

## Financial Results Summary for the Three-Month Period Ended June 30, 2017 [Japanese GAAP] (Consolidated)

August 8, 2017

Company Name: Honyaku Center Inc. Exchange listed on: Tokyo Stock Exchange  
 Securities Code: 2483 URL: <http://www.honyakuctr.com>  
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Scheduled date for submission of quarterly report: August 10, 2017  
 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, 2017 (From April 1, 2017 to June 30, 2017)

#### (1) Consolidated Operating Results (cumulative)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company's shareholders	
	million yen	%	million yen	%	million yen	%	million yen	%
Three-month period ended June 30, 2017	2,420	(6.6)	123	(28.9)	125	(28.8)	96	(14.7)
Three-month period ended June 30, 2016	2,593	22.8	173	233.5	177	258.2	112	478.4

(Note) Comprehensive income: Three-month period ended June 30, 2017 91 million yen (-12.8%)  
 Three-month period ended June 30, 2016 104 million yen (447.8%)

	Net income per share	Net income per share – diluted
	yen	yen
Three-month period ended June 30, 2017	57.06	-
Three-month period ended June 30, 2016	66.94	-

#### (2) Consolidated Financial Positions

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Three-month period ended June 30, 2017	4,844	3,476	71.7
Fiscal year ended March 2017	5,111	3,477	68.0

(Note) Shareholders' equity: Three-month period ended June 30, 2017 3,476 million yen  
 Fiscal year ended March 2017 3,477 million yen

## 2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
Fiscal year ended March 2017	yen -	yen 0.00	yen -	yen 55.00	yen 55.00
Fiscal year ending March 2018	-				
Fiscal year ending March 2018 (forecast)		0.00	-	58.00	58.00

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

## 3. Forecast of Consolidated Results for the Fiscal Year Ending March 2018 (from April 1, 2017 to March 31, 2018)

(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		Net income attributable to the parent company's shareholders		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Q2 (cumulative)	4,700	(5.4)	210	(38.5)	210	(40.8)	140	(38.2)	83.11
Full year	10,300	0.7	750	7.5	750	7.2	520	17.0	308.69

(Note) Revision of the consolidated results forecast released most recently: None

\* Notes

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

Newly consolidated: – company (companies) (company name)

Excluded: – company (companies) (company name)

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

For details, please see “2. Quarterly Consolidated Financial Statements and Key Notes, (3) Notes to quarterly consolidated financial statements (Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements)” on Page 7 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: None

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

3) Change in accounting estimates: None

4) Retrospective restatements: None

- (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 2018	1,684,500 shares	Fiscal year ended March 2017	1,684,500 shares
2) Number of treasury shares at the end of the period	Q1 of fiscal year ending March 2018	31 shares	Fiscal year ended March 2017	- shares
3) Average number of shares issued during the period (cumulative from the beginning of the fiscal year)	Q1 of fiscal year ending March 2018	1,684,484 shares	Q1 of fiscal year ended March 2017	1,684,500 shares

\* This financial results summary is not subject to the quarterly review procedure.

\* Explanation of 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

During the three-month period under review, the Japanese economy continued on a moderate recovery path as corporate earnings and the employment environment improved, among other factors. While the economy was also on a recovery track in the U.S. and Europe, the outlook of the global economy remained uncertain, such as concerns over economic trends in China and emerging countries, resource-rich countries, and growing geopolitical risk.

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 globalization.

As a result of these activities, net sales in the three-month period under review amounted to 2.420 billion yen, down 6.6% on a year-on-year basis, due to a reactionary decline in major international conferences run by the Convention Business, while net sales in the core Translation Business increased by 12.2% on a year-on-year basis. In terms of income, as a result of a decrease in net sales of the Convention Business, operating income was 123 million yen, down 28.9% on a year-on-year basis, and ordinary income decreased by 28.8% on a year-on-year basis to 125 million yen. Net income attributable to the parent company's shareholders was 96 million yen, down 14.7% 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 11.1% on a year-on-year basis to 487 million yen due to solid orders from patent firms and steady orders from intellectual property departments of companies. In the Medical field, net sales were 643 million yen, up 10.4% on a year-on-year basis, due to stable transactions with foreign pharmaceutical companies, as well as increased orders from domestic pharmaceutical companies and medical equipment companies. In the Industrial and Localization fields, net sales amounted to 478 million yen, up 15.5% from the year before due to steady orders from automobile-related firms, and expansion of transactions with a major information communication-related company. In the Finance & Legal field, net sales increased by 13.3% on a year-on-year basis to 208 million yen due to continued orders from financial institutions, in addition to an expansion in transactions with corporate administrative sections. As a result, net sales of the Translation Business were 1.818 billion yen, up 12.2% on a year-on-year basis.

#### ii) Temporary Staffing Business

In the temporary staffing business, in which the Company dispatches staff with professional language skills, net sales amounted to 271 million yen, up 24% from the previous year, thanks to solid demand from finance-related companies, IT service-related companies and pharmaceutical companies.

#### iii) Interpretation Business

In the Interpretation Business, net sales increased by 29.8% on a year-on-year basis to 226 million yen due to solid orders from major information communication-related companies and finance-related companies.

#### iv) Language Education Business

In the Language Education Business, net sales amounted to 54 million yen, down 5% on a year-on-year basis as the number of students in interpreter and translator training courses offered by ISS Institute was lower than the previous year.

#### v) Convention Business

In the Convention Business, net sales amounted to 11 million yen, down 97.5% on a year-on-year basis, due to a reactionary fall from the previous year when many large-scale international conferences were held.

#### vi) Other

In other segments, net sales decreased by 15.4% on a year-on-year basis to 37 million yen due to a decline in sales at FIPAS Inc., which prepares documents required for overseas patent applications and performs application procedures.

(2) Explanation of financial position

(Assets)

Current assets as of the end of the first quarter under review were 4.414 billion yen, down 217 million yen compared with the end of the previous fiscal year. This is mainly due to a decrease in notes receivable and accounts receivable as a result of collection of Convention Business receivables. Non-current assets decreased by 49 million yen from the end of the previous fiscal year to 429 million yen. This is mainly due to a decrease in investments and other assets as a result of the liquidation of HC Beijing, Inc., the Company's non-consolidated subsidiary.

As a result, total assets amounted to 4.844 billion yen, down 266 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 1.287 billion yen, down 255 million yen compared to the end of the previous fiscal year. This is mainly due to a decrease in income taxes payable. Non-current liabilities decreased by 10 million yen from the end of the previous fiscal year to 79 million yen. This is mainly due to a decrease in net defined benefit liability as a result of accumulation of pension assets.

As a result, total liabilities amounted to 1.367 billion yen, down 265 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 3.476 billion yen, down 1 million yen compared to the end of the previous fiscal year. This is mainly due to a decrease of 94 million yen in dividends of surplus, and of 4 million yen in foreign currency translation adjustments, while recording 96 million yen in net income attributable to the parent company.

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

There are no changes to the six-month period or full year consolidated financial results forecasts announced in "Financial Results Summary for the Fiscal Year Ended March 2017" on May 11, 2017.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly consolidated balance sheet

(Unit: Thousand yen)

	Previous fiscal year (March 31, 2017)	First quarter under review (June 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	2,700,767	2,701,838
Notes and accounts receivable – trade, net	1,613,794	1,367,302
Work in process	105,752	141,139
Other	211,902	204,688
Total current assets	4,632,216	4,414,969
Non-current assets		
Property, plant and equipment	103,287	96,368
Intangible assets		
Goodwill	29,937	14,546
Other	75,156	72,284
Total intangible assets	105,094	86,831
Investments and other assets	270,564	246,120
Total non-current assets	478,946	429,319
Total assets	5,111,162	4,844,289
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	704,150	665,649
Income taxes payable	171,778	52,396
Provision for bonuses	179,672	127,254
Other	487,558	442,402
Total current liabilities	1,543,159	1,287,703
Non-current liabilities		
Provision for directors' retirement benefits	23,800	23,800
Net defined benefit liability	52,972	46,420
Other	13,250	9,735
Total non-current liabilities	90,022	79,955
Total liabilities	1,633,182	1,367,659
<b>Net assets</b>		
Shareholders' equity		
Capital stock	588,443	588,443
Capital surplus	478,823	478,823
Retained earnings	2,382,675	2,386,153
Treasury shares	-	(112)
Total shareholders' equity	3,449,941	3,453,307
Accumulated other comprehensive income		
Foreign currency translation adjustment	28,039	23,322
Total accumulated other comprehensive income	28,039	23,322
Total net assets	3,477,980	3,476,630
Total liabilities and net assets	5,111,162	4,844,289

(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, 2016 to June 30, 2016)	Three-month period under review (From April 1, 2017 to June 30, 2017)
Net sales	2,593,265	2,420,543
Cost of sales	1,572,619	1,380,665
Gross profit	1,020,646	1,039,878
Selling, general and administrative expenses	846,948	916,425
Operating income	173,698	123,452
Non-operating income		
Interest income	13	6
Foreign exchange gains	1,647	3,745
Share of income of entities accounted for using equity method	1,798	-
Other	33	259
Total non-operating income	3,492	4,012
Non-operating expenses		
Interest expenses	17	11
Share of loss of entities accounted for using equity method	-	1,476
Total non-operating expenses	17	1,488
Ordinary income	177,173	125,976
Extraordinary income		
Gain on liquidation of subsidiaries and associates	-	14,209
Gain on change in equity	1,397	-
Total extraordinary income	1,397	14,209
Net income before income taxes	178,570	140,185
Income taxes	65,810	44,059
Net income	112,760	96,126
Net income attributable to the parent company's shareholders	112,760	96,126



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

(Unit: Thousand yen)

	Three-month period in the previous fiscal year (From April 1, 2016 to June 30, 2016)	Three-month period under review (From April 1, 2017 to June 30, 2017)
Net income	112,760	96,126
Other comprehensive income		
Foreign currency translation adjustment	(7,834)	(4,716)
Total other comprehensive income	(7,834)	(4,716)
Comprehensive income	104,925	91,409
(Components)		
Comprehensive income attributable to the parent company's shareholders	104,925	91,409
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions for on going concerns)

Not applicable.

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

Not applicable.

(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 net income before income taxes in the fiscal year including the first quarter under review and calculated them by multiplying this estimated effective tax rate by net income before income taxes.

(Segment information)

Segment information

I. Three-month period in the previous fiscal year (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 of payment
Total Reporting segment	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

II. Three-month period under review (From April 1, 2017 to June 30, 2017)

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	1,818,008	271,581	226,784	54,623	11,689	2,382,686	37,856	2,420,543
Intersegment sales or transfer	33,652	-	11,841	5,574	-	51,068	8,896	59,965
Total	1,851,661	271,581	238,625	60,198	11,689	2,433,754	46,753	2,480,508
Segment income (loss)	125,416	17,032	8,676	8,195	(28,767)	130,553	246	130,799

(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 of payment
Total Reporting segment	130,553
"Other" income	246
Elimination of intersegment transactions	6,615
Amortization of goodwill	(13,962)
Operating income in quarterly consolidated statement of income	123,452