

For the Six Months Ended September 30, 2016

Annual Select[®] 2017

**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 head office is presently located in Osaka City. 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 Sales Promotion (SP) 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 54 th term Six months ended September 30, 2015	First half of 55 th term Six months ended September 30, 2016	54 th term Fiscal year ended March 31, 2016
Net sales (Thousands of yen)	3,636,158	3,692,323	8,297,846
Ordinary income (Thousands of yen)	420,213	431,949	886,030
Profit (Thousands of yen)	316,453	295,153	582,403
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)	9,521,875	9,796,663	9,833,677
Total assets (Thousands of yen)	11,566,415	11,834,688	12,086,696
Basic earnings per share (Yen)	36.53	34.07	67.23
Diluted earnings per share (Yen)	–	–	–
Dividend per share (Yen)	–	–	38.00
Equity ratio (%)	82.3	82.8	81.4
Net cash provided by (used in) operating activities (Thousands of yen)	5,667	79,891	670,247
Net cash provided by (used in) investing activities (Thousands of yen)	(213,197)	57,101	300,943
Net cash provided by (used in) financing activities (Thousands of yen)	(284,111)	(329,050)	(284,800)
Cash and cash equivalents at end of period (Thousands of yen)	3,724,748	4,710,722	4,902,779

	Second quarter of 54 th term Three months ended September 30, 2015	Second quarter of 55 th term Three months ended September 30, 2016
Profit per share (Yen)	14.95	16.19

- 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 is not presented because there were no potentially dilutive shares.

II. To Our Shareholders

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.

On September 28, 2016, the Company changed its listing from the Second Section of the Tokyo Stock Exchange to the First Section of the same exchange. I am sincerely grateful to our shareholders, clients, business partners and other stakeholders who have long been lending us their support.

We will continue to benefit broad society by “loving our corporate clients, advancing together with them, and contributing to their prosperity” and work towards realizing sustainable improvement to corporate value by continuing to overcome challenges as the Company changes and grows.

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

November 2016

Takahiko Wakamatsu
President and Chief Executive Officer

III. Interview with CEO



Q. How were the Company's results in the first half?

A. We have been making progress with our current medium-term management plan “Tanabe Vision 2020.” The central component of this plan is our “Consulting and Conglomerate (C&C) Strategy” (see figure below), which is, in other words, a multifaceted consulting strategy. To promote this strategy, we have expanded our consulting menu for the three elements of Domain (business strategy), Function (organization strategy) and Region (regional strategy) to include 20 themes for which we hold workshops.

In our management consulting business, in addition to expanding our customer base mainly by increasing the number of themes for which workshops are held and strengthening mobilization activities for our various seminars, we increased the number of management cooperation contracts based on team consulting. Our human resources development consulting for alliance partners such as regional financial institutions, accountant's offices and other such entities nationwide rose year on year. In the Sales Promotion (SP) Consulting Business, we forged ahead more strongly with SP strategic consulting (drafting and promotion of promotion strategy) and SP design tools (planning and development of original products).

Concerning SP design tools, our original products have been received warmly, and sales are exceeding those of the previous year. With regard to SP strategic consulting, although sales declined year on year, we managed to improve our profit margin as a result of focusing efforts on boosting added value.

As a result of the above initiatives, we managed to exceed our initial estimates and realize year-on-year increases in both revenue and profit. Net sales was ¥3,692 million and ordinary income was ¥431 million.

Q. What is the Company’s future vision?

A. By promoting this “C&C Strategy,” we aim to realize prosperity for client companies while overcoming the Company’s own challenges of “change and growth.” Looking forward to the post-2020 period, the period following the Tokyo Olympics and Paralympics, we do not envisage operating within conventional industry types or business formats. Instead, we aim to strengthen our provision of business model strategies based on the concept of “solving the challenges faced by future society.” Also, in response to such customer challenges, which are becoming more sophisticated and specialized, we have established the Tanabe Consultant Academy, a business school for training the Company’s employees to be consultants, and this has enabled us to quickly train professional consultants and strengthen our competitive edge. As part of our strategies for local regions, in May, we relocated our Kyushu Head Office to alongside JR Hakata Station to provide better access to each region in Kyushu. In July, we relocated our Chubu Head Office to the Dai Nagoya Building near JR Nagoya Station and integrated it with the SP Nagoya Sales Office. Through initiatives such as these, we aim to be the “First Call Consulting Firm,” the company that companies in all regions throughout Japan choose to call first.

Q. What is your message to shareholders?

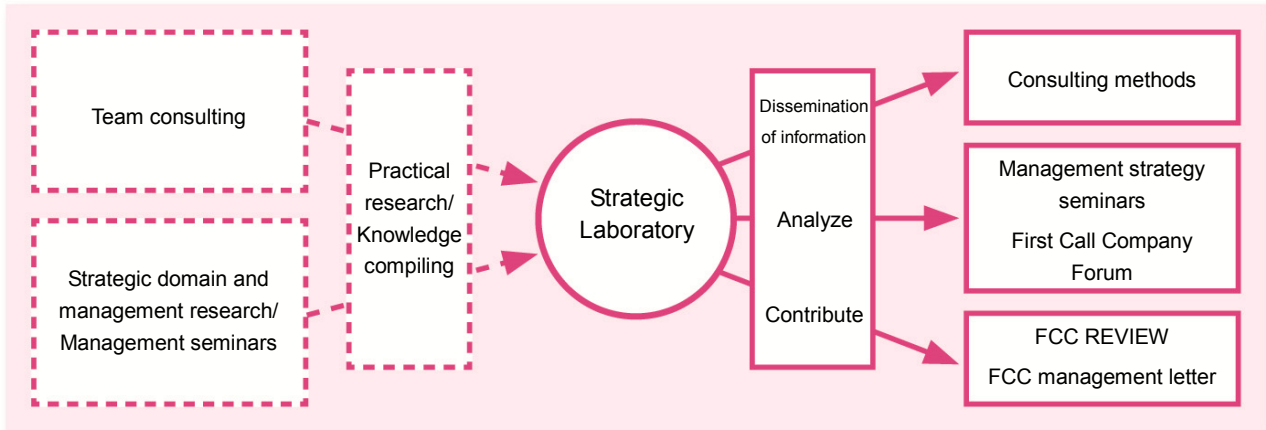
A. Through our “team consulting on a company-wide basis” efforts, we will assist in the creation of “first call companies that will be the first choice even 100 years in the future.” By realizing sustained growth for our clients, we will contribute to the development of society and the local region. Through these efforts, we aim to realize sustained growth and realize medium- to long-term improvement in corporate value. I therefore encourage shareholders to provide even greater support in the future.



IV. Profile of Operations

1. Strategic Laboratory

The Strategic Laboratory disseminates and contributes new values based on knowledge derived from its abundant experience amassed through consulting initiatives, workshops, seminars and other such activities to corporations and society through its FCC REVIEW business journal and other such means.



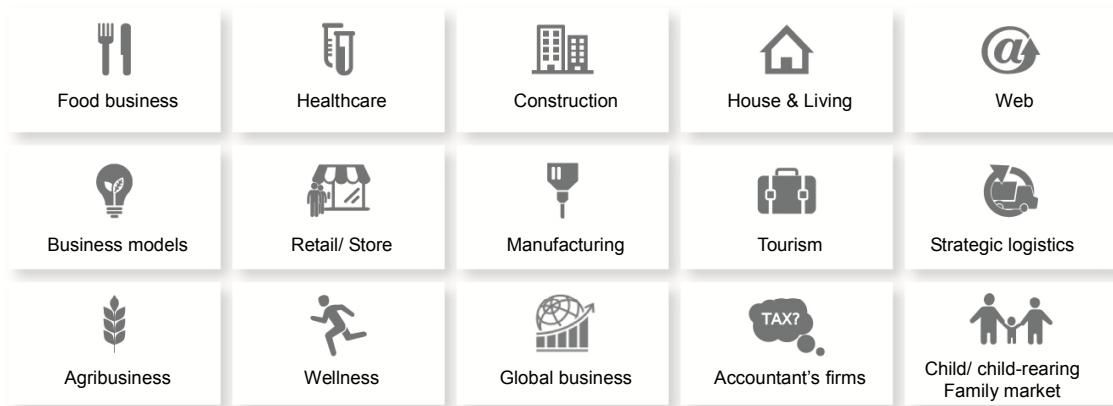
- Human resources development programs
We provide support for human resources development through our own seminar programs designed for everyone from its president on down to its new employees.



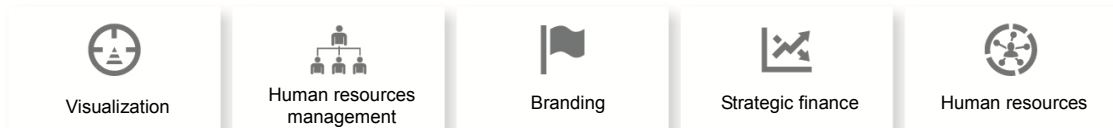
- Strategic domain & management research

We engage in studies of “first call companies” throughout Japan, and even worldwide.

Strategic domain (industry)



Management (Managerial challenge)



2. Consulting Strategy Department

Since being established in 1957, the Consulting Strategy Department has provided consulting services to more than 5,000 companies, thereby helping to resolve a wide range of managerial challenges. It offers consulting services that provide value to clients, using our “five doors leading to change and growth” approach, making the most of the clinical track record and methods it has amassed thus far.



3. Management Partners Department

The Management Partners Department draws on its alliances with financial institutions, accountant's offices and other such organizations nationwide in supporting the human resources development of alliance partners and of client companies introduced by such alliance partners. As such, the Management Partners Department facilitates the process of connecting such enterprises, thereby making a contribution to regional revitalization.



- The Management Partners Department operates the Company's member organizations for company executives, and provides management information derived from our accumulated consulting know-how and methods.

4. SP Consulting Department

The SP Consulting Department provides total support services, acting as an all-around sales promotions partner in areas encompassing everything from promotion strategy and branding strategy, to designing and producing marketing tools and salable merchandise.

SP strategic consulting

- Drafting and promotion of promotion strategy
- Planning and promotion of merchandising services
- Planning and promotion of branding and PR strategy
- Planning and promotion of event/ web promotion



SP design tools

- Planning and production of premium and novelty items
- Planning and production of communication tools (Catalog/ in-store SP/ POP, etc.)
- Planning and production of salable merchandise



Blue Diary (BD)

- Planning and production of diaries (business handbook)
- Planning and production of calendars
- Planning and production of original diaries and calendars



Creative design

- Design production of marketing tools/ salable merchandise
- Web design production



V. Tanabe Management in Numbers



VI. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	4,302,779	4,810,722
Notes and accounts receivable - trade	615,742	439,114
Securities	1,719,166	1,401,693
Merchandise	64,388	83,723
Raw materials	13,603	39,748
Other	252,992	405,809
Allowance for doubtful accounts	(956)	(798)
Total current assets	6,967,716	7,180,012
Non-current assets		
Property, plant and equipment		
Buildings, net	672,428	681,217
Land	1,527,477	1,527,477
Other, net	64,444	66,035
Total property, plant and equipment	2,264,350	2,274,730
Intangible assets	46,121	48,488
Investments and other assets		
Investment securities	1,377,752	1,168,239
Other	1,430,757	1,163,218
Allowance for doubtful accounts	(0)	-
Total investments and other assets	2,808,509	2,331,457
Total non-current assets	5,118,980	4,654,676
Total assets	12,086,696	11,834,688
Liabilities		
Current liabilities		
Accounts payable - trade	338,563	228,169
Income taxes payable	155,625	152,847
Provision for bonuses	214,500	236,590
Other	973,880	882,039
Total current liabilities	1,682,569	1,499,647
Non-current liabilities		
Provision for retirement benefits	195,447	205,798
Provision for directors' retirement benefits	375,002	332,580
Total non-current liabilities	570,449	538,378
Total liabilities	2,253,019	2,038,025

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	1,772,000	1,772,000
Capital surplus	2,402,847	2,402,847
Retained earnings	5,606,646	5,572,593
Treasury shares	(39,319)	(39,319)
Total shareholders' equity	9,742,175	9,708,122
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	91,502	88,540
Total valuation and translation adjustments	91,502	88,540
Total net assets	9,833,677	9,796,663
Total liabilities and net assets	12,086,696	11,834,688

(2) Statements of Income

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	3,636,158	3,692,323
Cost of sales	1,838,821	1,857,271
Gross profit	1,797,336	1,835,051
Selling, general and administrative expenses	1,392,021	1,428,662
Operating income	405,314	406,388
Non-operating income		
Interest income	6,748	24,567
Dividend income	8,545	12,969
Other	3,906	9,618
Total non-operating income	19,200	47,155
Non-operating expenses		
Loss on valuation of securities	2,389	19,268
Loss on insurance cancellation	1,913	–
Other	–	2,325
Total non-operating expenses	4,302	21,594
Ordinary income	420,213	431,949
Extraordinary losses		
Loss on sales and retirement of non-current assets	146	1,572
Total extraordinary losses	146	1,572
Profit before income taxes	420,066	430,377
Income taxes	103,613	135,224
Profit	316,453	295,153

(3) Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	420,066	430,377
Depreciation	26,938	37,898
Interest and dividend income	(10,841)	(14,785)
Interest income on securities	(1,582)	(22,177)
Increase (decrease) in allowance for doubtful accounts	(315)	(158)
Increase (decrease) in provision for bonuses	54,300	22,090
Increase (decrease) in provision for retirement benefits	9,105	10,351
Decrease (increase) in prepaid pension costs	(26,744)	(20,876)
Increase (decrease) in provision for directors' retirement benefits	(6,355)	(42,422)
Decrease (increase) in notes and accounts receivable - trade	155,837	176,628
Decrease (increase) in inventories	(61,769)	(45,480)
Decrease (increase) in advance payments	(185,843)	(177,019)
Increase (decrease) in notes and accounts payable - trade	(80,487)	(110,394)
Other, net	(197,402)	(67,113)
Subtotal	94,905	176,919
Interest and dividend income received	18,322	39,994
Income taxes (paid) refund	(107,560)	(137,022)
Net cash provided by (used in) operating activities	5,667	79,891
Cash flows from investing activities		
Purchase of securities	(1,400,000)	(2,399,611)
Proceeds from sales and redemption of securities	1,400,000	1,899,775
Purchase of investment securities	(100,000)	-
Proceeds from sales and redemption of investment securities	100,000	200,000
Purchase of property, plant and equipment and intangible assets	(28,737)	(55,178)
Proceeds from cancellation of insurance funds	93,075	62,649
Other, net	(277,534)	349,467
Net cash provided by (used in) investing activities	(213,197)	57,101
Cash flows from financing activities		
Purchase of treasury shares	(27)	-
Cash dividends paid	(284,083)	(329,050)
Net cash provided by (used in) financing activities	(284,111)	(329,050)
Net increase (decrease) in cash and cash equivalents	(491,640)	(192,056)
Cash and cash equivalents at beginning of period	4,216,389	4,902,779
Cash and cash equivalents at end of period	3,724,748	4,710,722

VII. Corporate Data (as of September 30, 2016)

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:	304 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
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:	9,520

Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Jiro Tanabe	1,210	13.9
Yoichiro Tanabe	1,155	13.3
Toki Narazaki	895	10.3
Tanabe Management Consulting Employee Share Ownership Scheme	267	3.0
Tanabe Management Consulting Client Share Ownership Scheme	267	3.0
Shinichi Ueda	250	2.8
Hitoshi Kimoto	161	1.8
Toshio Denbara	144	1.6
Japan Trustee Services Bank, Ltd.	139	1.6
Mitsubishi UFJ Trust and Banking Corporation	129	1.4

* In addition to shares described above, the Company holds 90,889 shares as treasury shares.

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