

## Summary Report on Financial Results for the Third Quarter of the Year Ending August 2015 (Japanese Accounting Standards)

July 10, 2015

Company name: MEIKO NETWORK JAPAN CO., LTD.  
 Stock exchange listing: The First Section of the Tokyo Stock Exchange  
 Stock code: 4668 URL <http://www.meikonet.co.jp>  
 Representative: Hirotake Watanabe, President  
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 Scheduled date for filing the securities report: July 13, 2015  
 Scheduled date for commencement of dividend payment: -  
 Supplementary material development: None  
 Financial results meeting: None

(Amounts less than one million yen are discarded)

1. Consolidated financial results for the Third quarter of the year ending August 2015 (September 1, 2014 through May 31, 2015)

(1) Consolidated operating results (cumulative)

(Percentages represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Third quarter of the year ending August 2015	13,102	19.0	2,135	2.1	2,358	9.3	1,486	8.4
Third quarter of the year ended August 2014	11,009	3.2	2,090	(4.8)	2,158	(8.1)	1,371	(3.0)

(Note) Comprehensive income:

Third quarter of the year ending August 2015: 1,476 million yen : 8.9%  
 Third quarter of the year ended August 2014: 1,355 million yen : (16.5)%

	Net income per share	Fully diluted net income per share
	yen	yen
Third quarter of the year ending August 2015	53.86	—
Third quarter of the year ended August 2014	49.70	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Third quarter of the year ending August 2015	17,095	13,756	80.2
Year ended August 2014	16,568	13,191	79.4

(Reference) Shareholders' equity:

Third quarter of the year ending August 2015: 13,708 million yen  
 Year ended August 2014: 13,149 million yen

2. Dividends

	Yearly Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	annual
	yen	yen	yen	yen	yen
Year ended August 2014	—	16.00	—	16.00	32.00
Year ending August 2015	—	17.00	—		
Year ending August 2015 (estimate)				17.00	34.00

(Note) There have been no revisions of dividend projections in the current quarter.

3. Forecast of consolidated financial results for fiscal year ending August 2015 (September 1, 2014 through August 31, 2015)

(Percentages represent increases or decreases from the previous year for the full-year figures)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	19,420	24.8	3,500	2.5	3,620	2.3	2,260	2.7	81.87

(Note) There have been no revisions of consolidated earnings projections'numerical values in the current quarter.

4. Others

(1) Changes of important subsidiaries during the period

(changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

- ( i ) Changes in accounting policies caused by revision of accounting standards: None
- ( ii ) Changes in accounting policies other than ( i ): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of outstanding issues (common stock)

( i ) Number of outstanding shares at the end of the period (including treasury stock)

Third quarter of the year ending August 2015: 27,803,600 shares  
Year ended August 2014: 27,803,600 shares

( ii ) Number of shares of treasury stock at the end of the period:

Third quarter of the year ending August 2015: 200,127 shares  
Year ended August 2014: 200,127 shares

(iii) Average number of shares during the period (accumulated consolidated quarter)

Third quarter of the year ending August 2015: 27,603,473 shares  
Third quarter of the year ended August 2014: 27,603,473 shares

※ Implementation status of quarterly review procedures

This summary report on the quarterly financial results is not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Law. At disclosure of this summary report, the quarterly review procedures have not been completed for quarterly financial statements pursuant to the Financial Instruments and Exchange Law.

※ Explanation of the appropriate use of the forecasts of financial results, and other noteworthy matters

Forward-looking statements in the document, such as earnings forecasts, are based on current information in the possession of the company and certain assumptions the company thinks reasonable. Actual results may differ remarkably from the statements due to a variety of different factors.

(Reference) Trend of numbers of Meiko Gijuku cram schools and registered students and system-wide sales

Term	Third quarter of the year ended August 2014		Third quarter of the year ending August 2015	
	From September 1, 2013 to May 31, 2014		From September 1, 2014 to May 31, 2015	
Fiscal Period	Operating results	Same period the previous year	Operating results	Same period the previous year
Number of company-owned Meiko Gijuku cram schools	218	+7	221	+3
Number of Meiko Gijuku cram schools (MAXIS)	—	—	90	+90
Number of franchised Meiko Gijuku cram schools	1,909	+23	1,811	(98)
Total number of Meiko Gijuku cram schools	2,127	+30	2,122	(5)
Number of registered students of company-owned Meiko Gijuku cram schools	15,116	+600	15,660	+544
Number of registered students of Meiko Gijuku cram schools (MAXIS)	—	—	6,350	+6,350
Number of registered students of franchised Meiko Gijuku cram schools	102,909	(621)	96,503	(6,406)
Total number of registered students of Meiko Gijuku cram schools	118,025	(21)	118,513	+488
Sales from company-owned cram school business (million yen)	4,887	+181	7,125	+2,238
Sales from cram school franchise business ※1 (million yen)	4,753	(58)	4,329	(424)
Sales from prep school business (million yen)	419	+9	424	+5
Sales from other businesses (million yen)	948	+204	1,222	+273
Total Sales (million yen)	11,009	+337	13,102	+2,092
Sales from company owned Meiko Gijuku cram schools (million yen)	4,887	+181	7,125	+2,238
System-wide sales from franchised Meiko Gijuku cram schools (million yen)	29,101	(589)	26,619	(2,481)
Total system-wide sales from Meiko Gijuku cram schools ※2 (million yen)	33,989	(407)	33,745	(243)

※ 1 Sales from the cram school franchise business represent royalty revenues and sales of products.

2 Total system-wide sales from Meiko Gijuku cram schools represent the sum of total sales of company-owned cram schools, including entrance fees, tuition, materials fees, and examination fees, and the total sales of franchised cram schools, including entrance fees and tuition, materials fees, and examination fees of franchised cram schools are excluded.

Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	End of previous fiscal year (As of August 31, 2014)	End of third quarter of the fiscal year under review (As of May 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	7,363,158	6,096,399
Accounts receivable-trade	1,217,188	976,036
Securities	301,523	399,929
Merchandise	312,693	321,697
Supplies	14,545	18,421
Advance payments-trade	87,549	36,221
Prepaid expenses	128,107	190,710
Deferred tax assets	266,316	270,324
Other	88,992	110,217
Allowance for doubtful accounts	(72,252)	(85,739)
<b>Total current assets</b>	<b>9,707,823</b>	<b>8,334,219</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	803,855	1,169,518
Accumulated depreciation	(409,704)	(565,610)
Buildings and structures, net	394,151	603,907
Tools, furniture and fixtures	179,965	303,994
Accumulated depreciation	(134,967)	(230,372)
Tools, furniture and fixtures, net	44,998	73,622
Land	283,540	446,059
<b>Total property, plant and equipment</b>	<b>722,689</b>	<b>1,123,588</b>
Intangible assets		
Goodwill	60,485	1,949,786
Software	289,397	291,809
Telephone subscription right	19,915	20,480
<b>Total intangible assets</b>	<b>369,799</b>	<b>2,262,076</b>
Investments and other assets		
Investment securities	3,615,500	3,089,776
Long-term loans receivable	62,840	47,200
Long-term prepaid expenses	9,770	23,863
Deferred tax assets	182,134	197,726
Lease and guarantee deposits	522,338	703,515
Real estate for investment	968,462	968,462
Accumulated depreciation	(205,577)	(221,914)
Real estate for investment, net	762,884	746,548
Long-term time deposits	532,000	500,000
Other	81,000	66,539
<b>Total investments and other assets</b>	<b>5,768,470</b>	<b>5,375,168</b>
<b>Total non-current assets</b>	<b>6,860,959</b>	<b>8,760,833</b>
<b>Total assets</b>	<b>16,568,782</b>	<b>17,095,053</b>

(Thousand yen)

	End of previous fiscal year (As of August 31, 2014)	End of third quarter of the fiscal year under review (As of May 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	138,079	161,320
Short-term loans payable	70,000	70,000
Current portion of long-term loans payable	—	15,440
Accounts payable-other	78,934	72,266
Accrued expenses	674,966	585,611
Income taxes payable	765,565	138,566
Accrued consumption taxes	198,425	192,069
Advances received	273,888	758,782
Deposits received	197,318	132,549
Provision for bonuses	341,029	477,482
Provision for sales returns	18,180	18,180
Other	18,537	20,840
<b>Total current liabilities</b>	<b>2,774,924</b>	<b>2,643,109</b>
<b>Non-current liabilities</b>		
Long-term loans payable	—	14,548
Net defined benefit liability	16,016	38,179
Long-term accounts payable-other to employees	168,768	165,107
Long-term accounts payable-other to officers	161,650	179,380
Deferred tax liabilities	31,433	24,475
Asset retirement obligations	156,576	192,435
Long-term guarantee deposited	62,822	67,422
Other	5,115	13,565
<b>Total non-current liabilities</b>	<b>602,382</b>	<b>695,114</b>
<b>Total liabilities</b>	<b>3,377,306</b>	<b>3,338,223</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	972,512	972,512
Capital surplus	915,503	915,503
Retained earnings	11,311,303	11,887,151
Treasury stock	(143,612)	(143,612)
<b>Total shareholders' equity</b>	<b>13,055,706</b>	<b>13,631,555</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	80,200	61,116
Foreign currency translation adjustment	13,835	16,243
<b>Total accumulated other comprehensive income</b>	<b>94,035</b>	<b>77,359</b>
<b>Minority interests</b>	<b>41,733</b>	<b>47,914</b>
<b>Total net assets</b>	<b>13,191,475</b>	<b>13,756,829</b>
<b>Total liabilities and net assets</b>	<b>16,568,782</b>	<b>17,095,053</b>

(2-1) Quarterly Consolidated Statements of Income

(Thousand yen)

	First nine-month period of previous fiscal year (September 1, 2013- May 31, 2014)	First nine-month period of the fiscal year under review (September 1, 2014- May 31, 2015)
Net sales	11,009,788	13,102,768
Cost of sales	6,916,064	8,516,239
Gross profit	4,093,723	4,586,529
Selling, general and administrative expenses	2,002,878	2,451,514
Operating income	2,090,845	2,135,015
Non-operating income		
Interest income	34,751	41,668
Dividend income	21,735	20,763
Gain on sales of investment securities	—	21,479
Gain on reversal of loss on valuation of investment securities	35,940	67,680
Share of profit of entities accounted for using equity method	—	4,262
Rent income	44,819	59,900
Other	27,691	39,283
Total non-operating income	164,938	255,037
Non-operating expenses		
Interest expenses	3,654	775
Share of loss of entities accounted for using equity method	64,682	—
Rent expenses	27,891	25,594
Other	1,404	4,948
Total non-operating expenses	97,632	31,318
Ordinary income	2,158,151	2,358,734
Extraordinary income		
Gain on sales of investment securities	111,110	—
Surrender value of insurance	—	106,048
Gain on Extinguishment of Asset Retirement Obligations	—	8,976
Total extraordinary income	111,110	115,024
Extraordinary loss		
Loss on change in equity	17,636	—
Loss on valuation of golf club membership	—	15,513
Total extraordinary losses	17,636	15,513
Income before income taxes and minority interests	2,251,624	2,458,246
Income taxes-current	851,209	798,461
Income taxes-deferred	23,102	166,958
Total income taxes	874,312	965,419
Income before minority interests	1,377,312	1,492,826
Minority interests in income	5,505	6,063
Net income	1,371,807	1,486,763

(2-2) Quarterly Consolidated Statements of Comprehensive Income

(Thousand yen)

	First nine-month period of previous fiscal year (September 1, 2013- May 31, 2014)	First nine-month period of the fiscal year under review (September 1, 2014- May 31, 2015)
Income before minority interests	1,377,312	1,492,826
Other comprehensive income		
Valuation difference on available-for-sale securities	(27,252)	(18,966)
Share of other comprehensive income of entities accounted for using equity method	5,097	2,408
Total other comprehensive income	(22,155)	(16,557)
Comprehensive income	1,355,157	1,476,268
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,349,603	1,470,086
Comprehensive income attributable to minority interests	5,553	6,181

## Segment Information

I First nine-month period of previous fiscal year (From September 1, 2013 to May 31, 2014)

1. Information about Segment Sales and Income (Loss)

(Thousand Yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Supplemental education	Total		
Net sales						
Sales to third party	4,887,714	4,753,877	419,667	10,061,259	948,528	11,009,788
Intersegment sales	—	—	—	—	62,894	62,894
<b>Total</b>	<b>4,887,714</b>	<b>4,753,877</b>	<b>419,667</b>	<b>10,061,259</b>	<b>1,011,423</b>	<b>11,072,683</b>
Segment income(loss)	772,174	2,116,523	35,666	2,924,365	(54,918)	2,869,446

(Note) "Others" consists of the operating segments not included in reportable segments. It includes Meiko Soccer Business, Waseda Academy Kobetsu Schools, Kids Business, consolidated subsidiary Youdec Co., consolidated subsidiary Koyoshobo Co., and other businesses.

2. Difference between the Total of the Reportable Segments' Measures of Profit or Loss and Income according to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters related to Adjustment of Difference)

(Thousand Yen)

Income(Loss)	Amount
Reportable segment total	2,924,365
Income(Loss) for "Others" category	(54,918)
Amortization of goodwill	(15,121)
Reconciliations of fixed assets	2,588
Corporate expenses*	(766,067)
<b>Operating income reported on quarterly statements of income</b>	<b>2,090,845</b>

(Note) Corporate expenses are mainly expenses that relate to the General Affairs section of the parent company that are not attributable to the reportable segment.

II First nine-month period of fiscal year under review (From September 1, 2014 to May 31, 2015)

1. Information about Segment Sales and Income (Loss)

(Thousand Yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Supplemental education	Total		
Net sales						
Sales to third party	7,125,868	4,329,701	424,740	11,880,310	1,222,458	13,102,768
Intersegment sales	—	268,518	—	268,518	81,415	349,933
<b>Total</b>	<b>7,125,868</b>	<b>4,598,219</b>	<b>424,740</b>	<b>12,148,828</b>	<b>1,303,873</b>	<b>13,452,702</b>
Segment income(loss)	986,784	2,054,206	34,486	3,075,478	(123,756)	2,951,721

(Note) "Others" consists of the operating segments not included in reportable segments. It includes Meiko Soccer Business, Waseda Academy Kobetsu Schools, Kids Business, consolidated subsidiary Waseda EDU Co., consolidated subsidiary Youdec Co., consolidated subsidiary Koyoshobo Co., and other businesses.

2. Difference between the Total of the Reportable Segments' Measures of Profit or Loss and Income according to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters related to Adjustment of Difference)



(Thousand Yen)

Income(Loss)	Amount
Reportable segment total	3,075,478
Income(Loss) for “Others”category	(123,756)
Amortization of goodwill	(15,121)
Reconciliations of fixed assets	2,575
Corporate expenses*	(809,777)
Other adjustments	5,618
Operating income reported on quarterly statements of income	2,135,015

(Note) Corporate expenses are mainly expenses that relate to the General Affairs section of the parent company that are not attributable to the reportable segment.