



May 20, 2011

CONSOLIDATED FINANCIAL REPORT FOR FISCAL 2010 ENDED MARCH 31, 2011 [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**

	Year Ended March 31,		
	2010	2011	Percentage Change
	(Millions of Yen)		(%)
Operating Results:			
Net Sales	¥ 406,602	¥ 412,828	1.5 %
Operating Income	37,889	42,867	13.1
Ordinary Income	39,165	44,703	14.1
Net Income	21,874	20,586	(5.9)
Financial Position (end of fiscal year):			
Total Assets	¥ 356,153	¥ 405,119	—
Total Equity	183,169	192,793	—
Cash Flows:			
Net Cash Provided by Operating Activities	¥ 30,310	¥ 44,937	—
Net Cash Used in Investing Activities	(36,449)	(14,632)	—
Net Cash Used in Financing Activities	(11,711)	12,923	—
Cash and Cash Equivalents, End of Year	60,174	101,691	—
Per Share Data:	(Yen)		
Net Income	¥ 221.65	¥ 208.47	—
Fully Diluted Net Income	221.55	208.44	—
Total Equity	1,792.80	1,893.72	—
Certain Ratios and Other:	(%)		
Return on Equity	12.9 %	11.3 %	—
Ordinary Income to Total Assets	11.2	11.7	—
Operating Income to Net Sales	9.3	10.4	—
Equity Ratio	49.7	46.2	—

Notes: 1. Comprehensive Income

Fiscal year ended March 2011 ¥19,315 million

Fiscal year ended March 2010 ¥24,597 million

2. Equity in net earnings of unconsolidated subsidiaries and affiliates:

For the fiscal year ended March 31, 2011: ¥527 million

For the fiscal year ended March 31, 2010: ¥96 million

3. Equity: March 31, 2011: ¥187,043 million

March 31, 2010: ¥176,835 million

4. Changes in major subsidiaries during the fiscal year (change in specified subsidiaries due to changes in the scope of consolidation):

None

5. Changes in accounting principles, procedures or methods of presentation

1) Revisions associated with accounting standards: Yes

2) Other changes: None

6. Issued and outstanding shares (common stock)

1) At fiscal year-end (including treasury stock)	March 31, 2011:	106,353,453 shares	March 31, 2010:	106,353,453 shares
2) Treasury stock at fiscal year-end	March 31, 2011:	7,583,093 shares	March 31, 2010:	7,717,445 shares
3) Average of shares outstanding for the period	March 31, 2011:	98,748,542 shares	March 31, 2010:	98,692,779 shares

2. Dividends

(Record date)	Dividends Per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	The end of the first quarter	The end of the second quarter	The end of the third quarter	Year-end	Annual			
	Yen					Millions of Yen	%	%
Fiscal Year Ended March 31, 2010	—	45.00	—	45.00	90.00	8,876	40.6	5.2
Fiscal Year Ended March 31, 2011	—	47.50	—	47.50	95.00	9,383	45.6	5.2
Fiscal Year Ending March 31, 2012 (Forecast)	—	47.50	—	47.50	95.00		52.1	

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

Note: 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.

NON-CONSOLIDATED PERFORMANCE

Business Results

	Year Ended March 31,		
	2010	2011	Percentage Change
	(Millions of Yen)		(%)
Operating Results:			
Net Sales	¥ 129,123	¥ 14,988	(88.4) %
Operating Income	27,587	10,945	(60.3)
Ordinary Income	29,523	11,575	(60.8)
Net Income	19,188	11,038	(42.5)
Financial Position (end of fiscal year):			
Total Assets	¥ 179,089	¥ 204,272	—
Total Equity	173,798	176,289	—
Per Share Data and Other:	(Yen)		
Net Income	¥ 194.43	¥ 111.78	—
Fully Diluted Net Income	194.34	111.77	—
Total Equity	1,755.26	1,777.92	—
Equity Ratio	96.7 %	86.0 %	—

Note: Equity: March 31, 2011: ¥175,605 million
March 31, 2010: ¥173,131 million

PERFORMANCE (Year Ended March 31, 2010 vs. March 31, 2011)**Net Sales by Segment**

(Millions of Yen)

	For the fiscal year ended March 2010 (A)	For the fiscal year ended March 2011 (B)	(B)/(A)
Domestic Education Business Domain			
Senior High School Courses	¥ 28,550	¥ 28,476	99.7%
Junior High School Courses	45,069	44,397	98.5
Elementary School Courses	70,593	72,366	102.5
Preschool Courses (<i>Kodomo Challenge</i>)	26,652	26,409	99.1
School & Teacher Support	37,291	37,200	99.8
Other	31,853	31,725	99.6
Subtotal	240,011	240,576	100.2
Overseas Education Business Domain	7,670	9,394	122.5
Lifestyle Business Domain	30,587	28,260	92.4
Senior/Nursing Care Business Domain	44,612	58,897	132.0
Language/Global Leadership Training Business Domain	53,794	53,989	100.4
Others	29,926	21,709	72.5
Total	¥ 406,602	¥ 412,828	101.5%

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	For the fiscal year ended March 2010 (A)	For the fiscal year ended March 2011 (B)	(B)/(A)
Senior High School Courses	3,418	3,428	100.3%
Junior High School Courses	8,113	7,923	97.6
Elementary School Courses	18,911	19,540	103.3
Preschool Courses (<i>Kodomo Challenge</i>)	15,068	15,042	99.8
Total	45,512	45,935	100.9%

Note: From the fiscal year ended March 31, 2011, cumulative enrollment for *Kodomo Challenge* baby is included in cumulative enrollment for Preschool Courses (*Kodomo Challenge*.) Therefore, the cumulative enrollment for *Kodomo Challenge* in the previous fiscal year has also been stated including cumulative enrollment for *Kodomo Challenge* baby. The cumulative enrollment for *Kodomo Challenge* baby for the fiscal year ended March 31, 2011 was 1,330 thousand, and for the fiscal year ended March 31, 2010 it was 1,256 thousand.

Number of Lessons in Berlitz Own-Operated Language Centers

(Thousands)

Region	For the fiscal year ended December 31, 2009 (A)	For the fiscal year ended December 31, 2010 (B)	(B)/(A)
North America	756	740	97.9%
Asia	1,636	1,630	99.6
Latin America	1,174	1,214	103.4
Europe	2,649	2,453	92.6
Total	6,216	6,038	97.1%

CONSOLIDATED BALANCE SHEETS

Assets	March 31,	
	2010	2011
	(Millions of Yen)	(Millions of Yen)
Current Assets:		
Cash and time deposits	¥ 48,877	¥ 93,982
Notes and accounts receivable – trade	24,218	26,185
Marketable securities	31,631	32,053
Merchandise and finished goods	13,969	14,334
Work in progress	3,334	4,255
Raw materials and supplies	1,707	1,693
Deferred tax assets	5,230	6,262
Accounts receivable—other	42,032	41,863
Other current assets	10,426	14,450
Allowance for doubtful receivables	(1,740)	(1,536)
Total Current Assets	179,687	233,544
Fixed Assets:		
Tangible Fixed Assets:		
Buildings and structures	29,016	28,223
Land	36,106	35,985
Other tangible fixed assets	10,871	10,913
Total Tangible Fixed Assets	75,994	75,122
Intangible Fixed Assets:		
Goodwill	18,537	15,620
Software	22,405	26,545
Other intangible fixed assets	1,557	1,369
Total Intangible Fixed Assets	42,500	43,535
Investments and Other Assets:		
Investment securities	25,101	16,756
Long-term loans receivable	—	4,536
Deferred tax assets	3,260	6,099
Prepaid pension expenses	4,442	4,383
Other assets	25,259	21,226
Allowance for doubtful receivables	(93)	(84)
Total Investments and Other Assets	57,970	52,917
Total Fixed Assets	176,466	171,575
Total	¥ 356,153	¥ 405,119

CONSOLIDATED BALANCE SHEETS

Liabilities and Equity	March 31,	
	2010 (Millions of Yen)	2011 (Millions of Yen)
Current Liabilities:		
Notes and accounts payable – trade	¥ 12,025	¥ 13,114
Short-term debt	1,447	467
Current portion of long-term debt	122	44
Accounts payable—other	24,483	24,314
Accrued income taxes	4,864	14,323
Advances received	78,691	78,655
Reserve for after-service costs	770	728
Reserve for employees' bonuses	6,178	6,290
Reserve for directors' bonuses	188	194
Reserve for goods return	474	448
Other current liabilities	10,144	10,706
Total Current Liabilities	139,389	149,289
Long-Term Liabilities:		
Long-term debt, less current portion	219	25,009
Guarantee deposits received from nursing home residents	21,099	25,300
Deferred tax liabilities	668	611
Reserve for employees' retirement benefits	2,835	2,980
Reserve for directors' retirement allowances	1,405	1,435
Other long-term liabilities	7,364	7,699
Total Long-Term Liabilities	33,593	63,036
Total Liabilities	172,983	212,326
Total Equity:		
Equity:		
Common stock	13,600	13,600
Capital surplus	29,358	29,381
Retained earnings	165,372	177,342
Treasury stock, at cost	(26,527)	(26,067)
Total Shareholders' Equity	181,803	194,255
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	88	(17)
Foreign currency statements translation adjustments	(5,056)	(6,793)
Pension liability adjustments in a foreign consolidated subsidiary	—	(401)
Total valuation and translation adjustments	(4,967)	(7,212)
Stock acquisition rights	667	683
Minority interests	5,667	5,065
Total Equity	183,169	192,793
Total	¥ 356,153	¥ 405,119

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended March 31,	
	2010	2011
	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 406,602	¥ 412,828
Cost of Sales:	199,883	203,868
Gross profit	206,718	208,960
Reversal of reserve for goods return	522	474
Provision for reserve for goods return	474	448
Adjusted gross profit	206,766	208,986
Selling, General and Administrative Expenses:		
Direct mail expenses	30,340	28,268
Advertising expenses	13,207	11,344
Transportation and communication expenses	20,757	20,654
Customer management expenses	12,007	11,247
Wages and salaries	34,126	33,164
Provision for reserve for employees' bonuses	3,676	3,479
Provision for reserve for directors' bonuses	200	196
Provision for reserve for employees' retirement benefits	844	1,134
Provision for reserve for directors' retirement allowances	133	115
Provision for allowance for doubtful receivables	706	691
Other	52,876	55,823
Total Selling, General and Administrative Expenses	168,877	166,118
Operating Income	37,889	42,867
Non-Operating Income:		
Interest income	681	515
Dividend income	173	124
Rent income	431	452
Foreign exchange gain	646	—
Gain on sales of investment securities	—	513
Equity in net earnings of unconsolidated subsidiaries and affiliates	96	527
Gain on derivatives	—	423
Other	337	455
Total Non-Operating Income	2,367	3,012
Non-Operating Expenses:		
Interest expense	64	86
Depreciation and expenses on leased assets	164	160
Foreign exchange loss	—	536
Loss on derivatives	517	—
Other	344	393
Total Non-Operating Expenses	1,091	1,176
Ordinary Income	¥ 39,165	¥ 44,703

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CONSOLIDATED STATEMENTS OF INCOME (continued)

	Year Ended March 31,	
	2010	2011
	(Millions of Yen)	(Millions of Yen)
Special Gains:		
Gain on sales of fixed assets	¥ 1	¥ 8
Gain on sales of investments of a consolidated subsidiary	1,152	117
Gain on transfer of business	—	80
State subsidy	114	—
Gain on change in equity	2	—
Other	23	17
Total Special Gains	1,294	223
Special Losses:		
Loss on sales and disposal of fixed assets	491	1,002
Loss on reduction of non current assets	114	—
Loss on impairment of long-lived assets	33	6,401
Valuation loss on investment securities	17	20
Loss on restructuring of business	1,105	—
Loss on liquidation of subsidiaries	—	205
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	614
Other	81	13
Total Special Losses	1,843	8,256
Income before Income Taxes and Minority Interests	38,615	36,669
Income Taxes:		
Current	14,548	19,346
Deferred	1,363	(3,740)
Total Income Taxes	15,911	15,606
Income before Minority Interests	—	21,063
Minority Interests in Net Income	829	476
Net Income	¥ 21,874	¥ 20,586

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended March 31,	
	2010	2011
	(Millions of Yen)	(Millions of Yen)
Income before Minority Interests	¥ —	¥ 21,063
Other Comprehensive Income		
Other unrealized loss on available-for-sale securities	—	(122)
Foreign currency statements translation adjustments	—	(1,733)
Pension liability adjustments in a foreign consolidated subsidiary	—	111
Share of other comprehensive income of associates accounted for using equity method	—	(4)
Total Other Comprehensive Income	—	(1,748)
Comprehensive Income	—	19,315
(Breakdown)		
Comprehensive income attributable to owners of the parent	—	18,855
Comprehensive income attributable to minority interests	—	459

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Year Ended March 31,	
	2010	2011
	(Millions of Yen)	(Millions of Yen)
Shareholders' Equity		
Common stock:		
Balance at end of previous fiscal year	¥ 13,600	¥ 13,600
Change in the period		
Total change in the period	—	—
Balance at end of the year	13,600	13,600
Capital surplus:		
Balance at end of previous fiscal year	29,358	29,358
Change in the period		
Disposal of treasury stock	—	22
Total change in the period	—	22
Balance at end of the year	29,358	29,381
Retained earnings:		
Balance at end of previous fiscal year	152,239	165,372
Reclassification to Pension liability adjustments in a foreign consolidated subsidiary	—	513
Change in the period		
Cash dividends	(8,888)	(9,130)
Net income	21,874	20,586
Disposal of treasury stock	(100)	—
Pension liability adjustments in a foreign consolidated subsidiary	247	—
Total change in the period	13,132	11,456
Balance at end of the year	165,372	177,342
Treasury stock at cost:		
Balance at end of previous fiscal year	(25,451)	(26,527)
Change in the period		
Purchases of treasury stock	(1,514)	(18)
Disposal of treasury stock	438	478
Total change in the period	(1,076)	460
Balance at end of the year	(26,527)	(26,067)
Total shareholders' equity:		
Balance at end of previous fiscal year	169,746	181,803
Reclassification to Pension liability adjustments in a foreign consolidated subsidiary	—	513
Change in the period		
Cash dividends	(8,888)	(9,130)
Net income	21,874	20,586
Purchases of treasury stock	(1,514)	(18)
Disposal of treasury stock	338	501
Pension liability adjustments in a foreign consolidated subsidiary	247	—
Total change in the period	12,056	11,939
Balance at end of the year	¥ 181,803	¥ 194,255

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Year Ended March 31,	
	2010	2011
	(Millions of Yen)	(Millions of Yen)
Other Comprehensive Income		
Unrealized gain on available-for-sale securities		
Balance at end of previous fiscal year	¥ (1,634)	¥ 88
Change in the period		
Net changes of items other than shareholders' equity	1,722	(105)
Total change in the period	1,722	(105)
Balance at end of the year	88	(17)
Foreign currency statements translation adjustments		
Balance at end of previous fiscal year	(5,226)	(5,056)
Change in the period		
Net changes of items other than shareholders' equity	169	(1,736)
Total change in the period	169	(1,736)
Balance at end of the year	(5,056)	(6,793)
Pension liability adjustments in a foreign consolidated subsidiary		
Balance at end of previous fiscal year	—	—
Reclassification to Pension liability adjustments in a foreign consolidated subsidiary	—	(513)
Change in the period		
Net changes of items other than shareholders' equity	—	111
Total change in the period	—	111
Balance at end of the year	—	(401)
Total other comprehensive income		
Balance at end of previous fiscal year	(6,860)	(4,967)
Reclassification to Pension liability adjustments in a foreign consolidated subsidiary	—	(513)
Change in the period		
Net changes of items other than shareholders' equity	1,892	(1,730)
Total change in the period	1,892	(1,730)
Balance at end of the year	(4,967)	(7,212)
Stock Acquisition Rights		
Balance at end of previous fiscal year	551	667
Change in the period		
Net changes of items other than shareholders' equity	115	16
Total change in the period	115	16
Balance at end of the year	667	683
Minority Interests		
Balance at end of previous fiscal year	5,059	5,667
Change in the period		
Net changes of items other than shareholders' equity	607	(601)
Total change in the period	607	(601)
Balance at end of the year	5,667	5,065
Total Equity		
Balance at end of previous fiscal year	168,497	183,169
Reclassification to Pension liability adjustments in a foreign consolidated subsidiary	—	—
Change in the period		
Cash dividends	(8,888)	(9,130)
Net income	21,874	20,586
Purchases of treasury stock	(1,514)	(18)
Disposal of treasury stock	338	501
Pension liability adjustments in a foreign consolidated subsidiary	247	—
Net changes of items other than shareholders' equity	2,616	(2,316)
Total change in the period	14,672	9,623
Balance at end of the year	¥ 183,169	¥ 192,793

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31,	
	2010	2011
	(Millions of Yen)	(Millions of Yen)
Operating Activities:		
Income before income taxes and minority interests	¥ 38,615	¥ 36,669
Depreciation and amortization	13,156	13,865
Loss on impairment of long-lived assets	33	6,401
Increase (decrease) in allowances and reserves – net	(340)	263
Loss on restructuring of business	1,105	–
Gain on sales of investments of a consolidated subsidiary	(1,152)	(117)
Other non-cash income and expenses – net	407	538
(Increase) decrease in notes and accounts receivable – trade	648	(2,348)
Increase in inventories	(158)	(1,375)
Increase in accounts receivable – other	(3,315)	(147)
Increase (decrease) in notes and accounts payable – trade	(598)	1,211
Decrease in accounts payable – other	(195)	(1,406)
Increase in advances received	817	976
Decrease in prepaid pension expenses	18	59
Increase in guarantee deposits received from nursing home residents	–	4,200
Changes in other assets and liabilities – net	1,675	904
Subtotal	50,717	59,695
Interest and dividends received	907	684
Interest paid	(64)	(107)
Income taxes paid	(21,250)	(15,335)
Net Cash Provided by Operating Activities	30,310	44,937
Investing Activities:		
Purchases of marketable securities	(59,169)	(73,627)
Proceeds from sales of marketable securities	55,177	70,435
Purchases of tangible fixed assets	(5,350)	(4,973)
Proceeds from sales of tangible fixed assets	4	53
Purchases of software	(13,680)	(11,768)
Purchases of investment securities	(2,965)	(6,054)
Proceeds from sales of investment securities	5,034	11,565
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,725)	–
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(1,000)	–
Proceeds from sales of investments of a consolidated subsidiary	–	229
Proceeds from transfer of business	–	153
Payments for absorption – type of company split	(1,681)	–
Decrease (increase) in time deposits – net	(2,510)	2,953
Other – net	(4,581)	(3,599)
Net Cash Used in Investing Activities	¥ (36,449)	¥ (14,632)

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CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year Ended March 31,	
	2010 (Millions of Yen)	2011 (Millions of Yen)
Financing Activities:		
Decrease in short-term debt – net	¥ (722)	¥ (970)
Proceeds from long-term loans payable	—	25,019
Repayment of long-term debt	(280)	(304)
Dividends paid	(8,888)	(9,125)
Proceeds from exercise of stock options	337	499
Purchases of treasury stock	(1,514)	(18)
Purchases of treasury stock by consolidated subsidiaries	(0)	(1,117)
Other – net	(642)	(1,058)
Net Cash Used in Financing Activities	(11,711)	12,923
Effect of Exchange Rate Changes on Cash and Cash Equivalents	443	(1,712)
Increase (Decrease) in Cash and Cash Equivalents	(17,406)	41,516
Cash and Cash Equivalents, Beginning of Year	77,581	60,174
Cash and Cash Equivalents, End of Year	¥ 60,174	¥ 101,691

SEGMENT INFORMATION

1. Overview of Reporting Segments

Reporting segments of the Benesse Group are subject to regular review in order for the Board of Directors to decide on the allocation of management resources and evaluate results, and to obtain financial data separated from the constituents of each company.

The Group positions the five fields of domestic education, overseas education, lifestyle, senior/nursing care, and language/global leadership training as growth business domains, and concentrates investment of management resources in these areas in order to achieve long-term growth for the Group as a whole.

Accordingly, the Group is made up of segments grouped by products and services based on these five business domains, and has designated the Domestic Education Business Domain, Overseas Education Business Domain, Lifestyle Business Domain, Senior/Nursing Care Business Domain, and Language/Global Leadership Training Business Domain as its reporting segments.

In the Domestic Education Business Domain, the Group engages in the correspondence course business, the school & teacher support business, the cram and prep school business, and other businesses.

In the Overseas Education Business Domain, the Group engages in the correspondence course business in China, Taiwan and South Korea, targeting mainly infants.

In the Lifestyle Business Domain, the Group engages in magazine publishing, mail-order business, and other businesses.

In the Senior/Nursing Care Business Domain, the Group engages in the residential care services business (operation of nursing homes), home helper service business, training courses for nursing care personnel, staff placement and personnel dispatch company specializing in medical and nursing care personnel, and other businesses.

In the Language/Global Leadership Training Business Domain, the Group engages in the language instruction business, the ELS business which provide educational services including language training to those who want to study abroad, the global leadership training business, the translation and interpreting business, and other businesses.

2. Information Regarding Sales, Income (Loss), Assets and Others by Reporting Segment

Year Ended March 31, 2011

(Millions of Yen)

	Sales			Segment income (loss)	Segment Assets	Others			
	To customers	Intersegment	Total sales			Depreciation and amortization	Amortization of goodwill	Investment in equity-method affiliates	Increase in tangible and intangible fixed assets
Reporting Segments:									
Domestic Education Business Domain	¥ 240,576	¥ 217	¥ 240,794	¥ 40,619	¥ 157,894	¥ 6,405	¥ 336	¥ 1,203	¥ 9,052
Overseas Education Business Domain	9,394	0	9,394	(691)	3,224	125	—	—	154
Lifestyle Business Domain	28,260	1	28,262	(473)	15,051	413	—	195	592
Senior/Nursing Care Business Domain	58,897	43	58,940	4,078	65,461	1,319	525	—	1,993
Language/Global Leadership Training Business Domain	53,989	39	54,029	767	38,082	1,221	2,249	—	1,957
Subtotal	391,119	302	391,421	44,300	279,715	9,485	3,111	1,399	13,750
Others	21,709	25,293	47,003	952	17,951	1,102	70	600	1,260
Total	¥ 412,828	¥ 25,596	¥ 438,425	¥ 45,252	¥ 297,666	¥ 10,587	¥ 3,182	¥ 1,999	¥ 15,010

Note: The "Others" category indicates business segments not included in the reporting segments, including the telemarketing business, the computer data processing service business, the systems development sales business, and other businesses.

Year Ended March 31, 2010

(Millions of Yen)

	Sales			Segment income (loss)	Segment Assets	Others				
	To customers	Intersegment	Total sales			Depreciation and amortization	Amortization of goodwill	Investment in equity-method affiliates	Increase in tangible and intangible fixed assets	
Reporting Segments:										
Domestic Education Business Domain	¥ 240,011	¥ 213	¥ 240,225	¥ 38,380	¥ 154,860	¥ 6,368	¥ 284	¥ -	¥ 7,099	
Overseas Education Business Domain	7,670	22	7,693	(983)	2,721	75	-	-	110	
Lifestyle Business Domain	30,587	4	30,591	(1,524)	16,526	492	-	187	469	
Senior/Nursing Care Business Domain	44,612	38	44,651	3,009	59,192	1,045	196	-	7,854	
Language/Global Leadership Training Business Domain	53,794	82	53,876	313	41,030	1,217	2,156	-	2,640	
Subtotal	376,676	360	377,037	39,195	274,331	9,199	2,637	187	18,174	
Others	29,926	26,056	55,982	1,212	18,903	1,102	122	562	2,280	
Total	¥ 406,602	¥ 26,417	¥ 433,019	¥ 40,407	¥ 293,235	¥ 10,301	¥ 2,759	¥ 750	¥ 20,454	

Note: The "Others" category indicates business segments not included in the reporting segments, including the telemarketing business, the computer data processing service business, the systems development sales business, and other businesses.

3. Reconciliation of Difference Between Reporting Segment Totals and Consolidated Financial Statement Totals (Matters relating to adjustment of differences)

(Millions of Yen)

Sales	Year Ended March 31, 2010	Year Ended March 31, 2011
Reporting segment total	377,037	391,421
Sales for "Others" category	55,982	47,003
Intersegment eliminations	(26,417)	(25,596)
Net sales in financial statements	406,602	412,828

(Millions of Yen)

Income	Year Ended March 31, 2010	Year Ended March 31, 2011
Reporting segment total	39,195	44,300
Income for "Others" category	1,212	952
Intersegment eliminations	333	97
Corporate expenses	(2,851)	(2,482)
Operating income in financial statements	37,889	42,867

Note: Corporate expenses are mainly expenses that relate to Benesse Holdings, Inc. that are not attributable to the reporting segments.

(Millions of Yen)

Assets	As of March 31, 2010	As of March 31, 2011
Reporting segment total	274,331	279,715
Assets for "Others" category	18,903	17,951
Intersegment eliminations	(3,819)	(3,890)
Corporate assets	66,737	111,342
Total assets in consolidated financial statements	356,153	405,119

Note: Corporate assets consist mainly of long-term investments (investment securities) of Benesse Holdings, Inc. that are not attributable to the reporting segments, and assets (software) related to systems development at consolidated subsidiary Benesse Corporation.

Assets related to systems development at consolidated subsidiary Benesse Corporation are not attributable to reporting segments because they are still under development.

(Millions of Yen)

Other items	Reporting segment total		Others		Adjustment		Amount in consolidated financial statements	
	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2011
Depreciation and amortization	9,199	9,485	1,102	1,102	(33)	(31)	10,268	10,556
Amortization of goodwill	2,637	3,111	122	70	—	—	2,759	3,182
Investments in equity-method affiliates	187	1,399	562	600	—	—	750	1,999
Increase in tangible and intangible fixed assets	18,174	13,750	2,280	1,260	6,587	6,927	27,042	21,938

Notes: Adjustments were made as follows.

1. The adjustment for depreciation and amortization includes elimination of unrealized losses relating to intersegment transactions (¥298 million for the previous fiscal year and ¥292 million for this fiscal year), and depreciation and amortization of Benesse Holdings, Inc. (¥265 million for the previous fiscal year and ¥260 million for this fiscal year) that is not attributable to the reporting segments.
2. The adjustment for increase in tangible and intangible fixed assets includes investment in systems development at consolidated subsidiary Benesse Corporation (¥6,523 million for the previous fiscal year and ¥6,949 million for this fiscal year), elimination of unrealized losses relating to intersegment transactions (¥212 million for the previous fiscal year and ¥320 million for this fiscal year), and capital investment at Benesse Holdings, Inc. (¥276 million for the previous fiscal year and ¥298 million for this fiscal year) that is not attributable to reporting segments.

Assets related to systems development at consolidated subsidiary Benesse Corporation are not attributable to reporting segments because they are still under development.

Additional Information

From this consolidated accounting period (April 1, 2010 – March 31, 2011), the Company adopted the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009), and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No.20, March 21, 2008).

(Subsequent Events)

1. Borrowing of significant funds

The Company has borrowed funds under the following loan agreement concluded with The Chugoku Bank Ltd.

(1) Use of funds

Long term working capital

(2) Contract date

April 28, 2011

(3) Lender

The Chugoku Bank Ltd.

(4) Loan amount

5,000 million yen

(5) Execution date

April 28, 2011

(6) Interest rate

Variable interest 0.35%

(7) Repayment method

Lump-sum repayment on April 30, 2015

(8) Assets pledged as collateral

None

2. Conclusion of overdraft agreement

The Company has concluded the following overdraft agreement with Sumitomo Mitsui Banking Corporation.

At present, the Company has not drawn on this account.

(1) Use of funds

Working capital

(2) Contract date

April 28, 2011

(3) Account provider

Sumitomo Mitsui Banking Corporation

(4) Overdraft limit

10,000 million yen

(5) Overdraft period

Until August 31, 2011

(6) Assets pledged as collateral

None