



July 29, 2011

**FY2011 FIRST QUARTER CONSOLIDATED FINANCIAL RESULTS [ Japan GAAP ]**

Securities Traded: The First Section of the Tokyo Stock Exchange  
The First Section of the Osaka Securities Exchange  
Code Number: 9783  
URL: <http://www.benesse-hd.co.jp/en/>

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

**CONSOLIDATED PERFORMANCE****1. Business Results**

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011	Percentage Change
	(Millions of Yen)		(%)
<b>Operating Results:</b>			
Net Sales	¥ 101,824	¥ 102,230	0.4 %
Operating Income	10,754	8,345	(22.4)
Ordinary Income	11,194	8,483	(24.2)
Net Income	4,909	4,366	(11.1)
<b>Per Share Data:</b>			
	(Yen)		
Net Income	¥ 49.76	¥ 44.32	
Fully Diluted Net Income	49.73	—	
	Year Ended March 31, 2011	Three Months Ended June 30, 2011	
	(Millions of Yen)		
<b>Financial Position (end of period):</b>			
Total Assets	¥ 405,119	¥ 389,108	
Total Equity	192,793	188,726	
Equity Ratio	46.2%	47.1%	

- Notes:
- Changes in major subsidiaries during the period (change in specified subsidiaries due to changes in the scope of consolidation): None
  - Benesse Holdings, Inc. 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.
  - Changes in accounting principles, procedures or methods of presentation associated with consolidated financial statements (significant changes in basis for preparation of consolidated financial statements)
    - Revisions associated with accounting standards: Yes
    - Other changes: None
    - Changes in accounting estimates: None
    - Restatement of corrections: None
  - Issued and outstanding shares (common stock)
    - At the end of period (including treasury stock)
 

June 30, 2011:	104,153,453 shares	March 31, 2011:	106,353,453 shares
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    - Treasury stock at the end of period
 

June 30, 2011:	6,383,953 shares	March 31, 2011:	7,583,093 shares
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    - Average of shares of common stock outstanding for the period (cumulative for the period)
 

June 30, 2011:	98,525,518 shares	June 30, 2010:	98,671,557 shares
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  - Comprehensive Income:
 

Three Months Ended June 30, 2011:	¥4,289 million (-3.9%)
Three Months Ended June 30, 2010:	¥4,461 million (— %)
  - Equity:
 

June 30, 2011:	¥183,298 million
March 31, 2011:	¥187,043 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, 2011	—	47.50	—	47.50	95.00
Fiscal Year Ended March 31, 2012	—	/	/	/	/
Fiscal Year Ending March 31, 2012 (Forecast)	/	47.50	—	47.50	95.00

**CONSOLIDATED FORECAST OF RESULTS FOR FISCAL 2011, ENDING MARCH 31, 2012**

	First Six Months	Entire Period
	(Millions of Yen)	
Net Sales	¥ 205,600	¥ 418,300
Operating Income	20,500	32,500
Ordinary Income	20,800	33,000
Net Income	11,500	18,000
	(Yen)	
Net Income per Share	¥ 116.43	¥ 182.24

- Notes: 1. Revision in the quarterly fiscal period under review to outlook for the fiscal 2011, ending March 31, 2012: None
2. 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, 2010 (A)	Three Months Ended June 30, 2011 (B)	(B)/(A)	Year Ended March 31, 2011
Domestic Education Business Domain				
Senior High School Courses	¥ 8,379	¥ 7,346	87.7 %	¥ 28,476
Junior High School Courses	12,283	11,931	97.1	44,397
Elementary School Courses	18,989	19,207	101.1	72,366
Preschool Courses ( <i>Kodomo Challenge</i> )	6,422	6,316	98.3	26,409
School & Teacher Support	8,370	8,641	103.2	37,200
Other	6,461	6,192	95.8	31,725
Subtotal	60,906	59,635	97.9	240,576
Overseas Education Business Domain	2,245	2,446	109.0	9,394
Lifestyle Business Domain	6,969	5,939	85.2	28,260
Senior/Nursing Care Business Domain	13,402	15,675	117.0	58,897
Language/Global Leadership Training Business Domain	12,738	13,398	105.2	53,989
Others	5,562	5,134	92.3	21,709
Total	¥ 101,824	¥ 102,230	100.4 %	¥ 412,828

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

**(Shinkenzeni Correspondence Courses)**

*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, 2010 (A)	Three Months Ended June 30, 2011 (B)	(B)/(A)	Year Ended March 31, 2011
Senior High School Courses	1,007	883	87.7 %	3,428
Junior High School Courses	2,182	2,134	97.8	7,923
Elementary School Courses	5,137	5,249	102.2	19,540
Preschool Courses ( <i>Kodomo Challenge</i> )	3,566	3,476	97.5	15,042
Total	11,894	11,743	98.7 %	45,935

**Number of Nursing Homes**

Series	As of June 30, 2010 (A)	As of June 30, 2011 (B)	(B)-(A)	As of March 31, 2011
<i>Aria</i>	13	<b>15</b>	2	15
<i>Clara</i>	40	<b>40</b>	—	40
<i>Granny &amp; Granda</i>	67	<b>77</b>	10	77
<i>Madoka</i>	37	<b>45</b>	8	43
<i>Bon Sejour</i>	22	<b>29</b>	7	29
<b>Total</b>	<b>179</b>	<b>206</b>	<b>27</b>	<b>204</b>

Note: *Bon Sejour* is a nursing home for elderly residents operated by Bon Sejour Corporation. Since this company's fiscal year-end is the end of February, the data recorded here is for the end of May. (The figures for the March 31, the end of the previous fiscal year are as of the end of February.)

**Number of Lessons in Berlitz Own-Operated Language Centers**

(Thousands)

Region	Three Months Ended March 31, 2010 (A)	Three Months Ended March 31, 2011 (B)	(B)/(A)	Year Ended December 31, 2010
Americas	438	<b>477</b>	109.0 %	1,954
Europe	658	<b>643</b>	97.7	2,453
Asia	373	<b>376</b>	100.8	1,630
<b>Total</b>	<b>1,469</b>	<b>1,497</b>	<b>101.9 %</b>	<b>6,038</b>

Notes: 1. Number of lessons is the number of lessons at directly managed language schools.

2. Starting from the first quarter of the current fiscal year, ending March 31 2012, North America and Latin America have been combined as "Americas".

3. (Reference information)

Since the fiscal year-end for Berlitz Corporation is December 31, the above data on number of lessons for the first quarter represents the number of lessons for January through March, 2011. We therefore disclose the preliminary data for language lessons at Berlitz Corporation for January through June, 2011 below for reference. The following lesson number data might be changed, since they are preliminary results.

Number of Lessons			(Thousands)
Region	Six Months Ended June 30, 2010 (A)	Six Months Ended June 30, 2011 (B)	(B)/(A)
Americas	972	<b>1,020</b>	104.9 %
Europe	1,291	<b>1,269</b>	98.3
Asia	780	<b>809</b>	103.6
<b>Total</b>	<b>3,045</b>	<b>3,098</b>	<b>101.8 %</b>

**CONSOLIDATED BALANCE SHEETS**

<b>Assets</b>	March 31, 2011	June 30, 2011
	(Millions of Yen)	
<b>Current Assets:</b>		
Cash and time deposits	¥ 93,982	¥ 89,708
Notes and accounts receivable-trade	26,185	25,032
Marketable securities	32,053	55,623
Merchandise and finished goods	14,334	11,527
Work in progress	4,255	3,620
Raw materials and supplies	1,693	1,462
Other current assets	62,576	33,589
Allowance for doubtful receivables	(1,536)	(1,429)
Total Current Assets	233,544	219,136
<b>Fixed Assets:</b>		
<b>Tangible Fixed Assets:</b>		
Buildings and structures	28,223	27,968
Land	35,985	35,987
Other tangible fixed assets	10,913	10,694
Total Tangible Fixed Assets	75,122	74,650
<b>Intangible Fixed Assets:</b>		
Goodwill	15,620	15,679
Other intangible fixed assets	27,914	28,305
Total Intangible Fixed Assets	43,535	43,984
<b>Investments and Other Assets:</b>		
Investment securities	16,756	14,768
Other assets	36,245	36,656
Allowance for doubtful receivables	(84)	(86)
Total Investments and Other Assets	52,917	51,337
Total Fixed Assets	171,575	169,972
<b>Total</b>	¥ 405,119	¥ 389,108

## CONSOLIDATED BALANCE SHEETS

Liabilities and Equity	March 31, 2011	June 30, 2011
	(Millions of Yen)	
<b>Current Liabilities:</b>		
Notes and accounts payable-trade	¥ 13,114	¥ 10,503
Short-term debt	467	474
Current portion of long-term debt	44	40
Accrued income taxes	14,323	3,857
Advances received	78,655	83,082
Reserve for after-service costs	728	937
Reserve for employees' bonuses	6,290	2,413
Reserve for goods return	448	401
Other current liabilities	35,215	28,921
Total Current Liabilities	149,289	130,634
<b>Long-Term Liabilities:</b>		
Long-term debt, less current portion	25,009	30,005
Reserve for employees' retirement benefits	2,980	3,000
Reserve for directors' retirement allowances	1,435	164
Other long-term liabilities	33,611	36,576
Total Long-Term Liabilities	63,036	69,748
Total Liabilities	212,326	200,382
<b>Total Equity:</b>		
Equity:		
Common stock	13,600	13,600
Capital surplus	29,381	29,358
Retained earnings	177,342	169,477
Treasury stock, at cost	(26,067)	(21,942)
Total Shareholders' Equity	194,255	190,494
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	(17)	16
Foreign currency statements translation adjustments	(6,793)	(6,801)
Pension liability adjustments in a foreign consolidated subsidiary	(401)	(410)
Total accumulated other comprehensive income	(7,212)	(7,195)
Stock acquisition rights	683	683
Minority interests	5,065	4,744
Total Equity	192,793	188,726
<b>Total</b>	¥ 405,119	¥ 389,108

## CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30, 2010		Three Months Ended June 30, 2011	
	(Millions of Yen)			
	¥		¥	
<b>Net Sales</b>		101,824		102,230
<b>Cost of sales:</b>		52,216		53,742
Gross Profit		49,608		48,487
Reversal of reserve for goods return		474		448
Provision for reserve for goods return		442		401
Adjusted Gross Profit		49,640		48,534
<b>Selling, General and Administrative Expenses:</b>				
Direct mail expenses		5,192		5,899
Advertising expenses		2,714		2,478
Wages and salaries		7,829		7,922
Provision for reserve for employees' bonuses		1,154		1,116
Provision for reserve for employees' retirement benefits		280		300
Provision for reserve for directors' retirement allowances		29		26
Provision for allowance for doubtful receivables		34		64
Other		21,650		22,378
Total Selling, General and Administrative Expenses		38,885		40,188
<b>Operating Income</b>		10,754		8,345
<b>Non-Operating Income:</b>				
Interest income		130		98
Rent income		115		118
Gain on sales of investment securities		429		1
Gain on derivatives		532		29
Other		165		118
Total Non-Operating Income		1,374		366
<b>Non-Operating Expenses:</b>				
Rent expenses		40		54
Foreign exchange loss		807		19
Other		86		154
Total Non-Operating Expenses		934		228
<b>Ordinary Income</b>		11,194		8,483
<b>Special Gains:</b>				
Gain on sales of investments of a consolidated subsidiary		117		—
Gain on transfer of business		80		193
Total Special Gains		198		193
<b>Special Losses:</b>				
Loss on sales and disposal of fixed assets		224		230
Valuation loss on investment securities		20		7
Loss on adjustment for changes of accounting standard for asset retirement obligations		614		—
Other		6		—
Total Special Losses		864		238
<b>Income before Income Taxes and Minority Interests</b>		10,527		8,438
<b>Income Taxes</b>		5,812		4,167
<b>Net Income before Minority Interests</b>		4,715		4,270
<b>Minority Interests in Loss</b>		(193)		(95)
<b>Net Income</b>	¥	4,909	¥	4,366

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three Months Ended June 30, 2010		Three Months Ended June 30, 2011	
	(Millions of Yen)			
<b>Net Income before Minority Interests</b>	¥	4,715	¥	<b>4,270</b>
<b>Other Comprehensive Income</b>				
Unrealized gain (loss) on available-for-sale securities		(113)		<b>33</b>
Foreign currency statements translation adjustments		(136)		<b>(6)</b>
Pension liability adjustments in a foreign consolidated subsidiary		(3)		<b>(8)</b>
Share of other comprehensive income in associates		—		<b>0</b>
Total Other Comprehensive Income		(254)		<b>18</b>
<b>Comprehensive Income</b>	¥	4,461	¥	<b>4,289</b>
<b>Total Comprehensive Income Attributable to</b>				
Owners of the parent	¥	4,676	¥	<b>4,383</b>
Minority interests		(214)		<b>(93)</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30, 2010		Three Months Ended June 30, 2011	
	(Millions of Yen)			
<b>Operating Activities:</b>				
Income before income taxes and minority interests	¥	10,527	¥	8,438
Depreciation and amortization		3,359		3,407
Decrease in allowances and reserves-net		(3,975)		(3,950)
Other non-cash income and expenses-net		183		109
Decrease in trade accounts receivable		914		1,419
Decrease in inventories		2,499		3,733
Decrease in accounts receivable-other		28,018		27,144
Decrease in notes and accounts payable-trade		(1,746)		(2,683)
Decrease in accounts payable-other		(5,382)		(3,820)
Increase in advances received		2,300		4,010
Changes in other assets and liabilities-net		4,356		4,479
Subtotal		<u>41,055</u>		<u>42,287</u>
Interest and dividends received		219		152
Interest paid		(54)		(53)
Income taxes paid		(6,066)		(14,783)
Net Cash Provided by Operating Activities		<u>35,153</u>		<u>27,603</u>
<b>Investing Activities:</b>				
Purchases of marketable securities		(20,383)		(8,336)
Proceeds from sales of marketable securities		14,123		19,701
Purchases of property and equipment		(1,209)		(1,110)
Purchases of software		(3,036)		(5,587)
Purchases of investment securities		(2,166)		(276)
Proceeds from sales of investment securities		4,929		2,207
Proceeds from sales of investments of a consolidated subsidiary		229		—
Proceeds from transfer of business		153		297
Increase in time deposits-net		(90)		(97)
Other-net		(571)		(743)
Net Cash Provided by (Used in) Investing Activities		<u>(8,021)</u>		<u>6,053</u>
<b>Financing Activities:</b>				
Decrease in short-term bank loans-net		(771)		—
Proceeds from long-term debt		12		5,000
Repayment of long-term debt		(33)		(8)
Dividends paid		(4,259)		(4,506)
Proceeds from exercise of stock options		499		—
Purchases of treasury stock		(0)		(3,436)
Purchases of treasury stock by consolidated subsidiaries		(444)		—
Other-net		(496)		(411)
Net Cash Used in Financing Activities		<u>(5,493)</u>		<u>(3,362)</u>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>		<u>(154)</u>		<u>333</u>
<b>Increase in Cash and Cash Equivalents</b>		<u>21,484</u>		<u>30,627</u>
<b>Cash and Cash Equivalents, Beginning of Period</b>		<u>60,174</u>		<u>101,691</u>
<b>Cash and Cash Equivalents, End of Period</b>	¥	<u>81,659</u>	¥	<u>132,318</u>

**SEGMENT INFORMATION****Three Months Ended June 30, 2011**

(Millions of Yen)

	Sales			Segment Income (loss)
	To customers	Intersegment	Total sales	
<b>Reportable Segments:</b>				
Domestic Education Business Domain	¥ 59,635	¥ 63	¥ 59,699	¥ 8,224
Overseas Education Business Domain	2,446	—	2,446	(458)
Lifestyle Business Domain	5,939	—	5,939	36
Senior/Nursing Care Business Domain	15,675	11	15,686	601
Language/Global Leadership Training Business Domain	13,398	19	13,418	220
Subtotal	97,096	94	97,190	8,625
Others	5,134	6,279	11,413	98
Total	102,230	6,374	108,604	8,724
Adjustment	—	(6,374)	(6,374)	(378)
Consolidated	¥ 102,230	¥ —	¥ 102,230	¥ 8,345

- Notes:
1. The "Others" category indicates business segments not included in the reportable segments, including the telemarketing business, the computer data processing service business, the systems development sales business, and other businesses.
  2. Segment income (loss) adjustment of ¥-378 million includes intersegment eliminations of ¥118 million and corporate expenses not allocated to segments of ¥-496 million. Corporate expenses consist mainly of expenses related to the parent company, a holding company not accounted for by the reportable segments.
  3. Segment income (loss) is adjusted with operating income in the quarterly consolidated statement of income.

**Three Months Ended June 30, 2010**

(Millions of Yen)

	Sales			Segment Income (loss)
	To customers	Intersegment	Total sales	
<b>Reportable Segments:</b>				
Domestic Education Business Domain	¥ 60,906	¥ 54	¥ 60,961	¥ 11,071
Overseas Education Business Domain	2,245	0	2,245	(369)
Lifestyle Business Domain	6,969	0	6,970	(120)
Senior/Nursing Care Business Domain	13,402	10	13,413	506
Language/Global Leadership Training Business Domain	12,738	20	12,759	(266)
Subtotal	96,262	86	96,349	10,821
Others	5,562	6,987	12,550	202
Total	101,824	7,074	108,899	11,023
Adjustment	—	(7,074)	(7,074)	(268)
Consolidated	¥ 101,824	¥ —	¥ 101,824	¥ 10,754

- Notes:
1. The "Others" category indicates business segments not included in the reportable segments, including the telemarketing business, the computer data processing service business, the systems development sales business, and other businesses.
  2. Segment income (loss) adjustment of ¥-268 million includes intersegment eliminations of ¥277 million and corporate expenses not allocated to segments of ¥-545 million. Corporate expenses consist mainly of expenses related to the parent company, a holding company not accounted for by the reportable segments.
  3. Segment income (loss) is adjusted with operating income in the quarterly consolidated statement of income.

**NOTES FOR CASES OF SIGNIFICANT CHANGE IN TOTAL AMOUNT OF EQUITY**

1. Own share repurchase

The Company repurchased 1,000,000 shares of its own stock for ¥3,433 million during the first quarter, following the resolution taken at the Board of Directors' meeting held on May 20, 2011.

2. Cancellation of treasury stock

The Company cancelled 2,200,000 shares of treasury stock on June 30, 2011, following the resolution taken at the Board of Directors' meeting held on May 20, 2011. This has decreased capital surplus by ¥22 million, retained earnings by ¥7,538 million, and treasury stock by ¥7,561 million, respectively.

**SUBSEQUENT EVENTS**

Own Share Repurchase

At a Board of Directors meeting on May 20, 2011, the Company resolved to repurchase its own shares to pursue capital efficiency by executing a flexible capital structure policy, pursuant to Article 459-1-1 of the Companies Act. Part of the purchase was carried out after June 30, 2011, the final day of the first quarter of the current fiscal year based on the resolution.

- |                           |   |
|---------------------------|---|
| (a) Type of shares:       | Common stock  |
| (b) Number of shares:     | 500,000 shares (0.5% of currently issued common stock excluding treasury stock) |
| (c) Total purchase price: | ¥1,720 million  |
| (d) Date of purchase:     | July 8, 2011 (delivery basis)   |
| (e) Method of repurchase: | Shares were repurchased on the J-NET Market of Osaka Securities Exchange.       |