

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

April 25, 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 of ordinary general meeting of shareholders: June 26, 2017
 Scheduled date to file Securities Report: June 27, 2017
 Scheduled date to commence dividend payments: June 27, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Non-consolidated operating results

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	%
Year ended March 31, 2017	23,290	6.3	9,954	8.8	10,995	5.2	7,669	12.2
Year ended March 31, 2016	21,912	10.5	9,153	7.0	10,452	(0.1)	6,834	6.4

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	204.08	–	7.8	9.6	42.7
Year ended March 31, 2016	181.85	–	7.3	9.6	41.8

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	117,930	100,042	84.8	2,661.96
As of March 31, 2016	112,425	95,531	85.0	2,541.93

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	8,676	5,565	(2,631)	81,300
Year ended March 31, 2016	9,552	4,234	(2,180)	69,689

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	30.00	–	35.00	65.00	2,442	35.7	2.6
Year ended March 31, 2017	–	35.00	–	35.00	70.00	2,630	34.3	2.6
Year ending March 31, 2018 (Forecast)	–	40.00	–	40.00	80.00		39.3	

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
Six months ending September 30, 2017	11,300	2.7	4,530	0.2	5,030	3.0	3,476	0.0	92.49
Full year	24,000	3.0	10,080	1.3	11,080	0.8	7,656	(0.2)	203.71

4. Notes

(1) 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:	Yes
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(2) Number of issued shares (common shares)

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

As of March 31, 2017	40,352,000 shares	As of March 31, 2016	40,352,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	2,769,893 shares	As of March 31, 2016	2,769,779 shares
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Average number of shares during the period

Year ended March 31, 2017	37,582,133 shares	Year ended March 31, 2016	37,582,238 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	69,699,288	81,310,586
Notes receivable - trade	1,164,307	1,355,660
Accounts receivable - trade	5,833,559	6,154,738
Securities	838,040	–
Merchandise and finished goods	144,859	132,528
Work in process	1,510	998
Raw materials and supplies	72,540	64,110
Prepaid expenses	98,573	206,007
Deferred tax assets	305,013	331,890
Accounts receivable - other	328,751	6,846
Other	13,276	6,926
Allowance for doubtful accounts	(16,587)	(10,067)
Total current assets	78,483,135	89,560,226
Non-current assets		
Property, plant and equipment		
Buildings	443,783	558,205
Accumulated depreciation	(277,246)	(284,964)
Buildings, net	166,536	273,241
Vehicles	11,235	12,837
Accumulated depreciation	(11,235)	(2,616)
Vehicles, net	0	10,221
Tools, furniture and fixtures	956,870	938,797
Accumulated depreciation	(828,075)	(744,771)
Tools, furniture and fixtures, net	128,795	194,026
Total property, plant and equipment	295,331	477,488
Intangible assets		
Telephone subscription right	13,003	13,003
Software	450,745	390,468
Software in progress	322	14,587
Total intangible assets	464,071	418,059
Investments and other assets		
Investment securities	32,524,517	26,802,115
Shares of subsidiaries and associates	16,093	16,093
Long-term accounts receivable - other	–	114,030
Lease and guarantee deposits	608,341	623,002
Membership	37,780	37,780
Claims provable in bankruptcy, claims provable in rehabilitation and other	3,212	3,632
Allowance for doubtful accounts	(7,362)	(121,812)
Total investments and other assets	33,182,582	27,474,840
Total non-current assets	33,941,985	28,370,388
Total assets	112,425,121	117,930,615

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	260,347	233,771
Accounts payable - other	575,600	529,131
Accrued expenses	661,761	769,860
Income taxes payable	1,489,044	1,920,409
Accrued consumption taxes	266,289	281,957
Deposits received	68,272	70,339
Unearned revenue	9,502,113	9,962,491
Provision for directors' bonuses	57,450	64,000
Other	3,858	4,035
Total current liabilities	12,884,737	13,835,996
Non-current liabilities		
Deferred tax liabilities	2,543,787	2,461,461
Provision for retirement benefits	1,368,045	1,467,430
Asset retirement obligations	97,272	123,581
Total non-current liabilities	4,009,105	4,052,473
Total liabilities	16,893,842	17,888,470
Net assets		
Shareholders' equity		
Capital stock	10,519,000	10,519,000
Capital surplus		
Legal capital surplus	18,415,000	18,415,000
Other capital surplus	534,268	534,268
Total capital surpluses	18,949,268	18,949,268
Retained earnings		
Legal retained earnings	140,610	140,610
Other retained earnings		
General reserve	48,100,000	52,100,000
Retained earnings brought forward	12,924,421	13,963,562
Total retained earnings	61,165,032	66,204,172
Treasury shares	(5,348,339)	(5,348,878)
Total shareholders' equity	85,284,961	90,323,562
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,246,317	9,718,582
Total valuation and translation adjustments	10,246,317	9,718,582
Total net assets	95,531,278	100,042,145
Total liabilities and net assets	112,425,121	117,930,615

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales		
Total net sales	21,912,506	23,290,465
Cost of sales		
Total cost of sales	3,421,749	3,543,925
Gross profit	18,490,757	19,746,539
Selling, general and administrative expenses	9,337,508	9,792,368
Operating profit	9,153,248	9,954,170
Non-operating income		
Interest income	5,687	350
Interest on securities	51,176	19,001
Dividend income	904,889	840,247
Gain on sales of investment securities	78,476	42,769
Gain on investments in partnership	223,140	191,749
Other	69,132	64,534
Total non-operating income	1,332,503	1,158,653
Non-operating expenses		
Foreign exchange losses	29,004	–
Provision of allowance for doubtful accounts	–	114,030
Other	4,340	3,461
Total non-operating expenses	33,344	117,491
Ordinary profit	10,452,408	10,995,332
Extraordinary income		
Gain on sales of non-current assets	154,500	1,638
Gain on sales of investment securities	–	5,038
Total extraordinary income	154,500	6,676
Extraordinary losses		
Loss on retirement of non-current assets	143	3,573
Loss on valuation of investment securities	100,431	667
Loss on transfer of investments in capital of subsidiaries and associates	21,543	–
Loss on valuation of membership	2,000	–
Directors' retirement benefits	–	42,500
Total extraordinary losses	124,119	46,740
Profit before income taxes	10,482,789	10,955,269
Income taxes - current	3,160,282	3,161,554
Income taxes - deferred	488,179	123,822
Total income taxes	3,648,461	3,285,376
Profit	6,834,327	7,669,892

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings	General reserve	Retained earnings brought forward		
Balance at beginning of current period	10,519,000	18,415,000	534,268	18,949,268	140,610	44,100,000	12,269,865	56,510,476	(5,348,014)	80,630,730
Changes of items during period										
Provision of general reserve						4,000,000	(4,000,000)	-		-
Dividends of surplus							(2,179,771)	(2,179,771)		(2,179,771)
Profit							6,834,327	6,834,327		6,834,327
Purchase of treasury shares									(325)	(325)
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	-	4,000,000	654,555	4,654,555	(325)	4,654,230
Balance at end of current period	10,519,000	18,415,000	534,268	18,949,268	140,610	48,100,000	12,924,421	61,165,032	(5,348,339)	85,284,961

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	10,363,977	10,363,977	90,994,707
Changes of items during period			
Provision of general reserve			-
Dividends of surplus			(2,179,771)
Profit			6,834,327
Purchase of treasury shares			(325)
Net changes of items other than shareholders' equity	(117,659)	(117,659)	(117,659)
Total changes of items during period	(117,659)	(117,659)	4,536,571
Balance at end of current period	10,246,317	10,246,317	95,531,278

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	10,519,000	18,415,000	534,268	18,949,268	140,610	48,100,000	12,924,421	61,165,032	(5,348,339)	85,284,961
Changes of items during period										
Provision of general reserve						4,000,000	(4,000,000)	-		-
Dividends of surplus							(2,630,751)	(2,630,751)		(2,630,751)
Profit							7,669,892	7,669,892		7,669,892
Purchase of treasury shares									(539)	(539)
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	-	4,000,000	1,039,140	5,039,140	(539)	5,038,601
Balance at end of current period	10,519,000	18,415,000	534,268	18,949,268	140,610	52,100,000	13,963,562	66,204,172	(5,348,878)	90,323,562

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	10,246,317	10,246,317	95,531,278
Changes of items during period			
Provision of general reserve			-
Dividends of surplus			(2,630,751)
Profit			7,669,892
Purchase of treasury shares			(539)
Net changes of items other than shareholders' equity	(527,734)	(527,734)	(527,734)
Total changes of items during period	(527,734)	(527,734)	4,510,866
Balance at end of current period	9,718,582	9,718,582	100,042,145

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	10,482,789	10,955,269
Depreciation	245,013	306,590
Increase (decrease) in provision for retirement benefits	243,989	99,385
Increase (decrease) in provision for directors' bonuses	5,050	6,550
Increase (decrease) in allowance for doubtful accounts	6,500	107,930
Interest and dividends income received	(961,754)	(859,599)
Gain on sales of investment securities	(78,476)	(47,808)
Loss (gain) on valuation of investment securities	100,431	667
Loss on transfer of investments in capital of subsidiaries and associates	21,543	–
Loss on valuation of membership	2,000	–
Loss (gain) on sales of non-current assets	(154,500)	(1,638)
Loss on retirement of non-current assets	143	3,573
Loss (gain) on investments in partnership	(223,140)	(191,749)
Decrease (increase) in notes and accounts receivable - trade	(233,244)	(512,531)
Decrease (increase) in inventories	(15,567)	21,273
Decrease (increase) in prepaid expenses	(17,520)	(107,433)
Increase (decrease) in notes and accounts payable - trade	(47,083)	(26,575)
Increase (decrease) in accrued consumption taxes	(251,608)	15,668
Increase (decrease) in accrued expenses	50,461	108,098
Increase (decrease) in unearned revenue	2,054,605	460,377
Other, net	107,993	201,864
Subtotal	11,337,624	10,539,911
Interest and dividend income received	962,264	867,270
Income taxes paid	(2,747,409)	(2,730,189)
Net cash provided by (used in) operating activities	9,552,479	8,676,993
Cash flows from investing activities		
Proceeds from sales of investment securities	4,253,621	6,053,032
Purchase of property, plant and equipment	(84,613)	(330,351)
Proceeds from sales of property, plant and equipment	260,000	1,638
Purchase of intangible assets	(117,615)	(144,101)
Payments for lease and guarantee deposits	(92,546)	(28,439)
Proceeds from collection of lease and guarantee deposits	15,781	13,778
Net cash provided by (used in) investing activities	4,234,626	5,565,558
Cash flows from financing activities		
Cash dividends paid	(2,179,934)	(2,630,714)
Purchase of treasury shares	(325)	(539)
Net cash provided by (used in) financing activities	(2,180,259)	(2,631,253)
Net increase (decrease) in cash and cash equivalents	11,606,847	11,611,297
Cash and cash equivalents at beginning of period	58,082,441	69,689,288
Cash and cash equivalents at end of period	69,689,288	81,300,586