

## Summary

## March 2014 Term - Financial Results Report

May 15, 2014

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

URL <http://www.tac-school.co.jp>

Representative director: Hiroaki Saito

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Phone: 81-3-5276-8913

Date of Shareholders' meeting: June 25, 2014

Date of commencement of dividend payment: June 26, 2014

Scheduled date of filing Yukashoken-Hokokusho: June 26, 2014

Date of results briefing: May 20, 2014

(Yen in millions, with fractional amounts rounded down to the nearest million yen)

## 1. Consolidated results for the fiscal year ending March 2014

(From April 1, 2013 to March 31, 2014)

## (1) Consolidated financial results

(% indicates changes from prior fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%
Fiscal 2013 (2014/3)	20,526	-2.2	1,034	655.7	1,299	244.2	816	-16.5
Fiscal 2012 (2013/3)	20,999	-7.0	136	—	377	—	977	—

(Notes) Comprehensive income :

Fiscal 2013(2014/3) 748 million yen (-34.6%) Fiscal 2012(2013/3) 1,126 million yen (-%)

	Net income per share	Net income per share - fully diluted	Ratio of Net Income to Shareholders' Equity	Ratio of Pre-tax Net Income to Total Asset	Ratio of Operating Income to Sales
	(Yen)	(Yen)	%	%	%
Fiscal 2013 (2014/3)	44.68	—	21.9	7.3	5.0
Fiscal 2012 (2013/3)	53.63	—	35.5	2.1	0.7

(Notes) Gains or losses on investments through use of equity method of accounting:

Fiscal 2013 : -9 million yen Fiscal 2012 : -17 million yen

## (2) Consolidated financial position

	Total assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(Yen in millions)	(Yen in millions)	%	(Yen)
Fiscal 2013 (2014/3)	18,631	4,167	22.3	224.46
Fiscal 2012 (2013/3)	16,808	3,327	19.7	181.59

(Notes) Equity Capital Fiscal 2013 (2014/3) 4,153 million yen Fiscal 2012(2013/3) 3,311 million yen

## (3) Consolidated statement of cash flow

	Net cash used in operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
Fiscal 2013 (2014/3)	1,329	149	898	6,216
Fiscal 2012 (2013/3)	3,301	1,393	-2,637	3,839

**2. Status of dividends**

Date of record	Dividend Per Share			Total Amount of Dividends (Annual)	Payout Ratio (consolidated)	Ratio of Dividend to Shareholders' Equity (consolidated)
	Interim	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen in millions)	%	%
Fiscal 2012 (2013/3)	0.00	0.00	0.00	—	—	—
Fiscal 2013 (2014/3)	0.00	1.00	1.00	18	2.2	0.5
Fiscal 2014 (2015/3)	0.00	1.00	1.00		3.0	

**3. Consolidated forecasts for March 2015 term (From April 1, 2014 to March 31, 2015)**

(Percentage figures for the full fiscal year represent the change from the previous fiscal year, while percentage figures for the six-month period represent the change from the same period of the previous year.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	yen
Six months	10,550	-5.0	950	-36.3	965	-38.0	551	-43.7	29.78
Full year	20,300	-1.1	1,050	1.5	1,080	-16.9	615	-24.7	33.24

**4. Others**

(1) Significant changes in scope of consolidation (Changes in consolidated subsidiaries): Yes

New 1 : Online school Co., Ltd

(2) Changes in accounting policies, procedures or method of presentation, etc. related to preparation of consolidated financial statements (Items listed in "Changes to assumptions underlying preparation of consolidated financial statements")

(2)-1 Changes due to changes in accounting standard: None

(2)-2 Other changes: None

(2)-3 Changes in accounting estimates: None

(2)-4 Restatement: None

(3) Number of shares issued (common stock)

(3)-1 Number of shares issued at the fiscal year end (including treasury stocks) FY13 18,504,000 shares FY12 18,504,000 shares

(3)-2 Number of treasury stocks at the fiscal year end FY13 68 shares FY12 269,168 shares

(3)-3 Yearly average number of shares FY13 18,279,068 shares FY12 18,234,832 shares

(Reference) Summary of Non-consolidated results

**1. Non-consolidated results for the fiscal year ended March 31, 2014**

## (1) Non-consolidated business results

(% indicates changes from prior fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%
Fiscal 2013 (2014/3)	19,838	-2.2	889	—	1,175	445.6	761	-14.3
Fiscal 2012 (2013/3)	20,290	-7.3	-41	—	215	—	888	—

	Net income per share	Net income per share - fully diluted
	(Yen)	(Yen)
Fiscal 2013 (2014/3)	41.65	—
Fiscal 2012 (2013/3)	48.72	—

## (2) Non-consolidated financial condition

	Total assets	Net assets	Capital-to-asset-ratio	Net assets per share
	(Yen in millions)	(Yen in millions)	%	(Yen)
Fiscal 2013 (2014/3)	17,618	3,327	18.9	179.84
Fiscal 2012 (2013/3)	15,846	2,547	16.1	139.70

(Note) Equity capital Fiscal 2013 (2014/3) 3,327million yen Fiscal 2012(2013/3) 2,547million yen

**2. Non-consolidated forecasts for March 2015 term (From April 1, 2014 to March 31, 2015)**

(Percent indications show percentage of change from corresponding figures for the previous period.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	(Yen)
Interim	10,190	-5.1	890	-33.3	905	-36.3	517	-42.8	27.94
Full year	19,500	-1.7	900	1.2	930	-20.9	532	-30.1	28.75

(Notes) Disclosure regarding the execution of the audit process

These “Financial Results” (“Tanshin”) are outside the scope of the audit procedure which is required by “Financial Instruments and Exchange Act”. Therefore, the audit process under “Financial Instruments and Exchange Act” has not been completed as of this disclosure.

\* TAC plans to hold a briefing for investors as follows: Materials, videos, Q&A, and other materials handed out in this briefing will be posted on TAC’s website shortly after this briefing is held.

-May 20, 2014 (Tuesday) Earnings results briefing for institutional investors and analysts

\* In addition to the above earnings presentation, TAC holds conferences on its business and results for individual investors. Please check TAC’s website for the schedule and details.

**Consolidated financial statements****(1) Consolidated balance sheet**

	(Yen in Thousands)	
	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
(Assets)		
Current assets		
Cash and cash equivalents	3,889,167	6,163,936
Notes and accounts receivable	2,777,057	2,975,078
Marketable securities	80,968	166,113
Merchandise and Finished goods	657,682	282,862
Work in process	12,684	12,399
Stores	342,463	333,956
Deferred income taxes	352,912	390,813
Beneficiary right in safeguarding and trust system for advance payment	546,180	365,638
Other	266,215	407,198
Allowances for doubtful accounts	-4,494	-3,146
Total current assets	8,920,836	11,094,852
Noncurrent assets		
Property, plant and equipment		
Building and structures	1,036,006	876,550
Machinery and vehicle	17,734	14,591
Equipment and furniture	162,165	109,462
Land	410,376	410,376
Lease asset	16,991	25,375
Construction in progress	—	1,077
Property, plant and equipment	1,643,275	1,437,433
Intangible assets		
Others	230,997	264,855
Intangible assets	230,997	264,855
Investments and other assets		
Investment securities	1,593,305	1,318,131
Contribution of affiliated companies	21,413	21,413
Long-term time deposit	300,000	400,000
Fixed leasehold deposits	3,152,354	3,151,532
Insurance reserve fund	930,156	927,055
Other	51,520	47,031
Allowances for doubtful accounts	-35,219	-30,979
Total Investments and other assets	6,013,530	5,834,185
Total noncurrent assets	7,887,803	7,536,474
Total assets	16,808,639	18,631,326

(Yen in Thousands)

	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
(Liabilities)		
Current Liabilities		
Accounts payable	488,497	492,511
Short-term borrowings	1,800,000	1,025,000
Current portion of long-term borrowings	783,186	1,047,556
Corporation and inhabitants taxes payable	167,030	437,289
Allowance for returned goods	384,765	344,472
Allowance for loss on disposal of returned goods	136,047	192,385
Allowance for employees' bonuses	62,621	50,435
Asset retirement obligations	—	8,503
Tuition advances	6,621,514	6,515,502
Other	1,216,361	1,212,553
Total current liabilities	11,660,025	11,326,209
Noncurrent liabilities		
Long-term borrowings	989,702	2,328,146
Deferred tax liability	74,493	39,986
Post-retirement benefits payable for directors and corporate directors	120,702	120,702
Asset retirement obligations	631,941	630,180
Other	4,304	18,222
Total noncurrent liabilities	1,821,144	3,137,238
Total liabilities	13,481,169	14,463,448
(Net assets)		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	1,608,956	2,422,455
Treasury stock	-100,133	-25
Total shareholders' equity	3,239,570	4,153,177
Accumulated other comprehensive income		
Valuation difference on available for sale securities	60,580	-17,379
Foreign currency translation adjustment	11,095	17,518
Total accumulated other comprehensive income	71,676	139
Minority interests	16,223	14,561
Total net assets	3,327,470	4,167,878
Total liabilities and net assets	16,808,639	18,631,326

**(2) Consolidated statement of income and statements of comprehensive income**

	(Yen in Thousands)	
	Previous fiscal year April 1,2012- March 31,2013	Current fiscal year April 1,2013- March 31,2014
Sales	20,999,157	20,526,880
Cost of sales	13,252,819	12,466,836
Gross profit	7,746,338	8,060,043
Reversal of allowance for returned goods	371,861	384,765
Transfer to reserve for returned goods	384,765	344,472
Gross profit - net	7,733,433	8,100,337
Selling, general and administrative Expenses	7,596,557	7,065,901
Operating income	136,876	1,034,436
Non-operating income		
Interest income on deposits	1,817	3,939
Dividend received	70	70
Gain on valuation of investment securities	277,963	290,615
Other	17,010	15,603
Total non-operating income	296,861	310,227
Non-operating expenses		
Interest expenses	37,803	27,761
Equity in losses of affiliates	17,140	9,066
Other	1,273	8,223
Total non-operating expenses	56,216	45,051
Ordinary income	377,521	1,299,612
Extraordinary income		
Compensation for transfer	1,750,000	—
Settlement received	70,000	—
Total extraordinary income	1,820,000	—
Extraordinary expenses		
Loss on sales and retirement of noncurrent assets	—	5,740
Impairment Loss	—	4,431
Business structure improvement expense	359,723	—
Total extraordinary expenses	359,723	10,172
Income before income taxes	1,837,797	1,289,440
Corporate, inhabitants and enterprise taxes	171,773	508,510
Deferred income taxes	681,892	-38,860
Total corporate, inhabitants and enterprise taxes	853,665	469,650
Loss before minority interests	984,131	819,789
Minority interests	6,191	3,058
Net income	977,940	816,731

	(Yen in Thousands)	
	Previous fiscal year April 1,2012- March 31,2013	Current fiscal year April 1,2013- March 31,2014
Income(loss) before minority interests	984,131	819,789
Other comprehensive income		
Valuation difference on available for sale securities	134,356	-77,959
Foreign currency translation adjustment	6,983	6,059
Share of other comprehensive income of associates accounted for using equity method	671	364
Total other comprehensive income	142,011	-71,536
Comprehensive income(loss)	1,126,143	748,253
Comprehensive income(loss) attributable to		
Comprehensive income attributable to owners of the parent	1,119,952	745,194
Comprehensive income attributable to minority interests	6,191	3,058

**(3) Consolidated statement of changes in net assets**

Previous fiscal year (April 1, 2012 – March 31, 2013)

(Yen in thousands)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of the previous period	940,200	790,547	631,015	-100,133	2,261,629
Changes of items during the period					
Net income (loss)			977,940		977,940
Net changes of items other than shareholders' equity					
Total changes of items during period			977,940		977,940
Balance at end of the current period	940,200	790,547	1,608,956	-100,133	3,239,570

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available for sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the end of the previous period	-73,776	3,440	-70,335	8,432	2,199,726
Changes of items during the period					
Net income (loss)					977,940
Net changes of items other than shareholders' equity	134,356	7,655	142,011	7,791	149,803
Total changes of items during period	134,356	7,655	142,011	7,791	1,127,743
Balance at end of the current period	60,580	11,095	71,676	16,223	3,327,470

Current fiscal year (April 1, 2013 – March 31, 2014)

(Yen in thousands)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of the previous period	940,200	790,547	1,608,956	-100,133	3,239,570
Changes of items during the period					
Net income (loss)			816,731		816,731
Disposal of treasury stock			-3,232	100,108	96,876
Net changes of items other than shareholders' equity					
Total changes of items during period			813,498	100,108	913,607
Balance at end of the current period	940,200	790,547	2,422,455	-25	4,153,177

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available for sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the end of the previous period	60,580	11,095	71,676	16,223	3,327,470
Changes of items during the period					
Net income (loss)					816,731
Disposal of treasury stock					96,876
Net changes of items other than shareholders' equity	-77,959	6,423	-71,536	-1,662	-73,199
Total changes of items during period	-77,959	6,423	-71,536	-1,662	840,407
Balance at end of the current period	-17,379	17,518	139	14,561	4,167,878



**(4) Consolidated statements of cash flow**

	(Yen in Thousands)	
	Previous fiscal year April 1,2012 March 31,2013	Current fiscal year April 1,2013 March 31,2014
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes	1,837,797	1,289,440
Depreciation and amortization	417,362	331,616
Amortization of goodwill	54,830	—
Business structure improvement expense	10,177	—
Compensation for transfer	-1,750,000	—
Increase (decrease) in allowance for doubtful accounts	-1,858	-5,588
Increase (decrease) in allowance for employees' bonuses	-12,201	-12,186
Increase in allowance for returned goods	12,904	-40,293
Increase (decrease) in allowance for loss on disposal of returned goods	13,203	56,337
Interest and dividend income	-1,887	-4,009
Interest paid	37,803	27,761
Equity in losses of affiliates	17,140	9,066
Loss on sales and disposal of property and equipment	4,906	16,686
Loss from investment securities	-277,963	-290,615
Increase (decrease) in accounts receivable	-416,323	-197,267
Increase (decrease) in inventories	-21,765	383,611
Increase (decrease) in other receivable	98,973	-109,969
Increase (decrease) in accounts payable	57,049	31,656
Increase (decrease) in tuition advances	-583,018	-106,012
Increase (decrease) in Beneficiary right in safeguarding and trust system for advance payment	2,523,504	180,541
Increase (decrease) in other liabilities	-338,542	-38,993
Other	-85,854	45,879
Sub-total	1,596,238	1,567,662
Interest and dividend received	33,734	52,070
Interest paid	-38,435	-29,060
Compensation received	1,750,000	—
Income tax refund	-76,015	-263,427
Income taxes paid	35,598	2,242
Net cash provided by operating activities	3,301,120	1,329,486
<b>Cash flows from investing activities</b>		
Profit from sales of marketable securities	28,229	—
Purchase of property,plant and equipment	-203,838	-56,392
Payments for restoration	-92,757	—
Purchases of intangible fixed assets	-130,936	-85,884
Purchases of investment securities	-558	-22,927
Proceeds from sales of investment securities	33,074	324,650
Purchase of stocks of affiliates	-18,000	—
Payment for guaranteed deposits	-289,802	-3,942
Payments of loans receivable from affiliates	—	-15,000
Collection of guaranteed deposits	2,064,390	4,995
Payment for insurance reserve fund	-1,361	-591
Collection of insurance reserve fund	3,896	3,896
Other	820	270
Net cash provided by (used in) investing activities	1,393,156	149,072

	Previous fiscal year		Current fiscal year	
	April 1,2012	March 31,2013	April 1,2013	March 31,2014
Cash flows from financing activities				
Increase (decrease) in short-term borrowings		-1,560,000		-775,000
Proceeds from long-term loans payable		—		2,600,000
Repayment of long-term loans payable		-1,063,556		-997,186
Proceeds from stock issuance to minority shareholders		1,600		—
Purchase of treasury shares of subsidiaries		—		-4,000
Proceeds from disposal treasury stock		—		96,876
Cash dividends paid		-578		-186
Repayments of lease obligations		-14,575		-21,821
Net cash provided by (used in) financing activities		-2,637,110		898,682
Exchange difference of cash and cash equivalents		15,225		-162
Net increase in cash and cash equivalents		2,072,393		2,377,078
Cash and cash equivalents at the beginning of the year		1,767,404		3,839,797
Cash and cash equivalents at the end of the year		3,839,797		6,216,875

**(5) Note for the Going-Concern Assumption**

There are no corresponding items.

**(6) Notes****Segment information****Segment information****I. Summary of Reporting Segments**

TAC's reporting segments are components of the Company about which separate financial information is available that is evaluated regularly by the board of directors in deciding how to allocate resources and in assessing performance.

TAC principally plans and operates preparatory courses to acquire license qualifications and is divided into four reporting segments: "Personal Education", "Corporate Training", "Publishing" and "Manpower Business". Classifications are based on similarity of target market and type of products.

Details of each segment are as follows:

- Personal Education segment: Preparatory courses for individual members including working people and university students.
- Corporate Training segment: Training programs to acquire license qualifications and specialized knowledge required for work in private companies, accountancy firms, universities and colleges and sales of tax software, etc.
- Publishing segment: Sales of original textbooks using the know-how accumulated over the years through personal education and corporate training programs at bookstores and university co-ops, and sales of various books at each school.
- Manpower Business segment: Manpower placement, manpower dispatching and job advertisement

**2. Methods to determine net sales, profit or loss, assets, liabilities and other items by reporting segment**

The accounting methods by reporting segment reported herein are generally the same as the description of the "Notes concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements" except for the basis to recognize sales.

In the business of TAC, total tuition fees are paid by the student upon application for a particular course which is credited to tuition advances (liability) and reduced to recognize sales on an accrual basis in the relevant accounting periods (monthly basis) in which the service is provided to the student. Sales recorded in the income statement are sales subsequent to adjustment of tuition advances (sales on an accrual basis). Unless applications for educational courses are made, no transfer will be made from tuition advances. Accordingly, we attach great importance to sales before adjustment of tuition advances (sales on a cash basis) for business management purposes. For this reason, sales and operating profit/loss before adjustment of tuition advances (cash basis) are used for reporting segments.

Profit by reporting segment is stated on an operating income basis. Intersegment profit or transfer is based on market prices.

## 3. Information about net sales, profit or loss, assets, liabilities and other items by reporting segment

Previous fiscal year (April 1,2012-March 31,2013)

(Yen in thousands)

	Reporting segment				Total
	Personal education	Corporate training	Publishing	Manpower business	
I Sales and operating income					
Sales					
(1) External customers	13,773,864	4,066,953	2,219,324	379,100	20,439,243
(2) Inter-segment transactions and eliminations	2,098	—	8	42,950	45,057
Total	13,775,962	4,066,953	2,219,332	422,051	20,484,301
Segment income	-848,094	1,046,625	437,417	62,281	698,229
II Other					
Depreciation	350,122	18,354	6,299	2,374	377,151
Amortization of goodwill	21,932	—	32,898	—	54,830

(Note) Segment assets are not reported as they are not allocated to segments.

Current fiscal year (April 1,2013-March 31,2014)

(Yen in thousands)

	Reporting segment				Total
	Personal education	Corporate training	Publishing	Manpower business	
I Sales and operating income					
Sales					
(1) External customers	13,546,560	4,258,085	2,238,251	387,656	20,430,553
(2) Inter-segment transactions and eliminations	1,724	—	40	42,859	44,624
Total	13,548,284	4,258,085	2,238,292	430,515	20,475,178
Segment income	421,223	1,232,002	259,911	97,753	2,010,711
II Other					
Depreciation	280,111	17,868	6,068	1,791	305,839
Amortization of goodwill	—	—	—	—	—

(Note) Segment assets are not reported as they are not allocated to segments

## 4. Difference between the total of the reporting segments' measures of profit or loss and income according to the consolidated statements of income, and the main components of the difference (matters related to adjustment of difference)

(Yen in thousands)

Sales	Previous fiscal year	Current fiscal year
Total Sales of reporting segments	20,484,301	20,475,178
Adjustment of tuition advances	559,913	96,326
Intersegment – eliminations	-45,057	-44,624
Consolidated financial statements of sales	20,999,157	20,526,880

Profit	Previous fiscal year	Current fiscal year
Total operating income of reporting segments	698,229	2,010,711
Adjustment of tuition advances	559,913	96,326
Corporate expenses	-1,121,266	-1,072,600
Consolidated financial statements of income	136,876	1,034,436

(Note) Corporate expenses are mainly general administration expenses that do not belong to any reporting segment.

(Related information)

Previous fiscal year (April 1 2012 – March 31 2013)

1. Information by each product and service

Nothing is stated herein as similar information is disclosed in Segment information.

2. Geographical information

(1) Sales

Sales to external customers in Japan comprise over 90% of net sales reported on the consolidated statements of income, so this information has been omitted.

(2) Tangible fixed assets

Nothing is stated herein as amount of the tangible fixed asset located in Japan exceeds 90% of the amount of tangible fixed asset in the consolidated balance sheets.

3. Information by each major customer

Nothing is stated herein as there is no outside customer representing 10% or more of the net sales in the consolidated statement of income.

Current fiscal year (April 1,2013 - March 31,2014)

1. Information by each product and service

Nothing is stated herein as similar information is disclosed in Segment information.

2. Geographical information

(1) Sales

Sales to external customers in Japan comprise over 90% of net sales reported on the consolidated statements of income, so this information has been omitted.

(2) Tangible fixed assets

Nothing is stated herein as amount of the tangible fixed asset located in Japan exceeds 90% of the amount of tangible fixed asset in the consolidated balance sheets.

3. Information by each major customer

Nothing is stated herein as there is no outside customer representing 10% or more of the net sales in the consolidated statement of income.

(Information on the amount of loss due to impairment on fixed assets by each reporting segment)

Previous fiscal year (April 1,2012 - March 31,2013)

No loss due to impairment is allocated to reporting segments. Loss due to impairment not allocated to reporting segments is ¥ 10,177 thousand (which includes the value transferred to business structure improvement expense). For business structure improvement including a reduction of rental expense, we decided to reduce the space of some schools, in the current fiscal year. Based on this, the carrying value of buildings and structures and furniture and fixtures of these schools which are expected to become unusable were recorded as loss due to impairment.

Current fiscal year (April 1 2013 – March 31 2014)

No loss due to impairment is allocated to reporting segments. Loss due to impairment not allocated to reporting segments is ¥ 4,431 thousand.

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

Previous fiscal year (April 1,2012 - March 31,2013)

(Yen in thousands)

	Reporting segment					Eliminations	Total
	Personal education	Corporate training	Publishing	Manpower business	Total		
Amortization of goodwill	21,932	—	32,898	—	54,830	—	54,830
Ending balance	—	—	—	—	—	—	—

Current fiscal year (April 1 2013 – March 31 2014)

(Yen in thousands)

	Reporting segment					Eliminations	Total
	Personal education	Corporate training	Publishing	Manpower business	Total		
Amortization of goodwill	—	—	—	—	—	—	—
Ending balance	—	—	—	—	—	—	—

(Information on gain on negative goodwill by each reporting segment)

Previous fiscal year (April 1,2012-March 31,2013)

None

Current fiscal year (April 1 2013 – March 31 2014)

None

**(Per share information)**

	Previous fiscal year April 1, 2012 - March 31, 2013	Current fiscal year April 1, 2013 - March 31, 2014
Net assets per share	¥ 181.59	¥ 224.46
Net income per share	¥ 53.63	¥ 44.68

(Note)

1. Net income after giving effect to the diluted potential of common stock has not been presented since there are no such potential shares to be issued.

2. Basis of calculations of net income per share in the current fiscal year is as follows:

	Previous fiscal year April 1, 2012 - March 31, 2013	Current fiscal year April 1, 2013 - March 31, 2014
Net income or loss (thousands of yen)	977,940	816,731
Amount not attributable to common stockholders (thousands of yen)	—	—
Amount attributable to common stock (thousands of yen)	977,940	816,731
Average number of shares outstanding during the year (thousands of shares)	18,234	18,279

3. Basis of calculations of net assets per share in the current fiscal year is as follows:

	Previous fiscal year April 1, 2012 - March 31, 2013	Current fiscal year April 1, 2013 - March 31, 2014
Total net assets (thousands of yen)	3,327,470	4,167,878
Amount deducted from total assets (thousands of yen)	16,223	14,561
[of minority interests (thousands of yen)]	(16,223)	(14,561)
Net assets at term-end related common stock (thousands of yen)	3,311,246	4,153,317
Common stock at term-end used to calculate net asset per share (thousands of shares)	18,234	18,503

**Non-Consolidated financial statements****(1) Non-consolidated balance sheet**

(Yen in thousands)

	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
(Assets)		
Current assets		
Cash and deposits	3,313,602	5,276,798
Accounts receivable-trade	2,439,992	2,690,572
Marketable securities	80,968	166,133
Merchandise and finished goods	568,782	250,753
Work in process	12,396	11,467
Stored goods and materials	340,166	332,289
Prepaid expenses	222,701	311,982
Deferred income taxes	294,121	336,983
Beneficiary right in safeguarding and trust system for advance payment	546,180	365,638
Other	63,241	109,027
Allowance for doubtful accounts	-2,488	-829
Total current assets	7,879,665	9,850,706
Noncurrent assets		
Property, plant and equipment		
Building	1,016,442	859,284
Structures	15,361	12,824
Machinery and equipments	14,720	11,887
Automotive equipments	3,013	2,703
Equipment and fixtures	157,324	103,447
Land	410,376	410,376
Lease asset	16,991	25,375
Property, plant and equipment	1,634,231	1,425,900
Intangible assets		
Software	206,985	198,667
Other	21,693	21,416
Intangible assets	228,678	220,084
Investment and other assets		
Investment securities	1,589,476	1,313,357
Equity investment in related companies	55,268	255,268
Contribution of related companies	64,413	64,413
Unrecoverable or valueless claims	48,638	44,398
Long-term prepaid expenses	1,169	1,198
Long-term time deposit	300,000	400,000
Fixed leasehold deposits	3,149,627	3,147,238
Insurance reserve fund	930,156	927,055
Other	—	10
Allowance for doubtful accounts	-35,219	-30,979
Total investment and other assets	6,103,529	6,121,960
Total noncurrent assets	7,966,439	7,767,944
Total assets	15,846,105	17,618,651



	(Yen in thousands)	
	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
(Liabilities)		
Current liabilities		
Accounts payable	454,931	463,951
Short-term borrowings	1,800,000	1,025,000
Current portion of long-term borrowings	783,186	1,047,556
Lease debt	15,969	9,895
Accrued liabilities	307,485	474,209
Accrued expenses	654,814	571,990
Corporation and inhabitants taxes payable	136,676	405,526
Tuition advances	6,621,254	6,515,406
Deposits received	229,875	160,386
Allowance for returned goods	304,761	271,996
Allowance for loss on disposal of returned goods	102,003	147,159
Allowance for employees' bonuses	61,567	49,102
Asset retirement obligations	—	8,503
Other	4,989	2,961
Total current liabilities	11,477,517	11,153,645
Noncurrent Liabilities		
Long-term borrowings	989,702	2,328,146
Lease debt	4,304	18,222
Deferred tax liability	74,493	39,986
Post-retirement benefits payable for directors and corporate directors	120,702	120,702
Asset retirement obligations	631,941	630,180
Total noncurrent liabilities	1,821,144	3,137,238
Total liabilities	13,298,661	14,290,884
(Net assets)		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus		
Legal capital surplus	790,547	790,547
Total capital surplus	790,547	790,547
Retained earnings		
Legal retained earnings	19,978	19,978
Other retained earnings		
Retained earnings brought forward	836,271	1,594,445
Total retained earnings	856,249	1,614,423
Treasury Stock	-100,133	-25
Total shareholders' equity	2,486,863	3,345,145
Valuation and translation adjustments		
Valuation difference on available for sale securities	60,580	-17,379
Total valuation and translation adjustments	60,580	-17,379
Total net assets	2,547,444	3,327,766
Total liabilities and net assets	15,846,105	17,618,651

(2) Non-consolidated statement of income

	(Yen in thousands)	
	Previous fiscal year April 1,2012 - March 31,2013	Current fiscal year April 1,2013- March 31,2014
Sales		
Sales from personal education	14,260,362	13,633,192
Sales from corporate training	4,135,346	4,239,273
Sales from publishing & other	1,895,052	1,965,863
Net sales	20,290,761	19,838,328
Cost of sales		
Cost of personal education	9,941,761	8,769,702
Cost of corporate training	1,882,092	1,921,487
Cost of publishing & other	1,109,736	1,384,206
Total cost of sales	12,933,590	12,075,395
Gross profit	7,357,170	7,762,933
Reversal of allowance for returned goods	304,904	304,761
Transfer to allowance for returned goods	304,761	271,996
Gross profit – net	7,357,313	7,795,698
Selling, general and administrative expenses	7,398,667	6,906,007
Operating income(loss)	-41,354	889,690
Non-operating income		
Interest received	1,054	2,557
Interest on securities	669	1,363
Dividend received	70	70
Gain on valuation of investment securities	277,963	290,615
Other	16,184	19,417
Total non-operating income	295,941	314,023
Non-operating expenses		
Interest expenses	37,803	27,761
Other	1,273	123
Total non-operatig expenses	39,076	27,884
Ordinary income	215,510	1,175,829
Extraordinary income		
Compensation from transfer	1,750,000	—
Settlement received	70,000	—
Total extraordinary income	1,820,000	—
Extraordinary expenses		
Loss on sales and retirement of noncurrent assets	—	5,740
Impairment loss	—	4,431
Business structure improvement expense	356,069	—
Total extraordinary expenses	356,069	10,172
Income before taxes	1,679,440	1,165,657
Corporate, inhabitants and enterprise taxes	107,759	447,983
Deferred income taxes	683,243	-43,731
Total Corporate, inhabitants and enterprise taxes	791,003	404,251
Net income	888,437	761,405

**(3) Non-consolidated statement of changes in net asset**

Previous fiscal year (April 1, 2012 – March 31, 2013)

(Yen in thousands)

	Shareholders' equity					
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings	
		Legal capital surplus	Total capital surplus		Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the end of the previous period	940,200	790,547	790,547	19,978	-52,165	-32,187
Changes of items during the period						
Net income (loss)					888,437	888,437
Net changes of items other than shareholders' equity						
Total changes of items during period					888,437	888,437
Balance at end of the current period	940,200	790,547	790,547	19,978	836,271	856,249

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the end of the previous period	-100,133	1,598,426	-73,776	-73,776	1,524,650
Changes of items during the period					
Net income (loss)		888,437			888,437
Net changes of items other than shareholders' equity			134,356	134,356	134,356
Total changes of items during period		888,437	134,356	134,356	1,022,793
Balance at end of the current period	-100,133	2,486,863	60,580	60,580	2,547,444

Current fiscal year (April 1, 2013 – March 31, 2014)

(Yen in thousands)

	Shareholders' equity					
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings	
		Legal capital surplus	Total capital surplus		Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the end of the previous period	940,200	790,547	790,547	19,978	836,271	856,249
Changes of items during the period						
Net income (loss)					761,405	761,405
Disposal of treasury stock					-3,232	-3,232
Net changes of items other than shareholders' equity						
Total changes of items during period					758,173	758,173
Balance at end of the current period	940,200	790,547	790,547	19,978	1,594,445	1,614,423

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the end of the previous period	-100,133	2,486,863	60,580	60,580	2,547,444
Changes of items during the period					
Net income (loss)		761,405			761,405
Disposal of treasury stock	100,108	96,876			96,876
Net changes of items other than shareholders' equity			-77,959	-77,959	-77,959
Total changes of items during period		858,281	-77,959	-77,959	780,322
Balance at end of the current period	-25	3,345,145	-17,379	-17,379	3,327,766

(4) Note for the Going-Concern Assumption

There are no corresponding items.

(5) Notes**(Per share information)**

	Previous fiscal year April 1, 2012 - March 31, 2013	Current fiscal year April 1, 2013 - March 31, 2014
Net assets per share	¥ 139.70	¥ 179.84
Net income per share	¥ 48.72	¥ 41.65

**(Note)**

1. Net income after giving effect to the diluted potential of common stock has not been presented since there are no such potential shares to be issued.

2. Basis of calculations of net income per share in the current fiscal year is as follows:

	Previous fiscal year April 1, 2012 - March 31, 2013	Current fiscal year April 1, 2013 - March 31, 2014
Net income or loss (thousands of yen)	888,437	761,405
Amount not attributable to common stockholders (thousands of yen)	—	—
Amount attributable to common stock (thousands of yen)	888,437	761,405
Average number of shares outstanding during the year (thousands of shares)	18,234	18,279

3. Basis of calculations of net assets per share in the current fiscal year is as follows:

	Previous fiscal year April 1, 2012 - March 31, 2013	Current fiscal year April 1, 2013 - March 31, 2014
Total net assets (thousands of yen)	2,547,444	3,327,766
Amount deducted from total assets (thousands of yen)	—	—
Net assets at term-end related common stock (thousands of yen)	2,547,444	3,327,766
Common stock at term-end used to calculate net asset per share (thousands of shares)	18,234	18,503