

For the Six Months Ended September 30, 2015

Annual Select[®] 2016

**1st
half**

Tanabe Management Consulting Co., Ltd.

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

(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,” we have expanded and diversified “consulting,” our original line of business, into all business operations, and we have changed our business field into the two operating units of the “Management Consulting Business” and the “Sales Promotion (SP) Consulting Business,” which 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 53 rd term Six months ended September 30, 2014	First half of 54 th term Six months ended September 30, 2015	53 rd term Fiscal year ended March 31, 2015
Net sales (Thousands of yen)	3,365,926	3,636,158	7,865,452
Ordinary income (Thousands of yen)	334,951	420,213	808,522
Net income (Thousands of yen)	213,091	316,453	315,629
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)	9,410,669	9,521,875	9,552,238
Total assets (Thousands of yen)	11,290,626	11,566,415	11,792,255
Net income per share (Yen)	24.60	36.53	36.43
Diluted net income per share (Yen)	–	–	–
Dividend per share (Yen)	–	–	33.43
Equity ratio (%)	83.3	82.3	81.0
Net cash provided by (used in) operating activities (Thousands of yen)	208,795	5,667	1,130,807
Net cash provided by (used in) investing activities (Thousands of yen)	(653,652)	(213,197)	(760,654)
Net cash provided by (used in) financing activities (Thousands of yen)	(258,588)	(284,111)	(259,234)
Cash and cash equivalents at end of period (Thousands of yen)	3,402,025	3,724,748	4,216,389

	Second quarter of 53 rd term Three months ended September 30, 2014	Second quarter of 54 th term Three months ended September 30, 2015
Net income per share (Yen)	13.33	14.95

- 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 54th business year (i.e., results for the six months from April 1, 2015 to September 30, 2015), 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 “Vision 2020 Change and Grow.”

The Management Consulting Business increased the number of team consulting contracts and realized stable revenues by raising the unit price, among other measures. We strove to increase new customers by strengthening to recruit members for various seminars such as the First Call Company Forum and to enhance the customer base by expanding strategic domain and management workshops.

In addition, we strove to expand alliance partners, which include regional financial institutions and accountant’s offices, and enhance such services as supporting the development of personnel of alliance partners and dispatching instructors to study workshops (management schools) and seminars for fostering successors of regional businesses.

The Sales Promotion (SP) Consulting Business expanded our customer base through SP consulting proposals centering on the young women, kindergarten and child-rearing market. In the field of merchandizing and OEM, we established new sales channels and routes for the development and assistance of products.

In the economic environment, in addition to concerns that the global economy will underperform on expectations due to interest rises in the United States and slowdown in the economies of China and emerging countries, personal consumption appears to be depressed due to a rise in the price of commodity. Nevertheless, economic activity, as reflected in improvements in corporate earnings, and the employment and personal income environment, continues on a moderate track of recovery. Operating in this environment, we will draw on our company-wide team consulting that aims to deliver the best for every client and strive to assist in the creation of “first call companies” that will be the first choice even 100 years in the future, acting as “a strategic partner taking on challenges of change and growth.”

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

November 2015

Takahiko Wakamatsu
Chief Executive Officer and President



III. Tanabe Management in Numbers

Now
in our 58th year

Established on
October 16, 1957



148

Number of alliance partners
(financial institutions and
accountant's offices)
in 1st half of
fiscal 2015



6,857

Number of people
attending Tanabe
seminars in fiscal 2014



More than
10,000

Number of companies
enrolled as fee-paying
customers for
Management Partners
Department

More than
25,000

Number of students
that have completed
our manager
education program
(aggregated)

More than
5,000

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

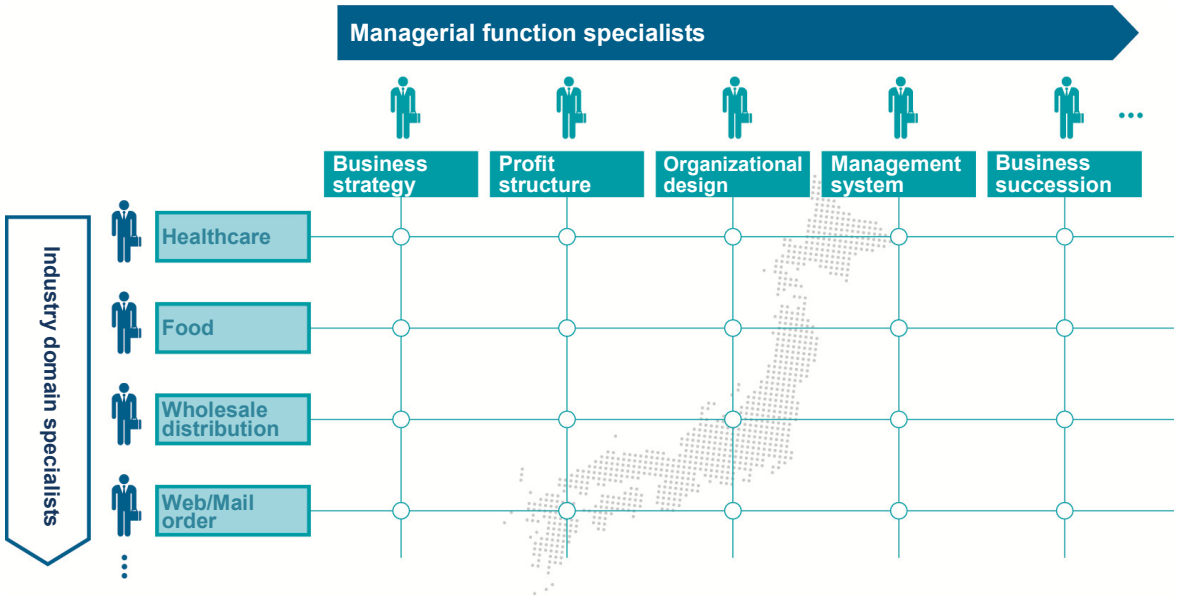
About 3,500

Number of direct
corporate clients for Sales
Promotion (SP)
Consulting Business in
fiscal 2014

IV. Profile of Operations

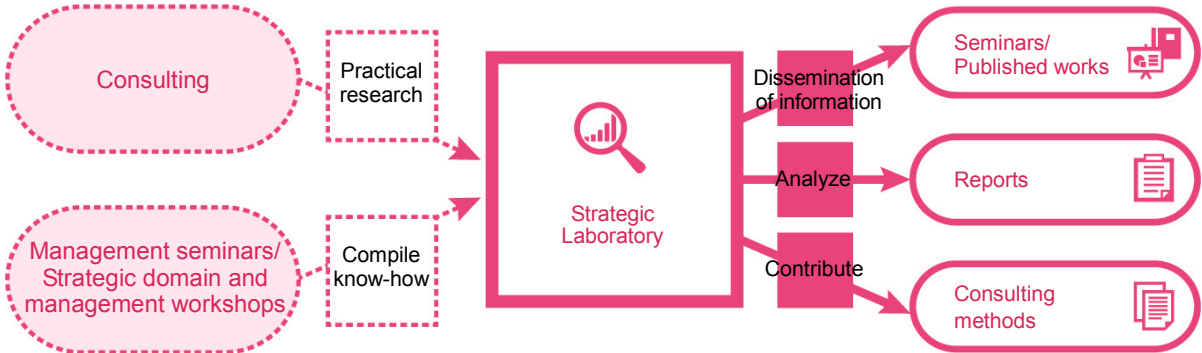
1. Consulting Strategy Department

- Managerial function teams: These client-optimized teams provide sound strategic consulting services, and are made up of specialists in managerial functions that include business strategy, profit structure, organizational design, management system and business succession.
- Industry domain teams: These teams, made up of industry domain specialists, implement industry-specific strategic methods for finding solutions to inherent strategic challenges.
- Geographic area teams: We promote a team consulting approach that involves community-based teams at bases in 10 major cities across Japan. The teams draw on nationwide networks, and are made up of consultants who are familiar with characteristics of their respective locations.
- The Consulting Strategy Department provides strategic consulting services primarily to middle-ranking companies, using teams organized on the basis of managerial function, industry domain and geographic area.



2. Strategic Laboratory

As a research institution for business strategy and management, the Strategic Laboratory compiles and analyzes know-how gained from engaging in consulting, holding strategic domain and management workshops, and working in personnel development. It then contributes that knowledge to corporations and society through means that include publishing it in business magazines such as *RCC REVIEW*.

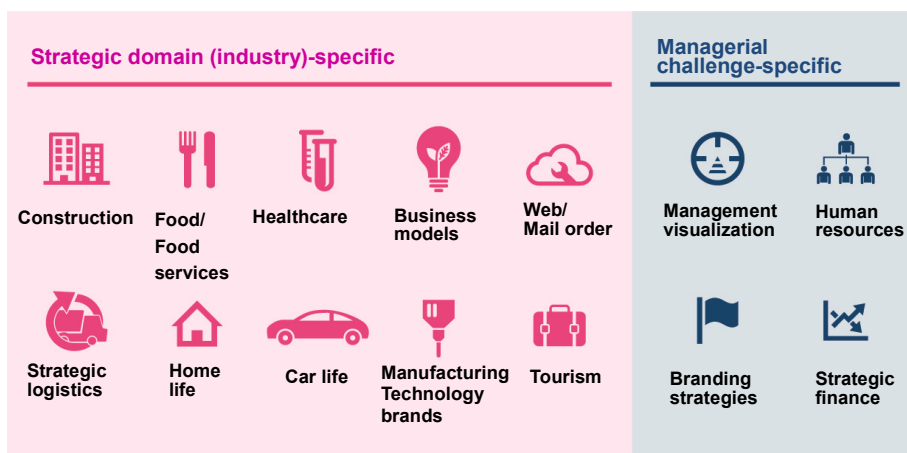


- Management seminars

We provide support for personnel development through our own seminar programs designed for everyone from new employees to company executives.



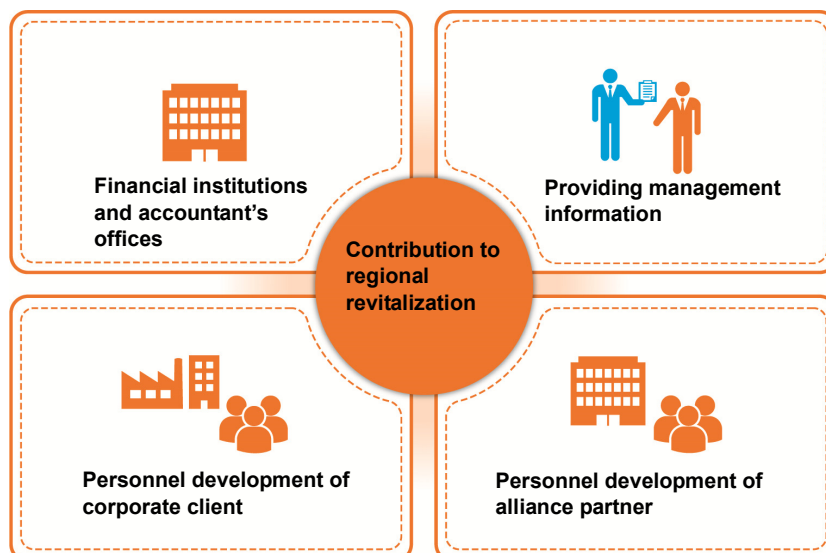
- In order to offer services involving growth strategies and management methods, we perform “first call company” research throughout Japan, and sometimes conduct field research worldwide.



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 development of personnel of alliance partners and of client companies introduced by such alliance partners.

The Management Partners Department helps make regional economies more vibrant by offering its accumulated know-how on management strategies and personnel development, thereby facilitating revitalization of such locations.



The Management Partners Department operates the Company’s direct-member organizations (the Eagle Club and the New Leaders Club) for company executives, and also disseminates original management information derived from our accumulated consulting know-how to members of such organizations, through smartphones, tablet and other such means.



4. SP Consulting Department

In the SP Consulting Department, consultants who specialize in sales promotions, tools for promotions and merchandising provide support for one-stop solutions involving everything from planning to implementation, after painstaking review of a company’s sales promotion challenges and goals.

The SP Consulting Department provides the “Blue Diary” business handbook first published back in 1959, and otherwise assists with planning, development and production of original merchandise.



V. TOPIC

Renewal of information magazine “*FCC REVIEW*”

An information magazine for leaders planning to make companies that will be the first choice even 100 years in the future

- The three information magazines *DECIDE*, *Consultant Eye* and *Keiei Shiza* have been combined to make a new business information magazine.
- The magazine, which targets company executives and leaders planning to make a first call company, aims to be an intellectual and high quality “strategic partner magazine” for solving strategic challenges.



New information magazine

FCC REVIEW.digital

- In addition to the content of the Eagle Club, the new information magazine *FCC REVIEW* can also be read on its own website and on a tablet device.



e-book



Website

IV. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	3,516,389	3,124,748
Notes and accounts receivable - trade	608,817	452,979
Securities	1,500,000	1,621,546
Merchandise	47,086	78,554
Raw materials	13,971	44,273
Other	275,545	431,880
Allowance for doubtful accounts	(1,630)	(1,316)
Total current assets	5,960,178	5,752,667
Non-current assets		
Property, plant and equipment		
Buildings, net	639,648	625,290
Land	1,663,477	1,663,477
Other, net	36,623	41,152
Total property, plant and equipment	2,339,749	2,329,919
Intangible assets	29,317	41,107
Investments and other assets		
Investment securities	1,640,250	1,419,276
Other	1,822,762	2,023,445
Allowance for doubtful accounts	(2)	(1)
Total investments and other assets	3,463,009	3,442,720
Total non-current assets	5,832,076	5,813,747
Total assets	11,792,255	11,566,415
Liabilities		
Current liabilities		
Accounts payable - trade	306,975	226,488
Income taxes payable	114,264	146,892
Provision for bonuses	207,000	261,300
Provision for loss on liquidation of subsidiaries and associates	2,000	2,000
Other	1,067,527	862,860
Total current liabilities	1,697,768	1,499,541
Non-current liabilities		
Provision for retirement benefits	178,658	187,763
Provision for directors' retirement benefits	363,590	357,235
Total non-current liabilities	542,248	544,998
Total liabilities	2,240,016	2,044,540

(Thousands of yen)

	As of March 31, 2015	As of September 30, 2015
Net assets		
Shareholders' equity		
Capital stock	1,772,000	1,772,000
Capital surplus	2,402,847	2,402,847
Retained earnings	5,310,133	5,340,696
Treasury shares	(39,291)	(39,319)
Total shareholders' equity	9,445,689	9,476,225
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	106,549	45,649
Total valuation and translation adjustments	106,549	45,649
Total net assets	9,552,238	9,521,875
Total liabilities and net assets	11,792,255	11,566,415

(2) Statements of Income

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	3,365,926	3,636,158
Cost of sales	1,756,433	1,838,821
Gross profit	1,609,492	1,797,336
Selling, general and administrative expenses	1,298,940	1,392,021
Operating income	310,552	405,314
Non-operating income		
Interest income	10,303	6,748
Dividend income	10,484	8,545
Other	5,254	3,906
Total non-operating income	26,042	19,200
Non-operating expenses		
Loss on valuation of securities	1,417	2,389
Loss on insurance cancellation	–	1,913
Other	225	–
Total non-operating expenses	1,642	4,302
Ordinary income	334,951	420,213
Extraordinary losses		
Loss on sales and retirement of non-current assets	240	146
Total extraordinary losses	240	146
Income before income taxes	334,711	420,066
Income taxes	121,620	103,613
Profit	213,091	316,453

(3) Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes	334,711	420,066
Depreciation	34,654	26,938
Interest and dividend income	(13,217)	(10,841)
Interest income on securities	(7,571)	(1,582)
Increase (decrease) in allowance for doubtful accounts	(281)	(315)
Increase (decrease) in provision for bonuses	39,600	54,300
Increase (decrease) in provision for retirement benefits	2,481	9,105
Decrease (increase) in prepaid pension costs	(24,873)	(26,744)
Increase (decrease) in provision for directors' retirement benefits	16,757	(6,355)
Decrease (increase) in notes and accounts receivable - trade	141,887	155,837
Decrease (increase) in inventories	(71,173)	(61,769)
Decrease (increase) in advance payments	(184,716)	(185,843)
Increase (decrease) in notes and accounts payable - trade	(98,765)	(80,487)
Other, net	(100,893)	(197,402)
Subtotal	68,599	94,905
Interest and dividend income received	22,171	18,322
Income taxes (paid) refund	118,025	(107,560)
Net cash provided by (used in) operating activities	208,795	5,667
Cash flows from investing activities		
Purchase of securities	(1,499,999)	(1,400,000)
Proceeds from sales and redemption of securities	1,300,000	1,400,000
Purchase of investment securities	(100,000)	(100,000)
Proceeds from sales and redemption of investment securities	–	100,000
Purchase of property, plant and equipment and intangible assets	(3,227)	(28,737)
Proceeds from cancellation of insurance funds	–	93,075
Other, net	(350,426)	(277,534)
Net cash provided by (used in) investing activities	(653,652)	(213,197)
Cash flows from financing activities		
Purchase of treasury shares	–	(27)
Cash dividends paid	(258,588)	(284,083)
Net cash provided by (used in) financing activities	(258,588)	(284,111)
Net increase (decrease) in cash and cash equivalents	(703,445)	(491,640)
Cash and cash equivalents at beginning of period	4,105,471	4,216,389
Cash and cash equivalents at end of period	3,402,025	3,724,748

V. Corporate Data (as of September 30, 2015)

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:	299 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
Chief Executive Officer and President	Takahiko Wakamatsu
Executive Vice Chairman	Hitoshi Kimoto
Executive Managing Director	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
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:	10,359

Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Shoichi Tanabe	1,264	14.5
Jiro Tanabe	731	8.4
Yoichiro Tanabe	676	7.8
Toki Narazaki	589	6.7
Tanabe Management Consulting Client Share Ownership Scheme	253	2.9
Shinichi Ueda	250	2.8
Tanabe Management Consulting Employee Share Ownership Scheme	247	2.8
Hitoshi Kimoto	155	1.7
Toshio Denbara	144	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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