



**transcosmos inc.**  
**Consolidated Financial Report**  
**For the Fiscal Year Ended March 31, 2018 [J-GAAP]**

April 27, 2018

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

1. Consolidated Performance for the Fiscal Year Ended March 31, 2018  
 (April 1, 2017 – March 31, 2018)

(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. 2018 Period	266,645	10.0	6,092	(24.6)	1,802	(73.3)	(2,176)	-
Mar. 2017 Period	242,314	7.9	8,080	(16.9)	6,742	(24.0)	7,156	(5.7)

(Note) Comprehensive income (for the years ended March 31): 2018 ¥(11,087) million -% 2017 ¥4,367 million (76.1)%

	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. 2018 Period	(52.47)	-	(2.9)	1.3	2.3
Mar. 2017 Period	172.92	-	8.8	4.7	3.3

(Reference) Equity in net income of affiliated companies (for the years ended March 31): 2018 ¥(4,448) million 2017 ¥(1,583) million

(2) Consolidated financial standing

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥M	¥M	%	¥
As of Mar. 31, 2018	129,506	71,199	52.2	1,630.39
As of Mar. 31, 2017	143,802	85,188	56.8	1,969.70

(Reference) Shareholders' equity (as of March 31): 2018 ¥67,621 million 2017 ¥81,695 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. 2018 Period	7,814	(6,658)	(4,049)	31,772
Mar. 2017 Period	8,487	(6,199)	(3,300)	33,422

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. 2017 Period	-	0.00	-	52.00	52.00	2,156	30.1	2.6
Mar. 2018 Period	-	0.00	-	23.00	23.00	953	-	1.3
Mar. 2019 Period (Forecast)	-	-	-	-	-	-	-	-

(Note) The dividend forecast for Fiscal Year ending March 31, 2018 is not yet to be determined.

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2019  
 (April 1, 2018 – March 31, 2019)

The consolidated financial forecast for Fiscal Year ending March 31, 2019 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, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	As of March 31, 2018	As of March 31, 2017	As of March 31, 2016	As of March 31, 2018
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and deposits	¥ 31,937	¥ 33,866	¥ 33,776	\$ 300,534
Notes and accounts receivable – trade	42,238	39,967	35,908	397,461
Merchandise and finished goods	2,595	2,047	981	24,422
Work in process	914	581	574	8,605
Supplies	42	34	42	400
Deferred tax assets	1,744	1,708	1,607	16,411
Others	5,566	4,370	3,202	52,376
Less - allowance for doubtful accounts	(304)	(292)	(307)	(2,869)
Total current assets	<b>84,733</b>	<b>82,283</b>	<b>75,787</b>	<b>797,342</b>
<b>Non-current assets:</b>				
Property, plant and equipment:				
Buildings and structures, net	4,738	4,087	3,973	44,590
Vehicles, net	37	15	5	352
Tools, furniture and fixtures, net	4,035	3,608	3,149	37,976
Land	840	828	836	7,905
Leased assets, net	566	480	476	5,331
Construction in progress	58	49	65	549
Total property, plant and equipment, net	<b>10,276</b>	<b>9,069</b>	<b>8,507</b>	<b>96,705</b>
Intangible assets:				
Goodwill	3,570	3,818	2,996	33,595
Software	2,215	1,857	1,952	20,850
Leased assets	16	16	14	151
Software in progress	104	77	62	983
Others	332	525	301	3,127
Total intangible assets	<b>6,238</b>	<b>6,294</b>	<b>5,326</b>	<b>58,708</b>
Investments and other assets:				
Investment securities	4,654	14,286	26,044	43,798
Shares of subsidiaries and affiliates	9,482	10,457	15,878	89,234
Investments in capital of subsidiaries and affiliates	6,664	6,822	2,074	62,713
Long-term loans receivable	388	1,370	1,470	3,655
Deferred tax assets	80	149	86	756
Derivatives receivable	—	6,925	—	—
Guarantee deposits	6,604	5,861	5,660	62,151
Others	880	490	434	8,284
Less - allowance for doubtful accounts	(499)	(208)	(597)	(4,695)
Total investments and other assets	<b>28,257</b>	<b>46,154</b>	<b>51,053</b>	<b>265,898</b>
Total non-current assets	<b>44,772</b>	<b>61,518</b>	<b>64,887</b>	<b>421,312</b>
<b>Total assets</b>	<b>¥ 129,506</b>	<b>¥ 143,802</b>	<b>¥ 140,674</b>	<b>\$ 1,218,655</b>

See accompanying notes to unaudited consolidated financial statements.

**Unaudited Consolidated Balance Sheet**  
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES  
As of March 31, 2018, 2017 and 2016

LIABILITIES	Millions of yen			Thousands of U.S. dollars (Note 1)
	As of March 31, 2018	As of March 31, 2017	As of March 31, 2016	As of March 31, 2018
<b>Current liabilities:</b>				
Accounts payable - trade	¥ 11,474	¥ 12,452	¥ 9,975	\$ 107,974
Short-term borrowings	1,286	476	—	12,104
Current portion of bonds	7	7	—	65
Current portion of long-term debt	1,737	1,692	80	16,353
Accounts payable - other	5,202	6,167	4,710	48,954
Accrued expenses	13,404	8,928	8,059	126,139
Income taxes payable	2,352	2,352	2,711	22,140
Accrued consumption taxes	3,759	3,104	2,827	35,378
Advances received	1,197	914	654	11,271
Provision for bonuses	3,639	3,732	3,511	34,250
Others	1,140	982	900	10,728
Total current liabilities	45,203	40,812	33,431	425,361
<b>Non-current liabilities:</b>				
Bonds payable	32	39	—	305
Convertible bond-type bonds with subscription rights to shares	10,027	10,037	10,047	94,356
Long-term debt	1,796	3,407	5,085	16,905
Deferred tax liabilities	549	3,872	4,415	5,166
Liability for retirement benefits	26	16	13	245
Long-term guarantee deposited	29	28	28	274
Derivatives liabilities	—	—	3,201	—
Others	643	400	470	6,054
Total non-current liabilities	13,103	17,800	23,261	123,307
Total liabilities	58,307	58,613	56,693	548,669
<b>NET ASSETS</b>				
Shareholders' equity:				
Capital stock	29,065	29,065	29,065	273,510
Capital surplus	18,263	18,908	20,510	171,861
Retained earnings	33,381	37,737	32,842	314,123
Treasury stock, at cost	(15,234)	(15,232)	(15,937)	(143,355)
Total shareholders' equity	65,477	70,478	66,481	616,140
Accumulated other comprehensive income :				
Unrealized holding gain on securities	1,265	6,509	15,479	11,909
Unrealized loss on hedging instruments	—	5,193	(2,401)	—
Foreign currency translation adjustments	878	(485)	1,369	8,270
Total accumulated other comprehensive income	2,144	11,217	14,447	20,179
Subscription rights to shares	3	3	0	30
Non-controlling interests	3,574	3,489	3,051	33,636
Total net assets	71,199	85,188	83,981	669,986
<b>Total liabilities and net assets</b>	¥ 129,506	¥ 143,802	¥ 140,674	\$ 1,218,655

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, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
<b>Net sales</b>	¥ 266,645	¥ 242,314	¥ 224,605	\$ 2,509,131
<b>Cost of sales</b>	219,377	199,411	184,231	2,064,343
Gross profit	47,267	42,902	40,373	444,788
<b>Selling, general and administrative expenses</b>	41,175	34,822	30,648	387,462
Operating income	6,092	8,080	9,725	57,326
<b>Non-operating income (expenses):</b>				
Interest income	69	73	95	652
Interest expenses	(39)	(27)	(25)	(375)
Dividend income	31	95	70	299
Share of profit (loss) of entities accounted for using equity method	(4,448)	(1,583)	121	(41,863)
Foreign exchange gain (loss)	(1)	(51)	(419)	(16)
Gain on investments in partnership	49	—	—	469
Subsidy income	134	305	72	1,261
Provision of allowance for doubtful accounts	—	—	(266)	—
Gain on sales of investment securities	328	1,748	2,843	3,088
Gain on sales of shares of subsidiaries and affiliates	1,009	2,451	1,297	9,499
Gain on change in equity	153	157	—	1,448
Loss on change in equity	(241)	—	—	(2,272)
Impairment loss on fixed assets	(213)	(289)	(835)	(2,007)
Loss on valuation of investment securities	(1,216)	(29)	—	(11,444)
Loss on valuation of shares of subsidiaries and affiliates	(623)	(368)	(745)	(5,871)
Other income (expenses), net	(39)	32	154	(368)
Total non-operating income (expenses)	(5,047)	2,515	2,361	(47,500)
Income before income taxes and non-controlling interests	1,044	10,595	12,086	9,825
<b>Income taxes :</b>				
Current	2,845	3,347	4,007	26,772
Deferred	207	(308)	342	1,950
	3,052	3,039	4,349	28,722
<b>Net income</b>	(2,008)	7,556	7,736	(18,897)
<b>Net income attributable to non-controlling interests</b>	168	399	148	1,583
<b>Net income (loss) attributable to shareholders of transcosmos inc.</b>	¥ (2,176)	¥ 7,156	¥ 7,587	\$ (20,480)

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, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
<b>Net income (loss)</b>	¥ (2,008)	¥ 7,556	¥ 7,736	\$ (18,897)
<b>Other comprehensive income :</b>				
Unrealized holding gain (loss) on securities	(5,247)	(8,910)	14,294	(49,383)
Unrealized gain (loss) on hedging instruments	(5,193)	7,594	(2,401)	(48,873)
Foreign currency translation adjustments	801	(1,181)	(875)	7,546
Share of other comprehensive income of entities accounted for using equity method	560	(692)	(510)	5,274
<b>Total other comprehensive income</b>	<b>(9,079)</b>	<b>(3,188)</b>	<b>10,507</b>	<b>(85,436)</b>
<b>Comprehensive income</b>	<b>¥ (11,087)</b>	<b>¥ 4,367</b>	<b>¥ 18,243</b>	<b>\$ (104,333)</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of transcosmos inc.	¥ (11,249)	¥ 3,925	¥ 18,118	\$ (105,854)
Non-controlling interests	161	441	124	1,521

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, 2018, 2017 and 2016

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>	<b>29,065</b>	<b>18,908</b>	<b>37,737</b>	<b>(15,232)</b>	<b>70,478</b>
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	—	—	—	—	—
<b>Total changes during the year</b>	<b>—</b>	<b>(644)</b>	<b>(4,355)</b>	<b>(1)</b>	<b>(5,001)</b>
<b>Balance as of March 31, 2018</b>	<b>29,065</b>	<b>18,263</b>	<b>33,381</b>	<b>(15,234)</b>	<b>65,477</b>

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>	<b>6,509</b>	<b>5,193</b>	<b>(485)</b>	<b>11,217</b>	<b>3</b>	<b>3,489</b>	<b>85,188</b>
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)
<b>Total changes during the year</b>	<b>(5,243)</b>	<b>(5,193)</b>	<b>1,364</b>	<b>(9,072)</b>	<b>—</b>	<b>84</b>	<b>(13,989)</b>
<b>Balance as of March 31, 2018</b>	<b>1,265</b>	<b>—</b>	<b>878</b>	<b>2,144</b>	<b>3</b>	<b>3,574</b>	<b>71,199</b>

## Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2018, 2017 and 2016

See accompanying notes to unaudited consolidated financial statements.

2018

	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, 2017</b>	\$ 273,510	\$ 177,926	\$ 355,105	\$ (143,340)	\$ 663,202
Changes during the year:					
Cash dividends paid	—	—	(20,295)	—	(20,295)
Net loss for the period	—	—	(20,480)	—	(20,480)
Purchases of treasury stock	—	—	—	(17)	(17)
Disposal of treasury stock	—	0	—	1	1
Changes in the scope of consolidation	—	—	1,493	—	1,493
Purchase of shares of consolidated subsidiaries	—	(6,065)	—	—	(6,065)
Change of scope of equity method	—	—	(1,700)	—	(1,700)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(6,064)	(40,982)	(15)	(47,062)
<b>Balance as of March 31, 2018</b>	\$ 273,510	\$ 171,861	\$ 314,123	\$ (143,355)	\$ 616,140

Thousands of U.S. dollars (Note 1)

	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>	\$ 61,253	\$ 48,873	\$ (4,572)	\$ 105,554	\$ 30	\$ 32,837
Changes during the year:							
Cash dividends paid	—	—	—	—	—	—	(20,295)
Net loss for the period	—	—	—	—	—	—	(20,480)
Purchases of treasury stock	—	—	—	—	—	—	(17)
Disposal of treasury stock	—	—	—	—	—	—	1
Changes in the scope of consolidation	—	—	—	—	—	—	1,493
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	(6,065)
Change of scope of equity method	—	—	—	—	—	—	(1,700)
Net changes in items other than those in shareholders' equity	(49,343)	(48,873)	12,843	(85,374)	—	799	(84,575)
Total changes during the year	(49,343)	(48,873)	12,843	(85,374)	—	799	(131,638)
<b>Balance as of March 31, 2018</b>	\$ 11,909	\$ —	\$ 8,270	\$ 20,179	\$ 30	\$ 33,636	\$ 669,986

## Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2018, 2017 and 2016

See accompanying notes to unaudited consolidated financial statements.

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	¥ 83,981
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 Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2018, 2017 and 2016

2016

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2015</b>	¥ 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
<b>Balance as of March 31, 2016</b>	¥ 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
<b>Balance at April 1, 2015</b>	¥ 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
<b>Balance as of March 31, 2016</b>	¥ 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 Cash Flows**  
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES  
For the years ended March 31, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
<b>Operating activities:</b>				
Income before income taxes and non-controlling interests	¥ 1,044	¥ 10,595	¥ 12,086	\$ 9,825
Depreciation of property, plant and equipment	2,220	1,856	1,750	20,894
Impairment loss on fixed assets	213	289	835	2,007
Amortization of goodwill	519	485	271	4,893
Amortization of intangible assets	858	747	559	8,075
Increase (decrease) in allowance for doubtful accounts	314	(392)	237	2,962
Increase (decrease) in provision for bonuses	(224)	199	(116)	(2,110)
Changes in liability for retirement benefits, net	9	2	(5)	93
Interest and dividend income	(101)	(169)	(165)	(951)
Interest expenses	39	27	25	375
Foreign exchange gain(loss)	1	51	419	16
Share of loss (profit) of entities accounted for using equity method	4,448	1,583	(121)	41,863
Loss on disposal of fixed assets	17	38	26	167
Gain on sales of investment securities	(328)	(1,748)	(2,843)	(3,088)
Loss on valuation of investment securities	1,216	29	87	11,444
Gain on sales of shares of subsidiaries and affiliates	(1,009)	(2,438)	(1,297)	(9,499)
Loss on valuation of shares of subsidiaries and affiliates	623	368	745	5,871
Loss on changes in ownership interests in subsidiaries and affiliates	87	(157)	(241)	823
Gain on step acquisitions	—	(99)	(308)	—
Decrease in notes and accounts receivable - trade	(1,920)	(3,827)	(4,352)	(18,072)
Decrease in inventories	(805)	(1,040)	(512)	(7,582)
Increase in notes and accounts payable - trade	(1,174)	2,290	1,683	(11,054)
Increase (decrease) in accrued consumption taxes	610	294	(2,493)	5,746
Others, net	3,074	3,299	763	28,934
Subtotal	9,738	12,286	7,033	91,636
Interest and dividends received	343	260	245	3,236
Interest paid	(40)	(28)	(24)	(381)
Income taxes paid	(2,787)	(4,032)	(4,058)	(26,234)
Income taxes refund	560	—	—	5,276
Net cash provided by operating activities	¥ 7,814	¥ 8,487	¥ 3,197	\$ 73,533

**Unaudited Consolidated Statement of Cash Flows**  
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES  
For the years ended March 31, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
<b>Investing activities:</b>				
Payments into time deposits	¥ (511)	¥ (521)	¥ (769)	\$ (4,817)
Proceeds from withdrawal of time deposit accounts	844	494	484	7,948
Purchases of property, plant and equipment	(3,160)	(2,184)	(2,410)	(29,737)
Purchases of intangible assets	(1,177)	(1,051)	(998)	(11,076)
Purchases of investment securities	(523)	(955)	(1,904)	(4,925)
Proceeds from sales of investment securities	621	1,851	3,086	5,845
Purchases of shares of subsidiaries and affiliates	(3,115)	(5,313)	(8,484)	(29,315)
Proceeds from sales of shares of subsidiaries and affiliates	1,059	3,545	1,277	9,972
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(39)	(882)	(385)	(372)
Payments for transfer of business	—	—	(2,853)	—
Payments for guarantee deposits	(949)	(688)	(908)	(8,932)
Proceeds from collection of guarantee deposits	379	405	648	3,569
Payments of loans receivable	(569)	(967)	(2,602)	(5,356)
Collection of loans receivable	595	258	2,033	5,603
Others, net	(113)	(190)	(146)	(1,065)
Net cash used in investing activities	(6,658)	(6,199)	(13,935)	(62,659)
<b>Financing activities:</b>				
Increase in short-term borrowings	1,707	495	633	16,062
Repayment of short-term borrowings	(925)	(126)	(633)	(8,709)
Increase in long-term borrowings	150	75	5,000	1,411
Repayment of long-term borrowings	(1,724)	(309)	(164)	(16,225)
Proceeds from issuance of bonds	—	48	10,050	—
Proceeds from sales of treasury stock	0	999	—	1
Proceeds from share issuance to non-controlling interests	—	—	358	—
Cash dividends paid	(2,157)	(2,303)	(2,224)	(20,297)
Proceeds from share issuance to non-controlling interests	164	—	—	1,546
Cash dividends paid to non-controlling interests	(483)	(20)	(21)	(4,551)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(532)	(1,957)	—	(5,015)
Others, net	(247)	(202)	(166)	(2,325)
Net cash provided by(used in) financing activities	(4,049)	(3,300)	12,832	(38,101)
Effect of exchange rate changes on cash and cash equivalents	418	(556)	(449)	3,940
Increase (decrease) in cash and cash equivalents	(2,474)	(1,569)	1,644	(23,287)
Cash and cash equivalents at the beginning of the year	33,422	33,339	31,694	314,507
Increase in cash and cash equivalents resulting from change of scope of consolidation	824	1,607	—	7,759
Increase in cash and cash equivalents from merger of subsidiaries	—	45	—	—
Cash and cash equivalents at the end of the year	¥ 31,772	¥ 33,422	¥ 33,339	\$ 298,979

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 ¥106.27 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of March 31, 2018. 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										
		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	¥	203,097	¥	18,797	¥	52,720	¥	274,615	¥	(7,969)	¥	266,645
Segment profit (loss)	¥	5,834	¥	256	¥	(24)	¥	6,066	¥	25	¥	6,092
Segment assets		71,759		14,354		49,623		135,737		(6,231)		129,506

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

Thousands of U.S. dollars (Note 1)

<b>2018</b>						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 1,908,831	\$ 142,618	\$ 457,682	\$ 2,509,131	\$ —	\$ 2,509,131
Inter-segment sales and transfers	2,319	34,262	38,413	74,995	(74,995)	—
<b>Total</b>	<b>\$ 1,911,150</b>	<b>\$ 176,881</b>	<b>\$ 496,095</b>	<b>\$ 2,584,127</b>	<b>\$ (74,995)</b>	<b>\$ 2,509,131</b>
Segment profit (loss)	\$ 54,903	\$ 2,416	\$ (234)	\$ 57,086	\$ 240	\$ 57,326
Segment assets	675,258	135,074	466,958	1,277,291	(58,635)	1,218,655

Note A: Details of "Eliminations" are as follows:

- (a) Segment profit (loss) of ¥25 million (\$240 thousand) in "Eliminations" consists of inter-segment elimination.
- (b) Segment assets of ¥(6,231) million (\$58,635 thousand) in "Eliminations" consist of inter-segment eliminations.

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

Millions of yen

<b>2017</b>						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
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)	—
<b>Total</b>	<b>¥ 193,535</b>	<b>¥ 18,756</b>	<b>¥ 36,411</b>	<b>¥ 248,702</b>	<b>¥ (6,388)</b>	<b>¥ 242,314</b>
Segment profit (loss)	¥ 8,389	¥ 457	¥ (764)	¥ 8,083	¥ (3)	¥ 8,080
Segment assets	74,958	14,264	59,687	148,911	(5,108)	143,802

Note A: Details of "Eliminations" are as follows:

- (a) Segment profit (loss) of ¥(3) million in "Eliminations" consists of inter-segment elimination.
- (b) Segment assets of ¥(5,108) 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, 2018, 2017 and 2016, and for the years then ended are as follows:

	Yen			U.S. dollars (Note 1)
	2018	2017	2016	2018
Net assets per share:	¥ 1,630.39	¥ 1,969.70	¥ 1,967.29	\$ 15.34
Net income (loss) per share:				
Basic	¥ (52.47)	¥ 172.92	¥ 184.45	\$ (0.49)

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, 2018, 2017 and 2016 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
Net income (loss) per share:				
Net income (loss) attributable to shareholders of transcosmos inc.	¥ (2,176)	¥ 7,156	¥ 7,587	\$ (20,480)
Net income (loss) not attributable to common shareholders	—	—	—	—
Net income (loss) of common stock attributable to shareholders of transcosmos inc.	(2,176)	7,156	7,587	(20,480)
Weighted-average number of shares of common stock outstanding (shares)	41,475,941	41,385,448	41,137,914	