

For the Six Months Ended September 30, 2013

Annual Select[®] 2014

**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. Its three core operating units—the Consulting Business, Network Business and Sales Promotion Business—work together to help realize the goals of its management philosophy. With an office network covering the major cities throughout Japan, from the northernmost island of Hokkaido to Okinawa in the south, Tanabe Management Consulting supports the sustained development of Japan’s enterprises.

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

Now
in our 56th year

Established on
October 16, 1957



24,077

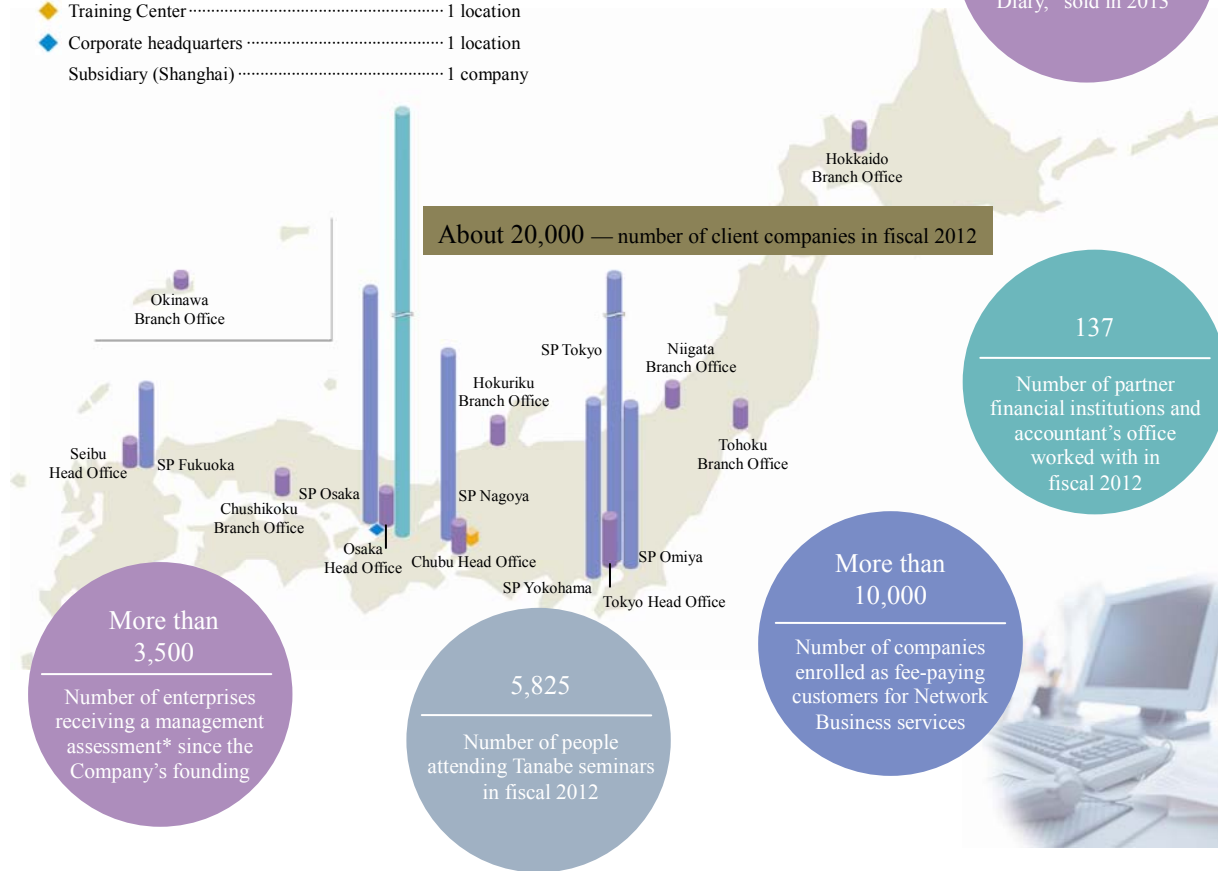
The number of students
that have completed our
manager education
program during its
40-year history



3.32 million

Number of copies of our
business diary, “Blue
Diary,” sold in 2013

- Consulting Business 10 locations
- Network Business 1 location
- Sales Promotion Business 6 locations
- ◆ Training Center 1 location
- ◆ Corporate headquarters 1 location
- ◆ Subsidiary (Shanghai) 1 company



*Management assessments are performed by Tanabe prior to beginning consulting services for a client. The assessment includes a comprehensive survey of the client enterprise to determine the issues its management needs to improve and a formal report to management with recommendations for areas to be improved.

I. Summary of Selected Financial Data

	First half of 51st term Six months ended September 30, 2012	First half of 52nd term Six months ended September 30, 2013	51st term Fiscal year ended March 31, 2013
Net sales (Thousands of yen)	3,143,852	3,237,080	7,331,189
Ordinary income (Thousands of yen)	155,018	305,391	600,864
Net income (Thousands of yen)	89,421	581,608	323,990
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)	8,490,247	9,125,160	8,778,467
Total assets (Thousands of yen)	10,243,338	10,854,466	10,735,545
Net income per share (Yen)	10.32	67.13	37.40
Diluted net income per share (Yen)	—	—	—
Dividend per share (Yen)	—	—	26.00
Equity ratio (%)	82.9	84.1	81.8
Net cash provided by (used in) operating activities (Thousands of yen)	(192,252)	(53,830)	511,373
Net cash provided by (used in) investing activities (Thousands of yen)	17,231	(210,289)	182,467
Net cash provided by (used in) financing activities (Thousands of yen)	(189,742)	(224,544)	(190,317)
Cash and cash equivalents at end of period (Thousands of yen)	2,696,432	3,076,053	3,564,717

	Second quarter of 51st term Three months ended September 30, 2012	Second quarter of 52nd term Three months ended September 30, 2013
Net income per share (Yen)	6.04	13.98

- 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 and Investors



Hitoshi Kimoto

President and Chief Executive Officer

Before summarizing our business units efforts in the first half of our 52nd business year (i.e., results for the six months from April 1, 2013 to September 30, 2013), 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, our business units undertook the measures presented below to achieve the objectives of our basic management policy of “Increasing growth potential and profitability by using customer relationship management (CRM) to expand our client base.”

The Consulting Business generated stable revenues by further raising the quality of its consulting services and entering into an increasing number of management cooperation contracts based on team consulting. It continued its efforts to strengthen its client base by holding domain and theme specific workshops and our first call company forums.

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

The Sales Promotion Business strengthened its promotion support business by establishing an Event Promotion Section in its Sales Headquarters and enhanced its support of clients’ merchandising efforts by strengthening its product planning capabilities. Such initiatives helped the department expand its client base.

During the first half of our fiscal year, the economic environment also began to brighten, with positive signs including the weak-yen induced export recovery, an increase in foreign tourists visiting Japan, improving consumer sentiment, resurgent capital investment, and Tokyo being awarded the 2020 Summer Olympics. In this environment, we remained focused on our mission of supporting our clients’ perpetual growth and development by creating new products and services to meet their most crucial needs. Such efforts are also inspired by our unrelenting commitment to raising customer satisfaction.

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

November 2013

III. Business Overview

1. Consulting Business

(1) Objectives

Contribute to raising the enterprise value of client companies by providing advice and solutions for various problems confronting management.

(2) Examples of main consulting services

- a) Support for business strategies and advice on management decisions
- b) Restructuring of client companies' earnings and financial structures
- c) Designing organizational structures (including personnel development)
- d) Construction of management systems (compensation frameworks, etc)
- e) Business succession planning and training of new leaders

(3) Key features of consulting services

Rather than focusing on specific businesses and functions (e.g. finance and manufacturing), we offer comprehensive consulting services from the perspective of companywide management. Instead of packaged solutions, our consultants propose tailor-made solutions based on a comprehensive review of the specific issues facing the client's management team. Our services are targeted primarily at small and midsize enterprises. Tanabe management consultants are located in 10 major cities in Japan and provide community-based consulting services.

(4) Three core policies

Sangen Shugi ("Three Actualities")

We conduct thorough reviews of a company's present situation using proven methods based on more than 50 years of practicing *Sangen Shugi* (principle of focusing on the actual situation, the actual site, and actual products), which leads to the formation of strategies and visions with a sound understanding of the client's problems and on-site needs.

Judgment

Forming sound strategies and visions that require sophisticated management judgment. We support management decision-making by offering a neutral and objective view.

Practice

We support clients' implementation of the strategies and visions based on the judgments we provided. We also support our clients' efforts to develop the human resources and competitive corporate culture that enables them to sustain their company's development.

2. Network Business

(1) Objectives

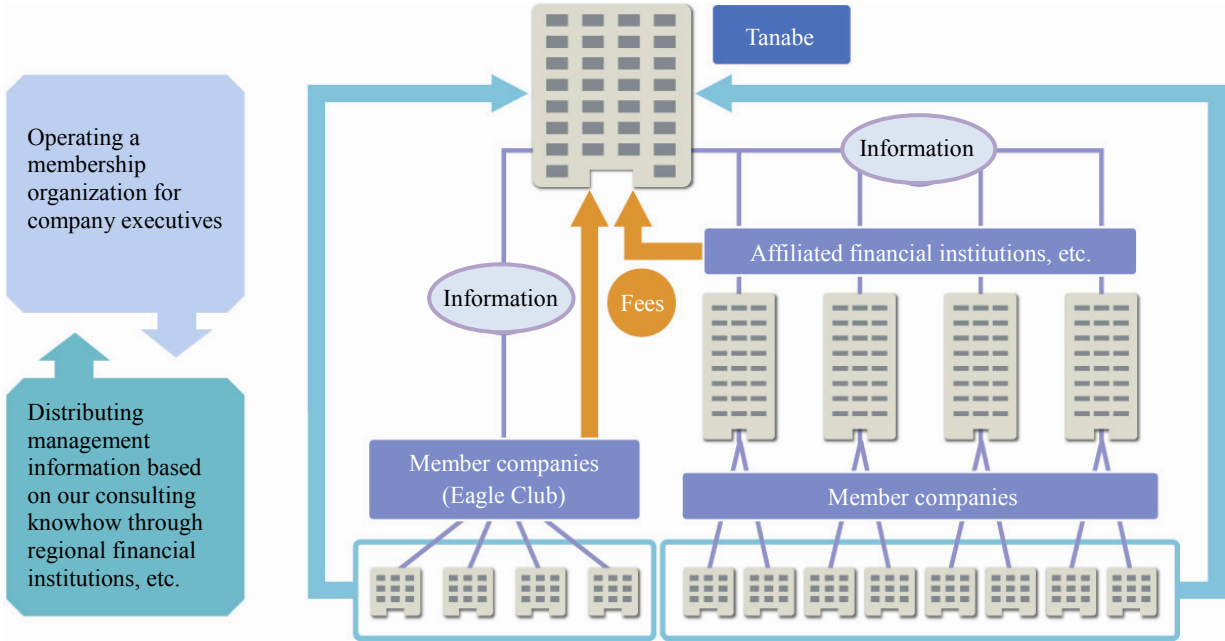
Support our company’s efforts to create new customers by operating a membership organization, consisting of corporate executives, to which we provide information on important management topics.

(2) Product examples

- a) Internet service
- b) Management information magazine
- c) Management lecture CDs
- d) Fax reports
- e) Newsletters from accountant’s offices, etc.

(3) Key features of network services

The Network Business evolved from the “Eagle Club,” a study group for entrepreneurs established by Tanabe in 1959. The business currently operates a membership organization for company executives. It also uses the knowhow and expertise accumulated by Tanabe over the past 50 years to publish a regular newsletter on management topics that is distributed through our partner financial institutions and accountant’s offices. These activities strengthen relationships with existing clients while helping to build relations with potential future clients.



3. Sales Promotion Business

(1) Objectives

Contribute to clients’ growth by supporting sales promotion activities.

(2) Examples of services provided

- a) Promotion support
- b) Novelties (specialty advertising items)
- c) Blue Diary
- d) Merchandising, etc.

(3) Key features of sales promotion services

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 novelties (specialty advertising items), merchandising, and sales promotion support 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, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	2,764,717	2,376,053
Notes and accounts receivable-trade	631,710	424,342
Securities	1,700,651	1,599,913
Merchandise	40,411	75,661
Raw materials	14,488	44,812
Other	223,531	436,217
Allowance for doubtful accounts	(2,691)	(1,865)
Total current assets	5,372,819	4,955,136
Noncurrent assets		
Property, plant and equipment		
Buildings, net	906,413	888,813
Land	1,818,994	1,818,994
Other, net	60,115	55,839
Total property, plant and equipment	2,785,524	2,763,647
Intangible assets	25,252	29,195
Investments and other assets		
Investment securities	1,090,283	1,367,301
Other	1,461,666	1,739,185
Allowance for doubtful accounts	(0)	–
Total investments and other assets	2,551,949	3,106,486
Total noncurrent assets	5,362,726	5,899,330
Total assets	10,735,545	10,854,466
Liabilities		
Current liabilities		
Accounts payable-trade	278,045	199,564
Income taxes payable	186,265	125,132
Provision for bonuses	194,800	195,500
Provision for loss on liquidation of subsidiaries and affiliates	17,000	–
Other	734,580	653,572
Total current liabilities	1,410,691	1,173,769
Noncurrent liabilities		
Provision for retirement benefits	249,404	242,426
Provision for directors' retirement benefits	296,982	313,110
Total noncurrent liabilities	546,386	555,536
Total liabilities	1,957,078	1,729,305

(Thousands of yen)

	As of March 31, 2013	As of September 30, 2013
Net assets		
Shareholders' equity		
Capital stock	1,772,000	1,772,000
Capital surplus	2,402,847	2,402,847
Retained earnings	4,701,788	5,058,144
Treasury stock	(39,128)	(39,246)
Total shareholders' equity	8,837,507	9,193,746
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	19,850	10,304
Revaluation reserve for land	(78,890)	(78,890)
Total valuation and translation adjustments	(59,040)	(68,586)
Total net assets	8,778,467	9,125,160
Total liabilities and net assets	10,735,545	10,854,466

(2) Statements of Income

(Thousands of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net sales	3,143,852	3,237,080
Cost of sales	1,697,782	1,689,855
Gross profit	1,446,069	1,547,225
Selling, general and administrative expenses	1,312,016	1,261,844
Operating income	134,053	285,380
Non-operating income		
Interest income	10,738	12,675
Dividends income	–	5,297
Gain on valuation of securities	6,052	–
Other	7,020	3,809
Total non-operating income	23,811	21,782
Non-operating expenses		
Loss on redemption of securities	2,830	–
Loss on valuation of securities	–	689
Other	16	1,082
Total non-operating expenses	2,846	1,771
Ordinary income	155,018	305,391
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,688	70
Loss on valuation of stocks of subsidiaries and affiliates	–	10,883
Total extraordinary losses	1,688	10,953
Income before income taxes	153,329	294,437
Income taxes	63,907	(287,171)
Net income	89,421	581,608

(3) Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes	153,329	294,437
Depreciation and amortization	46,202	39,964
Interest and dividends income	(3,997)	(7,875)
Interest income on securities	(6,740)	(10,097)
Increase (decrease) in allowance for doubtful accounts	(2,289)	(826)
Increase (decrease) in provision for bonuses	24,800	700
Increase (decrease) in provision for retirement benefits	2,656	(6,977)
Increase (decrease) in provision for directors' retirement benefits	(154,754)	16,127
Decrease (increase) in notes and accounts receivable-trade	100,977	207,367
Decrease (increase) in inventories	(77,072)	(65,573)
Decrease (increase) in advance payments	(192,994)	(188,386)
Increase (decrease) in notes and accounts payable-trade	(55,977)	(78,481)
Other, net	39,994	(101,816)
Subtotal	(125,865)	98,560
Interest and dividends income received	12,325	19,145
Income taxes (paid) refund	(78,711)	(171,536)
Net cash provided by (used in) operating activities	(192,252)	(53,830)
Net cash provided by (used in) investing activities		
Purchase of securities	(1,600,249)	(1,400,001)
Proceeds from sales and redemption of securities	1,400,000	1,500,000
Purchase of investment securities	–	(295,899)
Proceeds from sales and redemption of investment securities	100,000	–
Purchase of property, plant and equipment and intangible assets	(27,306)	(26,591)
Proceeds from sales of property, plant and equipment and intangible assets	7,536	8,000
Proceeds from cancellation of insurance funds	140,859	90,336
Other, net	(3,608)	(86,134)
Net cash provided by (used in) investing activities	17,231	(210,289)
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(44)	(117)
Cash dividends paid	(189,697)	(224,427)
Net cash provided by (used in) financing activities	(189,742)	(224,544)
Net increase (decrease) in cash and cash equivalents	(364,762)	(488,664)
Cash and cash equivalents at beginning of period	3,061,194	3,564,717
Cash and cash equivalents at end of period	2,696,432	3,076,053

V. Corporate Data (as of September 30, 2013)

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:	288 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	Hitoshi Kimoto
Executive Vice 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
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:	8,534

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	447	5.1
Tanabe Management Consulting Client Share Ownership Scheme	295	3.4
Tanabe Management Consulting Employee Share Ownership Scheme	227	2.6
Shinichi Ueda	176	2.0
Toshio Denbara	144	1.6
Hitoshi Kimoto	137	1.5

* In addition to shares described above, the Company holds 90,799 shares as treasury shares.

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