Summary Report on Financial Results for the First Quarter of the Year Ending August 2013 (Japanese Accounting Standards)

January 10, 2013

Company name: MEIKO NETWORK JAPAN CO., LTD.
Stock exchange listing: The First Section of the Tokyo Stock Exchange
Stock code: 4668 (URL : http://www.meikonet.co.jp)
Representative: Hirotake Watanabe, President
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Scheduled date for filing the securities report: January 11, 2013
Scheduled date for commencement of dividend payment: -
Supplementary material development: None
Financial results meeting: None

(Amounts less than one million yen are discarded)

1. Consolidated financial results for the First quarter of the year ending August 2013 (September 1, 2012 through November 30, 2012)

(1) Consolidated operating results (cumulative)

(Percentages represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of the year ending August 2013	3,327	10.6	744	35.2	763	30.8	456	36.9
First quarter of the year ended August 2012	3,009	2.8	550	(11.4)	583	(11.2)	333	1.3

(Note) Comprehensive income:
First quarter of the year ending August 2013: 482 million yen(70.8%)
First quarter of the year ended August 2012: 282 million yen(negative 6.1%)

	Net income per share	Fully diluted net income per share
	yen	yen
First quarter of the year ending August 2013	16.53	16.53
First quarter of the year ended August 2012	12.08	12.08

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
First quarter of the year ending August 2013	14,872	10,280	68.9
Year ended August 2012	15,195	10,149	66.6

(Reference) Shareholders' equity:
First quarter of the year ending August 2013: 10,246 million yen
Year ended August 2012: 10,117 million yen

2. Dividends

	Yearly Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	annual
	yen	yen	yen	yen	yen
Year ended August 2012	—	12.00	—	13.00	25.00
Year ending August 2013	—				
Year ending August 2013 (estimate)		13.00	—	14.00	27.00

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

3. Forecast of consolidated financial results for fiscal year ending August 2013 (September 1, 2012 through August 31, 2013)

(Percentages represent increases or decreases from the previous year for the full-year figures, and from the second quarter of the previous year for the consolidated second quarter figures.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Consolidated second quarter	7,898	9.9	1,967	2.5	2,004	0.1	1,191	6.1	43.17
Full-year	15,938	10.0	3,846	8.6	3,893	4.5	2,323	18.0	84.23

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

4. Others

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

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

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

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

(4) Number of outstanding issues (common stock)

(i) Number of outstanding shares at the end of the period (including treasury stock)
First quarter of the year ending August 2013: 27,798,500 shares
Year ended August 2012: 27,788,500 shares

(ii) Number of shares of treasury stock at the end of the period:
First quarter of the year ending August 2013: 200,127 shares
Year ended August 2012: 200,127 shares

(iii) Average number of shares during the period (accumulated consolidated quarter)
First quarter of the year ending August 2013: 27,588,483 shares
First quarter of the year ended August 2012: 27,584,435 shares

※ Implementation status of quarterly review procedures

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

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

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

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

Term	First quarter of the year ended August 2012		First quarter of the year ending August 2013	
Fiscal Period	From September 1, 2011 to November 30, 2011		From September 1, 2012 to November 30, 2012	
	Operating results	Same period the previous year	Operating results	Same period the previous year
Number of company-owned Meiko Gijuku cram schools	218	+8	205	(13)
Number of franchised Meiko Gijuku cram schools	1,808	+99	1,875	+67
Total number of Meiko Gijuku cram schools	2,026	+107	2,080	+54
Number of registered students of company-owned Meiko Gijuku cram schools	16,098	+1,035	16,490	+392
Number of registered students of franchised Meiko Gijuku cram schools	130,030	+4,170	129,550	(480)
Total number of registered students of Meiko Gijuku cram schools	146,128	+5,205	146,040	(88)
Sales from company-owned cram school business (million yen)	1,372	+31	1,393	+20
Sales from cram school franchise business ※1 (million yen)	1,464	+41	1,560	+96
Sales from prep school business (million yen)	123	(19)	126	+3
Sales from other businesses (million yen)	48	+26	246	+197
Total Sales (million yen)	3,009	+81	3,327	+317
Sales from company owned Meiko Gijuku cram schools (million yen)	1,372	+31	1,393	+20
System-wide sales from franchised Meiko Gijuku cram schools (million yen)	10,181	+487	10,186	+4
Total system-wide sales from Meiko Gijuku cram schools ※2 (million yen)	11,554	+519	11,579	+25

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

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

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	End of previous fiscal year (As of August 31, 2012)	End of first quarter of the fiscal year under review (As of November 30, 2012)
Assets		
Current assets		
Cash and deposits	5,931,073	5,581,777
Accounts receivable-trade	967,848	1,003,942
Short-term investment securities	499,916	599,933
Merchandise	113,328	106,727
Supplies	18,456	19,140
Advance payments-trade	19,421	18,232
Prepaid expenses	124,164	120,785
Deferred tax assets	225,713	237,559
Other	60,473	58,232
Allowance for doubtful accounts	(69,490)	(74,262)
Total current assets	7,890,906	7,672,069
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	752,672	748,885
Accumulated depreciation	(339,757)	(342,435)
Buildings and structures, net	412,914	406,449
Tools, furniture and fixtures	202,931	204,090
Accumulated depreciation	(155,410)	(157,983)
Tools, furniture and fixtures, net	47,520	46,106
Land	257,986	257,986
Total property, plant and equipment	718,421	710,542
Intangible assets		
Goodwill	100,809	95,769
Software	192,969	194,596
Telephone subscription right	20,109	19,454
Total intangible assets	313,889	309,820
Investments and other assets		
Investment securities	3,808,709	3,946,412
Long-term loans receivable	205,236	205,926
Long-term prepaid expenses	83,865	81,339
Deferred tax assets	303,992	282,578
Lease and guarantee deposits	529,170	522,573
Real estate for investment	965,822	965,822
Accumulated depreciation	(155,336)	(161,871)
Real estate for investment, net	810,485	803,950
Long-term time deposits	464,000	270,000
Other	66,686	67,326
Allowance for doubtful accounts	(300)	(300)
Total investments and other assets	6,271,846	6,179,809
Total noncurrent assets	7,304,157	7,200,172
Total assets	15,195,063	14,872,241

(Thousand yen)

	End of previous fiscal year (As of August 31, 2012)	End of first quarter of the fiscal year under review (As of November 30, 2012)
Liabilities		
Current liabilities		
Accounts payable-trade	165,448	178,977
Current portion of long-term loans payable	207,063	207,753
Accounts payable-other	49,730	47,835
Accrued expenses	511,830	435,598
Income taxes payable	906,166	317,054
Accrued consumption taxes	85,935	99,209
Advances received	310,416	233,890
Deposits received	151,908	258,428
Provision for bonuses	309,233	450,073
Other	16,185	41,383
Total current liabilities	2,713,918	2,270,202
Noncurrent liabilities		
Long-term loans payable	1,695,212	1,691,519
Provision for retirement benefits	14,187	15,711
Long-term accounts payable-other to employees	190,500	187,021
Long-term accounts payable-other to officers	161,650	161,650
Deferred tax liabilities	30,750	30,674
Asset retirement obligations	164,111	160,319
Long-term guarantee deposited	68,935	68,935
Other	6,239	5,692
Total noncurrent liabilities	2,331,586	2,321,524
Total liabilities	5,045,504	4,591,727
Net assets		
Shareholders' equity		
Capital stock	966,600	970,515
Capital surplus	909,591	913,506
Retained earnings	8,496,240	8,593,735
Treasury stock	(143,612)	(143,612)
Total shareholders' equity	10,228,819	10,334,144
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(99,021)	(76,646)
Foreign currency translation adjustment	(12,664)	(11,458)
Total accumulated other comprehensive income	(111,685)	(88,104)
Subscription rights to shares	1,805	984
Minority interests	30,618	33,488
Total net assets	10,149,559	10,280,514
Total liabilities and net assets	15,195,063	14,872,241

(2-1) Quarterly Consolidated Statements of Income
(First quarter of the cosolidated term)

(Thousand yen)

	First quarter of the previous consolidated term (from September 1, 2011 to November 30, 2011)	First quarter of the consolidated term (from September 1, 2012 to November 30, 2012)
Net sales	3,009,289	3,327,217
Cost of sales	1,889,203	2,041,702
Gross profit	1,120,085	1,285,515
Selling, general and administrative expenses	569,567	541,056
Operating income	550,518	744,458
Non-operating income		
Interest income	11,572	9,426
Dividends income	1,674	5,248
Gain on reversal of loss on valuation of investment securities	1,260	16,710
Rent income	23,330	20,976
Other	6,278	4,265
Total non-operating income	44,115	56,627
Non-operating expenses		
Interest expenses	3,012	4,506
Equity in losses of affiliates	713	23,998
Rent expenses	6,370	8,702
Other	1,203	664
Total non-operating expenses	11,299	37,872
Ordinary income	583,334	763,213
Income before income taxes and minority interests	583,334	763,213
Income taxes-current	280,104	307,023
Income taxes-deferred	(29,962)	(2,796)
Total income taxes	250,142	304,226
Income before minority interests	333,191	458,987
Minority interests in income	—	2,843
Net income	333,191	456,143

(2-2) Quarterly Consolidated Statements of Comprehensive Income
(First quarter of the cosolidated term)

(Thousand yen)

	First quarter of the previous consolidated term (from September 1, 2011 to November 30, 2011)	First quarter of the consolidated term (from September 1, 2012 to November 30, 2012)
Income before minority interests	333,191	458,987
Other comprehensive income		
Valuation difference on available-for-sale securities	(37,775)	22,400
Share of other comprehensive income of associates accounted for using equity method	(12,873)	1,206
Total other comprehensive income	(50,648)	23,606
Comprehensive income	282,543	482,593
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	282,543	479,724
Comprehensive income attributable to minority interests	—	2,869