

May 1, 2017

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

[Japanese GAAP]

Company name: COMTURE CORPORATION Listing: Tokyo Stock Exchange, First Section
 Stock code: 3844 URL: <http://www.comture.com/en/ir/index.html>
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Scheduled date of Annual General Meeting of Shareholders: June 16, 2017
 Scheduled date of payment of dividend: June 19, 2017
 Scheduled date of filing of Annual Securities Report: June 19, 2017
 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, 2017 (April 1, 2016 – March 31, 2017)

(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, 2017	13,897	22.4	1,522	17.7	1,542	19.1	1,061	28.9
Fiscal year ended Mar. 31, 2016	11,349	15.1	1,293	22.5	1,295	22.2	823	28.4

Note: Comprehensive income (million yen): Fiscal year ended Mar. 31, 2017: 1,065 (up 31.0%)
 Fiscal year ended Mar. 31, 2016: 813 (up 27.5%)

	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, 2017	218.72	217.84	29.7	24.0	11.0
Fiscal year ended Mar. 31, 2016	169.84	169.04	27.7	24.8	11.4

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2017: 6 Fiscal year ended Mar. 31, 2016: -

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	7,285	3,883	53.3	799.54
As of Mar. 31, 2016	5,582	3,261	58.4	671.52

Reference: Shareholders' equity (million yen): As of Mar. 31, 2017: 3,881 As of Mar. 31, 2016: 3,259

(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, 2017	933	(627)	(90)	2,513
Fiscal year ended Mar. 31, 2016	780	(103)	(252)	2,297

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, 2016	-	28.00	-	38.00	66.00	320	38.9	10.7
Fiscal year ended Mar. 31, 2017	18.00	18.00	18.00	23.00	77.00	373	35.2	10.5
Fiscal year ending Mar. 31, 2018 (forecast)	22.00	22.00	22.00	22.00	88.00		36.2	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(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	7,000	14.7	710	17.3	710	17.8	470	15.6	96.81
Full year	15,300	10.1	1,700	11.6	1,700	10.2	1,180	11.1	243.04

*** Notes**

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

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

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

- 1) Changes in accounting policies due to revisions in accounting standards, others: Yes
 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, 2017: 5,355,300 shares As of Mar. 31, 2016: 5,353,500 shares

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

As of Mar. 31, 2017: 500,180 shares As of Mar. 31, 2016: 500,081 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017: 4,854,016 shares Fiscal year ended Mar. 31, 2016: 4,849,219 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(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, 2017	8,602	20.1	985	14.6	984	13.3	706	25.7
Fiscal year ended Mar. 31, 2016	7,162	19.4	859	31.2	868	34.2	561	41.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	145.54	144.95
Fiscal year ended Mar. 31, 2016	115.87	115.32

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	4,922	2,809	57.0	578.29
As of Mar. 31, 2016	4,187	2,545	60.8	524.19

Reference: Shareholders' equity (million yen): As of Mar. 31, 2017: 2,807 As of Mar. 31, 2016: 2,544

* The current financial report is not subject to audit procedures.

* 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, 2017, the Japanese economy was supported by a recovery in corporate earnings and improvements in jobs and personal income. But the outlook is unclear because of new directions in U.S. policies, political events in Europe and other reasons. IT investments, which have a significant effect on the operations of the COMTURE Group, continued to grow. These investments are essential for the mid- to long-term growth of all companies and expenditures are particularly strong in the cloud services category. A new market that covers cloud services, big data, the Internet of things and other components is emerging. Known as the third platform market, this category is expected to expand significantly to annual sales of about 14 trillion yen in 2020 according to a forecast by IDC Japan, a company specializing in IT industry surveys, in “Japan 3rd Platform Market Forecast Update by Vertical Market and Company Size.”

Due to numerous activities for expansion of the cloud business throughout the COMTURE Group, there was growth in all four business units: Groupware Solutions, ERP Solutions, Web Solutions and Network Services. JMode Enterprise Co., Ltd., which became a consolidated subsidiary in April 2016, COMET Holdings Co., Ltd., which became a consolidated subsidiary in October 2016, contributed to this growth. Furthermore, there was a big contribution to growth from activities to make big data, artificial intelligence, the Internet of things, financial technology 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, 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, 2017.

Net sales:	13,897 million yen (up 22.4% year-on-year)
Operating profit:	1,522 million yen (up 17.7% year-on-year)
Ordinary profit:	1,542 million yen (up 19.1% year-on-year)
Profit attributable to owners of parent:	1,061 million yen (up 28.9% year-on-year)

Sales increased for the seventh consecutive year and reached a new record. There were many reasons for this accomplishment: higher cloud business sales as the cloud market expands rapidly; an increase in orders in the financial sector; activities targeting big data and other new technologies; and the sales of JMode Enterprise, which became a consolidated subsidiary in April 2016 and COMET Holdings, which became a consolidated subsidiary in October 2016. Earnings were higher as the benefits of higher sales per employee resulting from constantly implementing our added-value strategy and earnings growth associated with the larger scale of business operations more than offset higher personnel expenses and an increase in selling, general and administrative expenses due to the addition of two subsidiaries. As a result, profit attributable to owners of parent increased for the sixth consecutive year and reached an all-time high.

Business segment performance was as follows, with sales figures including inter-segment sales.

1) Solution Services

There was growth in the cloud business as the cloud market continued to expand, orders increased for financial sector projects involving big data, financial technology and other fields, and a newly consolidated subsidiary contributed to segment performance. As a result, sales increased 24.5% year-on-year to 9,458 million yen and operating profit increased 17.2% to 1,007 million yen.

2) Product Sales

Sales of Salesforce.com licenses and other products continued to increase along with growth of the cloud business. Sales increased 9.1% year-on-year to 159 million yen but operating profit was down 18.0% to 56 million yen because prices of some products purchased from other companies were revised and the selling and administrative framework for product sales was reinforced.

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. A newly consolidated subsidiary also contributed to sales and earnings. Sales increased 20.3% year-on-year to 4,594 million yen and operating profit increased 25.7% to 458 million yen.

(2) Financial Position

Total assets were 7,285 million yen at the end of the fiscal year, 1,703 million yen more than one year earlier. This was attributable mainly to increases of 626 million yen in goodwill, 309 million yen in notes and accounts receivable, 215 million yen in cash and deposits, and 146 million yen in shares of subsidiaries and associates.

Liabilities increased 1,081 million yen to 3,402 million yen. The main reasons were increases of 830 million yen in the current portion of long-term loans payable and 290 million yen in accrued expenses.

Net assets increased 622 million yen to 3,883 million yen. The payment of dividends of surplus reduced retained earnings but the fiscal year's profit attributable to owners of parent increased retained earnings.

(3) Cash Flows

There was a net increase of 215 million yen in cash and cash equivalents to 2,513 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 19.7% to 933 million yen. Major sources of cash were profit before income taxes of 1,527 million yen and the amortization of goodwill of 213 million yen. Major uses of cash were income taxes paid of 608 million yen and a decrease of 212 million yen in notes and accounts payable-trade.

(2) Cash flows from investing activities

Net cash used in investing activities increased 506.0% to 627 million yen. There were proceeds of 66 million yen from the cancellation of insurance funds and payments of 567 million yen for the purchase of shares of subsidiaries resulting in change in scope of consolidation and 115 million yen for the purchase of property, plant and equipment.

(3) Cash flows from financing activities

Net cash used in financing activities decreased 64.0% to 90 million yen. There were proceeds of 700 million yen from long-term loans payable and payments of 448 million yen for dividends and 335 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 IT system investments associated with the cloud, big data, the Internet of things and other relatively new 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 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 and financial technology.

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 10.1% increase in sales to 15,300 million yen in the fiscal year ending in March 2018, the eighth consecutive year of sales growth.

We forecast higher earnings because of the outlook for an increase sales per employee resulting from our added-value strategy, an improvement in productivity and earnings growth associated with the larger scale of business operations to offset an increase in personnel expenses and investments to enlarge and strengthen business activities. As a result, we forecast all-time high earnings for the seventh consecutive year due to an 11.6% increase in operating profit to 1,700 million yen, a 10.2% increase in ordinary profit to 1,700 million yen and an 11.1% increase in profit attributable to owners of parent to 1,180 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)	
	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	2,297,518	2,513,044
Notes and accounts receivable-trade	1,855,828	2,164,916
Work in process	34,827	58,345
Deferred tax assets	114,397	105,297
Other	108,295	216,540
Total current assets	4,410,868	5,058,144
Non-current assets		
Property, plant and equipment		
Buildings, net	58,919	157,824
Vehicles, net	4,359	10,086
Tools, furniture and fixtures, net	50,437	61,752
Land	151,084	151,084
Other, net	2,760	24,559
Total property, plant and equipment	267,559	405,307
Intangible assets		
Goodwill	263,316	889,410
Software	13,558	31,638
Other	26,004	2,872
Total intangible assets	302,879	923,922
Investments and other assets		
Investment securities	204,188	213,569
Shares of subsidiaries and associates	5,252	152,225
Guarantee deposits	250,145	324,475
Deferred tax assets	38,635	102,000
Other	102,498	106,062
Total investments and other assets	600,719	898,332
Total non-current assets	1,171,158	2,227,562
Total assets	5,582,027	7,285,707

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	750,554	599,099
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	-	339,992
Accrued expenses	229,352	519,888
Income taxes payable	336,341	287,197
Provision for bonuses	238,150	223,149
Provision for directors' bonuses	-	6,200
Provision for loss on construction contracts	-	2,241
Other	238,638	341,237
Total current liabilities	1,993,037	2,519,006
Non-current liabilities		
Long-term loans payable	-	490,012
Net defined benefit liability	136,462	
Asset retirement obligations	59,321	161,106
Other	132,171	232,034
Total non-current liabilities	327,955	883,153
Total liabilities	2,320,992	3,402,160
Net assets		
Shareholders' equity		
Capital stock	1,018,526	1,018,848
Capital surplus	267,426	267,748
Retained earnings	2,881,596	3,500,496
Treasury shares	(910,038)	(910,406)
Total shareholders' equity	3,257,511	3,876,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,676	5,164
Total accumulated other comprehensive income	1,676	5,164
Subscription rights to shares	1,846	1,695
Total net assets	3,261,034	3,883,547
Total liabilities and net assets	5,582,027	7,285,707

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net sales	11,349,590	13,897,279
Cost of sales	8,839,492	10,705,148
Gross profit	2,510,097	3,192,131
Selling, general and administrative expenses	1,216,823	1,669,467
Operating profit	1,293,274	1,522,663
Non-operating income		
Interest income	4,320	1,639
Dividend income	19	40
Subsidy income	3,319	-
Insurance premiums refunded cancellation	2,844	20,269
Dividend income of insurance	1,066	3,846
Share of profit of entities accounted for using equity method	-	6,984
Other	3,391	3,457
Total non-operating income	14,960	36,238
Non-operating expenses		
Interest expenses	1,254	5,872
Guarantee commission	0	2,564
Loss on investments in partnership	2,119	4,177
Office transfer expenses	2,854	
Loss on insurance cancellation	5,677	1,818
Other	887	1,755
Total non-operating expenses	12,793	16,188
Ordinary profit	1,295,441	1,542,714
Extraordinary income		
Gain on sales of non-current assets	-	1,862
Gain on reversal of subscription rights to shares	50	-
Total extraordinary income	50	1,862
Extraordinary losses		
Loss on retirement of non-current assets	1	10,342
Loss on valuation of investment securities	-	5,604
Loss on liquidation of subsidiaries and associates		1,196
Loss on valuation of golf club membership	10,000	-
Total extraordinary losses	10,001	17,143
Profit before income taxes	1,285,489	1,527,433
Income taxes-current	483,678	500,085
Income taxes-deferred	(21,784)	(34,302)
Total income taxes	461,894	465,782
Profit	823,595	1,061,650
Profit attributable to owners of parent	823,595	1,061,650

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Profit	823,595	1,061,650
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,354)	3,488
Total other comprehensive income	(10,354)	3,488
Comprehensive income	813,240	1,065,139
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	813,240	1,065,139

(3) Consolidated Statement of Changes in Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,016,808	265,708	2,310,047	(910,038)	2,682,525
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	1,718	1,718			3,436
Dividends of surplus			(252,046)		(252,046)
Profit attributable to owners of parent			823,595		823,595
Purchase of treasury shares					-
Increase in other retained earnings					-
Net changes of items other than shareholders' equity					
Total changes of items during period	1,718	1,718	571,548	-	574,985
Balance at end of current period	1,018,526	267,426	2,881,596	(910,038)	3,257,511

(Thousands of yen)

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	12,031	12,031	2,707	2,697,263
Changes of items during period				
Issuance of new shares - exercise of subscription rights to shares				3,436
Dividends of surplus				(252,046)
Profit attributable to owners of parent				823,595
Purchase of treasury shares				-
Increase in other retained earnings				-
Net changes of items other than shareholders' equity	(10,354)	(10,354)	(860)	(11,214)
Total changes of items during period	(10,354)	(10,354)	(860)	563,770
Balance at end of current period	1,676	1,676	1,846	3,261,034

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 subscription rights to shares	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)
Increase in 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

(Thousands of yen)

	Accumulated other comprehensive income		Subscription rights to shares	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 subscription rights to shares				644
Dividends of surplus				(446,544)
Profit attributable to owners of parent				1,061,650
Purchase of treasury shares				(368)
Increase in 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

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	1,285,489	1,527,433
Depreciation	44,257	88,259
Amortization of goodwill	85,089	213,468
Increase (decrease) in provision for bonuses	45,031	(22,332)
Increase (decrease) in provision for directors' bonuses	(30,700)	6,200
Increase (decrease) in provision for loss on construction contracts	(5,075)	2,241
Interest and dividend income	(4,339)	(1,680)
Interest expenses	1,254	5,872
Share of (profit) loss of entities accounted for using equity method	-	(6,984)
Loss (gain) on valuation of investment securities	-	5,604
Loss on valuation of golf club memberships	10,000	-
Loss (gain) on investments in partnership	2,119	4,177
Loss (gain) on sales of non-current assets	-	(1,862)
Loss on retirement of non-current assets	1	10,342
Decrease (increase) in notes and accounts receivable-trade	(328,481)	(78,801)
Decrease (increase) in inventories	19,900	5,332
Increase (decrease) in notes and accounts payable-trade	61,403	(212,841)
Increase (decrease) in accrued expenses	14,412	79,222
Increase (decrease) in accrued consumption taxes	(98,337)	(11,308)
Other, net	(7,029)	(67,145)
Subtotal	1,094,998	1,545,198
Interest and dividend income received	4,339	3,092
Interest expenses paid	(1,254)	(5,711)
Income taxes paid	(317,839)	(608,601)
Net cash provided by (used in) operating activities	780,243	933,977

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,385)	(115,165)
Payments for asset retirement obligations	(4,167)	-
Purchase of intangible assets	(35,843)	(494)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(567,181)
Payments for transfer of business	-	(41,796)
Proceeds from withdrawal of time deposits	-	50,000
Payments for guarantee deposits	(79,781)	(1,558)
Proceeds from collection of guarantee deposits	20,082	502
Purchase of insurance funds	(5,722)	(2,241)
Proceeds from cancellation of insurance funds	52,028	66,351
Other, net	(26,791)	(16,104)
Net cash provided by (used in) investing activities	(103,582)	(627,687)
Cash flows from financing activities		
Purchase of treasury shares	-	(368)
Increase (decrease) in short-term loans payable	-	(16,660)
Proceeds from long-term loans payable	-	700,000
Repayments of long-term loans payable	-	(335,917)
Cash dividends paid	(251,606)	(448,299)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	2,930	593
Other, net	(3,469)	9,887
Net cash provided by (used in) financing activities	(252,145)	(90,764)
Net increase (decrease) in cash and cash equivalents	424,515	215,525
Cash and cash equivalents at beginning of period	1,873,002	2,297,518
Cash and cash equivalents at end of period	2,297,518	2,513,044

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Changes in Accounting Policies

Following the revision of the Corporation Tax Act, COMTURE has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) effective from the current fiscal year, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on earnings for the current fiscal year is insignificant.

Additional Information**Application of Implementation Guidance on Recoverability of Deferred Tax Assets**

Effective from the current fiscal year, COMTURE has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

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 Brainware Co., Ltd., JMode Enterprise Co., Ltd., COMET Holdings Co., Ltd., and two 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.

(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.

As described in Changes in Accounting Policies, following the revision of the Corporation Tax Act, the COMTURE has changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. Consequently, the depreciation method for business segments have been revised as well.

The effect of this change on segment profit for the current fiscal year is insignificant.

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

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(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	7,549,605	39,176	3,760,808	11,349,590	11,349,590	-	11,349,590
Inter-segment sales and transfers	47,447	107,400	58,265	213,113	213,113	(213,113)	-
Total	7,597,052	146,576	3,819,073	11,562,703	11,562,703	(213,113)	11,349,590
Segment profit	859,503	68,833	364,937	1,293,274	1,293,274	-	1,293,274
Segment assets	4,465,370	190,505	1,215,738	5,871,614	5,871,614	(289,587)	5,582,027
Segment liabilities	2,040,706	34,360	534,347	2,609,415	2,609,415	(288,423)	2,320,992
Other items							
Depreciation	41,079	33	1,029	42,142	42,142	-	42,142
Amortization of goodwill	66,499	-	18,589	85,089	85,089	-	85,089
Increase in property, plant and equipment and intangible assets	158,262	-	361	158,623	158,623	-	158,623

Notes: 1. Adjustments are as follows.

(1) The (289,587) thousand yen adjustment to segment assets comprises elimination for inter-segment transactions.

(2) The (288,423) 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.

FY3/17 (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.

Related information

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

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

(Thousands of yen)

Name	Net sales	Related segments
Nomura Research Institute, Ltd.	1,333,388	Solution Services and Network Services

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.

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

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

Not applicable.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

Not applicable.

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

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Reportable segment				Elimination or corporate	Total
	Solution Services	Product Sales	Network Services	Subtotal		
Balance at end of current period	249,374	-	13,942	263,316	-	263,316

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

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.

Information related to gain on bargain purchase for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

Not applicable.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

Not applicable.

Per Share Information

(Yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net assets per share	671.52	799.54
Net income per share	169.84	218.72
Diluted net income per share	169.04	217.84

Notes: 1. The basis of calculating the net income per share and diluted net income per share is as follows:

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	823,595	1,061,650
Amount not attributable to ordinary shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	823,595	1,061,650
Average number of common stock outstanding (Shares)	4,849,219	4,854,016
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)	22,912	19,492
[of which convertible bond-type bonds with subscription rights to shares (Shares)]	-	-
[of which subscription rights to shares (Shares)]	[22,912]	[19,492]
Potential shares not included in the calculation of diluted net income per share since there was no dilutive effect	-	-

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

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Total net assets (Thousands of yen)	3,261,034	3,883,547
Deduction from total net assets (Thousands of yen)	1,846	1,695
[of which subscription rights to shares]	[1,846]	[1,695]
[of which non-controlling interests]	-	-
Net assets applicable to common stock (Thousands of yen)	3,259,187	3,881,851
Number of common stock shares used in calculation of net assets per share (Shares)	4,853,419	4,855,120

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.