

**Financial Results Summary for the Three-Month Period Ended June 30, 2016**  
**[Japanese GAAP] (Consolidated)**

August 9, 2016

Company Name: Honyaku Center Inc.	Exchange listed on: Tokyo Stock Exchange
Securities Code: 2483	URL: <a href="http://www.honyakuctr.com">http://www.honyakuctr.com</a>
Representative: (Title) President	(Name) Ikuo Higashi
Contact: (Title) Director; General Manager, Administrative Division	(Name) Hiroshi Nakamoto TEL: 06-6282-5013
Scheduled date for submission of quarterly report:	August 12, 2016
Scheduled commencement date of dividends payment:	–
Preparation of supplementary materials for quarterly report:	None
Convening quarterly results briefing:	None

(Amounts rounded down to the nearest millions of yen.)

1. Consolidated Financial Results for the Three-Month Period Ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

(1) Quarterly Operating Results (cumulative) (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three-month period ended June 30, 2016	2,593	22.8	173	233.5	(177)	258.2	112	478.4
Three-month period ended June 30, 2015	2,110	0.0	52	217.7	49	201.2	19	–

(Note) Comprehensive income: Three-month period ended June 30, 2016	¥ 104 million (447.8%)
Three-month period ended June 30, 2015	¥ 19 million (–%)

	Profit per share	Profit per share – diluted
	yen	yen
Three-month period ended June 30, 2016	66.94	–
Three-month period ended June 30, 2015	11.57	–

(2) Consolidated Financial Positions

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Three-month period ended June 30, 2016	4,746	3,141	66.1
Fiscal year ended March 2016	4,657	3,126	67.1

(Reference) Shareholders' equity: Three-month period ended June 30, 2016	¥ 3,141 million
Fiscal year ended March 2016	¥ 3,126 million

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	End of the year	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 2016	–	0.00	–	53.00	53.00
Fiscal year ending March 2017					
Fiscal year ending March 2017 (forecast)		0.00	–	55.00	55.00

(Notes) Revision of the dividends forecast released most recently: None

3. Forecast of Consolidated Results for Fiscal Year ending March 2017 (April 1, 2016 to March 31, 2017)

(Percentages represent changes from the previous year for full year, and on year-on-year basis for quarterly results.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Q2 (cumulative)	4,700	10.2	210	56.1	210	65.3	130	110.8	77.17
Full year	9,700	5.6	650	21.5	650	21.6	420	(2.4)	249.33

(Note) Revision of the consolidated results forecast released most recently: Applicable

For the revision of the financial results forecasts, see “Notice Concerning Revision of Financial Results Forecasts” announced today (August 9, 2016).

\*Notes

(1) Changes in major subsidiaries during the cumulative quarter under review (Change in specific subsidiaries that will accompany a change in scope of consolidation): None

Newly consolidated: – companies (company name)

Excluded: – companies (company name)

(2) Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements: Applicable

For details, please see “2. Matters Concerning Summary Information (Notes), (1) Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements” on Page 3 of the attachments.

(3) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards: Applicable

2) Change in accounting policies other than item 1) above: None

3) Change in accounting estimates: None

4) Retrospective restatements: None

For details, please see “2. Matters Concerning Summary Information (Notes), (2) Change in accounting policies or estimates and retrospective restatements” on Page 3 of the attachments.

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)	Q1 of fiscal year ending March 2017	1,684,500 shares	Fiscal year ended March 2016	1,684,500 shares
2) Number of treasury shares at the end of the period	Q1 of fiscal year ending March 2017	– shares	Fiscal year ended March 2016	1,684,500 shares
3) Average number of shares issued during the period (cumulative from the beginning of the fiscal year)	Q1 of fiscal year ending March 2017	1,684,500 shares	Q1 of fiscal year ended March 2016	1,684,500 shares

\* Indication of quarterly review procedure implementation status

This financial results summary is not subject to the quarterly review procedure based on the Financial Instruments and Exchange Act. At the time of disclosure of this financial results summary, the review procedure of the quarterly consolidated financial statements based on the Financial Instruments and Exchange Act has not yet been completed.

\* Explanation for appropriate use of operating results forecasts and other special notes

Any statement on the future such as outlook for financial results included in this material is based on information the Company presently has and certain assumptions the Company considers reasonable, and the Company does not intend to be committed to its realization. In addition, actual financial results may significantly differ due to various factors. For assumptions for operating results forecasts and points to consider in utilizing them, please see “1. Qualitative Information on Quarterly Financial Results under Review (3) Explanation of future forecast information such as consolidated financial results forecasts” on Page 3 of the attachments.

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## 1. Qualitative Information on Quarterly Financial Results under Review

### (1) Explanation of operating results

The Japanese economy during the three-month period under review is on a gradual recovery track as a result of various economic and political measures taken by the government. However, the economy remained uncertain due to the continuing economic slowdown in China, effects of the appreciation of the yen on corporate earnings and Britain's withdrawal from the EU determined by referendum.

Under these circumstances, the Group, based on the Third Medium-Term Management Plan (from fiscal year ended March 2016 to fiscal year ending March 2018), has promoted new value creation by expanding its language business areas and worked to meet increasing demand for translation and interpretation due to the global business expansion of companies.

As a result of these activities, net sales in the three-month period under review amounted to 2,593 million yen, up 22.8% on a year-on-year basis, as net sales of the Translation Business, the core business of the Group, increased by 3.6% on a year-on-year basis, and net sales of the Convention Business significantly increased by 541.1% on a year-on-year basis due to running of major international conferences. In terms of income, as a result of an increase in net sales of the Translation Business and the Convention Business, operating income was 173 million yen, up 233.5% on a year-on-year basis, and ordinary income increased by 258.2% on a year-on-year basis to 177 million yen. Profit attributable to owners of parent was 112 million yen, up 478.4% on a year-on-year basis.

The Group's business performance by segment is as follows.

#### i) Translation Business

In the Patent field, net sales increased by 7.1% on a year-on-year basis to 438 million yen due to solid orders from patent firms and intellectual property departments of companies. In the Medical field, net sales were 582 million yen, up 10.4% on a year-on-year basis, due to stable orders from foreign pharmaceutical companies with which the Company has preferred vendor agreements (see Note), increased orders from domestic pharmaceutical companies and medical equipment companies, and the winning of a long-term project from a CRO. In the Industrial and Localization field, net sales declined by 6.0% on a year-on-year basis to 414 million yen due to the sluggish growth of projects in the automobile sectors while orders from electronics/electronic components manufacturers grew steadily. Net sales in the Finance & Legal field were 184 million yen, up 0.03% on a year-on-year basis. As a result, net sales of the Translation Business were 1,619 million yen, up 3.6% on a year-on-year basis.

#### ii) Temporary Staffing Business

In the Temporary Staffing Business, in which the Company dispatches staff with high language skills, net sales amounted to 218 million yen, down 1.9% on a year-on-year basis, due to the shortage of registered staff, although demand for staff from finance-related companies, service-related companies, and pharmaceutical companies remained steady.

#### iii) Interpretation Business

In the Interpretation Business, net sales increased by 7.3% on a year-on-year basis to 174 million yen due to steady orders from finance-related companies such as insurance, banking and securities, and pharmaceutical companies.

#### iv) Language Education Business

In the Language Education Business, net sales amounted to 57 million yen, up 2.6% on a year-on-year basis as the number of applications for the regular courses held from April to September of the interpreter/translator training course offered by ISS Institute turned out as planned.

#### v) Convention Business

In the Convention Business, net sales increased by 541.1% on a year-on-year basis to 478 million yen due to the running of projects such as the 99th Lions Clubs International Convention, a large international

conference held in Fukuoka in June 2016; the 19th Congress of Japanese Society for Emergency Medicine; and the 17th International Symposium on Olfaction and Taste (ISOT2016).

vi) Other

In other segments, net sales increased by 38.6% on a year-on-year basis to 44 million yen due to the steady performance of FIPAS Inc. which prepares documents required for overseas patent application and performs application procedures.

(Note) Preferred vendors refer to specified vendors to whom companies consign businesses on a preferential basis with the aim of securing excellent human resources and reducing costs.

## (2) Explanation of financial position

### (Assets)

Current assets as of the end of the first quarter under review were 4,208 million yen, up 111 million yen compared with the end of the previous fiscal year.

This is mainly due to an increase in accounts receivable – trade as a result of an increase in net sales of the Convention Business. Non-current assets decreased by 21 million yen from the end of the previous fiscal year to 538 million yen. This is mainly due to a decrease in goodwill.

As a result, total assets amounted to 4,746 million yen, up 89 million yen compared to the end of the previous fiscal year.

### (Liabilities)

Current liabilities as of the end of the first quarter under review were 1,527 million yen, up 92 million yen compared to the end of the previous fiscal year. This is mainly due to an increase in accounts payable – trade as a result of an increase in cost of the Convention Business despite of a decline in income taxes payable. Non-current liabilities decreased by 18 million yen from the end of the previous fiscal year to 77 million yen. This is mainly due to a decrease in provision for directors' retirement benefits as a result of retirement of directors.

As a result, total liabilities amounted to 1,605 million yen, up 73 million yen compared to the end of the previous fiscal year.

### (Net assets)

Net assets as of the end of the first quarter under review were 3,141 million yen, up 15 million yen compared to the end of the previous fiscal year. This is mainly due to recording of profit attributable to owners of parents and dividends of surplus.

## (3) Explanation of future forecast information such as consolidated financial results forecasts

The Company revised the six-month period as well as full year consolidated financial results forecasts based on the recent trend of financial results. For details, see “Notice Concerning Revision of Financial Results Forecasts” announced on August 9, 2016.

The Company reported financial results forecasts based on information currently available to the Company, and they may differ from actual results due to various uncertainties and future business conditions.

## 2. Matters Concerning Summary Information (Notes)

### (1) Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements

With respect to tax expenses, the Company reasonably estimated the effective tax rate after applying tax effect accounting to profit before income taxes in the fiscal year including the first quarter under review and calculated them by multiplying this estimated effective tax rate by profit before income taxes.

(2) Changes in accounting policies or estimates and retrospective restatements

(Change in accounting policies)

(Application of the practical solution on a change in depreciation method due to Tax Reform 2016)

The Company applied “Practical solution on a change in depreciation method due to Tax Reform 2016” (ASBJ Practical Issues Task Force No. 32, June 17, 2016) in the first quarter under review and changed the depreciation method for facilities attached to buildings and structures obtained on April 1, 2016 and later from the declining-balance method to the straight-line method in accordance with the revision of the Corporation Tax Act.

Effects of this change on income in the three-month period under review are insignificant.

(3) Additional information

(Adoption of the application guideline for recoverability of deferred tax assets)

The Company has adopted “Application guideline for recoverability of deferred tax assets” (ASBJ Application Guideline No. 26, March 28, 2016) from the first quarter under review.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly consolidated balance sheet

(Unit: Thousand yen)

	Previous fiscal year (March 31, 2016)	Three-month period under review June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	2,192,270	2,169,970
Notes and accounts receivable – trade, net	1,577,831	1,704,870
Work in process	121,777	147,883
Other	205,442	185,856
Total current assets	4,097,320	4,208,581
Non-current assets		
Property, plant and equipment	127,969	121,009
Intangible assets		
Goodwill	91,502	76,111
Other	77,677	72,649
Total intangible assets	169,180	148,760
Investments and other assets	262,588	268,352
Total non-current assets	559,738	538,122
Total assets	4,657,059	4,746,704
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	697,459	924,764
Income taxes payable	137,797	68,057
Provision for bonuses	169,055	105,544
Other	430,843	428,887
Total current liabilities	1,435,155	1,527,254
Non-current liabilities		
Provision for directors' retirement benefits	35,400	23,800
Net defined benefit liability	32,269	29,687
Other	28,232	24,312
Total non-current liabilities	95,902	77,800
Total liabilities	1,531,057	1,605,054
<b>Net assets</b>		
Shareholders' equity		
Capital stock	588,443	588,443
Capital surplus	478,823	478,823
Retained earnings	2,027,602	2,051,085
Total shareholders' equity	3,094,868	3,118,351
Accumulated other comprehensive income		
Foreign currency translation adjustment	31,133	23,298
Total accumulated other comprehensive income	31,133	23,298
Total net assets	3,126,002	3,141,649
Total liabilities and net assets	4,657,059	4,746,704

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
(Quarterly consolidated statement of income)  
(Three-month period)

(Unit: Thousand yen)

	Three-month period in the previous fiscal year (From April 1, 2015 to June 30, 2015)	Three-month period under review (From April 1, 2016 to June 30, 2016)
Net sales	2,110,198	2,593,265
Cost of sales	1,214,751	1,572,619
Gross operating income	895,447	1,020,646
Selling, general and administrative expenses	843,365	846,948
Operating income	52,082	173,698
Non-operating income		
Interest income	161	13
Dividend income	500	-
Foreign exchange gains	58	1,647
Share of profit of entities accounted for using equity method	-	1,798
Other	449	33
Total non-operating income	1,169	3,492
Non-operating expenses		
Share of loss of entities accounted for using equity method	3,766	-
Interest expenses	24	17
Total non-operating expenses	3,790	17
Ordinary income	49,461	177,173
Extraordinary income		
Gain on change in equity	-	1,397
Total extraordinary income	-	1,397
Profit before income taxes	49,461	178,570
Income taxes	29,968	65,810
Profit	19,492	112,760
Profit attributable to owners of parent	19,492	112,760



(Quarterly consolidated statement of comprehensive income)

(Three-month period)

(Unit: Thousand yen)

	Three-month period in the previous fiscal year (From April 1, 2015 to June 30, 2015)	Three-month period under review (From April 1, 2016 to June 30, 2016)
Profit	19,492	112,760
Other comprehensive income		
Foreign currency translation adjustment	(340)	(7,834)
Total other comprehensive income	(340)	(7,834)
Comprehensive income	19,152	104,925
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,152	104,925
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions for going concern)

Not applicable.

(Notes when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Segment information)

Segment information

I. Three-month period in the previous fiscal year (From April 1, 2015 to June 30, 2015)

1. Information on net sales, income or loss by reporting segment

(Unit: Thousand yen)

	Reporting segment						Other (Note)	Total
	Translation Business	Temporary Staffing Business	Interpretation Business	Language Education Business	Convention Business	Total		
Net sales								
Sales to external customers	1,561,497	223,162	162,667	55,996	74,583	2,077,907	32,291	2,110,198
Intersegment sales or transfer	4,980	1,454	5,057	–	–	11,492	4,892	16,384
Total	1,566,478	224,616	167,725	55,996	74,583	2,089,399	37,183	2,126,583
Segment income (loss)	46,575	12,499	4,281	9,276	(6,197)	66,435	(5,826)	60,608

(Note) "Other" represents segments not included in reporting segments and includes overseas application support business.

2. Difference between total income or loss of reporting segment and amounts reported in quarterly consolidated statement of income and major components thereof (matters concerning difference adjustment)

(Unit: Thousand yen)

Income	Amount
Reporting segment total	66,435
"Other" (loss)	(5,826)
Elimination of intersegment transactions	5,437
Amortization of goodwill	(13,962)
Operating income in quarterly consolidated statement of income	52,082

II. Three-month period under review (From April 1, 2016 to June 30, 2016)

1. Information on net sales, income or loss by reporting segment

(Unit: Thousand yen)

	Reporting segment						Other (Note)	Total
	Translation Business	Temporary Staffing Business	Interpretation Business	Language Education Business	Convention Business	Total		
Net sales								
Sales to external customers	1,619,184	218,908	174,691	57,506	478,209	2,548,501	44,764	2,593,265
Intersegment sales or transfer	9,386	–	2,837	–	–	12,224	5,034	17,258
Total	1,628,571	218,908	177,529	57,506	478,209	2,560,725	49,798	2,610,524
Segment income	87,519	17,820	4,067	7,734	59,079	176,221	7,925	184,147

(Note) “Other” represents segments not included in reporting segments and includes overseas application support business.

2. Difference between total income or loss of reporting segment and amounts reported in quarterly consolidated statement of income and major components thereof (matters concerning difference adjustment)

(Unit: Thousand yen)

Income	Amount
Reporting segment total	176,221
“Other” income	7,925
Elimination of intersegment transactions	3,513
Amortization of goodwill	(13,962)
Operating income in quarterly consolidated statement of income	173,698