



en-japan inc.

2nd Quarter FY March 2015 Earnings Announcement [Japan GAAP] (Consolidated)

November 11, 2014

Company Name	en-japan inc.	Listing Exchanges	Tokyo Stock Exchange (Jasdaq Market)	
Stock Code	4849	URL	http://corp.en-japan.com/	
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Contact (Title)	Corporate Planning Division Director	(Name)	Masanobu Hasegawa	Telephone +81-3-3342-4506
Scheduled date for submission of Quarterly Report	November 12, 2014			
Scheduled date to begin dividend payments	—			
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes			
Quarterly Earnings Briefing	Yes (for institutional investors and analysts)			

(Figures rounded down to nearest million yen)

1. FY Ending March 2015 Cumulative Second Quarter Operating Results (From April 1, 2014 to September 30, 2014)

(1) Consolidated Operating Results (cumulative)(percentages indicate percent change from prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 3/15 2nd Qtr	9,205	23.0	1,738	7.5	1,921	5.1	1,177	-49.2
FYE 3/14 2nd Qtr	7,486	16.3	1,616	—	1,826	—	2,317	—

(Note) Comprehensive income FYE3/15 2nd Qtr 1,032 million yen (-21.3%) FYE 3/14 2nd Qtr 1,312 million yen (—%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/15 2nd Qtr	52.51	—
FYE 3/14 2nd Qtr	104.43	—

(Note) 1. Figures for the second quarter of FYE 3/14 reflect the retroactive application of a change in the accounting policy. Therefore, the percent change from prior fiscal year is not presented.

2. Fully diluted EPS are not shown above because there are no dilutive shares.

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

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/15 2nd Qtr	21,960	17,801	80.5
FYE 3/14	22,733	17,135	74.8

(Reference) Core capital FYE 3/15 2nd Qtr 17,670 million yen FYE 3/14 17,010 million yen

(Note) Figures for the FYE 3/14 reflect a retroactive application of a change in the accounting policy.

2. Dividends

	Dividends per Share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Full Year
	Yen	Yen	Yen	Yen	Yen
FYE 3/14	—	0.00	—	24.50	24.50
FYE 3/15	—	0.00			
FYE 3/15 (projected)			—	28.50	28.50

(Note) Revisions to the Company's latest dividend forecast: None

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

(Percentages indicate percentage change 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
Full year	19,200	14.6	3,950	14.8	3,970	5.9	2,240	-19.7	99.96

(Note) Revisions to the Company's latest operating results projections: None

* Notes

(1) Changes in major subsidiaries during the cumulative quarter under review (Change in specific subsidiaries that will accompany a change in scope of consolidation) No

Newly included None (Name of company) -

Exclusion None (Name of company) -

(Note) New Era India Consultancy Pvt. Ltd. has been added to the scope of consolidation starting from the first quarter of FYE 3/15 following the stock acquisition, although this company is not a specified subsidiary.

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements No

(3) Changes in accounting policy, changes in accounting estimates, or

a. Changes in accounting policy accompanying amendment of accounting Yes

b. Changes in accounting policy other than "a." No

c. Changes in accounting estimates: No

d. Restatement due to correction: No

(Note) For details, refer to "2. Summary Information (Notes) (3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction" on page 4

(4) Number of shares issued (common stock)

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

FYE 3/15 2nd Qtr 24,858,000 shares FYE 3/14 24,858,000 shares

b. Number of shares of treasury stock at the end of the period

FYE 3/15 2nd Qtr 2,355,700 shares FYE 3/14 2,450,000 shares

c. Average number of shares issued during the period (Quarter Year-to-Date)

FYE 3/15 2nd Qtr 22,430,654 shares FYE 3/14 2nd Qtr 22,191,800 shares

(Note) The Company implemented 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 shares of treasury stock at the end of period and average number of shares issued during the period (quarter year-to-date) are calculated assuming that the stock split was implemented at the beginning of the previous fiscal year.

* Notice regarding quarterly review procedures

- This quarterly earnings announcement is not within the scope of the quarterly review procedure under the Financial Instruments and Exchange Act. As of the time of disclosure of this quarterly earnings announcement, the quarterly review over the quarterly financial statements has not yet been completed.

* Explanation regarding appropriate use of operating results projections, other special notes

(Notes concerning forward-looking statements)

- 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. For assumptions used when preparing projected operating results and reminders when using projected operating results, please refer to “1. Qualitative Information of Consolidated Performance during the Quarter under Review (3) Explanation of Future Projections such as Projections of Consolidated Operating Results” on page 3 of the Attachments.

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1. Qualitative Information of Consolidated Performance during the Quarter under Review

(1) Explanation of Operating Results

The business environment of the human resources market where the en-japan Group operates continues to show a favorable trend as can be seen from the jobs-to-applicant ratio that reached 1.09 in September 2014.

Under such circumstances, the Group conducted a full-scale renewal of [en] Career Change Info in its job advertisement business and has been striving to improve user-friendliness and enhance product appeal.

Furthermore, the Group has strengthened two job placement services, one at its subsidiary en World Japan K.K. and the other at en-japan's en agent.

Concerning overseas development, with a view to promoting business operations on a Group-wide basis, the Group changed the company name of "The Capstone Group Recruitment and Consulting (Thailand) Ltd." to "en world Recruitment (Thailand) Co., Ltd."

As a result, the Company recorded net sales of ¥9,205 million (up 23.0% on a year-on-year basis), operating income of ¥1,738 million (up 7.5% on a year-on-year basis), ordinary income of ¥1,921 million (up 5.1% on a year-on-year basis). Net income declined to ¥1,177 million (down 49.2% on a year-on-year basis) since the Company had recorded a gain on sales of investment securities of ¥1,998 million a year earlier.

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

[1] Hiring Business

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

(Job advertisement website)

As a result of reinforcing sales of the Group's mainstay [en] Career Change Info to new customers, the number of job listings increased year on year. Other websites also performed well; as a result, all of the other websites achieved higher net sales compared to the same period of the previous fiscal year.

(Job placement service)

Due to strong hiring demand from multinational companies, the company's subsidiary en Japan K.K. generated sound operating results. In addition, en agent, a new job placement service launched by en-japan in the previous fiscal year, saw a steady increase in the number of new employees and net sales by each quarter.

(Overseas subsidiaries)

Net sales from overseas subsidiaries grew significantly year on year because full-year operating results of consolidated subsidiaries in Thailand and Vietnam have been included in the consolidated operating results starting from the beginning of the fiscal year under review.

As a result, net sales were ¥8,914 million (up 23.2% on a year-on-year basis), and operating income were ¥1,760 million (up 12.0% on a year-on-year basis) for the cumulative second quarter of the fiscal year ending March 31, 2015.

[2] Education/Evaluation Business

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

(Flat-rate training service)

The Company renewed en-College in May 2014 and strengthened marketing activities aimed at new clients. As a result, the number of client companies and net sales grew from the same period of the prior fiscal year.

(Recruiting and personnel-related system)

Net sales increased year on year as repeat orders of a consolidated subsidiary Cbase Corporation grew.

As a result, net sales were ¥317 million (up 17.0% on a year-on-year basis). On the profit front, the Company posted an operating loss of ¥22 million (against an operating income of ¥44 million in the same period of the previous fiscal year) mainly due to a rise in personnel expenses following an increase in the number of staff to support the Company's business expansion.

(2) Explanation of Financial Position

Analysis of Financial Position

Total assets at the end of the second quarter of the fiscal year ending in March 31, 2015 decreased ¥773 million compared to the end of the previous fiscal year to ¥21,960 million.

Current assets decreased ¥2,363 million to ¥13,450 million. This was mainly due to a decrease of cash and deposits of ¥2,474 million following payment of income taxes payable. Noncurrent assets increased ¥1,590 million to ¥8,510 million. This was primarily attributable to an increase of goodwill of ¥400 million following an acquisition of a subsidiary's shares, which led to a change in the scope of consolidation.

Total liabilities at the end of the second quarter of the fiscal year under review were ¥4,159 million, a decrease of ¥1,438 million compared to the end of the previous fiscal year.

Current liabilities decreased ¥1,484 million to ¥3,694 million. This mainly stemmed from a decrease of income taxes payable of ¥1,325 million. Noncurrent liabilities rose ¥45 million to ¥464 million. This was primarily due to an increase in asset retirement obligations of ¥26 million.

Total net assets were ¥17,801 million, up ¥665 million compared to the end of the previous fiscal year.

This was mainly attributable to an increase in retained earnings of ¥599 million yen as a result of registering net income of ¥1,177 million and paying out a dividend of ¥578 million.

Analysis of Cash Flows

Cash and cash equivalents at the end of the second quarter of the fiscal year ending March 31, 2015 decreased ¥2,474 million from the previous fiscal year to ¥10,694 million.

Changes in the respective cash flows in the cumulative second quarter of the fiscal year ending March 31, 2015 and their factors are described as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities in the cumulative second quarter of the fiscal year ending March 31, 2015 were ¥(142) million (against ¥1,096 million in the same period of the previous fiscal year). This was primarily a result of posting income before income taxes and minority interests of ¥1,905 million, which was reduced by income taxes paid of ¥1,919 million.

(Cash Flows from Investing Activities)

Net cash provided by investing activities in the cumulative second quarter of the fiscal year ending March 31, 2015 were ¥(1,777) million (against ¥(64) million in the same period of the previous fiscal year). This mainly consisted of cash used for purchase of investments in subsidiaries resulting in a change in the scope of consolidation of ¥596 million and cash used for purchase of intangible assets of ¥557 million.

(Cash Flows from Financing Activities)

Net cash provided by financing activities in the cumulative second quarter of the fiscal year ending March 31, 2015 were ¥(596) million (against ¥(478) million in the same period of the previous

fiscal year). This mainly consisted of cash dividend paid of ¥577 million.

(3) Explanation of Future Projections such as Projections of Consolidated Operating Results

Concerning consolidated operating results projections for the fiscal year ending March 31, 2015, there is no change from the projections announced on May 12, 2014.

2. Summary Information (Notes)

(1) Changes in Status of Material Subsidiaries during the Cumulative Quarter under Review

Starting from the first quarter of the fiscal year ending March 31, 2015, New Era India Consultancy Pvt. Ltd., in which the Company newly acquired shares, has been added to the scope of consolidation.

(2) Adoption of Special Accounting Treatment used in Preparation of the Quarterly Consolidated Financial Statements

The Company had no material items to report.

(3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction

The Company has adopted the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts” (PITF No. 30 issued by the Accounting Standards Board of Japan on December 25, 2013) starting from the first quarter of the fiscal year ending March 31, 2015. Accordingly, the Company recognizes dividends from the Company for shares held by the trust and miscellaneous expenses concerning the trust to liabilities on a net basis.

This change in accounting policy was applied retroactively; consequently, the consolidated financial statements for the second quarter of the previous fiscal year and for the full previous fiscal year present the results after retroactive application.

As a result, noncurrent liabilities at the end of the previous fiscal year increased ¥51,066 thousand, and retained earnings and treasury stock decreased ¥51,295 thousand and ¥228 thousand, respectively, compared to the amount before retroactive application.

3. Significant Events related to Going Concern Assumptions

The Company had no material items to report.

4. Quarterly Consolidated Financial Statements
 (1) Quarterly Consolidated Balance Sheets

(Unit: Thousand
yen)

	Previous Fiscal Year (As of March 31, 2014)	Second Quarter of Current Fiscal Year (As of September 30, 2014)
Assets		
Current Assets		
Cash and deposits	12,169,219	9,694,590
Notes and accounts receivable-trade	1,832,513	2,015,272
Short-term investment securities	1,000,000	1,000,000
Other	826,022	761,232
Allowance for doubtful accounts	-14,247	-21,015
Total Current Assets	15,813,507	13,450,079
Noncurrent Assets		
Property, plant and equipment	451,556	563,732
Intangible assets		
Goodwill	3,328,770	3,729,246
Other	1,450,976	1,778,006
Total intangible assets	4,779,746	5,507,252
Investments and other assets		
Investment securities	463,257	592,922
Stocks of subsidiaries and affiliates	327,106	505,024
Other	901,848	1,345,228
Allowance for doubtful accounts	-3,268	-3,851
Total investments and other assets	1,688,944	2,439,324
Total Noncurrent Assets	6,920,247	8,510,309
Total Assets	22,733,755	21,960,389
Liabilities		
Current Liabilities		
Accounts payable-trade	65,039	48,449
Income taxes payable	1,890,233	564,438
Provision for bonuses	593,920	646,079
Other provision	196,692	139,134
Other	2,433,217	2,296,358
Total Current Liabilities	5,179,103	3,694,461
Noncurrent Liabilities		
Long-term loans payable	3,198	17,113
Provision for stock benefits	151,915	151,275
Asset retirement obligations	75,957	102,407
Long-term accounts payable-other	51,066	77,382
Lease liabilities	14,033	4,677
Deferred tax liabilities	122,669	111,706
Total Noncurrent Liabilities	418,841	464,562
Total Liabilities	5,597,944	4,159,023
Net Assets		
Shareholders' Equity		
Capital stock	1,194,993	1,194,993
Capital surplus	1,661,558	1,718,709
Retained earnings	17,391,831	17,991,210
Treasury stock	-3,437,958	-3,284,414
Total Shareholders' Equity	16,810,424	17,620,498
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	12,480	1,611
Foreign currency translation adjustment	187,122	48,198

Total Accumulated Other Comprehensive Income	199,602	49,810
Minority Interests	125,782	131,056
Total Net Assets	17,135,810	17,801,365
Total Liabilities and Net Assets	22,733,755	21,960,389

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

Quarterly Consolidated Statements of Income

Cumulative Second Quarter

(Unit: Thousand yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2013 to September 30, 2013)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2014 to September 30, 2014)
Net sales	7,486,470	9,205,434
Cost of sales	866,665	926,600
Gross profit	6,619,805	8,278,833
Selling, general and administrative expenses	5,003,401	6,540,599
Operating income	1,616,404	1,738,234
Non-operating income		
Interest income	1,467	10,281
Dividends income	37,500	187
Equity in earnings of affiliates	45,270	60,682
Gain on investments in partnership	-	12,680
Gain on valuation of investment securities	-	6,720
Foreign exchange gain	130,200	83,767
Miscellaneous income	4,758	14,672
Total non-operating income	219,196	188,992
Non-operating expenses		
Loss on investments in partnership	4,764	-
Miscellaneous loss	3,858	6,177
Total non-operating expenses	8,623	6,177
Ordinary income	1,826,977	1,921,048
Extraordinary income		
Gain on sales of investment securities	1,998,097	7,199
Total extraordinary income	1,998,097	7,199
Extraordinary loss		
Loss on retirement of noncurrent assets	197	22,254
Total extraordinary loss	197	22,254
Income before income taxes and minority interests	3,824,877	1,905,993
Income taxes-current	1,581,644	594,162
Income taxes-deferred	-67,325	128,485
Total income taxes	1,514,319	722,648
Income before minority interests	2,310,557	1,183,345
Minority interests in income (loss)	-6,972	5,571
Net income	2,317,530	1,177,774

Quarterly Consolidated Statements of Comprehensive Income
Cumulative Second Quarter

(Unit: Thousand yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2013 to September 30, 2013)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2014 to September 30, 2014)
Income before minority interests	2,310,557	1,183,345
Other comprehensive income		
Valuation difference on available-for-sale	-1,036,931	-10,868
Foreign currency translation adjustment	609	-139,177
Share of other comprehensive income of associates accounted for by equity method	38,483	-504
Total other comprehensive income	-997,838	-150,551
Comprehensive income	1,312,718	1,032,793
(Break down)		
Comprehensive income attributable to owners of the parent	1,319,691	1,027,981
Comprehensive income attributable to minority	-6,972	4,811

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Thousand yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2013 to September 30, 2013)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2014 to September 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	3,824,877	1,905,993
Depreciation and amortization	231,753	232,113
Amortization of goodwill	97,819	168,402
Increase (decrease) in allowance for doubtful account	-7,246	7,351
Increase (decrease) in reserve for bonuses	18,580	52,411
Increase (decrease) in other provision	-25,399	-57,542
Interest and dividends received	-38,967	-10,468
Foreign exchange loss (gain)	-130,200	-83,767
Loss (gain) on equity in earnings of affiliates	-45,270	-60,682
Loss (gain) from investments in partnership	4,764	-12,680
Loss (gain) on sales of investment securities	-1,998,097	-7,199
Loss (gain) on valuation of investment securities	-	-6,720
Loss on retirement of noncurrent assets	197	22,254
(Increase) decrease in notes and accounts receivable – trade	-167,839	-94,590
Increase (decrease) in notes and accounts payable – trade	-16,334	-18,843
Increase (decrease) in accounts payable – other	-83,104	-437,442
(Increase) decrease in other current assets	-9,497	-75,603
Increase (decrease) in other current liabilities	-36,755	223,121
(Increase) decrease in other noncurrent assets	-153,574	-15,322
Increase (decrease) in other noncurrent liabilities	56,519	-31,701
Subtotal	1,522,225	1,699,082
Interest and dividends income received	79,617	77,945
Income taxes paid	-505,390	-1,919,703
Net cash provided by (used in) operating activities	1,096,452	-142,674
Cash flows from investing activities		

Purchase of property, plant and equipment	-62,088	-121,289
Purchase of intangible assets	-369,123	-557,460
Purchase of investment securities	-22,450	-100,800
Proceeds from sales of investment securities	2,396,334	24,700
Purchase of stocks of subsidiaries and affiliates	-	-19,500
Purchase of investments in subsidiaries	-	-159,102
Cash used for purchase of investments in subsidiaries resulting in a change in the scope of consolidation	-1,933,255	-596,092
Payment for lease and guarantee	-84,530	-187,404
Proceeds from collection of lease and guarantee	12,986	681
Purchase of insurance funds	-6,456	-6,456
Proceeds from cancellation of insurance funds	-	5,919
Payments of loans receivable	-	-190,000
Collection of loans receivable	3,851	129,715
Net cash provided by (used in) investing activities	-64,732	-1,777,089

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2013 to September 30, 2013)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2014 to September 30, 2014)
Cash flows from financing activities		
Repayment of long-term loans	-	-1,871
Cash dividends paid	-456,575	-577,337
Repayment of lease obligations	-22,094	-17,650
Net cash provided by (used in)	-478,669	-596,859
Effect of exchange rate change on cash and cash equivalents	141,030	41,994
Net increase (decrease) in cash and cash equivalents	694,081	-2,474,628
Cash and cash equivalents at	10,349,167	13,169,219
Cash and cash equivalents of the new consolidated subsidiary at beginning	156,478	-
Cash and cash equivalents at end of	11,199,727	10,694,590

(4) Notes regarding Quarterly Consolidated Financial Statements

(Notes relating to the Going Concern Assumption)

There are no pertinent items.

(Segment Information)

[Segment Information]

I Cumulative second quarter of the previous fiscal year (April 1, 2013 to September 30, 2013)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments			Adjustment s (Notes)	Amount recorded in quarterly consolidated statements of income
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	7,230,482	255,987	7,486,470	—	7,486,470
Internal sales among segments, transfers	7,175	15,298	22,474	-22,474	—
Total	7,237,658	271,286	7,508,944	-22,474	7,486,470
Segment profit	1,572,188	44,215	1,616,404	—	1,616,404

(Note) Adjustments to segment profit are eliminations of intersegment transactions.

II Cumulative second quarter of the fiscal year under review (from April 1, 2014 to September 30, 2014)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments			Adjustment s (Note)	Amount recorded in quarterly consolidated statements of income
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	8,907,764	297,669	9,205,434	—	9,205,434
Internal sales among segments, transfers	7,073	19,676	26,749	-26,749	—
Total	8,914,837	317,345	9,232,183	-26,749	9,205,434
Segment profit	1,760,420	-22,486	1,737,934	300	1,738,234

(Notes) 1. Adjustments to segment profit are eliminations of intersegment transactions.

2. Segment profit is adjusted from the operating income booked in the consolidated financial statements.

- 2 Information concerning impairment loss or goodwill on fixed assets by segment
(Significant change in amount of goodwill)

Because the Company acquired shares of New Era India Consultancy Pvt. Ltd. in the first quarter of the fiscal year ending March 31, 2015, there has been a significant change to the amount of goodwill in the “Hiring Business” segment. The amount of goodwill booked as a result of the acquisition is ¥533,626 thousand.

- 3 Matters related to changes in the reporting segment

The Company decided to terminate operation of its job advertisement website in the new graduate recruitment business at the end of March 2015 and change its business model. For this reason, the Company has changed its operating segment to “Hiring Business” and “Education/Evaluation Business” starting from the first quarter of the fiscal year ending March 31, 2015.

Figures presented in the segment information for the second quarter of the fiscal year ended March 31, 2014 reflect the classification change following the change in the segment