



**TANABE MANAGEMENT CONSULTING. CO., LTD.**

# **The 49th Term Business Report**

**April 1, 2010 to March 31, 2011**

[www.tanabekeiei.co.jp](http://www.tanabekeiei.co.jp)

Securities code: 9644

## Management Philosophy

### **Management Philosophy of Tanabe Management Consulting Co., Ltd.**

Tanabe Management Consulting respects enterprises, advances together with enterprises, brings prosperity to enterprises, and contributes broadly to society.

On the strength of its excellent credibility and with an international perspective, Tanabe adapts to ceaseless change and pioneers new approaches to the world.

Note: Figures are quoted in the present report after omitting those less than the indicated units.

On the occasion of reporting business operations in the 49th business year of Tanabe Management Consulting Co., Ltd. (April 1, 2010 to March 31, 2011), we would like to extend to you our warm greetings and sincere gratitude for your continued support.

In the current business year, each department implemented the following measures to achieve our business objectives under the basic policy, “Revamp earnings structure through agile management.”

The Consulting Department strived to improve profitability through development of new products that respond to changes of the times and through cultivation of new business fields and clients as an integrated consultant focused on fostering human resources such as consultants and enhancing productivity. The Department also concentrated on product branding to let many companies know about our consulting services that match the needs of small and medium-size enterprises (our strong point) through various products such as Management Strategy Seminar, Tanabe Top Meeting, Presidents Classroom, Successors School, Manager Candidate School, New Employee Training Seminar, and Tanabe-style Junior Board.

The Network Department focused its efforts on upgrading its services including distribution of an information tool to accountant’s offices from October 2010 and strengthening its client base while continuing to actively promote partnerships with financial institutions and accountant’s offices.

The Sales Promotion Department strengthened cooperation with suppliers to shorten lead-time to provide proposals and also tried to reorganize its revenue base by expanding into new fields.

With the business environment turning around, corporate earnings, which had deteriorated after the Lehman shock, have begun recovering. However, the Great East Japan Earthquake that struck at the end of the 49th business year has had a significant influence on the economy. We expect the serious situation, primarily in the Tohoku region, to continue for a long time. Under such particularly difficult circumstances, we are determined to help companies restore operations to levels prior to the disaster’s occurrence and to support them in achieving permanent prosperity.

We appreciate your continued support and cooperation.



President and Chief Executive Officer  
***Hitoshi Kimoto***

June 2011

# Business Model

## Consulting Department

### ▶ What is a management consultant?

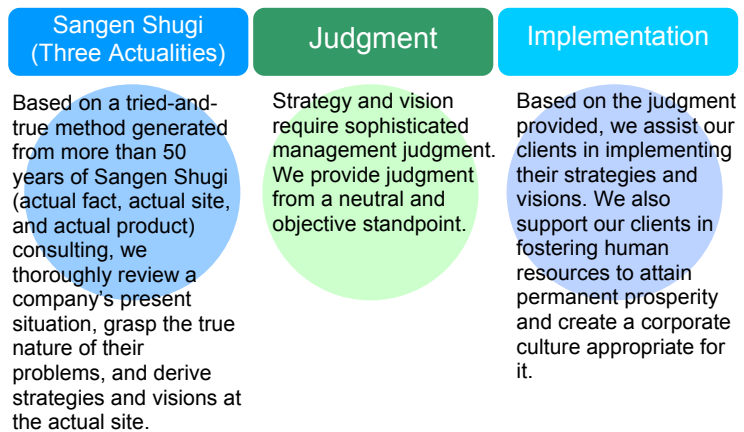
- A business partner who advises and provides solutions for various managerial problems in the management of a company

### ▶ Features of consulting services by Tanabe Management Consulting

- Our management consultants are located in 10 major cities in Japan and provide community-based consulting services.
- Instead of focusing on specific businesses and functions (e.g. financing and manufacturing), we offer comprehensive consulting services that diagnose companies for total optimization from a management viewpoint.
- Our consulting services are tailored primarily for small and medium-size companies.

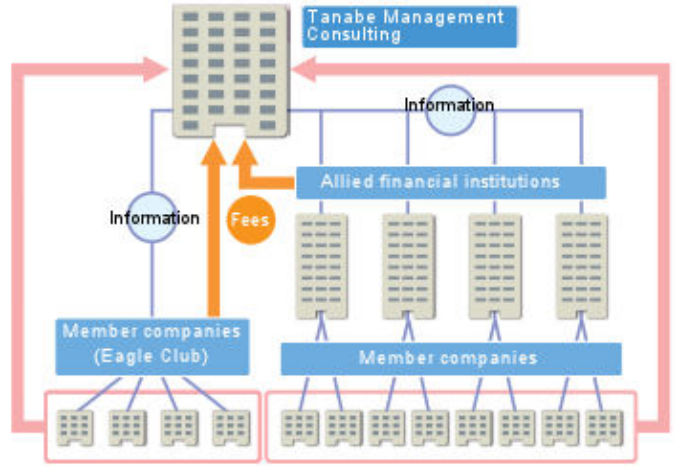
### ▶ Main services

- Recognizing the client's current situation (company checkup) and providing solutions.
- Supporting the establishment of an appropriate management system including pay system, etc.
- Providing employee training.
- Supporting the promotion of business and management strategies and offering advice on management decisions.
- Offering hands-on guidance for improving production floors, etc.



## Network Department

In 1959, we launched “Eagle Club,” a study group of entrepreneurs, which was the origin of the Network Department. The Department currently operates a membership organization for top management while strengthening relationships with possible future clients by continuously offering management information that compiles consulting know-how fostered over the last 50 years.



## Sales Promotion Department

In 1959, responding to a proposal from the founder, our management consultants devised a diary useful in business, called the “Blue Diary,” which was the origin of the Sales Promotion Department.

Through sales of goods, the Department assists our clients in improving communication and supports their growth.



Novelty	Planning, producing and delivering sales promotion tools used for corporate image improvement and sales promotion.
Blue Diary	A business diary that we have produced since 1959. They are used as year-end gifts or as a diary for clients' employees.
Merchandising	Helping clients manufacture goods by using its experience in product planning and procurement and production know-how.
Promotion support	Proposing and planning all kinds of activities related to sales promotion for companies, from the creation of logo designs, planning of annual sales promotions, and participation in events and exhibitions to the making of company brochures.

# Operating Results

Operating Results

## Consulting Department

48.3%

In this period, the Consulting Department strived to improve customers' satisfaction and expand its client base by establishing business strategies that cope with changing business environments, and by strengthening consulting capabilities and process management with emphasis on clients' business performance, such as revamping their earnings and financial structure. The Department also focused on developing products by consulting on needs and cultivating the market for medium-size companies, as well as sharing know-how and fostering human resources to improve the productivity of consulting services.



The Consulting section saw sales from management cooperation exceed those in the previous 48th business year, with the average number of management cooperation contracts, which decreased toward the end of the fiscal year, at 342 (vs. 328 contracts in the same period last year) due to a steady increase in the first six-month period of the 49th business year. In addition, the unit price of diagnosis, investigation and training contracts increased. Consequently, the Consulting section's sales totaled 2,573 million yen (up 3.7% year-on-year).

In the Seminar section, the number of participants in the main seminars, such as Management Strategy Seminar and the New Employee Training Seminar, exceeded the numbers in the same period last year, because the Department focused on strengthening product branding and approaching clients with seminar proposals early on. Consequently, the Seminar section's sales increased to 471 million yen (up 10.0% year-on-year).

The Training Seminar section's sales decreased to 113 million yen (down 15.4% year-on-year), because companies were still reducing expenses for employees' training and refraining from using outside facilities.

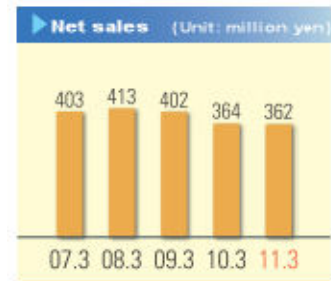
As a result, sales of the Consulting Department increased to 3,171 million yen (up 3.6% year-on-year).

## The Network Department

5.5%

The Network Department continued to actively cooperate with financial institutions and accountant's offices, and strived to improve its services by distributing the information tool for accountant's offices from October 2010. Cooperating with the Consulting section, the Department also focused on developing various contents of services from the viewpoint of clients and on further enhancing the quality of services.

However, the number of members of membership organizations including Eagle Club decreased to 12,528 (down 2.4% year-on-year), because companies withdrew from membership after reviewing expenses. In addition, the unit price of services declined. Consequently, sales of the Network Department dropped to 362 million yen (down 0.3% year-on-year).



## Sales Promotion Department

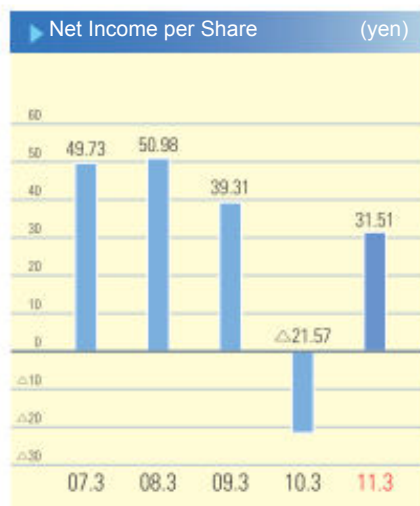
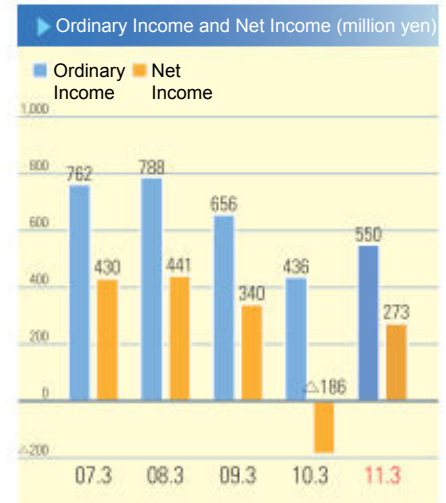
46.2%

The Sales Promotion Department tried to expand its client base by enhancing its staff's abilities in marketing, proposing and developing products by upgrading its in-house training. The Department also focused on expanding business in the proposals field, such as events and POPs, to strengthen the comprehensive ability to make proposals related to sales promotion for companies.

The number of business diaries for which the Department obtained orders exceeded that in the previous year, though sales in the business diary business decreased due to a continuous downward trend in unit price.

Sales of sales promotion goods increased in terms of the number of orders and unit price, because of gradual recovery in clients' sales promotion demand, which had been stagnant after the Lehman shock. As a result, sales of the Sales Promotion Department increased to 3,033 million yen (up 14.1% year-on-year).





ROE: Return on Equity, ROA: Return on Assets  
 No ROE figure is available for March 2010, because the Company posted a net loss.

## /Seminars/

### ■ Presidents Classroom

This seminar is targeted at company executives and designed to assist companies' growth by letting them break out of their old mindsets and encouraging them to mature as individual persons. With the belief that "A company can't grow more than its top management caliber," we have held the Presidents Classroom 175 times with a cumulative participation of more than 3,000 presidents since its commencement, as an unparalleled "perfect place to learn about the president job." We have seen many companies grow into excellent firms, become best companies in Japan, and convert to be publicly held companies. We plan to hold the Presidents Classroom on July 13 and 14, 2011.



### ■ Successors School

"Growth and development of companies depend on the capability of successors." Our Successors School, which marks its 41st anniversary this year, fosters successors who can survive under any severe environment based on the spirit of the foundation, company history, and business performance. During an eight-month training period from July to February, participants learn hands-on management know-how that company executives must master instead of general or abstract arguments.

## /New Books/

### ■100-Year Old Company: Management that survives over the century

Written by Takahiko Wakamatsu (Senior Managing Director);  
published by Diamond Inc.

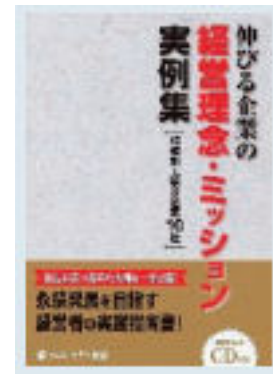
This book is the third and final volume in the Management series by Takahiko Wakamatsu, following previously published “Rehabilitating the Company” and “Capability to Create Strategy.” This book covers the secret of longer lasting management to create a company that can survive for 100 years. We hope this book will contribute to the revival and survival of companies in Japan.



### ■Examples of Management Philosophy and Mission of Growing Companies

Published by Tanabe Management Consulting

To achieve permanent prosperity of a company, it is important how to establish a management philosophy and mission and ensure that all parties understand their importance. This book covers hands-on know-how and real examples of ten excellent companies. We recommend this book as a handbook for company executives.



### ■Management Improvement through Visualization

Written by Satoru Igarashi (Tokyo Head Office, General Manager of the Management Consulting Department);  
published by Tanabe Management Consulting

This book fully discloses the details of company-wide management improvement activities using “visualization” for two years at a medium-size company, to whom Tanabe Management Consulting provided assistance for promoting management improvement. This book has been used as a practical guidebook for changing employees’ mindsets and behavior and building up a robust corporate structure.



## /Sales Promotion Department's topics/

### ■Special products for wholesalers

Along with sales of the business diary, "Blue Diary," in the previous year the Department has commenced sales of diaries and desk calendars exclusively prepared for wholesalers. The Department focuses on developing SP goods and new sales routes in addition to direct sales routes.



### ■POPs and event promotions

To expand service areas in the field of sales promotion, the Department is engaged in manufacturing POPs and display fixtures and fittings, which are main tools in sales promotion activities at store fronts.

In addition, the Department has commenced a supporting business to companies and product PR activities by offering services such as sampling at events.



## COLUMN ▶▶

### Experience Science



Managing Director; in charge of Planning & Development Div., Product Planning Div., Chubu Head Office, and Hokuriku Branch Office

**Masahiro Okawa**

**Tanabe Management Consulting aims to provide comprehensive support for creating companies that are suitable for permanent prosperity.**

We extend our deepest sympathies and condolences to those who were affected or greatly influenced by the Great East Japan Earthquake, which brought unprecedented damages.

While we are providing consulting services to small and medium-size companies in Japan amid forecasts that a difficult economic environment is likely to continue in the future and the management base itself may change significantly, we have reconfirmed the significance of Tanabe Management Consulting's policy of "Create companies that are suitable for permanent prosperity under any circumstances." To upgrade this further, we would also like to devote ourselves to realizing increased client satisfaction by comprehensively providing services, such as support for sales promotion and strengthening of marketing clout by the Sales Promotion Department and management information support by the Network Department in addition to direct support to management of companies by the Consulting Department.



## We have renewed our website.

We have completely renewed our website by sorting out and reorganizing various contents such as the introduction of our three businesses (consulting service, membership service, and sales promotion), recruiting information, and IR information so that visitors to our website can easily locate what they are looking for and so many visitors can deepen their understanding of our company.

We will continue to upgrade our website as a tool for transmitting our management information. We look forward to your visit.

<http://www.tanabekeiei.co.jp/>

*Click here for our IR information.*



# Financial Statements

## Balance Sheet (Summary)

(Unit: 1,000 yen)

	49th term end As of March 31, 2011	48th term end As of March 31, 2010
(Assets)		
Current assets	4,378,382	3,808,019 ①
Fixed assets	5,982,334	6,065,496 ②
Tangible fixed assets	3,412,571	3,544,299
Intangible fixed assets	28,340	22,794
Investments and other assets	2,541,422	2,498,402
Total assets	10,360,716	9,873,516
(Liabilities)		
Current liabilities	1,174,771	812,079 ③
Fixed liabilities	658,015	648,368 ④
Total liabilities	1,832,787	1,460,447
(Net assets)		
Shareholders' equity	8,620,519	8,504,012
Valuation and translation adjustments	-92,591	-90,943
Total net assets	8,527,928	8,413,068
Total liabilities and net assets	10,360,716	9,873,516

### POINT ①

Current assets increased by 570 million yen from the end of the 48th term. This is primarily due to an increase in cash and deposits.

### POINT ②

Fixed assets decreased by 83 million yen from the end of the 48th term. This is mainly because of a decrease due to depreciation.

### POINT ③

Current liabilities increased by 362 million yen from the end of the 48th term. This is primarily due to an increase in income tax payable and accounts payable-other.

### POINT ④

Fixed liabilities increased by 9 million yen from the end of the 48th term. This is mainly because of the reserve for retirement payments.

(Note) Figures less than 1,000 yen are omitted.

## Income Statement (Summary)

(Unit: 1,000 yen)

	49th term April 1, 2010 to March 31, 2011	48th term April 1, 2009 to March 31, 2010
Sales	6,568,637	6,084,280
Cost of sales	3,623,135	3,248,265
Gross profit	2,945,501	2,836,014
Selling, general and administrative expenses	2,451,893	2,502,031
Operating income	493,607	333,983
Ordinary income	550,455	436,368
Net income or Net loss (-)	273,014	-186,873

**POINT ⑤**

Operating income increased by 159 million yen from the same term last year. This is because of an increase in sales and a decrease in expenses.

(Note) Figures less than 1,000 yen are omitted.

## Cash Flow Statement (Summary)

(Unit: 1,000 yen)

	49th term April 1, 2010 to March 31, 2011	48th term April 1, 2009 to March 31, 2010
Net cash provided by (used in) operating activities	775,170	513,161
Net cash provided by (used in) investment activities	428,650	-148,638
Net cash provided by (used in) financing activities	-155,743	-259,497
Net increase (decrease) in cash and cash equivalents	1,048,077	105,025
Opening cash and cash equivalents	2,538,781	2,433,755
Ending cash and cash equivalents	3,586,859	2,538,781

**POINT ⑥**

Net cash provided by operating activities amounted to 775 million yen due to an increase in net income before income taxes.

Net cash provided by investment activities amounted to 428 million yen due to a gain on sales and redemption of securities.

Net cash used in financing activities amounted to 155 million yen due to payment of cash dividends of 18.0 yen per share.

Consequently, cash and cash equivalents at the end of the current term amounted to 3,586 million yen..

(Note) Figures less than 1,000 yen are omitted.

# Stock Information

Stock Information  
(As of March 31, 2011)

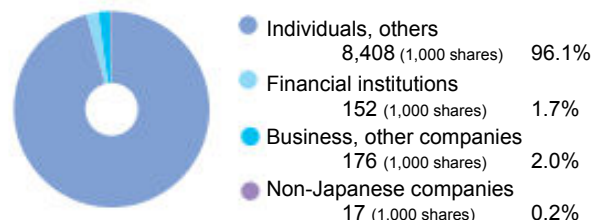
Total number of shares authorized: ..... 35,000,000 shares  
 Total number of shares issued: ..... 8,754,200 shares  
 Share unit number: ..... 100 shares  
 Number of shareholders: ..... 7,447 persons

## Principal shareholders (top ten shareholders)

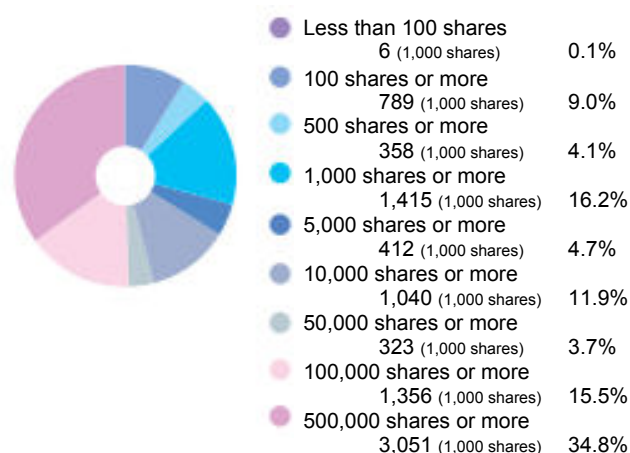
Name of shareholder	Number of shares held	Investment ratio
Shoichi Tanabe	1,474 (1,000 shares)	17.0 (%)
Jiro Tanabe	562	6.4
Eiko Tanabe	507	5.8
Yoichiro Tanabe	507	5.8
Toki Narasaki	487	5.6
Tanabe Management Consulting Client Share Ownership Scheme	293	3.3
Tanabe Management Consulting Employee Share Ownership Scheme	192	2.2
Toshio Denbara	144	1.6
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	129	1.4
Hitoshi Kimoto	108	1.2

(Note) Treasury stock (90,330 shares) is excluded from the investment ratio calculation.

## Shareholder distribution by nature of business



## Shareholder distribution by number of shares held



## Share price chart



## Shareholder distribution by region

Hokkaido region	1.3 (%)
Tohoku region	1.3
Kanto region	24.7
Chubu region	9.0
Kinki region	57.7
Chugoku region	2.4
Shikoku region	0.6
Kyushu region	2.8
Overseas	0.2

## Corporate Profile

**Trade name** : Tanabe Management Consulting Co., Ltd.

**Headquarters** : 3-3-41 Miyahara, Yodogawa-ku, Osaka

**Website** : <http://www.tanabekeiei.co.jp/>

**Founded** : October 16, 1957

**Incorporated** : April 1, 1963

**Capital** : 1,772 million yen

**Number of employees** : 289 persons

### Company Directors and Auditors

Representative Director and Chairman: Jiro Tanabe

Vice Chairman:

Shizuo Naka

President and Chief Executive Officer:

Hitoshi Kimoto, In charge of compliance, Chairman of Tanabe Management Consulting (Shanghai) Co., Ltd.

Senior Managing Director:

Takahiko Wakamatsu, Head of Consulting Dept., in charge of Network Dept., and Director of Tanabe Management Consulting (Shanghai) Co., Ltd.

Managing Director:

Kazunori Nanatsuya, Deputy Head of Consulting Dept.

Hiroaki Miyake, Manager of SP Dept., and in charge of China business, Director of Tanabe Management Consulting (Shanghai) Co., Ltd.

Yoshikuni Nagao, Deputy Head of Consulting Dept., Director of Tanabe Management Consulting (Shanghai) Co., Ltd.

Masahiro Okawa, In charge of Planning & Development Div., Chubu Head Office, and Hokuriku Branch Office

Director:

Kazuo Nakahigashi, Head of Network Dept.

Toshiyuki Nakamura, Manager of Osaka Head Office and Chushikoku Branch Office

Hiroki Tsutsui, Manager of Administrative Head Office and Auditor of Tanabe Management Consulting (Shanghai) Co., Ltd.

Standing Auditor:

Takashi Iwasaki

Outside Auditor:

Yoshinori Tani, Attorney (Yoshinori Tani Law Firm)

Jun Sumita

<b>Headquarters</b>		〒532-0003	3-3-41 Miyahara, Yodogawa-ku, Osaka
<b>Consulting Department</b>	Tokyo Head Office	〒150-6034	Yebisu Garden Place Tower 34F, 4-20-3 Ebisu, Shibuya-ku, Tokyo
	Chubu Head Office	〒450-0002	Dainagoya Building 6F, 3-28-12 Meieki, Nakamura-ku, Nagoya City
	Osaka Head Office	〒532-0003	3-3-41 Miyahara, Yodogawa-ku, Osaka
	Seibu Head Office	〒810-0001	ACROS Fukuoka 12F, 1-1-1 Tenjin, Chuo-ku, Fukuoka City
	Hokkaido Branch Office	〒060-0005	JR Tower Office Plaza Sapporo 11F, 2-5 Kitagojo-nishi, Chuo-ku, Sapporo City
	Tohoku Branch Office	〒980-6022	Sumitomo Seimei Sendai Chuo Building 22F, 4-6-1 Chuo, Aoba-ku, Sendai City
	Niigata Branch Office	〒950-0087	Hokuriku Bldg. 5F, 1-2-23 Higashiodori, Chuo-ku, Niigata City
	Hokuriku Branch Office	〒920-0856	Visage 5F, 16-1 Showamachi, Kanazawa City
	Chushikoku Branch Office	〒730-0016	Hiroshima Mazda Building 10F, 13-4 Nobori-cho, Naka-ku, Hiroshima City
	Okinawa Branch Office	〒900-0015	Nissei Naha Center Building 10F, 1-12-12 Kumoji, Naha City
	Shonan Training Center	〒238-0101	1333 Aza-Nemoto, Kamimiyada, Minamishitauramachi, Miura City, Kanagawa
	Nagoya Training Center	〒481-0041	73-1 Kunotsuboyama, Kitanagoya City, Aichi
	Planning and Development Division	〒532-0003	3-3-41 Miyahara, Yodogawa-ku, Osaka
Product Planning Division	〒532-0003	3-3-41 Miyahara, Yodogawa-ku, Osaka	
<b>Network Department</b>		〒532-0003	3-3-41 Miyahara, Yodogawa-ku, Osaka
<b>Sales Promotion Department</b>	Sales Div		
	Tokyo Sales Division (Tokyo No. 1, No. 2, and No. 5 Division)	〒104-0032	Hatchobori SF Bldg. 5F, 3-12-8 Hatchobori, Chuo-ku, Tokyo
	Tokyo 3	〒330-0845	Omiya Nakamachi AK Building 4F, 1-104 Nakamachi, Omiya-ku, Saitama City
	Tokyo 4	〒222-0033	Fuji-kasai Yokohama Building 4F, 2-4-19 Shinyokohama, Kohoku-ku, Yokohama City
	Osaka 1	〒532-0003	3-3-41 Miyahara, Yodogawa-ku, Osaka
	Nagoya Sales Office	〒460-0008	Showa Building 6F, 4-3-26 Sakae, Naka-ku, Nagoya City
	Fukuoka Sales Office	〒812-0013	No.5 Hakata Kaisei Bldg. 10F, 1-8-25 Hakataeki-higashi, Hakata-ku Fukuoka City
	Special Sales Division	〒532-0003	3-3-41 Miyahara, Yodogawa-ku, Osaka
	Administrative Division	〒104-0032	Hatchobori SF Bldg. 5F, 3-12-8 Hatchobori, Chuo-ku, Tokyo
	〒532-0003	3-3-41 Miyahara, Yodogawa-ku, Osaka	
	〒104-0032	Hatchobori SF Bldg. 5F, 3-12-8 Hatchobori, Chuo-ku, Tokyo	
<b>Tanabe Management Consulting (Shanghai) Co., Ltd.</b>		〒200041	Room 1202 Mei Long Zhen Square, 1038 Nanjing West Road, Jing'an District, Shanghai

## Notes for Shareholders

Fiscal year:	From April 1 to March 31 the following year
Dividend Record Date (year-end dividend):	March 31
Dividend Record Date (interim dividend):	September 30
Annual General Shareholders' Meeting:	June every year
Administrator for shareholders register	Mitsubishi UFJ Trust and Banking Corporation
Special account managing institution:	Osaka Securities Agent Department, Mitsubishi UFJ Trust and Banking Corporation
Address and phone number:	3-6-3 Fushimi-machi, Chuo-ku, Osaka 541-8502 Tel: 0120-094-777 (toll free)
Listing Stock Exchange:	JASDAQ market of the Osaka Securities Exchange
Method of public notice:	The public notices of the Company shall be given electronically. Public notice URL: <a href="http://www.tanabekeiei.co.jp/koukoku/index.htm">http://www.tanabekeiei.co.jp/koukoku/index.htm</a> Provided that, when electronic public notices cannot be used due to unavoidable reasons, the public notices of the Company shall be given in the Nihon Keizai Shimbun.

Questionnaire  
for  
Shareholders

We look forward to  
receiving your opinions.

We are pleased to conduct a questionnaire survey to find out what our shareholders think about the Company. We would appreciate it if you could take some time to reply to our questionnaire.

Will you please access the URL below and reply to questions at our questionnaire site that is displayed after inputting the access code? It will take only about 5 minutes to complete the questionnaire.

<http://www.e-kabunushi.com>  
Access code 9644

いいかぶ

検索

You can enter "i-i-ka-bu" in Japanese hiragana in the search box of Yahoo!, MSN, or Excite to find the above website.



Send an empty email for the URL.

Please send an empty email (with no title and message) to [kabu@wjm.jp](mailto:kabu@wjm.jp). You will receive the URL for the questionnaire by return email.



Access through your mobile phone.

A mobile phone with a QR code reader allows you to access the above website. Please scan and read the QR code printed on the right.



- The survey period will be around two months after you receive this business report.

Those who respond to the questionnaire survey can enter a lottery for a prize (book card worth 500 yen).



This questionnaire survey is being conducted by e-Shareholder Research, provided by a2media Corporation. (For details of a2media Corporation, please visit <http://www.a2media.co.jp> (in Japanese)) Your reply will be used for statistical purposes only and will never be used for any other purposes without your prior consent.

- If you have any inquiries regarding the questionnaire, please contact the Administration Office of e-Shareholder Research.

TEL: 03-5777-3900 (Weekdays 10:00 – 17:00)  
MAIL: [info@e-kabunushi.com](mailto:info@e-kabunushi.com)



### Notes:

- Procedures such as change of shareholder's address, requests for purchase of odd shares and the like shall be in principle handled by an account managing institution (stockbroker etc.) where you hold an account. For details, please contact your stockbroker. Please note that the Administrator for the shareholders' register (Mitsubishi UFJ Trust and Banking Corporation) cannot handle these procedures.
- Regarding procedures related to stocks registered in your special account, please contact the above-mentioned special account managing institution (Mitsubishi UFJ Trust and Banking Corporation). You can carry out these procedures at the head office and branch offices of Mitsubishi UFJ Trust and Banking Corporation.
- You can receive unpaid dividends at the head office and branch offices of Mitsubishi UFJ Trust and Banking Corporation.
- We present our special business diary to every shareholder who holds 100 or more shares of the Company's stock as of September 30 every year. We hope that you find our diary useful.



TANABE MANAGEMENT CONSULTING CO., LTD.