

Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2016 (Based on Japanese GAAP)

May 13, 2016

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 to file Quarterly Securities Report: May 16, 2016
 Scheduled date to commence dividend payments: June 13, 2016
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2016 (from October 1, 2015 to March 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2016	29,708	7.0	5,187	7.0	5,251	6.6	3,364	18.9
Six months ended March 31, 2015	27,753	4.5	4,846	50.2	4,927	48.9	2,830	47.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2016	126.71	126.18
Six months ended March 31, 2015	106.70	106.32

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2016	78,454	64,198	79.9
As of September 30, 2015	76,836	62,630	79.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2015	—	33.00	—	38.00	71.00
Year ending September 30, 2016	—	40.00			
Year ending September 30, 2016 (Forecast)			—	40.00	80.00

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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	56,000	2.0	6,550	(2.8)	6,750	(4.2)	4,200	4.7	158.18

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No

(4) Number of issued shares (common shares)

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

As of March 31, 2016	26,731,033 shares	As of September 30, 2015	26,731,033 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	179,586 shares	As of September 30, 2015	179,386 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2016	26,551,560 shares	Six months ended March 31, 2015	26,528,744 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	21,919	18,014
Notes and accounts receivable - trade	6,411	8,324
Inventories	637	535
Other	2,733	2,617
Allowance for doubtful accounts	(34)	(32)
Total current assets	31,666	29,459
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,561	6,710
Land	6,346	6,502
Other, net	2,587	1,828
Total property, plant and equipment	14,495	15,041
Intangible assets	3,365	3,303
Investments and other assets		
Investment securities	13,326	17,251
Long-term time deposits	9,400	8,500
Guarantee deposits	1,453	1,363
Other	3,129	3,534
Total investments and other assets	27,308	30,650
Total non-current assets	45,169	48,994
Total assets	76,836	78,454
Liabilities		
Current liabilities		
Accounts payable - trade	2,540	2,779
Short-term loans payable	131	171
Accounts payable - other	4,521	2,982
Income taxes payable	1,243	2,105
Provision for bonuses	2,450	2,722
Other	862	1,089
Total current liabilities	11,749	11,850
Non-current liabilities		
Long-term loans payable	366	330
Net defined benefit liability	818	902
Other	1,271	1,171
Total non-current liabilities	2,456	2,405
Total liabilities	14,206	14,255

	(Millions of yen)	
	As of September 30, 2015	As of March 31, 2016
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,419	5,419
Retained earnings	49,906	52,262
Treasury shares	(349)	(349)
Total shareholders' equity	60,676	63,031
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	508	(316)
Total accumulated other comprehensive income	508	(316)
Subscription rights to shares	127	176
Non-controlling interests	1,317	1,307
Total net assets	62,630	64,198
Total liabilities and net assets	76,836	78,454

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Six months ended March 31, 2015	Six months ended March 31, 2016
Net sales	27,753	29,708
Cost of sales	9,751	10,469
Gross profit	18,002	19,238
Selling, general and administrative expenses	13,155	14,051
Operating income	4,846	5,187
Non-operating income		
Interest income	14	19
Dividend income	23	23
Dividend income of insurance	15	17
Land and house rent received	18	18
Share of profit of entities accounted for using equity method	0	—
Other	11	13
Total non-operating income	83	92
Non-operating expenses		
Interest expenses	2	3
Foreign exchange losses	0	—
Share of loss of entities accounted for using equity method	—	25
Other	0	0
Total non-operating expenses	2	28
Ordinary income	4,927	5,251
Extraordinary income		
Gain on sales of non-current assets	—	10
Total extraordinary income	—	10
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	69	24
Total extraordinary losses	69	25
Income before income taxes and minority interests	4,858	5,236
Income taxes - current	1,448	2,025
Income taxes - deferred	612	(155)
Total income taxes	2,061	1,869
Profit	2,797	3,366
Profit (loss) attributable to non-controlling interests	(33)	2
Profit attributable to owners of parent	2,830	3,364

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended March 31, 2015	Six months ended March 31, 2016
Profit	2,797	3,366
Other comprehensive income		
Valuation difference on available-for-sale securities	514	(828)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	515	(828)
Comprehensive income	3,312	2,537
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,342	2,539
Comprehensive income attributable to non-controlling interests	(29)	(1)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2015	Six months ended March 31, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	4,858	5,236
Depreciation	1,078	1,308
Loss (gain) on sales of non-current assets	–	(9)
Loss on retirement of non-current assets	69	24
Increase (decrease) in provision for bonuses	(439)	271
Increase (decrease) in net defined benefit liability	92	84
Decrease (increase) in notes and accounts receivable - trade	(1,125)	(2,144)
Decrease (increase) in other assets	362	190
Increase (decrease) in notes and accounts payable - trade	(518)	356
Increase (decrease) in other liabilities	(1,148)	(933)
Other, net	11	32
Subtotal	3,240	4,417
Interest and dividend income received	47	36
Interest expenses paid	(2)	(3)
Income taxes paid	(1,721)	(1,204)
Net cash provided by (used in) operating activities	1,563	3,247
Cash flows from investing activities		
Payments into time deposits	(2,500)	(1,500)
Proceeds from withdrawal of time deposits	4,600	4,700
Purchase of property, plant and equipment	(815)	(1,124)
Payments for retirement of property, plant and equipment	(59)	–
Purchase of intangible assets	(991)	(777)
Purchase of investment securities	(2,017)	(6,162)
Proceeds from redemption of investment securities	–	1,000
Other, net	31	49
Net cash provided by (used in) investing activities	(1,752)	(3,814)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(328)	40
Proceeds from long-term loans payable	500	–
Repayments of long-term loans payable	(26)	(35)
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(585)	(1,008)
Dividends paid to non-controlling interests	–	(8)
Other, net	(16)	(24)
Net cash provided by (used in) financing activities	(456)	(1,037)
Net increase (decrease) in cash and cash equivalents	(645)	(1,604)
Cash and cash equivalents at beginning of period	16,025	16,619
Cash and cash equivalents at end of period	15,380	15,014