May 7, 2018

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

[Japanese GAAP]

Company name: COMTURE CORPORATION
Listing: Tokyo Stock Exchange, First Section
Stock code: 3844
URL: http://www.comture.com/en/ir/index.html
Representative: Koichi Mukai, Chairman & CEO
Contact: Osamu Noma, Member of the board, Executive Vice President
Tel: +(81)3-5745-9700
Scheduled date of Annual General Meeting of Shareholders: June 15, 2018
Scheduled date of payment of dividend: June 18, 2018
Scheduled date of filing of Annual Securities Report: June 18, 2018
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

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

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	16,383	17.9	1,968	29.3	2,010	30.3	1,395	31.4
Fiscal year ended Mar. 31, 2017	13,897	22.4	1,522	17.7	1,542	19.1	1,061	28.9

Note: Comprehensive income (million yen): Fiscal year ended Mar. 31, 2018: 1,404 (up 31.8%)
Fiscal year ended Mar. 31, 2017: 1,065 (up 31.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	95.69	95.37	31.9	25.3	12.0
Fiscal year ended Mar. 31, 2017	72.91	72.61	29.7	24.0	11.0

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2018: 13
Fiscal year ended Mar. 31, 2017: 6

COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	8,600	4,872	56.6	333.81
As of Mar. 31, 2017	7,285	3,883	53.3	266.51

Reference: Shareholders' equity (million yen): As of Mar. 31, 2018: 4,871
As of Mar. 31, 2017: 3,881

COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Net assets per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2018	1,953	378	(643)	4,200
Fiscal year ended Mar. 31, 2017	933	(627)	(90)	2,513

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2017	18.00	18.00	18.00	23.00	77.00	373	35.2	10.5
Fiscal year ended Mar. 31, 2018	22.00	22.00	7.40	10.40	-	472	33.9	10.8
Fiscal year ending Mar. 31, 2019 (forecast)	9.50	9.50	9.50	9.50	38.00		35.5	

COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. The 3Q-end dividend per share and year-end dividend for the fiscal year ended March 31, 2018 and dividend per share forecast for the fiscal year ending March 31, 2019 are adjusted to reflect the stock split. For the fiscal year ended March 31, 2018, no total dividend per share is shown.

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	8,520	8.6	865	10.5	865	8.2	650	3.8	44.54
Full year	18,025	10.0	2,200	11.8	2,215	10.2	1,560	11.8	106.90

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): Yes

Newly added: - Excluded: 1 (JMode Enterprise Co., Ltd.)

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2018: 16,083,000 shares As of Mar. 31, 2017: 16,065,900 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2018: 1,490,490 shares As of Mar. 31, 2017: 1,500,540 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018: 14,581,272 shares Fiscal year ended Mar. 31, 2017: 14,562,048 shares

COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Number of shares outstanding at the end of the period, number of treasury shares at the end of the period and average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	10,170	18.2	1,257	27.6	1,272	29.3	839	18.8
Fiscal year ended Mar. 31, 2017	8,602	20.1	985	14.6	984	13.3	706	25.7

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2018	57.56	57.37
Fiscal year ended Mar. 31, 2017	48.51	48.32

COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	5,782	3,242	56.0	222.11
As of Mar. 31, 2017	4,922	2,809	57.0	192.76

Reference: Shareholders' equity (million yen): As of Mar. 31, 2018: 3,241 As of Mar. 31, 2017: 2,807

COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Net assets per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* This financial report is not subject to audit by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended March 31, 2018, the Japanese economy recovered at a slow pace with the support of continuing growth in corporate earnings, improvements in jobs and personal income, and other signs of the emergence of a favorable economic cycle. IT investments at Japanese companies are vital to become more competitive in the Digital Transformation Era, for becoming more efficient by altering how people do their jobs, and for automating various tasks. As a result, growth continued in the IT sector, particularly in the cloud services and data analytics categories. The third platform market, which is a new market that covers cloud services, big data, the Internet of things and other components, is expected to grow steadily in the next and following years and reach annual sales of about 15 trillion yen in 2021 (according to "Japan Third Platform Market Forecast Update by Vertical Market and Company Size" by IDC Japan, a company specializing in IT industry surveys, 2017 to 2021).

Due to numerous activities for expansion of the cloud and big data business throughout the COMTURE Group, there was growth in all four business units: Groupware Solutions, ERP Solutions, Web Solutions and Network Services. Furthermore, there was a big contribution to growth from many initiatives to make artificial intelligence, the Internet of things, robotic process automation and other new technologies and fields additional drivers of growth.

Focusing on transforming needs into solutions is playing a central role in our growth. People who interact with customers carefully listen to their demands and interests. Then we use our expertise to respond to our customers' needs with new services and other ideas. A relentless commitment to adding more value, securing a large volume of prospective orders, improving productivity and supplying outstanding quality also define our operations.

All of these activities resulted in solid growth in sales and earnings at all levels in the fiscal year ended March 31, 2018.

Net sales:	16,383 million yen (up 17.9% year-on-year)
Operating profit:	1,968 million yen (up 29.3% year-on-year)
Ordinary profit:	2,010 million yen (up 30.3% year-on-year)
Profit attributable to owners of parent:	1,395 million yen (up 31.4% year-on-year)

Sales increased for the eighth consecutive year and reached an all-time high. There were several reasons for this accomplishment: higher sales in the cloud and big data business as this market expands rapidly; many initiatives targeting artificial intelligence, robotic process automation and other new technologies; and the sales of COMET Co., Ltd., which became a consolidated subsidiary in October 2016. In addition, profit attributable to owners of parent increased for the seventh consecutive year and reached an all-time high. Increases in personnel, training and other expenses were more than offset by a number of factors: higher sales per employee, the result of the constant implementation of our added-value strategy; growth in the volume of prospective orders; and the elimination of unprofitable activities due to the rigorous oversight of processes used for estimates and project management.

Business segment performance was as follows.

1) Solution Services

There was steady growth in the cloud and big data business as the cloud market expanded and rapid growth in the artificial intelligence, robotic process automation and other recently started businesses in this segment. As a result, sales increased 13.3% year-on-year to 10,714 million yen and operating profit increased 19.1% to 1,199 million yen.

2) Product Sales

Sales of Salesforce.com licenses continued to increase along with growth of the cloud business. However, sales decreased 2.2% year-on-year to 156 million yen because of a decline in secondary agent sales of other licenses. Despite the decrease in sales, operating profit was up 63.0% to 92,064 thousand yen because of progress with improving the efficiency of selling and administrative activities.

3) Network Services

The performance of this segment was strong because of numerous measures for adding more value to platform solutions for customers' transitions to the cloud, remote surveillance and other activities. In addition, COMET Co., Ltd. made a contribution to segment sales growth. As a result, sales increased 26.3% year-on-year to 5,803 million yen and operating profit increased 47.6% to 676 million yen.

(2) Financial Position

Total assets were 8,600 million yen at the end of the fiscal year, 1,315 million yen more than the end of the previous fiscal year. This was attributable mainly to increases of 1,687 million yen in cash and deposits due to the growth in sales and earnings, and 226 million yen in notes and accounts receivable-trade, while there was decrease of 496 million yen in goodwill due to sales of shares of subsidiaries.

Liabilities increased 326 million yen to 3,728 million yen. There was a decrease of 339 million yen due to the repayment of the current portion of long-term loans payable. This was offset by increases of 249 million yen in income taxes payable because of the increase in taxable income, 139 million yen in the provision for bonuses to raise bonuses for recognizing the performance of employees, and 107 million yen in accrued consumption taxes, which is included in other current liabilities, due to sales growth.

Net assets increased 988 million yen to 4,872 million yen mainly because profit attributable to owners of parent was more than dividend payments due to the strong fiscal year performance.

(3) Cash Flows

There was a net increase of 1,687 million yen in cash and cash equivalents to 4,200 million yen at the end of the fiscal year. Major components of cash flows were as follows.

(1) Cash flows from operating activities

Net cash provided by operating activities increased 109.2% to 1,953 million yen. Major sources of cash were profit before income taxes of 2,046 million yen, the amortization of goodwill of 197 million yen, an increase in provision for bonuses of 143 million yen and impairment loss of 121 million yen. Major uses of cash were an increase in notes and accounts receivable-trade of 267 million yen and gain on sales of shares of subsidiaries and associates of 131 million yen.

(2) Cash flows from investing activities

Net cash provided by investing activities increased to 378 million yen, compared with 627 million yen used one year earlier. There were proceeds of 305 million yen from sales of shares of subsidiaries resulting in change in scope of consolidation and proceeds of 64 million yen from the cancellation of insurance funds.

(3) Cash flows from financing activities

Net cash used in financing activities increased 609.4% to 643 million yen. There were proceeds of 130 million yen from long-term loans payable and payments of 434 million yen for dividends and 339 million yen for the repayment of long-term loans payable.

(4) Outlook

The Japanese economy is expected to continue recovering slowly as ongoing improvements in corporate earnings, jobs and personal income support growth in capital expenditures and consumer spending. Furthermore, we anticipate more growth in the IT services market in which the COMTURE Group operates because of more IT system investments associated with cloud services and data analytics technologies.

The COMTURE Group will build on strengths in key categories of the Group's four core businesses: Groupware Solutions, ERP Solutions, Web Solutions and Network Services. Another goal is to further strengthen operations in new business domains through a variety of actions that include targeting emerging IT fields such as big data, artificial intelligence, the Internet of things financial technology and robotic process automation.

We plan to increase orders and sales by using these actions to increase business with current customers and establish relationships in new user segments. Based on this outlook, we forecast a 10.0% increase in sales to 18,025 million yen in the fiscal year ending in March 2019, the ninth consecutive year of sales growth.

Furthermore, we forecast growth in earnings resulting from higher sales per employee due to our added-value strategy, growth in the volume of prospective orders and an improvement in productivity. We also plan to conduct extensive recruiting and training activities and to make investments enlarging and strengthening business operations. As a result, we forecast all-time high earnings for the eighth consecutive year due to an 11.8% increase in operating profit to 2,200 million yen, a 10.2% increase in ordinary profit to 2,215 million yen and an 11.8% increase in profit attributable to owners of parent to 1,560 million yen.

2. Basic Approach to the Selection of Accounting Standards

As the COMTURE Group's operations are limited to Japan and we have no overseas activity, we expect to employ Japanese accounting standards for the foreseeable future. However, we intend to consider the future adoption of International Financial Reporting Standards (IFRS), depending on our percentage of foreign shareholders and adoption trends among other companies in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	2,513,044	4,200,879
Notes and accounts receivable-trade	2,164,916	2,391,201
Work in process	58,345	50,868
Other	216,540	232,170
Total current assets	4,952,846	6,875,120
Non-current assets		
Property, plant and equipment		
Buildings, net	157,824	123,904
Vehicles, net	10,086	6,727
Tools, furniture and fixtures, net	61,752	62,488
Land	151,084	44,765
Other, net	24,559	8,600
Total property, plant and equipment	405,307	246,486
Intangible assets		
Goodwill	889,410	392,667
Software	31,638	25,029
Other	2,872	2,867
Total intangible assets	923,922	420,564
Investments and other assets		
Investment securities	213,569	193,099
Shares of subsidiaries and associates	152,225	163,688
Guarantee deposits	324,475	315,743
Deferred tax assets	207,298	322,660
Other	106,062	63,362
Total investments and other assets	1,003,630	1,058,554
Total non-current assets	2,332,860	1,725,605
Total assets	7,285,707	8,600,726

(Thousands of yen)

	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	599,099	674,951
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	339,992	139,992
Accrued expenses	519,888	568,633
Income taxes payable	287,197	537,196
Provision for bonuses	223,149	362,453
Provision for directors' bonuses	6,200	19,200
Provision for loss on construction contracts	2,241	-
Other	341,237	521,989
Total current liabilities	2,519,006	3,024,416
Non-current liabilities		
Long-term loans payable	490,012	350,020
Asset retirement obligations	161,106	158,424
Other	232,034	195,452
Total non-current liabilities	883,153	703,897
Total liabilities	3,402,160	3,728,313
Net assets		
Shareholders' equity		
Capital stock	1,018,848	1,019,869
Capital surplus	267,748	279,019
Retained earnings	3,500,496	4,462,350
Treasury shares	(910,406)	(904,145)
Total shareholders' equity	3,876,686	4,857,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,164	14,104
Total accumulated other comprehensive income	5,164	14,104
Share acquisition rights	1,695	1,214
Total net assets	3,883,547	4,872,412
Total liabilities and net assets	7,285,707	8,600,726

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	13,897,279	16,383,090
Cost of sales	10,705,148	12,636,180
Gross profit	3,192,131	3,746,909
Selling, general and administrative expenses	1,669,467	1,778,760
Operating profit	1,522,663	1,968,149
Non-operating income		
Interest income	1,639	3,705
Dividend income	40	665
Insurance premiums refunded cancellation	20,269	8,315
Dividend income of insurance	3,846	2,362
Share of profit of entities accounted for using equity method	6,984	13,561
Gain on investments in partnership	-	11,525
Other	3,457	6,683
Total non-operating income	36,238	46,818
Non-operating expenses		
Interest expenses	5,872	3,766
Guarantee commission	2,564	-
Loss on investments in partnership	4,177	-
Loss on insurance cancellation	1,818	-
Other	1,755	516
Total non-operating expenses	16,188	4,283
Ordinary profit	1,542,714	2,010,683
Extraordinary income		
Gain on sales of non-current assets	1,862	-
Gain on sales of shares of subsidiaries and associates	-	131,051
Gain on sales of investment securities	-	26,087
Total extraordinary income	1,862	157,139
Extraordinary losses		
Loss on retirement of non-current assets	10,342	-
Impairment loss	-	121,559
Loss on valuation of investment securities	5,604	-
Loss on liquidation of subsidiaries and associates	1,196	-
Total extraordinary losses	17,143	121,559
Profit before income taxes	1,527,433	2,046,263
Income taxes-current	500,085	770,249
Income taxes-deferred	(34,302)	(119,240)
Total income taxes	465,782	651,008
Profit	1,061,650	1,395,254
Profit attributable to owners of parent	1,061,650	1,395,254

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Profit	1,061,650	1,395,254
Other comprehensive income		
Valuation difference on available-for-sale securities	3,488	8,939
Total other comprehensive income	3,488	8,939
Comprehensive income	1,065,139	1,404,194
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,065,139	1,404,194

(3) Consolidated Statement of Changes in Equity

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,018,526	267,426	2,881,596	(910,038)	3,257,511
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	322	322			644
Dividends of surplus			(446,544)		(446,544)
Profit attributable to owners of parent			1,061,650		1,061,650
Purchase of treasury shares				(368)	(368)
Disposal of treasury shares					-
Increase by other retained earnings			3,793		3,793
Net changes of items other than shareholders' equity					-
Total changes of items during period	322	322	618,899	(368)	619,175
Balance at end of current period	1,018,848	267,748	3,500,496	(910,406)	3,876,686

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	1,676	1,676	1,846	3,261,034
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				644
Dividends of surplus				(446,544)
Profit attributable to owners of parent				1,061,650
Purchase of treasury shares				(368)
Disposal of treasury shares				-
Increase by other retained earnings				3,793
Net changes of items other than shareholders' equity	3,488	3,488	(151)	3,336
Total changes of items during period	3,488	3,488	(151)	622,512
Balance at end of current period	5,164	5,164	1,695	3,883,547

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,018,848	267,748	3,500,496	(910,406)	3,876,686
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	1,020	1,020			2,040
Dividends of surplus			(433,400)		(433,400)
Profit attributable to owners of parent			1,395,254		1,395,254
Purchase of treasury shares					-
Disposal of treasury shares		10,250		6,261	16,512
Increase by other retained earnings					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	1,020	11,270	961,854	6,261	980,406
Balance at end of current period	1,019,869	279,019	4,462,350	(904,145)	4,857,093

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	5,164	5,164	1,695	3,883,547
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				2,040
Dividends of surplus				(433,400)
Profit attributable to owners of parent				1,395,254
Purchase of treasury shares				-
Disposal of treasury shares				16,512
Increase by other retained earnings				-
Net changes of items other than shareholders' equity	8,939	8,939	(480)	8,458
Total changes of items during period	8,939	8,939	(480)	988,865
Balance at end of current period	14,104	14,104	1,214	4,872,412

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	1,527,433	2,046,263
Depreciation	88,259	79,539
Impairment loss	-	121,559
Amortization of goodwill	213,468	197,259
Increase (decrease) in provision for bonuses	(22,332)	143,826
Increase (decrease) in provision for directors' bonuses	6,200	13,000
Increase (decrease) in provision for loss on construction contracts	2,241	(2,241)
Interest and dividend income	(1,680)	(4,370)
Interest expenses	5,872	3,766
Share of loss (profit) of entities accounted for using equity method	(6,984)	(13,561)
Loss (gain) on valuation of investment securities	5,604	-
Loss (gain) on sales of investment securities	-	(26,087)
Loss (gain) on sales of shares of subsidiaries and associates	-	(131,051)
Loss (gain) on investments in partnership	4,177	(11,525)
Loss (gain) on sales of non-current assets	(1,862)	-
Loss on retirement of non-current assets	10,342	-
Decrease (increase) in notes and accounts receivable-trade	(78,801)	(267,789)
Decrease (increase) in inventories	5,332	(2,312)
Increase (decrease) in notes and accounts payable-trade	(212,841)	85,049
Increase (decrease) in accrued expenses	79,222	80,696
Increase (decrease) in accrued consumption taxes	(11,308)	110,050
Other, net	(67,145)	45,811
Subtotal	1,545,198	2,467,880
Interest and dividend income received	3,092	5,813
Interest expenses paid	(5,711)	(3,749)
Income taxes paid	(608,601)	(516,514)
Net cash provided by (used in) operating activities	933,977	1,953,430

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from investing activities		
Purchase of property, plant and equipment	(115,165)	(31,538)
Purchase of intangible assets	(494)	(2,963)
Proceeds from sales of investment securities	-	42,007
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	305,005
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(567,181)	-
Payments for transfer of business	(41,796)	(4,300)
Proceeds from withdrawal of time deposits	50,000	-
Payments for guarantee deposits	(1,558)	(2,455)
Proceeds from collection of guarantee deposits	502	693
Purchase of insurance funds	(2,241)	-
Proceeds from cancellation of insurance funds	66,351	64,229
Other, net	(16,104)	7,584
Net cash provided by (used in) investing activities	(627,687)	378,262
Cash flows from financing activities		
Purchase of treasury shares	(368)	-
Net increase (decrease) in short-term loans payable	(16,660)	-
Proceeds from long-term loans payable	700,000	130,000
Repayments of long-term loans payable	(335,917)	(339,992)
Cash dividends paid	(448,299)	(434,165)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	593	1,559
Other, net	9,887	(1,259)
Net cash provided by (used in) financing activities	(90,764)	(643,856)
Net increase (decrease) in cash and cash equivalents	215,525	1,687,835
Cash and cash equivalents at beginning of period	2,297,518	2,513,044
Cash and cash equivalents at end of period	2,513,044	4,200,879

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Reclassifications

Changes caused by the early application of the Partial Amendments to Accounting Standard for Tax Effect Accounting

As the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) shall be applied to the consolidated financial statements for the fiscal year ended March 31, 2018, COMTURE has applied this amendment from the current fiscal year. Accordingly, deferred tax assets and deferred tax liabilities are reclassified and included in the investments and other assets section and the current liabilities section, respectively.

As a result, “Deferred tax assets” of 105 million yen under current assets reported in the previous fiscal year, is included in “Deferred tax assets” of 207 million yen under investments and other assets in the current fiscal year.

Segment and Other Information

Segment information

1. Overview of reportable segment

(1) Method of determining the reportable segments

The reportable segments of the COMTURE 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 to assess performance.

The COMTURE Group consists of COMTURE CORPORATION, COMTURE Marketing Corporation, COMTURE Network Corporation, Nippon Brainsware Co., Ltd., COMET Holdings Co., Ltd., COMET Co., Ltd. and one more companies as well as one affiliated company. Each company has separate sections for development, sales and system operations. The Group’s business activities are divided into three reportable segments: Solution Services, Product Sales and Network Services.

JMode Enterprise Co., Ltd. was excluded from the Solution Services segment, because COMTURE transferred all shares of this company in the second quarter of the current fiscal year.

(2) Products and services by each reportable segment

Solutions Services provides services involving the cloud, mobile links, the installation and use of products, system construction and other activities.

Product Sales is involved primarily with sales of products and the establishment of business partner relationships with other companies.

Network Services provides IT system surveillance services and constructs and operates networks.

2. Calculation methods for net sales, profit/loss, assets, liabilities and other items for each reportable segment

The accounting treatment methods for reportable segments comply with accounting principles and procedures used for the preparation of the consolidated financial statements. Profits for reportable segments are operating profit. Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit/loss, assets, liabilities and other items for each reportable segment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017) (Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Solution Services	Product Sales	Network Services	Subtotal			
Net sales							
External sales	9,384,151	54,789	4,458,338	13,897,279	13,897,279	-	13,897,279
Inter-segment sales and transfers	74,107	105,196	136,327	315,631	315,631	(315,631)	-
Total	9,458,258	159,986	4,594,666	14,212,911	14,212,911	(315,631)	13,897,279
Segment profit	1,007,645	56,474	458,543	1,522,663	1,522,663	-	1,522,663
Segment assets	5,175,834	217,276	2,498,609	7,891,720	7,891,720	(606,013)	7,285,707
Segment liabilities	2,475,467	24,734	1,180,482	3,680,684	3,680,684	(278,524)	3,402,160
Other items							
Depreciation	83,859	24	4,375	88,259	88,259	-	88,259
Amortization of goodwill	155,545	-	57,922	213,468	213,468	-	213,468
Increase in property, plant and equipment and intangible assets	650,301	-	401,921	1,052,222	1,052,222	-	1,052,222

Notes: 1. Adjustments are as follows.

(1) The (606,013) thousand yen adjustment to segment assets comprises elimination for inter-segment transactions.

(2) The (278,524) thousand yen adjustment to segment liabilities comprises elimination for inter-segment transactions.

2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) (Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Solution Services	Product Sales	Network Services	Subtotal			
Net sales							
External sales	10,712,972	48,572	5,621,544	16,383,090	16,383,090	-	16,383,090
Inter-segment sales and transfers	1,093	107,924	182,428	291,446	291,446	(291,446)	-
Total	10,714,065	156,497	5,803,973	16,674,536	16,674,536	(291,446)	16,383,090
Segment profit	1,199,634	92,064	676,672	1,968,371	1,968,371	(222)	1,968,149
Segment assets	6,075,701	289,776	2,972,119	9,337,597	9,337,597	(736,871)	8,600,726
Segment liabilities	2,851,714	37,505	1,142,248	4,031,469	4,031,469	(303,155)	3,728,313
Other items							
Depreciation	71,448	108	7,982	79,539	79,539	-	79,539
Amortization of goodwill	117,795	-	79,464	197,259	197,259	-	197,259
Increase in property, plant and equipment and intangible assets	36,685	251	1,864	38,801	38,801	-	38,801

Notes: 1. Adjustments are as follows.
(1) The (222) thousand yen adjustment to segment profit comprises elimination for inter-segment transactions.
(2) The (736,871) thousand yen adjustment to segment assets comprises elimination for inter-segment transactions.
(3) The (303,155) thousand yen adjustment to segment liabilities comprises elimination for inter-segment transactions.
2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

Related information

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

1. Information by product or service

This information is omitted because the same information is presented in Segment information.

2. Information by region

(1) Net sales

This information is omitted since sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

Not applicable because no single external customer accounted for 10% or more of net sales in the consolidated statement of income.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

1. Information by product or service

This information is omitted because the same information is presented in Segment information.

2. Information by region

(1) Net sales

This information is omitted since sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

Not applicable because no single external customer accounted for 10% or more of net sales in the consolidated statement of income.

Information related to impairment losses of non-current assets for each reportable segment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

Not applicable.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment				Elimination or corporate	Total
	Solution Services	Product Sales	Network Services	Subtotal		
Impairment loss	113,951	-	7,607	121,559	-	121,559

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Reportable segment				Elimination or corporate	Total
	Solution Services	Product Sales	Network Services	Subtotal		
Balance at end of current period	561,561	-	327,849	889,410	-	889,410

Note: Goodwill amortization is omitted because the same information is presented in Segment information.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment				Elimination or corporate	Total
	Solution Services	Product Sales	Network Services	Subtotal		
Balance at end of current period	144,281	-	248,385	392,667	-	392,667

Notes: 1. Goodwill amortization is omitted because the same information is presented in Segment information.

2. JMode Enterprise Co., Ltd. was excluded from the Solution Services segment as of the end of the second quarter of the current fiscal year, because COMTURE transferred all shares of this company in the second quarter. The decrease of goodwill resulting from the event was 303,784 thousand yen.

Information related to gain on bargain purchase for each reportable segment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

Not applicable.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

Not applicable.

Per Share Information

(Yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net assets per share	266.51	333.81
Net income per share	72.91	95.69
Diluted net income per share	72.61	95.37

Notes: 1. COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Net assets per share, net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. The basis of calculating the net income per share and diluted net income per share is as follows:

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,061,650	1,395,254
Amount not attributable to ordinary shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	1,061,650	1,395,254
Average number of common stock outstanding (Shares)	14,562,048	14,581,272
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Thousands of yen)	-	-
[of which interest expenses (After deducting amount equivalent to tax) (Thousands of yen)]	-	-
Increase in number of common stock (Shares)	58,476	48,966
[of which convertible bond-type bonds with share acquisition rights (Shares)]	-	-
[of which share acquisition rights (Shares)]	[58,476]	[48,966]
Potential shares not included in the calculation of diluted net income per share since there was no dilutive effect	-	-

3. The basis of calculating the net assets per share is as follows:

	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Total net assets (Thousands of yen)	3,883,547	4,872,412
Deduction from total net assets (Thousands of yen)	1,695	1,214
[of which share acquisition rights]	[1,695]	[1,214]
[of which non-controlling interests]	-	-
Net assets applicable to common stock (Thousands of yen)	3,881,851	4,871,198
Number of common stock shares used in calculation of net assets per share (Shares)	14,565,360	14,592,510

Subsequent Events

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.