

# Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2018 (Based on Japanese GAAP)

May 2, 2018

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 8, 2018  
 Scheduled date to commence dividend payments: June 11, 2018  
 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, 2018 (from October 1, 2017 to March 31, 2018)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2018	30,319	0.4	4,871	2.4	4,989	2.4	3,298	(0.2)
Six months ended March 31, 2017	30,207	1.7	4,758	(8.3)	4,870	(7.3)	3,306	(1.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2018	125.05	124.51
Six months ended March 31, 2017	124.54	123.98

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2018	86,206	70,734	80.1
As of September 30, 2017	85,428	68,892	78.8

### 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, 2017	—	40.00	—	60.00	100.00
Year ending September 30, 2018	—	50.00	—	—	—
Year ending September 30, 2018 (Forecast)	—	—	—	50.00	100.00

### 3. Forecast of consolidated financial results for the year ending September 30, 2018 (from October 1, 2017 to September 30, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	60,000	0.5	7,500	(12.5)	7,700	(12.4)	5,000	(17.6)	188.71

#### 4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2018  
(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, 2018	26,731,033 shares	As of September 30, 2017	26,731,033 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	352,191 shares	As of September 30, 2017	351,714 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, 2018	26,379,093 shares	Six months ended March 31, 2017	26,547,838 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Millions of yen)

	As of September 30, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	20,039	18,822
Notes and accounts receivable - trade	6,555	7,850
Inventories	755	707
Other	3,229	3,178
Allowance for doubtful accounts	(33)	(37)
Total current assets	30,545	30,521
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,619	8,008
Land	6,922	6,922
Other, net	2,669	2,282
Total property, plant and equipment	16,212	17,213
Intangible assets	3,812	3,661
Investments and other assets		
Investment securities	23,659	23,714
Long-term time deposits	6,000	6,000
Guarantee deposits	1,310	1,328
Other	3,888	3,766
Total investments and other assets	34,858	34,809
Total non-current assets	54,883	55,684
Total assets	85,428	86,206
Liabilities		
Current liabilities		
Accounts payable - trade	2,392	2,505
Electronically recorded obligations - operating	897	772
Short-term loans payable	71	71
Accounts payable - other	3,814	2,873
Income taxes payable	1,445	1,852
Provision for bonuses	3,028	2,908
Other	1,694	1,356
Total current liabilities	13,345	12,339
Non-current liabilities		
Long-term loans payable	223	188
Net defined benefit liability	1,668	1,799
Other	1,298	1,144
Total non-current liabilities	3,191	3,132
Total liabilities	16,536	15,472

(Millions of yen)

	As of September 30, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,409	5,409
Retained earnings	56,549	58,265
Treasury shares	(968)	(970)
Total shareholders' equity	66,690	68,404
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	621	682
Total accumulated other comprehensive income	621	682
Subscription rights to shares	178	235
Non-controlling interests	1,401	1,411
Total net assets	68,892	70,734
Total liabilities and net assets	85,428	86,206

**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, 2017	Six months ended March 31, 2018
Net sales	30,207	30,319
Cost of sales	10,936	10,260
Gross profit	19,271	20,058
Selling, general and administrative expenses	14,512	15,187
Operating profit	4,758	4,871
Non-operating income		
Interest income	15	16
Dividend income	50	54
Dividend income of insurance	11	4
Land and house rent received	20	22
Share of profit of entities accounted for using equity method	3	5
Other	12	15
Total non-operating income	114	119
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	0	0
Other	0	0
Total non-operating expenses	2	1
Ordinary profit	4,870	4,989
Extraordinary income		
Gain on sales of non-current assets	0	0
Reversal of provision for Asset retirement obligation	23	–
Total extraordinary income	23	0
Extraordinary losses		
Loss on retirement of non-current assets	0	4
Loss on valuation of investment securities	–	49
Total extraordinary losses	0	54
Profit before income taxes	4,893	4,935
Income taxes - current	1,573	1,748
Income taxes - deferred	0	(127)
Total income taxes	1,574	1,621
Profit	3,318	3,314
Profit attributable to non-controlling interests	12	15
Profit attributable to owners of parent	3,306	3,298

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

(Millions of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Profit	3,318	3,314
Other comprehensive income		
Valuation difference on available-for-sale securities	836	66
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	837	66
Comprehensive income	4,155	3,380
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,139	3,359
Comprehensive income attributable to non-controlling interests	16	20

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	4,893	4,935
Depreciation	1,418	1,285
Loss (gain) on sales of non-current assets	(0)	(0)
Loss on retirement of non-current assets	0	4
Loss (gain) on valuation of investment securities	–	49
Gain on reversal of asset retirement obligations	(23)	–
Increase (decrease) in provision for bonuses	(61)	(120)
Increase (decrease) in net defined benefit liability	82	131
Decrease (increase) in notes and accounts receivable - trade	(2,959)	(2,050)
Decrease (increase) in other assets	198	153
Increase (decrease) in notes and accounts payable - trade	931	(16)
Increase (decrease) in other liabilities	(581)	(592)
Other, net	8	91
Subtotal	3,908	3,871
Interest and dividend income received	78	94
Interest expenses paid	(2)	(1)
Income taxes paid	(2,088)	(1,306)
Net cash provided by (used in) operating activities	1,897	2,658
Cash flows from investing activities		
Payments into time deposits	(1,500)	(1,500)
Proceeds from withdrawal of time deposits	2,500	1,500
Purchase of property, plant and equipment	(1,653)	(1,496)
Purchase of intangible assets	(702)	(658)
Purchase of investment securities	(2,000)	(0)
Purchase of shares of subsidiaries	–	(25)
Other, net	6	(47)
Net cash provided by (used in) investing activities	(3,350)	(2,227)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	40	–
Repayments of long-term loans payable	(35)	(35)
Purchase of treasury shares	(268)	(1)
Cash dividends paid	(1,060)	(1,553)
Dividends paid to non-controlling interests	(9)	(10)
Other, net	(52)	(44)
Net cash provided by (used in) financing activities	(1,386)	(1,646)
Net increase (decrease) in cash and cash equivalents	(2,839)	(1,216)
Cash and cash equivalents at beginning of period	16,552	17,039
Cash and cash equivalents at end of period	13,713	15,822