

en-japan inc.



1st Quarter FY March 2013 Earnings Announcement [Japan GAAP] (Consolidated)

August 9, 2012

Company Name en-japan inc. Listing Exchanges Osaka Securities Exchange (Jasdaq Market)
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 Scheduled date to begin dividend payments –
 Preparation of Quarterly Summary Supplementary Explanatory Materials Yes
 Quarterly Earnings Briefing No

(Figures rounded down to nearest million yen)

1. FY Ending March 2013 First Quarter Year-to-Date Operating Results (From April 1, 2012 to June 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 1st Qtr	3,297	–	723	–	782	–	467	–
FYE 3/12 1st Qtr	2,896	–	505	–	460	–	172	–

(Note) 1. Comprehensive income FYE3/13 1st Qtr 572 million yen (-%) FYE3/12 1st Qtr 183 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 first quarter of FYE 3/13 (April to June) and the first quarter of FYE 3/12 (January to March) differ in terms of the months subject to comparison, year-on-year changes from the first quarter of the previous term to the first quarter of FYE 3/13 are not shown above.

3. Year-on-year changes for the first 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 1st Qtr	2,110.92	2,109.86
FYE 3/12 1st Qtr	777.68	776.48

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/13 1st Qtr	15,996	13,727	85.8
FYE 3/12	16,084	13,581	84.4

(Reference) Core capital FYE 3/13 1st Qtr 13,727 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	–	–	–	–	–	–
FYE 3/13 (projected)	–	0.00	–	–	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)

(Percentage for full year indicates changes from the prior fiscal year, and percentage for the 1st quarter [year-to-date] indicates 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
2nd Quarter (year-to-date)	6,349	—	1,060	—	1,190	—	710	—	3,203.36
Full year	13,370	—	2,700	—	2,800	—	1,530	—	6,903.77

(Note) 1. Revisions to the Company's latest operating results projections: Yes

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 for the second quarter year-to-date period of FYE 3/13 and for the full year 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 1st 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 1st 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 1st Qtr 221,638 shares FYE 3/12 1st Qtr 221,361 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.

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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 first quarter year-to-date period of the previous FYE 3/12 (January 1, 2011 to March 31, 2011) and the first quarter year-to-date period of the fiscal year under review (April 1, 2012 to June 30, 2012) differ in terms of the months subject to comparison, year-on-year comparisons from the first quarter year-to-date period of the previous fiscal year are not made.

(1) Qualitative Information Concerning Consolidated Operating Results

During the first three months ended June 30, 2012, the Japanese economy continued to show a moderate recovery, mainly due to evident demand for restoration from the Great East Japan Earthquake. However, the economic outlook remained uncertain as monetary and financial anxiety prevailed in Europe and the Japanese yen continued to be strong for an extended period of time.

In the employment environment, the effective ratio of job offers to job seekers showed continuous improvement and hiring demand among corporations was on a recovery trend.

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

Overseas, the Group established "en world Hong Kong Ltd.", a job placement agency, in April 2012 and began operating it. In addition, "Calibrate Recruitment Pty Ltd.", an Australian job placement agency, was made a subsidiary in June 2012.

Furthermore, en-japan appointed Mr. Makoto Hasebe, captain of Japan's national soccer team who is currently with VfL Wolfsburg of the German Bundesliga, as the image character of the en-japan brand since he matched the images of en-japan's corporate services and job seekers supported, and actively pursued advertising activities to enhance the Group's brand image.

As a result, the Company recorded net sales of ¥3,297 million, operating income of ¥723 million, ordinary income of ¥782 million and net income of ¥467 million for the first 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-June period

(Unit: Million yen)

	2nd Quarter of FYE 3/12 (April to June 2011)	1st Quarter of FYE 3/13 (April to June 2012)	Year-on-Year Change (%)
Net sales	2,843	3,297	16.0%
Operating income	457	723	58.0%
Ordinary income	514	782	51.9%
Net income	279	467	67.2%

[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 significantly from the year before, thanks to growing hiring needs among corporations and active sales initiatives taken.

In [en] Temporary Placement Info, net sales were generally as expected, as hiring needs in IT, sales and service related sectors continued to be strong.

In [en] Career Change Consultant, net sales exceeded the plan, mainly due to the favorable performance of success-fee based services for job placement agencies.

[en] New Career Challenges saw its net sales increase from the results of the same period in the previous year as market recovery drove high demand for posting job openings by business companies and those handled by temporary staffing companies.

As a result, net sales were ¥2,964 million, and operating income was ¥838 million for the first quarter year-to-date period of the fiscal year ending March 2013.

en world Japan K.K. posted results significantly above plan, thanks to various efforts reinforced since the previous term that proved fruitful in addition to the continuing strong hiring needs of global companies.

As a result, net sales were ¥2,964 million, and operating income were ¥838 million for the first quarter year-to-date period of the fiscal year ending March 2013.

[2] New Graduate Hiring Business

[en] Job Info for Students is a website dedicated to providing job information on promising small, medium-sized and venture companies. While such companies do have strong demand for hiring new graduates, they are becoming increasingly selective in their hiring processes. Hence many companies have yet to secure the target number of hires for FY2013 and are expected to continue hiring activities in the summer months and thereafter. This contributed to strong sales of “[en] Job Info for Students 2013.” Further, in June, en-japan pre-opened “[en] Job Info for Students 2014” for students graduating in March 2014 and began active sales activities toward the full opening in December.

As a result, net sales were ¥222 million, and operating losses were ¥93 million for the first quarter year-to-date period of the fiscal year ending March 2013.

[3] Education/Evaluation Business

The flat-rate training service “en-College” saw an increase in the number of corporate members as a result of aggressive sales activities pursued on a company-wide basis since the previous fiscal year toward next April, which is the peak period of concluding new contracts.

As a result, net sales were ¥81 million, and operating income were ¥20 million for the first quarter year-to-date period of the fiscal year ending March 2013.

[4] Other Business

In Other Business, en-japan withdrew from “en-Wedding” as of June 30, 2012 as notified in the “Fiscal Year Ended March 31, 2012 Earnings Announcement” dated May 10, 2012 and ended the service offering. Further, the FINE business was transferred to an affiliate effective July 1, 2012.

As a result, net sales were ¥28 million and operating losses were ¥41 million for the first 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-June period

(Unit: Million yen)

		2nd Quarter of FYE 3/12 (April to June 2011)	1st Quarter of FYE 3/13 (April to June 2012)	Year-on-Year Change (%)
Mid-Career Hiring Business	Net Sales	2,551	2,964	16.2%
	Operating income	675	838	24.1%
New Graduate Hiring Business	Net Sales	193	222	14.9%
	Operating income	-159	-93	—
Education/Evaluation Business	Net Sales	69	81	16.5%
	Operating income	4	20	399.6%
Other Business	Net Sales	27	28	3.1%
	Operating income	-62	-41	—
Total	Net Sales	2,843	3,297	16.0%
	Operating income	457	723	58.0%

(2) Qualitative Information Concerning Consolidated Financial Position

Total assets at the end of the first quarter of the fiscal year ending in March 2013 decreased by ¥87 million compared with the end of the previous fiscal year to ¥15,996 million. This mainly reflected an increase in investment securities of ¥118 million, a decrease in cash and deposits of ¥158 million and a decrease in property, plant and equipment of ¥23 million.

Total liabilities at the end of the first quarter under review were ¥2,268 million, a decrease of ¥233 million compared with the end of the previous fiscal year. This is mainly due to a decrease in provision for bonuses of ¥67 million.

Total net assets were ¥13,727 million, up by ¥145 million compared with the end of the previous fiscal year. The increase in net assets was mainly the result of an increase in retained earnings.

(3) Qualitative Information Concerning Consolidated Operating Results Projections

The Company revised the operating results projections for the second quarter year-to-date period of the year ending March 31, 2013 announced on May 10, 2012.

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS
	Million yen	Million yen	Million yen	Million yen	Yen
Previous Projections (A)	6,349	893	1,019	611	2,759.99
Revised Projections (B)	6,349	1,060	1,190	710	3,203.36
Net Increase-Decrease (B-A)	—	167	171	99	
Net Increase-Decrease rate (%)	—	18.7	16.8	16.2	

With the plan to reinforce promotion activities in the third quarter and thereafter, there is no change to the full-year operating results projections.

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 first 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)	First Quarter of Current Fiscal Year (As of June 30, 2012)
Assets		
Current Assets		
Cash and deposits	7,815,613	7,657,310
Notes and accounts receivable	1,303,775	1,321,985
Other	437,300	366,009
Reserve for bad debts	-6,238	-9,479
Total Current Assets	9,550,450	9,335,825
Fixed Assets		
Tangible fixed assets	539,162	515,786
Intangible fixed assets		
Goodwill	1,471,173	1,428,665
Other	699,803	751,109
Total intangible fixed assets	2,170,977	2,179,774
Investments and other assets		
Investment securities	2,244,639	2,363,003
Other	1,592,104	1,615,623
Reserve for bad debts	-13,211	-13,629
Total Investments and Other Assets	3,823,533	3,964,997
Total Fixed Assets	6,533,672	6,660,558
Total Assets	16,084,123	15,996,384
Liabilities		
Current Liabilities		
Accounts payable	33,950	56,935
Lease liabilities	31,416	29,614
Corporate and other taxes payable	235,067	172,038
Reserve for bonuses	391,225	324,169
Other	1,682,109	1,526,401
Total Current Liabilities	2,373,770	2,109,160
Long-term Liabilities		
Long-term accrued amount payable	66,498	77,497
Lease liabilities	35,045	28,676
Asset retirement obligations	26,818	53,288
Total Long-term Liabilities	128,361	159,462
Total Liabilities	2,502,132	2,268,622
Net Assets		
Shareholders' Equity		
Paid-in capital	977,812	978,478
Capital surplus	1,444,376	1,445,043
Retained earnings	14,101,568	14,141,007
Treasury stock	-3,438,187	-3,438,187
Total Shareholders' Equity	13,085,570	13,126,342
Accumulated other comprehensive income		
Valuation difference on other investment securities	507,138	596,482
Foreign currency translation adjustment	-10,717	4,936
Total accumulated other comprehensive income	496,421	601,419
Total Net Assets	13,581,991	13,727,761
Total Liabilities and Net Assets	16,084,123	15,996,384

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

Quarterly Consolidated Statements of Income

First Quarter Consolidated Year to Date

(Unit: Thousand yen)

	First Quarter Consolidated Year-to- Date of the Previous Fiscal Year (From January 1, 2011 to March 31, 2011)	First Quarter Consolidated Year-to- Date of the Current Fiscal Year (From April 1, 2012 to June30, 2012)
Net sales	2,896,933	3,297,271
Cost of sales	456,916	472,810
Gross income	2,440,017	2,824,461
Selling, general and administrative expenses	1,934,357	2,100,924
Operating income	505,660	723,536
Non-operating income		
Interest received	5,410	4,478
Dividends income	—	32,500
Equity in earnings of affiliates	—	20,510
Gain on investments in partnership	2,937	1,046
Miscellaneous income	5,186	2,574
Total non-operating income	13,534	61,109
Non-operating expenses		
Rent payable	51,874	—
Foreign exchange losses	—	651
Miscellaneous loss	7,183	1,807
Total non-operating expenses	59,058	2,458
Ordinary income	460,136	782,186
Extraordinary loss		
Loss on disposal of fixed assets	63,774	229
Effect of application in accounting standard for asset retirement obligations	4,247	—
Subsidiary establishment expenses	77,846	—
Total extraordinary loss	145,868	229
Net income (loss) before taxes	314,267	781,956
Corporate, local and business taxes	134,965	169,827
Corporate tax adjustment	5,477	144,268
Total tax expense	140,442	314,096
Income before minority interests	173,825	467,860
Small-lot shareholder income (loss)	1,677	—
Net income (loss)	172,147	467,860

Quarterly Consolidated Statements of Comprehensive Income

First Quarter Consolidated Year to Date

(Unit: Thousand yen)

	First Quarter Consolidated Year-to- Date of the Previous Fiscal Year (From January 1, 2011 to March 31, 2011)	First Quarter Consolidated Year-to- Date of the Current Fiscal Year (From April 1, 2012 to June30, 2012)
Income before minority interests	173,825	467,860
Other comprehensive income		
Valuation difference on other investment securities	9,224	89,343
Share of other comprehensive income of associates	—	15,654
Total other comprehensive income	9,224	104,997
Comprehensive income	183,049	572,857
(Factor that comprehensive is income attributable to)		
Comprehensive income attributable to owners of the parent	181,371	572,857
Comprehensive income attributable to minority interests	1,677	—

(3) Notes Relating to the Going Concern Assumption

There are no pertinent items.

(4) Segment Information

[Segment Information]

I First quarter consolidated accounting period of the previous fiscal year (January 1, 2011 to March 31, 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	2,567,866	251,217	51,475	2,870,560	26,373	2,896,933
Internal sales among segments, transfers	—	—	—	—	—	—
Total	2,567,866	251,217	51,475	2,870,560	26,373	2,896,933
Segment profit/loss (-)	737,883	-111,207	-19,862	606,813	-101,152	505,660

(Notes)

1. “Other” includes the [en] Green 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 First quarter consolidated accounting period under review (from April 1, 2012 to June 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	2,964,645	222,624	81,431	3,268,700	28,570	3,297,271
Internal sales among segments, transfers	—	—	—	—	—	—
Total	2,964,645	222,624	81,431	3,268,700	28,570	3,297,271
Segment profit/loss (-)	838,346	-93,625	20,380	765,101	-41,565	723,536

(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.

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