

# Translation

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## Summary of Consolidated Financial Results for the Year Ended September 30, 2015 (Based on Japanese GAAP)

November 10, 2015

Company name: TKC Corporation  
 Stock exchange listing: Tokyo  
 Stock code: 9746 URL <http://www.tkc.jp/>  
 Representative: President and Representative Director Kazuyuki Sumi  
 Vice President and Representative Director,  
 Inquiries: General Manager of Management Hitoshi Iwata TEL 03-3235-5511  
 Administration Division  
 Scheduled date of ordinary general meeting of shareholders: December 22, 2015  
 Scheduled date to file Securities Report: December 25, 2015  
 Scheduled date to commence dividend payments: December 24, 2015  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended September 30, 2015 (from October 1, 2014 to September 30, 2015)

#### (1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2015	54,928	0.8	6,741	8.9	7,042	10.0	4,011	11.3
Year ended September 30, 2014	54,502	2.6	6,192	3.8	6,401	3.5	3,604	(2.2)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2015	151.18	150.63	6.7	9.3	12.3
Year ended September 30, 2014	135.55	135.15	6.3	8.7	11.4

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2015	76,836	62,630	79.6	2,304.38
As of September 30, 2014	75,266	59,906	77.7	2,205.39

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2015	6,485	(4,558)	(1,333)	16,619
Year ended September 30, 2014	4,402	(2,873)	(1,125)	16,025

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2014	—	22.00	—	22.00	44.00	1,169	32.5	2.0
Year ended September 30, 2015	—	33.00	—	38.00	71.00	1,884	47.0	3.1
Year ending September 30, 2016 (Forecast)	—	38.00	—	38.00	76.00		49.2	

3. Forecast of consolidated financial results for the year ending September 30, 2016 (from October 1, 2015 to September 30, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending March 31, 2016	27,700	(0.2)	3,700	(23.7)	3,750	(23.9)	2,450	(13.5)	92.27
Full year	55,800	1.6	6,200	(8.0)	6,450	(8.4)	4,100	2.2	154.41

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2015

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements after error corrections: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2015	26,731,033 shares	As of September 30, 2014	26,731,033 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	179,386 shares	As of September 30, 2014	209,466 shares
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Average number of shares during the period

Year ended September 30, 2015	26,532,013 shares	Year ended September 30, 2014	26,587,901 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2014	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	23,625	21,919
Notes and accounts receivable - trade	7,685	6,411
Lease investment assets	31	174
Merchandise and finished goods	320	308
Work in process	428	189
Raw materials and supplies	121	139
Deferred tax assets	2,130	1,894
Other	637	663
Allowance for doubtful accounts	(37)	(34)
Total current assets	34,944	31,666
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,364	5,561
Machinery, equipment and vehicles, net	443	547
Tools, furniture and fixtures, net	1,011	996
Land	6,334	6,346
Leased assets, net	84	163
Construction in progress	428	880
Total property, plant and equipment	13,668	14,495
Intangible assets		
Software	835	2,611
Software in progress	1,877	724
Other	31	30
Total intangible assets	2,744	3,365
Investments and other assets		
Investment securities	6,851	13,326
Long-term loans receivable	17	4
Deferred tax assets	2,694	2,431
Long-term time deposits	12,700	9,400
Guarantee deposits	1,349	1,453
Long-term lease investment assets	100	547
Other	195	146
Total investments and other assets	23,908	27,308
Total non-current assets	40,321	45,169
Total assets	75,266	76,836

(Millions of yen)

	As of September 30, 2014	As of September 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	3,296	2,540
Short-term loans payable	328	60
Current portion of long-term loans payable	—	71
Lease obligations	56	225
Accounts payable - other	3,710	3,525
Income taxes payable	1,783	1,243
Accrued consumption taxes	633	769
Provision for bonuses	2,708	2,450
Other	764	862
Total current liabilities	13,281	11,749
Non-current liabilities		
Long-term loans payable	—	366
Lease obligations	164	673
Net defined benefit liability	1,084	818
Other	829	598
Total non-current liabilities	2,078	2,456
Total liabilities	15,359	14,206
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,409	5,419
Retained earnings	47,399	49,906
Treasury shares	(406)	(349)
Total shareholders' equity	58,102	60,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	388	508
Total accumulated other comprehensive income	388	508
Subscription rights to shares	100	127
Minority interests	1,315	1,317
Total net assets	59,906	62,630
Total liabilities and net assets	75,266	76,836

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Net sales	54,502	54,928
Cost of sales	20,389	19,180
Gross profit	34,112	35,747
Selling, general and administrative expenses	27,920	29,006
Operating income	6,192	6,741
Non-operating income		
Interest income	19	30
Dividend income	101	148
Land and house rent received	35	38
Compensation income	—	56
Share of profit of entities accounted for using equity method	12	—
Other	43	37
Total non-operating income	212	310
Non-operating expenses		
Interest expenses	1	5
Foreign exchange losses	0	0
Commission for purchase of treasury shares	0	—
Share of loss of entities accounted for using equity method	—	4
Other	—	0
Total non-operating expenses	3	9
Ordinary income	6,401	7,042
Extraordinary income		
Gain on sales of non-current assets	2	1
Subsidy income	—	10
Total extraordinary income	2	11
Extraordinary losses		
Loss on sales of non-current assets	8	—
Loss on retirement of non-current assets	35	83
Impairment loss	21	2
Loss on valuation of golf club membership	—	5
Total extraordinary losses	65	91
Income before income taxes and minority interests	6,338	6,962
Income taxes - current	2,767	2,448
Income taxes - deferred	(36)	486
Total income taxes	2,731	2,934
Income before minority interests	3,607	4,027
Minority interests in income	3	16
Net income	3,604	4,011

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Income before minority interests	3,607	4,027
Other comprehensive income		
Valuation difference on available-for-sale securities	219	121
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	219	121
Comprehensive income	3,827	4,149
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,820	4,131
Comprehensive income attributable to minority interests	7	18

## Consolidated statements of changes in equity

Fiscal year ended September 30, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,700	5,409	44,966	(194)	55,880
Cumulative effects of changes in accounting policies					—
Restated balance	5,700	5,409	44,966	(194)	55,880
Changes of items during period					
Dividends of surplus			(1,171)		(1,171)
Net income			3,604		3,604
Purchase of treasury shares				(211)	(211)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,433	(211)	2,221
Balance at end of current period	5,700	5,409	47,399	(406)	58,102

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	172	172	55	1,312	57,421
Cumulative effects of changes in accounting policies					—
Restated balance	172	172	55	1,312	57,421
Changes of items during period					
Dividends of surplus					(1,171)
Net income					3,604
Purchase of treasury shares					(211)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity	216	216	45	2	263
Total changes of items during period	216	216	45	2	2,484
Balance at end of current period	388	388	100	1,315	59,906

Fiscal year ended September 30, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,700	5,409	47,399	(406)	58,102
Cumulative effects of changes in accounting policies			(44)		(44)
Restated balance	5,700	5,409	47,354	(406)	58,057
Changes of items during period					
Dividends of surplus			(1,459)		(1,459)
Net income			4,011		4,011
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		10		60	70
Net changes of items other than shareholders' equity					
Total changes of items during period	–	10	2,552	57	2,619
Balance at end of current period	5,700	5,419	49,906	(349)	60,676

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	388	388	100	1,315	59,906
Cumulative effects of changes in accounting policies				11	(33)
Restated balance	388	388	100	1,326	59,872
Changes of items during period					
Dividends of surplus					(1,459)
Net income					4,011
Purchase of treasury shares					(3)
Disposal of treasury shares					70
Net changes of items other than shareholders' equity	119	119	26	(8)	137
Total changes of items during period	119	119	26	(8)	2,757
Balance at end of current period	508	508	127	1,317	62,630



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	6,338	6,962
Depreciation	2,066	2,239
Increase (decrease) in allowance for doubtful accounts	(14)	(2)
Increase (decrease) in provision for bonuses	433	(258)
Increase (decrease) in provision for retirement benefits	(657)	—
Increase (decrease) in net defined benefit liability	1,084	482
A	(3,000)	(800)
Interest and dividend income	(121)	(179)
Interest expenses	1	5
Share of (profit) loss of entities accounted for using equity method	(12)	4
Loss on retirement of non-current assets	35	83
Loss (gain) on sales of non-current assets	5	(1)
Impairment loss	21	2
Share-based compensation expenses	45	44
Decrease (increase) in notes and accounts receivable - trade	(306)	1,385
Decrease (increase) in inventories	(308)	233
Decrease (increase) in other assets	(23)	50
Increase (decrease) in notes and accounts payable - trade	(220)	(783)
Increase (decrease) in other liabilities	158	(370)
Increase (decrease) in accrued consumption taxes	482	136
Other, net	3	43
Subtotal	6,013	9,278
Interest and dividend income received	132	191
Interest expenses paid	(1)	(4)
Income taxes paid	(1,741)	(2,979)
Net cash provided by (used in) operating activities	4,402	6,485
Cash flows from investing activities		
Payments into time deposits	(6,600)	(4,000)
Proceeds from withdrawal of time deposits	7,300	9,600
Proceeds from redemption of securities	300	—
Purchase of property, plant and equipment	(1,060)	(1,966)
Proceeds from sales of property, plant and equipment	6	14
Y	—	(59)
Purchase of intangible assets	(1,829)	(1,709)
Purchase of investment securities	(1,001)	(6,338)
Payments for guarantee deposits	(11)	(135)
Proceeds from collection of guarantee deposits	16	32
Collection of loans receivable	12	12
Other payments	(6)	(16)
Other proceeds	0	6
Net cash provided by (used in) investing activities	(2,873)	(4,558)

(Millions of yen)

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	300	(268)
C	–	500
Repayments of long-term loans payable	(14)	(61)
Repayments of lease obligations	(22)	(40)
Purchase of treasury shares	(212)	(3)
Cash dividends paid	(1,171)	(1,459)
Cash dividends paid to minority shareholders	(4)	–
Other, net	–	0
Net cash provided by (used in) financing activities	(1,125)	(1,333)
Net increase (decrease) in cash and cash equivalents	403	593
Cash and cash equivalents at beginning of period	15,622	16,025
Cash and cash equivalents at end of period	16,025	16,619