

For the Six Months Ended September 30, 2014

Annual Select[®] 2015

**1st
half**

Tanabe Management Consulting Co., Ltd.

3-3-41 Miyahara, Yodogawa-ku, Osaka

(Securities Code: 9644)

+81-6-7177-4000

“At Tanabe Management, we love our corporate clients,
advance together with them, and contribute to their prosperity.

We aim to benefit the broad society
as a first-rate pillar of trust.

With international perspective, we overcome the infinite challenges of change,
and always the pioneer, we open up paths to the world.”

Corporate Profile

Tanabe Management Consulting Co., Ltd. was established in Kyoto in 1957 as the Tanabe Management Consulting Office. The Company’s head office is presently located in Osaka City. Its three core operating units—the Consulting Business, which is the central unit; the Network Business; and the Sales Promotion Business—work together to help realize the goals of its management philosophy. The Company boasts an office network covering 10 cities throughout Japan, from the northernmost island of Hokkaido to Okinawa in the south. Based on company-wide team consulting that aims to deliver the best for every client, the Company will continually assist in the creation of “first call companies” that will be the first choice even 100 years in the future.

“Love our corporate clients, advance together with them, and contribute to their prosperity”

Now
in our 57th year

Established on
October 16, 1957



5,849

Number of people
attending Tanabe
seminars in fiscal 2013



138

Number of partner
financial institutions and
accountant's offices
worked with in
1st half of fiscal
2014

- Consulting Business
- Network Business
- Sales Promotion Business
- ◆ Training Center
- ◆ Corporate headquarters



More than
10,000

Number of companies
enrolled as fee-paying
customers for Network
Business services

More than
24,000

Number of students
that have completed
our manager
education program
during its 40-year

More than
5,000

Number of enterprises
receiving consulting
services since the
Company's
founding

3,600

Number of direct
corporate clients for
Sales Promotion
Business

I. Summary of Selected Financial Data

	First half of 52 nd term Six months ended September 30, 2013	First half of 53 rd term Six months ended September 30, 2014	52 nd term Fiscal year ended March 31, 2014
Net sales (Thousands of yen)	3,237,080	3,365,926	7,582,765
Ordinary income (Thousands of yen)	305,391	334,951	709,807
Net income (Thousands of yen)	581,608	213,091	780,450
Equity in earnings of affiliates (Thousands of yen)	–	–	–
Capital stock (Thousands of yen)	1,772,000	1,772,000	1,772,000
Total number of shares issued (Shares)	8,754,200	8,754,200	8,754,200
Net assets (Thousands of yen)	9,125,160	9,410,669	9,343,394
Total assets (Thousands of yen)	10,854,466	11,290,626	11,389,497
Net income per share (Yen)	67.13	24.60	90.09
Diluted net income per share (Yen)	–	–	–
Dividend per share (Yen)	–	–	30.00
Equity ratio (%)	84.1	83.3	82.0
Net cash provided by (used in) operating activities (Thousands of yen)	(53,830)	208,795	688,416
Net cash provided by (used in) investing activities (Thousands of yen)	(210,289)	(653,652)	77,340
Net cash provided by (used in) financing activities (Thousands of yen)	(224,544)	(258,588)	(225,002)
Cash and cash equivalents at end of period (Thousands of yen)	3,076,053	3,402,025	4,105,471

	Second quarter of 52 nd term Three months ended September 30, 2013	Second quarter of 53 rd term Three months ended September 30, 2014
Net income per share (Yen)	13.98	13.33

- Notes:
1. The Company does not prepare consolidated financial statements.
 2. Net sales do not include consumption taxes.
 3. Equity in earnings of affiliates is not presented because there are no significant affiliates.
 4. Diluted net income per share is not presented because there were no potentially dilutive shares.

II. To Our Shareholders

Before summarizing our business units efforts in the first half of our 53rd business year (i.e., results for the six months from April 1, 2014 to September 30, 2014), I would like to extend a warm greeting to our shareholders and other investors and thank you all for your continued support of our company.

During the six months under review, we carried out the following measures to realize our basic policy of “aiming for growth by doing the best for every client across the whole company.”

The Consulting Business achieved stable revenue by improving consulting quality and increasing team consulting contracts. It strove to expand its client base by enhancing the strategic domain and management workshops, holding first call company forums and strengthening one-stop consulting for business succession.

The Network Business focused on expanding its client base by actively promoting partnerships with regional financial institutions and accountant’s offices, and enhancing various contents, which also led to the development of new clients for our consulting services.

The Sales Promotion Business implemented promotion planning and event planning to increase client sales and boost brand awareness. It also promoted practical growth support for clients’ merchandizing efforts that we participated from the product planning stage.

Looking at the business environment for the Company’s clients, there was a mixture of positive and negative factors affecting business sentiment. On one hand, there were the sectors that were enjoying a buoyant business environment owing to recovery in the US economy and the devaluation of the yen, while on the other hand, there were sectors that were slow to recover from the lull following the consumption tax hike for reasons such as increased import costs from the cheaper yen, labor shortages, and unseasonable weather over summer. In this environment, staying focused on our mission of contributing to our clients’ prosperity, we strived to provide value by delivering the best for every client and took on the challenge of endless change as a strategic partner working to create even more “the first call companies” that will be the first choice even 100 years in the future.

In closing, I would like to thank you in advance for your continued support and encouragement of our efforts.

November 2014

Takahiko Wakamatsu
Chief Executive Officer and President



III. Business Overview

1. Consulting Business

(1) Team Consulting

When providing strategic consulting for middle-ranking and medium-and-small companies, we form teams based on five innovative changes: business domain, profit structure, organizational design, management system and building succession system (business succession). Based on years of experience in this field and practical research, our teams offer specifically targeted strategic decision making.

The Company offers consulting from the bases in 10 major cities across Japan. Each base has its own resident consultants offering the double-edged sword of belonging to a nationwide network while being completely familiar with the local business environment.



(2) Strategic Domain and Management Workshops

Traveling out into the field anywhere in Japan, and sometimes even overseas, we conduct research into business models and management methods by forming teams composed of companies, consultants, research institutes, financial institutions, and others to which we are offering growth strategies and management methods, aiming to create “first call companies” that will be the first choice even 100 years in the future.

Strategy domains	 Environment	 Food	 Healthcare	 Wholesale distribution
 Web/ Mail order	 Food services	 Home life	 Car life	 Manufacturing Technology brands
Management issues	 Management visualization	 Human resources	 Branding strategies	 Strategy finance

(3) Personnel development

The Company also develops practical programs to develop the “strategic leaders” who can execute strategies. To this end, we offer seminars that are tailored to the training needs of specific roles. Through this approach, we are supporting the development of leadership personnel who can promote, develop and execute the company vision.

Personnel development needs (issues)	Seminars
Annual management plan of own company	Management strategy seminars
Study business models for medium-term vision	First Call Company Forum
Study top issues for president	President’s course
Learn practical management lessons for future managers	Grooming management school
Study mission and role of company director	Company director seminar
Improve strategic capability of strategic leader	Strategic leader school
Foster executives with a leader’s vision	Executive assistant school
Improve leadership qualities through experience rather than theory	Middle management seminar
Turn employees into vibrant team members	Practical seminar for new employees

2. Network Business

(1) The Company has 138 partners nationwide (local financial institutions: 105, accounting offices: 28, other: 5). Through the dissemination of management information, the systematization of management workshops, and training support collaborated with our partners, we are supporting the business revitalization of local economies and companies.



(2) The Company disseminates original management information through information tools and publishing business based on the knowhow and consulting methods compiled by its direct-member organization (the “Eagle Club”).



3. Sales Promotion Business

In 1959, responding to a proposal from our founder, Tanabe management consultants devised a diary useful for business, called the “Blue Diary.” This turned out to be the starting point of the Sales Promotion Business. The business has since expanded its services to include development of sales promotion support, novelties (specialty advertising items) and merchandising services. The business helps clients achieve growth by supporting their sales promotion activities as well as efforts to build brand power and raise name recognition.

Field		Category	Channel
Sales promotion support	SP (sales to companies)	Direct sales of sales promotion tools to companies	Channels that do not compete with advertising agencies (and do not use TV)
	PM (promotions)	Events, in-store promotions (POP/DVD), sales campaigns, and product sampling Specialized magazine ads, and website	Companies with own brands (food, service sector companies, etc.)
<ul style="list-style-type: none"> Wholesale sales of business diaries Wholesale sales of novelties 		<ul style="list-style-type: none"> Sales of diaries (Blue Diary) via book stores, stationery wholesalers, and mass retailers (home centers, etc) Supporting SP business by selling novelties (specialty advertising items) to regional printing companies 	<ul style="list-style-type: none"> Bookstores, stationery wholesalers, and mass retailers Printing companies
Merchandising (product planning)		Planning and development of products to be sold by client companies	Retail shops developing their own products (apparel chains, local souvenir shops, etc)

IV. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	3,405,471	2,602,025
Notes and accounts receivable - trade	603,902	462,015
Securities	1,500,447	1,700,202
Merchandise	39,148	81,269
Raw materials	15,914	44,967
Other	488,121	563,823
Allowance for doubtful accounts	(1,620)	(1,334)
Total current assets	6,051,386	5,452,969
Non-current assets		
Property, plant and equipment		
Buildings, net	863,074	841,807
Land	1,698,994	1,698,994
Other, net	46,178	39,165
Total property, plant and equipment	2,608,247	2,579,967
Intangible assets	26,443	23,250
Investments and other assets		
Investment securities	1,335,010	1,391,108
Other	1,368,408	1,843,334
Allowance for doubtful accounts	-	(4)
Total investments and other assets	2,703,419	3,234,438
Total non-current assets	5,338,111	5,837,656
Total assets	11,389,497	11,290,626
Liabilities		
Current liabilities		
Accounts payable - trade	293,996	195,231
Income taxes payable	13,498	133,442
Provision for bonuses	203,200	242,800
Other	973,350	781,719
Total current liabilities	1,484,046	1,353,193
Non-current liabilities		
Provision for retirement benefits	232,819	180,769
Provision for directors' retirement benefits	329,237	345,995
Total non-current liabilities	562,056	526,764
Total liabilities	2,046,103	1,879,957

(Thousands of yen)

	As of March 31, 2014	As of September 30, 2014
Net assets		
Shareholders' equity		
Capital stock	1,772,000	1,772,000
Capital surplus	2,402,847	2,402,847
Retained earnings	5,256,986	5,286,486
Treasury shares	(39,291)	(39,291)
Total shareholders' equity	9,392,542	9,422,042
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	29,742	67,517
Revaluation reserve for land	(78,890)	(78,890)
Total valuation and translation adjustments	(49,148)	(11,373)
Total net assets	9,343,394	9,410,669
Total liabilities and net assets	11,389,497	11,290,626

(2) Statements of Income

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	3,237,080	3,365,926
Cost of sales	1,689,855	1,756,433
Gross profit	1,547,225	1,609,492
Selling, general and administrative expenses	1,261,844	1,298,940
Operating income	285,380	310,552
Non-operating income		
Interest income	12,675	10,303
Dividend income	5,297	10,484
Other	3,809	5,254
Total non-operating income	21,782	26,042
Non-operating expenses		
Loss on valuation of securities	689	1,417
Other	1,082	225
Total non-operating expenses	1,771	1,642
Ordinary income	305,391	334,951
Extraordinary losses		
Loss on sales and retirement of non-current assets	70	240
Loss on valuation of shares of subsidiaries and associates	10,883	—
Total extraordinary losses	10,953	240
Income before income taxes	294,437	334,711
Income taxes	(287,171)	121,620
Net income	581,608	213,091

(3) Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes	294,437	334,711
Depreciation	39,964	34,654
Interest and dividend income	(7,875)	(13,217)
Interest income on securities	(10,097)	(7,571)
Increase (decrease) in allowance for doubtful accounts	(826)	(281)
Increase (decrease) in provision for bonuses	700	39,600
Increase (decrease) in provision for retirement benefits	(6,977)	2,481
Decrease (increase) in prepaid pension costs	–	(24,873)
Increase (decrease) in provision for directors' retirement benefits	16,127	16,757
Decrease (increase) in notes and accounts receivable - trade	207,367	141,887
Decrease (increase) in inventories	(65,573)	(71,173)
Decrease (increase) in advance payments	(188,386)	(184,716)
Increase (decrease) in notes and accounts payable - trade	(78,481)	(98,765)
Other, net	(101,816)	(100,893)
Subtotal	98,560	68,599
Interest and dividend income received	19,145	22,171
Income taxes (paid) refund	(171,536)	118,025
Net cash provided by (used in) operating activities	(53,830)	208,795
Cash flows from investing activities		
Purchase of securities	(1,400,001)	(1,499,999)
Proceeds from sales and redemption of securities	1,500,000	1,300,000
Purchase of investment securities	(295,899)	(100,000)
Purchase of property, plant and equipment and intangible assets	(26,591)	(3,227)
Proceeds from sales of property, plant and equipment and intangible assets	8,000	–
Proceeds from cancellation of insurance funds	90,336	–
Other, net	(86,134)	(350,426)
Net cash provided by (used in) investing activities	(210,289)	(653,652)
Cash flows from financing activities		
Purchase of treasury shares	(117)	–
Cash dividends paid	(224,427)	(258,588)
Net cash provided by (used in) financing activities	(224,544)	(258,588)
Net increase (decrease) in cash and cash equivalents	(488,664)	(703,445)
Cash and cash equivalents at beginning of period	3,564,717	4,105,471
Cash and cash equivalents at end of period	3,076,053	3,402,025

V. Corporate Data (as of September 30, 2014)

Basic Information

Trade name:	Tanabe Management Consulting Co., Ltd.
Founded:	October 16, 1957
Established:	April 1, 1963
Listed market:	Tokyo Stock Exchange JASDAQ (Standard) (Securities Code: 9644)
Listed:	October 5, 1993
Business year:	From April 1 to March 31
Capital stock:	1,772 million yen
Number of employees:	290 persons
Head office:	3-3-41 Miyahara, Yodogawa-ku, Osaka
Telephone:	+81-6-7177-4000

Directors and Corporate Auditors

Representative Director and Chairman	Jiro Tanabe
Executive Vice Chairman	Hitoshi Kimoto
Chief Executive Officer and President	Takahiko Wakamatsu
Executive Managing Director	Yoshikuni Nagao
Managing Director	Hiroaki Miyake
Managing Director	Masahiro Okawa
Director	Kazuo Nakahigashi
Director	Toshiyuki Nakamura
Director	Norihito Minamikawa
Director	Masanori Nakasone
Director	Masaru Warata
Director	Masahiro Matsunaga
Corporate Auditor (Standing)	Hiroki Tsutsui
Corporate Auditor*	Yoshinori Tani
Corporate Auditor*	Haruhisa Yazaki

* Outside Corporate Auditor

Stock Status

Total number of shares authorized:	35,000,000 shares
Total number of shares issued:	8,754,200 shares
Number of shareholders:	9,727

Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Shoichi Tanabe	1,474	17.0
Jiro Tanabe	562	6.4
Eiko Tanabe	507	5.8
Yoichiro Tanabe	507	5.8
Toki Narasaki	433	5.0
Tanabe Management Consulting Client Share Ownership Scheme	283	3.2
Tanabe Management Consulting Employee Share Ownership Scheme	228	2.6
Shinichi Ueda	180	2.0
Hitoshi Kimoto	148	1.7
Toshio Denbara	144	1.6

* In addition to shares described above, the Company holds 90,859 shares as treasury shares.

* The above-listed major shareholder Eiko Tanabe passed away on August 27, 2014. As the procedures for inheritance were still underway as of September 30, 2014, the deceased's name remains on the current list of major shareholders.

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* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.