

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2017 (Based on Japanese GAAP)

August 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: August 14, 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 nine months ended June 30, 2017 (from October 1, 2016 to June 30, 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	%
Nine months ended June 30, 2017	44,625	2.1	6,968	(9.5)	7,163	(8.8)	4,748	(4.2)
Nine months ended June 30, 2016	43,702	6.1	7,698	15.0	7,853	14.1	4,959	25.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2017	178.97	178.19
Nine months ended June 30, 2016	186.78	185.98

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	81,095	68,099	82.0
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 nine months ended June 30, 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 June 30, 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 June 30, 2017	226,469 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)

Nine months ended June 30, 2017	26,534,266 shares	Nine months ended June 30, 2016	26,551,499 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of September 30, 2016	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	19,552	17,111
Notes and accounts receivable - trade	6,335	6,279
Inventories	631	517
Other	3,069	2,542
Allowance for doubtful accounts	(36)	(37)
Total current assets	29,554	26,414
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,554	6,538
Land	6,607	6,922
Other, net	1,743	2,633
Total property, plant and equipment	14,906	16,093
Intangible assets	3,712	3,707
Investments and other assets		
Investment securities	20,216	23,752
Long-term time deposits	7,000	6,000
Guarantee deposits	1,303	1,311
Other	4,422	3,815
Total investments and other assets	32,943	34,879
Total non-current assets	51,562	54,680
Total assets	81,116	81,095
Liabilities		
Current liabilities		
Accounts payable - trade	2,602	1,678
Short-term loans payable	111	111
Accounts payable - other	4,191	3,340
Income taxes payable	2,203	418
Provision for bonuses	2,853	1,478
Other	1,457	2,658
Total current liabilities	13,419	9,685
Non-current liabilities		
Long-term loans payable	295	241
Net defined benefit liability	1,583	1,727
Other	1,261	1,340
Total non-current liabilities	3,140	3,309
Total liabilities	16,559	12,995

	(Millions of yen)	
	As of September 30, 2016	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,419	5,409
Retained earnings	52,606	55,227
Treasury shares	(350)	(559)
Total shareholders' equity	63,374	65,777
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(339)	729
Total accumulated other comprehensive income	(339)	729
Subscription rights to shares	176	178
Non-controlling interests	1,345	1,414
Total net assets	64,556	68,099
Total liabilities and net assets	81,116	81,095

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, 2016	Nine months ended June 30, 2017
Net sales	43,702	44,625
Cost of sales	14,952	15,501
Gross profit	28,750	29,124
Selling, general and administrative expenses	21,052	22,155
Operating income	7,698	6,968
Non-operating income		
Interest income	29	23
Dividend income	105	110
Dividend income of insurance	17	12
Land and house rent received	28	32
Share of profit of entities accounted for using equity method	–	4
Other	16	16
Total non-operating income	198	198
Non-operating expenses		
Interest expenses	4	3
Foreign exchange losses	–	0
Share of loss of entities accounted for using equity method	38	–
Other	0	0
Total non-operating expenses	42	3
Ordinary income	7,853	7,163
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	25	1
Total extraordinary losses	25	1
Profit before income taxes	7,838	7,185
Income taxes - current	2,332	1,841
Income taxes - deferred	476	525
Total income taxes	2,808	2,367
Profit	5,029	4,818
Profit attributable to non-controlling interests	70	69
Profit attributable to owners of parent	4,959	4,748

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2016	Nine months ended June 30, 2017
Profit	5,029	4,818
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,094)	1,077
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(1,095)	1,078
Comprehensive income	3,934	5,896
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,870	5,818
Comprehensive income attributable to non-controlling interests	64	78