

**transcosmos inc.**  
**Consolidated Financial Report**  
**For the Fiscal Year Ended March 31, 2019 [J-GAAP]**

April 26, 2019

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

1. Consolidated Performance for the Fiscal Year Ended March 31, 2019

(April 1, 2018 – March 31, 2019)

(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. 2019 Period	284,696	6.8	5,355	(12.1)	5,394	199.3	4,433	-
Mar. 2018 Period	266,645	10.0	6,092	(24.6)	1,802	(73.3)	(2,176)	-

(Note) Comprehensive income (for the years ended March 31): 2019 ¥6,070 million -% 2018 ¥(11,087) million -%

	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. 2019 Period	106.90	-	6.4	4.1	1.9
Mar. 2018 Period	(52.47)	-	-	1.3	2.3

(Reference) Equity in net income of affiliated companies (for the years ended March 31): 2019 ¥(853) million 2018 ¥(4,448) million

(2) Consolidated financial standing

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥M	¥M	%	¥
As of Mar. 31, 2019	135,268	74,915	52.9	1,725.27
As of Mar. 31, 2018	129,067	71,199	52.4	1,630.39

(Reference) Shareholders' equity (as of March 31): 2019 ¥71,555 million 2018 ¥67,621 million

(Note) For the fiscal year ended March 31, 2018, the consolidated financial standing is retrospectively applied to changes in accounting policies according to the amendments to partial accounting standard and implementation guidance.

(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. 2019 Period	3,889	4,344	(3,165)	35,979
Mar. 2018 Period	7,814	(6,658)	(4,049)	31,772

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. 2018 Period	-	0.00	-	23.00	23.00	953	-	1.3
Mar. 2019 Period	-	0.00	-	33.00	33.00	1,368	30.9	2.0
Mar. 2020 Period (Forecast)	-	-	-	-	-		-	

(Note) The dividend forecast for Fiscal Year ending March 31, 2020 is not yet to be determined.

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2020

(April 1, 2019 – March 31, 2020)

The consolidated financial forecast for Fiscal Year ending March 31, 2020 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, 2019, 2018 and 2017

ASSETS	Millions of yen			Thousands of U.S. dollars (Note 1)
	As of March 31, 2019	As of March 31, 2018	As of March 31, 2017	As of March 31, 2019
<b>Current assets:</b>				
Cash and deposits	¥ 36,032	¥ 31,937	¥ 33,866	\$ 324,586
Notes and accounts receivable – trade	44,746	42,238	39,967	403,084
Merchandise and finished goods	2,850	2,595	2,047	25,680
Work in process	1,090	914	581	9,824
Supplies	48	42	34	440
Deferred tax assets	-	-	1,708	-
Others	5,324	5,566	4,370	47,966
Less - allowance for doubtful accounts	(258)	(304)	(292)	(2,329)
Total current assets	89,835	82,989	82,283	809,253
<b>Non-current assets:</b>				
Property, plant and equipment:				
Buildings and structures, net	4,851	4,738	4,087	43,707
Vehicles, net	47	37	15	423
Tools, furniture and fixtures, net	3,877	4,035	3,608	34,925
Land	831	840	828	7,491
Leased assets, net	730	566	480	6,578
Construction in progress	60	58	49	541
Total property, plant and equipment, net	10,398	10,276	9,069	93,667
Intangible assets:				
Goodwill	417	3,570	3,818	3,761
Software	2,538	2,215	1,857	22,870
Leased assets	10	16	16	97
Software in progress	286	104	77	2,580
Others	280	332	525	2,528
Total intangible assets	3,534	6,238	6,294	31,838
Investments and other assets:				
Investment securities	8,737	4,654	14,286	78,707
Shares of subsidiaries and affiliates	6,782	9,482	10,457	61,098
Investments in capital of subsidiaries and affiliates	5,948	6,664	6,822	53,587
Long-term loans receivable	347	388	1,370	3,133
Deferred tax assets	1,785	1,385	149	16,086
Derivatives receivable	—	—	6,925	—
Guarantee deposits	7,638	6,604	5,861	68,811
Others	782	880	490	7,046
Less - allowance for doubtful accounts	(522)	(499)	(208)	(4,704)
Total investments and other assets	31,501	29,561	46,154	283,767
Total non-current assets	45,433	46,072	61,518	409,273
<b>Total assets</b>	¥ 135,268	¥ 129,067	¥ 143,802	\$ 1,218,527

See accompanying notes to unaudited consolidated financial statements.

**Unaudited Consolidated Balance Sheet**  
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES  
As of March 31, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	As of March 31, 2019	As of March 31, 2018	As of March 31, 2017	As of March 31, 2019
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable - trade	¥ 11,554	¥ 11,474	¥ 12,452	\$ 104,084
Short-term borrowings	1,763	1,286	476	15,883
Current portion of bonds	7	7	7	63
Current portion of long-term debt	1,758	1,737	1,692	15,838
Accounts payable - other	5,319	5,202	6,167	47,919
Accrued expenses	14,446	13,404	8,928	130,136
Income taxes payable	2,323	2,352	2,352	20,926
Accrued consumption taxes	4,031	3,759	3,104	36,319
Advances received	1,773	1,197	914	15,975
Provision for bonuses	3,793	3,639	3,732	34,168
Others	1,351	1,138	982	12,171
Total current liabilities	48,121	45,201	40,812	433,487
<b>Non-current liabilities:</b>				
Bonds payable	25	32	39	229
Convertible bond-type bonds with subscription rights to shares	10,017	10,027	10,037	90,237
Long-term debt	96	1,796	3,407	871
Deferred tax liabilities	1,261	111	3,872	11,365
Liability for retirement benefits	26	26	16	238
Long-term guarantee deposited	20	29	28	189
Others	783	643	400	7,058
Total non-current liabilities	12,232	12,666	17,800	110,190
Total liabilities	60,353	57,867	58,613	543,677
<b>NET ASSETS</b>				
Shareholders' equity:				
Capital stock	29,065	29,065	29,065	261,831
Capital surplus	17,755	18,263	18,908	159,946
Retained earnings	36,261	33,381	37,737	326,647
Treasury stock, at cost	(15,235)	(15,234)	(15,232)	(137,244)
Total shareholders' equity	67,847	65,477	70,478	611,181
Accumulated other comprehensive income :				
Unrealized holding gain on securities	4,470	1,265	6,509	40,271
Unrealized loss on hedging instruments	—	—	5,193	—
Foreign currency translation adjustments	(761)	878	(485)	(6,863)
Total accumulated other comprehensive income	3,708	2,144	11,217	33,407
Subscription rights to shares	3	3	3	29
Non-controlling interests	3,355	3,574	3,489	30,231
Total net assets	74,915	71,199	85,188	674,849
<b>Total liabilities and net assets</b>	¥ 135,268	¥ 129,067	¥ 143,802	\$ 1,218,527

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, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
<b>Net sales</b>	¥ 284,696	¥ 266,645	¥ 242,314	\$ 2,564,604
<b>Cost of sales</b>	237,494	219,377	199,411	2,139,394
Gross profit	47,202	47,267	42,902	425,209
<b>Selling, general and administrative expenses</b>	41,846	41,175	34,822	376,962
Operating income	5,355	6,092	8,080	48,247
<b>Non-operating income (expenses):</b>				
Interest income	99	69	73	892
Interest expenses	(56)	(39)	(27)	(512)
Dividend income	125	31	95	1,128
Share of profit (loss) of entities accounted for using equity method	(853)	(4,448)	(1,583)	(7,687)
Foreign exchange gain (loss)	95	(1)	(51)	859
Gain on investments in partnership	519	49	—	4,675
Subsidy income	238	134	305	2,149
Gain on sales of investment securities	882	328	1,748	7,947
Gain on sales of shares of subsidiaries and affiliates	6,664	1,009	2,451	60,034
Impairment loss on fixed assets	(3,068)	(213)	(289)	(27,644)
Loss on valuation of investment securities	(28)	(1,216)	(29)	(256)
Loss on valuation of shares of subsidiaries and affiliates	(540)	(623)	(368)	(4,872)
Other income (expenses), net	(160)	(130)	189	(1,449)
Total non-operating income (expenses)	3,916	(5,047)	2,515	35,264
Income before income taxes and non-controlling interests	9,270	1,044	10,595	83,511
<b>Income taxes :</b>				
Current	4,906	2,845	3,347	44,196
Deferred	(220)	207	(308)	(1,983)
	4,686	3,052	3,039	42,212
<b>Net income</b>	4,584	(2,008)	7,556	41,299
<b>Net income attributable to non-controlling interests</b>	151	168	399	1,361
<b>Net income (loss) attributable to shareholders of transcosmos inc.</b>	¥ 4,433	¥ (2,176)	¥ 7,156	\$ 39,938

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, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
<b>Net income (loss)</b>	¥ 4,584	¥ (2,008)	¥ 7,556	\$ 41,299
<b>Other comprehensive income :</b>				
Unrealized holding gain (loss) on securities	3,153	(5,247)	(8,910)	28,407
Unrealized gain (loss) on hedging instruments	—	(5,193)	7,594	—
Foreign currency translation adjustments	(913)	801	(1,181)	(8,225)
Share of other comprehensive income of entities accounted for using equity method	(754)	560	(692)	(6,800)
<b>Total other comprehensive income</b>	<b>1,485</b>	<b>(9,079)</b>	<b>(3,188)</b>	<b>13,381</b>
<b>Comprehensive income</b>	<b>¥ 6,070</b>	<b>¥ (11,087)</b>	<b>¥ 4,367</b>	<b>\$ 54,680</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of transcosmos inc.	¥ 5,997	¥ (11,249)	¥ 3,925	\$ 54,027
Non-controlling interests	72	161	441	653

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, 2019, 2018 and 2017

2019

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	¥	¥	¥	¥	¥
<b>Balance at April 1, 2018</b>	<b>29,065</b>	<b>18,263</b>	<b>33,381</b>	<b>(15,234)</b>	<b>65,477</b>
Cumulative effects of changes in accounting policies	—	—	7	—	7
Restated balance	<b>29,065</b>	<b>18,263</b>	<b>33,389</b>	<b>(15,234)</b>	<b>65,484</b>
Changes during the year:					
Cash dividends paid	—	—	(953)	—	(953)
Net gain for the period	—	—	4,433	—	4,433
Purchases of treasury stock	—	—	—	(1)	(1)
Changes in the scope of consolidation	—	—	(67)	—	(67)
Purchase of shares of consolidated subsidiaries	—	(508)	—	—	(508)
Change of scope of equity method	—	—	(540)	—	(540)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(508)	2,871	(1)	2,362
<b>Balance as of March 31, 2019</b>	<b>¥ 29,065</b>	<b>¥ 17,755</b>	<b>¥ 36,261</b>	<b>¥ (15,235)</b>	<b>¥ 67,847</b>

Millions of yen

	Accumulated other comprehensive income											
	Unrealized holding gain (loss) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets						
							Unrealized holding gain (loss) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
							¥	¥	¥	¥	¥	¥
<b>Balance at April 1, 2018</b>	<b>1,265</b>	<b>878</b>	<b>2,144</b>	<b>3</b>	<b>3,574</b>	<b>71,199</b>						
Cumulative effects of changes in accounting policies		(2)	(2)	—	—	4						
Restated balance	<b>1,265</b>	<b>876</b>	<b>2,141</b>	<b>3</b>	<b>3,574</b>	<b>71,203</b>						
Changes during the year:												
Cash dividends paid	—	—	—	—	—	(953)						
Net gain for the period	—	—	—	—	—	4,433						
Purchases of treasury stock	—	—	—	—	—	(1)						
Changes in the scope of consolidation	—	—	—	—	—	(67)						
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(508)						
Change of scope of equity method	—	—	—	—	—	(540)						
Net changes in items other than those in shareholders' equity	<b>3,204</b>	<b>(1,638)</b>	<b>1,566</b>	—	<b>(218)</b>	<b>1,348</b>						
Total changes during the year	<b>3,204</b>	<b>(1,638)</b>	<b>1,566</b>	—	<b>(218)</b>	<b>3,711</b>						
<b>Balance as of March 31, 2019</b>	<b>¥ 4,470</b>	<b>¥ (761)</b>	<b>¥ 3,708</b>	<b>¥ 3</b>	<b>¥ 3,355</b>	<b>¥ 74,915</b>						

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, 2019, 2018 and 2017

2019

Thousands of U.S. dollars (Note 1)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2018</b>	\$ 261,831	\$ 164,523	\$ 300,710	\$ (137,234)	\$ 589,831
Cumulative effects of changes in accounting policies	—	—	65	—	65
Restated balance	261,831	164,523	300,776	(137,234)	589,897
Changes during the year:					
Cash dividends paid	—	—	(8,593)	—	(8,593)
Net gain for the period	—	—	39,938	—	39,938
Purchases of treasury stock	—	—	—	(9)	(9)
Changes in the scope of consolidation	—	—	(604)	—	(604)
Purchase of shares of consolidated subsidiaries	—	(4,576)	—	—	(4,576)
Change of scope of equity method	—	—	(4,869)	—	(4,869)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(4,576)	25,870	(9)	21,283
<b>Balance as of March 31, 2019</b>	\$ 261,831	\$ 159,946	\$ 326,647	\$ (137,244)	\$ 611,181

Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income					
	Unrealized holding gain (loss) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
<b>Balance at April 1, 2018</b>	\$ 11,400	\$ 7,917	\$ 19,318	\$ 29	\$ 32,199	\$ 641,378
Cumulative effects of changes in accounting policies	—	(25)	(25)	—	—	40
Restated balance	11,400	7,892	19,292	29	32,199	641,419
Changes during the year:						
Cash dividends paid	—	—	—	—	—	(8,593)
Net loss for the period	—	—	—	—	—	39,938
Purchases of treasury stock	—	—	—	—	—	(9)
Changes in the scope of consolidation	—	—	—	—	—	(604)
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(4,576)
Change of scope of equity method	—	—	—	—	—	(4,869)
Net changes in items other than those in shareholders' equity	28,870	(14,755)	14,114	—	(1,968)	12,146
Total changes during the year	28,870	(14,755)	14,114	—	(1,968)	33,429
<b>Balance as of March 31, 2019</b>	\$ 40,271	\$ (6,863)	\$ 33,407	\$ 29	\$ 30,231	\$ 674,849

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, 2019, 2018 and 2017

2018

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2017</b>	¥ 29,065	¥ 18,908	¥ 37,737	¥ (15,232)	¥ 70,478
Changes during the year:					
Cash dividends paid	—	—	(2,156)	—	(2,156)
Net loss for the period	—	—	(2,176)	—	(2,176)
Purchases of treasury stock	—	—	—	(1)	(1)
Disposal of treasury stock	—	0	—	0	0
Changes in the scope of consolidation	—	—	158	—	158
Purchase of shares of consolidated subsidiaries	—	(644)	—	—	(644)
Change of scope of equity method	—	—	(180)	—	(180)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(644)	(4,355)	(1)	(5,001)
<b>Balance as of March 31, 2018</b>	¥ 29,065	¥ 18,263	¥ 33,381	¥ (15,234)	¥ 65,477

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
	<b>Balance at April 1, 2017</b>	¥ 6,509	¥ 5,193	¥ (485)	¥ 11,217	¥ 3	¥ 3,489
Changes during the year:							
Cash dividends paid	—	—	—	—	—	—	(2,156)
Net loss for the period	—	—	—	—	—	—	(2,176)
Purchases of treasury stock	—	—	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	—	—	0
Changes in the scope of consolidation	—	—	—	—	—	—	158
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	(644)
Change of scope of equity method	—	—	—	—	—	—	(180)
Net changes in items other than those in shareholders' equity	(5,243)	(5,193)	1,364	(9,072)	—	84	(8,987)
Total changes during the year	(5,243)	(5,193)	1,364	(9,072)	—	84	(13,989)
<b>Balance as of March 31, 2018</b>	¥ 1,265	¥ —	¥ 878	¥ 2,144	¥ 3	¥ 3,574	¥ 71,199

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, 2019, 2018 and 2017

2017

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2016</b>	¥ 29,065	¥ 20,510	¥ 32,842	¥ (15,937)	¥ 66,481
Changes during the year:					
Cash dividends paid	—	—	(2,303)	—	(2,303)
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	—	—	41	—	41
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
<b>Balance as of March 31, 2017</b>	¥ 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
	<b>Balance at April 1, 2016</b>	¥ 15,479	¥ (2,401)	¥ 1,369	¥ 14,447	¥ 0	¥ 3,051
Changes during the year:							
Cash dividends paid	—	—	—	—	—	—	(2,303)
Net income for the period	—	—	—	—	—	—	7,156
Purchases of treasury stock	—	—	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	—	—	999
Changes in the scope of consolidation	—	—	—	—	—	—	41
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
<b>Balance as of March 31, 2017</b>	¥ 6,509	¥ 5,193	¥ (485)	¥ 11,217	¥ 3	¥ 3,489	¥ 85,188

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, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S.
				dollars (Note 1)
	2019	2018	2017	2019
<b>Operating activities:</b>				
Income before income taxes and non-controlling interests	¥ 9,270	¥ 1,044	¥ 10,595	\$ 83,511
Depreciation of property, plant and equipment	2,394	2,220	1,856	21,570
Impairment loss on fixed assets	3,068	213	289	27,644
Amortization of goodwill	533	519	485	4,803
Amortization of intangible assets	893	858	747	8,044
Increase (decrease) in allowance for doubtful accounts	3	314	(392)	31
Increase (decrease) in provision for bonuses	168	(224)	199	1,520
Changes in liability for retirement benefits, net	0	9	2	7
Interest and dividend income	(224)	(101)	(169)	(2,020)
Interest expenses	56	39	27	512
Foreign exchange gain(loss)	(95)	1	51	(859)
Gain on sales of investment securities	(519)	(49)	—	(4,675)
Share of loss (profit) of entities accounted for using equity method	853	4,448	1,583	7,687
Loss on disposal of fixed assets	30	17	38	272
Gain on sales of investment securities	(882)	(328)	(1,748)	(7,947)
Loss on valuation of investment securities	28	1,216	29	256
Gain on sales of shares of subsidiaries and affiliates	(6,616)	(1,009)	(2,438)	(59,598)
Loss on valuation of shares of subsidiaries and affiliates	540	623	368	4,872
Loss on changes in ownership interests in subsidiaries and affiliates	(162)	87	(157)	(1,462)
Gain on step acquisitions	—	—	(99)	—
Decrease in notes and accounts receivable - trade	(3,064)	(1,920)	(3,827)	(27,607)
Decrease in inventories	(577)	(805)	(1,040)	(5,201)
Increase in notes and accounts payable - trade	251	(1,174)	2,290	2,264
Increase (decrease) in accrued consumption taxes	304	610	294	2,739
Others, net	2,377	3,124	3,299	21,420
Subtotal	8,635	9,738	12,286	77,786
Interest and dividends received	271	343	260	2,443
Interest paid	(73)	(40)	(28)	(661)
Income taxes paid	(4,943)	(2,787)	(4,032)	(44,534)
Income taxes refund	—	560	—	—
Net cash provided by operating activities	¥ 3,889	¥ 7,814	¥ 8,487	\$ 35,033

**9Unaudited Consolidated Statement of Cash Flows**  
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES  
For the years ended March 31, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
<b>Investing activities:</b>				
Payments into time deposits	¥ (90)	¥ (511)	¥ (521)	\$ (811)
Proceeds from withdrawal of time deposit accounts	195	844	494	1,757
Purchases of property, plant and equipment	(2,630)	(3,160)	(2,184)	(23,698)
Purchases of intangible assets	(1,300)	(1,177)	(1,051)	(11,713)
Purchases of investment securities	(295)	(523)	(955)	(2,660)
Proceeds from sales of investment securities	1,901	621	1,851	17,130
Purchases of shares of subsidiaries and affiliates	(626)	(3,115)	(5,313)	(5,647)
Proceeds from sales of shares of subsidiaries and affiliates	7,898	1,059	3,545	71,152
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(39)	(882)	—
Payments for guarantee deposits	(1,568)	(949)	(688)	(14,130)
Proceeds from collection of guarantee deposits	401	379	405	3,614
Payments of loans receivable	(164)	(569)	(967)	(1,483)
Collection of loans receivable	792	595	258	7,136
Others, net	(168)	(113)	(190)	(1,514)
Net cash used in investing activities	4,344	(6,658)	(6,199)	39,132
<b>Financing activities:</b>				
Increase in short-term borrowings	1,894	1,707	495	17,064
Repayment of short-term borrowings	(1,344)	(925)	(126)	(12,110)
Increase in long-term borrowings	78	150	75	702
Repayment of long-term borrowings	(1,757)	(1,724)	(309)	(15,830)
Proceeds from issuance of bonds	—	—	48	—
Proceeds from sales of treasury stock	—	0	999	—
Cash dividends paid	(957)	(2,157)	(2,303)	(8,623)
Proceeds from share issuance to non-controlling interests	—	164	—	—
Cash dividends paid to non-controlling interests	(62)	(483)	(20)	(559)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(736)	(532)	(1,957)	(6,633)
Others, net	(280)	(247)	(202)	(2,529)
Net cash provided by(used in) financing activities	(3,165)	(4,049)	(3,300)	(28,519)
Effect of exchange rate changes on cash and cash equivalents	(935)	418	(556)	(8,423)
Increase (decrease) in cash and cash equivalents	4,132	(2,474)	(1,569)	37,222
Cash and cash equivalents at the beginning of the year	31,772	33,422	33,339	286,213
Increase in cash and cash equivalents resulting from change of scope of consolidation	74	824	1,607	673
Increase in cash and cash equivalents from merger of subsidiaries	—	—	45	—
Cash and cash equivalents at the end of the year	¥ 35,979	¥ 31,772	¥ 33,422	\$ 324,109

See accompanying notes to unaudited consolidated financial statements.

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

**1. 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 ¥111.01 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of March 31, 2019. This translation should not be construed as a representation that the amounts shown could be converted to U.S. dollars at such rate.

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

**2. 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										
		2019										
		Reportable segments										
		Parent Company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated					
Net sales												
Sales to third parties	¥	209,841	¥	17,183	¥	57,671	¥	284,696	¥	—	¥	284,696
Inter-segment sales and transfers		382		3,847		4,302		8,533		(8,533)		—
Total	¥	210,224	¥	21,030	¥	61,974	¥	293,229	¥	(8,533)	¥	284,696
Segment profit (loss)	¥	4,415	¥	624	¥	313	¥	5,353	¥	2	¥	5,355
Segment assets		77,145		15,393		47,528		140,068		(4,800)		135,268

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

Thousands of U.S. dollars (Note 1)

2019						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 1,890,292	\$ 154,792	\$ 519,519	\$ 2,564,604	\$ —	\$ 2,564,604
Inter-segment sales and transfers	3,449	34,655	38,762	76,867	(76,867)	—
Total	<u>\$ 1,893,742</u>	<u>\$ 189,448</u>	<u>\$ 558,274</u>	<u>\$ 2,641,472</u>	<u>\$ (76,867)</u>	<u>\$ 2,564,604</u>
Segment profit (loss)	\$ 39,771	\$ 5,622	\$ 2,821	\$ 48,221	\$ 25	\$ 48,247
Segment assets	694,944	138,671	428,150	1,261,766	(43,239)	1,218,527

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

- (a) Segment profit (loss) of ¥2 million (\$25 thousand) in “Eliminations” consists of inter-segment elimination.
- (b) Segment assets of ¥(4,800) million (\$(43,239) thousand) in “Eliminations” consist of inter-segment eliminations.

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

Millions of yen

2018						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 202,851	¥ 15,156	¥ 48,637	¥ 266,645	¥ —	¥ 266,645
Inter-segment sales and transfers	246	3,641	4,082	7,969	(7,969)	—
Total	<u>¥ 203,097</u>	<u>¥ 18,797</u>	<u>¥ 52,720</u>	<u>¥ 274,615</u>	<u>¥ (7,969)</u>	<u>¥ 266,645</u>
Segment profit (loss)	¥ 5,834	¥ 256	¥ (24)	¥ 6,066	¥ 25	¥ 6,092
Segment assets	71,547	14,322	49,432	135,301	(6,234)	129,067

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

- (a) Segment profit (loss) of ¥25 million in “Eliminations” consists of inter-segment elimination.
- (b) Segment assets of ¥(6,234) million in “Eliminations” consist of inter-segment eliminations.

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

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

**3. Amounts Per Share**

Net assets per share and net income (loss) per share as of March 31, 2019, 2018 and 2017, and for the years then ended are as follows:

	Yen			U.S. dollars (Note 1)
	2019	2018	2017	2019
Net assets per share:	¥ 1,725.27	¥ 1,630.39	¥ 1,969.70	\$ 15.54
Net income (loss) per share:				
Basic	¥ 106.90	¥ (52.47)	¥ 172.92	\$ 0.96

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

The basis for the calculation of net income (loss) per share for the years ended March 31, 2019, 2018 and 2017 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
Net income (loss) per share:				
Net income (loss) attributable to shareholders of transcosmos inc.	¥ 4,433	¥ (2,176)	¥ 7,156	\$ 39,938
Net income (loss) not attributable to common shareholders	—	—	—	—
Net income (loss) of common stock attributable to shareholders of transcosmos inc.	4,433	(2,176)	7,156	39,938
Weighted-average number of shares of common stock outstanding (shares)	41,475,483	41,475,941	41,385,448	