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

July 9, 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: July 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 Third quarter of the year ending August 2013 (September 1, 2012 through May 31, 2013)

(1) Consolidated operating results (cumulative)

(Percentages represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Third quarter of the year ending August 2013	10,672	4.4	2,197	4.6	2,348	5.2	1,414	14.6
Third quarter of the year ended August 2012	10,220	6.4	2,100	(1.5)	2,231	(1.2)	1,233	0.5

(Note) Comprehensive income:
Third quarter of the year ending August 2013: 1,623 million yen(35.0%)
Third quarter of the year ended August 2012: 1,202 million yen(5.0%)

	Net income per share	Fully diluted net income per share
	yen	yen
Third quarter of the year ending August 2013	51.25	51.25
Third quarter of the year ended August 2012	44.72	44.72

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Third quarter of the year ending August 2013	15,130	11,065	72.9
Year ended August 2012	15,195	10,149	66.6

(Reference) Shareholders' equity:
Third quarter of the year ending August 2013: 11,035 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	—	13.00	—		
Year ending August 2013 (estimate)				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)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
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)

Third quarter of the year ending August 2013: 27,803,600 shares
Year ended August 2012: 27,788,500 shares

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

Third 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)

Third quarter of the year ending August 2013: 27,597,916 shares
Third quarter of the year ended August 2012: 27,586,630 shares

※ Implementation status of quarterly review procedures

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

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

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

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

Term	Third quarter of the year ended August 2012		Third quarter of the year ending August 2013	
Fiscal Period	From September 1, 2011 to May 31, 2012		From September 1, 2012 to May 31, 2013	
	Operating results	Same period the previous year	Operating results	Same period the previous year
Number of company-owned Meiko Gijuku cram schools	214	-	211	(3)
Number of franchised Meiko Gijuku cram schools	1,839	+93	1,886	+47
Total number of Meiko Gijuku cram schools	2,053	+93	2,097	+44
Number of registered students of company-owned Meiko Gijuku cram schools	13,618	+1,123	14,516	+898
Number of registered students of franchised Meiko Gijuku cram schools	105,364	+1,568	103,530	(1,834)
Total number of registered students of Meiko Gijuku cram schools	118,982	+2,691	118,046	(936)
Sales from company-owned cram school business (million yen)	4,771	+209	4,706	(65)
Sales from cram school franchise business ※1 (million yen)	4,875	+336	4,811	(63)
Sales from prep school business (million yen)	377	(45)	410	+33
Sales from other businesses (million yen)	196	+110	743	+547
Total Sales (million yen)	10,220	+612	10,672	+452
Sales from company owned Meiko Gijuku cram schools (million yen)	4,771	+209	4,706	(65)
System-wide sales from franchised Meiko Gijuku cram schools (million yen)	30,079	+1,139	29,691	(388)
Total system-wide sales from Meiko Gijuku cram schools ※2 (million yen)	34,851	+1,349	34,397	(454)

※ 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 third quarter of the fiscal year under review (As of May 31, 2013)
Assets		
Current assets		
Cash and deposits	5,931,073	5,844,538
Accounts receivable-trade	967,848	818,125
Short-term investment securities	499,916	400,008
Merchandise	113,328	145,215
Supplies	18,456	18,492
Advance payments-trade	19,421	10,593
Prepaid expenses	124,164	121,107
Deferred tax assets	225,713	215,252
Other	60,473	73,695
Allowance for doubtful accounts	(69,490)	(71,344)
Total current assets	7,890,906	7,575,684
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	752,672	782,303
Accumulated depreciation	(339,757)	(365,268)
Buildings and structures, net	412,914	417,034
Tools, furniture and fixtures	202,931	218,545
Accumulated depreciation	(155,410)	(168,180)
Tools, furniture and fixtures, net	47,520	50,364
Land	257,986	257,986
Total property, plant and equipment	718,421	725,385
Intangible assets		
Goodwill	100,809	85,688
Software	192,969	183,370
Telephone subscription right	20,109	19,675
Total intangible assets	313,889	288,733
Investments and other assets		
Investment securities	3,808,709	4,260,695
Long-term loans receivable	205,236	164,368
Long-term prepaid expenses	83,865	73,804
Deferred tax assets	303,992	170,733
Lease and guarantee deposits	529,170	511,516
Real estate for investment	965,822	965,822
Accumulated depreciation	(155,336)	(174,942)
Real estate for investment, net	810,485	790,879
Long-term time deposits	464,000	500,000
Other	66,686	68,636
Allowance for doubtful accounts	(300)	(300)
Total investments and other assets	6,271,846	6,540,335
Total noncurrent assets	7,304,157	7,554,455
Total assets	15,195,063	15,130,139

(Thousand yen)

	End of previous fiscal year (As of August 31, 2012)	End of third quarter of the fiscal year under review (As of May 31, 2013)
Liabilities		
Current liabilities		
Accounts payable-trade	165,448	164,475
Short-term loans payable	—	70,000
Current portion of long-term loans payable	207,063	1,600,000
Accounts payable-other	49,730	62,545
Accrued expenses	511,830	390,750
Income taxes payable	906,166	113,041
Accrued consumption taxes	85,935	42,651
Advances received	310,416	413,739
Deposits received	151,908	161,925
Provision for bonuses	309,233	418,145
Other	16,185	19,666
Total current liabilities	2,713,918	3,456,940
Noncurrent liabilities		
Long-term loans payable	1,695,212	—
Provision for retirement benefits	14,187	14,072
Long-term accounts payable-other to employees	190,500	179,513
Long-term accounts payable-other to officers	161,650	161,650
Deferred tax liabilities	30,750	30,523
Asset retirement obligations	164,111	150,448
Long-term guarantee deposited	68,935	64,235
Other	6,239	7,260
Total noncurrent liabilities	2,331,586	607,703
Total liabilities	5,045,504	4,064,644
Net assets		
Shareholders' equity		
Capital stock	966,600	972,512
Capital surplus	909,591	915,503
Retained earnings	8,496,240	9,193,093
Treasury stock	(143,612)	(143,612)
Total shareholders' equity	10,228,819	10,937,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(99,021)	90,683
Foreign currency translation adjustment	(12,664)	7,708
Total accumulated other comprehensive income	(111,685)	98,391
Subscription rights to shares	1,805	—
Minority interests	30,618	29,607
Total net assets	10,149,559	11,065,495
Total liabilities and net assets	15,195,063	15,130,139

(2-1) Quarterly Consolidated Statements of Income
First nine-month period

(Thousand yen)

	First nine-month period of previous fiscal year (September 1, 2011- May 31, 2012)	First nine-month period of the fiscal year under review (September 1, 2012- May 31, 2013)
Net sales	10,220,494	10,672,667
Cost of sales	6,225,096	6,546,902
Gross profit	3,995,398	4,125,765
Selling, general and administrative expenses	1,894,700	1,928,562
Operating income	2,100,697	2,197,202
Non-operating income		
Interest income	39,532	35,553
Dividends income	16,527	27,146
Gain on reversal of loss on valuation of investment securities	11,280	77,400
Equity in earnings of affiliates	7,340	—
Rent income	65,278	59,339
Other	26,944	36,684
Total non-operating income	166,902	236,124
Non-operating expenses		
Interest expenses	8,693	12,598
Equity in losses of affiliates	—	43,290
Rent expenses	21,259	27,218
Other	6,016	1,883
Total non-operating expenses	35,968	84,990
Ordinary income	2,231,631	2,348,336
Extraordinary loss		
Loss on redemption of investment securities	—	5,067
Total extraordinary losses	—	5,067
Income before income taxes and minority interests	2,231,631	2,343,269
Income taxes-current	968,730	891,267
Income taxes-deferred	29,203	38,939
Total income taxes	997,934	930,207
Income before minority interests	1,233,696	1,413,062
Minority interests in loss	—	(1,284)
Net income	1,233,696	1,414,346

(2-2) Quarterly Consolidated Statements of Comprehensive Income
First nine-month period

(Thousand yen)

	First nine-month period of previous fiscal year (September 1, 2011- May 31, 2012)	First nine-month period of the fiscal year under review (September 1, 2012- May 31, 2013)
Income before minority interests	1,233,696	1,413,062
Other comprehensive income		
Valuation difference on available-for-sale securities	(27,216)	189,976
Share of other comprehensive income of associates accounted for using equity method	(4,252)	20,372
Total other comprehensive income	(31,468)	210,349
Comprehensive income	1,202,227	1,623,411
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,202,227	1,624,423
Comprehensive income attributable to minority interests	—	(1,011)