an investigation by the Labor Standards Supervision Office results in administrative guidance, this might have a negative effect on the management of the Group and on the Group's operating performance.

(iii) Protection of personal information

As a company offering services that contribute to hiring personnel and helping those newly hired to succeed, en-japan recognizes the extreme importance of appropriately managing personal information during the course of its business activities to ensure the prevention of leaks and misuse or alteration of information. We have implemented aggressive measures to create a personal information protection management system. As a result, the Company received the Privacy Mark certification from the Japan Information Processing and Development Corporation on March 22, 2001, subsequently continued to renew the

certification, and maintains certification at present.

To ensure information security, personal information is encrypted during transmission and managed according to strict standards at a 24-hour data center equipped with robust and up-to-date security equipment. Moreover, access to data stored on Company servers is strictly limited to certain employees. In the event of a serious problem such as a leak of personal information from a Web site managed by en-japan, there is a danger that legal responsibility could be imposed on the Company regardless of its contractual obligations. Even if the Company is not charged with legal responsibility, issues connected with personal data management could potentially damage the Company's brand image and have a negative impact on the Company's business and/or earnings.

(iv) Special statutory regulations

Human resources-related businesses are obligated to publicly announce accurate information, including worker recruitment methods and working conditions as defined by the Employment Security Act. en-japan's businesses are also subject to regulations that include provisions governing equal pay for men and women as set forth by the Labor Standards Act, the protection of minimum wages by region or industry under the Act, and regulations regarding false or exaggerated representations as set forth by the Consumer Protection Act. These legal regulations could restrict the Group's business. Furthermore, various other regulations including the Worker Dispatching Act and the Ethical Charter for new graduates hiring defined by KEIDANREN (Japan Business Foundation) that impact the businesses of clients of the Group may lead us to also establishing a structure to accommodate such rules, which may have an effect on the operating performance of the Group.

To build a relationship of trust with our users, the Group maintains strict compliance with these laws and regulations when doing business and fully informs clients of the purposes of these laws and regulations. If, for some reason, Group systems do not function adequately to prevent a violation of these laws and regulations, this could result in a loss of trust and reassurance among service users and have an adverse effect on the Group's business and relationships.

en-japan inc. was certified as an employment agency under the Employment Security Act in November 2000. The Group's earnings could be negatively affected if the Group is unable to renew certification, or if certification is revoked.

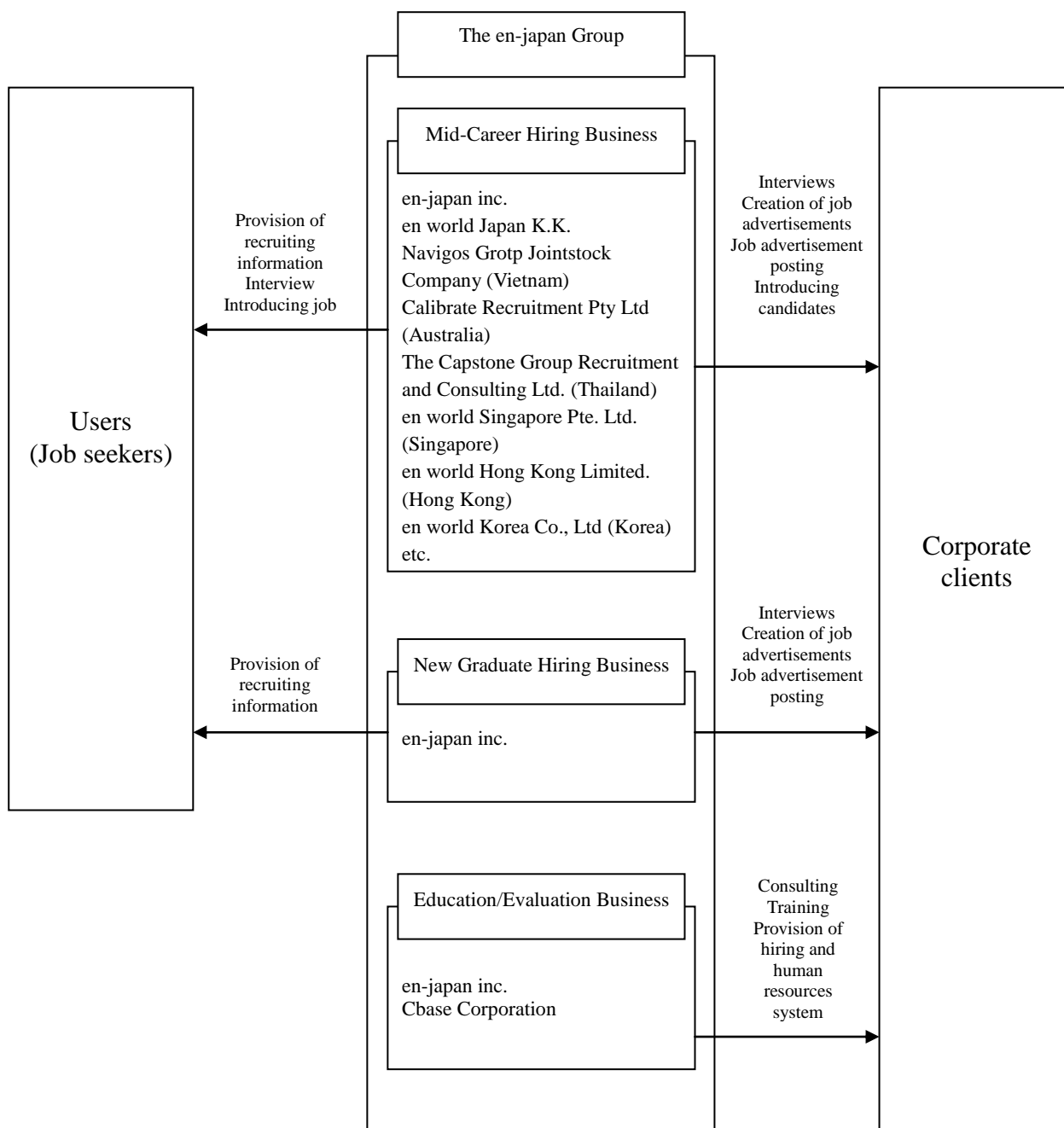
(v) Major natural disasters and accidents

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.

(5) Significant Events, etc. Relating to the Going Concern Assumption

The Company had no material items to report.

## 2. Current Conditions of the Corporate Group



(Note) As announced on February 24, 2014, the Company will terminate the management services of [en] Job Info for Students website and change the business model. Following the change, the Company will change the segmentation of its business to “Hiring Business” and “Education/Evaluation Business” from the fiscal year ending March 31, 2015

### 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 to succeed, and mainly specializes 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 based by emphasizing individuality, social justice, and profitability; and, due to this policy the Company has been able to establish a dominant position.

Going forward, we will work to keep growing by providing services that consistently achieve hiring of individuals who fit better to the respective organizations and businesses and ensure such individuals can demonstrate competence and stay with the companies they joined.

#### (2) Target Management Indices

The en-japan Group believes that providing high-quality services will translate into greater recognition among job seekers and corporate clients, leading to improvements in net sales, operating income to sales ratio, and ordinary income to sales ratio. The Group, therefore, positions these three parameters as significant management indices and will work to enhance them towards the ultimate purpose of maximizing corporate value in middle to long term.

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

The Group expects that Japan's economy will not experience significant growth in the future due to declining population; therefore, competition among domestic firms will intensify further.

For this reason, more companies are developing businesses overseas, making their human resource hiring needs more diversified and, at the same time, making them more selective when hiring new employees.

Recognizing these circumstances, the en-japan Group is working to strengthen its foundations in Japan by expanding its service line-up centering on job placement, and is also reinforcing its international operations.

In August 2010, the Group made en world Japan K.K., a company engaged in job placement and temporary staffing services to multinational companies in Japan, a wholly-owned subsidiary. In April 2013, a job placement service [en] PARTNER was also launched by the main entity of the en-japan Group.

The Company is working to achieve the further growth of its domestic operations by strengthening job placement services, in addition to the core business of recruitment website management.

Overseas, the Group operates recruitment websites and provides job placement services mainly in Asia. The region is expected to see stronger economic growth compared to Japan, and demand for human resources-related services is likely to expand further centering on countries with a lower average age. With a view to achieving mid- to long-term growth, the Group will continue enhancing its overseas operations.

Given that the Group operates not only a hiring business that accounts for the majority of its net sales but also an education/evaluation business, the Group will make full use of its expertise in such businesses to become a provider of services that enable job seekers to join companies and assist them to demonstrate their competence after being recruited.

#### (4) Other Important Matters for Management of the Company

No material matters to report

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2013)	Current Fiscal Year (As of March 31, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	10,349,167	12,169,219
Notes and accounts receivable—trade	1,340,466	1,832,513
Securities	-	1,000,000
Supplies	11,715	15,043
Deferred tax assets	278,490	498,676
Other	336,031	312,301
Allowance for doubtful accounts	-19,577	-14,247
Total current assets	12,296,293	15,813,507
Noncurrent assets		
Property, plant and equipment		
Buildings	296,517	384,126
Accumulated depreciation	-90,530	-162,143
Buildings, net	205,987	221,983
Vehicles	471	-
Accumulated depreciation	-471	-
Vehicles, net	0	-
Furniture and fixtures	984,850	1,009,088
Accumulated depreciation	-801,870	-820,085
Furniture and fixtures, net	182,980	189,003
Lease assets	135,777	131,073
Accumulated depreciation	-53,417	-90,503
Lease assets, net	82,360	40,570
Construction in progress	26,009	-
Total property, plant and equipment	497,337	451,556
Intangible assets		
Software	729,531	705,355
Goodwill	1,301,141	3,328,770
Other	63,612	745,620
Total intangible assets	2,094,284	4,779,746
Investments and other assets		
Investment securities	2,289,226	463,257
Long-term loans receivable	9,279	5,646
Deferred tax assets	2,667	231,350
Stocks of subsidiaries and affiliates	836,489	327,106
Other	439,288	664,851
Allowance for doubtful accounts	-880	-3,268
Total investments and other assets	3,576,072	1,688,944
Total noncurrent assets	6,167,694	6,920,247
Total assets	18,463,988	22,733,755

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2013)	Current Fiscal Year (As of March 31, 2014)
Liabilities		
Current liabilities		
Accounts payable—trade	41,697	65,039
Lease obligations	43,879	27,006
Income taxes payable	469,094	1,890,233
Accounts payable—other	838,726	1,556,348
Provision for bonuses	525,289	593,920
Reserve for directors' bonuses	12,000	14,631
Provision related to termination of website service	-	182,060
Other	622,834	849,863
Total current liabilities	2,553,522	5,179,103
Noncurrent liabilities		
Long-term accounts payable—other	102,850	151,915
Asset retirement obligations	55,497	75,957
Long-term loans payable	-	3,198
Deferred tax liabilities	432,674	122,669
Lease obligations	41,039	14,033
Total noncurrent liabilities	632,062	367,774
Total liabilities	3,185,584	5,546,878
Net assets		
Shareholders' equity		
Capital stock	986,144	1,194,993
Capital surplus	1,452,708	1,661,558
Retained earnings	15,219,016	17,443,127
Treasury stock	-3,438,187	-3,438,187
Total shareholders' equity	14,219,682	16,861,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,042,266	12,480
Foreign currency translation adjustment	16,455	187,122
Total accumulated other comprehensive income	1,058,722	199,602
Minority interests	-	125,782
Total net assets	15,278,404	17,186,877
Total liabilities and net assets	18,463,988	22,733,755

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

(Thousand yen)

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Net sales	13,563,682	16,755,178
Cost of sales	1,931,807	1,921,681
Gross profit	11,631,875	14,833,496
Selling, general and administrative expenses		
Advertising expenses	1,739,033	2,578,832
Salaries and allowances	2,972,272	3,536,353
Bonuses	768,680	980,654
Other	3,368,462	4,296,306
Total selling, general and administrative expenses	8,848,450	11,392,146
Operating income	2,783,425	3,441,350
Non-operating income		
Interest income	11,865	14,293
Dividends income	36,374	37,500
Foreign exchange gains	-	167,132
Gain on investments in partnership	-	70,549
Equity in earnings of affiliates	37,605	60,173
Miscellaneous income	12,596	11,742
Total non-operating income	98,442	361,391
Non-operating expenses		
Loss on valuation of securities	-	18,680
Transfer expenses	14,392	21,339
Miscellaneous loss	27,022	15,258
Total non-operating expenses	41,415	55,277
Ordinary income	2,840,452	3,747,463
Extraordinary income		
Gain on sales of investment securities	12,973	2,030,865
Gain on sales of subsidiaries and affiliates' stocks	58,122	-
Total extraordinary income	71,095	2,030,865
Extraordinary loss		
Loss on retirement of noncurrent assets	*1 25,422	*1 40,701
Loss related to termination of website service	-	*2 190,718
Loss on valuation of stocks of subsidiaries and affiliates	-	166,147
Loss on valuation of investment securities	24,046	48,200
Impairment loss	-	*3 470,816
Total extraordinary loss	49,469	916,585
Income before income taxes and minority interests	2,862,078	4,861,744
Income taxes—current	1,078,442	2,343,089
Income taxes—deferred	237,766	-291,478
Total income taxes	1,316,209	2,051,611
Income before minority interests	1,545,868	2,810,133
Minority interests in income	-	20,719
Net income	1,545,868	2,789,413



Consolidated Statements of Comprehensive Income

(Thousand yen)

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Income before minority interests	1,545,868	2,810,133
Other comprehensive income		
Valuation difference on available-for-sale securities	535,127	-1,029,785
Foreign currency translation adjustment	-	-3,367
Share of other comprehensive income of associates accounted for by equity method	27,173	43,465
Total other comprehensive income	*1 562,300	*1 -989,687
Comprehensive income	2,108,169	1,820,445
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,108,169	1,799,726
Comprehensive income attributable to minority interests	-	20,719

(3) Consolidated Statements of Changes in Net Assets  
Prior fiscal year (from April 1, 2012 to March 31, 2013)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	977,812	1,444,376	14,101,568	-3,438,187	13,085,570
Changes of items during the period					
Issuance of new shares	8,332	8,331			16,664
Dividends from surplus			-409,993		-409,993
Net income			1,545,868		1,545,868
Decrease in surplus from newly consolidated subsidiary			-18,427		-18,427
Net changes of items other than shareholders' equity					
Total changes of items during the period	8,332	8,331	1,117,447	-	1,134,111
Balance at the end of current period	986,144	1,452,708	15,219,016	-3,438,187	14,219,682

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the current period	507,138	-10,717	496,421	-	13,581,991
Changes of items during the period					
Issuance of new shares					16,664
Dividends from surplus					-409,993
Net income					1,545,868
Decrease in surplus from newly consolidated subsidiary					-18,427
Net changes of items other than shareholders' equity	535,127	27,173	562,300	-	562,300
Total changes of items during the period	535,127	27,173	562,300	-	1,696,412
Balance at the end of current period	1,042,266	16,455	1,058,722	-	15,278,404

Current fiscal year (from April 1, 2013 to March 31, 2014)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	986,144	1,452,708	15,219,016	-3,438,187	14,219,682
Changes of items during the period					
Issuance of new shares	208,849	208,849			417,698
Dividends from surplus			-432,740		-432,740
Net income			2,789,413		2,789,413
Decrease in surplus from newly consolidated subsidiary			-132,562		-132,562
Net changes of items other than shareholders' equity					
Total changes of items during the period	208,849	208,849	2,224,111	-	2,641,809
Balance at the end of current period	1,194,993	1,661,558	17,443,127	-3,438,187	16,861,491

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the current period	1,042,266	16,455	1,058,722	-	15,278,404
Changes of items during the period					
Issuance of new shares					417,698
Dividends from surplus					-432,740
Net income					2,789,413
Decrease in surplus from newly consolidated subsidiary					-132,562
Net changes of items other than shareholders' equity	-1,029,785	170,666	-859,119	125,782	-733,336
Total changes of items during the period	-1,029,785	170,666	-859,119	125,782	1,908,472
Balance at the end of current period	12,480	187,122	199,602	125,782	17,186,877

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,862,078	4,861,744
Depreciation	616,617	591,685
Amortization of goodwill	170,032	252,093
Impairment losses	-	470,816
Increase (decrease) in allowance for doubtful accounts	1,007	-2,941
Increase (decrease) in provision for bonuses	110,663	87,082
Increase (decrease) in reserve for directors' bonuses	23,573	-20,768
Increase (decrease) in provision related to termination of website service	-	182,060
Interest and dividends income	-48,240	-51,793
Foreign exchange losses (gains)	-4,992	-167,132
Loss (gain) on equity in earnings of affiliates	-37,605	-60,173
Loss (gain) on sales of investment securities	-12,973	-2,030,865
Loss (gain) on investments in partnership	-	-70,549
Loss (gain) on valuation of securities	-	18,680
Loss (gain) on valuation of investment securities	24,046	48,200
Loss (gain) on sales of stocks of subsidiaries and affiliates	-58,122	-
Loss (gain) on valuation of stocks of subsidiaries and affiliates	-	166,147
Loss on retirement of noncurrent assets	25,422	40,701
Decrease (increase) in notes and accounts receivable—trade	-25,233	-344,743
Increase (decrease) in notes and accounts payable—trade	7,746	23,342
Increase (decrease) in accounts payable—other	-205,851	671,435
Decrease (increase) in other current assets	-24,689	190,589
Increase (decrease) in other current liabilities	11,982	88,642
Decrease (increase) in other noncurrent assets	-26,907	-416,887
Increase (decrease) in other noncurrent liabilities	118,897	69,614
Subtotal	3,527,453	4,596,982
Interest and dividends income received	107,083	91,068
Income taxes paid	-880,435	-995,796
Income taxes refund	18,176	3,192
Net cash provided by (used in) operating activities	2,772,278	3,695,447

(Thousand yen)

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	150,000	-
Purchase of property, plant and equipment	-92,075	-223,175
Purchase of intangible assets	-530,448	-757,115
Purchase of investment securities	-	-377,450
Proceeds from sales and redemption of investment securities	772,103	2,636,469
Purchase of stocks of subsidiaries and affiliates	-131,359	-
Proceeds from sales of stocks of subsidiaries and affiliates	322,900	-
Cash used for purchase of investments in subsidiaries	-	-100,740
Purchase of shares of subsidiaries resulting in change in scope of	-	*2 -2,155,382
Payments for lease and guarantee deposits	-26,824	-97,548
Proceeds from collection of lease and guarantee deposits	1,655	42,093
Purchase of insurance funds	-6,456	-7,936
Payments of loans receivable	-136,207	-150,230
Collection of loans receivable	6,478	25,135
Other proceeds	-	96
Net cash provided by (used in) investing activities	329,765	-1,165,782
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	16,664	417,698
Cash dividends paid	-408,697	-434,397
Repayments of lease obligations	-35,378	-43,879
Net cash provided by (used in) financing activities	-427,412	-60,578
Effect of exchange rate change on cash and cash equivalents	-11,520	194,487
Net increase (decrease) in cash and cash equivalents	2,663,110	2,663,573
Cash and cash equivalents at beginning of period	7,665,613	10,349,167
Increase in cash and cash equivalents from newly consolidated subsidiary	20,443	156,478
Cash and cash equivalents at end of period	*1 10,349,167	*1 13,169,219

(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: 11

Name of company: en world Japan K.K.  
en-Asia holdings Limited  
en world Singapore Pte. Ltd.  
en world Hong Kong Limited.  
Cbase Corporation  
Calibrate Recruitment Pty Ltd  
en world Korea Co., Ltd  
Navigos Group, Ltd.  
Navigos Group Joint Stock Company  
The Capstone Group Recruitment and Consulting (Thailand) Ltd.  
En Holdings (Thailand) Ltd.

From the fiscal year ended March 31, 2014, en-Asia holdings Limited and five other companies, which were unconsolidated subsidiaries in the previous fiscal year, have been added to the scope of consolidation as their significance increased.

In addition, Navigos Group, Ltd., Navigos Group Joint Stock Company, The Capstone Group Recruitment and Consulting (Thailand) Ltd., and En Holding (Thailand) Ltd. were added to the scope of consolidation from the fiscal year ended March 31, 2014 as the Company acquired their shares.

Since the date on which the Company is deemed to have acquired shares of The Capstone Group Recruitment and Consulting (Thailand) Ltd. and En Holdings (Thailand) Ltd. is the end of December 2013, the Group has consolidated their balance sheets only in the fiscal year ended March 31, 2014.

(2) Names of unconsolidated subsidiaries:

Talent Alliance (Beijing) Technology Development Limited,  
Bake de Nature Corporation,  
Zhiyuan Human Resource Management Service,  
Global Education, Inc.,  
(Reason for exclusion from consolidation).

Unconsolidated subsidiaries are excluded from the scope of consolidation because the impacts of their total assets, net sales, net income (loss), and retained earnings on the consolidated financial statements are not material.

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:

Bake de Nature Corporation,  
Zhiyuan Human Resource Management Service,  
Global Education, Inc.,

Affiliates:

Lacras Corporation

(Reason for not applying the equity method)

The unconsolidated subsidiaries and affiliates above that are not accounted for by the equity method are excluded from the application of the equity method because their income (loss) and retained earnings have no significant impact on the consolidated financial statements, and they are immaterial 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	
Calibrate Recruitment Pty Ltd	June 30	Note 1
Navigos Group, Ltd.	December 31	Note 2
Navigos Group Joint Stock Company	December 31	Note 2
The Capstone Group Recruitment and Consulting (Thailand) 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, that 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

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) Valuation of 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: 9–25 years

Vehicles: 2 years

Furniture and fixtures: 5–20 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.

Of finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee, those for which the commencement day of the lease transaction is prior to December 31, 2008, are accounted for as ordinary rental transactions.

(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.

(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.



(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, 2013)	Current fiscal year (As of March 31, 2014)
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 Noncurrent Assets

	Prior fiscal year (from April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Buildings	7,814 thousand yen	2,991 thousand yen
Furniture and fixtures	9,420 thousand yen	3,776 thousand yen
Software	8,187 thousand yen	33,933 thousand yen

\*2 Loss related to termination of website service

Loss incurred by terminating website management service.

\*3 Impairment Losses

Current fiscal year (from April 1, 2013 to March 31, 2014)

The Company recognized impairment losses for the asset group described below.

(1) Outline of asset group for which the Company recognized impairment losses

Purpose of use	Type	Location
Mid-career Hiring Business	Buildings and other equipment Furniture and fixtures Software	Shinjuku-ku, Tokyo
New Graduate Hiring Business	Furniture and fixtures Software Software-in-progress	Shinjuku-ku, Tokyo

(2) Reason for recognizing impairment losses

Impairment losses at Mid-career Hiring Business were recognized on assets that will no longer be used following the change to business policy.

Impairment losses at New Graduate Hiring Business were recognized as the Company decided to terminate the website management service.

(3) Amount of impairment loss

Buildings and other equipment	60,907 thousand yen
Furniture and fixtures	45,560 thousand yen
Software	284,008 thousand yen
Software-in-progress	80,340 thousand yen

(4) Method of asset grouping

The en-japan Group divides its assets into asset groups in accordance with the management accounting category, which is applied to monitor earnings of the business assets and such like continuously.

(5) Method of estimating recoverability

The recoverable amount of the said asset groups is measured by net sales value. Net sales value is set as ¥0 because diversion to other use or sale is considered to be difficult.

## (Consolidated Statements of Comprehensive Income)

## \*1 Adjustments and Taxes in Other Comprehensive Income

	Prior fiscal year (from April 1, 2012 to March 31, 2013)		Current fiscal year (from April 1, 2013 to March 31, 2014)	
Valuation difference on available-for-sale securities				
Amount incurred during the term	812,249	thousand yen	396,794	thousand yen
Recycling amount	19,210	thousand yen	-1,996,834	thousand yen
Amount before tax adjustment	831,460	thousand yen	-1,600,040	thousand yen
Taxes	-296,332	thousand yen	570,254	thousand yen
Valuation difference on available-for-sale securities	535,127	thousand yen	-1,029,785	thousand yen
Foreign currency translation adjustment				
Amount incurred during the term	-	thousand yen	-3,367	thousand yen
Share of other comprehensive income by equity method				
Amount incurred during the term	27,173	thousand yen	43,465	thousand yen
Other comprehensive income	562,300	thousand yen	-989,687	thousand yen

## (Consolidated Statements of Changes in Net Assets)

Prior fiscal year (from April 1, 2012 to March 31, 2013)

## 1. Shares Issued and Treasury Stock

Class	Number of Shares at the Beginning of Current Fiscal Year (shares)	Increase in Number of Shares during Current Fiscal Year (shares)	Decrease in Number of Shares during Current Fiscal Year (shares)	Number of Shares at Current Fiscal Year-End (shares)
Shares Issued				
Common Stock (Note)	246,118	300	—	246,418
Total	246,118	300	—	246,418
Treasury Stock				
Common Stock	24,500	—	—	24,500
Total	24,500	—	—	24,500

(Note)

The increase of 300 shares in total shares issued of common stock was an increase due to the issuance of new shares based on the execution of subscription rights in connection with incentive stock options.

## 2. Matters related to Subscription Rights to Shares

The Company had no material items to report.

## 3. Matters related to Dividends

## (1) Cash dividends paid

Resolution	Class of Stock	Total Dividend (thousand yen)	Dividend per Share (yen)	Date of Record	Payment Date
Regular General Shareholders' Meeting held on June 27, 2012	Common stock	432,193	1,850	March 31, 2012	June 28, 2012

## (2) Dividends for which the date of record is during the fiscal year but the proposed payment date is in the following fiscal year

Resolution	Class of Stock	Source of Dividend	Total Dividend (thousand yen)	Dividend per Share (yen)	Date of Record	Payment Date
Regular General Shareholders' Meeting to be held on June 26, 2013	Common stock	Retained earnings	456,140	1,950	March 31, 2013	June 27, 2013

Current fiscal year (from April 1, 2013 to March 31, 2014)

1. Shares Issued and Treasury Stock

Class	Number of Shares at the Beginning of Current Fiscal Year (shares)	Increase in Number of Shares during Current Fiscal Year (shares)	Decrease in Number of Shares during Current Fiscal Year (shares)	Number of Shares at Current Fiscal Year-End (shares)
Shares Issued				
Common Stock (Note 1)	246,418	24,611,582	—	24,858,000
Total	246,418	24,611,582	—	24,858,000
Treasury Stock				
Common Stock (Note 2)	24,500	2,425,500	—	2,450,000
Total	24,500	2,425,500	—	2,450,000

(Note 1) The increase of 24,611,582 shares of common stock was due to an increase of 24,395,382 shares caused by a stock split effective on October 1, 2013 and an increase of 216,200 shares due to the issuance of new shares as a result of exercising stock options.

(Note 2) The increase of 2,425,500 shares of common stock under treasury stock stems from the stock split on October 1, 2013.

2. Matters related to Subscription Rights to Shares

The Company had no material items to report.

3. Matters related to Dividends

(1) Cash dividends paid

Resolution	Class of Stock	Total Dividend (thousand yen)	Dividend per Share (yen)	Date of Record	Payment Date
Regular General Shareholders' Meeting held on June 26, 2013	Common stock	456,140	1,950	March 31, 2013	June 27, 2013

(2) Dividends for which the date of record is during the fiscal year but the proposed payment date is in the following fiscal year

Resolution	Class of Stock	Source of Dividend	Total Dividend (thousand yen)	Dividend per Share (yen)	Date of Record	Payment Date (Scheduled)
Regular General Shareholders' Meeting to be held on June 25, 2014	Common stock	Retained earnings	578,396	24.5	March 31, 2014	June 26, 2014

(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, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Cash and deposits	10,349,167 thousand yen	12,169,219 thousand yen
Securities	- thousand yen	1,000,000 thousand yen
Cash and cash equivalents	10,349,167 thousand yen	13,169,219 thousand yen

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

Details of assets and liabilities of newly consolidated subsidiaries as of the starting date of consolidation following the Company's share acquisition and relationship between share acquisition cost and the (net) payment for the share acquisition are as follows:

(1) Navigos Group, Ltd

Current assets	272,811	thousand yen
Noncurrent assets	579,413	thousand yen
Goodwill	1,683,558	thousand yen
Current liabilities	-236,141	thousand yen
Noncurrent liabilities	-121,687	thousand yen
Minority interests	-50,428	thousand yen
Share acquisition cost	2,127,526	thousand yen
Cash and cash equivalents	-194,270	thousand yen
Difference: payment for the share acquisition	1,933,255	thousand yen

(2) The Capstone Group Recruitment and Consulting (Thailand) Ltd., and En Holdings (Thailand) Ltd.

Current assets	39,762	thousand yen
Noncurrent assets	42,617	thousand yen
Goodwill	188,013	thousand yen
Current liabilities	-11,682	thousand yen
Noncurrent liabilities	-14,660	thousand yen
Minority interests	-14,688	thousand yen
Foreign currency translation adjustment	122	thousand yen
Share acquisition cost	229,484	thousand yen
Cash and cash equivalents	-7,358	thousand yen
Difference: payment for the share acquisition	222,126	thousand yen

(Tax-Effect Accounting)

1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities by Major Factor

	Prior Fiscal Year (As of March 31, 2013)		Current Fiscal Year (As of March 31, 2014)	
Deferred tax assets				
Loss on valuation of stocks of subsidiaries and affiliates	234,749	thousand yen	293,429	thousand yen
Provision for bonuses	175,024	thousand yen	192,772	thousand yen
Depreciation	73,727	thousand yen	158,783	thousand yen
Accrued enterprise tax	46,996	thousand yen	132,976	thousand yen
Provision related to termination of website service	-	thousand yen	64,886	thousand yen
Long-term accounts payable-other	36,655	thousand yen	54,142	thousand yen
Loss on valuation of investment securities	34,322	thousand yen	44,636	thousand yen
Asset retirement obligations	21,468	thousand yen	35,633	thousand yen
Allowance for doubtful accounts	4,462	thousand yen	33,352	thousand yen
Other	83,778	thousand yen	116,432	thousand yen
Subtotal deferred tax assets	711,185	thousand yen	1,127,046	thousand yen
Valuation reserve	-270,711	thousand yen	-372,166	thousand yen
Total deferred tax assets	440,473	thousand yen	754,880	thousand yen
Deferred tax liabilities				
Intangible assets identified as a result of business combination	-	thousand yen	-122,669	thousand yen
Valuation difference on available-for-sale securities	-577,165	thousand yen	-6,911	thousand yen
Other	-14,824	thousand yen	-17,941	thousand yen
Total deferred tax liabilities	-591,990	thousand yen	-147,522	thousand yen
Net deferred tax assets (liabilities)	-151,516	thousand yen	607,357	thousand yen

2. Reconciliation between the Statutory Effective Tax Rate and the Actual Effective Income Tax Rate after Tax-effect Accounting

	Prior Fiscal Year (As of March 31, 2013)		Current Fiscal Year (As of March 31, 2014)	
Statutory effective tax rate	38.01	%	38.01	%
(Reconciliation items)				
Amortization of goodwill	2.26	%	1.97	%
Change in valuation allowances	5.30	%	1.51	%
Downward adjustment of deferred tax assets at the end of term due to change in tax rate	-		0.85	%
Impact of revised income return	0.57	%	-	
Other	-0.15	%	-0.14	%
Actual effective income tax rate after having applied tax-effect accounting	45.99	%	42.20	%

(Business Combination, etc.)

1. Business Combination due to Acquisition

(1) Summary of business acquisition

1) Name and business of acquired company

Navigos Group, Ltd. (hereinafter called "Navigos Group")

Business: Management of recruitment website, job placement service

2) Major reason for business combination

Navigos Group manages VietnamWorks, which is the largest recruitment website in Vietnam, and also offers Navigos Search, which is the largest job placement service in the country, and the Company expects the Navigos Group to grow strongly along with the expansion of the human resources market going forward. Because overseas expansion centering on the Asia Pacific region is one of the Company's key strategies, the Company acquired shares of Navigos Group.

3) Date of business combination

April 26, 2013

4) Legal form of business combination

Acquisition of shares by cash

5) Company name after business combination

Navigos Group, Ltd.

6) Voting right ratio acquired

89.8%

7) Major reason for determining company to acquire

Because it acquired the acquiree's share in exchange for cash consideration.

(2) Period acquired company's operating results is included in consolidated financial statements

Because the Company set June 30, 2013 as date when the acquisition is deemed to have taken place, Navigos Group's operating results from July 1, 2013 to December 31, 2013 are included in the Company's consolidated financial statements.

(3) Acquisition cost of acquired company and its breakdown

Compensation for acquisition	¥2,061,527 thousand
<u>Expenses directly required for acquisition (advisory fee, etc.)</u>	<u>¥65,999 thousand</u>
Acquisition cost	¥2,127,526 thousand

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

1) Amount of goodwill generated

¥1,683,558 thousand

2) Reason for generation of goodwill

The Company recognizes the difference between net amounts of assets acquired and liabilities assumed and acquisition cost as goodwill. This amount represents the future additional earnings power of Navigos Group expected by the Company, because Navigos Group occupies the top position in the human resource business market in Vietnam, which is expected to expand in the future.

3) Method/period of amortization

Straight-line method over 15 years

(5) Amount and details of assets acquired and liabilities assumed on the business combination date

Current assets	¥272,811 thousand
Noncurrent assets	¥30,069 thousand
<u>Total assets</u>	<u>¥302,881 thousand</u>
Current liabilities	¥236,141 thousand
<u>Total liabilities</u>	<u>¥236,141 thousand</u>

(6) Amount of intangible assets allocated to assets other than goodwill, details of major intangible assets by category, and weighted

average amortization period by major category

<u>Category</u>	<u>Amount</u>	<u>Weighted average amortization period</u>
Trademark assets	¥191,856 thousand	15 years
User related assets	¥357,487 thousand	9 years
Total	¥549,343 thousand	11 years

(7) Impacts on the Company's consolidated statements of income for the fiscal year ended March 31, 2014 if the business combination had been completed on the first date of the fiscal year and its calculation method

This statement is omitted because the impact on the Company's consolidated income statement is estimated to be immaterial.

## 2. Business Combination due to Acquisition

### (1) Summary of business acquisition

#### 1) Name and business of acquired company

The Capstone Group Recruitment and Consulting (Thailand) Ltd. (hereinafter called "Capstone")

Business: Job placement, temporary staffing service

#### 2) Major reason for business combination

Capstone has been operating in Thailand since 2002 with the main focus being on the job placement business. Because Capstone has members with excellent skills, its strengths lie in its ability to introduce management-level employees and especially executives and highly paid professionals.

In step with economic growth in Thailand, many Japan-based and global companies have been developing business there. As the combination of Capstone's business and en-japan Group's customer assets and expertise is expected to generate synergies, we believe this investment will further drive the significant growth of Capstone.

#### 3) Date of business combination

December 2, 2013

#### 4) Legal form of business combination

Acquisition of shares by cash

#### 5) Company name after the business combination

The Capstone Group Recruitment and Consulting (Thailand) Ltd.

#### 6) Voting right ratio acquired

73.99%

#### 7) Major reason for determining company to acquire

Because it acquired the acquiree's share in exchange for cash consideration.

### (2) Period of acquired company's operating results included in consolidated financial statements

Because the Company set December 31, 2013 as date when the acquisition is deemed to have taken place, Capstone's operating results are not included in the Company's consolidated financial statements in the fiscal year under review.

### (3) Acquisition cost of acquired company and its breakdown

Compensation for acquisition	¥218,869 thousand
<u>Expenses directly required for acquisition (advisory fee, etc.)</u>	<u>¥10,615 thousand</u>
Acquisition cost	¥229,484 thousand

### (4) Amount of goodwill generated, reason for its generation, and method/period of amortization

#### 1) Amount of goodwill generated

¥188,013 thousand

The amount of goodwill recognized as a result of the transaction is ¥188,013 thousand, but this amount has been calculated tentatively because allocation of acquisition cost has not been completed.

#### 2) Reason for generation of goodwill

The Company recognizes the difference between net amounts of assets acquired and liabilities assumed and acquisition cost as goodwill. This represents the future additional earnings power of Capstone expected by the Company because Capstone has strengths in the job placement business and Thailand's job placement market has growth potential.

#### 3) Method/period of amortization

Straight-line method over 10 years

(5) Amount and details of assets acquired and liabilities assumed on the business combination date

Current assets	¥37,907 thousand
Noncurrent assets	¥32,809 thousand
<u>Total assets</u>	<u>¥70,716 thousand</u>
Current liabilities	¥11,682 thousand
Noncurrent liabilities	¥3,198 thousand
<u>Total liabilities</u>	<u>¥14,881 thousand</u>

(6) Impact on the Company's consolidated statements of income for the fiscal year ended March 31, 2014 if the business combination had been completed on the first date of the fiscal year and calculation method

This statement is omitted because the impacts the Company's consolidated income statement are considered to be immaterial.



(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 three segments of the Mid-Career Hiring Business, New Graduate 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) Mid-Career Hiring Business – Management of job advertising website (main websites comprise [en] Career Change Info, [en] Temporary Placement Info, [en] Career Change Consultant, VietnamWorks), personnel placement and personnel dispatching services
- (2) New Graduate Hiring Business – Management of job advertising website ([en] Job Info for Students)
- (3) 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 Presenting the Consolidated Financial Statements."

The figures of segment income (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.

3. Information on Sales, Income (loss), Assets, Liabilities and Other Material Items by Reportable Segment  
Prior fiscal year (from April 1, 2012 to March 31, 2013)

(Thousand yen)

	Reportable segments				Others (Note 1)	Amount stated in Consolidated Financial Statements (Note 2)
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	11,748,995	1,484,641	294,815	13,528,452	35,230	13,563,682
Internal sales among segments, transfers	—	—	—	—	—	—
Total	11,748,995	1,484,641	294,815	13,528,452	35,230	13,563,682
Segment profit/loss (-)	2,640,842	133,933	43,554	2,818,330	-34,905	2,783,425
Other Items						
Depreciation	338,955	269,907	7,180	616,044	573	616,617
Amortization of goodwill	170,032	—	—	170,032	—	170,032

(Notes)

1. “Others” includes the en-Wedding and FINE businesses.
2. The sum of the segment profit/loss equals the operating income/loss in the consolidated financial statement.
3. Segment assets are not stated because assets are not allocated by reportable segment.

Current fiscal year (from April 1, 2013 to March 31, 2014)

(Thousand yen)

	Reportable segments				Adjustment of Segment Profit (Note 1)	Amount stated in Consolidated Financial Statements (Note 2)
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	14,806,406	1,346,495	602,275	16,755,178	—	16,755,178
Internal sales among segments, transfers	20,929	—	34,229	55,158	-55,158	—
Total	14,827,335	1,346,495	636,505	16,810,336	-55,158	16,755,178
Segment profit/loss (-)	3,341,778	-33,610	132,582	3,440,750	600	3,441,350
Other Items						
Depreciation	425,153	158,242	8,289	591,685	—	591,685
Amortization of goodwill	236,335	—	15,758	252,093	—	252,093

(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, 2012 to March 31, 2013)

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

Presentation is omitted as the share of sales to outside customers located in Japan exceed 90% of sales recorded in the consolidated statements of income.

(2) Property, plant and equipment

Presentation is omitted as the share of property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment stated in the consolidated balance sheets.

3. Information by Major Customer

Presentation is omitted as there are no sales to specific outside customers categorized as major customers that exceed 10% of sales recorded in the consolidated statements of income.

Current fiscal year (from April 1, 2013 to March 31, 2014)

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
15,916,974	838,203	16,755,178

(2) Property, plant and equipment

(Thousand yen)

Japan	Asia/Oceania	Total
400,266	51,289	451,556

3. Information by Major Customer

Presentation is omitted as there are no sales to specific outside customers categorized as major customers that exceed 10% of 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, 2012 to March 31, 2013)

The Company had no material matters to report.

Current fiscal year (from April 1, 2013 to March 31, 2014)

(Thousand yen)

	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total
Impairment loss	302,405	168,411	—	470,816

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

Prior fiscal year (from April 1, 2012 to March 31, 2013)

(Thousand yen)

	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total
Depreciation amount in the period	170,032	—	—	170,032
Balance at the end of the period	1,301,141	—	—	1,301,141

Current fiscal year (from April 1, 2013 to March 31, 2014)

(Thousand yen)

	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total
Depreciation amount in the period	236,335	—	15,758	252,093
Balance at the end of the period	3,139,276	—	189,494	3,328,770

(Information on Gain on Negative Goodwill by Reportable Segment)

Prior fiscal year (from April 1, 2012 to March 31, 2013)

The Company had no material matters to report.

Current fiscal year (from April 1, 2013 to March 31, 2014)

The Company had no material matters to report.

## (Per-Share Information)

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Net Assets per Share	688.47 yen	761.38 yen
EPS	69.74 yen	125.59 yen
Fully Diluted EPS	69.71 yen	— yen

## (Notes)

1. Fully diluted EPS for the fiscal year ended March 31, 2014 are not shown above because there are no dilutive shares.
2. The Company instituted a 100-for-1 stock split effective on October 1, 2013. Therefore, net assets per share, EPS, and fully diluted EPS are calculated assuming that the stock split was instituted at the beginning of the previous consolidated fiscal year.
3. The basis for calculating EPS and fully diluted EPS is shown below.

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
EPS		
Net Income (thousand yen)	1,545,868	2,789,413
Amount not attributable to Common Shareholders (thousand yen)	—	—
Net Income associated with Common Stock (thousand yen)	1,545,868	2,789,413
Average Number of Shares of Common Stock Outstanding during the Period (shares)	22,165,500	22,209,751
Fully Diluted EPS		
Net Income Adjustments (thousand yen)	—	—
(of which interest expenses [after deducting tax equivalent amount]) (thousand yen)	—	—
Increase in the Number of Shares of Common Stock (shares)	9,700	—
(of which subscription rights to shares [shares])	9,700	—
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	Three types of subscription rights to shares (number of subscription rights to shares: 2,813)	Three types of subscription rights to shares (number of subscription rights to shares: 159)

## (Material Subsequent Event)

The Company had no material matters to report.

## 5. Non-Consolidated Financial Statements

### (1) Balance Sheets

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2013)	Current Fiscal Year (As of March 31, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	9,492,676	10,699,981
Notes receivable—trade	4,859	3,023
Accounts receivable—trade	1,120,342	1,303,546
Securities	-	1,000,000
Supplies	11,715	15,043
Prepaid expenses	114,492	103,345
Deferred tax assets	183,056	319,294
Other	191,658	165,772
Allowance for doubtful accounts	-8,261	-8,931
Total current assets	11,110,540	13,601,076
Noncurrent assets		
Property, plant and equipment		
Buildings, net	143,243	206,498
Vehicles, net	0	-
Furniture and fixtures, net	162,493	131,623
Lease assets, net	82,360	40,570
Construction in progress	26,009	-
Total property, plant and equipment	*1 414,106	*1 378,692
Intangible assets		
Right of trademark	4,130	5,673
Software	711,994	657,611
Other	59,405	111,747
Total intangible assets	775,530	775,032
Investments and other assets		
Investment securities	2,289,226	463,257
Stocks of subsidiaries and affiliates	2,782,280	5,251,777
Long-term loans receivable	9,279	239,129
Long-term prepaid expenses	18,145	9,986
Claims provable in bankruptcy, claims provable in rehabilitation and other	880	3,268
Deferred tax assets	-	228,925
Other	342,707	413,853
Allowance for doubtful accounts	-880	-94,349
Total investments and other assets	5,441,639	6,515,849
Total noncurrent assets	6,631,276	7,669,573
Total assets	17,741,817	21,270,649

(Thousand yen)

	Prior Fiscal Year (As of March 31, 2013)	Current Fiscal Year (As of March 31, 2014)
Liabilities		
Current liabilities		
Accounts payable—trade	41,697	64,240
Accounts payable—other	654,456	1,148,850
Lease obligations	43,879	27,006
Accrued expenses	73,684	70,414
Income taxes payable	287,619	1,654,506
Advances received	289,591	332,057
Unearned revenue	464	477
Deposits received	38,329	18,360
Provision for bonuses	318,036	305,158
Provision related to termination of website service	-	182,060
Other	69,345	65,289
Total current liabilities	1,817,105	3,868,420
Noncurrent liabilities		
Asset retirement obligations	55,497	73,034
Lease obligations	41,039	14,033
Deferred tax liabilities	432,674	-
Long-term accounts payable—other	102,850	151,915
Total noncurrent liabilities	632,062	238,982
Total liabilities	2,449,167	4,107,403
Net assets		
Shareholders' equity		
Capital stock	986,144	1,194,993
Capital surplus		
Legal capital surplus	1,452,708	1,661,558
Total capital surpluses	1,452,708	1,661,558
Retained earnings		
Other retained earnings		
General reserve	2,000,000	2,000,000
Retained earnings brought forward	13,249,717	15,732,401
Total retained earnings	15,249,717	17,732,401
Treasury stock	-3,438,187	-3,438,187
Total shareholders' equity	14,250,383	17,150,765
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,042,266	12,480
Total valuation and translation adjustments	1,042,266	12,480
Total net assets	15,292,650	17,163,246
Total liabilities and net assets	17,741,817	21,270,649

## (2) Statements of Income

(Thousand yen)

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Net sales	10,631,612	12,041,755
Cost of sales	1,511,995	1,289,368
Gross profit	9,119,617	10,752,387
Selling, general and administrative expenses		
Advertising expenses	1,727,660	2,536,123
Salaries and allowances	2,193,884	2,208,902
Other	2,725,045	2,990,177
Total selling, general and administrative expenses	6,646,590	7,735,203
Operating income	2,473,026	3,017,184
Non-operating income		
Interest income	11,695	14,482
Dividends income	*1 389,049	*1 378,251
Foreign exchange gains	5,299	167,005
Gain on investments in partnership	—	70,549
Miscellaneous income	3,932	9,858
Total non-operating income	409,977	640,146
Non-operating expenses		
Provision of allowance for doubtful accounts	—	91,080
Loss on valuation of securities	—	18,680
Miscellaneous loss	11,629	6,428
Total non-operating expenses	11,629	116,188
Ordinary income	2,871,374	3,541,141
Extraordinary income		
Gain on sales of investment securities	12,973	2,030,865
Gain on sales of subsidiaries and affiliates' stocks	58,122	527
Total extraordinary income	71,095	2,031,393



(Thousand yen)

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Extraordinary loss		
Loss on retirement of noncurrent assets	※2 24,943	※2 40,206
Loss related to termination of website service	—	190,718
Loss on valuation of stocks of subsidiaries and affiliates	—	166,147
Loss on valuation of investment securities	24,046	48,200
Impairment loss	—	415,548
Total extraordinary losses	48,990	860,821
Income before income taxes	2,893,479	4,711,713
Income taxes—current	848,979	2,023,875
Income taxes—deferred	349,227	-227,584
Total income taxes	1,198,207	1,796,290
Net income	1,695,272	2,915,423

## (3) Statements of Changes in Net Assets

Prior fiscal year (from April 1, 2012 to March 31, 2013)

(Thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward	
Balance at the beginning of the current period	977,812	1,444,376	1,444,376	2,000,000	11,964,438	13,964,438
Changes of items during the period						
Issuance of new shares	8,332	8,331	8,331			
Dividends from surplus					-409,993	-409,993
Net income					1,695,272	1,695,272
Net changes of items other than shareholders' equity						
Total changes of items during the period	8,332	8,331	8,331	-	1,285,279	1,285,279
Balance at the end of current period	986,144	1,452,708	1,452,708	2,000,000	13,249,717	15,249,717

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the current period	-3,438,187	12,948,440	507,138	507,138	13,455,579
Changes of items during the period					
Issuance of new shares		16,664			16,664
Dividends from surplus		-409,993			-409,993
Net income		1,695,272			1,695,272
Net changes of items other than shareholders' equity			535,127	535,127	535,127
Total changes of items during the period	-	1,301,943	535,127	535,127	1,837,070
Balance at the end of current period	-3,438,187	14,250,383	1,042,266	1,042,266	15,292,650

Current fiscal year (from April 1, 2013 to March 31, 2014)

(Thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward	
Balance at the beginning of the current period	986,144	1,452,708	1,452,708	2,000,000	13,249,717	15,249,717
Changes of items during the period						
Issuance of new shares	208,849	208,849	208,849			
Dividends from surplus					-432,740	-432,740
Net income					2,915,423	2,915,423
Net changes of items other than shareholders' equity						
Total changes of items during the period	208,849	208,849	208,849	-	2,482,683	2,482,683
Balance at the end of current period	1,194,993	1,661,558	1,661,558	2,000,000	15,732,401	17,732,401

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the current period	-3,438,187	14,250,383	1,042,266	1,042,266	15,292,650
Changes of items during the period					
Issuance of new shares		417,698			417,698
Dividends from surplus		-432,740			-432,740
Net income		2,915,423			2,915,423
Net changes of items other than shareholders' equity			-1,029,785	-1,029,785	-1,029,785
Total changes of items during the period	-	2,900,381	-1,029,785	-1,029,785	1,870,596
Balance at the end of current period	-3,438,187	17,150,765	12,480	12,480	17,163,246

(4) Notes to the Non-Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

The Company had no material matters to report.

(Significant Accounting Policies)

1. Valuation basis and method of securities

(1) Stocks of subsidiaries and affiliates

Valued at cost determined by the moving average method

(2) 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 instrument whose embedded derivatives cannot be estimated individually are valued at market as a whole, and unrealized gain or loss is included in the Statement 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. Valuation basis and method of inventories

Supplies

Last Purchase Price Method

(write-down of book values due to the decline in profitability for the amounts stated in the non-consolidated balance sheets)

3. Depreciation method for noncurrent assets

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

The depreciation of property, plant and equipment of the Company 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:	9–25 years
Vehicles:	2 years
Furniture and fixtures:	5–20 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 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:

The lease assets are amortized by the straight-line method, assuming the lease period as the useful life and no residual value.

Of finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee, those for which the commencement day of the lease transaction is prior to December 31, 2008, are accounted for as ordinary rental transactions

#### 4. Accounting standards for 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 related to termination of website service

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

#### 5. Other important matters as the basis of presenting the non-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.

#### (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 31,2013)	Current fiscal year (As of March 31,2014)
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

##### \*1 Accumulated depreciation of property, plant and equipment

	Prior fiscal year (As of March 31,2013)	Current fiscal year (As of March 31,2014)
Accumulated depreciation of property, plant and equipment	918,071 thousand yen	988,591 thousand yen

#### (Statements of Income)

##### \*1 Items with subsidiaries and affiliates included in each account are as follows.

	Prior fiscal year (from April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Dividends Income	352,675 thousand yen	340,751 thousand yen

##### \*2 Loss on retirement of noncurrent assets

	Prior fiscal year (from April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Buildings	7,388 thousand yen	2,455 thousand yen
Furniture and fixtures	9,368 thousand yen	3,776 thousand yen
Software	8,187 thousand yen	33,974 thousand yen

(Statements of Changes in Net Assets)

Prior Fiscal Year (From April 1, 2012 to March 31, 2013)

Matters Related to Treasury Stock

Class	Number of Shares at the Beginning of Current Fiscal Year (shares)	Increase in Number of Shares during Current Fiscal Year (shares)	Decrease in Number of Shares during Current Fiscal Year (shares)	Number of Shares at Current Fiscal Year-End (shares)
Common Stock	24,500	—	—	24,500
Total	24,500	—	—	24,500

Current Fiscal Year (From April 1, 2013 to March 31, 2014)

Matters Related to Treasury Stock

Class	Number of Shares at the Beginning of Current Fiscal Year (shares)	Increase in Number of Shares during Current Fiscal Year (shares)	Decrease in Number of Shares during Current Fiscal Year (shares)	Number of Shares at Current Fiscal Year-End (shares)
Common Stock	24,500	2,425,500	—	2,450,000
Total	24,500	2,425,500	—	2,450,000

(Note) The increase of 2,425,500 shares of common stock under treasury stock stems from the stock split instituted on October 1, 2013.

(Tax-Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	Prior Fiscal Year (As of March 31, 2013)		Current Fiscal Year (As of March 31, 2014)	
Deferred tax assets				
Loss on valuation of stocks of subsidiaries and affiliates	234,749	thousand yen	293,429	thousand yen
Depreciation	73,727	thousand yen	138,271	thousand yen
Accrued enterprise tax	30,238	thousand yen	116,779	thousand yen
Provision for bonuses	120,885	thousand yen	108,758	thousand yen
Provision related to termination of website service	-	thousand yen	64,886	thousand yen
Long-term accounts payable-other	36,655	thousand yen	54,142	thousand yen
Loss on valuation of investment securities	34,322	thousand yen	44,636	thousand yen
Allowance for doubtful accounts	-	thousand yen	31,416	thousand yen
Asset retirement obligations	21,468	thousand yen	26,029	thousand yen
Other	61,034	thousand yen	66,888	thousand yen
Subtotal deferred tax assets	613,082	thousand yen	945,240	thousand yen
Valuation reserve	-270,711	thousand yen	-372,166	thousand yen
Total deferred tax assets	342,371	thousand yen	573,073	thousand yen
Deferred tax liabilities				
Valuation difference on available-for-sale securities	-577,165	thousand yen	-6,911	thousand yen
Other	-14,824	thousand yen	-17,941	thousand yen
Total deferred tax liabilities	-591,990	thousand yen	-24,853	thousand yen
Net deferred tax assets (liabilities)	-249,618	thousand yen	548,220	thousand yen

2. Reconciliation between the statutory effective tax rate and the actual effective income tax rate after having applied the tax-effect accounting:

	Prior Fiscal Year (As of March 31, 2013)		Current Fiscal Year (As of March 31, 2014)	
Statutory effective tax rate	38.01	%	38.01	%
(Reconciliation items)				
Change in valuation allowances	7.47	%	2.28	%
Downward adjustment of deferred tax assets at the end of term due to change in tax rate	-		0.65	%
Impact of revised income return	0.57	%	-	
Non-taxable income of dividend income	-4.65	%	-2.80	%
Other	0.01	%	-0.01	%
Actual effective income tax rate after having applied tax-effect accounting	41.41	%	38.12	%

## (Per-Share Information)

	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Net Assets per Share	689.11 yen	765.94 yen
EPS	76.48 yen	131.27 yen
Fully Diluted EPS	76.45 yen	— yen

## (Notes)

1. Fully diluted EPS for the fiscal year ended March 31, 2014 are not shown above because there are no dilutive shares.
2. The Company instituted a 100-for-1 stock split effective on October 1, 2013. Therefore, net assets per share, EPS, and fully diluted EPS are calculated assuming the stock split was instituted at the beginning of the previous consolidated fiscal year.
3. The basis for calculating EPS and fully diluted EPS is shown below.

Category	Prior Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
EPS		
Net Income (thousand yen)	1,695,272	2,915,423
Amount not attributable to Common Shareholders (thousand yen)	—	—
Net Income associated with Common Stock (thousand yen)	1,695,272	2,915,423
Average Number of Shares of Common Stock Outstanding during the Period (shares)	22,165,500	22,209,751
Fully Diluted EPS		
Net Income Adjustments (thousand yen)	—	—
(of which interest expenses [after deducting tax equivalent amount]) (thousand yen)	—	—
Increase in the Number of Shares of Common Stock (shares)	9,700	—
(of which subscription rights to shares [shares])	9,700	—
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	Three types of subscription rights to shares (number of subscription rights to shares: 2,813)	Two types of subscription rights to shares (number of subscription rights to shares: 159)

## 6. Other

## (1) Changes in Assignment of Directors

The Company will disclose once the assignments have been confirmed.