

**For the Six Months Ended September 30, 2017**

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**Annual Select<sup>®</sup> 2018**

**1st  
half**

# Tanabe Management Consulting Co., Ltd.

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**(Securities Code: 9644)**

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“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 headquarters are presently located in Osaka and Tokyo. Following the management philosophy of “love our corporate clients, advance together with them, and contribute to their prosperity,” its operating units—the Management Consulting Business and the SP (Sales Promotion) Consulting Business—mutually coordinate together. 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.

## I. Summary of Selected Financial Data

	First half of 55 <sup>th</sup> term Six months ended September 30, 2016	First half of 56 <sup>th</sup> term Six months ended September 30, 2017	55 <sup>th</sup> term Fiscal year ended March 31, 2017
Net sales (Thousands of yen)	3,692,323	3,947,453	8,389,754
Ordinary profit (Thousands of yen)	431,949	442,913	915,187
Profit (Thousands of yen)	295,153	303,353	638,173
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)	9,796,663	10,062,969	10,122,239
Total assets (Thousands of yen)	11,834,688	12,332,604	12,531,473
Basic earnings per share (Yen)	34.07	35.02	73.66
Diluted earnings per share (Yen)	–	–	–
Dividend per share (Yen)	–	–	40.00
Equity ratio (%)	82.8	81.6	80.8
Net cash provided by (used in) operating activities (Thousands of yen)	79,891	15,927	859,835
Net cash provided by (used in) investing activities (Thousands of yen)	57,101	138,268	(1,049,112)
Net cash provided by (used in) financing activities (Thousands of yen)	(329,050)	(346,984)	(329,734)
Cash and cash equivalents at end of period (Thousands of yen)	4,710,722	4,190,980	4,383,768

	Second quarter of 55 <sup>th</sup> term Three months ended September 30, 2016	Second quarter of 56 <sup>th</sup> term Three months ended September 30, 2017
Profit per share (Yen)	16.19	18.45

- 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 earnings per share for the first half of the 55<sup>th</sup> term and diluted earnings per share for the 55<sup>th</sup> term are not presented because there were no potentially dilutive shares. Diluted earnings per share for the first half of the 56<sup>th</sup> term is not presented because there are no potentially dilutive shares.

## II. Interview with CEO



Takahiko Wakamatsu  
President and Chief Executive Officer

**First off, 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.**

**We marked our 60th anniversary on October 16, 2017. As such, I am sincerely grateful to our shareholders for lending us their longstanding support.**

**Q. How were the Company’s results in the first half (from April 1, 2017 to September 30, 2017)?**

A. We promoted our medium-term business strategy, the “C&C (Consulting & Conglomerate) Strategy” (a multifaceted strategy in the consulting field and medium-term business strategy: see figure below), and expanded our research themes in Domain (business strategy) and Function (organization strategy).

In the Management Consulting Business, we gained a greater number of management consulting contracts for “establishing the FCC Academy (in-house corporate university)” and “business model design,” among others. We also saw steady performance in human resources development consulting and seminars by rank. We newly established three domain teams within our Tokyo Headquarters, each made up of specialists in “food business” “healthcare business” and “house & living business.” Each specialist consultant has been working to construct a nationwide system for delivering high added value.

In the SP (Sales Promotion) Consulting Business, we saw sales promotion consulting contracts increase through collaboration and proposals between management consultants and the aforementioned domain teams. We achieved robust performance with our highly original promotion tools utilizing the functions of the “Design Lab” in our Strategic Laboratory. We also commenced web promotion consulting through new partnerships with Google Japan G.K. and Yahoo Japan Corporation.

As a result of the above initiatives, we managed to realize year-on-year increases in both revenue and profit. Net sales was ¥3,947 million (up 6.9% year on year), operating profit was ¥426 million (up 5.0% year on year), ordinary profit was ¥442 million (up 2.5% year on year), and profit was ¥303 million (up 2.8% year on year).

**Q. What is your forecast for the full year and your vision?**

- A. We will continue to promote the “C&C Strategy” and increase the value of our consulting for client companies, while overcoming the Company’s own challenges of “Change and Growth.” In our Management Consulting Business, we will promote domain and function consulting as well as consulting for “establishing the FCC Academy (in-house corporate university),” to realize human resource development and utilization as well as workstyle reforms at client companies. We will also promote our strategy of creating even more “first call companies” in respective regions through our global network of roughly 150 alliance partners, such as regional financial institutions and accounting firms.

In the SP (Sales Promotion) Consulting Business, we will strengthen our service menu, including promotions geared to specific industries such as food products and housing, promotions geared to markets such as those targeting children as well as mothers raising children and those targeting women, and web promotions. At the same time, we will strengthen sales of our mainstay brand product, Blue Diary business handbooks that we are rebranding. Our specialist consultants will also continue striving to improve the design attributes and heighten added value with respect to our SP design tools and other such products.

We will strengthen the coordination between our management consultant, human resources development consultant, and SP consultant teams, and make a companywide effort to strengthen promotion of a consulting model that leverages the Company’s unique strengths to provide comprehensive support for corporate management.

Through the above initiatives, we aim to achieve net sales of ¥8,550 million (up 1.9% year on year), operating profit of ¥915 million (up 4.1% year on year), ordinary profit of ¥945 million (up 3.3% year on year) and profit of ¥645 million (up 1.1% year on year) for the fiscal year ending March 31, 2018.

**Q. What is your message to shareholders?**

- A. This is the final year of our medium-term management plan Tanabe Vision 2020 (first half). To finish off the plan, we intend to meet our shareholders’ expectations by aiming to achieve the earnings targets I mentioned and provide stable shareholder returns.

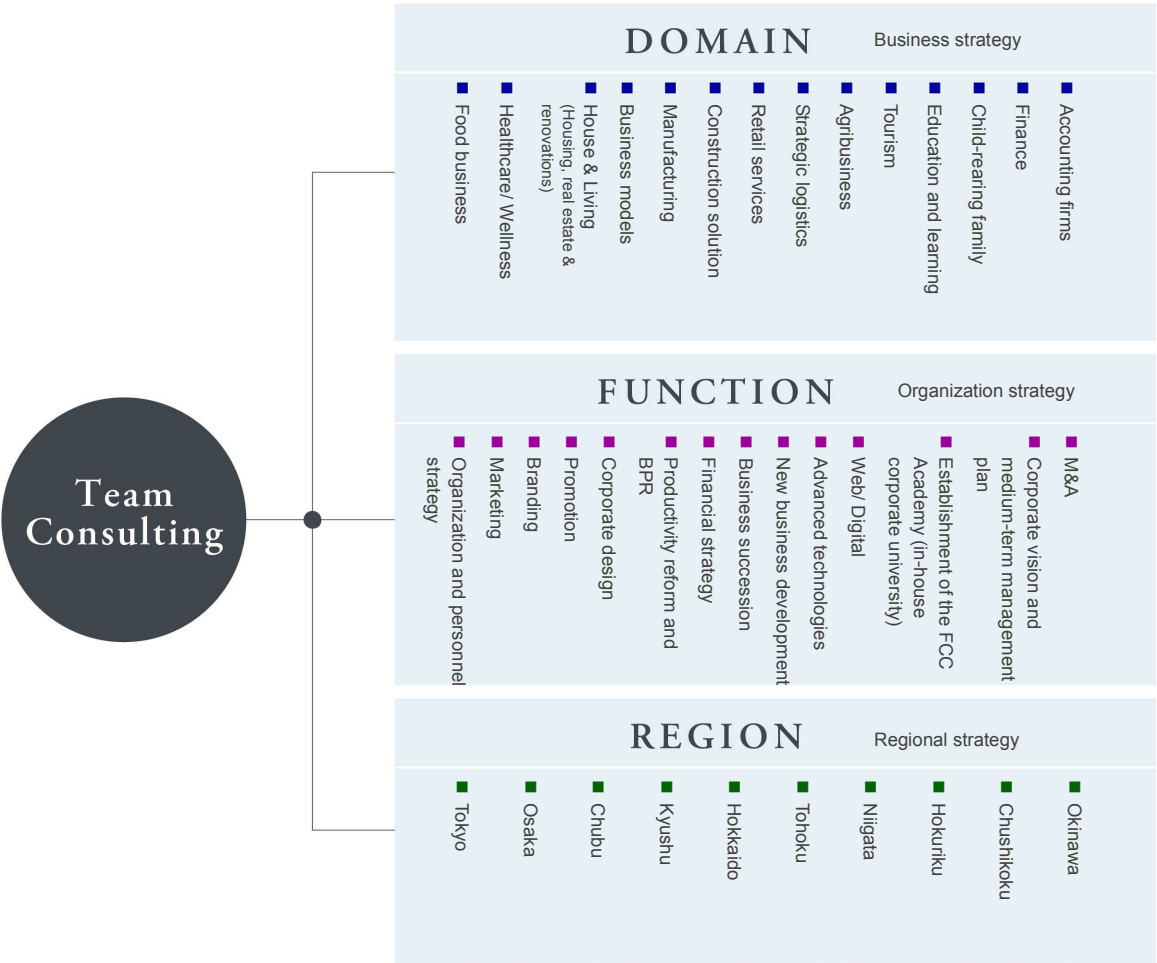
Moreover, we will continue to contribute to social and regional development through the creation of “first call companies that will be the first choice even 100 years in the future,” thereby consistently acting as a strategic partner that takes on challenges involving “change and growth.” Through these efforts, we will realize sustained growth and medium- to long-term improvement in corporate value as we aim for “making our 100th anniversary.”

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

### III. Medium-term Business Strategy

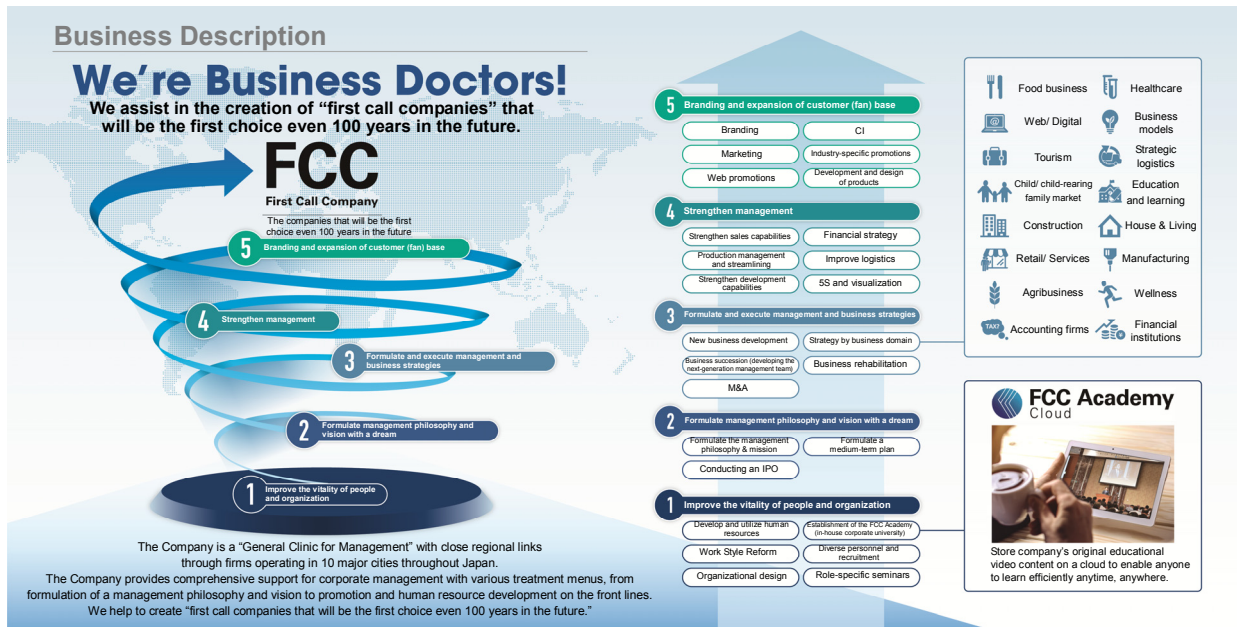
#### C&C (Consulting & Conglomerate) Strategy

The Company’s strength is in “team consulting,” which involves considering customers’ issues from the three perspectives of Domain (business strategy), Function (organization strategy) and Region (regional strategy), and assembling a team to select optimal specialists for the task. To solve increasingly sophisticated and diverse customer issues, we are expanding our treatment menu (diversifying consulting fields).

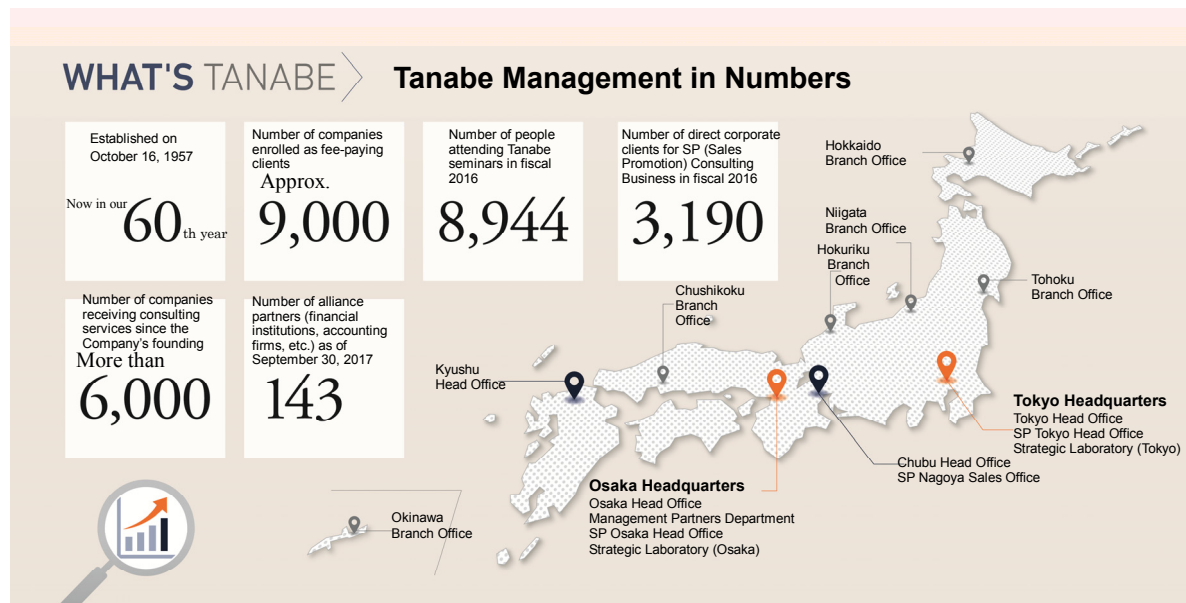


## IV. Business Description

We assist in the creation of “first call companies” that will be the first choice even 100 years in the future.



## V. Tanabe Management in Numbers



## VI. Financial Statements

### (1) Balance Sheets

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	4,483,768	4,190,980
Notes and accounts receivable - trade	607,888	538,351
Securities	1,500,813	1,400,056
Merchandise	42,928	71,724
Raw materials	12,000	36,024
Other	264,299	428,554
Allowance for doubtful accounts	(424)	(424)
Total current assets	6,911,273	6,665,267
Non-current assets		
Property, plant and equipment		
Buildings, net	665,178	647,497
Land	1,527,477	1,527,477
Other, net	62,758	83,474
Total property, plant and equipment	2,255,415	2,258,448
Intangible assets	45,821	46,813
Investments and other assets		
Investment securities	1,037,467	1,007,387
Long-term time deposits	1,400,000	1,400,000
Other	881,496	954,687
Total investments and other assets	3,318,963	3,362,074
Total non-current assets	5,620,200	5,667,336
Total assets	12,531,473	12,332,604
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	341,480	280,718
Income taxes payable	239,653	181,505
Provision for bonuses	221,300	232,610
Other	1,041,866	987,299
Total current liabilities	1,844,300	1,682,134
Non-current liabilities		
Provision for retirement benefits	214,763	210,449
Provision for directors' retirement benefits	350,170	360,596
Other	-	16,454
Total non-current liabilities	564,933	587,500
Total liabilities	2,409,233	2,269,634



(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	1,772,000	1,772,000
Capital surplus	2,402,847	2,402,847
Retained earnings	5,915,614	5,872,441
Treasury shares	(39,519)	(39,519)
Total shareholders' equity	10,050,943	10,007,769
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	71,296	53,107
Total valuation and translation adjustments	71,296	53,107
Subscription rights to shares	–	2,091
Total net assets	10,122,239	10,062,969
Total liabilities and net assets	12,531,473	12,332,604

## (2) Statements of Income

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	3,692,323	3,947,453
Cost of sales	1,857,271	1,983,545
Gross profit	1,835,051	1,963,907
Selling, general and administrative expenses	1,428,662	1,537,020
Operating profit	406,388	426,887
Non-operating income		
Interest income	24,567	4,173
Dividend income	12,969	8,345
Other	9,618	3,508
Total non-operating income	47,155	16,027
Non-operating expenses		
Loss on valuation of securities	19,268	–
Other	2,325	1
Total non-operating expenses	21,594	1
Ordinary profit	431,949	442,913
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,572	385
Total extraordinary losses	1,572	385
Profit before income taxes	430,377	442,528
Income taxes	135,224	139,175
Profit	295,153	303,353

### (3) Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	430,377	442,528
Depreciation	37,898	37,776
Interest and dividend income	(14,785)	(9,596)
Interest income on securities	(22,177)	(2,922)
Increase (decrease) in allowance for doubtful accounts	(158)	–
Increase (decrease) in provision for bonuses	22,090	11,310
Increase (decrease) in provision for retirement benefits	10,351	(4,313)
Decrease (increase) in prepaid pension costs	(20,876)	(29,231)
Increase (decrease) in provision for directors' retirement benefits	(42,422)	10,426
Decrease (increase) in notes and accounts receivable - trade	176,628	69,536
Decrease (increase) in inventories	(45,480)	(52,821)
Decrease (increase) in advance payments	(177,019)	(170,793)
Increase (decrease) in notes and accounts payable - trade	(110,394)	(60,762)
Other, net	(67,113)	(57,702)
Subtotal	176,919	183,433
Interest and dividend income received	39,994	12,947
Income taxes (paid) refund	(137,022)	(180,453)
Net cash provided by (used in) operating activities	79,891	15,927
<b>Cash flows from investing activities</b>		
Purchase of securities	(2,399,611)	(2,599,749)
Proceeds from sales and redemption of securities	1,899,775	2,699,839
Proceeds from sales and redemption of investment securities	200,000	–
Purchase of property, plant and equipment and intangible assets	(55,178)	(27,809)
Proceeds from cancellation of insurance funds	62,649	–
Other, net	349,467	65,988
Net cash provided by (used in) investing activities	57,101	138,268
<b>Cash flows from financing activities</b>		
Cash dividends paid	(329,050)	(346,016)
Other, net	–	(967)
Net cash provided by (used in) financing activities	(329,050)	(346,984)
Net increase (decrease) in cash and cash equivalents	(192,056)	(192,787)
Cash and cash equivalents at beginning of period	4,902,779	4,383,768
Cash and cash equivalents at end of period	4,710,722	4,190,980

## VII. Corporate Data (as of September 30, 2017)

### Basic Information

Trade name:	Tanabe Management Consulting Co., Ltd.
Founded:	October 16, 1957
Established:	April 1, 1963
Listed market:	The first Section of Tokyo Stock Exchange (Securities Code: 9644)
Listed:	September 28, 2016
Business year:	From April 1 to March 31
Capital stock:	1,772 million yen
Number of employees:	330 persons
Osaka Headquarters:	3-3-41 Miyahara, Yodogawa-ku, Osaka
Tokyo Headquarters:	Tekko Building 9th Floor, 1-8-2 Marunouchi, Chiyoda-ku, Tokyo
Telephone:	+81-6-7177-4000

### Directors and Corporate Auditors

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

\* Outside Director

\*\* 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:	9,500

### Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Jiro Tanabe	1,210	13.9
Yoichiro Tanabe	1,115	12.8
Toki Narazaki	875	10.1
Tanabe Management Consulting Client Share Ownership Scheme	278	3.2
Shinichi Ueda	258	2.9
Tanabe Management Consulting Employee Share Ownership Scheme	235	2.7
Hitoshi Kimoto	161	1.8
Toshio Denbara	144	1.6
Mitsubishi UFJ Trust and Banking Corporation	129	1.4
Japan Trustee Services Bank, Ltd.	97	1.1

\* In addition to shares described above, the Company holds 91,039 shares as treasury shares.

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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.