



July 30, 2008

FY2008 FIRST QUARTER CONSOLIDATED FINANCIAL RESULTS

Securities Traded: The First Section of the Tokyo Stock Exchange

The First Section of the Osaka Securities Exchange

Code Number: 9783

Figures have been rounded down to eliminate amounts less than one million yen.

CONSOLIDATED PERFORMANCE

1. Business Results

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2008
	(Millions of Yen)	(Millions of Yen)
Operating Results:		
Net Sales	¥ 90,496	¥ 103,164
Operating Income	11,482	12,828
Ordinary Income	11,899	12,984
Net Income	6,912	7,377
Per Share Data:		
	(Yen)	(Yen)
Net Income	¥ 67.30	¥ 72.83
Fully Diluted Net Income	67.15	72.67

	Year Ended March 31, 2008	Three Months Ended June 30, 2008
	(Millions of Yen)	(Millions of Yen)
Financial Position (end of period):		
Total Assets	¥ 366,584	¥ 335,624
Total Equity	202,342	177,663
Equity Ratio	54.2%	51.3%
Per Share Data:		
	(Yen)	(Yen)
Total Equity	1,949.30	1,718.26

Notes: 1. From April 1, 2008, the Company has applied the "Accounting Standard for Quarterly Financial Reporting" (ASBJ statement No. 12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ guidance No. 14). Quarterly consolidated financial statements are prepared in accordance with specific rules governing the reporting of quarterly financial results in Japan.

2. Changes in major subsidiaries during the period (change in specified subsidiaries due to changes in the scope of consolidation): None

3. Benesse Corporation used the simplified accounting method for the quarterly results. The simplified method was applied to calculate such items as income taxes, which had the least impacts from the changes.

4. Changes in accounting principles, procedures or methods of presentation associated with consolidated financial statements (significant changes in basis for preparation of consolidated financial statements)

1) Revisions associated with accounting standards: Yes

2) Other changes: Yes

5. Issued and outstanding shares (common stock)

1) At fiscal year-end (including treasury stock) June 30, 2008: 106,353,453 shares March 31, 2008: 106,353,453 shares

2) Treasury stock at fiscal year-end June 30, 2008: 6,187,677 shares March 31, 2008: 4,510,117 shares

3) Average of shares of common stock outstanding for the period (consolidated; cumulative for the period)

June 30, 2008: 101,301,190 shares June 30, 2007: 102,709,880 shares

6. Equity:

June 30, 2008: ¥172,110 million

March 31, 2008: ¥198,523 million

2. Dividends

(Record date)	Dividends Per Share				
	The end of the first quarter	The end of the second quarter	The end of the third quarter	Year-end	Annual
	(Yen)				
Fiscal Year Ended March 31, 2008	—	45.00	—	45.00	90.00
Fiscal Year Ended March 31, 2009	—	—	—	—	—
Fiscal Year Ending March 31, 2009 (Forecast)	—	45.00	—	45.00	90.00

CONSOLIDATED FORECAST OF RESULTS FOR FISCAL 2008, ENDING MARCH 31, 2009

	First Six Months	Entire Period
	(Millions of Yen)	
Net Sales	¥ 203,200	¥ 408,200
Operating Income	25,100	37,200
Ordinary Income	25,400	37,800
Net Income	14,300	20,200
	(Yen)	
Net Income Per Share	¥ 140.41	¥ 198.34

Notes: These forecasts are based on information available to the company as of the date of release of this document and are subject to a number of risks, uncertainties and assumptions. As such, actual results may differ materially from those projected.

PERFORMANCE**Net Sales by Segment**

(Millions of Yen)

	Three Months Ended June 30, 2008	Year Ended March 31, 2008
Education Group		
Senior High School Courses	¥ 7,890	¥ 25,690
Junior High School Courses	11,891	40,837
Elementary School Courses	17,986	60,650
Preschool Courses (<i>Kodomo Challenge</i>)	6,446	24,821
School & Teacher Support Company	7,502	35,179
Other	9,474	34,561
Subtotal	61,191	221,742
Lifetime Value Company	6,763	25,635
Senior Company	9,840	37,130
Language Company	16,964	67,817
AVIVA Business	2,325	9,669
Others	6,078	22,518
Total	¥ 103,164	¥ 384,514

Note: Net sales by segment do not include internal sales.

(Shinkenzeni Correspondence Courses)

The mainstay *Shinkenzeni* is a system of correspondence courses that start with preschool courses for children and continue with courses for elementary, junior high school and senior high school students. *Shinkenzeni* students complete monthly assignments that are personally reviewed by a teacher. The following table shows a breakdown of cumulative enrollment by *Shinkenzeni* course:

Total Shinkenzeni Enrollment

(Thousands)

Course	Three Months Ended June 30, 2008	Year Ended March 31, 2008
Senior High School Courses	929	3,060
Junior High School Courses	2,164	7,903
Elementary School Courses	4,825	17,733
Preschool Courses (<i>Kodomo Challenge</i>)	3,378	14,716
Total	11,298	43,413

Number of Lessons in Berlitz Own-Operated Language Centers

(Thousands)

Region	Three Months Ended March 31, 2008	Year Ended December 31, 2007
North America	228	966
Asia	518	2,068
Latin America	313	1,462
Europe	724	2,647
Total	1,786	7,145

CONSOLIDATED BALANCE SHEETS

Benesse Corporation and Consolidated Subsidiaries

Assets	June 30, 2008	March 31, 2008
	(Millions of Yen)	(Millions of Yen)
Current Assets:		
Cash and time deposits	¥ 48,778	¥ 50,414
Notes and accounts receivable-trade	25,511	28,298
Marketable securities	53,303	38,296
Merchandise	627	573
Finished products	9,602	12,147
Raw materials and supplies	50	29
Work in progress	4,198	2,905
Other current assets	24,239	45,077
Allowance for doubtful receivables	(1,867)	(1,843)
Total Current Assets	164,445	175,899
Fixed Assets:		
Tangible Fixed Assets:		
Buildings and structures	29,107	28,598
Land	35,211	35,046
Other tangible fixed assets	8,922	8,961
Total Tangible Fixed Assets	73,240	72,606
Intangible Fixed Assets:		
Goodwill	24,557	44,848
Other intangible fixed assets	13,929	14,217
Total Intangible Fixed Assets	38,486	59,066
Investments and Other Assets:		
Investment securities	33,523	33,057
Other assets	26,137	26,181
Allowance for doubtful receivables	(209)	(227)
Total Investments and Other Assets	59,451	59,011
Total Fixed Assets	171,178	190,684
Total	¥ 335,624	¥ 366,584

CONSOLIDATED BALANCE SHEETS

Benesse Corporation and Consolidated Subsidiaries

Liabilities and Equity	June 30, 2008	March 31, 2008
	(Millions of Yen)	(Millions of Yen)
Current Liabilities:		
Notes and accounts payable-trade	¥ 10,859	¥ 11,762
Short-term debt	991	1,187
Current portion of long-term debt	598	683
Accrued income taxes	7,766	7,667
Advances received	82,106	77,861
Reserve for after-service costs	973	748
Reserve for employees' bonuses	2,497	5,892
Reserve for goods return	540	555
Other current liabilities	27,215	33,917
Total Current Liabilities	133,549	140,276
Long-Term Liabilities:		
Long-term debt, less current portion	420	536
Reserve for employees' retirement benefits	2,618	2,598
Reserve for directors' retirement allowances	1,442	1,563
Other long-term liabilities	19,929	19,267
Total Long-Term Liabilities	24,411	23,965
Total Liabilities	157,960	164,242
Total Equity:		
Equity:		
Common stock	13,600	13,600
Capital surplus	29,358	29,358
Retained earnings	153,695	170,337
Treasury stock, at cost	(19,950)	(12,773)
Total Shareholders' Equity	176,703	200,522
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	(217)	(473)
Foreign currency statements translation adjustments	(4,375)	(1,526)
Total valuation and translation adjustments	(4,593)	(1,999)
Stock acquisition rights	383	304
Minority interests	5,169	3,514
Total Equity	177,663	202,342
Total	¥ 335,624	¥ 366,584

CONSOLIDATED STATEMENTS OF INCOME

Benesse Corporation and Consolidated Subsidiaries

	Three Months Ended June 30,	
	2008	
	(Millions of Yen)	
Net Sales	¥	103,164
Cost of Sales:		52,179
Gross Profit		50,984
Reversal of reserve for goods return		555
Provision for reserve for goods return		540
Adjusted Gross Profit		50,999
Selling, General and Administrative Expenses:		
Direct mail expenses		4,241
Advertising expenses		3,115
Wages and salaries		8,050
Provision for reserve for employees' bonuses		1,242
Provision for reserve for employees' retirement benefits		218
Provision for reserve for directors' retirement allowances		47
Provision for allowance for doubtful receivables		203
Other		21,051
		38,171
Operating Income		12,828
Non-Operating Income:		
Interest income		345
Other		323
		668
Non-Operating Expenses:		
Foreign exchange loss		12
Loss on derivatives		150
Other		348
		511
Ordinary Income	¥	12,984

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CONSOLIDATED STATEMENTS OF INCOME

Benesse Corporation and Consolidated Subsidiaries

	Three Months Ended June 30,	
	2008	
	(Millions of Yen)	
Special Gains:		
Gain on sales of fixed assets		0
Gain on sales of investments of a consolidated subsidiary	¥	2,737
		<u>2,737</u>
Special Losses:		
Loss on sales and disposal of fixed assets		90
Valuation loss on investment securities		28
Other		8
		<u>128</u>
Income before Income Taxes and Minority Interests		<u>15,594</u>
Income Taxes		8,139
Minority Interests in Gains of Consolidated Subsidiaries		76
Net Income	¥	<u>7,377</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

Benesse Corporation and Consolidated Subsidiaries

Three Months Ended June 30,

2008

(Millions of Yen)

Operating Activities:	
Income before income taxes and minority interests	¥ 15,594
Depreciation and amortization	3,239
Decrease in allowances and reserves-net	(3,386)
Gain on sales of investments of a consolidated subsidiary	(2,737)
Other non-cash income and expenses-net	(184)
Decrease in trade accounts receivable	2,397
Decrease in inventories	1,294
Decrease in accounts receivable-other	20,979
Decrease in accounts payable-other	(7,439)
Increase in advances received	5,065
Changes in other assets and liabilities-net	164
Subtotal	34,987
Interest and dividends received	431
Interest paid	(6)
Income taxes paid	(7,675)
Net Cash Provided by Operating Activities	27,738
Investing Activities:	
Purchases of marketable securities	(22,944)
Proceeds from sales of marketable securities	9,691
Purchases of property and equipment	(1,696)
Purchases of software	(1,239)
Purchases of investment securities	(2,096)
Proceeds from sales of investment securities	1,959
Proceeds from sales of investments of a consolidated subsidiary	4,464
Payments for acquisition of business	(535)
Increase in time deposits	(50)
Other-net	(1,455)
Net Cash Used in Investing Activities	(13,904)
Financing Activities:	
Decrease in short-term debt-net	(196)
Repayment of long-term debt	(200)
Dividends paid	(4,582)
Proceeds from exercise of stock options	73
Purchases of treasury stock	(7,269)
Other-net	(3,687)
Net Cash Used in Financing Activities	(15,862)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,682)
Decrease in Cash and Cash Equivalents	(3,711)
Cash and Cash Equivalents, Beginning of Period	71,777
Cash and Cash Equivalents, End of Period	¥ 68,066

[Reference]**CONSOLIDATED STATEMENTS OF INCOME**

Benesse Corporation and Consolidated Subsidiaries

Three Months Ended June 30, 2007

	(Millions of Yen)	
Net Sales	¥	90,496
Cost of Sales		45,933
Gross Profit		44,563
Selling, General and Administrative Expenses		33,081
Operating Income		11,482
Non-Operating Income		1,091
Non-Operating Expenses		674
Ordinary Income		11,899
Special Gains		137
Special Losses		175
Income before Income Taxes and Minority Interests		11,861
Income Taxes		4,987
Minority Interests in Losses of Consolidated Subsidiaries		(38)
Net Income	¥	6,912

CONSOLIDATED STATEMENTS OF CASH FLOWS

Benesse Corporation and Consolidated Subsidiaries

Three Months Ended June 30, 2007

	(Millions of Yen)	
Operating Activities:		
Income before income taxes and minority interests	¥	11,861
Depreciation and amortization		2,509
Other-net		1,713
Net Cash Provided by Operating Activities		16,084
Investing Activities:		
Purchases of marketable and investment securities		(8,517)
Proceeds from sales of marketable and investment securities		9,355
Other-net		(12,136)
Net Cash Used in Investing Activities		(11,298)
Financing Activities:		
Dividends paid		(4,621)
Purchases of treasury stock		(208)
Other-net		(3,715)
Net Cash Used in Financing Activities		(8,545)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(89)
Decrease in Cash and Cash Equivalents		(3,849)
Cash and Cash Equivalents, Beginning of Period		73,365
Cash and Cash Equivalents, End of Period	¥	69,516

SEGMENT INFORMATION**1. Performance by Business Segment****Three Months Ended June 30, 2008**

(Millions of Yen)

	Sales			Operating Income (loss)
	To customers	Intersegment	Total sales	
Education Group	¥61,191	¥ 4	¥61,196	¥11,656
Lifetime Value Company	6,763	1	6,764	695
Senior Company	9,840	—	9,840	591
Language Company	16,964	20	16,985	1,067
AVIVA Business	2,325	3	2,329	188
Others	6,078	5,015	11,093	(4)
Corporate (Eliminations)	—	(5,045)	(5,045)	(1,366)
Consolidated	¥103,164	—	¥103,164	¥12,828

Notes: 1. Method of Business Segment Classification

Benesse's business segment classifications are based on those used internally (in accordance with the customer-oriented in-house company system).

2. Main products in each business segment

Segment Name	Primary Business
Education Group	<i>Shinken</i> correspondence courses for preschool, elementary, junior and senior high school students, <i>Shinken Simulated Exams</i> , student pocketbooks, dictionaries for elementary, junior and senior high school students, learning reference books, educational aids and support materials, management of preparatory schools and cramming schools
Lifetime Value Company	Magazines and general publications
Senior Company	Management of nursing homes, home-help services
Language Company	Language instruction and interpretation services
AVIVA Business	Operations of PC schools
Others	Telemarketing and information processing services

3. From April 1, 2008, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006), and made the necessary adjustments in consolidated financial statements from the quarter under review.

As a result of this change, operating income in Language Company declined by ¥492 million.

2. Geographical Segments

Three Months Ended June 30, 2008

(Millions of Yen)

	Sales			Operating Income (loss)
	To customers	Intersegment	Total sales	
Japan	¥89,342	¥32	¥89,375	¥12,508
North America	3,828	1	3,829	609
Others	9,993	1,955	11,948	(289)
Corporate (Eliminations)	—	(1,989)	(1,989)	—
Consolidated	¥103,164	—	¥103,164	¥12,828

Notes: 1. The method of geographic segmentation and the principal countries or areas in each region:

(1) Method of segmentation: Geographic proximity

(2) The principal countries or areas in each region:

Japan: Japan

North America: United States and Canada

Others: United Kingdom, Germany, France and Asia excluding Japan

2. From April 1 2008, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006), and made the necessary adjustments in consolidated financial statements from the quarter under review.

As a result of this change, operating income declined by ¥81 million in Japan and by ¥411 million in North America.

3. Sales to Foreign Customers

Three Months Ended June 30, 2008

(Millions of Yen)

	Sales to foreign customers (A)	Consolidated sales (B)	(A) / (B)
North America	¥ 3,828		3.7 %
Others	10,006		9.7
Total	¥ 13,834	¥ 103,164	13.4 %

Notes: 1. The method of geographic segmentation and the principal countries or areas in each region:

(1) Method of segmentation: Geographic proximity

(2) The principal countries or areas in each region:

North America: United States and Canada

Others: United Kingdom, Germany, France and Asia excluding Japan

2. Sales by the parent company and its consolidated subsidiaries in countries and regions outside Japan are classified as overseas sales.

【Reference】

1. Performance by Business Segment

Three Months Ended June 30, 2007

(Millions of Yen)

	Sales			Operating Income (loss)
	To customers	Intersegment	Total sales	
Education Group	¥51,729	¥ 10	¥51,739	¥9,621
Lifetime Value Company	6,149	3	6,153	630
Senior Company	8,940	—	8,940	735
Language Company	15,765	25	15,790	1,846
AVIVA Business	2,561	2	2,564	(81)
Others	5,350	4,688	10,039	(436)
Corporate (Eliminations)	—	(4,730)	(4,730)	(833)
Consolidated	¥90,496	—	¥90,496	¥11,482

Notes: 1. Method of Business Segment Classification

Benesse's business segment classifications are based on those used internally (in accordance with the customer-oriented in-house company system).

2. Main products in each business segment

Segment Name	Primary Business
Education Group	<i>Shinkenzenmi</i> correspondence courses for preschool, elementary, junior and senior high school students, <i>Shinken Simulated Exams</i> , student pocketbooks, dictionaries for elementary, junior and senior high school students, learning reference books, educational aids and support materials
Lifetime Value Company	Magazines and general publications
Senior Company	Management of nursing homes, home-help services
Language Company	Language instruction and interpretation services
AVIVA Business	Operations of PC schools
Others	Telemarketing and information processing services

2. Geographical Segments

Three Months Ended June 30, 2007

(Millions of Yen)

	Sales			Operating Income (loss)
	To customers	Intersegment	Total sales	
Japan	¥ 77,735	¥13	¥77,749	¥ 10,309
North America	3,768	0	3,769	1,125
Others	8,992	1,619	10,612	47
Corporate (Eliminations)	—	(1,634)	(1,634)	—
Consolidated	¥ 90,496	—	¥90,496	¥ 11,482

Notes: The method of geographic segmentation and the principal countries or areas in each region:

(1) Method of segmentation: Geographic proximity

(2) The principal countries or areas in each region:

Japan: Japan

North America: United States and Canada

Others: United Kingdom, Germany, France and Asia excluding Japan

3. Sales to Foreign Customers

Three Months Ended June 30, 2007

(Millions of Yen)

	Sales to foreign customers (A)	Consolidated sales (B)	(A) / (B)
North America	¥ 3,768		4.2 %
Others	9,012		9.9
Total	¥ 12,780	¥ 90,496	14.1 %

Notes: 1. The method of geographic segmentation and the principal countries or areas in each region:

(1) Method of segmentation: Geographic proximity

(2) The principal countries or areas in each region:

North America: United States and Canada

Others: United Kingdom, Germany, France and Asia excluding Japan

2. Sales by the parent company and its consolidated subsidiaries in countries and regions outside Japan are classified as overseas sales.

Precaution in the Event of Dramatic Fluctuations in Shareholders' Equity

(1) Acquisition of treasury stock

During the three months ended June 30, 2008, the Company acquired 1,707,900 shares of its own stock for ¥7,267 million, in accordance with a resolution of the Board of Directors. As of June 30 2008, total treasury stock amounted to 6,187,677 shares at a cost of ¥19,950 million.

(2) Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

From April 1, 2008, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan (ASBJ), Practical Issues Task Force (PITF) No. 18, May 17, 2006). Accordingly, the Company has made the necessary adjustments to the consolidated financial statements.

From January 1, 2002, Benesse's US consolidated subsidiary Berlitz International, Inc. adopted FASB Statement No. 142, "Goodwill and Other Intangible Assets" to goodwill on its books. As a result, Berlitz International, Inc. has not amortized goodwill, but instead tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount. However, following application of ASBJ PITF No. 18 described above, this goodwill is to be amortized primarily on a straight-line basis over 20 years.

As a result, the goodwill was retrospectively amortized amounted to ¥19,418 million for prior-years' goodwill amortization and was deducted from retained earnings directly. Consequently, retained earnings at June 30, 2008 amounted to ¥153,695 million.