



October 31, 2011

**FY2011 SECOND 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**

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011	Percentage Change
	(Millions of Yen)		(%)
<b>Operating Results:</b>			
Net Sales	¥ 205,127	¥ 207,680	1.2 %
Operating Income	28,712	24,711	(13.9)
Ordinary Income	29,401	25,287	(14.0)
Net Income	15,718	13,267	(15.6)
<b>Per Share Data:</b>			
	(Yen)		
Net Income	¥ 159.22	¥ 135.52	
Fully Diluted Net Income	159.16	—	
	Year Ended March 31, 2011	Six Months Ended September 30, 2011	
	(Millions of Yen)		
<b>Financial Position (end of period):</b>			
Total Assets	¥ 405,119	¥ 388,925	
Total Equity	192,793	195,395	
Equity Ratio	46.2%	48.8%	

- 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) September 30, 2011: 104,153,453 shares March 31, 2011: 106,353,453 shares
    - Treasury stock at the end of period September 30, 2011: 6,940,973 shares March 31, 2011: 7,583,093 shares
    - Average of shares of common stock outstanding for the period (cumulative for the period)
 

September 30, 2011:	97,903,891 shares	September 30, 2010:	98,723,341 shares
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  - Comprehensive Income:
 

Six Months Ended September 30, 2011:	¥12,860 million (-17.3%)
Six Months Ended September 30, 2010:	¥15,549 million (— %)
  - Equity:
 

September 30, 2011:	¥189,722 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 Ending March 31, 2012	—	47.50	/	/	/
Fiscal Year Ending March 31, 2012 (Forecast)	/	/	—	47.50	95.00

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

	Entire Period	
	(Millions of Yen)	
Net Sales	¥	421,900
Operating Income		33,800
Ordinary Income		34,300
Net Income		18,300
		(Yen)
Net Income per Share	¥	188.25

- Notes:
1. Revision in the quarterly fiscal period under review to outlook for the fiscal 2011, ending March 31, 2012: Yes
  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)

	Six Months Ended September 30, 2010 (A)	Six Months Ended September 30, 2011 (B)	(B)/(A)	Year Ended March 31, 2011
Domestic Education Business Domain				
Senior High School Courses	¥ 15,957	¥ 14,268	89.4 %	¥ 28,476
Junior High School Courses	23,852	23,327	97.8	44,397
Elementary School Courses	37,539	37,887	100.9	72,366
Preschool Courses ( <i>Kodomo Challenge</i> )	12,858	12,366	96.2	26,409
School & Teacher Support	17,360	18,171	104.7	37,200
Other	14,270	14,304	100.2	31,725
Subtotal	121,838	120,327	98.8	240,576
Overseas Education Business Domain	4,599	5,255	114.2	9,394
Lifestyle Business Domain	13,488	11,493	85.2	28,260
Senior/Nursing Care Business Domain	27,959	32,119	114.9	58,897
Language/Global Leadership Training Business Domain	26,152	28,033	107.2	53,989
Others	11,089	10,452	94.3	21,709
Total	¥ 205,127	¥ 207,680	101.2 %	¥ 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	Six Months Ended September 30, 2010 (A)	Six Months Ended September 30, 2011 (B)	(B)/(A)	Year Ended March 31, 2011
Senior High School Courses	1,917	1,710	89.2 %	3,428
Junior High School Courses	4,239	4,175	98.5	7,923
Elementary School Courses	10,108	10,320	102.1	19,540
Preschool Courses ( <i>Kodomo Challenge</i> )	7,241	7,050	97.4	15,042
Total	23,507	23,255	98.9 %	45,935

**Number of Nursing Homes**

Series	As of September 30, 2010 (A)	As of September 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>	69	<b>78</b>	9	77
<i>Madoka</i>	39	<b>46</b>	7	43
<i>Bon Sejour</i>	29	<b>29</b>	—	29
<i>Cocochi</i>	—	<b>2</b>	2	—
<b>Total</b>	190	<b>210</b>	20	204

Note: *Bon Sejour* and *Cocochi* are nursing homes 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 August. (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**

Region	(Thousands)			
	Six Months Ended June 30, 2010 (A)	Six Months Ended June 30, 2011 (B)	(B)/(A)	Year Ended December 31, 2010
Americas	972	<b>1,020</b>	104.9 %	1,954
Europe	1,291	<b>1,269</b>	98.3	2,453
Asia	780	<b>809</b>	103.6	1,630
<b>Total</b>	3,045	<b>3,098</b>	101.8 %	6,038

- Notes:
- Number of lessons in Berlitz own-operated language centers.
  - Starting from the first quarter of the current fiscal year, ending March 31 2012, North America and Latin America have been combined as "Americas".
  - (Reference information)

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

Number of Lessons		(Thousands)	
Region	Nine Months Ended September 30, 2010 (A)	Nine Months Ended September 30, 2011 (B)	(B)/(A)
Americas	1,479	<b>1,559</b>	105.4 %
Europe	1,827	<b>1,900</b>	104.0
Asia	1,213	<b>1,275</b>	105.0
<b>Total</b>	4,521	<b>4,735</b>	104.7 %

**CONSOLIDATED BALANCE SHEETS**

<b>Assets</b>	March 31, 2011	September 30, 2011
	(Millions of Yen)	
<b>Current Assets:</b>		
Cash and time deposits	¥ 93,982	¥ 71,611
Notes and accounts receivable-trade	26,185	25,437
Marketable securities	32,053	76,703
Merchandise and finished goods	14,334	10,655
Work in progress	4,255	4,317
Raw materials and supplies	1,693	1,496
Other current assets	62,576	30,131
Allowance for doubtful receivables	(1,536)	(1,435)
Total Current Assets	233,544	218,917
<b>Fixed Assets:</b>		
<b>Tangible Fixed Assets:</b>		
Buildings and structures-net	28,223	27,625
Land	35,985	35,984
Other tangible fixed assets-net	10,913	10,558
Total Tangible Fixed Assets	75,122	74,167
<b>Intangible Fixed Assets:</b>		
Goodwill	15,620	15,172
Other intangible fixed assets	27,914	27,993
Total Intangible Fixed Assets	43,535	43,166
<b>Investments and Other Assets:</b>		
Investment securities	16,756	15,880
Other assets	36,245	36,876
Allowance for doubtful receivables	(84)	(84)
Total Investments and Other Assets	52,917	52,673
Total Fixed Assets	171,575	170,007
<b>Total</b>	¥ 405,119	¥ 388,925

## CONSOLIDATED BALANCE SHEETS

Liabilities and Equity	March 31, 2011	September 30, 2011
	(Millions of Yen)	
<b>Current Liabilities:</b>		
Notes and accounts payable-trade	¥ 13,114	¥ 10,261
Short-term debt	467	369
Current portion of long-term debt	44	12
Accrued income taxes	14,323	10,644
Advances received	78,655	68,709
Reserve for after-service costs	728	1,256
Reserve for employees' bonuses	6,290	4,669
Reserve for goods return	448	333
Other current liabilities	35,215	27,295
Total Current Liabilities	149,289	123,552
<b>Long-Term Liabilities:</b>		
Long-term debt, less current portion	25,009	30,002
Reserve for employees' retirement benefits	2,980	3,007
Reserve for directors' retirement allowances	1,435	176
Other long-term liabilities	33,611	36,790
Total Long-Term Liabilities	63,036	69,977
Total Liabilities	212,326	193,529
<b>Total Equity:</b>		
Equity:		
Common stock	13,600	13,600
Capital surplus	29,381	29,358
Retained earnings	177,342	178,379
Treasury stock, at cost	(26,067)	(23,844)
Total Shareholders' Equity	194,255	197,493
Accumulated other comprehensive income:		
Unrealized loss on available-for-sale securities	(17)	(227)
Foreign currency statements translation adjustments	(6,793)	(7,144)
Pension liability adjustments in a foreign consolidated subsidiary	(401)	(398)
Total accumulated other comprehensive income	(7,212)	(7,770)
Stock acquisition rights	683	683
Minority interests	5,065	4,989
Total Equity	192,793	195,395
<b>Total</b>	¥ 405,119	¥ 388,925

## CONSOLIDATED STATEMENTS OF INCOME

	Six Months Ended September 30, 2010		Six Months Ended September 30, 2011	
	(Millions of Yen)			
<b>Net Sales</b>	¥	205,127	¥	207,680
<b>Cost of Sales:</b>		102,070		105,659
Gross Profit		103,057		102,021
Reversal of reserve for goods return		474		448
Provision for reserve for goods return		403		333
Adjusted Gross Profit		103,127		102,137
<b>Selling, General and Administrative Expenses:</b>				
Direct mail expenses		9,385		9,973
Advertising expenses		5,169		4,663
Wages and salaries		15,529		15,854
Provision for reserve for employees' bonuses		2,111		2,227
Provision for reserve for employees' retirement benefits		581		604
Provision for reserve for directors' retirement allowances		58		39
Provision for allowance for doubtful receivables		232		321
Other		41,348		43,739
Total Selling, General and Administrative Expenses		74,415		77,425
<b>Operating Income</b>		28,712		24,711
<b>Non-Operating Income:</b>				
Interest income		266		207
Rent income		234		241
Gain on sales of investment securities		403		46
Gain on derivatives		584		615
Other		337		582
Total Non-Operating Income		1,825		1,693
<b>Non-Operating Expenses:</b>				
Rent expenses		78		115
Foreign exchange loss		842		705
Other		216		296
Total Non-Operating Expenses		1,137		1,117
<b>Ordinary Income</b>		29,401		25,287
<b>Special Gains:</b>				
Gain on sales of fixed assets		2		—
Gain on sales of investments of a consolidated subsidiary		117		—
Gain on transfer of business		80		193
Total Special Gains		200		193
<b>Special Losses:</b>				
Loss on sales and disposal of fixed assets		342		649
Loss on impairment of long-lived assets		—		59
Valuation loss on investment securities		20		7
Loss on liquidation of subsidiaries		205		—
Loss on adjustment for changes of accounting standard for asset retirement obligations		614		—
Other		6		1
Total Special Losses		1,188		718
<b>Income before Income Taxes and Minority Interests</b>		28,412		24,761
<b>Income Taxes</b>		12,613		11,343
<b>Net Income before Minority Interests</b>		15,799		13,418
<b>Minority Interests in Net Income</b>		81		150
<b>Net Income</b>	¥	15,718	¥	13,267

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Six Months Ended September 30, 2010		Six Months Ended September 30, 2011	
	(Millions of Yen)			
<b>Net Income before Minority Interests</b>	¥	15,799	¥	13,418
<b>Other Comprehensive Income</b>				
Unrealized gain (loss) on available-for-sale securities		73		(209)
Foreign currency statements translation adjustments		(338)		(350)
Pension liability adjustments in a foreign consolidated subsidiary		14		3
Share of other comprehensive income in associates		—		(1)
Total Other Comprehensive Income		(250)		(557)
<b>Comprehensive Income</b>	¥	15,549	¥	12,860
<b>Total Comprehensive Income Attributable to</b>				
Owners of the parent	¥	15,487	¥	12,709
Minority interests		62		151

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended September 30, 2010		Six Months Ended September 30, 2011	
	(Millions of Yen)			
<b>Operating Activities:</b>				
Income before income taxes and minority interests	¥	28,412	¥	24,761
Depreciation and amortization		6,751		6,901
Decrease in allowances and reserves-net		(1,740)		(1,410)
Other non-cash expenses-net		334		469
Decrease in trade accounts receivable		584		901
Decrease in inventories		3,146		3,852
Decrease in accounts receivable-other		25,637		24,940
Decrease in notes and accounts payable-trade		(2,039)		(2,891)
Decrease in accounts payable-other		(7,591)		(4,830)
Decrease in advances received		(12,429)		(10,289)
Changes in other assets and liabilities-net		3,530		4,037
Subtotal		<u>44,595</u>		<u>46,442</u>
Interest and dividends received		341		270
Interest paid		(64)		(103)
Income taxes paid		(6,072)		(15,285)
Income taxes refund		—		5,788
Net Cash Provided by Operating Activities		<u>38,800</u>		<u>37,111</u>
<b>Investing Activities:</b>				
Purchases of marketable securities		(39,608)		(27,426)
Proceeds from sales of marketable securities		30,110		28,803
Purchases of property and equipment		(2,167)		(1,792)
Purchases of software		(5,602)		(6,823)
Purchases of investment securities		(2,490)		(2,105)
Proceeds from sales of investment securities		4,943		2,866
Proceeds from sales of investments of a consolidated subsidiary		229		—
Proceeds from transfer of business		153		297
(Increase) Decrease in time deposits-net		2,026		(18)
Other-net		(1,662)		(1,522)
Net Cash Used in Investing Activities		<u>(14,067)</u>		<u>(7,722)</u>
<b>Financing Activities:</b>				
Decrease in short-term bank loans-net		(772)		(98)
Proceeds from long-term debt		19		5,000
Repayment of long-term debt		(50)		(38)
Dividends paid		(4,436)		(4,691)
Proceeds from exercise of stock options		499		—
Purchases of treasury stock		(1)		(5,339)
Purchases of treasury stock by consolidated subsidiaries		(1,117)		—
Other-net		(531)		(673)
Net Cash Used in Financing Activities		<u>(6,390)</u>		<u>(5,841)</u>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>		<u>(1,204)</u>		<u>56</u>
<b>Increase in Cash and Cash Equivalents</b>		<u>17,138</u>		<u>23,605</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>77,313</u>	¥	<u>125,296</u>

**SEGMENT INFORMATION****Six Months Ended September 30, 2011**

(Millions of Yen)

	Sales			Segment Income (loss)
	To customers	Intersegment	Total sales	
<b>Reportable Segments:</b>				
Domestic Education Business Domain	¥ 120,327	¥ 121	¥ 120,449	¥ 24,633
Overseas Education Business Domain	5,255	—	5,255	(740)
Lifestyle Business Domain	11,493	0	11,494	(254)
Senior/Nursing Care Business Domain	32,119	22	32,142	1,831
Language/Global Leadership Training Business Domain	28,033	25	28,058	398
Subtotal	197,228	171	197,399	25,867
Others	10,452	10,604	21,056	(131)
Total	207,680	10,776	218,456	25,736
Adjustment	—	(10,776)	(10,776)	(1,025)
Consolidated	¥ 207,680	¥ —	¥ 207,680	¥ 24,711

- 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 ¥-1,025 million includes intersegment eliminations of ¥79 million and corporate expenses not allocated to segments of ¥-1,104 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.

**Six Months Ended September 30, 2010**

(Millions of Yen)

	Sales			Segment Income (loss)
	To customers	Intersegment	Total sales	
<b>Reportable Segments:</b>				
Domestic Education Business Domain	¥ 121,838	¥ 112	¥ 121,950	¥ 28,735
Overseas Education Business Domain	4,599	0	4,599	(401)
Lifestyle Business Domain	13,488	15	13,503	(442)
Senior/Nursing Care Business Domain	27,959	21	27,981	1,530
Language/Global Leadership Training Business Domain	26,152	27	26,180	97
Subtotal	194,038	176	194,215	29,518
Others	11,089	12,365	23,455	(11)
Total	205,127	12,542	217,670	29,507
Adjustment	—	(12,542)	(12,542)	(795)
Consolidated	¥ 205,127	¥ —	¥ 205,127	¥ 28,712

- 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 ¥-795 million includes intersegment eliminations of ¥411 million and corporate expenses not allocated to segments of ¥-1,206 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. Purchase of treasury stock  
The Company purchased 1,556,800 shares of its treasury stock for ¥5,335 million during the six months ended September 30, 2011, 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 during the six months ended September 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

### Corporate Integration through Acquisition

Berlitz Corporation, a consolidated subsidiary of Benesse Holdings, Inc. acquired all of the outstanding shares of Telalangue SA (Headquarters: Paris, France) on August 10, 2011 (French local time). This acquisition made Telalangue SA into a subsidiary of Berlitz Corporation.

#### 1. Overview of Integration

- (a) Name of acquired company and details of business

Acquired company: Telalangue SA

Business acquired: Language instruction business

- (b) Reasons for corporate integration

Telalangue SA provides remote language services for many global corporations. The company has an advanced learning management system (LMS) that allows students to manage their learning progress. The LMS forms the core infrastructure for the company's phone classes and e-learning programs, which it provides to students all over the world. Berlitz Corporation will utilize the expertise of Telalangue SA to add e-learning and phone-based training to its face-to-face lessons, which have earned a strong reputation. In doing so, Berlitz Corporation will strengthen its framework for comprehensively meeting the needs of globalizing corporations.

- (c) Date of integration

August 10, 2011 (French local time)

The fiscal year-end of Berlitz Corporation is December 31. Accordingly, Telalangue SA's post-integration business results will be included in consolidated results from the third quarter of the fiscal year.

- (d) Legal form of the integration

Cash acquisition of shares

- (e) Name after integration

Telalangue SA

- (f) Percentage of voting rights acquired

100%

- (g) Basis for determination of the acquiring company

The Company's consolidated subsidiary acquired the shares by cash.

#### 2. Price for Acquired Company and Breakdown

Acquisition price: Cash €54 million