

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

October 30, 2017

Company name: OBIC BUSINESS CONSULTANTS CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 4733 URL <http://www.obc.co.jp>
 Representative: President and Representative Director Shigefumi Wada
 Senior Managing Director, General Manager
 Inquiries: of Administrative Headquarters and Manager Hiroko Wada TEL 03-3342-1881
 of Administrative Division
 Scheduled date to file Quarterly Securities Report: November 6, 2017
 Scheduled date to commence dividend payments: November 24, 2017
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	10,970	(0.3)	3,994	(11.6)	5,097	4.4	3,709	6.7
Six months ended September 30, 2016	11,000	6.5	4,519	6.9	4,884	(3.0)	3,476	3.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	98.71		-	
Six months ended September 30, 2016	92.50		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of September 30, 2017	117,471		101,960		86.8		2,713.01	
As of March 31, 2017	117,930		100,042		84.8		2,661.96	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2017	-	35.00	-	35.00	70.00
Year ending March 31, 2018	-	40.00	-	-	-
Year ending March 31, 2018 (Forecast)	-	-	-	40.00	80.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,000	3.0	10,080	1.3	11,080	0.8	7,656	(0.2)	203.71

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2017	40,352,000 shares	As of March 31, 2017	40,352,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	2,769,940 shares	As of March 31, 2017	2,769,893 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	37,582,078 shares	Six months ended September 30, 2016	37,582,159 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	81,310,586	84,688,236
Notes receivable - trade	1,355,660	1,022,903
Accounts receivable - trade	6,154,738	3,606,779
Merchandise and finished goods	132,528	141,629
Work in process	998	1,237
Raw materials and supplies	64,110	64,907
Prepaid expenses	206,007	167,238
Deferred tax assets	331,890	303,361
Accounts receivable - other	6,846	5,258
Other	6,926	8,871
Allowance for doubtful accounts	(10,067)	(19,655)
Total current assets	89,560,226	89,990,769
Non-current assets		
Property, plant and equipment	477,488	507,586
Intangible assets	418,059	416,752
Investments and other assets		
Investment securities	26,802,115	25,819,416
Shares of subsidiaries and associates	16,093	16,093
Long-term accounts receivable - other	114,030	84,800
Lease and guarantee deposits	623,002	687,178
Membership	37,780	37,780
Claims provable in bankruptcy, claims provable in rehabilitation and other	3,632	3,044
Allowance for doubtful accounts	(121,812)	(91,994)
Total investments and other assets	27,474,840	26,556,318
Total non-current assets	28,370,388	27,480,657
Total assets	117,930,615	117,471,426

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	233,771	198,337
Accounts payable - other	529,131	519,455
Accrued expenses	769,860	909,421
Income taxes payable	1,920,409	1,539,781
Accrued consumption taxes	281,957	158,665
Deposits received	70,339	81,962
Unearned revenue	9,962,491	8,058,150
Provision for directors' bonuses	64,000	32,000
Other	4,035	10,964
Total current liabilities	13,835,996	11,508,738
Non-current liabilities		
Deferred tax liabilities	2,461,461	2,312,314
Provision for retirement benefits	1,467,430	1,565,651
Asset retirement obligations	123,581	124,152
Total non-current liabilities	4,052,473	4,002,118
Total liabilities	17,888,470	15,510,856
Net assets		
Shareholders' equity		
Capital stock	10,519,000	10,519,000
Capital surplus	18,949,268	18,949,268
Retained earnings	66,204,172	68,598,342
Treasury shares	(5,348,878)	(5,349,143)
Total shareholders' equity	90,323,562	92,717,466
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,718,582	9,243,102
Total valuation and translation adjustments	9,718,582	9,243,102
Total net assets	100,042,145	101,960,569
Total liabilities and net assets	117,930,615	117,471,426

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	11,000,035	10,970,524
Cost of sales	1,636,734	1,736,866
Gross profit	9,363,301	9,233,657
Selling, general and administrative expenses	4,843,535	5,239,026
Operating profit	4,519,765	3,994,631
Non-operating income		
Interest income	181	94
Interest on securities	13,539	–
Dividend income	526,077	484,510
Gain on investments in partnership	–	569,215
Other	19,411	49,344
Total non-operating income	559,209	1,103,164
Non-operating expenses		
Loss on sales of investment securities	7,982	228
Loss on investments in partnership	73,931	–
Provision of allowance for doubtful accounts	30,280	–
Foreign exchange losses	79,725	–
Other	2,576	157
Total non-operating expenses	194,496	386
Ordinary profit	4,884,478	5,097,409
Extraordinary income		
Gain on sales of investment securities	5,038	–
Total extraordinary income	5,038	–
Extraordinary losses		
Loss on valuation of investment securities	667	–
Total extraordinary losses	667	–
Profit before income taxes	4,888,849	5,097,409
Income taxes - current	1,312,177	1,298,838
Income taxes - deferred	100,346	89,027
Total income taxes	1,412,524	1,387,866
Profit	3,476,325	3,709,543

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	4,888,849	5,097,409
Depreciation	138,051	198,051
Increase (decrease) in provision for retirement benefits	64,621	98,220
Increase (decrease) in provision for directors' bonuses	(25,450)	(32,000)
Increase (decrease) in allowance for doubtful accounts	25,380	(20,230)
Interest and dividend income	(539,797)	(484,604)
Loss (gain) on sales of investment securities	2,944	228
Loss (gain) on valuation of investment securities	667	–
Loss (gain) on investments in partnership	73,931	(569,215)
Decrease (increase) in notes and accounts receivable - trade	2,524,134	2,880,715
Decrease (increase) in inventories	16,705	(10,136)
Decrease (increase) in prepaid expenses	(43,323)	38,768
Increase (decrease) in notes and accounts payable - trade	(68,536)	(35,434)
Increase (decrease) in accrued consumption taxes	(59,622)	(123,292)
Increase (decrease) in accrued expenses	200,810	139,561
Increase (decrease) in unearned revenue	(2,055,324)	(1,904,340)
Other, net	(21,529)	32,524
Subtotal	5,122,511	5,306,226
Interest and dividend income received	547,469	484,604
Income taxes paid	(1,457,453)	(1,679,466)
Net cash provided by (used in) operating activities	4,212,527	4,111,364
Cash flows from investing activities		
Proceeds from sales of investment securities	3,642,693	873,739
Purchase of property, plant and equipment	(166,386)	(118,765)
Purchase of intangible assets	(64,702)	(108,971)
Payments for lease and guarantee deposits	(25,484)	(64,899)
Proceeds from collection of lease and guarantee deposits	3,184	724
Net cash provided by (used in) investing activities	3,389,304	581,827
Cash flows from financing activities		
Cash dividends paid	(1,315,299)	(1,315,276)
Purchase of treasury shares	(539)	(265)
Net cash provided by (used in) financing activities	(1,315,839)	(1,315,541)
Net increase (decrease) in cash and cash equivalents	6,285,992	3,377,650
Cash and cash equivalents at beginning of period	69,689,288	81,300,586
Cash and cash equivalents at end of period	75,975,280	84,678,236