

en-japan inc.

**Fiscal Year Ended March 31, 2012, Earnings Announcement**  
**[under Japanese GAAP] (Consolidated)**



**May 10, 2012**

Company Name	en-japan inc.	Listing Exchanges	Osaka 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)	Managing Director, Administrative Office	(Name)	Mitsuhiro Ota
Regular General Shareholders' Meeting			Telephone +81-3-3342-4506
Scheduled date to begin dividend payments	June 27, 2012		
Scheduled date for submission of Securities Report	June 28, 2012		
Preparation of Summary Supplementary Explanatory Materials			Yes
Earnings Briefing			Yes (for institutional investors)

(Figures rounded down to nearest million yen)

1. FYE 03/2012 Consolidated Earnings (From January 1, 2011 to March 31, 2012)

(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 03/2012	15,687	—	3,047	—	2,884	—	1,135	—
FYE 12/2010	9,991	—	1,774	—	1,803	—	875	—

- (Notes) 1. Comprehensive income FYE03/2012: 1,478 million yen (-%) FYE12/2010: 913 million yen (-%)  
2. Following the Company's change of fiscal year-end from December 31 to March 31, the fiscal year under review covers a transitional period of 15 months from January 1, 2011 to March 31, 2012. Therefore, year-on-year changes are not shown.  
3. Year-on-year changes for FYE12/10 are not shown since the Company did not create quarterly consolidated financial statements in FYE12/09.

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Assets	Operating Income to Sales
	Yen	Yen	%	%	%
FYE 03/2012	5,129.36	5,124.50	8.8	18.8	19.4
FYE 12/2010	3,905.72	3,897.70	7.1	12.3	17.8

(Reference) Equity in earnings (loss) of affiliates FYE 03/2012 50 million yen FYE 12/2010 — million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2012	16,084	13,581	84.4	61,285.60
FYE 12/2010	14,612	12,334	84.1	55,728.33

(Reference) Equity FYE 03/2012 13,581 million yen FYE 12/2010 12,284 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 03/2012	2,822	—771	—269	7,665
FYE 12/2010	3,886	—2,502	—1,713	5,884

## 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	4th Quarter-end	Year End	Full-Year Total			
	Yen	Yen	Yen		Yen	Yen	Million yen	%	%
FYE 12/2010	–	0.00	–	–	1,130.00	1,130.00	263	28.9	2.0
FYE 03/2012	–	–	0.00	–	1,850.00	1,850.00	432	36.1	3.2
FYE 03/2013 (projected)	–	0.00	–		1,950.00	1,950.00		28.2	

(Note) The net income per share figure used in calculating the Dividend Payout Ratio is net income divided by the number of shares excluding shares of treasury stock, in which 12,000 en-japan shares held under an employee benefit trust (J-ESOP) scheme are included. If the Dividend Payout Ratio is calculated by taking into account the fact that dividends are actually distributed for these en-japan shares under the J-ESOP scheme, the Dividend Payout Ratio for FYE 12/2010 becomes 30.1%, FYE 03/2012 becomes 38.0% and FYE 03/2013 becomes 29.8%.

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

(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	6,349	–	893	–	1,019	–	611	–	2,759.99
Full year	13,770	–	2,700	–	2,800	–	1,530	–	6,903.77

(Note) Due to the Company's change of fiscal year-end from December 31 to March 31, the fiscal year ended March 31, 2012 covers a transitional period of 15 months from January 1, 2011 to March 31, 2012. Therefore, year-on-year changes for the full year and the second quarter are not shown, as there are no comparable figures.

### \*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): No

Addition (Name)      Deletion (Name)

(2) 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:  | 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 03/2012  | 246,118 shares | FYE 12/2010 | 245,838 shares |
| b. Number of shares of treasury stock at fiscal year-end                 |                |             |                |
| FYE 03/2012  | 24,500 shares  | FYE 12/2010 | 24,500 shares  |
| c. Average number of shares issued during the period                     |                |             |                |
| FYE 03/2012  | 221,448 shares | FYE 12/2010 | 224,141 shares |

(Reference) Summary of Non-Consolidated Operating Results

1. FYE 03/2012 Non-Consolidated Earnings (From January 1, 2011 to March 31, 2012)

(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 03/2012	12,843	—	2,779	—	2,664	—	1,117	—
FYE 12/2010	9,276	—9.1	1,642	30.4	1,676	38.2	827	80.1

(Note) Following the Company's change of fiscal year-end from December 31 to March 31, the fiscal year under review covers a transitional period of 15 months from January 1, 2011 to March 31, 2012. Therefore, year-on-year changes are not shown.

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 03/2012	5,047.33	5,042.55
FYE 12/2010	3,691.84	3,684.26

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2012	15,494	13,455	86.8	60,715.19
FYE 12/2010	14,224	12,237	86.0	55,286.53

(Reference) Equity FYE 03/2012 13,455 million yen FYE 12/2010 12,237 million yen

2. FY Ending March 2013 Projected Non-Consolidated Operating Results (From April 1, 2012 to March 31, 2013)

(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	5,006	—	1,115	—	805	—	3,633.04
Full year	11,050	—	2,740	—	1,580	—	7,129.38

[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 Law.

[Explanation regarding appropriate use of operating results projections and other special notes]

The forward-looking statements, including business results projections, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. See page 4 "Analysis of Business Performance" of the Attachments for the conditions used as assumptions and matters to note when using the projected operating results.

The Company will hold a briefing on its business and financial results for institutional investors and analysts on May 10, 2012. The content of the briefing (audiovisual) and documents distributed therein will be posted on the Company's website immediately after the conclusion of the briefing.

## Attachments Table of Contents

1. Business Performance.....	5
(1) Analysis of Business Performance .....	5
(2) Analysis of Financial Position.....	7
(3) Basic Policy concerning Distribution of Earnings and Current and Future Period Dividends.....	7
(4) Business Risks.....	8
2. Current Conditions of the Corporate Group .....	11
3. Management Policies .....	13
(1) Basic Corporate Management Policy .....	13
(2) Target Management Indices .....	13
(3) Mid- and Long-Term Company Management Strategies and Issues to be Addressed.....	13
(4) Other Important Matters for Management of the Company .....	13
4. Consolidated Financial Statements.....	14
(1) Consolidated Balance Sheets.....	14
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	16
(3) Consolidated Statements of Changes in Net Assets.....	18
(4) Consolidated Statements of Cash Flows.....	20
(5) Notes Relating to the Going Concern Assumption.....	22
(6) Basis of Preparing the Consolidated Financial Statements.....	22
(7) Changes of important matters as the basis of preparing the consolidated financial statements .....	23
(8) Notes to the Consolidated Financial Statements.....	25
(Consolidated Balance Sheets) .....	25
(Consolidated Statements of Income).....	25
(Consolidated Statements of Comprehensive Income).....	26
(Consolidated Statements of Changes in Net Assets).....	26
(Consolidated Statements of Cash Flows).....	28
(Lease Transactions).....	28
(Marketable Securities) .....	28
(Tax-Effect Accounting) .....	29
(Segment Information, etc.).....	31
(Per-Share Information) .....	36
(Material Subsequent Event) .....	36
5. Non-Consolidated Financial Statements .....	37
(1) Balance Sheets.....	37
(2) Statements of Income .....	39
(3) Statements of Changes in Net Assets .....	42
(4) Significant Accounting Policies .....	44
(5) Changes in Significant Accounting Policies.....	45
(6) Notes to the Non-Consolidated Financial Statements.....	45
(Balance Sheets).....	45
(Statements of Income) .....	46
(Statements of Changes in Net Assets).....	47
(Lease Transactions).....	47
(Marketable Securities) .....	47
(Tax-Effect Accounting) .....	48
(Per-Share Information) .....	49
(Material Subsequent Event) .....	49
6. Other .....	49
Changes in Assignment of Directors.....	49

## 1. Business Performance

### (1) Analysis of Business Performance

(Business Performance for the Period)

#### 1) Consolidated Business Performance Overview

During the fiscal year ended March 31, 2012, the Japanese economy started to recover gradually supported by restoration of supply chains and reconstruction demand after the Great East Japan Earthquake in March 2011, despite a sharp drop in firms' production activities due to the earthquake. Nonetheless, the economic outlook remained uncertain throughout the year with the ongoing financial crisis in Europe and strong yen.

Concerning the labor market, firms' hiring appetite continued to recover, as reflected in the improved ratio of job offers to job seekers and unemployment rate in 2011. Amid such operating environment, en-japan inc. (the Company) bolstered sales of Search-based Hiring Solutions, a success-fee-based product of the group's mainstay website [en] Career Change Info.

In addition, Wall Street Associates KK, a subsidiary engaged in the job placement business for multinational companies, maintained a solid operating performance and, with a view to further expanding sales, focused on hiring new personnel to solidify its operation base.

Overseas, the Company established a joint venture company engaged in job placement in Shanghai, China, called Zhiyuan Human Resource Management Service, in January 2011. The Company also set up another job placement agency EN-WORLD SINGAPORE PTE, LTD, in Singapore in May 2011, and it began operating in September of the same year.

As a result, the Company posted net sales of ¥15,687 million, operating income of ¥3,047 million, ordinary income of ¥2,884 million and net income of ¥1,135 million for the fiscal year ended March 2012.

Due to the Company's change of fiscal year-end from December 31 to March 31, the fiscal year ended March 31, 2012 covers a transitional period of 15 months from January 1, 2011 to March 31, 2012. Therefore, year-on-year changes for the full year are not presented, as there are no comparable figures.

#### a. Mid-Career Hiring Business

[en] Career Change Info performed favorably, fuelled by growth in the number of recruiting advertisements as well as job postings and hiring at Search-based Hiring Solutions, largely by virtue of a recovery in firms' hiring appetite. And the group renewed its website in December 2011. By adding information held by job placement agencies on job openings in addition to those of general companies, the group's website has grown with the largest database of job openings in Japan.

The number of temporary staffing postings in [en] Temporary Placement Info continued to recover gradually despite a one-time dip following the disaster in March 2011. The Company also launched a new website for smartphones in order to acquire new users.

In [en] Career Change Consultant, both the number of postings and unit price per posting remained almost unchanged from the previous fiscal year. The Company introduced a new service which allows the job placement agencies as our customers to share part of the [en] Career Change Info database.

[en] Nes Career Challenges performed poorly in the first half of the fiscal year as some industries had to suspend their hiring activities after the earthquake. But sales and the number of postings recovered to the pre-earthquake level relatively soon as those industries resumed hiring activities and also by virtue of the Company's various marketing initiatives. However, the Company recorded impairment losses of ¥244 million as a result of evaluating the operating performance of the business for the fiscal year just ended and the earnings forecast for the fiscal year ending on March 31, 2013.

Wall Street Associates KK exceeded the target meeting the strong recruiting needs of global companies.

As a result, net sales were ¥13,617 million, and operating income was ¥3,637 million for the fiscal year ended March 2012.

#### b. New Graduate Hiring Business

The grand opening of the "[en] Job Info for Students 2013," a website dedicated to providing job information on small, medium-sized and venture companies, was delayed for two months and took place on December 1, 2011, following a revision of the "Charter of Ethics of Companies Concerning Hiring."

In spite of our concern that the delay would negatively affect the earnings, the operating performance of the New Graduate Hiring Business exceeded our initial projection, mainly attributable to a rise in the website products' unit price and favorable sales of training products. Moreover, operating loss improved as a result of the Company's efficient use of funds and cost-cutting efforts.

As a result, net sales were ¥1,614 million, and operating losses were ¥197 million for the fiscal year ended March 2012.

#### c. Education/Evaluation Business

The flat-rate training service “en-College” became profitable in October 2011 on a single-month basis for the first time since the launch of the service, largely by virtue of the Company’s active marketing to increase the number of member companies and cost-cutting efforts through internal production of training materials.

As a result, net sales were ¥303 million, and operating losses were ¥37 million for the fiscal year ended March 2012.

#### d. Other Business

Net sales from the wedding hall information site “en-Wedding” were below our initial forecast, despite our efforts to enhance the posting effect which somewhat helped to increase the unit price per posting from the previous fiscal term.

The management and human resource strategy system “FINE” achieved our revised target. However, the issue of how to shorten the period required for receiving orders remained unsolved.

As a result, net sales were ¥152 million, and operating losses were ¥356 million for the fiscal year ended March 2012.

The Company decided to withdraw from the en-Wedding service at the end of June 2012, as business performance of the service has continued to deviate from our initial business plan since the launch. The Company also decided to transfer the FINE business to an affiliate company from July 2012.

As a result of the said initiatives, the Company recognized impairment losses of ¥136 million in the fiscal year under review.

#### (Outlook for the Next Fiscal Year)

We expect the Japanese economy will continue recovering gradually in the fiscal year ending March 31, 2013, buoyed by nationwide restoration efforts after the earthquake in March 2011 although concerns remain that the sovereign debt crisis in Europe, strong yen, higher oil prices, and electricity supply problem could adversely affect the corporate activities.

The Company will strengthen the marketing of the success-fee-based product Search-based Hiring Solutions as a strategic product and will also actively pursue the overseas business development in order to build the foundations for the future earnings growth.

For the next fiscal year, the Company projects net sales of ¥13,770 million, operating income of ¥2,700 million, ordinary income of ¥2,800 million and net income of ¥1,530 million on a consolidated basis.

#### Earnings Comparison

##### Detail of Net Sales

Business Segment	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)		Current Fiscal Year (From January 1, 2011 to March 31, 2012)	
	Net Sales (thousand yen)	Ratio (%)	Net Sales (thousand yen)	Ratio (%)
Mid-Career Hiring Business	8,522,962	85.3	13,617,673	86.8
New Graduate Hiring Business	1,123,158	11.3	1,614,046	10.3
Education/Evaluation Business	291,819	2.9	303,392	1.9
Other Business	53,074	0.5	152,617	1.0
Total	9,991,015	100.0	15,687,730	100.0

(Notes) 1. The amounts above do not include consumption taxes or local consumption taxes.

2. The figures regarding transactions between the Company and the consolidated subsidiary have been eliminated via offsets.

3. Net sales of Wall Street Associates, the consolidated subsidiary, are included in the Mid-Career Hiring Business segment.

## (2) Analysis of Financial Position

### Assets, Liabilities and Net Assets

Total assets at the fiscal year ended in March 2012 increased by ¥1,471 million compared with the end of the previous fiscal year to ¥16,084 million. This was mainly due to an increase of ¥1,630 million in cash and bank deposits.

Total liabilities were ¥2,502 million, an increase of ¥224 million compared with the end of the previous fiscal year. This was mainly because although corporate and other taxes payable decreased ¥463 million, accounts payable and reserve for bonuses increased ¥293 million and ¥206 million, respectively.

Total net assets were ¥13,581 million, up by ¥1,247 million compared with the end of the previous fiscal year. This was mainly due to an increase of ¥956 million in retained earnings.

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

Net cash provided by operating activities in the fiscal year ended March 2012 amounted to ¥2,822 million. Major components thereof were net income before taxes of ¥2,236 million and depreciation expenses of ¥885 million.

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

Net cash used in investing activities during the fiscal year under review amounted to ¥771 million. Major components thereof were the ¥388 million purchase of investments in subsidiaries and ¥875 million for the purchase of certain noncurrent assets, all of which was partly offset by ¥300 million in proceeds from withdrawal of time deposits.

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

Net cash used in financing activities during the fiscal year under review amounted to ¥269 million. Major components thereof were ¥255 million in cash dividends paid.

Note that, due to the Company's change of fiscal year-end from December 31 to March 31, the fiscal year ended March 31, 2012 covers a transitional period of 15 months from January 1, 2011 to March 31, 2012. Therefore, year-on-year changes for the full year are not shown, as there are no comparable figures.

### (Reference) Cash Flow Indicators

	FYE 12/10	FYE 03/12
Equity ratio (%)	84.1	84.4
Equity ratio based on market capitalization (%)	172.5	130.2
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:

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

Operating cash flow employs "Net cash provided by (used in) operating activities" in the consolidated statements of cash flows. The interest payment corresponds to the amount of "Interest expenses" associated with operating activities.

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

en-japan utilizes retained earnings to invest for future growth and to maximize corporate value. The Company's basic policy is to return profits to our shareholders as appropriate, using a dividend payout target of 30%, while taking into account fiscal period earnings.

The Company plans to pay a year-end dividend of ¥1,850 per share for the fiscal year ended March 31, 2012. This reflects the favorable business performance of the Company and absence of large investment projects in the fiscal year just ended, despite the fact that the Company posted extraordinary losses.

Based on this policy, the Company plans to pay a year-end dividend of ¥1,950 per share for the next fiscal year.

#### (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. If the Group faces unexpected changes in this economic environment, there may be a negative effect on the Company's earnings.

The en-japan Group believes that, even if the economic environment unexpectedly deteriorates, the negative impact can be mitigated by differentiating the products from those of competitors, given that there will always be constant demand for job advertising and job seeking services. However, the Company's earnings could be adversely affected if the differentiating strategy does not work as planned.

###### (ii) Expansion of Business Lines

The en-japan Group plans to extend the brand, developing new products and services, including broader service and content offerings for our users and clients. In addition, the Group plans to diversify earnings fluctuation risks by exploring and developing new lines of business and strengthening its operating base.

There is the potential that new business lines may not develop according to plan because of their nature or unanticipated circumstances and may have a negative effect on Group earnings.

The Group plans to continue investigating and executing corporate acquisitions and capital alliances for the expansion of existing businesses and the development of new business lines. However, such transactions may have a negative effect on Group earnings if the related businesses do not develop according to plan.

###### (iii) Overseas subsidiaries

The Group owns overseas subsidiaries, and management of these overseas subsidiaries carries specific operational risks such as the difference in language, applicable laws and regulations, taxation, culture and business customs and foreign exchange fluctuations. Although the share of our foreign subsidiaries currently remains immaterial in the Group's earnings, if our overseas business expands in the future and the share of the overseas subsidiaries within the Group's sales and earnings increases, it may affect the Group's operating performance.

###### (iv) 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.

###### (v) 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, a system has been established for each planning group to take the lead in working with related business segments 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 our personnel structure, if the Group delays 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.

(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 our social responsibilities as a growth company, the en-japan Group is engaged in 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 and 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 Group 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 other illegal act, the Group's financial position and/or earnings may be negatively affected by subsequent lawsuits and/or compensation for damages. In the event an investigation by the Labor Standards Supervision Office results in administrative guidance, this might have a negative impact on the management of the Group and on the Group's financial position and/or earnings.

(iii) Protection of Personal Information

As a company involved in the human resources business, en-japan recognizes the extreme importance of properly managing personal information during the course of our business activities to ensure the prevention of leaks, misuse or alteration. 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. The Company continues to receive this certification, which was renewed for the fifth time on March 22, 2011.

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

At present, the laws of Japan regulating usage of the Internet and related businesses are extremely limited in scope, and calls have been made to address these insufficiencies. Accordingly, the en-japan Group's business may be restricted by future enactments of new regulations or laws regulating Internet usage, or by the clarification of the application of existing statutes to Internet use.

Employment information services businesses are obligated to publicly announce accurate information, including "worker recruitment methods" and "working conditions" as defined by the Employment Security Law. 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 Law, the protection of minimum wages by region or industry under the Minimum Wage Law, and regulations regarding false or exaggerated representations as set forth by the Consumer Protection Law. These various regulations could negatively affect the Group's business.

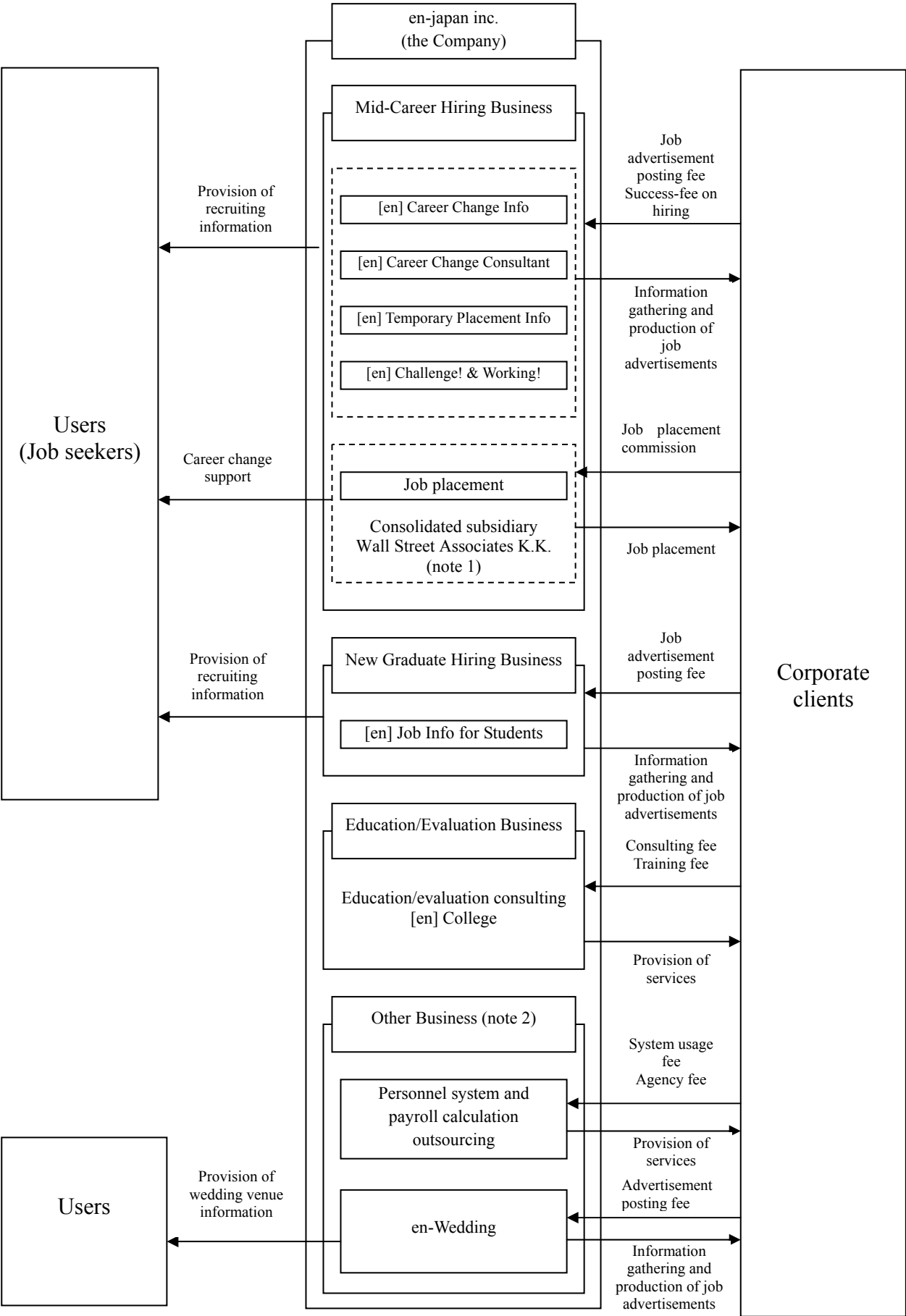
To build a relationship of trust with our users, the Group maintains strict compliance with these laws when doing businesses and fully informs clients of the purposes of these statutes. If, for some reason, Group systems do not function adequately to prevent a violation of these laws, this could result 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 Law 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.

2. Current Conditions of the Corporate Group



Note 1: The company name was changed to en world Japan K.K. effective April 1, 2012.

Note 2: For more details, please see “(1) Analysis of Business Performance” in “1. Business Performance.”

### 3. Management Policies

#### (1) Basic Corporate Management Policy

The en-japan Group has been engaged in the employment information services offered over the Internet, mainly. Since its foundation, its focus has been on serving job seekers in every way possible, supported by our concern for “Individuality,” “Social Justice” and “Profitability.” This focus has allowed the Company to produce highly effective recruitment advertisements and establish a preferential position as the preeminent company in the Internet recruitment advertising industry.

And in the fiscal year ended December 31, 2010, the en-japan Group turned Wall Street Associates KK into a wholly-owned subsidiary and started to provide comprehensive job placement services.

We will work to keep growing by advancing these services, based on our business philosophy of “considering ties among people and companies.”

#### (2) Target Management Indices

The en-japan Group believes that providing better services will translate into higher recognition from clients, leading to the further growth in net sales, operating income to sales ratio, and ordinary income to sales ratio. The Group has therefore positioned these three gauges as significant management indices and will strive to enhance them for the ultimate purpose of maximizing the corporate value of the Company over the course of the business.

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

The Group anticipates the Japanese economy will not experience significant growth in the future due to the decreasing population. For such reason, increasing number of companies are developing their overseas businesses, making their human resource hiring needs more diversified.

The en-japan Group is working to expand its service line-up with a view to appropriately dealing with all kinds of human resources hiring needs that firms have.

In particular, the Group has placed its success-fee based service called the “Search-based Hiring Solutions” as its strategic product and is actively marketing the product to expand sales. This service enables the Group not only to acquire new corporate clients and users but also to gain additional orders from the existing clients, and the service is producing steady results.

In addition, in August 2010, the Group turned Wall Street Associates KK, a company engaged in the job placement and temporary staffing services to multinational companies, into its wholly-owned subsidiary. The en-japan Group will strive to expand its international business by making full use of Wall Street Associates KK’s job placement know-how and its relationship with multinational firms. The Group also set up a representative office in Singapore (EN-WORLD SINGAPORE PTE. LTD) in May 2011 and in Hong Kong (en world Hong Kong Limited) in April 2012. And it plans to establish another office during the fiscal year ending March 31, 2013.

Meanwhile, we are aware that our main human resources business is highly sensitive to business trends and carries higher risk of fluctuation in operating performance. In order to address this issue, we launched a new business and strove to expand it. However, since the performance had continued to deviate from our initial plan, we decided to withdraw from the said business.

Presently, the en-japan Group is focusing on its mainstay business related to human resources while also preparing to launch a new business in the future. In addition to the existing website for job seekers, the Group will expand a success-fee based service based on the said website and job placement service for multinational companies with a view to achieving sustainable growth.

Note that we have also decided to revise our business plan since there have been dramatic changes in the assumptions made in formulating the medium-term management plan released in February 2011. We will announce our new business plan after carefully examining the development of our success-fee based service, a key driver for en-japan’s future growth.

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

No material matters to report

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Unit: Thousand yen)

	Prior Fiscal Year (As of December 31, 2010)	Current Fiscal Year (As of March 31, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	6,184,799	7,815,613
Notes and accounts receivable—trade	1,241,579	1,303,775
Supplies	10,924	10,611
Deferred tax assets	268,085	241,103
Other	253,254	185,585
Allowance for doubtful accounts	—3,813	—6,238
Total current assets	7,954,830	9,550,450
Noncurrent assets		
Property, plant and equipment		
Buildings	221,904	220,771
Accumulated depreciation	—115,447	—57,465
Buildings, net	106,456	163,306
Vehicles	471	471
Accumulated depreciation	—314	—471
Vehicles, net	157	0
Furniture and fixtures	1,300,253	1,194,360
Accumulated depreciation	—842,353	—884,125
Furniture and fixtures, net	457,899	310,235
Lease assets	68,578	115,841
Accumulated depreciation	—37,644	—52,544
Lease assets, net	30,934	63,297
Construction in progress	10,440	2,323
Total property, plant and equipment	605,887	539,162
Intangible assets		
Software	991,978	693,826
Goodwill	1,327,429	1,471,173
Other	36,229	5,976
Total intangible assets	2,355,637	2,170,977
Investments and other assets		
Investment securities	2,102,528	2,244,639
Long-term loans receivable	60,738	23,443
Deferred tax assets	252,268	148,051
Stocks of subsidiaries and affiliates	464,778	991,233
Other	878,520	429,376
Allowance for doubtful accounts	—62,749	—13,211
Total investments and other assets	3,696,084	3,823,533
Total noncurrent assets	6,657,609	6,533,672
Total assets	14,612,439	16,084,123

(Unit: Thousand yen)

	Prior Fiscal Year (As of December 31, 2010)	Current Fiscal Year (As of March 31, 2012)
Liabilities		
Current liabilities		
Accounts payable—trade	49,158	33,950
Lease obligations	17,153	31,416
Income taxes payable	699,030	235,067
Accounts payable—other	751,377	1,044,892
Provision for bonuses	185,104	391,225
Reserve for directors' bonuses	—	10,826
Provision for loss on office transfer	55,023	—
Other	469,929	626,390
Total current liabilities	2,226,777	2,373,770
Noncurrent liabilities		
Long-term accounts payable—other	35,536	66,498
Asset retirement obligations	—	26,818
Lease obligations	15,327	35,045
Total noncurrent liabilities	50,864	128,361
Total liabilities	2,277,641	2,502,132
Net assets		
Shareholders' equity		
Capital stock	970,929	977,812
Capital surplus	1,437,494	1,444,376
Retained earnings	13,144,766	14,101,568
Treasury stock	—3,438,187	—3,438,187
Total shareholders' equity	12,115,003	13,085,570
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	169,944	507,138
Foreign currency translation adjustment	—	—10,717
Total accumulated other comprehensive income	169,944	496,421
Minority interests	49,850	—
Total net assets	12,334,797	13,581,991
Total liabilities and net assets	14,612,439	16,084,123

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

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Net sales	9,991,015	15,687,730
Cost of sales	1,636,575	2,393,658
Gross profit	8,354,440	13,294,071
Selling, general and administrative expenses		
Advertising expenses	1,729,108	2,308,631
Salaries and allowances	2,180,113	3,260,864
Bonuses	419,181	1,129,710
Provision for bonuses	153,707	354,656
Provision of allowance for doubtful accounts	4,412	13,196
Other	2,093,429	3,179,720
Total selling, general and administrative expenses	6,579,952	10,246,780
Operating income	1,774,487	3,047,290
Non-operating income		
Interest income	26,221	27,705
Dividends income	22,500	33,874
Miscellaneous income	43,710	16,093
Equity in earnings of affiliates	—	50,219
Total non-operating income	92,432	127,892
Non-operating expenses		
Interest expenses	244	—
Loss on investments in partnership	38,404	—
Rent payable	—	70,652
Donation expenses	—	130,000
Miscellaneous loss	25,210	90,102
Total non-operating expenses	63,859	290,754
Ordinary income	1,803,060	2,884,427
Extraordinary income		
Reversal of allowance for doubtful accounts	—	40,000
Total extraordinary income	—	40,000
Extraordinary loss		
Loss on retirement of noncurrent assets	*1 75,574	*1 131,996
Effect of application in accounting standard for asset retirement obligations	—	4,247
Subsidiary establishment expenses	—	101,514
Loss on litigation	26,554	—
Loss on valuation of investment securities	49,100	68,105
Impairment loss	—	*3 381,658
Provision for transfer	*2 55,023	—
Total extraordinary loss	206,253	687,521
Income before income taxes and minority interests	1,596,807	2,236,906
Income taxes—current	773,837	1,160,359
Income taxes—deferred	— 62,389	— 75,171
Total income taxes	711,447	1,085,188
Income before minority interests	—	1,151,718
Minority interests in income	9,928	15,831
Net income	875,431	1,135,886



Consolidated Statements of Comprehensive Income

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Income before minority interests	—	1,151,718
Other comprehensive income		
Valuation difference on available-for-sale securities	—	337,194
Share of other comprehensive income of associates accounted for by equity method	—	—10,717
Total other comprehensive income	—	※1 326,476
Comprehensive income	—	1,478,194
(Breakdown)		
Comprehensive income attributable to owners of the parent	—	1,462,363
Comprehensive income attributable to minority interests	—	15,831

## (3) Consolidated Statements of Changes in Net Assets

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	968,495	970,929
Changes of items during the period		
Issuance of new shares	2,434	6,882
Total changes of items during the period	2,434	6,882
Balance at the end of current period	970,929	977,812
Capital surplus		
Balance at the end of previous period	1,435,060	1,437,494
Changes of items during the period		
Issuance of new shares	2,433	6,882
Total changes of items during the period	2,433	6,882
Balance at the end of current period	1,437,494	1,444,376
Retained earnings		
Balance at the end of previous period	12,455,834	13,144,766
Changes of items during the period		
Dividends from surplus	— 186,499	— 250,111
Net income	875,431	1,135,886
Change of scope of equity method	—	71,027
Total changes of items during the period	688,932	956,801
Balance at the end of current period	13,144,766	14,101,568
Treasury stock		
Balance at the end of previous period	— 2,038,386	— 3,438,187
Changes of items during the period		
Purchase of treasury stock	— 1,399,800	—
Total changes of items during the period	— 1,399,800	—
Balance at the end of current period	— 3,438,187	— 3,438,187
Total shareholders' equity		
Balance at the end of previous period	12,821,003	12,115,003
Changes of items during the period		
Issuance of new shares	4,867	13,765
Dividends from surplus	— 186,499	— 250,111
Net income	875,431	1,135,886
Purchase of treasury stock	— 1,399,800	—
Change of scope of equity method	—	71,027
Total changes of items during the period	— 706,000	970,567
Balance at the end of current period	12,115,003	13,085,570

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	141,982	169,944
Changes of items during the period		
Net changes of items other than shareholders' equity	27,961	337,194
Total changes of items during the period	27,961	337,194
Balance at the end of current period	169,944	507,138
Foreign currency translation adjustment		
Balance at the end of previous period	—	—
Changes of items during the period		
Net changes of items other than shareholders' equity	—	— 10,717
Total changes of items during the period	—	— 10,717
Balance at the end of current period	—	— 10,717
Total accumulated other comprehensive income		
Balance at the end of previous period	141,982	169,944
Changes of items during the period		
Net changes of items other than shareholders' equity	27,961	326,476
Total changes of items during the period	27,961	326,476
Balance at the end of current period	169,944	496,421
Minority interests		
Balance at the end of previous period	—	49,850
Changes of items during the period		
Net changes of items other than shareholders' equity	49,850	— 49,850
Total changes of items during the period	49,850	— 49,850
Balance at the end of current period	49,850	—
Total net assets		
Balance at the end of previous period	12,962,986	12,334,797
Changes of items during the period		
Issuance of new shares	4,867	13,765
Dividends from surplus	— 186,499	— 250,111
Net income	875,431	1,135,886
Purchase of treasury stock	— 1,399,800	—
Change of scope of equity method	—	71,027
Net changes of items other than shareholders' equity	77,811	276,626
Total changes of items during the period	— 628,188	1,247,193
Balance at the end of current period	12,334,797	13,581,991

## (4) Consolidated Statements of Cash Flows

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,596,807	2,236,906
Depreciation and amortization	787,612	885,483
Amortization of goodwill	41,467	187,683
Increase (decrease) in provision for loss on office transfer	55,023	— 55,023
Impairment losses	—	381,658
Increase (decrease) in allowance for doubtful accounts	— 17,540	— 47,112
Increase (decrease) in provision for bonuses	15,815	206,121
Increase (decrease) in reserve for directors' bonuses	—	10,826
Interest and dividends income	— 48,721	— 61,580
Foreign exchange losses (gains)	2,564	— 531
Loss (gain) on equity in earnings of affiliates	—	— 50,219
Loss (gain) on investments in partnership	38,404	1,542
Loss (gain) on valuation of investment securities	49,100	68,105
Loss on retirement of noncurrent assets	75,574	100,427
Interest on refund like corporation tax	— 29,900	—
Subsidiary establishment expenses	—	101,514
Loss on retirement of intangible assets	—	31,569
Decrease (increase) in notes and accounts receivable—trade	— 99,203	— 62,195
Increase (decrease) in notes and accounts payable—trade	10,931	— 15,207
Increase (decrease) in accounts payable—other	163,780	234,190
Decrease (increase) in other current assets	247,862	— 5,440
Increase (decrease) in other current liabilities	— 15,042	304,795
Decrease (increase) in other noncurrent assets	— 46,744	40,925
Increase (decrease) in other noncurrent liabilities	35,536	76,999
Subtotal	2,863,329	4,571,440
Interest and dividends income received	82,805	58,693
Income taxes paid	— 136,606	— 1,740,640
Income taxes refund	1,077,289	34,076
Subsidiary establishment expenses paid	—	— 101,514
Net cash provided by (used in) operating activities	3,886,817	2,822,056

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Net cash provided by (used in) investing activities		
Payments into time deposits	— 300,000	—
Proceeds from withdrawal of time deposits	1,200,000	300,000
Purchase of property, plant and equipment	— 370,982	— 313,997
Purchase of intangible assets	— 573,482	— 561,319
Purchase of investment securities	— 1,001,000	— 30,361
Proceeds from sales and redemption of investment securities	12,150	319,990
Cash used for acquiring stock of affiliated companies	—	— 373,749
Proceeds from sales of stocks of subsidiaries and affiliates	56,190	—
Cash used for purchase of investments in subsidiaries	—	— 388,708
Purchase of investments in subsidiaries resulting in change in scope of consolidation	*2 — 1,466,771	—
Payments for lease and guarantee deposits	— 279,200	— 82,167
Proceeds from collection of lease and guarantee deposits	5,385	348,994
Purchase of insurance funds	—	— 6,456
Payments of loans receivable	—	— 31,068
Collection of loans receivable	214,960	49,264
Other payments	—	— 1,804
Net cash provided by (used in) investing activities	— 2,502,749	— 771,383
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	— 31,992	—
Repayment of long-term loans payable	— 85,352	—
Proceeds from issuance of common stock	4,867	13,765
Purchase of treasury stock	— 1,399,800	—
Cash dividends paid	— 189,639	— 255,660
Cash dividends paid to minority shareholders	—	— 8,400
Repayments of lease obligations	— 15,277	— 19,585
Proceeds from stock issuance to minority shareholders	3,478	—
Net cash provided by (used in) financing activities	— 1,713,715	— 269,882
Effect of exchange rate change on cash and cash equivalents	— 2	24
Net increase (decrease) in cash and cash equivalents	— 329,650	1,780,814
Cash and cash equivalents at beginning of period	6,214,449	5,884,799
Cash and cash equivalents at end of period	*1 5,884,799	*1 7,665,613

(5) Notes Relating to the Going Concern Assumption

The Company had no material items to report.

(6) Basis of Preparing the Consolidated Financial Statements

Category	Current fiscal year (from January 1, 2011 to March 31, 2012)
1. Scope of Consolidation	<p>1) Number of consolidated subsidiaries: 1 Wall Street Associates K.K. Note that Wall Street Associates KK changed its company name to en world Japan K.K. effective April 1, 2012.</p> <p>2) Names of unconsolidated subsidiaries: Bake de Nature Corporation, Wing Consulting K.K., Zhiyuan Human Resource Management Service, en-Asia holdings Limited, EN-WORLD SINGAPORE PTE, LTD, en world Hong Kong Limited, and Cbase Corporation. Yui Corporation changed its company name to Bake de Nature KK effective on September 7, 2011. (Reason for exclusion from consolidation). The unconsolidated subsidiaries above are small in corporate size, and the impact of total assets, net sales, net income (loss) and retained earnings on the respective consolidated total assets, consolidated net sales, consolidated net income and consolidated retained earnings is insignificant. For these reasons, these companies are excluded from the scope of consolidation.</p>
2. Application of the Equity Method	<p>(1) Number of affiliates accounted for by the equity method: 1 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.</p> <p>(2) Names of the unconsolidated subsidiaries and affiliates that are not accounted for by the equity method Unconsolidated subsidiaries: Bake de Nature Corporation, Wing Consulting K.K., Zhiyuan Human Resource Management Service, en-Asia holdings Limited, EN-WORLD SINGAPORE PTE, LTD, en world Hong Kong Limited, and Cbase Corporation Affiliates: Lacras Corporation Pharma Network Co., Ltd. (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.</p>
3. Change to the Consolidated Closing Date	<p>The Company had adopted December 31 as its consolidated closing date (the last date of the Company's business term) but changed its business term to the period starting from April 1 and ending on March 31, based on the resolution at the 11th Ordinary Shareholders' Meeting held on March 30, 2011. This change was implemented to make the Company's planning and promotion of the management plan more efficient by matching its business period to the fiscal year of major clients and the Japanese Government, and responding more quickly to the revisions of accounting standards and taxation. Following the said change, the fiscal year ended March 31, 2012 covers a transitional period of 15 months from January 1, 2011 to March 31, 2012.</p>
4. Fiscal Year, etc., of Consolidated Subsidiaries	<p>The closing date of Wall Street Associates K.K., the consolidated subsidiary of the Company, is the same as the consolidated closing date.</p>
5. Summary of Significant Accounting Policies	
(1) Valuation basis and method for important assets	<p>Held-to-maturity debt securities: Valued at amortized cost by the straight-line method.</p> <p>Available-for-sale securities Other 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.</p> <p>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.</p>
(2) Valuation of Inventories	<p>Supplies Most recent purchase cost method (amount reported on the balance sheet is stated by writing down based on decrease in profitability)</p>

Category	Current fiscal year (from January 1, 2011 to March 31, 2012)						
(3) Depreciation method for major depreciable assets	<p>Property, plant and equipment (excluding lease assets)</p> <p>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.</p> <p>However, buildings (excluding annexed facilities) are depreciated using the straight-line method.</p> <p>The range of useful lives is as follows:</p> <table> <tr> <td>Buildings:</td><td>6–50 years</td></tr> <tr> <td>Vehicles:</td><td>2 years</td></tr> <tr> <td>Furniture and fixtures:</td><td>4–20 years</td></tr> </table> <p>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.</p> <p>Intangible assets (excluding lease assets)</p> <p>The amortization of intangible assets at the Company and its consolidated subsidiary is computed by the straight-line method.</p> <p>Computer software for internal use is amortized over the estimated useful life (2–5 years) depending on the nature of the respective software products.</p> <p>Lease assets</p> <p>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.</p> <p>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.</p>	Buildings:	6–50 years	Vehicles:	2 years	Furniture and fixtures:	4–20 years
Buildings:	6–50 years						
Vehicles:	2 years						
Furniture and fixtures:	4–20 years						
(4) Accounting for important reserves	<p>Allowance for doubtful accounts:</p> <p>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.</p> <p>Provision for bonuses:</p> <p>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.</p> <p>Provision for Directors' Bonuses:</p> <p>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.</p>						
(5) 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.						
(6) 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.						
(7) Other important matters of presenting the consolidated financial statements	<p>Accounting for consumption taxes</p> <p>Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.</p>						

(7) Changes of important matters as the basis of preparing the consolidated financial statements

	Current fiscal year (from January 1, 2011 to March 31, 2012)
1. Changes in Application of the Equity Method	<p>Unconsolidated subsidiaries accounted for by the equity method</p> <p>(1) Changes in unconsolidated subsidiaries accounted for by the equity method</p> <p>From the second quarter ended June 31, 2011, Talent Alliance (Beijing) Technology Development Limited was included in the scope of equity method subsidiaries as its significance increased.</p> <p>(2) Number of unconsolidated subsidiaries accounted for by the equity method after the change: 1</p>
2. Changes in Accounting Standard	<p>Application of "Accounting Standard for Asset Retirement Obligations," etc.,</p> <p>From the fiscal year ended March 31, 2012, the Company has applied "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 18, issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008). Accordingly, "operating income" and "ordinary income" decreased by ¥5,961 thousand, and "income before income taxes and minority interests" decreased by ¥10,208 thousand. Changes in "asset retirement obligations" due to the application of the said accounting standard were ¥8,201 thousand.</p>

(Changes in Presentation)

Current fiscal year (from January 1, 2011 to March 31, 2012)
The Company presents “Income before minority interests” on the consolidated statements of income from the fiscal year ended March 31, 2012 due to the application of “Cabinet Office Ordinance of Partial Amendment to Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) has been applied based on “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008).

(Additional Information)

Current fiscal year (from January 1, 2011 to March 31, 2012)
(Application of the “Accounting Standard for Presentation of Comprehensive Income”) From the fiscal year ended March 31, 2012, the Company has applied “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued on June 30, 2010). Accordingly, the Company presents “valuation and translation adjustments” and “total valuation and translation adjustments” as of and for the fiscal year ended December 31, 2010 as “accumulated other comprehensive income” and “total accumulated other comprehensive income” as of and for the fiscal year ended March 31, 2012, respectively



## (8) Notes to the Consolidated Financial Statements

## (Consolidated Balance Sheets)

Prior fiscal year (As of December 31,2010)	Current fiscal year (As of March 31,2012)												
<p>Overdraft Facility Agreement</p> <p>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 the current fiscal year based on this agreement was as follows.</p> <table> <tr> <td>Maximum overdraft amount</td><td>1,000,000 thousand yen</td></tr> <tr> <td>Outstanding borrowings</td><td>— thousand yen</td></tr> <tr> <td>Balance</td><td>1,000,000 thousand yen</td></tr> </table>	Maximum overdraft amount	1,000,000 thousand yen	Outstanding borrowings	— thousand yen	Balance	1,000,000 thousand yen	<p>Overdraft Facility Agreement</p> <p>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 the current fiscal year based on this agreement was as follows.</p> <table> <tr> <td>Maximum overdraft amount</td><td>1,000,000 thousand yen</td></tr> <tr> <td>Outstanding borrowings</td><td>— thousand yen</td></tr> <tr> <td>Balance</td><td>1,000,000 thousand yen</td></tr> </table>	Maximum overdraft amount	1,000,000 thousand yen	Outstanding borrowings	— thousand yen	Balance	1,000,000 thousand yen
Maximum overdraft amount	1,000,000 thousand yen												
Outstanding borrowings	— thousand yen												
Balance	1,000,000 thousand yen												
Maximum overdraft amount	1,000,000 thousand yen												
Outstanding borrowings	— thousand yen												
Balance	1,000,000 thousand yen												

## (Consolidated Statements of Income)

Prior fiscal year (from January 1, 2010 to December 31, 2010)	Current fiscal year (from January 1, 2011 to March 31, 2012)																										
<p>*1 Loss on retirement of noncurrent assets</p> <table><tr><td>Furniture and fixtures</td><td>64,292 thousand yen</td></tr><tr><td>Software</td><td>11,282 thousand yen</td></tr></table> <p>*2 Provision for loss on office transfer</p> <p>The provision for loss on office transfer is provided at an amount reasonably estimated to be necessary with regard to the expenses of restoring to the original state and other relevant expenses that would result from the transfer of the head office, which will be moved to another floor within the same building in January 2011.</p>	Furniture and fixtures	64,292 thousand yen	Software	11,282 thousand yen	<p>*1 Loss on retirement of noncurrent assets</p> <table><tr><td>Buildings</td><td>81,907 thousand yen</td></tr><tr><td>Furniture and fixtures</td><td>18,519 thousand yen</td></tr><tr><td>Software</td><td>31,569 thousand yen</td></tr></table> <p>*2 —</p> <p>*3 Impairment losses</p> <p>The Company recognized impairment losses for the asset group described below.</p> <p>(1) Outline of asset group for which the Company recognized impairment losses</p> <table><tr><th>Purpose of use</th><th>Type</th><th>Location</th></tr><tr><td>en-Wedding</td><td>Furniture and fixtures Software</td><td>Shinjuku-ku, Tokyo</td></tr><tr><td>FINE</td><td>Software</td><td>Shinjuku-ku, Tokyo</td></tr><tr><td>[en] Nes Career Challenges</td><td>Software</td><td>Shinjuku-ku, Tokyo</td></tr></table> <p>(2) Reason for recognizing impairment losses</p> <p>Impairment losses at en-Wedding were recognized due to the Company's decision to withdraw from the business because its operating performance was constantly deviating from the Company's initial plan.</p> <p>Impairment losses at the management and human resource strategy system FINE were recognized because the Company decided to transfer the business to its affiliate company.</p> <p>Impairment losses at [en] Nes Career Challenges were recognized since the Company considered that the investments are not expected to be fully recoverable after evaluating its business outlook.</p> <p>(3) Amount of impairment loss</p> <table><tr><td>Furniture and fixtures</td><td>11,013 thousand yen</td></tr><tr><td>Software</td><td>370,645 thousand yen</td></tr></table> <p>(4) Method of asset grouping</p> <p>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.</p> <p>(5) Method of estimating recoverability</p> <p>The recoverable amount of the said asset groups is measured by net sales value or use value. When measuring the recoverable amount using the use value, a specific discount rate is not calculated since the estimated value based on future cash flow is negative.</p>	Buildings	81,907 thousand yen	Furniture and fixtures	18,519 thousand yen	Software	31,569 thousand yen	Purpose of use	Type	Location	en-Wedding	Furniture and fixtures Software	Shinjuku-ku, Tokyo	FINE	Software	Shinjuku-ku, Tokyo	[en] Nes Career Challenges	Software	Shinjuku-ku, Tokyo	Furniture and fixtures	11,013 thousand yen	Software	370,645 thousand yen
Furniture and fixtures	64,292 thousand yen																										
Software	11,282 thousand yen																										
Buildings	81,907 thousand yen																										
Furniture and fixtures	18,519 thousand yen																										
Software	31,569 thousand yen																										
Purpose of use	Type	Location																									
en-Wedding	Furniture and fixtures Software	Shinjuku-ku, Tokyo																									
FINE	Software	Shinjuku-ku, Tokyo																									
[en] Nes Career Challenges	Software	Shinjuku-ku, Tokyo																									
Furniture and fixtures	11,013 thousand yen																										
Software	370,645 thousand yen																										

## (Consolidated Statements of Comprehensive Income)

Current fiscal year (from January 1, 2011 to March 31, 2012)	
*1 Adjustments and taxes in other comprehensive income	
Valuation difference on other investment securities	
Amount incurred during the term	501,388 thousand yen
Amount before tax adjustment	501,388 thousand yen
Taxes	164,193 thousand yen
Valuation difference on other investment securities	337,194 thousand yen
Share of other comprehensive income by equity method	
Amount incurred during the term	—10,717 thousand yen
Other comprehensive income	326,476 thousand yen

## (Consolidated Statements of Changes in Net Assets)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

## 1. Shares Issued and Treasury Stock

Class	Number of Shares at Prior Fiscal Year-End (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)	245,624	214	—	245,838
Total	245,624	214	—	245,838
Treasury Stock				
Common Stock (Note 2)	12,500	12,000	—	24,500
Total	12,500	12,000	—	24,500

(Note 1) The increase of 214 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.

(Note 2) The increase of 12,000 shares of common stock as treasury stock refers to en-japan shares held by Trust & Custody Services Bank, Ltd. (trust account E), as of December 31, 2010, owing to the J-ESOP scheme implemented by the Company.

## 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 March 30, 2010	Common stock	186,499	800	December 31, 2009	March 31, 2010

## (2) Dividends for which the Date of Record is during the Current 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 March 30, 2011	Common stock	Retained earnings	263,671	1,130	December 31, 2010	March 31, 2011

Current fiscal year (from January 1, 2011 to March 31, 2012)

1. Shares Issued and Treasury Stock

Class	Number of Shares at Prior Fiscal Year-End (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)	245,838	280	—	246,118
Total	245,838	280	—	246,118
Treasury Stock				
Common Stock (Note)	24,500	—	—	24,500
Total	24,500	—	—	24,500

(Note) The increase of 280 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 March 30, 2011	Common stock	263,671	1,130	December 31, 2010	March 31, 2011

(2) Dividends for which the Date of Record is during the Current 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 27, 2012	Common stock	Retained earnings	432,193	1,850	March 31, 2012	June 28, 2012

## (Consolidated Statements of Cash Flows)

Prior fiscal year (from January 1, 2010 to December 31, 2010)		Current fiscal year (from January 1, 2011 to March 31, 2012)	
1	Relationship between cash and cash equivalents at end of period and the line item amounts stated on the consolidated balance sheets	1	Relationship between cash and cash equivalents at end of period and the line item amounts stated on the consolidated balance sheets
	Cash and deposits 6,184,799 thousand yen		Cash and deposits 7,815,613 thousand yen
	Term deposits with a maturity longer than three months — 300,000 thousand yen		Term deposits with a maturity longer than three months — 150,000 thousand yen
	Cash and cash equivalents 5,884,799 thousand yen		Cash and cash equivalents 7,665,613 thousand yen

## (Lease Transactions)

Presentation is omitted as the information is considered insignificant.

## (Marketable Securities)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

## 1. Held-to-Maturity Debt Securities (As of December 31, 2010)

Category	Amount Shown on Consolidated Balance Sheets	Fair Market Value	Difference
Those for which the fair market value exceeds the amount shown on consolidated balance sheets	1,000,000 thousand yen	1,000,000 thousand yen	0 thousand yen
Total	1,000,000 thousand yen	1,000,000 thousand yen	0 thousand yen

## 2. Available-for-Sale Securities (As of December 31, 2010)

Category	Amount Shown on Consolidated Balance Sheets	Acquisition Cost	Difference
Stocks for which the amounts shown on consolidated balance sheets exceed the acquisition cost	685,000 thousand yen	387,500 thousand yen	297,500 thousand yen
Total	685,000 thousand yen	387,500 thousand yen	297,500 thousand yen

Current fiscal year (from January 1, 2011 to March 31, 2012)

## 1. Held-to-Maturity Debt Securities (As of March 31, 2012)

Category	Amount Shown on Consolidated Balance Sheets	Fair Market Value	Difference
Those for which the fair market value exceeds the amount shown on consolidated balance sheets	700,000 thousand yen	700,000 thousand yen	0 thousand yen
Total	700,000 thousand yen	700,000 thousand yen	0 thousand yen

## 2. Available-for-Sale Securities (As of March 31, 2012)

Category	Amount Shown on Consolidated Balance Sheets	Acquisition Cost	Difference
Stocks for which the amounts shown on consolidated balance sheets exceed the acquisition cost	1,230,366 thousand yen	417,861 thousand yen	812,505 thousand yen
Total	1,230,366 thousand yen	417,861 thousand yen	812,505 thousand yen

## (Tax-Effect Accounting)

## 1. Breakdown of deferred tax assets and deferred tax liabilities by major factor

	Prior Fiscal Year (As of December 31, 2010)		Current Fiscal Year (As of March 31, 2012)	
Deferred tax assets				
Depreciation	130,822	thousand yen	225,663	thousand yen
Loss on valuation of stocks of subsidiaries and affiliates	230,546	thousand yen	211,063	thousand yen
Provision for bonuses	75,733	thousand yen	143,265	thousand yen
Loss on valuation of investment securities	58,340	thousand yen	57,547	thousand yen
Accrued bonuses	62,981	thousand yen	55,378	thousand yen
Allowance for investment loss	38,953	thousand yen	26,817	thousand yen
Accrued enterprise tax	46,343	thousand yen	14,306	thousand yen
Provision for loss on office transfer	22,394	thousand yen	—	
Other	68,245	thousand yen	71,209	thousand yen
Subtotal deferred tax assets	734,362	thousand yen	805,253	thousand yen
Valuation reserve	—92,926	thousand yen	—69,878	thousand yen
Total deferred tax assets	641,436	thousand yen	735,374	thousand yen
Deferred tax liabilities				
Valuation difference on available-for-sale securities	121,082	thousand yen	280,833	thousand yen
Other	—		65,386	thousand yen
Total deferred tax liabilities	121,082	thousand yen	346,219	thousand yen
Net deferred tax assets	520,353	thousand yen	389,154	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 December 31, 2010)		Current Fiscal Year (As of March 31, 2012)	
Statutory effective tax rate	40.70	%	40.70	%
(Reconciliation items)				
Amortization of goodwill	—		3.41	%
Downward adjustment of deferred tax assets at the end of term due to change in tax rate	—		2.56	%
Non-deductible expenses of contribution	—		1.96	%
Changes in valuation allowances	2.60	%	0.33	%
Non-taxable income of dividend income	—		—0.34	%
Taxation on retainage	1.24	%	—	
Other	0.01	%	—0.11	%
Actual effective income tax rate after having applied tax-effect accounting	44.55	%	48.51	%

3. Revision of the amounts of deferred tax assets and deferred tax liabilities due to the change in the statutory income tax rate

On December 2, 2011, there was a promulgation of “The Law to Revise the Income Tax, etc. in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure” (Law No. 114 of 2011) and “The Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake” (Law No. 117 of 2011). As a result, from the fiscal years beginning on or after April 1, 2012, the corporate tax rate will be lowered and a special tax to be used for the recovery will be added to it. In line with this, the statutory effective tax rate to be used in calculating deferred tax assets and deferred tax liabilities will be reduced from the current 40.70% to 38.01% for a temporary difference which is expected to be reversed between April 1, 2012 and March 31, 2015, and to 35.64% for a temporary difference which is expected to be reversed on or after April 1, 2015.

As a result, deferred tax assets (excluding the amount of deferred tax liabilities) decreased by ¥12,811 thousand, tax adjustments recognized during the current consolidated accounting period increased by ¥52,682 thousand, and valuation difference on available-for-sale securities decreased by ¥39,871 thousand yen.

(Segment Information, etc.)

(Segment Information by Business Type)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

	Mid-Career Hiring Business (Thousand yen)	New Graduate Hiring Business (Thousand yen)	Education/Evaluation Business (Thousand yen)	Other Business (Thousand yen)	Total (Thousand yen)	Eliminations or Corporate (Thousand yen)	Consolidated (Thousand yen)
<b>I. Net sales and operating income (loss)</b>							
Net sales							
(1) Sales to outside customers	8,522,962	1,123,158	291,819	53,074	9,991,015	—	9,991,015
(2) Intersegment sales or transfers	—	—	—	—	—	—	—
Total	8,522,962	1,123,158	291,819	53,074	9,991,015	—	9,991,015
Operating expenses	5,886,081	1,486,688	285,729	558,029	8,216,528	—	8,216,258
Operating income (loss)	2,636,881	—363,529	6,090	—504,954	1,774,487	—	1,774,487
<b>II. Assets, depreciation and amortization and capital expenditures</b>							
Assets	3,239,222	655,248	87,515	221,118	4,203,104	10,409,334	14,612,439
Depreciation and amortization	489,380	266,837	6,571	66,289	829,080	—	829,080
Capital expenditures	587,858	112,787	42,536	86,251	829,433	—	829,433

(Note 1) The business segmentation is based on the internal administrative classifications used.

(Note 2) The main services for the respective business segments are as follows:

- (1) Mid-Career Hiring Business – [en] Career Change Info, [en] Career Change Consultant, [en] Temporary Placement Info, [en] Part-time Jobs ([en] Challenge! & Working!), testing, job placement and personnel dispatching services
- (2) New Graduate Hiring Business – [en] Job Info for Students and testing services
- (3) Education/Evaluation Business – Education/evaluation, [en] College and testing services
- (4) Other Business – [en] Green Wedding, FINE and other services

(Note 3) Of the “Total assets” above, corporate assets included in “Eliminations or corporate” were ¥10,409,334 thousand for the current fiscal year. They mainly consisted of surplus funds for management (cash and deposits) and long-term investment funds (investment securities).

(Segment Information by Location)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

As the Company has no foreign office or significant overseas subsidiary, segment information by location is omitted.

(Overseas Net Sales)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

Presentation of overseas sales is omitted because overseas sales represent less than 10% of the consolidated sales.

(Segment Information)

#### 1. Outline of reporting segments

The Company’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.

The Company is engaged in the management of various job advertising websites on the Internet as its principal business activities and also offers personnel training programs and human strategy consulting services which ultimately culminate in personnel evaluation.

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 – [en] Career Change Info., [en] Career Change Consultant, [en] Temporary Placement Info, [en] New Career Challenges, testing services, personnel placement, personnel dispatching
- (2) New Graduate Hiring Business – [en] Job Info for Students, testing services
- (3) Education/Evaluation Business – Education, evaluation services, en-college, testing services

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 January 1, 2010 to December 31, 2010)

(Thousand yen)

	Reportable segments				Others (see notes)	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	8,522,962	1,123,158	291,819	9,937,941	53,074	9,991,015
Internal sales among segments, transfers	—	—	—	—	—	—
Total	8,522,962	1,123,158	219,819	9,937,941	53,074	9,991,015
Segment profit/loss (-)	2,636,881	— 363,529	6,090	2,279,441	—504,954	1,774,487
Other Items						
Depreciation	447,913	266,837	6,571	721,323	66,289	787,612

(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 income statement.
3. Segment assets are not stated because assets are not allocated by reportable segment.



Current fiscal year (from January 1, 2011 to March 31, 2012)

(Thousand yen)

	Reportable segments				Others (see notes)	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Net sales						
Sales to outside customers	13,617,673	1,614,046	303,392	15,535,112	152,617	15,687,730
Internal sales among segments, transfers	—	—	—	—	—	—
Total	13,617,673	1,614,046	303,392	15,535,112	152,617	15,687,730
Segment profit/loss (-)	3,637,732	-197,073	-37,155	3,403,502	-356,212	3,047,290
Other Items						
Depreciation	502,899	301,402	8,989	813,290	72,193	885,483

(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 income statement.
3. Segment assets are not stated since the assets are not allocated by reportable segment.

(Additional Information)

Beginning in the first quarter of the fiscal year ending March 2012, the Company has applied the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17 of March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 of March 21, 2008).

(Related Information)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

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 January 1, 2011 to March 31, 2012)

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.

(Information on impairment losses of property, plant and equipment by reportable segment)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

The Company had no material matters to report.

Current fiscal year (from January 1, 2011 to March 31, 2012)

(Thousand yen)

	Reportable segments				Others (see note)	Eliminations or Corporate	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total			
Impairment loss	244,860	—	—	244,860	136,798	—	381,658

(Note)

“Others” include the en-Wedding and FINE businesses.

(Information on amortization of goodwill and unamortized balance by reportable segment)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

(Thousand yen)

	Reportable segments				Others	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	41,467	–	–	41,467	–	41,467
Balance at the end of the period	1,327,429	–	–	1,327,429	–	1,327,429

Current fiscal year (from January 1, 2011 to March 31, 2012)

(Thousand yen)

	Reportable segments				Others	Total
	Mid-Career Hiring Business	New Graduate Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	187,683	–	–	187,683	–	187,683
Balance at the end of the period	1,471,173	–	–	1,471,173	–	1,471,173

(Information on gain on negative goodwill by reportable segment)

Prior fiscal year (from January 1, 2010 to December 31, 2010)

The Company had no material matters to report.

Current fiscal year (from January 1, 2011 to March 31, 2012)

The Company had no material matters to report.

## (Per-Share Information)

Prior Fiscal Year (From January 1, 2010 to December 31, 2010)			Current fiscal year (from January 1, 2011 to March 31, 2012)		
Net Assets per Share	55,728.33	yen	Net Assets per Share	61,285.60	yen
EPS	3,905.72	yen	EPS	5,129.36	yen
Fully Diluted EPS	3,897.70	yen	Fully Diluted EPS	5,124.50	yen

(Note)

The basis for calculating EPS and Fully Diluted EPS is shown below.

Category	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current fiscal year (from January 1, 2011 to March 31, 2012)
Net Income stated on the Consolidated Statements of Income (thousand yen)	875,431	1,135,886
Net Income associated with Common Stock (thousand yen)	875,431	1,135,886
Amount not attributable to Common Shareholders (thousand yen)	—	—
Average Number of Shares of Common Stock Outstanding during the Period (shares)	224,141	221,448
Net Income Adjustments (thousand yen)	—	—
Significant Components of the Increase in Shares of Common Stock used to Calculate the Fully Diluted EPS (shares)		
Subscription Rights	258	53
Share Warrants	203	157
Increase in the Number of Shares of Common Stock (shares)	461	210
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	—	—

## (Material Subsequent Event)

The Company had no material matters to report.

## 5. Non-Consolidated Financial Statements

### (1) Balance Sheets

(Unit: Thousand yen)

	Prior Fiscal Year (As of December 31, 2010)	Current Fiscal Year (As of March 31, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	5,750,170	7,109,923
Notes receivable—trade	6,951	2,341
Accounts receivable—trade	1,087,834	1,107,562
Supplies	10,924	10,611
Prepaid expenses	116,356	116,309
Deferred tax assets	201,495	190,352
Other	75,336	42,504
Allowance for doubtful accounts	—3,083	—3,552
Total current assets	7,245,986	8,576,053
Noncurrent assets		
Property, plant and equipment		
Buildings	185,113	190,405
Accumulated depreciation	—94,128	—57,465
Buildings, net	90,984	132,939
Vehicles	471	471
Accumulated depreciation	—314	—471
Vehicles, net	157	0
Furniture and fixtures	1,287,953	1,171,389
Accumulated depreciation	—831,959	—875,576
Furniture and fixtures, net	455,994	295,812
Lease assets	47,287	94,550
Accumulated depreciation	—24,701	—34,786
Lease assets, net	22,585	59,763
Construction in progress	10,440	2,323
Total property, plant and equipment	580,162	490,839
Intangible assets		
Right of trademark	4,876	4,548
Software	976,610	677,172
Software in progress	29,925	—
Telephone subscription right	1,351	1,351
Total intangible assets	1,012,763	683,073
Investments and other assets		
Investment securities	2,102,528	2,244,639
Stocks of subsidiaries and affiliates	2,193,241	2,915,698
Claims provable in bankruptcy, claims provable in rehabilitation and other	22,749	13,211
Long-term prepaid expenses	58,512	27,471
Deferred tax assets	247,441	205,588
Long-term time deposits	150,000	—
Lease and guarantee deposits	612,769	319,166
Other	20,738	31,705
Allowance for doubtful accounts	—22,749	—13,211
Total investments and other assets	5,385,231	5,744,269
Total noncurrent assets	6,978,158	6,918,182
Total assets	14,224,144	15,494,236

(Unit: Thousand yen)

	Prior Fiscal Year (As of December 31, 2010)	Current Fiscal Year (As of March 31, 2012)
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	49,158	33,950
Accounts payable—other	575,473	744,509
Lease obligations	12,629	29,288
Accrued expenses	63,816	80,798
Income taxes payable	699,030	226,215
Accrued consumption taxes	55,592	73,930
Advances received	240,586	307,878
Deposits received	30,125	36,631
Provision for bonuses	157,651	376,916
Provision for loss on office transfer	55,023	—
Other	1,426	1,757
Total current liabilities	1,940,513	1,911,877
Noncurrent liabilities		
Long-term accounts payable—other	35,536	66,498
Asset retirement obligations	—	26,818
Lease obligations	11,085	33,463
Total noncurrent liabilities	46,622	126,779
Total liabilities	1,987,135	2,038,657
<b>Net assets</b>		
Shareholders' equity		
Capital stock	970,929	977,812
Capital surplus		
Legal capital surplus	1,437,494	1,444,376
Total capital surpluses	1,437,494	1,444,376
Retained earnings		
Other retained earnings		
General reserve	2,000,000	2,000,000
Retained earnings brought forward	11,096,828	11,964,438
Total retained earnings	13,096,828	13,964,438
Treasury stock	— 3,438,187	— 3,438,187
Total shareholders' equity	12,067,064	12,948,440
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	169,944	507,138
Total valuation and translation adjustments	169,944	507,138
Total net assets	12,237,008	13,455,579
<b>Total liabilities and net assets</b>	<b>14,224,144</b>	<b>15,494,236</b>

## (2) Statements of Income

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Net sales	9,276,387	12,843,356
Cost of sales	1,513,842	1,921,467
Gross profit	7,762,545	10,921,889
Selling, general and administrative expenses		
Advertising expenses	1,726,726	2,297,805
Directors' compensations	83,510	114,150
Salaries and allowances	2,012,587	2,570,492
Bonuses	311,994	476,781
Provision for bonuses	126,255	340,347
Legal welfare expenses	314,134	463,974
Business consignment expenses	242,786	362,265
Rents	445,934	384,327
Commission fee	120,224	151,455
Depreciation	151,430	194,771
Provision of allowance for doubtful accounts	6,896	11,240
Other	577,612	774,977
Total selling, general and administrative expenses	6,120,093	8,142,589
Operating income	1,642,451	2,779,300
Non-operating income		
Interest income	26,208	24,823
Commission fee	136	50
Dividends income	22,500	109,540
Miscellaneous income	42,011	17,141
Total non-operating income	90,855	151,555
Non-operating expenses		
Interest expenses	142	10
Foreign exchange losses	2,564	—
Loss on investments in partnership	38,404	—
Rent payable	—	61,228
Donation expenses	—	130,000
Loss on retirement of software in progress	—	28,500
Miscellaneous loss	15,960	46,659
Total non-operating expenses	57,071	266,398
Ordinary income	1,676,235	2,664,457

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Extraordinary loss		
Loss on retirement of noncurrent assets	*1 75,574	*1 110,633
Effect of application in accounting standard for asset retirement obligations	—	4,247
Loss on litigation	26,554	—
Loss on valuation of investment securities	49,100	68,105
Subsidiary establishment expenses	—	101,514
Impairment loss	—	*3 381,658
Provision for transfer	*2 55,023	—
Total extraordinary losses	206,253	666,159
Income before income taxes	1,469,982	1,998,297
Income taxes—current	756,748	991,772
Income taxes—deferred	—114,259	—111,197
Total income taxes	642,489	880,575
Net income	827,492	1,117,722



## Detailed Statement of Cost of Sales

		Prior Fiscal Year (From January 1, 2010 to December 31, 2010)			Current Fiscal Year (From January 1, 2011 to March 31, 2012)		
Category	Notes	Amount (thousand yen)		Ratio (%)	Amount (thousand yen)		Ratio (%)
I Content Production Expense			297,863	19.7		513,677	26.7
II Website Operating Expense			1,116,299	73.7		1,231,529	64.1
III Subcontract expenses			70,530	4.7		117,947	6.2
IV Other Expenses			29,148	1.9		58,312	3.0
Cost of Sales			1,513,842	100.0		1,921,467	100.0

(Notes)

1. Content Production Expense includes outsourced production expense and internal production expense.
2. Website Operating Expense includes depreciation for servers as well as website maintenance expenses.
3. Subcontract expenses include the cost of special events and trainings held to support job seekers in their search for employment.

## (3) Statements of Changes in Net Assets

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	968,495	970,929
Changes of items during the period		
Issuance of new shares	2,434	6,882
Total changes of items during the period	2,434	6,882
Balance at the end of current period	970,929	977,812
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	1,435,060	1,437,494
Changes of items during the period		
Issuance of new shares	2,433	6,882
Total changes of items during the period	2,433	6,882
Balance at the end of current period	1,437,494	1,444,376
Total capital surplus		
Balance at the end of previous period	1,435,060	1,437,494
Changes of items during the period		
Issuance of new shares	2,433	6,882
Total changes of items during the period	2,433	6,882
Balance at the end of current period	1,437,494	1,444,376
Retained earnings		
Other retained earnings		
General reserve		
Balance at the end of previous period	2,000,000	2,000,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	2,000,000	2,000,000
Retained earnings brought forward		
Balance at the end of previous period	10,455,834	11,096,828
Changes of items during the period		
Dividends from surplus	— 186,499	— 250,111
Net income	827,492	1,117,722
Total changes of items during the period	640,993	867,610
Balance at the end of current period	11,096,828	11,964,438
Total retained earnings		
Balance at the end of previous period	12,455,834	13,096,828
Changes of items during the period		
Dividends from surplus	— 186,499	— 250,111
Net income	827,492	1,117,722
Total changes of items during the period	640,993	867,610
Balance at the end of current period	13,096,828	13,964,438

(Unit: Thousand yen)

	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Treasury stock		
Balance at the end of previous period	— 2,038,386	— 3,438,187
Changes of items during the period		
Purchase of treasury stock	— 1,399,800	—
Total changes of items during the period	— 1,399,800	—
Balance at the end of current period	— 3,438,187	— 3,438,187
Total shareholders' equity		
Balance at the end of previous period	12,821,003	12,067,064
Changes of items during the period		
Issuance of new shares	4,867	13,765
Dividends from surplus	— 186,499	— 250,111
Net income	827,492	1,117,722
Purchase of treasury stock	— 1,399,800	—
Total changes of items during the period	— 753,939	881,375
Balance at the end of current period	12,067,064	12,948,440
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	141,982	169,944
Changes of items during the period		
Net changes of items other than shareholders' equity	27,961	337,194
Total changes of items during the period	27,961	337,194
Balance at the end of current period	169,944	507,138
Total valuation and translation adjustments		
Balance at the end of previous period	141,982	169,944
Changes of items during the period		
Net changes of items other than shareholders' equity	27,961	337,194
Total changes of items during the period	27,961	337,194
Balance at the end of current period	169,944	507,138
Total net assets		
Balance at the end of previous period	12,962,986	12,237,008
Changes of items during the period		
Issuance of new shares	4,867	13,765
Dividends from surplus	— 186,499	— 250,111
Net income	827,492	1,117,722
Purchase of treasury stock	— 1,399,800	—
Net changes of items other than shareholders' equity	27,961	337,194
Total changes of items during the period	— 725,977	1,218,570
Balance at the end of current period	12,237,008	13,455,579

(4) Significant Accounting Policies

Category	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
1. Valuation basis and method of securities	<p>(1) Held-to-maturity debt securities: Valued at amortized cost by the straight-line method.</p> <p>(2) Stocks of subsidiaries and affiliates Valued at cost determined by the moving average method</p> <p>(3) 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.</p> <p>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.</p>
2. Valuation basis and method of inventories	<p>(1) 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)</p>
3. Depreciation method for noncurrent assets	<p>(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.</p> <p>The range of useful lives is as follows: Buildings: 6–25 years Vehicles: 2 years Furniture and fixtures: 4–20 years</p> <p>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</p> <p>(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.</p> <p>(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</p>
4. Accounting standards for reserves	<p>(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</p> <p>(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</p>
5. Other important matters as the basis of presenting the non-consolidated financial statements	<p>(1) Accounting for consumption taxes Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.</p>

## (5) Changes in Significant Accounting Policies

Category	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
1. Accounting Standard for Asset Retirement Obligations, etc.	<p>Application of the “Accounting Standard for Asset Retirement Obligations”</p> <p>From the fiscal year ended March 31, 2012, the Company has applied “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 18, issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008). Accordingly, “operating income” and “ordinary income” decreased by ¥5,961 thousand, and “income before income taxes and minority interests” decreased by ¥10,208 thousand. Changes in “asset retirement obligations” due to the application of the said accounting standard were ¥8,201 thousand.</p>

## (6) Notes to the Non-Consolidated Financial Statements

## (Balance Sheets)

Prior Fiscal Year (As of December 31, 2010)	Current Fiscal Year (As of March 31, 2012)												
<p>Overdraft Facility Agreement</p> <p>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 the current fiscal year based on this agreement was as follows.</p> <table> <tr> <td>Maximum overdraft amount</td><td>1,000,000 thousand yen</td></tr> <tr> <td>Outstanding borrowings</td><td>— thousand yen</td></tr> <tr> <td>Balance</td><td>1,000,000 thousand yen</td></tr> </table>	Maximum overdraft amount	1,000,000 thousand yen	Outstanding borrowings	— thousand yen	Balance	1,000,000 thousand yen	<p>Overdraft Facility Agreement</p> <p>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 the current fiscal year based on this agreement was as follows.</p> <table> <tr> <td>Maximum overdraft amount</td><td>1,000,000 thousand yen</td></tr> <tr> <td>Outstanding borrowings</td><td>— thousand yen</td></tr> <tr> <td>Balance</td><td>1,000,000 thousand yen</td></tr> </table>	Maximum overdraft amount	1,000,000 thousand yen	Outstanding borrowings	— thousand yen	Balance	1,000,000 thousand yen
Maximum overdraft amount	1,000,000 thousand yen												
Outstanding borrowings	— thousand yen												
Balance	1,000,000 thousand yen												
Maximum overdraft amount	1,000,000 thousand yen												
Outstanding borrowings	— thousand yen												
Balance	1,000,000 thousand yen												

## (Statements of Income)

Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)												
<div>*1 Loss on retirement of noncurrent assets</div> <div>Furniture and fixtures                      64,292 thousand yen</div> <div>Software                                        11,282 thousand yen</div> <div>*2 Provision for loss on office transfer</div> <div>The provision for loss on office transfer is provided at an amount reasonably estimated to be necessary with regard to the expenses of restoring to the original state and other relevant expenses that would result from the transfer of the head office, which will be moved to another floor within the same building in January 2011.</div> <div>—</div>	<div>*1 Loss on retirement of noncurrent assets</div> <div>Buildings                                        69,098 thousand yen</div> <div>Furniture and fixtures                      17,664 thousand yen</div> <div>Software                                        23,870 thousand yen</div> <div>*2 —</div> <div>*3 Impairment losses</div> <div>The Company recognized impairment losses for the asset group described below.</div> <div>(1) Outline of asset group of which the Company recognized impairment losses</div> <table><tr><th>Purpose of use</th><th>Type</th><th>Location</th></tr><tr><td>en-Wedding</td><td>Furniture and fixtures Software</td><td>Shinjuku-ku, Tokyo</td></tr><tr><td>FINE</td><td>Software</td><td>Shinjuku-ku, Tokyo</td></tr><tr><td>[en] Nes Career Challenges</td><td>Software</td><td>Shinjuku-ku, Tokyo</td></tr></table> <div>(2) Reason for the recognition of impairment losses</div> <div>Impairment losses at en-Wedding were recognized due to the Company’s decision to withdraw from the business because its operating performance was constantly deviating from the Company’s initial plan.</div> <div>Impairment losses at the management and human resource strategy system FINE were recognized because the Company decided to transfer the business to its affiliate company.</div> <div>Impairment losses at [en] Nes Career Challenges were recognized since the Company considered that the investments are not expected to be fully recoverable after evaluating its business outlook.</div> <div>3) Amount of impairment loss</div> <div>Furniture and fixtures                      11,013 thousand yen</div> <div>Software                                        370,645 thousand yen</div> <div>(4) Method of asset grouping</div> <div>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.</div> <div>(5) Method of estimating recoverability</div> <div>The recoverable amount of the said asset groups is measured by net sales value or use value. When measuring the recoverable amount using the use value, a specific discount rate is not calculated since the estimated value based on future cash flow is negative.</div>	Purpose of use	Type	Location	en-Wedding	Furniture and fixtures Software	Shinjuku-ku, Tokyo	FINE	Software	Shinjuku-ku, Tokyo	[en] Nes Career Challenges	Software	Shinjuku-ku, Tokyo
Purpose of use	Type	Location											
en-Wedding	Furniture and fixtures Software	Shinjuku-ku, Tokyo											
FINE	Software	Shinjuku-ku, Tokyo											
[en] Nes Career Challenges	Software	Shinjuku-ku, Tokyo											

(Statements of Changes in Net Assets)

Prior Fiscal Year (From January 1, 2010 to December 31, 2010)

Matters Related to Treasury Stock

Class	Number of Shares at Prior Fiscal Year-End (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)
Treasury Stock				
Common Stock (Note 1)	12,500	12,000	—	24,500
Total	12,500	12,000	—	24,500

(Note)

The increase of 12,000 shares of common stock as treasury stock refers to en-japan shares held by Trust & Custody Services Bank, Ltd. (trust account E), as of December 31, 2010, as a result of having implemented the J-ESOP system by the Company.

Current Fiscal Year (From January 1, 2011 to March 31, 2012)

Matters Related to Treasury Stock

Class	Number of Shares at Prior Fiscal Year-End (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)
Treasury Stock				
Common Stock	24,500	—	—	24,500
Total	24,500	—	—	24,500

(Lease Transactions)

Presentation is omitted as the information is considered insignificant.

(Marketable Securities)

Presentation is omitted as stocks of subsidiaries and affiliates have no market value and their fair value is deemed extremely difficult to estimate.

(Note)

Following are the amounts reported on the non-consolidated balance sheets for stocks of subsidiaries and affiliates, whose fair value is deemed extremely difficult to estimate.

(Thousand yen)

Class	December 31, 2010	March 31, 2012
Stock of subsidiaries	1,728,463	2,440,920
Stock of affiliates	464,778	474,778

(Tax-Effect Accounting)

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

	Prior Fiscal Year (As of December 31, 2010)		Current Fiscal Year (As of March 31, 2012)	
Deferred tax assets				
Depreciation	125,996	thousand yen	225,549	thousand yen
Loss on valuation of stocks of subsidiaries and affiliates	226,761	thousand yen	211,063	thousand yen
Provision for bonuses	64,164	thousand yen	143,265	thousand yen
Loss on valuation of investment securities	58,340	thousand yen	57,547	thousand yen
Allowance for investment loss	38,953	thousand yen	26,817	thousand yen
Accrued enterprise tax	51,067	thousand yen	16,447	thousand yen
Provision for loss on office transfer	22,394	thousand yen	—	
Other	54,763	thousand yen	73,303	thousand yen
Subtotal deferred tax assets	642,442	thousand yen	753,995	thousand yen
Valuation reserve	—72,422	thousand yen	—69,878	thousand yen
Total deferred tax assets	570,019	thousand yen	684,117	thousand yen
Deferred tax liabilities				
Valuation difference on available-for-sale securities	121,082	thousand yen	280,833	thousand yen
Other	—		7,343	thousand yen
Total deferred tax liabilities	121,082	thousand yen	288,176	thousand yen
Net deferred tax assets	448,937	thousand yen	395,941	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 December 31, 2010)		Current Fiscal Year (As of March 31, 2012)	
Statutory effective tax rate	40.70	%	40.70	%
(Reconciliation items)				
Downward adjustment of deferred tax assets at the end of term due to change in tax rate	—		2.69	%
Non-deductible expenses of contribution	—		2.20	%
Changes in valuation allowances	1.49	%	0.37	%
Non-taxable income of dividend income	—		—1.93	%
Taxation on retainage	1.35	%	—	
Other	0.17	%	0.03	%
Actual effective income tax rate after having applied tax-effect accounting	43.71	%	44.07	%



3. Revision of the amounts of deferred tax assets and deferred tax liabilities due to the change in the statutory income tax rate

On December 2, 2011, there was a promulgation of “The Law to Revise the Income Tax, etc. in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure” (Law No. 114 of 2011) and “The Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake” (Law No. 117 of 2011). As a result, from the fiscal years beginning on or after April 1, 2012, the corporate tax rate will be lowered and a special tax to be used for the recovery will be added to it. In line with this, the statutory effective tax rate to be used in calculating deferred tax assets and deferred tax liabilities will be reduced from the current 40.70% to 38.01% for a temporary difference which is expected to be reversed between April 1, 2012 and March 31, 2015, and to 35.64% for a temporary difference which is expected to be reversed on or after April 1, 2015.

As a result, deferred tax assets (excluding the amount of deferred tax liabilities) decreased by ¥13,978 thousand, tax adjustments recognized during the current accounting period increased by ¥53,849 thousand, and valuation difference on available-for-sale securities decreased by ¥39,871 thousand yen.

(Per-Share Information)

Prior Fiscal Year (From January 1, 2010 to December 31, 2010)		Current Fiscal Year (From January 1, 2011 to March 31, 2012)	
Net Assets per Share	55,286.53 yen	Net Assets per Share	60,715.19 yen
EPS	3,691.84 yen	EPS	5,047.33 yen
Fully Diluted EPS	3,684.26 yen	Fully Diluted EPS	5,042.55 yen

(Note)

Basis for calculating EPS and Fully Diluted EPS is shown below.

Category	Prior Fiscal Year (From January 1, 2010 to December 31, 2010)	Current Fiscal Year (From January 1, 2011 to March 31, 2012)
Net Income stated on the Statements of Income (thousand yen)	827,492	1,117,722
Net Income associated with Common Stock (thousand yen)	827,492	1,117,722
Amount not attributable to Common Shareholders (thousand yen)	—	—
Average Number of Shares of Common Stock Outstanding during the Period (shares)	224,141	221,448
Net Income Adjustments (thousand yen)	—	—
Significant Components of the Increase in Shares of Common Stock used to Calculate the Fully Diluted EPS (shares)		
Subscription Rights	258	53
Share Warrants	203	157
Increase in the Number of Shares of Common Stock (shares)	461	210
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	—	—

(Material Subsequent Event)

The Company had no material matters to report.

6. Other

(1) Changes in Assignment of Directors

The Company will disclose once the assignments have been confirmed.