

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

April 27, 2017

Company name: TRANCOM CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 9058 URL <http://www.trancom.co.jp/ir/index.html>
 Representative: President and COO Yutaka Tsunekawa
 Executive Officer, in charge of Corporate
 Inquiries: Shinichi Kawamura TEL (052)939-2011
 Service Group
 Scheduled date of ordinary general meeting of shareholders: June 27, 2017
 Scheduled date to file Securities Report: June 28, 2017
 Scheduled date to commence dividend payments: June 28, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	133,313	5.6	5,681	(5.6)	5,543	(7.4)	3,708	1.9
Year ended March 31, 2016	126,244	10.1	6,017	8.3	5,983	9.4	3,639	24.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	382.02	380.97	14.3	12.8	4.3
Year ended March 31, 2016	374.96	373.90	15.8	14.8	4.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	44,700	27,591	61.1	2,811.75
As of March 31, 2016	42,113	24,628	58.2	2,524.56

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	5,390	(2,281)	(2,500)	8,249
Year ended March 31, 2016	4,866	(1,287)	(798)	7,708

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	—	34.00	—	40.00	74.00	719	19.7	3.1
Year ended March 31, 2017	—	39.00	—	39.00	78.00	760	20.4	2.9
Year ending March 31, 2018 (Forecast)	—	40.00	—	40.00	80.00		20.0	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	67,740	4.8	2,390	(2.8)	2,350	(1.0)	1,530	(27.4)	157.58
Full year	139,680	4.8	6,020	6.0	5,930	7.0	3,890	4.9	400.64

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	10,324,150 shares	As of March 31, 2016	10,324,150 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	614,564 shares	As of March 31, 2016	616,719 shares
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Average number of shares during the period

Year ended March 31, 2017	9,708,516 shares	Year ended March 31, 2016	9,705,146 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	7,708	8,249
Notes and accounts receivable - trade	16,833	18,137
Electronically recorded monetary claims - operating	2,503	2,625
Merchandise	17	13
Work in process	1	1
Supplies	17	16
Prepaid expenses	423	456
Deferred tax assets	242	211
Other	161	165
Allowance for doubtful accounts	(16)	(2)
Total current assets	27,893	29,873
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,225	7,483
Accumulated depreciation	(3,711)	(3,983)
Buildings and structures, net	3,513	3,500
Machinery, equipment and vehicles	3,323	4,328
Accumulated depreciation	(2,535)	(3,171)
Machinery, equipment and vehicles, net	788	1,156
Land	2,701	2,701
Leased assets	2,428	2,381
Accumulated depreciation	(1,065)	(1,215)
Leased assets, net	1,363	1,166
Construction in progress	63	—
Other	880	1,000
Accumulated depreciation	(564)	(665)
Other, net	315	334
Total property, plant and equipment	8,746	8,859
Intangible assets		
Goodwill	261	617
Leased assets	17	11
Software	1,554	1,472
Software in progress	109	175
Customer Relationship	—	605
Other	176	172
Total intangible assets	2,119	3,053
Investments and other assets		
Investment securities	1,403	1,131
Deferred tax assets	444	452
Guarantee deposits	1,370	1,182
Other	154	169
Allowance for doubtful accounts	(19)	(21)
Total investments and other assets	3,353	2,914
Total non-current assets	14,220	14,827
Total assets	42,113	44,700

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	8,960	10,042
Short-term loans payable	1,500	—
Lease obligations	232	227
Accounts payable - other	285	302
Accrued expenses	1,211	1,406
Income taxes payable	1,014	864
Accrued consumption taxes	598	574
Provision for bonuses	493	501
Provision for directors' bonuses	35	16
Other	381	293
Total current liabilities	14,712	14,230
Non-current liabilities		
Lease obligations	1,473	1,279
Deferred tax liabilities for land revaluation	11	11
Provision for stocks payment	100	133
Provision for Management Board Incentive Plan Trust	—	67
Reserve for loss on dissolution of employee's pension fund	309	309
Net defined benefit liability	118	113
Asset retirement obligations	410	439
Other	348	524
Total non-current liabilities	2,772	2,879
Total liabilities	17,485	17,109
Net assets		
Shareholders' equity		
Capital stock	1,080	1,080
Capital surplus	1,234	1,291
Retained earnings	22,974	25,914
Treasury shares	(966)	(1,015)
Total shareholders' equity	24,322	27,269
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59	71
Revaluation reserve for land	26	26
Foreign currency translation adjustment	77	(82)
Remeasurements of defined benefit plans	21	15
Total accumulated other comprehensive income	184	31
Subscription rights to shares	115	111
Non-controlling interests	5	178
Total net assets	24,628	27,591
Total liabilities and net assets	42,113	44,700

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	126,244	133,313
Cost of sales	117,797	125,026
Gross profit	8,447	8,287
Selling, general and administrative expenses	2,430	2,605
Operating profit	6,017	5,681
Non-operating income		
Interest and dividend income	14	16
Share of profit of entities accounted for using equity method	46	—
Subsidy income	7	9
Other	38	25
Total non-operating income	106	52
Non-operating expenses		
Interest expenses	125	114
Share of loss of entities accounted for using equity method	—	22
Contribution	—	20
Other	14	31
Total non-operating expenses	139	189
Ordinary profit	5,983	5,543
Extraordinary income		
Gain on sales of non-current assets	40	27
Gain on step acquisitions	—	595
Other	1	6
Total extraordinary income	42	630
Extraordinary losses		
Loss on abandonment of non-current assets	38	44
Impairment loss	136	585
Provision of reserve for loss on dissolution of employee's pension fund	309	—
Other	23	53
Total extraordinary losses	507	684
Profit before income taxes	5,518	5,489
Income taxes - current	1,906	1,750
Income taxes - deferred	(20)	8
Total income taxes	1,885	1,758
Profit	3,633	3,730
Profit attributable to		
Profit attributable to owners of parent	3,639	3,708
Profit (loss) attributable to non-controlling interests	(5)	21
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	11
Revaluation reserve for land	0	—
Foreign currency translation adjustment	(44)	(176)
Remeasurements of defined benefit plans, net of tax	(10)	(5)
Total other comprehensive income	(82)	(170)
Comprehensive income	3,551	3,559
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,558	3,555
Comprehensive income attributable to non-controlling interests	(7)	4

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,080	1,230	19,986	(973)	21,323
Changes of items during period					
Dividends of surplus			(651)		(651)
Profit attributable to owners of parent			3,639		3,639
Change in ownership interest of parent due to transactions with non-controlling interests		(5)			(5)
Purchase of treasury shares					—
Disposal of treasury shares		9		6	15
Net changes of items other than shareholders' equity					
Total changes of items during period	—	4	2,987	6	2,998
Balance at end of current period	1,080	1,234	22,974	(966)	24,322

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	87	25	120	31	265	61	9	21,660
Changes of items during period								
Dividends of surplus								(651)
Profit attributable to owners of parent								3,639
Change in ownership interest of parent due to transactions with non-controlling interests								(5)
Purchase of treasury shares								—
Disposal of treasury shares								15
Net changes of items other than shareholders' equity	(27)	0	(43)	(10)	(80)	53	(3)	(30)
Total changes of items during period	(27)	0	(43)	(10)	(80)	53	(3)	2,967
Balance at end of current period	59	26	77	21	184	115	5	24,628

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,080	1,234	22,974	(966)	24,322
Changes of items during period					
Dividends of surplus			(769)		(769)
Profit attributable to owners of parent			3,708		3,708
Change in ownership interest of parent due to transactions with non-controlling interests		–			–
Purchase of treasury shares				(69)	(69)
Disposal of treasury shares		56	–	20	76
Net changes of items other than shareholders' equity					
Total changes of items during period	–	56	2,939	(48)	2,947
Balance at end of current period	1,080	1,291	25,914	(1,015)	27,269

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	59	26	77	21	184	115	5	24,628
Changes of items during period								
Dividends of surplus								(769)
Profit attributable to owners of parent								3,708
Change in ownership interest of parent due to transactions with non-controlling interests								–
Purchase of treasury shares								(69)
Disposal of treasury shares								76
Net changes of items other than shareholders' equity	11	–	(159)	(5)	(153)	(3)	172	15
Total changes of items during period	11	–	(159)	(5)	(153)	(3)	172	2,963
Balance at end of current period	71	26	(82)	15	31	111	178	27,591

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	5,518	5,489
Depreciation	1,411	1,601
Amortization of goodwill	185	217
Impairment loss	136	585
Increase (decrease) in allowance for doubtful accounts	(18)	(11)
Increase (decrease) in provision for bonuses	35	8
Increase (decrease) in provision for directors' bonuses	0	(19)
Increase (decrease) in Provision for stocks payment	36	33
Increase (decrease) in provision for management board incentive plan trust	—	67
Increase (decrease) in provision loss on dissolution of the employee's pension fund	309	—
Increase (decrease) in net defined benefit liability	(28)	(13)
Interest and dividend income	(14)	(16)
Share of (profit) loss of entities accounted for using equity method	(46)	22
Interest expenses	125	114
Loss (gain) on sales of non-current assets	(40)	(27)
Loss on abandonment of non-current assets	38	44
Loss (gain) on step acquisitions	—	(595)
Decrease (increase) in notes and accounts receivable - trade	(1,005)	(960)
Decrease (increase) in inventories	(1)	6
Increase (decrease) in notes and accounts payable - trade	587	597
Increase (decrease) in accrued consumption taxes	(497)	(23)
Other, net	39	287
Subtotal	6,772	7,408
Interest and dividend income received	14	16
Proceeds from dividend income from entities accounted for using equity method	64	—
Interest expenses paid	(125)	(114)
Income taxes paid	(1,859)	(1,919)
Net cash provided by (used in) operating activities	4,866	5,390
Cash flows from investing activities		
Purchase of property, plant and equipment	(851)	(934)
Proceeds from sales of property, plant and equipment	158	32
Purchase of intangible assets	(220)	(303)
Purchase of securities	—	(150)
Proceeds from sales of securities	—	251
Purchase of investment securities	(110)	(0)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,063)
Purchase of shares of subsidiaries and associates	(250)	(250)
Payments of loans receivable	(12)	(8)
Collection of loans receivable	63	9
Other, net	(64)	135
Net cash provided by (used in) investing activities	(1,287)	(2,281)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	100	(1,500)
Repayments of long-term loans payable	(17)	(0)
Purchase of treasury shares	—	(69)
Proceeds from disposal of treasury shares	15	76
Cash dividends paid	(651)	(769)
Repayments of lease obligations	(226)	(238)
Other, net	(18)	—
Net cash provided by (used in) financing activities	(798)	(2,500)
Effect of exchange rate change on cash and cash equivalents	(22)	(67)
Net increase (decrease) in cash and cash equivalents	2,758	540
Cash and cash equivalents at beginning of period	4,950	7,708
Cash and cash equivalents at end of period	7,708	8,249