

# Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2016 (Based on Japanese GAAP)

August 10, 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: August 12, 2016  
 Scheduled date to commence dividend payments: –  
 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 nine months ended June 30, 2016 (from October 1, 2015 to June 30, 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	%
Nine months ended June 30, 2016	43,702	6.1	7,698	15.0	7,853	14.1	4,959	25.4
Nine months ended June 30, 2015	41,194	4.0	6,696	26.3	6,880	25.5	3,955	28.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2016	186.78	185.98
Nine months ended June 30, 2015	149.10	148.56

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	77,434	64,533	81.3
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 nine months ended June 30, 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 June 30, 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 June 30, 2016	179,688 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)

Nine months ended June 30, 2016	26,551,499 shares	Nine months ended June 30, 2015	26,530,771 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Millions of yen)

	As of September 30, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	21,919	19,332
Notes and accounts receivable - trade	6,411	6,317
Inventories	637	526
Other	2,733	2,202
Allowance for doubtful accounts	(34)	(35)
Total current assets	31,666	28,343
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,561	6,616
Land	6,346	6,502
Other, net	2,587	1,696
Total property, plant and equipment	14,495	14,815
Intangible assets	3,365	3,589
Investments and other assets		
Investment securities	13,326	16,611
Long-term time deposits	9,400	8,500
Guarantee deposits	1,453	1,314
Other	3,129	4,259
Total investments and other assets	27,308	30,686
Total non-current assets	45,169	49,090
Total assets	76,836	77,434
Liabilities		
Current liabilities		
Accounts payable - trade	2,540	1,715
Short-term loans payable	131	111
Accounts payable - other	4,521	3,694
Income taxes payable	1,243	1,174
Provision for bonuses	2,450	1,213
Other	862	2,410
Total current liabilities	11,749	10,319
Non-current liabilities		
Long-term loans payable	366	313
Net defined benefit liability	818	948
Other	1,271	1,319
Total non-current liabilities	2,456	2,581
Total liabilities	14,206	12,900

	(Millions of yen)	
	As of September 30, 2015	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,419	5,419
Retained earnings	49,906	52,795
Treasury shares	(349)	(350)
Total shareholders' equity	60,676	63,564
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	508	(580)
Total accumulated other comprehensive income	508	(580)
Subscription rights to shares	127	176
Non-controlling interests	1,317	1,373
Total net assets	62,630	64,533
Total liabilities and net assets	76,836	77,434

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended June 30, 2015	Nine months ended June 30, 2016
Net sales	41,194	43,702
Cost of sales	14,088	14,952
Gross profit	27,106	28,750
Selling, general and administrative expenses	20,409	21,052
Operating income	6,696	7,698
Non-operating income		
Interest income	21	29
Dividend income	96	105
Dividend income of insurance	16	17
Land and house rent received	28	28
Share of profit of entities accounted for using equity method	7	—
Other	17	16
Total non-operating income	187	198
Non-operating expenses		
Interest expenses	3	4
Foreign exchange losses	0	—
Share of loss of entities accounted for using equity method	—	38
Other	0	0
Total non-operating expenses	3	42
Ordinary income	6,880	7,853
Extraordinary income		
Gain on sales of non-current assets	—	10
Subsidy income	10	—
Total extraordinary income	10	10
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	69	25
Total extraordinary losses	69	25
Income before income taxes and minority interests	6,821	7,838
Income taxes - current	1,620	2,332
Income taxes - deferred	1,220	476
Total income taxes	2,840	2,808
Profit	3,980	5,029
Profit attributable to non-controlling interests	24	70
Profit attributable to owners of parent	3,955	4,959

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended June 30, 2015	Nine months ended June 30, 2016
Profit	3,980	5,029
Other comprehensive income		
Valuation difference on available-for-sale securities	950	(1,094)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	951	(1,095)
Comprehensive income	4,932	3,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,902	3,870
Comprehensive income attributable to non-controlling interests	29	64