



transcosmos inc.
Consolidated Financial Report
For the Fiscal Year Ended March 31, 2017 [J-GAAP]

April 28, 2017

(Amounts less than ¥1M are rounded down.)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2017
 (April 1, 2016 – March 31, 2017)

(1) Consolidated results of operations (cumulative total)

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of transcosmos inc.	
	¥M	%	¥M	%	¥M	%	¥M	%
Mar. 2017 Period	242,314	7.9	8,080	(16.9)	6,742	(24.0)	7,156	(5.7)
Mar. 2016 Period	224,605	12.8	9,725	6.1	8,870	(7.6)	7,587	3.2

(Note) Comprehensive income (for the years ended March 31): 2017 ¥4,367 million (76.1)% 2016 ¥18,243 million 83.2%

	Earnings per share	Earnings per share after adjustment for residual securities	Return on equity	Ordinary income to net assets	Operating income to net sales
	¥	¥	%	%	%
Mar. 2017 Period	172.92	-	8.8	4.7	3.3
Mar. 2016 Period	184.45	-	10.4	7.3	4.3

(Reference) Equity in net income of affiliated companies (for the years ended March 31): 2017 ¥(1,583) million 2016 ¥121 million

(2) Consolidated financial standing

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥M	¥M	%	¥
As of Mar. 31, 2017	143,802	85,188	56.8	1,969.70
As of Mar. 31, 2016	140,674	83,981	57.5	1,967.29

(Reference) Shareholders' equity (as of March 31): 2017 ¥81,695 million 2016 ¥80,929 million

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	¥M	¥M	¥M	¥M
Mar. 2017 Period	8,487	(6,199)	(3,300)	33,422
Mar. 2016 Period	3,197	(13,935)	12,832	33,339

2. Dividend Status

	Annual dividends					Total Amount of Annual Dividends	Dividends Payout Ratio (Consolidated)	Ratio of Dividends to Equity (Consolidated)
	1Q End	2Q End	3Q End	Year End	Total			
	¥	¥	¥	¥	¥	¥M	%	%
Mar. 2016 Period	-	0.00	-	56.00	56.00	2,303	30.4	3.2
Mar. 2017 Period	-	0.00	-	52.00	52.00	2,156	30.1	2.6
Mar. 2017 Period (Forecast)	-	-	-	-	-	-	-	-

(Note) The dividend forecast for Fiscal Year ending March 31, 2017 is not yet to be determined.

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2018

(April 1, 2017 – March 31, 2018)

The consolidated financial forecast for Fiscal Year ending March 31, 2018 is not yet to be determined and presented because of the difficulties in making a reasonable forecast.

Unaudited Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of March 31, 2017, 2016 and 2015

ASSETS	Millions of yen			Thousands of U.S.
				dollars (Note 3)
	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015	As of March 31, 2017
Current assets:				
Cash and deposits	¥ 33,866	¥ 33,776	¥ 31,880	\$ 301,844
Notes and accounts receivable – trade	39,967	35,908	31,690	356,216
Marketable securities	—	—	100	—
Merchandise and finished goods	2,047	981	182	18,244
Work in process	581	574	898	5,184
Supplies	34	42	32	308
Deferred tax assets	1,708	1,607	1,843	15,222
Others	4,370	3,202	2,984	38,950
Less - allowance for doubtful accounts	(292)	(307)	(342)	(2,604)
Total current assets	82,283	75,787	69,269	733,366
Non-current assets:				
Property, plant and equipment:				
Buildings and structures, net	4,087	3,973	3,727	36,430
Vehicles, net	15	5	5	139
Tools, furniture and fixtures, net	3,608	3,149	2,824	32,156
Land	828	836	844	7,384
Leased assets, net	480	476	373	4,283
Construction in progress	49	65	137	439
Total property, plant and equipment, net	9,069	8,507	7,914	80,834
Intangible assets:				
Goodwill	3,818	2,996	75	34,033
Software	1,857	1,952	1,448	16,555
Leased assets	16	14	13	145
Software in progress	77	62	55	687
Others	525	301	306	4,680
Total intangible assets	6,294	5,326	1,899	56,103
Investments and other assets:				
Investment securities	14,286	26,044	4,272	127,329
Shares of subsidiaries and affiliates	10,457	15,878	9,545	93,200
Investments in capital of subsidiaries and affiliates	6,822	2,074	2,256	60,810
Long-term loans receivable	1,370	1,470	729	12,214
Deferred tax assets	149	86	62	1,329
Derivatives receivable	6,925	—	—	61,721
Guarantee deposits	5,861	5,660	5,533	52,238
Others	490	434	401	4,368
Less - allowance for doubtful accounts	(208)	(597)	(332)	(1,856)
Total investments and other assets	46,154	51,053	22,468	411,355
Total non-current assets	61,518	64,887	32,282	548,294
Total assets	¥ 143,802	¥ 140,674	¥ 101,551	\$ 1,281,661

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of March 31, 2017, 2016 and 2015

LIABILITIES	Millions of yen			Thousands of U.S. dollars (Note 3)
	As of March 31,	As of March 31,	As of March 31,	As of March 31,
	2017	2016	2015	2017
Current liabilities:				
Accounts payable - trade	¥ 12,452	¥ 9,975	¥ 7,706	\$ 110,983
Short-term borrowings	476	—	—	4,250
Current portion of bonds	7	—	—	62
Current portion of long-term debt	1,692	80	90	15,087
Accounts payable - other	6,167	4,710	4,631	54,964
Accrued expenses	8,928	8,059	7,668	79,580
Income taxes payable	2,352	2,711	2,631	20,963
Accrued consumption taxes	3,104	2,827	5,348	27,673
Advances received	914	654	706	8,152
Provision for bonuses	3,732	3,511	3,633	33,269
Others	982	900	776	8,761
Total current liabilities	40,812	33,431	33,194	363,750
Non-current liabilities:				
Bonds payable	39	—	—	352
Convertible bond-type bonds with subscription rights to shares	10,037	10,047	—	89,458
Long-term debt	3,407	5,085	165	30,372
Deferred tax liabilities	3,872	4,415	382	34,512
Liability for retirement benefits	16	13	19	142
Long-term guarantee deposited	28	28	28	249
Derivatives liabilities	—	3,201	—	—
Others	400	470	365	3,565
Total non-current liabilities	17,800	23,261	961	158,653
Total liabilities	58,613	56,693	34,155	522,403
NET ASSETS				
Shareholders' equity:				
Capital stock	29,065	29,065	29,065	259,054
Capital surplus	18,908	20,510	20,510	168,522
Retained earnings	37,737	32,842	27,476	336,337
Treasury stock, at cost	(15,232)	(15,937)	(15,932)	(135,764)
Total shareholders' equity	70,478	66,481	61,120	628,151
Accumulated other comprehensive income :				
Unrealized holding gain on securities	6,509	15,479	1,199	58,015
Unrealized loss on hedging instruments	5,193	(2,401)	—	46,290
Foreign currency translation adjustments	(485)	1,369	2,716	(4,331)
Total accumulated other comprehensive income	11,217	14,447	3,916	99,975
Subscription rights to shares	3	0	—	28
Non-controlling interests	3,489	3,051	2,358	31,101
Total net assets	85,188	83,981	67,396	759,257
Total liabilities and net assets	¥ 143,802	¥ 140,674	¥ 101,551	\$ 1,281,661

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Income
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2017, 2016 and 2015

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2017	2016	2015	2017
Net sales	¥ 242,314	¥ 224,605	¥ 199,178	\$ 2,159,667
Cost of sales	199,411	184,231	162,490	1,777,288
Gross profit	42,902	40,373	36,687	382,378
Selling, general and administrative expenses	34,822	30,648	27,521	310,362
Operating income	8,080	9,725	9,166	72,016
Non-operating income (expenses):				
Interest income	73	95	102	653
Interest expenses	(27)	(25)	(23)	(244)
Dividend income	95	70	23	854
Share of profit (loss) of entities accounted for using equity method	(1,583)	121	246	(14,110)
Foreign exchange gain (loss)	(51)	(419)	361	(455)
Subsidy income	305	72	115	2,726
Provision of allowance for doubtful accounts	—	(266)	(98)	—
Gain on sales of investment securities	1,748	2,843	330	15,579
Gain on sales of shares of subsidiaries and affiliates	2,451	1,297	1,841	21,850
Impairment loss on fixed assets	(289)	(835)	(406)	(2,581)
Loss on valuation of shares of subsidiaries and affiliates	(368)	(745)	(999)	(3,281)
Other income (expenses), net	159	154	220	1,424
Total non-operating income (expenses)	2,515	2,361	1,714	22,416
Income before income taxes and non-controlling interests	10,595	12,086	10,881	94,432
Income taxes :				
Current	3,347	4,007	3,440	29,836
Deferred	(308)	342	(193)	(2,749)
	3,039	4,349	3,247	27,087
Net income	7,556	7,736	7,634	67,344
Net income attributable to non-controlling interests	399	148	284	3,563
Net income attributable to shareholders of transcosmos inc.	¥ 7,156	¥ 7,587	¥ 7,349	\$ 63,781

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Comprehensive Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017, 2016 and 2015

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2017	2016	2015	2017
Net income	¥ 7,556	¥ 7,736	¥ 7,634	\$ 67,344
Other comprehensive income :				
Unrealized holding gain (loss) on securities	(8,910)	14,294	596	(79,412)
Unrealized gain (loss) on hedging instruments	7,594	(2,401)	—	67,691
Foreign currency translation adjustments	(1,181)	(875)	1,193	(10,527)
Share of other comprehensive income of entities accounted for using equity method	(692)	(510)	533	(6,173)
Total other comprehensive income	(3,188)	10,507	2,324	(28,422)
Comprehensive income	¥ 4,367	¥ 18,243	¥ 9,958	\$ 38,922
Total comprehensive income attributable to:				
Shareholders of transcosmos inc.	¥ 3,925	¥ 18,118	¥ 9,666	\$ 34,989
Non-controlling interests	441	124	292	3,932

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017, 2016 and 2015

2017					
Millions of yen					
Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	¥	¥	¥	¥	¥
Balance at April 1, 2016	29,065	20,510	32,842	(15,937)	66,481
Changes during the year:					
Cash dividends paid	—	—	(2,335)	—	(2,335)
Net income for the period	—	—	7,156	—	7,156
Purchases of treasury stock	—	—	—	(1)	(1)
Disposal of treasury stock	—	293	—	706	999
Changes in the scope of consolidation	—	—	73	—	73
Purchase of shares of consolidated subsidiaries	—	(1,895)	—	—	(1,895)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(1,602)	4,894	705	3,996
Balance as of March 31, 2017	29,065	18,908	37,737	(15,232)	70,478

Millions of yen							
Accumulated other comprehensive income							
	Unrealized holding gain (loss) on securities	Unrealized loss on hedging instruments	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non- controlling interests	Total net assets
	¥	¥	¥	¥	¥	¥	¥
Balance at April 1, 2016	15,479	(2,401)	1,369	14,447	0	3,051	83,981
Changes during the year:							
Cash dividends paid	—	—	—	—	—	—	(2,335)
Net income for the period	—	—	—	—	—	—	7,156
Purchases of treasury stock	—	—	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	—	—	999
Changes in the scope of consolidation	—	—	—	—	—	—	73
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	(1,895)
Net changes in items other than those in shareholders' equity	(8,969)	7,594	(1,855)	(3,230)	2	438	(2,789)
Total changes during the year	(8,969)	7,594	(1,855)	(3,230)	2	438	1,207
Balance as of March 31, 2017	6,509	5,193	(485)	11,217	3	3,489	85,188

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017, 2016 and 2015

2017

	Thousands of U.S. dollars (Note 3)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	
Balance at April 1, 2016	\$ 259,054	\$ 182,803	\$ 292,717	\$ (142,048)	\$ 592,528
Changes during the year:					
Cash dividends paid	—	—	(20,813)	—	(20,813)
Net income for the period	—	—	63,781	—	63,781
Purchases of treasury stock	—	—	—	(14)	(14)
Disposal of treasury stock	—	2,612	—	6,298	8,911
Changes in the scope of consolidation	—	—	651	—	651
Purchase of shares of consolidated subsidiaries	—	(16,892)	—	—	(16,893)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(14,280)	43,619	6,283	35,623
Balance as of March 31, 2017	\$ 259,054	\$ 168,522	\$ 336,337	\$ (135,764)	\$ 628,151

Thousands of U.S. dollars (Note 3)

	Accumulated other comprehensive income						
	Unrealized holding gain (loss) on securities	Unrealized loss on hedging instruments	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2016	\$ 137,962	\$ (21,400)	\$ 12,205	\$ 128,767	\$ 6	\$ 27,193	\$ 748,495
Changes during the year:							
Cash dividends paid	—	—	—	—	—	—	(20,813)
Net income for the period	—	—	—	—	—	—	63,781
Purchases of treasury stock	—	—	—	—	—	—	(14)
Disposal of treasury stock	—	—	—	—	—	—	8,911
Changes in the scope of consolidation	—	—	—	—	—	—	651
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	(16,893)
Net changes in items other than those in shareholders' equity	(79,946)	67,691	(16,536)	(28,791)	22	3,907	(24,861)
Total changes during the year	(79,946)	67,691	(16,536)	(28,791)	22	3,907	10,761
Balance as of March 31, 2017	\$ 58,015	\$ 46,290	\$ (4,331)	\$ 99,975	\$ 28	\$ 31,101	\$ 759,257

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017, 2016 and 2015

2016

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2015	¥ 29,065	¥ 20,510	¥ 27,476	¥ (15,932)	¥ 61,120
Changes during the year:					
Cash dividends paid	—	—	(2,221)	—	(2,221)
Net income for the period	—	—	7,587	—	7,587
Purchases of treasury stock	—	—	—	(5)	(5)
Purchase of shares of consolidated subsidiaries	—	0	—	—	0
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	0	5,366	(5)	5,360
Balance as of March 31, 2016	¥ 29,065	¥ 20,510	¥ 32,842	¥ (15,937)	¥ 66,481

Millions of yen

	Accumulated other comprehensive income						
	Unrealized holding gain (loss) on securities	Unrealized loss on hedging instruments	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2015	¥ 1,199	¥ —	¥ 2,716	¥ 3,916	¥ —	¥ 2,358	¥ 67,396
Changes during the year:							
Cash dividends paid	—	—	—	—	—	—	(2,221)
Net income for the period	—	—	—	—	—	—	7,587
Purchases of treasury stock	—	—	—	—	—	—	(5)
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	0
Net changes in items other than those in shareholders' equity	14,279	(2,401)	(1,347)	10,530	0	692	11,224
Total changes during the year	14,279	(2,401)	(1,347)	10,530	0	692	16,585
Balance as of March 31, 2016	¥ 15,479	¥ (2,401)	¥ 1,369	¥ 14,447	¥ 0	¥ 3,051	¥ 83,981

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017, 2016 and 2015

2015

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2014	¥ 29,065	¥ 20,510	¥ 22,105	¥ (15,929)	¥ 55,753
Changes during the year:					
Cash dividends paid	—	—	(1,892)	—	(1,892)
Net income for the period	—	—	7,349	—	7,349
Purchases of treasury stock	—	—	—	(3)	(3)
Disposal of treasury stock	—	(0)	—	0	0
Change in the scope of consolidation	—	—	(86)	—	(86)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(0)	5,370	(3)	5,367
Balance as of March 31, 2015	¥ 29,065	¥ 20,510	¥ 27,476	¥ (15,932)	¥ 61,120

Millions of yen

	Accumulated other comprehensive income				
	Unrealized holding gain (loss) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2014	¥ 611	¥ 989	¥ 1,600	¥ 3,455	¥ 60,809
Changes during the year:					
Cash dividends paid	—	—	—	—	(1,892)
Net income for the period	—	—	—	—	7,349
Purchases of treasury stock	—	—	—	—	(3)
Disposal of treasury stock	—	—	—	—	0
Change in the scope of consolidation	—	—	—	—	(86)
Net changes in items other than those in shareholders' equity	588	1,727	2,316	(1,097)	1,219
Total changes during the year	588	1,727	2,316	(1,097)	6,586
Balance as of March 31, 2015	¥ 1,199	¥ 2,716	¥ 3,916	¥ 2,358	¥ 67,396

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Cash Flows
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2017, 2016 and 2015

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2017	2016	2015	2017
Operating activities:				
Income before income taxes and non-controlling interests	¥ 10,595	¥ 12,086	¥ 10,881	\$ 94,432
Depreciation of property, plant and equipment	1,856	1,750	1,488	16,543
Impairment loss on fixed assets	289	835	406	2,581
Amortization of goodwill	485	271	81	4,329
Amortization of intangible assets	747	559	459	6,664
Increase (decrease) in allowance for doubtful accounts	(392)	237	104	(3,494)
Increase (decrease) in provision for bonuses	199	(116)	127	1,780
Changes in liability for retirement benefits, net	2	(5)	1	18
Interest and dividend income	(169)	(165)	(126)	(1,508)
Interest expenses	27	25	23	244
Foreign exchange gain(loss)	51	419	(361)	455
Share of loss (profit) of entities accounted for using equity method	1,583	(121)	(246)	14,110
Loss on disposal of fixed assets	38	26	27	341
Gain on sales of investment securities	(1,748)	(2,843)	(330)	(15,579)
Loss on valuation of investment securities	29	87	740	264
Gain on sales of shares of subsidiaries and affiliates	(2,438)	(1,297)	(1,831)	(21,732)
Loss on valuation of shares of subsidiaries and affiliates	368	745	999	3,281
Loss on changes in ownership interests in subsidiaries and affiliates	(157)	(241)	(1,331)	(1,401)
Gain on step acquisitions	(99)	(308)	—	(884)
Decrease in notes and accounts receivable - trade	(3,827)	(4,352)	(1,647)	(34,110)
Decrease in inventories	(1,040)	(512)	(330)	(9,273)
Increase in notes and accounts payable - trade	2,290	1,683	624	20,416
Increase (decrease) in accrued consumption taxes	294	(2,493)	3,678	2,624
Others, net	3,299	763	1,262	29,405
Subtotal	12,286	7,033	14,700	109,509
Interest and dividends received	260	245	212	2,324
Interest paid	(28)	(24)	(28)	(253)
Income taxes paid	(4,032)	(4,058)	(2,706)	(35,937)
Net cash provided by operating activities	¥ 8,487	¥ 3,197	¥ 12,177	\$ 75,642

Unaudited Consolidated Statement of Cash Flows
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2017, 2016 and 2015

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2017	2016	2015	2017
Investing activities:				
Payments into time deposits	¥ (521)	¥ (769)	¥ (452)	\$ (4,645)
Proceeds from withdrawal of time deposit accounts	494	484	380	4,406
Purchases of property, plant and equipment	(2,184)	(2,410)	(1,566)	(19,472)
Purchases of intangible assets	(1,051)	(998)	(783)	(9,372)
Purchases of investment securities	(955)	(1,904)	(1,443)	(8,513)
Proceeds from sales of investment securities	1,851	3,086	175	16,505
Purchases of shares of subsidiaries and affiliates	(5,313)	(8,484)	(3,662)	(47,355)
Proceeds from sales of shares of subsidiaries and affiliates	3,545	1,277	39	31,601
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(882)	(385)	—	(7,869)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	—	895	—
Payments for transfer of business	—	(2,853)	—	—
Payments for guarantee deposits	(688)	(908)	(773)	(6,135)
Proceeds from collection of guarantee deposits	405	648	244	3,615
Payments of loans receivable	(967)	(2,602)	(887)	(8,619)
Collection of loans receivable	258	2,033	200	2,301
Others, net	(190)	(146)	(428)	(1,696)
Net cash used in investing activities	(6,199)	(13,935)	(8,062)	(55,251)
Financing activities:				
Increase in short-term borrowings	495	633	—	4,419
Repayment of short-term borrowings	(126)	(633)	—	(1,127)
Increase in long-term borrowings	75	5,000	30	668
Repayment of long-term borrowings	(309)	(164)	(1,759)	(2,759)
Proceeds from issuance of bonds	48	10,050	—	434
Proceeds from sales of treasury stock	999	—	—	8,911
Proceeds from share issuance to non-controlling interests	—	358	83	—
Cash dividends paid	(2,303)	(2,224)	(1,894)	(20,531)
Cash dividends paid to non-controlling interests	(20)	(21)	(17)	(184)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,957)	—	—	(17,446)
Others, net	(202)	(166)	(211)	(1,802)
Net cash provided by(used in) financing activities	(3,300)	12,832	(3,769)	(29,418)
Effect of exchange rate changes on cash and cash equivalents	(556)	(449)	896	(4,957)
Increase (decrease) in cash and cash equivalents	(1,569)	1,644	1,242	(13,986)
Cash and cash equivalents at the beginning of the year	33,339	31,694	30,452	297,144
Increase in cash and cash equivalents resulting from change of scope of consolidation	1,607	—	—	14,322
Increase in cash and cash equivalents from merger of subsidiaries	45	—	—	404
Cash and cash equivalents at the end of the year	¥ 33,422	¥ 33,339	¥ 31,694	\$ 297,885

See accompanying notes to unaudited consolidated financial statements.

Notes to Unaudited Consolidated Financial Statements
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

1. Accounting Changes

With application of Practical Solution on a change in depreciation method due to Tax Reform 2016 (ASBJ PITF No.32, June 17, 2016), depreciation method of building facilities which the Company acquired on or after April 1, 2016 was changed to straight-line method from declining balance method. This change has a slight affect on profits for the year ended March 31, 2017.

2. Additional Information

Recoverability of Deferred Tax Assets (ASBJ Revised Implementation Guidance No.26, March 28, 2016) was applied from the beginning of this fiscal year.

3. U.S. Dollar Amounts

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into United States (U.S.) dollars at the rate of ¥112.20 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of March 31, 2017. This translation should not be construed as a representation that the amounts shown could be converted to U.S. dollars at such rate.

Unaudited Consolidated Statement of Cash Flows

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017, 2016 and 2015

4. Segment Information

(1) Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and assess performance.

The Group's operation consists of the following three reportable segments: "Parent company," as the outsourcing service operations provided by the Company, and "Domestic subsidiaries and affiliates," "Overseas subsidiaries and affiliates," which are business provided by the consolidated subsidiaries divided by domestic and overseas.

Parent company:	The Company's outsourcing service operations
Domestic subsidiaries and affiliates:	Outsourcing service operations provided by domestic subsidiaries
Overseas subsidiaries and affiliates:	Outsourcing service operations provided by overseas subsidiaries

(2) Basis of measurement of net sales, segment income or losses, and segment assets for each reportable segment

The accounting policies and treatments applied in preparation of segment information are identical with those applied in preparation of the consolidated financial statements

(3) Information on net sales, profit or loss and assets for each reportable segment

		Millions of yen										
		2017										
		Reportable segments			Total	Eliminations	Consolidated					
		Parent Company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates								
Net sales												
Sales to third parties	¥	193,294	¥	14,681	¥	34,338	¥	242,314	¥	—	¥	242,314
Inter-segment sales and transfers		240		4,075		2,072		6,388		(6,388)		—
Total	¥	193,535	¥	18,756	¥	36,411	¥	248,702	¥	(6,388)	¥	242,314
Segment profit	¥	8,389	¥	457	¥	(764)	¥	8,083	¥	(3)	¥	8,080
Segment assets		74,958		14,264		59,687		148,911		(5,108)		143,802

Unaudited Consolidated Statement of Cash Flows
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2017, 2016 and 2015

Thousands of U.S. dollars (Note 3)

2017						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 1,722,762	\$ 130,853	\$ 306,051	\$ 2,159,667	\$ —	\$ 2,159,667
Inter-segment sales and transfers	2,147	36,319	18,468	56,936	(56,936)	—
Total	\$ 1,724,910	\$ 167,172	\$ 324,520	\$ 2,216,603	\$ (56,936)	\$ 2,159,667
Segment profit	\$ 74,774	\$ 4,080	\$ (6,809)	\$ 72,045	\$ (29)	\$ 72,016
Segment assets	668,083	127,136	531,973	1,327,193	(45,532)	1,281,661

Note A: Details of “Eliminations” are as follows:

- (a) Segment profit of ¥(3) million (\$29 thousand) in “Eliminations” consists of inter-segment elimination.
- (b) Segment assets of ¥(5,108) million (\$(45,532) thousand) in “Eliminations” consist of inter-segment eliminations.

Note B: Total consolidated segment profit agrees with consolidated operating income.

Millions of yen

2016						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 178,896	¥ 15,446	¥ 30,261	¥ 224,605	¥ —	¥ 224,605
Inter-segment sales and transfers	210	3,996	1,004	5,211	(5,211)	—
Total	¥ 179,107	¥ 19,443	¥ 31,265	¥ 229,816	¥ (5,211)	¥ 224,605
Segment profit	¥ 8,602	¥ 848	¥ 227	¥ 9,678	¥ 46	¥ 9,725
Segment assets	72,494	12,627	57,196	142,318	(1,643)	140,674

Note A: Details of “Eliminations” are as follows:

- (a) Segment profit of ¥46 million in “Eliminations” consists of inter-segment elimination.
- (b) Segment assets of ¥(1,643) million in “Eliminations” consist of inter-segment eliminations.

Note B: Total consolidated segment profit agrees with consolidated operating income.

Unaudited Consolidated Statement of Cash Flows

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017, 2016 and 2015

5. Amounts Per Share

Net assets per share and net income per share as of March 31, 2017, 2016 and 2015, and for the years then ended are as follows:

	Yen			U.S. dollars (Note 3)
	2017	2016	2015	2017
Net assets per share:	¥ 1,969.70	¥ 1,967.29	¥ 1,580.91	\$ 17.56
Net income per share:				
Basic	¥ 172.92	¥ 184.45	¥ 178.65	\$ 1.54

Note: No diluted net income per share has been presented because there were no shares with dilutive effect.

The basis for the calculation of net income per share for the years ended March 31, 2017, 2016 and 2015 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2017	2016	2015	2017
Net income per share:				
Net income attributable to shareholders of transcosmos inc.	¥ 7,156	¥ 7,587	¥ 7,349	\$ 63,781
Net income not attributable to common shareholders	—	—	—	—
Net income of common stock attributable to shareholders of transcosmos inc.	7,156	7,587	7,349	63,781
Weighted-average number of shares of common stock outstanding (shares)	41,385,448	41,137,914	41,140,190	