

October 1, 2014

Notice of Revisions to Business Forecasts

Tokyo Individualized Educational Institute, Inc. ("TIEI") expects its operating income, ordinary income and net income forecasts for the six months ended August 31, 2014, which were announced on April 9, 2014, to exceed, respectively. Therefore, TIEI made revisions to its business forecasts for the six months ended August 31, 2014 as follows.

1. Revisions to forecasts for the six months ended August 31, 2014
(March 1, 2014 through August 31, 2014)

	(Million yen)				
	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecast (A)	7,404	-50	-48	-105	-1.94
Revised forecast (B)	7,354	81	84	37	0.69
YoY change (B - A)	-50	132	133	143	
Percentage change (%)	-0.7	—	—	—	
Reference: Previous results (FY2/14 2Q)	6,688	-79	-77	-64	-1.18

2. Reasons for revisions

In the first half of the current fiscal year, TIEI opened seven new schools in accordance with the Company's Medium-term Business Plan, Shining ☆2015, bringing the total to 215 schools as of the end of July. In order to enhance convenience of students and boost profitability, the Company moved certain schools to more convenient locations and refurbished existing schools. In addition the Company continued to air TV commercials and further refined its marketing strategy. These diverse initiatives directly linked to enhancing profitability in the current term translated into a record number of inquiries.

Sales are expected to be largely on target (estimated year-on-year increase of about 10% or 665 million yen). Enrollment in summer programs was also favorable. Furthermore, the rate of withdrawals which had been a recent issue is also on the decline.

Operating income is likely to surpass the previous forecast by 132 million yen (rising an estimated 161 million yen from the same period a year earlier) due a combination of factors including a more efficient budget execution and the postponement of a certain portion of marketing expenses to the second half.

Full year business forecasts are currently being assessed and will be released at the time of the second quarter earnings announcement scheduled for October 8, 2014.

(Note) Above forecasts regarding future performance are based on information available at the time this report was prepared. Therefore, actual results may differ from the forecasts due to various factors.