

Securities Code 4668  
November 2, 2016

To All Shareholders With Voting Rights

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

## NOTICE OF THE 32ND ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 32nd 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 pages 2-3. Please review the Reference Documents for the Annual Meeting of Shareholders, and cast your vote by 6:00 p.m. on Thursday, November 17, 2016 Japan time.**

- |  |  |    |   |    |   |
|--|--|----|---|----|---|
| 1. Date and Time:                                    | Friday, November 18, 2016 at 10:00 a.m.  |    |   |    |   |
| 2. Place:  | “Century Room,” B1 floor, Hyatt Regency Tokyo<br>2-7-2 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan   |    |   |    |   |
| 3. Agenda of the Meeting:<br>Matters to be reported: | <table border="0"><tr><td>1.</td><td>Business Report, Consolidated Financial Statements for the 32nd term (from September 1, 2015 to August 31, 2016) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements</td></tr><tr><td>2.</td><td>Non-consolidated Financial Statements for the Company’s 32nd term (from September 1, 2015 to August 31, 2016)</td></tr></table> | 1. | Business Report, Consolidated Financial Statements for the 32nd term (from September 1, 2015 to August 31, 2016) 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 32nd term (from September 1, 2015 to August 31, 2016) |
| 1.   | Business Report, Consolidated Financial Statements for the 32nd term (from September 1, 2015 to August 31, 2016) 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 32nd term (from September 1, 2015 to August 31, 2016)  |    |   |    |   |
| Proposals to be resolved:                            |  |    |   |    |   |
| Proposal No. 1:                                      | Partial Amendments to the Articles of Incorporation  |    |   |    |   |
| Proposal No. 2:                                      | Election of Eight (8) Directors  |    |   |    |   |

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- ◎ A small gift offered to the shareholders attending Annual Meeting of Shareholders has been discontinued since the year before last. Your kind understanding is appreciated.
- ◎ 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.

## **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 18, 2016 at 10:00 a.m. (Reception is scheduled to start at 9:00 a.m.)
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### **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 17, 2016 at 6:00 p.m.
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#### **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 17, 2016 at 6:00 p.m.
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Please refer to the next page for details.

### **Treatment of voting rights exercised in duplicate**

- ◎ 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.

## **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 17, 2016 at 6:00 p.m.
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### **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 17, 2016 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)

## Reference Documents for the Annual Meeting of Shareholders

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### Proposals and References

Proposal No. 1

### Partial Amendments to the Articles of Incorporation

#### 1. Reasons for the Proposal

In order to prepare for future business diversification, the Company will add business purposes in Article 2 (Purpose) of the current Articles of Incorporation.

#### 2. Detail of the Amendments

Details of the amendments are as follows:

(Amended parts are underlined)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I. GENERAL PROVISIONS  (Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses: 1. to 15. (Omitted) (Newly established) (Newly established) <u>16.</u> (Omitted)	CHAPTER I. GENERAL PROVISIONS  (Purpose) Article 2. (Unchanged)  1. to 15. (Unchanged) <u>16. Sale and rental of various information equipment</u> <u>17. Loan of money</u> <u>18.</u> (Unchanged)

Proposal No. 2

## Election of Eight (8) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Annual Meeting of Shareholders. The reduction of the number of Directors by one (1) in order to improve efficiency of the management structure and the election of eight (8) Directors are proposed.

The candidates are as follows:

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

Number of the Company's shares held

1,794,600 shares

Board of Directors meetings attendance

100% (17/17 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

Nov. 2015: Chairperson 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% (17/17 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: Supervisory Manager, Meikogijuku Headquarters and General Manager, Administration 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

Nov. 2009: Vice President and Representative Director

Nov. 2015: Vice Chairperson and Representative Director (present)

**[Important concurrent posts]**

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

## Reference Documents for the Annual Meeting of Shareholders

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

Reappointment

Number of the Company's shares held

10,200 shares

Board of Directors meetings attendance

100% (17/17 times)

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

May 2005: Joined the Company  
 Nov. 2005: Director  
 Nov. 2008: Managing Director  
               In charge of Business Affairs Management Division  
               In charge of Academic Division  
 Sept. 2010: In charge of Academic Division  
 Sept. 2014: In charge of Administration Divisions, in charge of  
               Overseas Business Development Division and Chairman  
               of Business Strategy Meeting  
 Nov. 2014: Senior Managing Director  
 Nov. 2015: President and Representative Director (present)

### [Important concurrent posts]

Councilor of MEIKO KYOIKU KENKYUJO (Public Interest  
 Incorporated Foundation)  
 Director of Kotoh Jimusho Co., LTD.

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

Reappointment

Number of the Company's shares held

14,900 shares

Board of Directors meetings attendance

100% (17/17 times)

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

Mar. 2007: Joined the Company  
 Nov. 2007: Director  
 Nov. 2008: Managing Director  
 Sept. 2012: General Manager, Kobetsu School Business (present)  
               In charge of Soccer School Business Division, in charge  
               of Meiko Kids Business Division and 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  
               (present)  
 Nov. 2014: Senior Managing Director  
 Nov. 2015: Vice President and Director (present)

### [Important concurrent posts]

Director of Kokusai Jinzai Kaihatsu Co., LTD.  
 Director of Waseda EDU Co., LTD.

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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% (17/17 times)

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

May 2005: Joined the Company  
Nov. 2005: Director  
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 (current Marketing Division), in charge of Information System Division, in charge of Soccer Business Division and in charge of Kids Business Division (present)

No. **6** **Koshi Horiuchi** (Date of birth: Dec. 5, 1969)

Reappointment

Number of the Company's shares held

400 shares

Board of Directors meetings attendance

100% (17/17 times)

▪ **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  
Sept. 2014: General Manager of 7th Business Division, Meikogijuku Business Headquarters  
Nov. 2014: Director (present)  
Sept. 2015: Deputy General Manager of Meikogijuku Business Headquarters (present)  
Nov. 2015: In charge of Headquarters Office (present)  
In charge of Meiko Support Center  
Sept. 2016: In charge of Academic Division (present)

**[Important concurrent posts]**

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

## Reference Documents for the Annual Meeting of Shareholders

No. **7** **Masahiro Harada** (Date of birth: Apr. 28, 1952) **Reappointment** **Outside Director**

Number of the Company's shares held

300 shares

Board of Directors meetings attendance

100% (17/17 times)

### ■ 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 two years at the conclusion of this Annual Meeting of Shareholders.



No.

8

Noriko Yao (Date of birth: Aug. 27, 1967)

Reappointment

Outside Director

## Number of the Company's shares held

- 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 20, 2015 onward, as Ms. Yao assumed office as Director on the same date.

## ■ 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)  
 Nov. 2015: Director of the Company (present)

## ■ [Important concurrent posts]

Partner of TMI Associates  
 Outside Auditor of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development  
 External Audit & Supervisory Board Member of SATO HOLDINGS CORPORATION

## ■ Reasons for selection as a candidate for Outside Director

Ms. Noriko Yao has an 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.

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

- (Notes)
1. None of the candidates for Directors have special conflict of interest with the Company.
  2. The Company has concluded liability limitation agreement with Mr. Masahiro Harada and Ms. Noriko Yao based on the provisions of Article 427, Paragraph 1 of the Companies Act, for the purpose of limiting the liability for damages arising from the act as set out in Article 423, Paragraph 1 of the Act; provided, however, that the limit of the liability shall be an amount stipulated in Article 425, Paragraph 1 of the Act. The Company plans to continue the agreement with them upon the approval on their reappointment.
  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. The Company has designated them as independent officers and registered them as such at Tokyo Stock Exchange, Inc.

## Reference Documents for the Annual Meeting of Shareholders

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### <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, 2016)

(Unit: Thousand yen)

Item	Amount
<b>Assets</b>	
<b>Current assets</b>	<b>6,865,287</b>
Cash and deposits	4,633,718
Accounts receivable - trade	1,270,738
Securities	200,000
Merchandise	323,364
Work in process	11,217
Supplies	7,226
Advance payments - trade	30,713
Prepaid expenses	219,463
Deferred tax assets	201,757
Other	83,820
Allowance for doubtful accounts	(116,733)
<b>Non-current assets</b>	<b>10,105,324</b>
<b>Property, plant and equipment</b>	<b>1,161,800</b>
Buildings and structures	653,454
Tools, furniture and fixtures	62,286
Land	446,059
<b>Intangible assets</b>	<b>3,782,877</b>
Goodwill	3,466,039
Software	296,100
Telephone subscription right	20,737
<b>Investment and other assets</b>	<b>5,160,646</b>
Investment securities	3,083,115
Long-term prepaid expenses	28,013
Deferred tax assets	150,512
Lease and guarantee deposits	779,610
Real estate for investment	721,115
Long-term time deposits	328,000
Other	70,279
<b>Total assets</b>	<b>16,970,611</b>

Item	Amount
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>3,059,694</b>
Accounts payable - trade	150,293
Short-term loans payable	70,000
Current portion of long-term loans payable	4,416
Accounts payable - other	48,003
Accrued expenses	914,355
Income taxes payable	230,111
Accrued consumption taxes	99,425
Advances received	1,095,231
Deposits received	47,781
Provision for bonuses	350,716
Provision for sales returns	24,990
Other	24,369
<b>Non-current liabilities</b>	<b>701,148</b>
Long-term loans payable	8,248
Net defined benefit liability	42,850
Long-term accounts payable - employees	155,995
Long-term accounts payable - directors	178,980
Deferred tax liabilities	17,735
Asset retirement obligations	215,567
Long-term guarantee deposited	75,087
Other	6,684
<b>Total liabilities</b>	<b>3,760,842</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>12,984,528</b>
Capital stock	972,512
Capital surplus	915,503
Retained earnings	12,740,222
Treasury shares	(1,643,708)
<b>Accumulated other comprehensive income</b>	<b>146,456</b>
Valuation difference on available-for-sale securities	135,328
Foreign currency translation adjustment	11,127
<b>Non-controlling interests</b>	<b>78,783</b>
<b>Total net assets</b>	<b>13,209,769</b>
<b>Total liabilities and net assets</b>	<b>16,970,611</b>

## Consolidated Financial Statements

### Consolidated Statement of Income (From September 1, 2015 to August 31, 2016)

(Unit: Thousand yen)

Item	Amount	
Net sales		18,672,016
Cost of sales		12,165,110
Gross profit		6,506,906
Selling, general and administrative expenses		4,331,149
Operating income		2,175,756
Non-operating income		
Interest income	31,153	
Dividend income	33,389	
Rent income	92,547	
Penalty income	30,000	
Other	38,611	225,700
Non-operating expenses		
Interest expenses	889	
Share of loss of entities accounted for using equity method	11,115	
Rent expenses	38,114	
Other	25,376	75,496
Ordinary income		2,325,961
Extraordinary income		
Gain on change in equity	10,897	
Gain on sales of investment securities	45,469	
Gain on extinguishment of asset retirement obligations	2,282	
Compensation for transfer	8,640	67,289
Extraordinary losses		
Loss on retirement of property, plant and equipment	12,961	
Loss on valuation of investment securities	50,212	
Adjustment for tutors' salary	408,502	
Loss on liquidation of subsidiaries and associates	104,321	575,998
Profit before income taxes		1,817,252
Income taxes - current	816,382	
Income taxes - deferred	37,267	853,650
Profit		963,602
Profit attributable to non-controlling interests		19,537
Profit attributable to owners of the parent		944,064

**Consolidated Statement of Changes in Equity** (From September 1, 2015 to August 31, 2016)

(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	12,770,002	(143,612)	14,514,405
Changes of items during period					
Dividends of surplus			(973,845)		(973,845)
Profit attributable to owners of the parent			944,064		944,064
Purchase of treasury shares				(1,500,096)	(1,500,096)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(29,780)	(1,500,096)	(1,529,876)
Balance at end of period	972,512	915,503	12,740,222	(1,643,708)	12,984,528

	Accumulated other comprehensive income			Non-controlling 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	38,994	16,068	55,063	59,342	14,628,811
Changes of items during period					
Dividends of surplus					(973,845)
Profit attributable to owners of the parent					944,064
Purchase of treasury shares					(1,500,096)
Net changes of items other than shareholders' equity	96,334	(4,940)	91,393	19,440	110,834
Total changes of items during period	96,334	(4,940)	91,393	19,440	(1,419,042)
Balance at end of period	135,328	11,127	146,456	78,783	13,209,769

## Non-consolidated Financial Statements

### Balance Sheet (As of August 31, 2016)

(Unit: Thousand yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>4,096,823</b>	<b>Current liabilities</b>	<b>1,361,033</b>
Cash and deposits	2,431,407	Accounts payable - trade	91,261
Accounts receivable - trade	975,458	Accounts payable - other	19,495
Securities	200,000	Accrued expenses	604,856
Merchandise	113,378	Income taxes payable	144,073
Supplies	6,171	Accrued consumption taxes	47,001
Advance payments - trade	21,873	Advances received	87,244
Prepaid expenses	144,884	Deposits received	26,883
Deferred tax assets	153,573	Provision for bonuses	325,027
Short-term loans receivable	78,000	Other	15,188
Other	49,396	<b>Non-current liabilities</b>	<b>519,309</b>
Allowance for doubtful accounts	(77,321)	Long-term accounts payable - employees	155,995
<b>Non-current assets</b>	<b>10,655,385</b>	Long-term accounts payable - directors	161,250
<b>Property, plant and equipment</b>	<b>490,213</b>	Asset retirement obligations	143,799
Buildings	299,954	Long-term guarantee deposited	58,264
Tools, furniture and fixtures	27,198	<b>Total liabilities</b>	<b>1,880,343</b>
Land	163,059	<b>Net assets</b>	
<b>Intangible assets</b>	<b>304,187</b>	<b>Shareholders' equity</b>	<b>12,737,133</b>
Software	285,802	<b>Capital stock</b>	<b>972,512</b>
Telephone subscription right	18,384	<b>Capital surplus</b>	<b>915,503</b>
<b>Investments and other assets</b>	<b>9,860,984</b>	Legal capital surplus	915,503
Investment securities	2,992,122	<b>Retained earnings</b>	<b>12,492,826</b>
Shares of subsidiaries and associates	4,761,139	Legal retained earnings	54,482
Investments in capital	10,000	Other retained earnings	12,438,344
Long-term loans receivable from subsidiaries and associates	397,000	General reserve	9,147,000
Long-term prepaid expenses	17,432	Retained earnings brought forward	3,291,344
Deferred tax assets	82,077	<b>Treasury shares</b>	<b>(1,643,708)</b>
Lease and guarantee deposits	529,134	<b>Valuation and translation adjustments</b>	<b>134,731</b>
Real estate for investment	721,115	Valuation difference on available-for-sale securities	134,731
Long-term time deposits	328,000	<b>Total net assets</b>	<b>12,871,865</b>
Other	22,962	<b>Total liabilities and net assets</b>	<b>14,752,209</b>
<b>Total assets</b>	<b>14,752,209</b>		

**Statement of Income** (From September 1, 2015 to August 31, 2016)

(Unit: Thousand yen)

Item	Amount	
<b>Net sales</b>		<b>13,881,407</b>
<b>Cost of sales</b>		<b>8,759,285</b>
<b>Gross profit</b>		<b>5,122,121</b>
<b>Selling, general and administrative expenses</b>		<b>3,138,723</b>
<b>Operating income</b>		<b>1,983,397</b>
<b>Non-operating income</b>		
Interest income	11,617	
Interest on securities	25,719	
Dividend income	33,274	
Rent income	130,813	
Penalty income	30,000	
Other	28,778	
		<b>260,203</b>
<b>Non-operating expenses</b>		
Rent expenses	78,673	
Other	13,683	
		<b>92,357</b>
<b>Ordinary income</b>		<b>2,151,243</b>
<b>Extraordinary income</b>		
Gain on sales of shares of subsidiaries and associates	96,671	
		<b>96,671</b>
<b>Extraordinary losses</b>		
Loss on retirement of property, plant and equipment	2,830	
Loss on valuation of shares of subsidiaries and associates	50,212	
Adjustment for tutors' salary	281,680	
Loss on liquidation of subsidiaries and associates	104,321	
		<b>439,045</b>
<b>Profit before income taxes</b>		<b>1,808,869</b>
Income taxes - current	673,322	
Income taxes - deferred	76,018	
		<b>749,341</b>
<b>Profit</b>		<b>1,059,528</b>

## Non-consolidated Financial Statements

### Statement of Changes in Equity (From September 1, 2015 to August 31, 2016)

(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	9,147,000	3,205,661	12,407,143	(143,612)	14,151,547
Changes of items during period								
Dividends of surplus					(973,845)	(973,845)		(973,845)
Profit					1,059,528	1,059,528		1,059,528
Purchase of treasury shares							(1,500,096)	(1,500,096)
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	85,682	85,682	(1,500,096)	(1,414,413)
Balance at end of period	972,512	915,503	54,482	9,147,000	3,291,344	12,492,826	(1,643,708)	12,737,133

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	37,702	14,189,249
Changes of items during period		
Dividends of surplus		(973,845)
Profit		1,059,528
Purchase of treasury shares		(1,500,096)
Net changes of items other than shareholders' equity	97,029	97,029
Total changes of items during period	97,029	(1,317,383)
Balance at end of period	134,731	12,871,865