

Translation

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

February 10, 2017

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: February 13, 2017
 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 three months ended December 31, 2016 (from October 1, 2016 to December 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	%
Three months ended December 31, 2016	13,423	(4.6)	1,537	(38.3)	1,626	(36.2)	1,082	(37.1)
Three months ended December 31, 2015	14,065	15.5	2,493	103.3	2,547	97.9	1,720	111.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2016	40.75		40.55	
Three months ended December 31, 2015	64.80		64.54	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	77,658	65,421	82.3
As of September 30, 2016	81,116	64,556	77.7

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, 2016	–	40.00	–	40.00	80.00
Year ending September 30, 2017	–				
Year ending September 30, 2017 (Forecast)		40.00	–	40.00	80.00

3. Forecast of consolidated financial results for the year ending September 30, 2017 (from October 1, 2016 to September 30, 2017)

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
Six months ending March 31, 2017	28,200	(5.1)	3,200	(38.3)	3,300	(37.2)	2,150	(36.1)	80.98
Full year	58,000	0.4	7,100	(7.1)	7,350	(3.3)	4,800	0.6	180.78

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 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: No
- 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 December 31, 2016	26,731,033 shares	As of September 30, 2016	26,731,033 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	149,295 shares	As of September 30, 2016	179,775 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2016	26,553,229 shares	Three months ended December 31, 2015	26,551,605 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of September 30, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	19,552	16,892
Notes and accounts receivable - trade	6,335	5,531
Inventories	631	499
Other	3,069	2,353
Allowance for doubtful accounts	(36)	(35)
Total current assets	29,554	25,240
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,554	6,449
Land	6,607	6,607
Other, net	1,743	1,866
Total property, plant and equipment	14,906	14,923
Intangible assets	3,712	3,698
Investments and other assets		
Investment securities	20,216	21,384
Long-term time deposits	7,000	7,000
Guarantee deposits	1,303	1,304
Other	4,422	4,106
Total investments and other assets	32,943	33,795
Total non-current assets	51,562	52,417
Total assets	81,116	77,658
Liabilities		
Current liabilities		
Accounts payable - trade	2,602	1,797
Short-term loans payable	111	121
Accounts payable - other	4,191	2,981
Income taxes payable	2,203	70
Provision for bonuses	2,853	1,282
Other	1,457	2,719
Total current liabilities	13,419	8,972
Non-current liabilities		
Long-term loans payable	295	277
Net defined benefit liability	1,583	1,600
Other	1,261	1,386
Total non-current liabilities	3,140	3,263
Total liabilities	16,559	12,236

	(Millions of yen)	
	As of September 30, 2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,419	5,409
Retained earnings	52,606	52,621
Treasury shares	(350)	(291)
Total shareholders' equity	63,374	63,439
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(339)	461
Total accumulated other comprehensive income	(339)	461
Subscription rights to shares	176	178
Non-controlling interests	1,345	1,342
Total net assets	64,556	65,421
Total liabilities and net assets	81,116	77,658

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2015	Three months ended December 31, 2016
Net sales	14,065	13,423
Cost of sales	4,640	4,738
Gross profit	9,425	8,685
Selling, general and administrative expenses	6,932	7,148
Operating income	2,493	1,537
Non-operating income		
Interest income	9	9
Dividend income	23	50
Dividend income of insurance	14	11
Land and house rent received	9	9
Share of profit of entities accounted for using equity method	—	1
Other	7	7
Total non-operating income	63	90
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	0	0
Share of loss of entities accounted for using equity method	7	—
Other	0	0
Total non-operating expenses	9	1
Ordinary income	2,547	1,626
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Loss on retirement of non-current assets	5	0
Total extraordinary losses	5	0
Profit before income taxes	2,542	1,625
Income taxes - current	426	27
Income taxes - deferred	398	514
Total income taxes	825	541
Profit	1,717	1,083
Profit (loss) attributable to non-controlling interests	(3)	1
Profit attributable to owners of parent	1,720	1,082

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2015	Three months ended December 31, 2016
Profit	1,717	1,083
Other comprehensive income		
Valuation difference on available-for-sale securities	347	806
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	347	806
Comprehensive income	2,064	1,890
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,066	1,884
Comprehensive income attributable to non-controlling interests	(1)	6