

Securities Code 4668
November 4, 2015

To All Shareholders With Voting Rights

Hirotake Watanabe
President and Representative Director
MEIKO NETWORK JAPAN CO., LTD.
7-20-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan

NOTICE OF THE 31ST ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 31st Annual Meeting of Shareholders of MEIKO NETWORK JAPAN CO., LTD. (hereinafter the “Company”) to be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet and other means as set forth in How to Exercise Your Voting Rights on the next page. Please review the Reference Documents for the Annual Meeting of Shareholders, and cast your vote by 6:00 p.m. on Thursday, November 19, 2015 Japan time.

- | | | | |
|--|--|--|--|
| 1. Date and Time: | Friday, November 20, 2015 at 10:00 a.m. | | |
| 2. Place: | “Century Room,” B1 floor, Hyatt Regency Tokyo
2-7-2 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan | | |
| 3. Agenda of the Meeting:
Matters to be reported: | <table border="0"><tr><td>1. Business Report, Consolidated Financial Statements for the 31st term (from September 1, 2014 to August 31, 2015) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements</td></tr><tr><td>2. Non-Consolidated Financial Statements for the Company’s 31st term (from September 1, 2014 to August 31, 2015)</td></tr></table> | 1. Business Report, Consolidated Financial Statements for the 31st term (from September 1, 2014 to August 31, 2015) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements | 2. Non-Consolidated Financial Statements for the Company’s 31st term (from September 1, 2014 to August 31, 2015) |
| 1. Business Report, Consolidated Financial Statements for the 31st term (from September 1, 2014 to August 31, 2015) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements | | | |
| 2. Non-Consolidated Financial Statements for the Company’s 31st term (from September 1, 2014 to August 31, 2015) | | | |
| Proposals to be resolved: | | | |
| Proposal No. 1: | Partial Amendments to the Articles of Incorporation | | |
| Proposal No. 2: | Election of Nine (9) Directors | | |
| Proposal No. 3: | Election of One (1) Corporate Auditor | | |

-
- ◎ Shareholders attending the meeting are kindly requested to submit the enclosed Voting Right Exercise Form to the reception at the venue.
 - ◎ Of the documents to be presented along with this Notice, “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” are posted on the Company’s website (<http://www.meikonet.co.jp>) in accordance with laws and regulations, as well as Article 15 of the Company’s Articles of Incorporation, and are therefore not included in this Notice.
 - ◎ If there are any changes to the Reference Documents for Annual Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, changes on the matters shall be posted on the Company’s website (<http://www.meikonet.co.jp>).
 - ◎ If a voting right is exercised in duplicate by the same shareholder through writing and electromagnetic means, the Company shall treat the latter as valid.
 - ◎ If an exercise of voting right through electromagnetic means was conducted for multiple times, and if there are conflicting votes to the same proposal, the last exercise of voting right through electromagnetic means shall be treated as valid.
 - ◎ A small gift offered to the shareholders attending Annual Meeting of Shareholders has been discontinued since last year. Your kind understanding is appreciated.

How to Exercise Your Voting Rights

Voting rights are important rights that enable shareholders to participate in the management of the Company. There are three methods for exercising your voting rights.

For shareholders attending in person:

Submit your voting rights at the reception.

Please submit the Voting Right Exercise Form to the reception at the venue of Annual Meeting of Shareholders on the day of the meeting.

Date and time of the Annual Meeting of Shareholders:	Friday, November 20, 2015 at 10:00 a.m. (Reception is scheduled to start at 9:00 a.m.)
---	---

For shareholders who are not able to attend the meeting:

If you are not able to attend the meeting, you may exercise your voting rights by either of the following methods:

Exercise of Voting Rights in Writing

Please indicate your approval or disapproval on the Voting Right Exercise Form, and return by post at your earliest convenience.

Deadline for Exercising Voting Rights:	To be received by the Company by Thursday, November 19, 2015 at 6:00 p.m.
--	--

Exercise of Voting Rights via the Internet

<http://www.web54.net>

Please access the above website via the Internet.

Please exercise your voting rights following the instruction on the screen using the login ID and temporary password.

Deadline for Exercising Voting Rights:	Thursday, November 19, 2015 at 6:00 p.m.
--	--

Please refer to the next page for details.

Procedures for Exercising Your Voting Rights

For Institutional Investors

Apart from the exercise of voting rights via the Internet as follows, institutional investors are able to use an electronic platform for exercise of voting rights run by ICJ, Inc., sponsored by Tokyo Stock Exchange, Inc., etc. subject to prior application and registration.

Exercise of Voting Rights in Writing

Please indicate your approval or disapproval on the enclosed Voting Right Exercise Form, and return by post so that it is received by the Company by the following date.

Deadline for Exercising Voting Rights:	To be received by the Company by Thursday, November 19, 2015 at 6:00 p.m.
--	--

Exercise of Voting Rights via the Internet

Please have your Voting Right Exercise Form ready.

Exercise of voting rights via the Internet is available only by accessing the website for exercising voting rights (<http://www.web54.net>) designated by the Company through a computer or smart phone (please note that rights cannot be exercised from 2:00 a.m. to 5:00 a.m. every day).

While your exercises of voting rights via the Internet are accepted until Thursday, November 19, 2015 at 6:00 p.m., we suggest that you do so as early as possible. Should you have any inquiry, please contact our help desk.

1. Access the website for exercising voting rights **<http://www.web54.net>**
Click “Next”
2. Login
Click “Login”
Enter the “Code for Exercising Voting Rights” printed on your Voting Right Exercise Form.

Please follow instructions on the screen and enter your approval or disapproval.

- *1 *Exercise of voting rights by computer may not be possible depending on the Internet environment due to factors including usage of firewalls, etc. in connecting to the Internet, usage of anti-virus programs, and usage of proxy servers.*
- *2 *Costs incurred for accessing the website for exercising voting rights (Internet connection charges, phone charges, etc.) are to be borne by shareholders.*

Inquiries regarding operation of computers, etc. (Helpdesk)

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited

Transfer Agency Web Support Service: 0120-652-031 (available from 9:00 a.m. to 9:00 p.m.)

Other inquiries: 0120-782-031 (available from 9:00 a.m. to 5:00 p.m., weekdays excluding holidays)

Proposals and References

Proposal No. 1

Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

- (1) In order to enhance and strengthen the management structure, maximum number of Directors prescribed in Article 18 of the current Articles of Incorporation shall be increased from eight (8) to ten (10), and Vice Chairman and Director shall be added to the ranks of Directors with title as set out in Article 23, Paragraph 2 of the current Articles of Incorporation.
- (2) In order to establish governance that enhances performance and effectiveness, and to enhance shareholders value of the Company, Article 22 of the current Articles of Incorporation shall be amended as appropriate.
- (3) Following the enforcement of the Act for Partial Amendment to the Companies Act (Act No. 90 of 2014), liability limitation agreements can now be concluded with Non-executive Directors and Corporate Auditors that are not Outside Corporate Auditors. Therefore, partial amendments shall be made to Article 27, Paragraph 2, as well as Article 36, Paragraph 2 of the current Articles of Incorporation, in order to facilitate invitation of appropriate talents, and encourage such talents to fully perform their expected roles. As for the amendments to Article 27, Paragraph 2 of the current Articles of Incorporation, consent has been obtained from each Corporate Auditor.

2. Detail of the Amendments

Details of the amendments are as follows:

(Amended parts are underlined)

Current Articles of Incorporation	Proposed Amendments
CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS (Number of Directors) Article 18. The number of Directors of the Company shall not exceed <u>eight (8)</u> . Article 19. to 21. (Omitted) (Convocation of the Board of Directors Meetings) Article 22. Except as otherwise provided by laws and regulations, the <u>President</u> and Director shall convene the meetings of the Board of Directors and act as the chairman thereof.	CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS (Number of Directors) Article 18. The number of Directors of the Company shall not exceed <u>ten (10)</u> . Article 19. to 21. (Unchanged) (Convocation of the Board of Directors Meetings) Article 22. Except as otherwise provided by laws and regulations, the <u>Chairman</u> and Director shall convene the meetings of the Board of Directors and act as the chairman thereof.

Current Articles of Incorporation	Proposed Amendments
<p>2. When the <u>President</u> and Director is unable to act, another Director, determined in accordance with an order of priority previously determined by resolution of the Board of Directors of the Company, shall convene the meetings of the Board of Directors and act as the chairman thereof.</p> <p>3. (Omitted)</p> <p>4. (Omitted)</p> <p>(Representative Directors and Directors with Title)</p> <p>Article 23. (Omitted)</p> <p>2. The Board of Directors may appoint by resolution one (1) Chairman and Director, one (1) President and Director, several Vice President and Directors, Senior Managing Directors and Managing Directors.</p> <p>Article 24. to 26. (Omitted)</p> <p>(Limitation of Liabilities of Directors)</p> <p>Article 27. (Omitted)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the <u>Outside</u> Directors that limits any liability for damages arising from negligence in the performance of his/her duties; provided, however, that the limit of the liability shall be an amount set by laws and regulations.</p> <p>CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>Article 28. to 35. (Omitted)</p> <p>(Limitation of Liabilities of Corporate Auditors)</p> <p>Article 36. (Omitted)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the <u>Outside</u> Corporate Auditors that limits any liability for damages arising from negligence in the performance of his/her duties; provided, however, that the limit of the liability shall be an amount set by laws and regulations.</p>	<p>2. When the <u>Chairman</u> and Director is unable to act, another Director, determined in accordance with an order of priority previously determined by resolution of the Board of Directors of the Company, shall convene the meetings of the Board of Directors and act as the chairman thereof.</p> <p>3. (Unchanged)</p> <p>4. (Unchanged)</p> <p>(Representative Directors and Directors with Title)</p> <p>Article 23. (Unchanged)</p> <p>2. The Board of Directors may appoint by resolution one (1) Chairman and Director, <u>one (1) Vice Chairman and Director</u>, one (1) President and Director, several Vice President and Directors, Senior Managing Directors and Managing Directors.</p> <p>Article 24. to 26. (Unchanged)</p> <p>(Limitation of Liabilities of Directors)</p> <p>Article 27. (Unchanged)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the Directors (<u>excluding Executive Directors, etc.</u>) that limits any liability for damages arising from negligence in the performance of his/her duties; provided, however, that the limit of the liability shall be an amount set by laws and regulations.</p> <p>CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>Article 28. to 35. (Unchanged)</p> <p>(Limitation of Liabilities of Corporate Auditors)</p> <p>Article 36. (Unchanged)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the Corporate Auditors that limits any liability for damages arising from negligence in the performance of his/her duties; provided, however, that the limit of the liability shall be an amount set by laws and regulations.</p>

Reference Documents for Annual Meeting of Shareholders

Proposal No. 2

Election of Nine (9) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Annual Meeting of Shareholders. In order to ensure management transparency and further strengthening of corporate governance, the election of nine (9) Directors including one additional Director is proposed, subject to the approval of Proposal No. 1 “Partial Amendments to the Articles of Incorporation.” Please note that two (2) of the candidates are Outside Directors.

The candidates are as follows:

No. **1** **Hirotake Watanabe** (Date of birth: Sept. 19, 1942) **Reappointment**

Number of the Company's shares held

3,094,600 shares

Board of Directors meetings attendance

100% (18/18 times)

■ Brief personal record, position, responsibilities and important concurrent posts

Sept. 1984: Established the Company, Director of the Company
May 1985: President and Representative Director (present)

[Important concurrent posts]

Representative Director of MEIKO KYOIKU KENKYUJO (Public Interest Incorporated Foundation)

No. **2** **Yoshiko Okui** (Date of birth: Aug. 24, 1954) **Reappointment**

Number of the Company's shares held

792,800 shares

Board of Directors meetings attendance

100% (18/18 times)

■ Brief personal record, position, responsibilities and important concurrent posts

Sept. 1984: Established the Company, Managing Director of the Company
Nov. 1996: Senior Managing Director
Sept. 2004: General Manager, Meikogijuku Headquarters
Apr. 2006: General Manager, Administration Headquarters and Supervisory Manager, Meikogijuku Headquarters
Mar. 2007: Overall Supervisory Manager and in charge of Administration Divisions
Nov. 2008: Vice President and Director
Overall Supervisor Manager and Chief Financial Officer (present)
Nov. 2009: Vice President and Representative Director (present)

[Important concurrent posts]

Deputy Representative Director of MEIKO KYOIKU KENKYUJO (Public Interest Incorporated Foundation)

No. **3** Setsuro Tagami (Date of birth: Aug. 6, 1955)

Reappointment

Number of the Company's shares held

5,900 shares

Board of Directors meetings attendance

100% (18/18 times)

▪ **Brief personal record, position, responsibilities and important concurrent posts**

May 2005: Joined the Company
Nov. 2005: Director of the Company
Nov. 2008: Managing Director
In charge of Business Affairs Management Division
Sept. 2010: In charge of Academic Division
Sept. 2012: In charge of Future Kids Club Business Division
Sept. 2014: In charge of Administration Divisions, Academic Division and Overseas Business Development Division (present)
Chairman of Business Strategy Meeting
Nov. 2014: Senior Managing Director (present)

[Important concurrent posts]

Councilor of MEIKO KYOIKU KENKYUJO (Public Interest Incorporated Foundation)

No. **4** Kazuhito Yamashita (Date of birth: Dec. 7, 1959)

Reappointment

Number of the Company's shares held

12,900 shares

Board of Directors meetings attendance

100% (18/18 times)

▪ **Brief personal record, position, responsibilities and important concurrent posts**

Mar. 2007: Joined the Company, Manager, Supervisory Division of Direct Operations Business Division of the Company
Nov. 2007: Director
Nov. 2008: Managing Director
Sept. 2010: In charge of Business Development Headquarters
Sept. 2012: General Manager, Kobetsu School Business (present)
In charge of Soccer School Business Division
In charge of Meiko Kids Business Division
In charge of Business Development Division
Jul. 2013: General Manager, Business Development Headquarters
Sept. 2014: General Manager, Meikogijuku Business Headquarters and in charge of FC Business Development Division, Meiko Support Center and Headquarters Office (present)
Nov. 2014: Senior Managing Director (present)

Reference Documents for Annual Meeting of Shareholders

No. **5** **Hiroaki Sato** (Date of birth: Aug. 31, 1960)

Reappointment

Number of the Company's shares held

6,700 shares

Board of Directors meetings attendance

100% (18/18 times)

■ Brief personal record, position, responsibilities and important concurrent posts

May 2005: Joined the Company
 Nov. 2005: Director of the Company
 Nov. 2008: Managing Director (present)
 Sept. 2010: In charge of Meikogijuku Business Headquarters
 Sept. 2012: In charge of FC Business Development Division
 Sept. 2014: In charge of Promotions Division, Information System Division, Soccer Business Division and Kids Business Division (present)

[Important concurrent posts]

Director of Tokyo Ishin Gakuin Co., Ltd.

No. **6** **Yoshikazu Takemasa** (Date of birth: Aug. 29, 1963)

Reappointment

Number of the Company's shares held

10,300 shares

Board of Directors meetings attendance

100% (18/18 times)

■ Brief personal record, position, responsibilities and important concurrent posts

May 1995: Joined the Company
 Sept. 2002: Deputy General Manager, Direct Operations 4th Business Division of the Company
 Sept. 2004: General Manager, Direct Operations Division, Meikogijuku Headquarters
 Nov. 2008: Director (present)
 Sept. 2010: General Manager, Meikogijuku Business Headquarters

[Important concurrent posts]

Director of Waseda EDU Co., Ltd.
 Director of Waseda International Co., Ltd.
 Director of You DEC Co. Ltd.
 Director of KOYO SHOBO Corporation

No. **7** Koshi Horiuchi (Date of birth: Dec. 5, 1969)

Reappointment

Number of the Company's shares held

300 shares

Board of Directors meetings attendance

100% (14/14 times)

* The above number refers to the number of Board of Directors meetings held from November 21, 2014 onward as Mr. Horiuchi assumed office as Director on the same date.

Brief personal record, position, responsibilities and important concurrent posts

Oct. 1999: Joined the Company
 Nov. 2010: General Manager of 2nd Business Division, Meikogijuku Business Headquarters of the Company
 Sept. 2012: General Manager of Direct Operations 6th Business Division, Meikogijuku Business Headquarters
 Sept. 2014: General Manager of 7th Business Division, Meikogijuku Business Department (present)
 Nov. 2014: Director (present)
 Sept. 2015: Deputy General Manager of Meikogijuku Business Headquarters

[Important concurrent posts]

Director of MAXIS Education Inc.
 Director of You DEC Co. Ltd.

No. **8** Masahiro Harada (Date of birth: Apr. 28, 1952)

Reappointment

Outside Director

Number of the Company's shares held

100 shares

Board of Directors meetings attendance

100% (14/14 times)

* The above number refers to the number of Board of Directors meetings held from November 21, 2014 onward, as Mr. Harada assumed office as Director on the same date.

Brief personal record, position, responsibilities and important concurrent posts

Apr. 1975: Joined the Sumitomo Bank Co., Ltd. (current Sumitomo Mitsui Banking Corporation)
 Apr. 1996: General Manager, Kanamachi Branch of Sumitomo Bank Co., Ltd.
 Apr. 2002: Representative Director and Managing Director of SMBC PERSONNEL SUPPORT CO., LTD.
 Jun. 2011: President and Representative Director of Rising Insurance Service Co., Ltd.
 Nov. 2014: Director of the Company (present)

Reasons for selection as a candidate for Outside Director

Mr. Masahiro Harada has a wealth of experience and intelligence gained from his experience in corporate review at financial institutions and corporate management. As such, the Company has determined that the candidate will be able to contribute to ensuring management transparency and further strengthening of corporate governance, and thereby proposes the election of the candidate as Outside Director.

Mr. Harada will have served as Outside Director of the Company for one year at the conclusion of this Annual Meeting of Shareholders.

Reference Documents for Annual Meeting of Shareholders

No. **9** **Noriko Yao** (Date of birth: Aug. 27, 1967) **Newly appointed** **Outside Director**

Number of the Company's shares held

- shares

■ Brief personal record, position, responsibilities and important concurrent posts

- Mar. 1995: Graduated Legal Training and Research Institute of the Supreme Court of Japan
- Apr. 1995: Registered as Attorney-at-Law in Fukuoka Bar Association
Joined Fuji Law Office
- Jun. 2001: Graduated from Georgetown University Law Center (LL.M.)
- Sept. 2001: Joined Paul, Hastings, Janofsky & Walker LLP (Los Angeles Office)
- Oct. 2002: Registered as Attorney-at-law in Daini Tokyo Bar Association
Joined Taiyo Law Office (current Paul Hastings Foreign Law Joint Enterprise)
Registered as Attorney-at-law in New York State Bar Association
- Jul. 2007: Joined TMI Associates
- Jan. 2008: Partner of TMI Associates (present)
- Oct. 2014: Outside Auditor of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (present)

[Important concurrent posts]

Partner of TMI Associates
Outside Auditor of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development

■ Reasons for selection as a candidate for Outside Director

Although Ms. Noriko Yao does not have any experience of directly engaging in corporate management, she has adequate insight for governing corporate management as she is familiar with corporate legal affairs, etc. as an attorney-at-law. As such, the Company has determined that the candidate will be able to contribute to ensuring management transparency and further strengthening of corporate governance, and thereby proposes the election of the candidate as Outside Director.

- (Notes)
1. None of the candidates for Directors have special conflict of interest with the Company.
 2. If Mr. Masahiro Harada and Ms. Noriko Yao are elected, in accordance with the provisions of Articles of Incorporation of the Company, the Company is scheduled to conclude liability limitation agreement based on the provisions of Article 427, Paragraph 1 of the Companies Act, for the purpose of limiting the liability for damages as set out in Article 423, Paragraph 1 of the Act; provided, however, that the limit of the liability shall be an amount set by laws and regulations.
 3. Mr. Masahiro Harada and Ms. Noriko Yao are candidates for Outside Directors. All candidates for Outside Directors are required to meet the election criteria for independent outside officers set out by the Company, and both of the two candidates meet all such criteria.
 4. Mr. Masahiro Harada and Ms. Noriko Yao meet the requirements for independent officer based on the regulations of Tokyo Stock Exchange, Inc. and are scheduled to be designated as independent officers upon the approval on their appointment.

As the term of office of Corporate Auditor Mr. Toru Kijima will expire at the conclusion of this Annual General Meeting of Shareholders, the election of one (1) Corporate Auditor is proposed.

As for the submission of this proposal, consent has been obtained from the Board of Corporate Auditors.

The candidate is as follows:

Takehiro Amemiya (Date of birth: May 3, 1951)

Newly appointed

Outside Corporate Auditor

Number of the Company's shares held

- shares

Brief personal record, position and important concurrent posts

Apr. 1974: Joined The Mitsubishi Bank, Ltd. (current The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
 Jun. 1994: Manager, Otsuka Branch of The Mitsubishi Bank, Ltd.
 Feb. 1999: Manager, Legal Division and Compliance Office of The Bank of Tokyo-Mitsubishi, Ltd. (current The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
 Jul. 2003: Representative Director and Senior Managing Director of MT Insurance Service Co., Ltd.
 Oct. 2006: Deputy President of MST Insurance Service Co., Ltd.
 Jan. 2010: Representative Director and Senior Managing Director of Marunouchi Yoroze Co, Ltd
 Oct. 2013: Director of Organization for Workers' Retirement Allowance Mutual Aid

Reasons for selection as a candidate for Outside Corporate Auditor

Mr. Takehiro Amemiya has a wealth of experience and knowledge in financial services, financial affairs, and corporate management gained over the years from his service at companies including financial institutions. As such, the Company has determined that the candidate is capable of providing effective advice on important management matters, along with monitoring overall management and enhancing audit effectiveness, and thereby proposes the election of the candidate as Outside Corporate Auditor.

- (Notes)
1. The candidate for corporate auditor does not have any special conflict of interest with the Company.
 2. Mr. Takehiro Amemiya is a candidate for Outside Corporate Auditor. All candidates for Outside Corporate Auditor are required to meet the election criteria for an independent outside officer set out by the Company, and he meets all such criteria.
 3. Mr. Takehiro Amemiya meets the requirements for an independent officer based on the regulations of Tokyo Stock Exchange, Inc. and is scheduled to be designated as an independent officer upon the approval on his appointment.

Reference Documents for Annual Meeting of Shareholders

<Reference> “Criteria for Election of Independent Outside Officers”

1. Independent Outside Officers should not be currently serving or have served in the past as Director (excluding Outside Director, hereinafter the same shall apply), Corporate Auditor (excluding Outside Corporate Auditor, hereinafter the same shall apply), Executive Officer, Manager and other employee of the Company or the Group.
2. Independent Outside Officers should not be currently serving or have served in the past five years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a major shareholder of the Company.
3. Independent Outside Officers should not be currently serving as Director, Corporate Auditor, Executive Officer, Manager and other employee of a company which, at present, is a principal shareholder of the Company.
4. Independent Outside Officers should not be currently serving or have served in the past three years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a company which is a principal business partners (accounting for more than 2% of the consolidated gross sales of the Company in the previous fiscal year) of the Company or the Group.
5. Independent Outside Officers should not be currently serving as Director (referring to Executive Director only), or other executor of business (referring to officer, member or employee engaged in the execution of business) at an organization (such as public interest incorporated foundation, public interest incorporated association, non-profit corporation) that receives donation or subsidy in excess of certain amount (10 million yen on average over the past three years) from the Company or the Group.
6. Independent Outside Officers should not be currently serving as Director, Corporate Auditor or Executive Officer of a company or its subsidiary where the Company or the Group has seconded a Director or Corporate Auditor (whether full-time or part-time).
7. Independent Outside Officers should not be currently serving or have served in the past five years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a principal financial institution of the Company or the Group (a financial institution vital for fund raising at the Company or the Group, conducting comprehensive review to determine whether there is a situation likely to give rise to an issue of conflicts of interest between the Company and shareholders (involving actual or potential insolvency), and other review, such as financial/credit rating, capital ratio, financing dependency on specific creditors or ability to repay loans of the Company or the Group).
8. Independent Outside Officers should not be currently serving or have served in the past five years as Director (excluding outside Director, hereinafter the same shall apply), Corporate Auditor (excluding outside Corporate Auditor, hereinafter the same shall apply), Executive Officer, Manager and other employee of a brokerage lead manager of the Company.
9. Independent Outside Officers should not be currently serving or have served in the past three years as member, partner or employee of the accounting auditor (or tax accountant's corporation) of the Company or the Group.
10. Independent Outside Officers should not be currently serving as professional service provider including attorney, certified public accountant, tax accountant and consultant of various natures, who receives compensation in excess of certain amount (10 million yen on average over the past three years) from the Company or the Group.
11. Independent Outside Officers should not be relatives within the second degree of kinship, or other relatives living together with the person concerned in each of the above 1 through 10.
12. However, a person who falls into any of the above may still be appointed as an Independent Outside Officer of the Company, as long as the person is deemed appropriate by the Company as an Independent Outside Officer of the Company in light of his/her character, insight and other qualities, subject to an external explanation justifying such reason for the appointment.
13. Apart from the qualifications listed above, Independent Outside Officers should not be determined to be questionable in terms of his/her independence as an Independent Outside Officer, and may cause substantive and permanent conflicts of interest with general shareholders.

Consolidated Financial Statements

Consolidated Balance Sheet (As of August 31, 2015)

(Unit: Thousand yen)

Item	Amount
Assets	
Current assets	9,828,543
Cash and deposits	7,345,308
Accounts receivable - trade	1,300,723
Securities	399,960
Merchandise	308,453
Supplies	17,178
Advance payments - trade	30,821
Prepaid expenses	195,431
Deferred tax assets	206,494
Other	117,378
Allowance for doubtful accounts	(93,208)
Non-current assets	8,852,378
Property, plant and equipment	1,128,823
Buildings and structures	604,118
Tools, furniture and fixtures	78,645
Land	446,059
Intangible assets	2,257,683
Goodwill	1,897,308
Software	339,894
Telephone subscription right	20,480
Investment and other assets	5,465,870
Investment securities	3,157,886
Long-term loans receivable	57,200
Long-term prepaid expenses	21,764
Deferred tax assets	215,929
Lease and guarantee deposits	705,108
Real estate for investment	741,102
Long-term time deposits	500,000
Other	66,879
Total assets	18,680,921

Item	Amount
Liabilities	
Current liabilities	3,357,489
Accounts payable - trade	194,664
Short-term loans payable	70,000
Current portion of long-term loans payable	13,386
Accounts payable - other	110,037
Accrued expenses	971,411
Income taxes payable	628,319
Accrued consumption taxes	287,410
Advances received	637,060
Deposits received	65,924
Provision for bonuses	337,659
Provision for sales returns	25,030
Other	16,585
Non-current liabilities	694,620
Long-term loans payable	12,664
Net defined benefit liability	39,020
Long-term accounts payable - employees	165,107
Long-term accounts payable - directors	179,380
Deferred tax liabilities	26,755
Asset retirement obligations	191,351
Long-term guarantee deposited	67,422
Other	12,918
Total liabilities	4,052,110
Net assets	
Shareholders' equity	14,514,405
Capital stock	972,512
Capital surplus	915,503
Retained earnings	12,770,002
Treasury shares	(143,612)
Accumulated other comprehensive income	55,063
Valuation difference on available-for-sale securities	38,994
Foreign currency translation adjustment	16,068
Minority interests	59,342
Total net assets	14,628,811
Total liabilities and net assets	18,680,921

Consolidated Financial Statements

Consolidated Statement of Income (From September 1, 2014 to August 31, 2015)

(Unit: Thousand yen)

Item	Amount	
Net sales		18,768,501
Cost of sales		11,792,574
Gross profit		6,975,926
Selling, general and administrative expenses		3,420,084
Operating income		3,555,842
Non-operating income		
Interest income	51,151	
Dividend income	31,423	
Gain on sales of investment securities	21,479	
Gain on reversal of loss on valuation of investment securities	67,680	
Share of profit of entities accounted for using equity method	5,134	
Rent income	82,106	
Other	36,591	295,566
Non-operating expenses		
Interest expenses	1,111	
Rent expenses	40,289	
Other	6,903	48,304
Ordinary income		3,803,104
Extraordinary income		
Surrender value of insurance	106,048	
Gain on extinguishment of asset retirement obligations	8,976	115,024
Extraordinary losses		
Loss on retirement of property, plant and equipment	4,115	
Loss on valuation of golf club membership	15,513	19,628
Income before income taxes		3,898,500
Income taxes - current	1,286,052	
Income taxes - deferred	225,305	1,511,357
Income before minority interests		2,387,142
Minority interests in income		17,528
Net income		2,369,614

Consolidated Statement of Changes in Equity (From September 1, 2014 to August 31, 2015)

(Unit: Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	972,512	915,503	11,311,303	(143,612)	13,055,706
Changes of items during period					
Dividends of surplus			(910,914)		(910,914)
Net income			2,369,614		2,369,614
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,458,699	—	1,458,699
Balance at end of period	972,512	915,503	12,770,002	(143,612)	14,514,405

	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 beginning of period	80,200	13,835	94,035	41,733	13,191,475
Changes of items during period					
Dividends of surplus					(910,914)
Net income					2,369,614
Net changes of items other than shareholders' equity	(41,205)	2,232	(38,972)	17,609	(21,363)
Total changes of items during period	(41,205)	2,232	(38,972)	17,609	1,437,335
Balance at end of period	38,994	16,068	55,063	59,342	14,628,811

Non-consolidated Financial Statements

Balance Sheet (As of August 31, 2015)

(Unit: Thousand yen)

Item	Amount
Assets	
Current assets	7,845,252
Cash and deposits	5,813,497
Accounts receivable - trade	1,070,338
Securities	399,960
Merchandise	104,910
Supplies	14,540
Advance payments - trade	24,334
Prepaid expenses	132,081
Deferred tax assets	190,305
Short-term loans receivable	140,153
Other	36,035
Allowance for doubtful accounts	(80,904)
Non-current assets	8,959,552
Property, plant and equipment	515,465
Buildings	319,611
Tools, furniture and fixtures	32,794
Land	163,059
Intangible assets	347,394
Software	329,267
Telephone subscription right	18,127
Investments and other assets	8,096,692
Investment securities	2,953,567
Shares of subsidiaries and associates	2,702,644
Investments in capital	10,000
Long-term loans receivable from subsidiaries and associates	475,000
Long-term prepaid expenses	10,689
Deferred tax assets	162,839
Lease and guarantee deposits	517,886
Real estate for investment	741,102
Long-term time deposits	500,000
Other	22,962
Total assets	16,804,805

Item	Amount
Liabilities	
Current liabilities	2,102,833
Accounts payable - trade	106,714
Accounts payable - other	114,261
Accrued expenses	691,001
Income taxes payable	533,751
Accrued consumption taxes	203,814
Advances received	79,127
Deposits received	44,445
Provision for bonuses	318,323
Other	11,393
Non-current liabilities	512,722
Long-term accounts payable - employees	165,107
Long-term accounts payable - directors	161,650
Asset retirement obligations	135,664
Long-term guarantee deposited	50,300
Total liabilities	2,615,555
Net assets	
Shareholders' equity	14,151,547
Capital stock	972,512
Capital surplus	915,503
Legal capital surplus	915,503
Retained earnings	12,407,143
Legal retained earnings	54,482
Other retained earnings	12,352,661
General reserve	9,147,000
Retained earnings brought forward	3,205,661
Treasury shares	(143,612)
Valuation and translation adjustments	37,702
Valuation difference on available-for-sale securities	37,702
Total net assets	14,189,249
Total liabilities and net assets	16,804,805

Statement of Income (From September 1, 2014 to August 31, 2015)

(Unit: Thousand yen)

Item	Amount	
Net sales		14,223,860
Cost of sales		8,540,628
Gross profit		5,683,231
Selling, general and administrative expenses		2,516,830
Operating income		3,166,401
Non-operating income		
Interest income	17,002	
Interest on securities	43,696	
Dividend income	31,324	
Gain on sales of investment securities	21,479	
Gain on reversal of loss on valuation of investment securities	67,680	
Rent income	102,800	
Other	26,706	
		310,689
Non-operating expenses		
Rent expenses	52,840	
Other	2,517	
		55,358
Ordinary income		3,421,732
Extraordinary losses		
Loss on retirement of property, plant and equipment	2,616	
Loss on valuation of golf club membership	15,513	
		18,130
Income before income taxes		3,403,602
Income taxes - current	1,174,085	
Income taxes - deferred	111,528	
		1,285,613
Net income		2,117,988

Non-consolidated Financial Statements

Statement of Changes in Equity (From September 1, 2014 to August 31, 2015)

(Unit: Thousand yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings				Treasury shares	Total shareholders equity
		Legal capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
				General reserve	Retained earnings brought forward			
Balance at beginning of period	972,512	915,503	54,482	8,147,000	2,998,587	11,200,069	(143,612)	12,944,473
Changes of items during period								
Provision of general reserve				1,000,000	(1,000,000)	—		—
Dividends of surplus					(910,914)	(910,914)		(910,914)
Net income					2,117,988	2,117,988		2,117,988
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	1,000,000	207,073	1,207,073	—	1,207,073
Balance at end of period	972,512	915,503	54,482	9,147,000	3,205,661	12,407,143	(143,612)	14,151,547

	Valuation and translation adjustments	
	Valuation difference on available-for-sale securities	Total net assets
Balance at beginning of period	79,483	13,023,957
Changes of items during period		
Provision of general reserve		—
Dividends of surplus		(910,914)
Net income		2,117,988
Net changes of items other than shareholders' equity	(41,781)	(41,781)
Total changes of items during period	(41,781)	1,165,292
Balance at end of period	37,702	14,189,249