

en-japan inc.



2nd Quarter FY March 2013 Earnings Announcement [Japan GAAP] (Consolidated)

November 12, 2012

Company Name	en-japan inc.	Listing Exchanges	Osaka Securities Exchange (Jasdaq Market)	
Stock Code	4849	URL	http://corp.en-japan.com/	
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	Executive Director and			
Contact (Title)	General Manager,	(Name)	Takashi Fujino	Telephone +81-3-3342-4506
	Corporate Planning			
	Office			
Scheduled date for submission of Quarterly Report	November 13, 2012			
Scheduled date to begin dividend payments	-			
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes			
Quarterly Earnings Briefing	Yes (For analysts and institutional investors)			
	(Figures rounded down to nearest million yen)			

1. FY Ending March 2013 Second Quarter Year-to-Date Operating Results (From April 1, 2012 to September 30, 2012)

(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 3/13 2nd Qtr	6,435	-	1,281	-	1,358	-	806	-
FYE 3/12 2nd Qtr	5,740	-	963	-	975	-	452	-

(Note) 1. Comprehensive income FYE3/13 2nd Qtr 903 million yen (-%) FYE3/12 2nd Qtr 556 million yen (-%)

2. The Company changed its fiscal year-end from December 31 to March 31 effective the fiscal year ended March 31, 2012. Given that, in conjunction with this change, the second quarter of FYE 3/13 (April to September) and the second quarter of FYE 3/12 (January to June) differ in terms of the months subject to comparison, year-on-year changes from the second quarter of the previous term to the second quarter of FYE 3/13 are not shown above.

3. Year-on-year changes for the second quarter of FYE 3/12 are not shown because the Company did not create quarterly consolidated financial statements in FYE 12/10.

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/13 2nd Qtr	3,637.97	3,636.23
FYE 3/12 2nd Qtr	2,041.56	2,038.91

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/13 2nd Qtr	16,602	14,058	84.7
FYE 3/12	16,084	13,581	84.4

(Reference) Core capital FYE 3/13 2nd Qtr 14,058 million yen FYE 3/12 13,581 million yen

2. Dividends

	Dividends per Share					
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	4th Quarter-end	Year-end	Full Year
	Yen	Yen	Yen	Yen	Yen	Yen
FYE 3/12	-	-	0.00	-	1,850.00	1,850.00
FYE 3/13	-	0.00				
FYE 3/13 (projected)			-		1,950.00	1,950.00

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

3. FY Ending March 2013 Projected Consolidated Operating Results (April 1, 2012 - March 31, 2013)

(Percentages indicate percent change from the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,770	—	2,700	—	2,800	—	1,530	—	6,903.77

(Note) 1. Revisions to the Company's latest operating results projections: None

2. Due to the Company's change of fiscal year-end, FYE 3/12 covered a transitional period of 15 months. Therefore, year-on-year changes for the consolidated operating results projections of FYE 3/13 are not shown.

* Notes

- (1) Changes in status of material subsidiaries during the quarter year-to-date period under review
(Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies) No
Newly included - companies (Name of company), Excluded - companies (Name of company)
- (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 restatement due to correction
 - a. Changes in accounting policy accompanying amendment of accounting principles: Yes
 - b. Changes in accounting policy other than "a." No
 - c. Changes in accounting estimates: Yes
 - d. Restatement due to correction: No

(Note) The Company changed the depreciation method effective the first quarter of the fiscal year under review, which is applicable to "a case when a change in accounting policy is difficult to distinguish from a change in accounting estimates." For details, please refer to "(3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction" in "2. Matters Concerning Summary Information (Notes)" on page 5 of the Attachments.

(4) Number of shares issued (common stock)

- a. Number of shares issued at the end of the period (including treasury stock)
FYE 3/13 2nd Qtr 246,142 shares FYE 3/12 246,118 shares
- b. Number of shares of treasury stock at the end of the period
FYE 3/13 2nd Qtr 24,500 shares FYE 3/12 24,500 shares
- c. Average number of shares issued during the period (Quarter Year-to-Date)
FYE 3/13 2nd Qtr 221,640 shares FYE 3/12 2nd Qtr 221,408 shares

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 procedure over the quarterly consolidated financial statements is in process.

Explanation regarding appropriate use of operating results projections, 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. For preconditions used in projected operating results and notes in using the projected operating results, please refer to "Qualitative Information Concerning Consolidated Operating Results Projections" on page 4 of the Attachments.

Attachments Table of Contents

1. Qualitative Information of Consolidated Performance during the quarter under review	- 2 -
(1) Qualitative Information Concerning Consolidated Operating Results.....	- 2 -
(2) Qualitative Information Concerning Consolidated Financial Position.....	- 4 -
(3) Qualitative Information Concerning Consolidated Operating Results Projections	- 4 -
2. Summary Information (Notes).....	- 4 -
(1) Changes in status of material subsidiaries during the quarter year-to-date period under review	- 4 -
(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements	- 5 -
(3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction	- 5 -
3. Quarterly Consolidated Financial Statements	- 6 -
(1) Quarterly Consolidated Balance Sheets.....	- 6 -
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	- 7 -
(3) Quarterly Consolidated Statement of Cash Flows.....	- 9 -
(4) Notes Relating to the Going Concern Assumption.....	- 11 -
(5) Segment Information	- 11 -
(6) Notes on Significant Changes to Shareholders' Equity	- 12 -

1. Qualitative Information of Consolidated Performance during the quarter under review

Following the Company's change of fiscal year-end from December 31 to March 31, the previous fiscal term (FYE3/12) covered a transitional period of 15 months. Given that, in conjunction with this change, the second quarter year-to-date period of the previous FYE 3/12 (January 1, 2011 to June 30, 2011) and the second quarter year-to-date period of the fiscal year under review (April 1, 2012 to September 30, 2012) differ in terms of the months subject to comparison, year-on-year comparisons from the second quarter year-to-date period of the previous fiscal year are not made.

(1) Qualitative Information Concerning Consolidated Operating Results

During the second quarter year-to-date period of the fiscal year ending March 31, 2013, the economic outlook continued to be uncertain in Japan, due primarily to the lingering appreciation of the yen and the concerns for economic slowdowns in emerging countries in addition to the continuing monetary and financial anxiety in Europe.

While the employment environment remained on a recovery trend, there were signs of concern, such as the decline in the effective ratio of job offers to job seekers in September from the previous month for the first time in three years and two months.

Under such circumstances, the en-japan Group worked to reinforce measures on its mainstay website, [en] Career Change Info, to expand the sales of success-fee based job posting services and increase the number of persons joining companies.

Meanwhile, en world Japan K.K., a subsidiary, newly launched "en premium," a job placement brand to help growing Japanese companies hire managers and professionals, and strove to provide a wide array of services to job seekers and job offering companies as part of the en-japan Group.

As a result, the Company recorded net sales of ¥ 6,435 million, operating income of ¥ 1,281 million, ordinary income of ¥ 1,358 million and net income of ¥ 806 million for the second quarter year-to-date period of the fiscal year ending March 2013.

Provided below for reference are year-on-year comparisons of operating results for the same month periods.

(Reference) Year-on-year comparisons of operating results for the April-September period (Unit: Million yen)

	2nd and 3rd Quarters of FYE 3/12 (April to September 2011)	2nd Quarter Year-to-Date of FYE 3/13 (April to September 2012)	Year-on-Year Change (%)
Net sales	6,005	6,435	7.2%
Operating income	1,174	1,281	9.1%
Ordinary income	1,073	1,358	26.6%
Net income	514	806	56.7%

[1] Mid-Career Hiring Business

In [en] Career Change Info, the number of job postings in the success-fee based services and the number of persons joining companies increased year on year mainly because hiring demand among companies remained high and active sales initiatives were taken. The Group also conducted trials of various measures and reinforced efforts to increase the number of postings as well as the number of persons joining companies.

On the other hand, the number of job postings in charge-per-listing-based services fell short of the plan in conjunction with the aggressive approach to expanding sales of success-fee based services.

In [en] Temporary Placement Info, net sales fell below the plan, mainly due to the delay in the site renewal planned for August 2012 and the partial shift of job postings to [en] New Career Challenges to better match the postings handled by temporary staffing companies as customers with job seekers.

In [en] Career Change Consultant, net sales exceeded the plan, primarily due to the heightened posting effects as a result of improving site operations and the steady performance of success-fee based services for job placement agencies.

[en] New Career Challenges began specializing in listing job postings handled by temporary staffing companies effective June 2012, although it conventionally used to list job postings of business companies. Net sales exceeded the plan, thanks to strong hiring needs in sales and administrative positions during the second quarter year-to-date period of the fiscal year under review.

en world Japan K.K. has been receiving positive recognition from global companies and job seekers as a result of sure improvement in performance supported by a variety of continuously implemented measures. In August of this year, en world Japan newly launched “en premium,” a job placement service brand for growing Japanese companies, and expanded the service lineup. In addition to these efforts, high hiring needs among global companies and the skills developed by new staffs that proved effective were the main contributors to favorable performance, and the results exceeded the plan considerably.

As a result, net sales were ¥ 5,861 million, and operating income were ¥ 1,510 million for the second quarter year-to-date period of the fiscal year ending March 2013.

[2] New Graduate Hiring Business

The hiring market for students graduating in March 2013 is in its final stage while planning and preparation by corporations for FY2014 are coming up to speed.

Under such circumstances, active sales efforts were made for “[en] Job Info for Students 2014,” which will be opened in December 2012, and we have been steadily receiving orders mainly from existing corporate customers.

As a result, net sales were ¥ 391 million, and operating losses were ¥ 215 million for the second quarter year-to-date period of the fiscal year ending March 2013.

[3] Education/Evaluation Business

The flat-rate training service “en-College” saw a steady increase in net sales, thanks to the larger number of new corporate members in April.

As a result, net sales were ¥ 151 million, and operating income were ¥ 24 million for the second quarter year-to-date period of the fiscal year ending March 2013.

Provided below for reference are year-on-year comparisons of operating results by segment for the same month periods.

(Reference) Year-on-year comparisons of operating results by segment for the April-September period

(Unit: Million yen)

		2nd & 3rd Quarters of FYE 3/12 (April to September 2011)	2nd Quarter Year-to- Date of FYE 3/13 (April to September 2012)	Year-on-Year Change (%)
Mid-Career Hiring Business	Net Sales	5,454	5,861	7.5%
	Operating income	1,620	1,510	-6.7%
New Graduate Hiring Business	Net Sales	369	391	6.1%
	Operating income	-307	-215	—
Education/Evaluation Business	Net Sales	125	151	20.6%
	Operating income	-4	24	—

(2) Qualitative Information Concerning Consolidated Financial Position

Assets, liabilities and net assets

Total assets at the end of the second quarter of the fiscal year ending in March 2013 increased by ¥518 million compared with the end of the previous fiscal year to ¥16,602 million. This mainly reflected an increase in cash and deposits of ¥546 million.

Total liabilities at the end of the second quarter under review were ¥2,543 million, an increase of ¥41 million compared with the end of the previous fiscal year. This is mainly due to an increase in reserve for bonuses of ¥92 million.

Total net assets were ¥14,058 million, up by ¥476 million compared with the end of the previous fiscal year. The growth in net assets was mainly the result of an increase in retained earnings of ¥377 million and an increase in valuation difference on other investment securities of ¥111 million.

(Cash Flows from Operating Activities)

Cash flows from operating activities in the second quarter year-to-date period of the fiscal year ending March 2013 increased to ¥1,363 million. This was a result of posting a net income before taxes of ¥1,340 million.

(Cash Flows from Investing Activities)

Cash flows from investing activities in the second quarter year-to-date period of the fiscal year ending March 2013 were ¥264 million. This mainly consisted of cash used for acquisition of fixed assets of ¥257 million, cash used for acquiring stocks of affiliated companies of ¥131 million, and funds provided from maturity of time deposits of ¥150 million.

(Cash Flows from Financing Activities)

Cash flows from financing activities in the second quarter year-to-date period of the fiscal year ending March 2013 were ¥423 million. This mainly consisted of cash used for dividend payments of ¥408 million.

(3) Qualitative Information Concerning Consolidated Operating Results Projections

The Company revised the non-consolidated full-year operating results projections for the year ending March 31, 2013 as follows. There is, however, no change from the projections announced on May 10, 2012 as en world Japan K.K., a subsidiary, is expected to maintain favorable performance.

(Reference)

Revision of non-consolidated operating results projections for the year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

	Net Sales	Ordinary Income	Net Income	EPS
	Million yen	Million yen	Million yen	Yen
Previous Projections (A)	11,050	2,740	1,580	7,129.38
Revised Projections (B)	10,830	2,670	1,540	6,948.14
Net Increase-Decrease (B-A)	-220	-70	-40	
Net Increase-Decrease Rate (%)	-2.0	-2.6	-2.5	

The Company revised the non-consolidated operating results projections as the results are expected to fall short of previous projections mainly because of the expected difficulty in achieving the plan in charge-per-listing-based job postings caused by the concentration of resources into success-fee based job posting services and the delay in the renewal of [en] Temporary Placement Info.

2. Summary Information (Notes)

(1) Changes in status of material subsidiaries during the quarter year-to-date period under review

The Company had no material items to report.

(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

(Change in accounting policy, which is difficult to distinguish from a change in accounting estimates)

In conjunction with the revision to the Corporation Tax Act, the Company and its consolidated subsidiaries adopt the depreciation method based on the revised Corporation Tax Act for property, plant and equipment acquired on or after April 1, 2012 effective the first quarter of the fiscal year under review.

The impact of this change on profit and loss for the second quarter year-to-date period of the fiscal year under review is minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousand yen)

	Previous Fiscal Year (As of March 31, 2012)	Second Quarter of Current Fiscal Year (As of September 30, 2012)
Assets		
Current Assets		
Cash and deposits	7,815,613	8,362,036
Notes and accounts receivable	1,303,775	1,269,703
Other	437,300	477,641
Reserve for bad debts	-6,238	-12,349
Total Current Assets	9,550,450	10,097,031
Fixed Assets		
Tangible fixed assets	539,162	482,175
Intangible fixed assets		
Goodwill	1,471,173	1,386,157
Other	699,803	745,943
Total intangible fixed assets	2,170,977	2,132,100
Investments and other assets		
Investment securities	2,244,639	2,378,620
Other	1,592,104	1,526,647
Reserve for bad debts	-13,211	-14,132
Total Investments and Other Assets	3,823,533	3,891,135
Total Fixed Assets	6,533,672	6,505,411
Total Assets	16,084,123	16,602,443
Liabilities		
Current Liabilities		
Accounts payable	33,950	28,577
Lease liabilities	31,416	27,813
Corporate and other taxes payable	235,067	500,322
Reserve for bonuses	391,225	483,271
Other	1,682,109	1,339,312
Total Current Liabilities	2,373,770	2,379,298
Long-term Liabilities		
Long-term accrued amount payable	66,498	88,743
Lease liabilities	35,045	22,306
Asset retirement obligations	26,818	53,482
Total Long-term Liabilities	128,361	164,533
Total Liabilities	2,502,132	2,543,831
Net Assets		
Shareholders' Equity		
Paid-in capital	977,812	978,478
Capital surplus	1,444,376	1,445,043
Retained earnings	14,101,568	14,479,467
Treasury stock	-3,438,187	-3,438,187
Total Shareholders' Equity	13,085,570	13,464,802
Accumulated other comprehensive income		
Valuation difference on other investment securities	507,138	618,399
Foreign currency translation adjustment	-10,717	-24,589
Total accumulated other comprehensive income	496,421	593,809
Total Net Assets	13,581,991	14,058,612
Total Liabilities and Net Assets	16,084,123	16,602,443

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

Quarterly Consolidated Statements of Income

Second Quarter Consolidated Year to Date

(Unit: Thousand yen)

	Second Quarter Consolidated Year-to- Date of the Previous Fiscal Year (From January 1, 2011 to June 30, 2011)	Second Quarter Consolidated Year-to- Date of the Current Fiscal Year (From April 1, 2012 to September 30, 2012)
Net sales	5,740,184	6,435,315
Cost of sales	925,890	923,541
Gross income	4,814,293	5,511,774
Selling, general and administrative expenses	3,850,658	4,230,033
Operating income	963,634	1,281,741
Non-operating income		
Interest received	10,380	9,321
Dividends income	30,000	32,500
Equity in earnings of affiliates	27,007	34,091
Miscellaneous income	6,897	6,522
Total non-operating income	74,285	82,436
Non-operating expenses		
Loss on investments in partnership	2,113	—
Rent payable	51,874	—
Foreign exchange losses	—	3,819
Miscellaneous loss	8,878	1,809
Total non-operating expenses	62,865	5,629
Ordinary income	975,054	1,358,548
Extraordinary income		
Reversal of reserve for bad debts	10,000	—
Total extraordinary income	10,000	—
Extraordinary loss		
Loss on disposal of fixed assets	63,774	1,398
Loss on valuation of investment securities	—	16,926
Effect of application in accounting standard for asset retirement obligations	4,247	—
Subsidiary establishment expenses	101,514	—
Total extraordinary loss	169,536	18,325
Net income (loss) before taxes	815,518	1,340,222
Corporate, local and business taxes	302,639	497,608
Corporate tax adjustment	52,897	36,294
Total tax expense	355,537	533,902
Income before minority interests	459,980	806,320
Small-lot shareholder income (loss)	7,962	—
Net income (loss)	452,018	806,320

Quarterly Consolidated Statements of Comprehensive Income

Second Quarter Consolidated Year to Date

(Unit: Thousand yen)

	Second Quarter Consolidated Year-to- Date of the Previous Fiscal Year (From January 1, 2011 to June 30, 2011)	Second Quarter Consolidated Year-to- Date of the Current Fiscal Year (From April 1, 2012 to September 30, 2012)
Income before minority interests	459,980	806,320
Other comprehensive income		
Valuation difference on other investment securities	92,930	111,260
Share of other comprehensive income of associates	3,553	-13,872
Total other comprehensive income	96,483	97,388
Comprehensive income	556,464	903,708
(Factor that comprehensive is income attributable to)		
Comprehensive income attributable to owners of the parent	548,502	903,708
Comprehensive income attributable to minority interests	7,962	—

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Thousand yen)

	Second Quarter Consolidated Year-to- Date of the Previous Fiscal Year (From January 1, 2011 to June 30, 2011)	Second Quarter Consolidated Year-to- Date of the Current Fiscal Year (From April 1, 2012 to September 30, 2012)
Cash flows from operating activities		
Net income (loss) before taxes	815,518	1,340,222
Depreciation expense	342,714	284,416
Goodwill amortization	68,444	85,016
Increase (decrease) in reserve for relocation	-55,023	—
Increase (decrease) in reserve for bad debts	-6,802	7,032
Increase (decrease) in reserve for bonuses	70,421	92,046
Increase (decrease) in reserves for directors' bonuses	1,666	-7,826
Interest and dividends received	-40,380	-41,821
Foreign exchange loss (gain)	-269	3,819
Equity in (earnings) losses of affiliates	-27,007	-34,091
Loss (gain) from investment in LLC	2,113	-855
Loss (gain) on valuation of investment securities	—	16,926
Loss on disposal of fixed assets	63,774	1,398
Subsidiary establishment expenses	101,514	—
(Increase) decrease in accounts receivable	69,209	45,529
Increase (decrease) in accounts payable	-15,390	-8,691
Increase (decrease) in payments due	-243,933	-372,967
(Increase) decrease in other current assets	52,212	30,052
Increase (decrease) in other current liabilities	129,540	43,834
(Increase) decrease in other fixed assets	-7,751	-23,796
Increase (decrease) in other long-term liabilities	43,482	48,539
Subtotal	1,364,051	1,508,785
Interest and dividends received	40,364	94,302
Corporate taxes paid	-774,460	-239,557
Subsidiary establishment expenses paid	-101,514	—
Cash flows from operating activities	528,441	1,363,529
Cash flows from investing activities		
Funds provided from maturity of time deposits	300,000	150,000
Cash used for acquisition of tangible fixed assets	-113,903	-28,299
Cash used for acquisition of intangible fixed assets	-109,663	-229,602
Cash used for purchase of investment securities	-30,361	—
Cash provided from sale of investment securities	7,584	22,820
Cash used for acquiring stock of affiliated companies	-107,092	-131,359
Cash used for deposits and guarantees	-27,750	-381
Cash provided from return of deposit and guarantees	288,197	1,579
Cash provided from collection of loans	-6,456	-6,456
Purchase of insurance funds	-1,000	-45,621
Payments of loans receivable	10,119	2,906
Other payments	-1,804	—
Cash flows from investing activities	207,868	-264,415

	Second Quarter Consolidated Year-to- Date of the Previous Fiscal Year (From January 1, 2011 to June 30, 2011)	Second Quarter Consolidated Year-to- Date of the Current Fiscal Year (From April 1, 2012 to September 30, 2012)
Cash flows from financing activities		
Cash provided by issuance of stock	3,246	1,333
Cash used for dividend payment	-250,699	-408,122
Cash dividends paid to minority shareholders	-8,400	—
Cash used for repayment of lease obligations	-9,946	-16,341
Cash flows from financing activities	-265,800	-423,130
Translation adjustments on cash and equivalents	—	-3
Net increase (decrease) in cash and equivalents	470,510	675,980
Cash and equivalents at beginning of period	5,884,799	7,665,613
Cash and equivalents of the new consolidated subsidiary at beginning of period	—	20,443
Cash and equivalents at end of period	6,355,309	8,362,036

(4) Notes Relating to the Going Concern Assumption

There are no pertinent items.

(5) Segment Information

[Segment Information]

I Second quarter consolidated accounting period of the previous fiscal year (January 1, 2011 to June 30, 2011)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reporting segments				Others (see notes)	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	5,119,761	444,995	121,350	5,686,107	54,076	5,740,184
Internal sales among segments, transfers	—	—	—	—	—	—
Total	5,119,761	444,995	121,350	5,686,107	54,076	5,740,184
Segment profit/loss (-)	1,413,691	-270,876	-15,782	1,127,032	-163,398	963,634

(Notes)

1. “Other” includes the [en] Wedding and FINE businesses that are not included in the three reporting segments.
2. The sum of the segment profit/loss equals the operating income/loss in the consolidated income statement.

2 Information concerning impairment loss or goodwill on fixed assets by segment

There are no pertinent items.

II Second quarter consolidated accounting period under review (from April 1, 2012 to September 30, 2012)

1 Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reporting segments				Others (see notes)	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	5,861,105	391,544	151,314	6,403,965	31,350	6,435,315
Internal sales among segments, transfers	—	—	—	—	—	—
Total	5,861,105	391,544	151,314	6,403,965	31,350	6,435,315
Segment profit/loss (-)	1,510,920	-215,183	24,789	1,320,527	-38,785	1,281,741

(Notes)

1. “Other” includes the en-Wedding and FINE businesses that are not included in the three reporting segments.
2. The sum of the segment profit/loss equals the operating income/loss in the consolidated income statement.

- 2 Information concerning impairment loss or goodwill on fixed assets by segment
There are no pertinent items.

- (6) Notes on Significant Changes to Shareholders' Equity
There are no pertinent items.