

COMSYS Holdings Corporation

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 Under Japanese GAAP

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 Stock Exchange Listings: First Section of Tokyo Stock Exchange (Securities code: 1721)
 URL: <http://www.comsys-hd.co.jp>
 Representative: Takashi Kagaya, President and Representative Director
 For Inquiry: Hidehiko Ozaki, Director and General Manager of Finance & Accounting Department (Telephone:81-3-3448-7000)
 Scheduled Annual General Meeting of Shareholders: June 26, 2018
 Scheduled Commencement of Dividend Payment: June 27, 2018
 Scheduled Filing of Securities Report: June 26, 2018
 Supplementary Materials on Financial Results: Attached
 IR Presentation on Financial Results: Scheduled (For Institutional Investors and Analysts)

Amounts less than one million yen have been omitted.

1. Consolidated Financial Results (for the fiscal year ended March 31, 2018)

(1) Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Recurring Profit		Net Income Attributable to Owners of Parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Year ended March 31, 2018	¥380,024	13.7%	¥30,347	21.2%	¥30,706	21.2%	¥20,390	40.8%
Year ended March 31, 2017	334,163	4.2	25,036	5.0	25,341	4.6	14,485	(6.1)

Notes: 1. Comprehensive income: Year ended March 31, 2018: ¥22,260 million [44.6%] Year ended March 31, 2017: ¥15,399 million [22.7%]
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Recurring Profit / Total Assets	Operating Margin
Year ended March 31, 2018	¥178.64	¥177.89	9.4%	10.0%	8.0%
Year ended March 31, 2017	129.96	129.52	7.3	9.2	7.5

(Reference) Equity in earnings of affiliates: Year ended March 31, 2018: ¥— million Year ended March 31, 2017: ¥— million

(2) Consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of March 31, 2018	¥328,192	¥231,767	70.1%	¥2,008.42
As of March 31, 2017	284,367	202,943	70.9	1,848.33

(Reference) Shareholders' equity: As of March 31, 2018: ¥230,119 million As of March 31, 2017: ¥201,717 million

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year ended March 31, 2018	¥28,831	¥(13,896)	¥(12,499)	¥28,957
Year ended March 31, 2017	12,545	(9,940)	(12,178)	20,879

2. Cash Dividends for Shareholders of Common Stock

(Millions of yen, except per share data and percentages)

	Cash Dividends per Share					Total Dividends (Annual)	Consolidated Basis	
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual		Dividend Payout Ratio	Ratio of Dividends to Net Assets
Year ended March 31, 2017	¥ —	¥20.00	¥ —	¥20.00	¥40.00	¥4,406	30.8%	2.2%
Year ended March 31, 2018	—	25.00	—	25.00	50.00	5,765	28.0	2.6
Year ending March 31, 2019 (Forecast)	—	30.00	—	30.00	60.00		32.7	

3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2019)

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Recurring Profit		Net income attributable to owners of parent		Net Income per Share
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount
Six months ending September 30, 2018	¥170,000	11.7%	¥10,500	7.6%	¥10,700	7.2%	¥ 7,000	2.7%	¥ 61.09
Year ending March 31, 2019	400,000	5.3	32,000	5.4	32,200	4.9	21,000	3.0	183.28

Note. For fiscal-year figures, percentages indicate the percentage change from the previous fiscal year. For first-half figures, percentages indicate the percentage change from the corresponding half of the previous fiscal year.

***Notes:**

(1) Changes in significant subsidiaries during the period under review (changes to subsidiaries that would alter the scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction

- a) Changes in accounting policies due to revisions of accounting standards: No
- b) Changes in accounting policies due to other reasons: No
- c) Changes in accounting estimates: No
- d) Restatements of prior period financial statements due to error correction: No

(3) Number of shares issued (common stock)

	As of March 31, 2018	As of March 31, 2017
a) Number of shares issued (including treasury stock)	141,000,000 shares	141,000,000 shares
b) Number of treasury stock	26,422,771 shares	31,865,224 shares
	Year ended March 31, 2018	Year ended March 31, 2017
c) Average number of shares issued in the period	114,145,710 shares	111,462,585 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results (for the fiscal year ended March 31, 2018)

(1) Non-Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Operating Revenues		Operating Income		Recurring Profit		Net Income	
Year ended March 31, 2018	¥7,867	(21.1)%	¥6,787	(24.5)%	¥6,821	(23.9)%	¥6,757	(24.3)%
Year ended March 31, 2017	9,972	128.8	8,985	162.5	8,965	162.4	8,921	165.2

Note: Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)
Year ended March 31, 2018	¥59.18	¥58.93
Year ended March 31, 2017	79.98	79.71

(2) Non-Consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of March 31, 2018	¥99,930	¥83,162	82.7%	¥721.08
As of March 31, 2017	90,968	70,287	76.6	638.51

(Reference) Shareholders' equity:

As of March 31, 2018: ¥82,649 million

As of March 31, 2017: ¥69,709 million

<Reason for Disparities in the Non-Consolidated Earnings from the Previous Fiscal Year>

During the current fiscal year, dividend income from consolidated subsidiaries decreased, causing significant disparities with the figures for the previous fiscal year across the board for operating revenues, operating income, recurring profit, net income, net income per share and net income per share (diluted).

**This Consolidated Financial Results report has not been subjected to audit procedures by certified public accountants or an audit corporation.*

**Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items*

- 1. Forward-looking statements including earnings forecasts contained in this document are based on certain reasonable assumptions and beliefs in light of information currently available to management. Readers are advised that actual results may differ materially from forecasts due to a variety of factors. With respect to the conditions that underpin earnings forecasts as well as cautionary statements regarding the proper use of earnings forecasts, please refer to "1. Business Review" of this Consolidated Financial Results report in the Accompanying Materials section on page 3.*
- 2. COMSYS Holdings Corporation plans to hold an IR presentation on its financial results for institutional investors and analysts on Friday, May 11, 2018. Other materials distributed during the IR presentation will be posted on the Company's website in a timely manner after the presentation.*

Accompanying Materials

1. Business Review

(1) Operating Results

During the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018), the Japanese economy maintained a moderate recovery, including improvements in corporate earnings and the employment environment, backed by the effects of various policies implemented by the Japanese government and the Bank of Japan, along with economic recovery overseas, primarily in Europe and the U.S. However, it is still necessary to monitor such factors as the uncertainty in the economy overseas and fluctuations in financial and capital markets.

In the information and communications field, the COMSYS Group's principal area of activity, there was expansion in value-added services such as content provision amid an intensification in the competition between mobile telecom carriers over services. The upgrading of the mobile network was promoted to accommodate the sharply increasing, higher-volume traffic accompanying the growth of today's mobile society. Moreover, in both the public and private sectors, expansion was anticipated in social infrastructure investment aimed at new innovations utilizing information and communication technology (ICT). This includes the internet of things (IoT), wherein everything is connected to the internet, and artificial intelligence (AI), which has the capacity to learn and make high-level decisions by itself, as well as policies for building national resilience, the development of the environment and energy business, and preparation for the Tokyo Olympics and Paralympic Games.

The COMSYS Group took initiatives for top-line expansions, which included entering the renewable energy business, particularly solar power and biomass power construction projects. It also ventured into new business domains in response to the rise in public-sector and ICT investment aimed at the development of a smart society, and it implemented M&A activities. Moreover, the Group worked to improve profit by transferring personnel to growth businesses and implementing measures such as increasing construction efficiency and cutting costs by promoting workstyle reform.

Under these circumstances, orders received in the fiscal year under review increased 8.7% year on year to ¥402,229 million, and net sales rose 13.7% to ¥380,024 million.

From a profit perspective, operating income increased by 21.2% year on year to ¥30,347 million, while net income attributable to owners of the parent increased 40.8% to ¥20,390 million.

(2) Financial Position

(a) Assets

Current assets as of March 31, 2018 stood at ¥186,515 million, ¥19,349 million higher than at the end of the previous fiscal year. This was mainly attributable to a ¥8,182 million increase in cash and cash equivalents. Fixed assets as of March 31, 2018 stood at ¥141,676 million, ¥24,475 million higher than at the end of the previous fiscal year. This was mainly attributable to an increase of ¥15,779 million in property and equipment, a ¥5,394 million increase in intangible fixed assets and a ¥3,300 million increase in investments and other assets.

As a result, total assets amounted to ¥328,192 million as of March 31, 2018, an increase of ¥43,824 million compared with the end of the previous fiscal year.

(b) Liabilities

Current liabilities as of March 31, 2018 stood at ¥82,836 million, up ¥11,546 million compared with the previous fiscal year-end. This was mainly attributable to an increase of ¥5,727 million in income taxes payable and a ¥4,172 million increase in accounts payable – trade. As of March 31, 2018, long-term liabilities amounted to ¥13,588 million, ¥3,454 million higher compared with the end of the previous fiscal year. This was mainly attributable to a ¥2,908 million increase in net defined benefit liability and a ¥414 million increase in deferred income taxes.

As a result, total liabilities amounted to ¥96,424 million, an increase of ¥15,000 million compared with the end of the previous fiscal year.

(c) Net assets

Net assets stood at ¥231,767 million as of March 31, 2018, an increase of ¥28,823 million compared with the end of the previous fiscal year. This was mainly due to a ¥15,134 million increase in retained earnings after accounting for the current fiscal year's net income and a ¥8,358 million increase in additional paid-in capital due to the acquisition of a consolidated subsidiary by means of share exchange.

As of the end of the fiscal year under review, the equity ratio stood at 70.1%, down from 70.9% as of March 31, 2017.

(3) Cash Flow

Cash and cash equivalents stood at ¥28,957 million at the end of the fiscal year, a increase of ¥8,077 million, or 38.7%, compared with the end of the previous fiscal year.

The principal factors underpinning movements in each of the Group's major cash flows for the fiscal year ended March 31, 2018 are presented as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities stood at ¥28,831 million compared with net cash provided by operating activities of ¥12,545 million for the previous fiscal year. The major cash inflows were income before income taxes and other adjustments to net income of ¥30,861 million and depreciation and amortization of ¥5,866 million. Major cash outflows for the fiscal year ended March 31, 2018 included income taxes paid of ¥6,516 million and inventories of ¥4,717 million.

(b) Cash flows from investing activities

Net cash used in investing activities totaled ¥13,896 million for the fiscal year under review compared with net cash of ¥9,940 million used in investing activities in the previous fiscal year. The major components were acquisitions of property and equipment of ¥13,139 million and acquisitions of intangible fixed assets of ¥1,026 million.

(c) Cash flows from financing activities

Net cash used in financing activities was ¥12,499 million for the fiscal year ended March 31, 2018, compared with ¥12,178 million used in financing activities in the previous fiscal year. Acquisition of treasury stock amounted to ¥8,019 million, while cash dividends totaled ¥5,082 million.

(4) Outlook for fiscal year ending March 31, 2019

In the consolidated earnings forecasts for the COMSYS Group for the year ending March 31, 2019, despite the trend of an increase in public- and private-sector business for social infrastructure investment including policies for building national resilience, renewable energy projects, and the Tokyo Olympic and Paralympic Games, orders received are expected to fall due to the decrease in capital expenditure in the NTT Engineering Business. Sales are forecast to rise due to the continuing high volume of work in progress carried over from the current period.

Profit is expected to rise due to the promotion of structural and workstyle reforms initiated to date, as well as efforts to increase construction efficiency, along with the effect of cost reductions.

Consolidated Earnings Forecast

(Millions of yen, except percentages)

	Year ended March 31, 2018	Year ending March 31, 2019	Change
Orders received	¥402,229	¥400,000	(0.6)%
Net sales	380,024	400,000	5.3
Gross profits	53,433	56,000	4.8
Operating income	30,347	32,000	5.4
Recurring profit	30,706	32,200	4.9
Net income attributable to owners of parent	20,390	21,000	3.0

2. Basic Approach to Selection of Accounting Standard

The COMSYS Group's policy for the time being is to use Japanese GAAP for the preparation of its consolidated financial statements because its business operations are primarily carried out in Japan, and comparison with other Japanese companies is thus facilitated.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2017	As of March 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	20,961	29,144
Notes and accounts receivable—trade	114,322	121,826
Lease investment assets	2,572	2,719
Accumulated cost of construction in progress	19,617	24,607
Merchandise	77	120
Materials and supplies	518	682
Deferred income taxes	3,587	4,269
Other current assets	5,543	3,199
Less: Allowance for doubtful receivables	(34)	(54)
Total current assets	167,166	186,515
Fixed assets:		
Property and equipment:		
Buildings and structures	56,994	61,982
Less: Accumulated depreciation	(28,052)	(31,391)
Buildings and structures, net	28,942	30,591
Machinery, vehicles and equipment	30,355	35,176
Less: Accumulated depreciation	(16,934)	(19,005)
Machinery, vehicles and equipment, net	13,420	16,171
Land	40,186	47,592
Lease assets	523	451
Less: Accumulated depreciation	(270)	(287)
Lease assets, net	253	164
Construction in progress	4,166	8,228
Total property and equipment	86,968	102,748
Intangible assets		
Goodwill	666	5,969
Other intangible assets	4,002	4,094
Total intangible assets	4,669	10,063
Investments and other assets:		
Investment securities	11,154	12,956
Long-term loans receivable	1,067	1,000
Deferred income taxes	333	399
Net defined benefit asset	10,082	11,370
Other assets	4,510	3,304
Less: Allowance for doubtful receivables	(1,585)	(166)
Total investments and other assets	25,563	28,863
Total fixed assets	117,201	141,676
Total assets	284,367	328,192

	Millions of yen	
	As of March 31, 2017	As of March 31, 2018
LIABILITIES		
Current liabilities:		
Accounts payable—trade	55,577	59,749
Short-term bank loans	113	106
Income taxes payable	2,088	7,815
Advances received on construction in progress	1,291	2,873
Allowance for warranty work on construction projects	206	176
Allowance for losses on construction contracts	297	548
Other current liabilities	11,712	11,566
Total current liabilities	71,289	82,836
Long-term liabilities:		
Deferred income taxes	3,084	3,499
Deferred tax liabilities for unrealized gains on land revaluation	1,369	1,369
Net defined benefit liability	4,355	7,263
Allowance for directors' retirement benefits	257	271
Other long-term liabilities	1,068	1,185
Total long-term liabilities	10,134	13,588
Total liabilities	81,423	96,424
NET ASSETS		
Shareholders' equity:		
Common stock	10,000	10,000
Additional paid-in capital	52,525	60,883
Retained earnings	186,195	201,329
Treasury stock, at cost	(41,028)	(38,014)
Total shareholders' equity	207,692	234,199
Accumulated other comprehensive income (loss):		
Unrealized gain on other securities	2,666	3,795
Revaluation reserve for land	(7,990)	(7,905)
Remeasurements of defined benefit plans	(650)	30
Total accumulated other comprehensive income (loss)	(5,974)	(4,079)
Subscription rights to shares	578	513
Non-controlling interests	647	1,134
Total net assets	202,943	231,767
Total liabilities and net assets	284,367	328,192

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

	Millions of yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Net sales	334,163	380,024
Cost of sales	288,440	326,591
Gross profits	45,723	53,433
Selling, general and administrative expenses	20,686	23,085
Operating income	25,036	30,347
Other income:		
Interest income	15	14
Dividend income	179	227
Rent income on noncurrent assets	91	158
Other	164	248
Total other income	451	647
Other expenses:		
Interest expenses	8	7
Provision for allowance for doubtful receivables	0	117
Rent expenses	63	86
Depreciation of idle assets	35	31
Commission for purchase of treasury stock	21	15
Other	18	29
Total other expenses	147	288
Recurring profit	25,341	30,706
Extraordinary income:		
Gain on sales of fixed assets	24	16
Gain on sale of investment securities	161	0
Reversal of allowance for doubtful receivables	328	927
Gain on exchange from business combination	84	—
Other	49	30
Total extraordinary income	649	974
Extraordinary loss:		
Loss on disposal of fixed assets	114	83
Loss on impairment of fixed assets	391	494
Special payments on employees' retirement benefits	163	102
Amortization of goodwill	2,273	—
Other	239	139
Total extraordinary loss	3,183	819
Income before income taxes and other adjustments to net income	22,807	30,861
Income taxes:		
Current	8,958	10,857
Deferred	(663)	(440)
Total income taxes	8,295	10,417
Net income	14,512	20,444
Net income attributable to non-controlling interests	26	53
Net income attributable to owners of parent	14,485	20,390

(Consolidated Statements of Comprehensive Income)

	Millions of yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Net income	14,512	20,444
Other comprehensive income:		
Unrealized gain on other securities	318	1,134
Remeasurements of defined benefit plans	568	681
Total other comprehensive income	886	1,816
Comprehensive income	15,399	22,260
(Breakdown)		
Comprehensive income attributable to owners of the parent	15,369	22,201
Comprehensive income attributable to non-controlling interests	29	59

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2017	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at the end of the previous period	10,000	51,264	176,847	(36,008)	202,104
Changes during the period					
Cash dividends			(4,435)		(4,435)
Net income attributable to owners of parent			14,485		14,485
Repurchase of treasury stock				(8,000)	(8,000)
Disposal of treasury stock		99		442	541
Purchase of treasury stock of subsidiaries					—
Changes of scope of consolidation			(837)		(837)
Increase by share exchanges		1,161		2,538	3,700
Reversal of revaluation reserve for land			134		134
Net changes during the period except for shareholders' equity					—
Total changes during the period	—	1,260	9,347	(5,019)	5,588
Balance at the end of the period	10,000	52,525	186,195	(41,028)	207,692

Year ended March 31, 2017	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gain on other securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the end of the previous period	2,350	(7,856)	(1,219)	(6,724)	542	621	196,543
Changes during the period							
Cash dividends							(4,435)
Net income attributable to owners of parent							14,485
Repurchase of treasury stock							(8,000)
Disposal of treasury stock							541
Purchase of treasury stock of subsidiaries							—
Changes of scope of consolidation							(837)
Increase by share exchanges							3,700
Reversal of revaluation reserve for land		(134)		(134)			—
Net changes during the period except for shareholders' equity	315		568	884	35	26	946
Total changes during the period	315	(134)	568	749	35	26	6,400
Balance at the end of the period	2,666	(7,990)	(650)	(5,974)	578	647	202,943

Year ended March 31, 2018	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at the end of the previous period	10,000	52,525	186,195	(41,028)	207,692
Changes during the period					
Cash dividends			(5,082)		(5,082)
Net income attributable to owners of parent			20,390		20,390
Repurchase of treasury stock				(8,003)	(8,003)
Disposal of treasury stock		244		700	944
Purchase of treasury stock of subsidiaries		104			104
Changes of scope of consolidation			(88)		(88)
Increase by share exchanges		8,009		10,317	18,326
Reversal of revaluation reserve for land			(84)		(84)
Net changes during the period except for shareholders' equity					—
Total changes during the period	—	8,358	15,134	3,013	26,506
Balance at the end of the period	10,000	60,883	201,329	(38,014)	234,199

Year ended March 31, 2018	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gain on other securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the end of the previous period	2,666	(7,990)	(650)	(5,974)	578	647	202,943
Changes during the period							
Cash dividends							(5,082)
Net income attributable to owners of parent							20,390
Repurchase of treasury stock							(8,003)
Disposal of treasury stock							944
Purchase of treasury stock of subsidiaries							104
Changes of scope of consolidation							(88)
Increase by share exchanges							18,326
Reversal of revaluation reserve for land							(84)
Net changes during the period except for shareholders' equity	1,129	84	681	1,895	(65)	486	2,317
Total changes during the period	1,129	84	681	1,895	(65)	486	28,823
Balance at the end of the period	3,795	(7,905)	30	(4,079)	513	1,134	231,767

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from operating activities:		
Income before income taxes and other adjustments to net income	22,807	30,861
Depreciation and amortization	5,723	5,866
Loss on impairment of fixed assets	391	494
Amortization of goodwill	3,017	888
Decrease in allowance for doubtful receivables	(453)	(1,436)
Increase in net defined benefit liability	24	36
Interest and dividends received	(195)	(241)
Interest expenses	7	7
Increase in receivables—trade	(7,694)	(2,510)
Increase in inventories	(4,257)	(4,717)
Increase in payables—trade	801	535
Gain on sale of investment securities	(161)	(0)
Decrease (increase) in other assets	(282)	1,106
Increase in other liabilities	811	3,137
Other, net	168	1,085
	20,709	35,114
Cash and cash equivalents received on interest and dividends income	194	241
Cash and cash equivalents paid for interest expenses	(7)	(7)
Cash and cash equivalents paid for income taxes	(8,351)	(6,516)
Net cash provided by operating activities	12,545	28,831
Cash flows from investing activities:		
Decrease (increase) in time deposits, net	30	(94)
Payment for purchases of investment securities	(151)	(155)
Proceeds from sale of investment securities	242	56
Purchase of investments in subsidiaries	(241)	—
Acquisitions of property and equipment	(8,864)	(13,139)
Acquisitions of intangible fixed assets	(1,171)	(1,026)
Proceeds from sale of property and equipment	101	26
Payments of loans receivable	(38)	(200)
Collection of loans receivable	151	718
Purchase of insurance funds	(96)	(333)
Proceeds from cancellation of insurance funds	258	435
Other, net	(160)	(184)
Net cash used in investing activities	(9,940)	(13,896)

	Millions of yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from financing activities:		
Increase in short-term borrowings, net	56	30
Repayment of long-term debt	(9)	(6)
Acquisitions of treasury stock	(8,022)	(8,019)
Proceeds from sale of treasury stock	329	668
Purchase of treasury stock of subsidiaries	—	(3)
Cash dividends paid	(4,435)	(5,082)
Cash dividends paid to non-controlling interests	(2)	(2)
Repayments of finance lease obligations	(94)	(82)
Net cash used in financing activities	(12,178)	(12,499)
Effect of exchange rate changes on cash and cash equivalents	(0)	5
Net Increase (decrease) in cash and cash equivalents	(9,573)	2,441
Cash and cash equivalents at beginning of year	28,818	20,879
Increase in cash and cash equivalents resulting from change of scope of consolidation	282	316
Increase in cash and cash equivalents resulting from merger	96	—
Increase in cash and cash equivalents resulting from share exchange	1,255	5,319
Cash and cash equivalents at end of year	20,879	28,957

(Per share Information)

	Yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Net assets per share	1,848.33	2,008.42
Net income per share	129.96	178.64
Net income per share (diluted)	129.52	177.89

Notes. The bases for calculation of net income per share and diluted net income per share are as follows:

	Millions of yen, except per share data and number of shares	
	Year ended March 31, 2017	Year ended March 31, 2018
Net income per share	129.96	178.64
Net income attributable to owners of parent	14,485	20,390
Amount not attributable to common shareholders	—	—
Net income attributable to owners of parent attributable to common stock	14,485	20,390
Average number of common stock during the period (in thousands)	111,462	114,145
Net income per share (diluted)	129.52	177.89
Adjustment for net income attributable to owners of parent	—	—
Increase in number of shares of common stock (in thousands)	373	476
[Of which subscription rights to shares (in thousands)]	[373]	[476]
Outline of dilutive shares which were not included in the calculation of “Net income per share (diluted)” because they do not have dilutive effect:	August 5, 2016 Board of Directors resolution	—
	Stock options (Stock Acquisition Rights)	
	Common stock 367 thousand shares	

(Significant Subsequent Event)

(Acquisition of Treasury Stock)

The meeting of the Board of Directors held on May 8, 2018 resolved as follows on the matters related to the acquisition of treasury stock in accordance with Article 156 of Japan's Companies Act, as applied pursuant to paragraph 3, Article 165 of the Act.

- | | |
|--|--|
| (1) Reason for Acquisition of Treasury Stock | The Company will acquire treasury stock in order to facilitate enhancement of shareholder returns and the execution of flexible capital policies that respond to changes in the corporate environment. |
| (2) Type of Shares to be Acquired | Shares of common stock of the Company |
| (3) Total Number of Shares to be Acquired | Up to 2,000,000 shares |
| (4) Total Acquisition Price | Up to ¥5,000,000,000 |
| (5) Acquisition Period | From May 9, 2018 to March 31, 2019 |

(Creation of Wholly Owned Subsidiary through Share Exchange)

At the meeting of the Board of Directors held on May 8, 2018, a resolution was taken to approve a share exchange in which (1) the Company will become the sole parent company and NDS Co., Ltd. the wholly owned subsidiary; (2) the Company will become the sole parent company and SYSKEN Corporation the wholly owned subsidiary; and (3) the Company will become the sole parent company and Hokuriku Denwa Kouji Co., Ltd. the wholly owned subsidiary. The respective share exchange agreements were concluded on the same date. All of the share exchanges are scheduled to come into force on October 1, 2018.

In addition, NDS Co., Ltd., SYSKEN Corporation, and Hokuriku Denwa Kouji Co., Ltd. will be delisted on September 26, 2018 as a result of the share exchange.

(1) Overview of Business Acquisition

1) Name of Company to be Acquired and Content and Scale of its Business

NDS Co., Ltd. (Multidiscipline engineering business, ICT solution business, and housing and real estate business)

The total assets and net sales of the NDS Group are as follows.

Total Assets: ¥70,959 million (FY March 2018)

Net Sales: ¥78,013 million (FY March 2018)

SYSKEN Corporation (Information and communications construction business, infrastructure construction business and other)

The total assets and net sales of the SYSKEN Group are as follows.

Total Assets: ¥24,052 million (FY March 2018)

Net Sales: ¥28,088 million (FY March 2018)

Hokuriku Denwa Kouji Co., Ltd. (Telecommunications construction business and information systems business)

The total assets and net sales of the Hokuriku Denwa Kouji Group are as follows.

Total Assets: ¥10,270 million (FY March 2018)

Net Sales: ¥13,447 million (FY March 2018)

2) Main Reason for Business Acquisition

The NDS Group engages in telecommunications infrastructure and network construction for telecom carriers, primarily the NTT Group, in the Tokai and Hokuriku areas. In these areas as well as in the Tokyo metropolitan and Kansai areas, the NDS Group is also concentrating its efforts on expanding the contracting of construction business from government agencies and private companies, as well as telecommunications facilities construction, electrical and civil engineering, ICT-related business, semi-conductor manufacturing equipment installation and maintenance, information systems development, and settlement services of transport-related e-money systems.

The SYSKEN Group has pursued business in diverse fields centered on the NTT infrastructure construction business and the general facilities construction business. It contributes to regional revitalization and development as a company that operates primarily in Kyushu in the telecom infrastructure sector, primarily for the NTT Group, and the general facilities sector, which includes electrical and air-conditioning installation.

The Hokuriku Denwa Kouji Group is mainly based in the Hokuriku area, and its core business is telecommunications infrastructure and network construction for telecom carriers, primarily the NTT Group. It is also concentrating efforts on the communications construction business, including network construction, electrical wire undergrounding projects and solar power facility construction for public- and private-sector clients, as well as information systems-related business including software development and data broadcasting.

Through the share exchange, the Company will pursue the maximization of synergies by operating a greater scope of business, leveraging the respective strengths of the COMSYS Holdings Group and the targeted acquisition of the NDS, SYSKEN, and Hokuriku Denwa Kouji groups. This includes expanding the service range in infrastructure and facility construction, including communications, electricity, gas, and water supply, as the technical capabilities possessed by the Company and each target group complement each other. Another benefit is increasing efficiency through personnel exchange and the sharing and utilization of construction, safety and quality management know-how, along with IT platforms. This share exchange will surely help achieve the stable and sustainable development of the Company and each company targeted for acquisition with the aim of further enhancing COMSYS corporate value by powerfully implementing the Group's growth strategy.

- 3) Planned Date of Business Acquisition: October 1, 2018 for all acquisitions
- 4) Legal Form of Business Acquisition: Share exchange for all acquisitions
- 5) Company Name after Acquisition: NDS Co., Ltd., SYSKEN Corporation, Hokuriku Denwa Kouji Co., Ltd.
- 6) Percentage of Voting Rights to be Acquired: 100% for all acquisitions
- 7) Main Grounds for Determining the Company to Acquire:

The Company will acquire 100% of the voting rights through the share exchange, making all of the companies into wholly owned subsidiaries of the Company.

(2) Exchange Ratio by Type of Shares, Method of Calculation, and Number of Shares to Be Exchanged

1) Exchange Ratio by Type of Shares

The Company will allot and deliver one share of the Company's common stock for the following number of shares of the common stock of each company.

NDS Co., Ltd.: 2.07 shares

SYSKEN Corporation: 1.04 shares

Hokuriku Denwa Kouji Co., Ltd.: 0.178 shares

2) Method of Calculating Share Exchange Ratio

In order to ensure fairness and appropriateness, the calculation of the share exchange ratio was determined through individual consultation and negotiation between the Company and each target company, based on the results of calculations and analysis made by the independent third-party appraisers engaged by the Company and each target company respectively, in reference to the results of due diligence performed by the Company and each target company, and taking full consideration of such factors as the respective financial position, assets, and future outlook of the Company and each of the companies targeted for acquisition.

Note: Matters yet to be finalized are omitted.

4. Other

Change of Directors (scheduled for June 26, 2018)

1) Changes in Representatives

Not applicable.

2) Changes in Other Officers

Not applicable.