

# Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2017 (Based on Japanese GAAP)

May 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: May 12, 2017  
 Scheduled date to commence dividend payments: June 12, 2017  
 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, 2017 (from October 1, 2016 to March 31, 2017)

#### (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, 2017	30,207	1.7	4,758	(8.3)	4,870	(7.3)	3,306	(1.7)
Six months ended March 31, 2016	29,708	7.0	5,187	7.0	5,251	6.6	3,364	18.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2017	124.54	123.98
Six months ended March 31, 2016	126.71	126.18

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2017	82,929	67,419	79.5
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	—	40.00			
Year ending September 30, 2017 (Forecast)			—	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
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 six months ended March 31, 2017  
(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 March 31, 2017	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 March 31, 2017	226,373 shares	As of September 30, 2016	179,755 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, 2017	26,547,838 shares	Six months ended March 31, 2016	26,551,560 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Millions of yen)

	As of September 30, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	19,552	16,713
Notes and accounts receivable - trade	6,335	8,518
Inventories	631	537
Other	3,069	2,874
Allowance for doubtful accounts	(36)	(36)
Total current assets	29,554	28,607
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,554	6,642
Land	6,607	6,922
Other, net	1,743	2,441
Total property, plant and equipment	14,906	16,005
Intangible assets	3,712	3,627
Investments and other assets		
Investment securities	20,216	23,413
Long-term time deposits	7,000	6,000
Guarantee deposits	1,303	1,304
Other	4,422	3,971
Total investments and other assets	32,943	34,688
Total non-current assets	51,562	54,322
Total assets	81,116	82,929
Liabilities		
Current liabilities		
Accounts payable - trade	2,602	3,426
Short-term loans payable	111	151
Accounts payable - other	4,191	3,025
Income taxes payable	2,203	1,716
Provision for bonuses	2,853	2,792
Other	1,457	1,189
Total current liabilities	13,419	12,302
Non-current liabilities		
Long-term loans payable	295	259
Net defined benefit liability	1,583	1,665
Other	1,261	1,282
Total non-current liabilities	3,140	3,207
Total liabilities	16,559	15,509

	(Millions of yen)	
	As of September 30, 2016	As of March 31, 2017
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,419	5,409
Retained earnings	52,606	54,845
Treasury shares	(350)	(558)
Total shareholders' equity	63,374	65,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(339)	492
Total accumulated other comprehensive income	(339)	492
Subscription rights to shares	176	178
Non-controlling interests	1,345	1,353
Total net assets	64,556	67,419
Total liabilities and net assets	81,116	82,929

**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, 2016	Six months ended March 31, 2017
Net sales	29,708	30,207
Cost of sales	10,469	10,936
Gross profit	19,238	19,271
Selling, general and administrative expenses	14,051	14,512
Operating income	5,187	4,758
Non-operating income		
Interest income	19	15
Dividend income	23	50
Dividend income of insurance	17	11
Land and house rent received	18	20
Share of profit of entities accounted for using equity method	–	3
Other	13	12
Total non-operating income	92	114
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	–	0
Share of loss of entities accounted for using equity method	25	–
Other	0	0
Total non-operating expenses	28	2
Ordinary income	5,251	4,870
Extraordinary income		
Gain on sales of non-current assets	10	0
Reversal of provision for Asset retirement obligation	–	23
Total extraordinary income	10	23
Extraordinary losses		
Loss on sales of non-current assets	0	–
Loss on retirement of non-current assets	24	0
Total extraordinary losses	25	0
Profit before income taxes	5,236	4,893
Income taxes - current	2,025	1,573
Income taxes - deferred	(155)	0
Total income taxes	1,869	1,574
Profit	3,366	3,318
Profit attributable to non-controlling interests	2	12
Profit attributable to owners of parent	3,364	3,306

# Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Profit	3,366	3,318
Other comprehensive income		
Valuation difference on available-for-sale securities	(828)	836
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(828)	837
Comprehensive income	2,537	4,155
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,539	4,139
Comprehensive income attributable to non-controlling interests	(1)	16

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	5,236	4,893
Depreciation	1,308	1,418
Loss (gain) on sales of non-current assets	(9)	(0)
Loss on retirement of non-current assets	24	0
Gain on reversal of asset retirement obligations	–	(23)
Increase (decrease) in provision for bonuses	271	(61)
Increase (decrease) in net defined benefit liability	84	82
Decrease (increase) in notes and accounts receivable - trade	(2,144)	(2,959)
Decrease (increase) in other assets	190	198
Increase (decrease) in notes and accounts payable - trade	356	931
Increase (decrease) in other liabilities	(933)	(581)
Other, net	32	8
Subtotal	4,417	3,908
Interest and dividend income received	36	78
Interest expenses paid	(3)	(2)
Income taxes paid	(1,204)	(2,088)
Net cash provided by (used in) operating activities	3,247	1,897
Cash flows from investing activities		
Payments into time deposits	(1,500)	(1,500)
Proceeds from withdrawal of time deposits	4,700	2,500
Purchase of property, plant and equipment	(1,124)	(1,653)
Purchase of intangible assets	(777)	(702)
Purchase of investment securities	(6,162)	(2,000)
Proceeds from redemption of investment securities	1,000	–
Other, net	49	6
Net cash provided by (used in) investing activities	(3,814)	(3,350)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	40	40
Repayments of long-term loans payable	(35)	(35)
Purchase of treasury shares	(0)	(268)
Cash dividends paid	(1,008)	(1,060)
Dividends paid to non-controlling interests	(8)	(9)
Other, net	(24)	(52)
Net cash provided by (used in) financing activities	(1,037)	(1,386)
Net increase (decrease) in cash and cash equivalents	(1,604)	(2,839)
Cash and cash equivalents at beginning of period	16,619	16,552
Cash and cash equivalents at end of period	15,014	13,713