

COMSYS Holdings Corporation

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 Under Japanese GAAP

Head Office: 17-1, Higashigotanda 2-chome, Shinagawa-ku, Tokyo 141-8647, Japan
 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 25, 2019
 Scheduled Commencement of Dividend Payment: June 26, 2019
 Scheduled Filing of Securities Report: June 25, 2019
 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, 2019)

(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, 2019	¥481,783	26.8%	¥35,267	16.2%	¥36,071	17.5%	¥28,018	37.4%
Year ended March 31, 2018	380,024	13.7	30,347	21.2	30,706	21.2	20,390	40.8

Notes: 1. Comprehensive income: Year ended March 31, 2019: ¥26,253 million [17.9%] Year ended March 31, 2018: ¥22,260 million [44.6%]
 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, 2019	¥230.10	¥229.21	10.6%	9.4%	7.3%
Year ended March 31, 2018	178.64	177.89	9.4	10.1	8.0

(Reference) Equity in earnings of affiliates: Year ended March 31, 2019: ¥— million Year ended March 31, 2018: ¥— 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, 2019	¥439,926	¥301,459	67.8%	¥2,318.35
As of March 31, 2018	325,042	231,767	70.8	2,008.42

(Reference) Shareholders' equity: As of March 31, 2019: ¥298,373 million As of March 31, 2018: ¥230,119 million

Note. The Company applied Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) starting with the Consolidated Financial Results for the Fiscal Year Ended March 31, 2019. Figures relating to the previous fiscal year are shown after the retrospective application of the said accounting standard.

(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, 2019	¥ 8,964	¥(11,550)	¥(15,382)	¥27,778
Year ended March 31, 2018	28,831	(13,896)	(12,499)	28,957

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, 2018	¥ —	¥25.00	¥ —	¥25.00	¥50.00	¥5,765	28.0%	2.6%
Year ended March 31, 2019	—	30.00	—	30.00	60.00	7,265	26.1	2.8
Year ending March 31, 2020 (Forecast)	—	35.00	—	40.00	75.00		37.9	

3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2020)

(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, 2019	¥230,000	29.3%	¥11,500	4.8%	¥11,700	4.2%	¥ 7,500	5.2%	¥ 58.27
Year ending March 31, 2020	540,000	12.1	38,000	7.7	38,500	6.7	25,500 (9.0)		198.13

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): Yes

Newly consolidated: One company (Company name) NDS Co., Ltd., Excluded from consolidation: Nil, (Company name) —

(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, 2019	As of March 31, 2018
a) Number of shares issued (including treasury stock)	141,000,000 shares	141,000,000 shares
b) Number of treasury stock	12,299,356 shares	26,422,771 shares
	Year ended March 31, 2019	Year ended March 31, 2018
c) Average number of shares issued in the period	121,767,784 shares	114,145,710 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results (for the fiscal year ended March 31, 2019)

(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, 2019	¥10,473	33.1%	¥9,210	35.7%	¥9,247	35.6%	¥9,179	35.8%
Year ended March 31, 2018	7,867	(21.1)	6,787	(24.5)	6,821	(23.9)	6,757	(24.3)

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, 2019	¥75.35	¥75.06
Year ended March 31, 2018	59.18	58.93

(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, 2019	¥159,103	¥134,425	84.1%	¥1,039.38
As of March 31, 2018	99,930	83,162	82.7	721.08

(Reference) Shareholders' equity: As of March 31, 2019: ¥133,768 million As of March 31, 2018: ¥82,649 million

<Reason for discrepancies with the figures for the non-consolidated financial results in the previous fiscal year>

Dividend income from consolidated subsidiaries increased in the fiscal year ended March 31, 2019. As a result, there are discrepancies with the figures for the previous fiscal year 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 Thursday, May 16, 2019. 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, 2019 (April 1, 2018 to March 31, 2019), the Japanese economy was expected to maintain a moderate recovery, backed by improvements in corporate earnings and the employment environment based on the effects of various policies implemented by the Japanese government and the Bank of Japan. However, there has been a need to monitor such factors as the increasing trade friction between the U.S. and China 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, and the upgrading of the mobile network was promoted to accommodate the sharply increasing, higher-volume traffic. Moreover, in both the public and private sectors, expansion was anticipated in various business undertakings. This includes building national resilience, such as disaster prevention and mitigation measures for intensifying natural disasters, as well as development in renewable energy policies, and social infrastructure investment in preparation for the Tokyo Olympic and Paralympic Games. Also, investment expansion is expected in information and communication technology (ICT) utilizing innovations such as cloud technology, the internet of things (IoT), and artificial intelligence (AI).

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 business integration with three companies in the communications construction industry (NDS Co., Ltd., SYSKEN Corporation, and Hokuriku Denwa Kouji Co., Ltd.). Moreover, in addition to seeking to generate synergies from the integration as soon as possible, 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 innovation. The gain on negative goodwill from the business integration was recorded as extraordinary income.

Under these circumstances, orders received in the current fiscal year increased 25.7% year on year to ¥505,558 million, and net sales rose 26.8% year on year to ¥481,783 million. From a profit perspective, operating income increased by 16.2% year on year to ¥35,267 million, while net income attributable to owners of the parent increased 37.4% year on year to ¥28,018 million.

(2) Financial Position

(a) Assets

Current assets as of March 31, 2019 stood at ¥247,013 million, ¥64,766 million higher than at the end of the previous fiscal year. This was mainly attributable to a ¥47,359 million increase in notes and accounts receivable – trade. Fixed assets as of March 31, 2019 stood at ¥192,912 million, ¥50,116 million higher than at the end of the previous fiscal year. This was mainly attributable to an increase of ¥32,995 million in property and equipment and a ¥17,578 million increase in investments and other assets.

As a result, total assets amounted to ¥439,926 million as of March 31, 2019, an increase of ¥114,883 million compared with the end of the previous fiscal year.

(b) Liabilities

Current liabilities as of March 31, 2019 stood at ¥116,125 million, up ¥33,292 million compared with the previous fiscal year-end. This was mainly attributable to an increase of ¥17,935 million in accounts payable – trade and a ¥8,437 million increase in short-term bank loans. As of March 31, 2019, long-term liabilities amounted to ¥22,340 million, ¥11,899 million higher compared with the end of the previous fiscal year. This was mainly attributable to a ¥6,244 million increase in net defined benefit liability and a ¥3,207 million increase in long-term debt.

As a result, total liabilities amounted to ¥138,466 million, an increase of ¥45,192 million compared with the end of the previous fiscal year.

(c) Net assets

Net assets stood at ¥301,459 million as of March 31, 2019, an increase of ¥69,691 million compared with the end of the previous fiscal year. This was mainly due to a ¥30,665 million increase in additional paid-in capital and a ¥17,475 million decrease in treasury stock, both due to the share exchanges in the acquisition of consolidated subsidiaries, and a ¥21,931 million increase in retained earnings.

As of the end of the fiscal year under review, the equity ratio stood at 67.8%, down from 70.8% as of March 31, 2018.

(3) Cash Flow

Cash and cash equivalents stood at ¥27,778 million at the end of the fiscal year, a decrease of ¥1,179 million, or 4.1%, 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, 2019 are presented as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities stood at ¥ 8,964 million compared with ¥28,831 million for the previous fiscal year. The major cash inflows were income before income taxes and other adjustments to net income of ¥39,600 million and depreciation and amortization of ¥7,444 million. Major cash outflows for the fiscal year ended March 31, 2019 included receivables – trade of ¥22,600 million and income taxes paid of ¥14,790 million.

(b) Cash flows from investing activities

Net cash used in investing activities totaled ¥11,550 million for the fiscal year under review compared with net cash of ¥13,896 million used in the previous fiscal year. The major components were acquisitions of property and equipment of ¥9,460 million and payment for purchases of investment securities of ¥1,603 million.

(c) Cash flows from financing activities

Net cash used in financing activities was ¥15,382 million for the fiscal year ended March 31, 2019, compared with ¥12,499 million used in financing activities in the previous fiscal year. Acquisition of treasury stock amounted to ¥8,027 million, while cash dividends totaled ¥6,267 million.

(4) Outlook for fiscal year ending March 31, 2020

In the fiscal year ended March 31, 2019, the COMSYS Group achieved COMSYS VISION 2020 earlier than expected as a result of structural reform efforts and topline growth initiatives such as the expansion of private-sector projects and M&As. As a result, the Group is working to newly formulate and promote COMSYS VISION NEXT STAGE 2023, ending in fiscal 2023 as new guidelines. Specifically, as some of the main measures, the Group will work on promoting: (1) the virtual company system based on the same business segment across the operating companies; (2) work-style innovation; (3) a new renewable energy business; and (4) the M&A strategy. It will also work on increasing the mobility of Group personnel.

Based on such measures, in the outlook for the fiscal year ending March 31, 2020, the COMSYS Group expects growth in both orders received and net sales. This is due to the effect of the business integration implemented in October 2018 in addition to the upward trend in both public- and private-sector demand as a result of renewable energy policies as well as social infrastructure investment in preparation for the Tokyo Olympic and Paralympic Games. On the profit front, the COMSYS Group also expects profit growth due to the business integration, the structural and work-style reforms implemented to date and efforts to improve construction efficiency and reduce costs.

Consolidated Earnings Forecast

(Millions of yen, except percentages)

	Year ended March 31, 2019	Year ending March 31, 2020	Change
Orders received	¥505,558	¥537,000	6.2%
Net sales	481,783	540,000	12.1
Gross profits	65,253	72,500	11.1
Operating income	35,267	38,000	7.7
Recurring profit	36,071	38,500	6.7
Net income attributable to owners of parent	28,018	25,500	(9.0)

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, 2018	As of March 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	29,144	28,618
Notes and accounts receivable—trade	121,826	169,186
Lease investment assets	2,719	5,671
Accumulated cost of construction in progress	24,607	28,983
Real estate for sale	—	1,987
Merchandise	120	771
Materials and supplies	682	1,817
Other current assets	3,199	10,111
Less: Allowance for doubtful receivables	(54)	(136)
Total current assets	182,246	247,013
Fixed assets:		
Property and equipment:		
Buildings and structures	61,982	87,826
Less: Accumulated depreciation	(31,391)	(45,979)
Buildings and structures, net	30,591	41,847
Machinery, vehicles and equipment	35,176	55,124
Less: Accumulated depreciation	(19,005)	(29,021)
Machinery, vehicles and equipment, net	16,171	26,103
Land	47,592	65,748
Lease assets	451	2,389
Less: Accumulated depreciation	(287)	(1,087)
Lease assets, net	164	1,302
Construction in progress	8,228	743
Total property and equipment	102,748	135,744
Intangible assets		
Goodwill	5,969	4,999
Other intangible assets	4,094	4,606
Total intangible assets	10,063	9,606
Investments and other assets:		
Investment securities	12,956	27,712
Long-term loans receivable	1,000	963
Deferred income taxes	1,519	2,158
Net defined benefit asset	11,370	11,197
Other assets	3,304	5,886
Less: Allowance for doubtful receivables	(166)	(356)
Total investments and other assets	29,983	47,561
Total fixed assets	142,796	192,912
Total assets	325,042	439,926

	Millions of yen	
	As of March 31, 2018	As of March 31, 2019
LIABILITIES		
Current liabilities:		
Accounts payable—trade	59,749	77,685
Short-term bank loans	106	8,543
Income taxes payable	7,815	6,017
Advances received on construction in progress	2,873	4,045
Allowance for warranty work on construction projects	176	246
Allowance for losses on construction contracts	548	1,005
Other current liabilities	11,563	18,583
Total current liabilities	82,832	116,125
Long-term liabilities:		
Long-term debt	5	3,212
Deferred income taxes	352	583
Deferred tax liabilities for unrealized gains on land revaluation	1,369	1,369
Net defined benefit liability	7,263	13,508
Allowance for directors' retirement benefits	271	622
Other long-term liabilities	1,180	3,044
Total long-term liabilities	10,441	22,340
Total liabilities	93,274	138,466
NET ASSETS		
Shareholders' equity:		
Common stock	10,000	10,000
Additional paid-in capital	60,883	91,549
Retained earnings	201,329	223,261
Treasury stock, at cost	(38,014)	(20,539)
Total shareholders' equity	234,199	304,271
Accumulated other comprehensive income (loss):		
Unrealized gain on other securities	3,795	2,810
Deferred gains or losses on hedges	—	(0)
Revaluation reserve for land	(7,905)	(7,905)
Remeasurements of defined benefit plans	30	(802)
Total accumulated other comprehensive income (loss)	(4,079)	(5,898)
Subscription rights to shares	513	657
Non-controlling interests	1,134	2,428
Total net assets	231,767	301,459
Total liabilities and net assets	325,042	439,926

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

	Millions of yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Net sales	380,024	481,783
Cost of sales	326,591	416,530
Gross profits	53,433	65,253
Selling, general and administrative expenses	23,085	29,985
Operating income	30,347	35,267
Other income:		
Interest income	14	24
Dividend income	227	442
Rent income on noncurrent assets	158	245
Other	248	358
Total other income	647	1,070
Other expenses:		
Interest expenses	7	37
Rent expenses	86	124
Provision for allowance for doubtful receivables	117	—
Other	76	105
Total other expenses	288	267
Recurring profit	30,706	36,071
Extraordinary income:		
Gain on sales of investment securities	0	87
Gain on sales of fixed assets	16	52
Gain on negative goodwill	—	5,159
Reversal of allowance for doubtful receivables	927	—
Other	30	75
Total extraordinary income	974	5,375
Extraordinary loss:		
Loss on disposal of fixed assets	83	57
Loss on impairment of fixed assets	494	124
Loss on liquidation of business	—	432
Data recovery expenses	—	396
Loss on transfer of business	—	256
Special payments on employees' retirement benefits	102	105
Other	139	473
Total extraordinary loss	819	1,846
Income before income taxes and other adjustments to net income	30,861	39,600
Income taxes:		
Current	10,857	12,422
Deferred	(440)	(899)
Total income taxes	10,417	11,522
Net income	20,444	28,077
Net income attributable to non-controlling interests	53	59
Net income attributable to owners of parent	20,390	28,018

(Consolidated Statements of Comprehensive Income)

	Millions of yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Net income	20,444	28,077
Other comprehensive income (loss):		
Unrealized gain on other securities	1,134	(990)
Deferred gains or losses on hedges	—	(0)
Remeasurements of defined benefit plans	681	(833)
Total other comprehensive income (loss)	1,816	(1,824)
Comprehensive income	22,260	26,253
(Breakdown)		
Comprehensive income attributable to owners of the parent	22,201	26,199
Comprehensive income attributable to non-controlling interests	59	53

(3) Consolidated Statements of Changes in Net Assets

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
Purchase of shares of consolidated subsidiaries					—
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	Deferred gains or losses on hedges	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
Purchase of shares of consolidated subsidiaries								—
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

Year ended March 31, 2019	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	60,883	201,329	(38,014)	234,199
Changes during the period					
Cash dividends			(6,267)		(6,267)
Net income attributable to owners of parent			28,018		28,018
Repurchase of treasury stock				(8,011)	(8,011)
Disposal of treasury stock		360		985	1,346
Purchase of treasury stock of subsidiaries					—
Purchase of shares of consolidated subsidiaries		(9)			(9)
Changes of scope of consolidation			180		180
Increase by share exchanges		30,313		24,501	54,815
Reversal of revaluation reserve for land					—
Net changes during the period except for shareholders' equity					—
Total changes during the period	—	30,665	21,931	17,475	70,072
Balance at the end of the period	10,000	91,549	223,261	(20,539)	304,271

Year ended March 31, 2019	Millions of yen							
	Accumulated other comprehensive income							
	Unrealized gain on other securities	Deferred gains or losses on hedges	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	3,795	—	(7,905)	30	(4,079)	513	1,134	231,767
Changes during the period								
Cash dividends								(6,267)
Net income attributable to owners of parent								28,018
Repurchase of treasury stock								(8,011)
Disposal of treasury stock								1,346
Purchase of treasury stock of subsidiaries								—
Purchase of shares of consolidated subsidiaries								(9)
Changes of scope of consolidation								180
Increase by share exchanges								54,815
Reversal of revaluation reserve for land								—
Net changes during the period except for shareholders' equity	(984)	(0)	—	(833)	(1,818)	143	1,294	(380)
Total changes during the period	(984)	(0)	—	(833)	(1,818)	143	1,294	69,691
Balance at the end of the period	2,810	(0)	(7,905)	(802)	(5,898)	657	2,428	301,459

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from operating activities:		
Income before income taxes and other adjustments to net income	30,861	39,600
Depreciation and amortization	5,866	7,444
Loss on impairment of fixed assets	494	124
Gain on negative goodwill	—	(5,159)
Amortization of goodwill	888	1,116
Loss on liquidation of business	—	432
Loss on transfer of business	—	256
Data recovery expenses	—	396
Increase (decrease) in allowance for doubtful receivables	(1,436)	0
Increase (decrease) in net defined benefit liability	36	(78)
Interest and dividends received	(241)	(467)
Interest expenses	7	37
Increase in receivables—trade	(2,510)	(22,600)
Increase in inventories	(4,717)	(1,692)
Increase in payables—trade	535	8,256
Gain on sale of investment securities	(0)	(77)
Write-down on investments in securities	—	22
Decrease (increase) in other assets	1,106	(6,814)
Increase in other liabilities	3,137	1,934
Other, net	1,085	592
	35,114	23,326
Cash and cash equivalents received on interest and dividends income	241	466
Cash and cash equivalents paid for interest expenses	(7)	(37)
Cash and cash equivalents paid for income taxes	(6,516)	(14,790)
Net cash provided by operating activities	28,831	8,964
Cash flows from investing activities:		
Decrease (increase) in time deposits, net	(94)	279
Payment for purchases of investment securities	(155)	(1,603)
Proceeds from sale of investment securities	56	414
Purchase of investments in subsidiaries	—	(14)
Proceeds from transfer of business	—	83
Acquisitions of property and equipment	(13,139)	(9,460)
Acquisitions of intangible fixed assets	(1,026)	(1,235)
Proceeds from sale of property and equipment	26	608
Payments of loans receivable	(200)	(171)
Collection of loans receivable	718	162
Purchase of insurance funds	(333)	(24)
Proceeds from cancellation of insurance funds	435	54
Other, net	(184)	(642)
Net cash used in investing activities	(13,896)	(11,550)

	Millions of yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from financing activities:		
Increase in short-term borrowings, net	30	(1,205)
Proceeds from long-term debt	—	500
Repayment of long-term debt	(6)	(1,282)
Acquisitions of treasury stock	(8,019)	(8,027)
Proceeds from sale of treasury stock	668	1,072
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	—	(54)
Purchase of treasury stock of subsidiaries	(3)	—
Cash dividends paid	(5,082)	(6,267)
Cash dividends paid to non-controlling interests	(2)	(2)
Repayments of finance lease obligations	(82)	(114)
Net cash used in financing activities	(12,499)	(15,382)
Effect of exchange rate changes on cash and cash equivalents	5	(0)
Net Increase (decrease) in cash and cash equivalents	2,441	(17,967)
Cash and cash equivalents at beginning of year	20,879	28,957
Increase in cash and cash equivalents resulting from change of scope of consolidation	316	163
Increase in cash and cash equivalents resulting from merger	—	75
Increase in cash and cash equivalents resulting from share exchange	5,319	16,549
Cash and cash equivalents at end of year	28,957	27,778

(Per share Information)

	Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Net assets per share	2,008.42	2,318.35
Net income per share	178.64	230.10
Net income per share (diluted)	177.89	229.21

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, 2018	Year ended March 31, 2019
Net income per share	178.64	230.10
Net income attributable to owners of parent	20,390	28,018
Amount not attributable to common shareholders	—	—
Net income attributable to owners of parent attributable to common stock	20,390	28,018
Average number of common stock during the period (in thousands)	114,145	121,767
Net income per share (diluted)	177.89	229.21
Adjustment for net income attributable to owners of parent	—	—
Increase in number of shares of common stock (in thousands)	476	469
[Of which subscription rights to shares (in thousands)]	[476]	[469]

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 3, 2018
 Board of Directors resolution

Stock options
 (Stock Acquisition Rights)

Common stock 389 thousand shares

(Significant Subsequent Event)

(Acquisition of Treasury Stock)

The meeting of the Board of Directors held on May 10, 2019 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 13, 2019 to March 31, 2020 |

4. Other

Change of Directors

1) Changes in Representatives

Not applicable.

2) Changes in Other Officers (scheduled for June 25, 2019)

1. Candidates for Appointment as New Directors (excluding Audit and Supervisory Committee Member)

Satoshi Tamamura, Director (Currently President & CEO of NDS Co., Ltd.)

Hidenori Fukumoto, Director (Currently President and Representative Director of SYSKEN Corporation)

2. Candidates for Appointment as New Directors (Audit and Supervisory Committee Members)

Kenichi Nakatogawa, Outside Director (Currently Director of NAKATOGAWA CPA OFFICE)

Koichi Kawana, Outside Director (Currently Vice Chairman of JGC CORPORATION)

3. Retiring Directors (excluding Audit and Supervisory Committee Member)

Noriaki Ito, Director (scheduled to be appointed as Corporate Advisor of Nippon COMSYS Corporation)

Akio Ogawa, Director (continued to be appointed as President and Representative Director of TOSYS Corporation)

Norio Suda, Director (scheduled to be appointed as President and Representative Director of COMSYS Mobile Corporation)

4. Retiring Directors (Audit and Supervisory Committee Member)

Tsuyoshi Nishiyama, Director (continued to be appointed as Auditor of Nippon COMSYS Corporation)

Takaharu Saegusa, Outside Director