

Translation

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Summary of Non-Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

July 25, 2018

Company name: OBIC BUSINESS CONSULTANTS CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 4733 URL <https://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: August 7, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(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	%
Three months ended June 30, 2018	5,969	12.4	2,218	13.3	2,438	(6.2)	2,659	35.5
Three months ended June 30, 2017	5,311	1.2	1,958	(7.7)	2,599	20.0	1,962	29.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	70.76		–	
Three months ended June 30, 2017	52.22		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2018	124,316		107,293		86.3	
As of March 31, 2018	123,615		105,264		85.2	

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, 2018	–	40.00	–	40.00	80.00
Year ending March 31, 2019	–				
Year ending March 31, 2019 (Forecast)		40.00	–	40.00	80.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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
Six months ending September 30, 2018	11,600	5.7	4,500	12.7	5,000	(1.9)	4,372	17.9	116.33
Full year	25,000	6.3	10,600	8.9	11,600	3.6	8,536	4.5	227.13

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 June 30, 2018	⋮	40,352,000 shares	As of March 31, 2018	⋮	40,352,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	⋮	2,769,963 shares	As of March 31, 2018	⋮	2,769,940 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	⋮	37,582,054 shares	Three months ended June 30, 2017	⋮	37,582,096 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	87,123,504	89,383,077
Notes receivable - trade	1,599,020	1,640,311
Accounts receivable - trade	6,579,912	4,122,917
Merchandise and finished goods	131,452	135,090
Work in process	1,078	1,308
Raw materials and supplies	54,178	52,896
Prepaid expenses	183,152	156,047
Accounts receivable - other	5,928	4,596
Other	10,083	12,896
Allowance for doubtful accounts	(13,077)	(11,465)
Total current assets	95,675,235	95,497,677
Non-current assets		
Property, plant and equipment	537,014	491,254
Intangible assets	453,912	468,555
Investments and other assets		
Investment securities	26,189,944	27,104,546
Shares of subsidiaries and associates	16,093	16,093
Lease and guarantee deposits	709,715	709,657
Long-term accounts receivable - other	67,680	66,640
Membership	37,780	32,380
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,922	2,434
Allowance for doubtful accounts	(74,752)	(73,224)
Total investments and other assets	26,949,383	27,858,527
Total non-current assets	27,940,310	28,818,337
Total assets	123,615,545	124,316,014

(Thousands of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	243,543	176,311
Accounts payable - other	499,224	471,748
Accrued expenses	757,776	1,050,993
Income taxes payable	2,231,917	800,399
Accrued consumption taxes	217,387	319,134
Deposits received	78,724	190,261
Unearned revenue	10,857,959	9,654,240
Provision for directors' bonuses	64,000	64,000
Other	3,855	4,023
Total current liabilities	14,954,388	12,731,111
Non-current liabilities		
Deferred tax liabilities	1,600,037	2,428,770
Provision for retirement benefits	1,651,289	1,716,774
Asset retirement obligations	145,200	145,494
Total non-current liabilities	3,396,528	4,291,039
Total liabilities	18,350,916	17,022,150
Net assets		
Shareholders' equity		
Capital stock	10,519,000	10,519,000
Capital surplus	18,949,268	18,949,268
Retained earnings	71,557,652	72,713,833
Treasury shares	(5,349,143)	(5,349,324)
Total shareholders' equity	95,676,776	96,832,776
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,587,851	10,461,086
Total valuation and translation adjustments	9,587,851	10,461,086
Total net assets	105,264,628	107,293,863
Total liabilities and net assets	123,615,545	124,316,014

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	5,311,186	5,969,770
Cost of sales	829,155	961,780
Gross profit	4,482,031	5,007,989
Selling, general and administrative expenses	2,523,509	2,789,651
Operating profit	1,958,521	2,218,338
Non-operating income		
Interest income	1	1
Dividend income	188,617	212,447
Gain on investments in partnership	419,019	4,251
Other	35,916	4,918
Total non-operating income	643,554	221,619
Non-operating expenses		
Loss on sales of investment securities	228	546
Other	2,652	970
Total non-operating expenses	2,881	1,516
Ordinary profit	2,599,194	2,438,442
Extraordinary income		
Gain on sales of investment securities	–	1,408,415
Gain on sales of memberships	–	1,200
Total extraordinary income	–	1,409,615
Extraordinary losses		
Loss on valuation of investment securities	–	328
Total extraordinary losses	–	328
Profit before income taxes	2,599,194	3,847,728
Income taxes - current	580,500	744,561
Income taxes - deferred	56,001	443,704
Total income taxes	636,502	1,188,265
Profit	1,962,692	2,659,463

Non-consolidated statements of cash flows

(Thousands of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	2,599,194	3,847,728
Depreciation	99,025	110,447
Increase (decrease) in provision for retirement benefits	63,498	65,485
Increase (decrease) in allowance for doubtful accounts	(33,080)	(3,140)
Interest and dividend income	(188,618)	(212,448)
Loss (gain) on sales of investment securities	228	(1,407,869)
Loss (gain) on valuation of investment securities	–	328
Loss (gain) on sales of membership	–	(1,200)
Loss (gain) on investments in partnership	(419,019)	(4,251)
Decrease (increase) in notes and accounts receivable - trade	2,685,366	2,415,704
Decrease (increase) in inventories	(2,376)	(2,586)
Decrease (increase) in prepaid expenses	39,459	27,104
Increase (decrease) in notes and accounts payable - trade	(91,409)	(67,232)
Increase (decrease) in accrued consumption taxes	7,181	101,746
Increase (decrease) in accrued expenses	278,234	293,217
Increase (decrease) in unearned revenue	(1,180,531)	(1,203,719)
Other, net	(72,943)	44,397
Subtotal	3,784,209	4,003,713
Interest and dividend income received	188,618	212,448
Income taxes paid	(1,716,019)	(2,176,079)
Net cash provided by (used in) operating activities	2,256,808	2,040,083
Cash flows from investing activities		
Proceeds from sales of investment securities	464,949	1,755,454
Purchase of property, plant and equipment	(10,549)	(6,803)
Purchase of intangible assets	(50,007)	(32,103)
Proceeds from sales of membership	–	6,600
Payments for lease and guarantee deposits	(18,547)	(361)
Proceeds from collection of lease and guarantee deposits	551	419
Net cash provided by (used in) investing activities	386,395	1,723,205
Cash flows from financing activities		
Cash dividends paid	(1,315,449)	(1,503,535)
Purchase of treasury shares	(265)	(180)
Net cash provided by (used in) financing activities	(1,315,714)	(1,503,716)
Net increase (decrease) in cash and cash equivalents	1,327,489	2,259,572
Cash and cash equivalents at beginning of period	81,300,586	87,113,504
Cash and cash equivalents at end of period	82,628,075	89,373,077