

**Summary of Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending March 31, 2018**  
**(Six Months Ended September 30, 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 filing of Quarterly Report: November 8, 2017  
 Scheduled date of payment of dividend: November 30, 2017  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Second Quarter Ended September 30, 2017**  
**(April 1, 2017 – September 30, 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	%
Six months ended Sep. 30, 2017	7,843	28.5	783	29.4	799	32.6	625	54.0
Six months ended Sep. 30, 2016	6,104	11.7	605	11.7	602	10.8	406	17.7

Note: Comprehensive income (million yen): Six months ended Sep. 30, 2017: 629 (up 56.2%)  
 Six months ended Sep. 30, 2016: 403 (up 20.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2017	42.95	42.80
Six months ended Sep. 30, 2016	27.92	27.81

Reference: Equity in earnings of affiliates (million yen): Six months ended Sep. 30, 2017: 4  
 Six months ended Sep. 30, 2016: -

COMTURE conducted a 3-for-1 common stock split on October 1, 2017. Net income per share has 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
	Million yen	Million yen	%
As of Sep. 30, 2017	7,784	4,312	55.4
As of Mar. 31, 2017	7,285	3,883	53.3

Reference: Shareholders' equity (million yen): As of Sep. 30, 2017: 4,310 As of Mar. 31, 2017: 3,881

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	18.00	18.00	18.00	23.00	77.00
Fiscal year ended Mar. 31, 2018	22.00	22.00			
Fiscal year ending Mar. 31, 2018 (forecast)			7.40	7.40	-

Note: Revisions to the most recently announced dividend forecast: None

COMTURE conducted a 3-for-1 common stock split on October 1, 2017. The dividend per share forecasts for the end of the third quarter and the end of the fiscal year are adjusted to reflect the stock split and no forecast for the total fiscal year dividend per share is shown.

**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
Full year	15,300	10.1	1,700	11.6	1,700	10.2	1,180	11.1	81.01

Note: Revisions to the most recently announced consolidated forecast: None

COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. The net income per share forecast for the fiscal year ending March 31, 2018 is adjusted to reflect the stock split. Prior to this adjustment, the forecast was a net income per share of 243.04 yen for the full year.

**\* Notes**

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

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

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) 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

(4) Number of outstanding shares (common stock)

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

As of Sep. 30, 2017:	5,358,300 shares	As of Mar. 31, 2017:	5,355,300 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2017:	496,740 shares	As of Mar. 31, 2017:	500,180 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2017:	4,857,867 shares	Six months ended Sep. 30, 2016:	4,853,812 shares
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\* The current quarterly financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first half of the fiscal year ending 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, which have a significant effect on the operations of the COMTURE Group, are vital for companies to become more competitive, for becoming more efficient by altering how people do their jobs, and for automating various tasks. As a result, there is growing in the IT sector, particularly in the cloud services and data analytics categories. The third platform market, which is a new IT services market that covers cloud services, big data, the Internet of things and other components, is expected to expand significantly to annual sales of about 3.2 trillion yen in 2021. Within this market, the cloud IT services sector is forecast to grow at an average annual rate of 41.1% between 2016 and 2021 (according to the 2017-2021 Forecast for the IT Services Market for the Third Platform in Japan by IDC Japan, a company specializing in IT industry surveys).

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, improving productivity and supplying outstanding quality also define our operations.

In the first half, the COMTURE Group performed as follows.

Net sales:	7,843 million yen (up 28.5% year-on-year)
Operating profit:	783 million yen (up 29.4% year-on-year)
Ordinary profit:	799 million yen (up 32.6% year-on-year)
Profit attributable to owners of parent:	625 million yen (up 54.0% year-on-year)

First half sales were higher than one year earlier for the seventh consecutive year and reached an all-time high. There were several reasons for this accomplishment: higher sales from the cloud and big data business as its market expands rapidly; and many initiatives targeting artificial intelligence, Robotic Process Automation and other new technologies. Growth in personnel expenses and other expenses was offset by the increase in sales per employee, the result of the constant implementation of our added-value strategy, and higher earnings associated with the larger scale of business operations. As a result, profit attributable to owners of parent was higher than one year earlier for the sixth consecutive year and reached an all-time high.

Business segment performance was as follows.

#### 1) Solution Services

There was growth in the cloud and big data business as the cloud market continues to expand and increasing new types of customer needs involving artificial intelligence, Robotic Process Automation and other fields. As a result, sales increased 16.7% year-on-year to 5,111 million yen and operating profit increased 15.6% to 472 million yen.

#### 2) Product Sales

Sales of Salesforce.com licenses continued to increase along with growth of the cloud business. As a result, sales increased 2.5% year-on-year to 79 million yen and operating profit increased 34.7% to 40 million yen.

### 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, a subsidiary newly consolidated in the third quarter of the previous fiscal year made a big contribution to segment sales growth. As a result, sales increased 56.5% year-on-year to 2,780 million yen and operating profit increased 62.5% to 270 million yen.

#### **(2) Explanation of Financial Position**

Total assets were 7,784 million yen at the end of the second quarter, 498 million yen more than the end of the previous fiscal year. This was attributable mainly to an increase of 1,096 million yen in cash and deposits, while there were decreases of 427 million yen in goodwill and 105 million yen in notes and accounts receivable-trade.

Liabilities increased 70 million yen to 3,472 million yen. The main reasons were increases of 223 million yen in provision for bonuses and 81 million yen in income taxes payable, while there were decreases of 145 million yen in accrued expenses and 169 million yen in the current portion of long-term loans payable.

Net assets increased 428 million yen to 4,312 million yen. The payment of dividends of surplus reduced retained earnings but profit attributable to owners of parent increased retained earnings.

#### **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

At this point, there are no revisions to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2018 that was announced in the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (Japanese GAAP)" on May 1, 2017.

The above forecasts are based on judgments made in accordance with information available to management at the time this report was prepared. Actual results may differ substantially from these forecasts for a number of reasons.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	2Q of FY3/18 (As of Sep. 30, 2017)
Assets		
Current assets		
Cash and deposits	2,513,044	3,609,727
Notes and accounts receivable-trade	2,164,916	2,059,299
Work in process	58,345	63,627
Other	321,838	359,858
Total current assets	5,058,144	6,092,512
Non-current assets		
Property, plant and equipment	405,307	374,941
Intangible assets		
Goodwill	889,410	461,623
Other	34,511	30,445
Total intangible assets	923,922	492,068
Investments and other assets		
Investment securities	213,569	197,691
Guarantee deposits	324,475	314,008
Other	360,288	313,188
Total investments and other assets	898,332	824,888
Total non-current assets	2,227,562	1,691,898
Total assets	7,285,707	7,784,411

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	2Q of FY3/18 (As of Sep. 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	599,099	579,344
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	339,992	239,992
Accrued expenses	519,888	374,528
Income taxes payable	287,197	368,393
Provision for bonuses	223,149	446,710
Provision for directors' bonuses	6,200	6,399
Provision for loss on construction contracts	2,241	-
Other	341,237	470,022
<b>Total current liabilities</b>	<b>2,519,006</b>	<b>2,685,391</b>
<b>Non-current liabilities</b>		
Long-term loans payable	490,012	420,016
Asset retirement obligations	161,106	157,901
Other	232,034	208,920
<b>Total non-current liabilities</b>	<b>883,153</b>	<b>786,838</b>
<b>Total liabilities</b>	<b>3,402,160</b>	<b>3,472,230</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,018,848	1,019,385
Capital surplus	267,748	278,536
Retained earnings	3,500,496	3,907,966
Treasury shares	(910,406)	(904,145)
<b>Total shareholders' equity</b>	<b>3,876,686</b>	<b>4,301,743</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,164	8,995
<b>Total accumulated other comprehensive income</b>	<b>5,164</b>	<b>8,995</b>
Subscription rights to shares	1,695	1,442
<b>Total net assets</b>	<b>3,883,547</b>	<b>4,312,181</b>
<b>Total liabilities and net assets</b>	<b>7,285,707</b>	<b>7,784,411</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income  
(For the Six-month Period)**

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Net sales	6,104,342	7,843,446
Cost of sales	4,746,681	6,122,814
Gross profit	1,357,660	1,720,632
Selling, general and administrative expenses	752,428	937,588
Operating profit	605,231	783,044
Non-operating income		
Interest income	7	2,064
Dividend income	8	632
Dividend income of insurance	1,399	1
Share of profit of entities accounted for using equity method	-	4,646
Gain on insurance cancellation	1,295	8,310
Other	1,545	2,879
Total non-operating income	4,258	18,535
Non-operating expenses		
Interest expenses	2,343	2,295
Guarantee commission	2,564	-
Loss on insurance cancellation	1,107	-
Other	919	3
Total non-operating expenses	6,935	2,298
Ordinary profit	602,554	799,280
Extraordinary income		
Gain on sales of non-current assets	1,862	-
Gain on sales of investment securities	-	26,100
Gain on sales of shares of subsidiaries and associates	-	131,051
Total extraordinary income	1,862	157,151
Extraordinary losses		
Loss on retirement of non-current assets	10,342	-
Total extraordinary losses	10,342	-
Profit before income taxes	594,074	956,432
Income taxes-current	187,544	330,469
Profit	406,530	625,963
Profit attributable to owners of parent	406,530	625,963



**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Profit	406,530	625,963
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,375)	3,830
Total other comprehensive income	(3,375)	3,830
Comprehensive income	403,154	629,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	403,154	629,794

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
<b>Cash flows from operating activities</b>		
Profit before income taxes	594,074	956,432
Depreciation	38,482	37,801
Amortization of goodwill	85,942	124,003
Increase (decrease) in provision for bonuses	70,664	228,083
Increase (decrease) in provision for directors' bonuses	5,799	199
Increase (decrease) in provision for loss on construction contracts	19,846	(2,241)
Interest and dividend income	(16)	(2,697)
Interest expenses	2,343	2,295
Share of (profit) loss of entities accounted for using equity method	-	(4,646)
Gain on insurance cancellation	-	(8,310)
Loss (gain) on sales of investment securities	-	(26,100)
Loss (gain) on sales of shares of subsidiaries and associates	-	(131,051)
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	159,214	64,112
Decrease (increase) in inventories	(13,613)	(15,072)
Increase (decrease) in notes and accounts payable-trade	(40,296)	(10,557)
Increase (decrease) in accrued expenses	(8,577)	(113,408)
Increase (decrease) in accrued consumption taxes	(42,844)	7,668
Other, net	14,002	77,658
Subtotal	893,502	1,184,169
Interest and dividend income received	16	2,713
Interest expenses paid	(2,216)	(2,293)
Income taxes paid	(316,311)	(229,520)
Net cash provided by (used in) operating activities	574,992	955,069
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(97,317)	(11,156)
Proceeds from sales of investment securities	-	40,500
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	(239,945)	-
Purchase of intangible assets	-	(1,082)
Payments for guarantee deposits	(75)	-
Proceeds from collection of guarantee deposits	219	125
Purchase of insurance funds	(2,032)	-
Proceeds from cancellation of insurance funds	16,230	64,229
Other, net	(4,704)	6,522
Net cash provided by (used in) investing activities	(327,624)	404,143
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(131)	-
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	(165,921)	(169,996)
Cash dividends paid	(271,029)	(219,105)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	164	821
Other, net	963	(4,249)
Net cash provided by (used in) financing activities	247,385	(262,529)
Net increase (decrease) in cash and cash equivalents	494,753	1,096,683
Cash and cash equivalents at beginning of period	2,297,518	2,513,044
Cash and cash equivalents at end of period	2,792,272	3,609,727

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Subsequent Events****Stock split and revision to Articles of Incorporation following the split**

On July 31, 2017, the COMTURE board of directors approved a resolution for a stock split and an associated revision to the Articles of Incorporation.

**(1) Purpose of the stock split**

Using this split to lower the cost of an investment unit of COMTURE stock will make this stock accessible to a broader range of investors. This is expected to increase the stock's liquidity and expand stock ownership to more investor segments.

**(2) Summary of the stock split****1) Method of the stock split**

Shareholders listed in the final shareholder register on the record date of September 30, 2017 (effectively September 29, 2017 because the record date was a holiday for the transfer agent) will receive three shares of common stock for each share held on the record date.

**2) Increase in the number of shares due to the stock split**

Total number of shares outstanding before the stock split:	5,358,300 shares
Increase in the number of shares due to the stock split:	10,716,600 shares
Number of shares outstanding after the stock split:	16,074,900 shares
Number of shares authorized after the stock split:	52,200,000 shares

**3) Schedule**

Effective date: October 1, 2017

**4) Effect of these changes on per share information**

Per-share information calculated as if this split had taken place at the beginning of previous fiscal year is presented below.

(Yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Net income per share	27.92	42.95
Diluted net income per share	27.81	42.80

*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.*