

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2019
(Nine Months Ended December 31, 2018)

[Japanese GAAP]

Company name: COMTURE CORPORATION Listing: Tokyo Stock Exchange, First Section
 Stock code: 3844 URL: <https://www.comture.com/en/ir/index.html>
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Scheduled date of filing of Quarterly Report: February 8, 2019
 Scheduled date of payment of dividend: February 28, 2019
 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 Third Quarter Ended December 31, 2018
(April 1, 2018 – December 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	%
Nine months ended Dec. 31, 2018	13,025	7.5	1,894	36.9	1,903	35.3	1,262	21.4
Nine months ended Dec. 31, 2017	12,116	22.4	1,383	51.3	1,406	50.0	1,039	64.2

Note: Comprehensive income (million yen):
 Nine months ended Dec. 31, 2018: 1,258 (up 20.6%)
 Nine months ended Dec. 31, 2017: 1,043 (up 63.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	86.34	86.20
Nine months ended Dec. 31, 2017	71.34	71.09

Reference: Equity in earnings of affiliates (million yen):
 Nine months ended Dec. 31, 2018: 10
 Nine months ended Dec. 31, 2017: 9

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2018	8,868	5,720	64.5
As of Mar. 31, 2018	8,600	4,872	56.6

Reference: Shareholders' equity (million yen):
 As of Dec. 31, 2018: 5,720 As of Mar. 31, 2018: 4,871

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	22.00	22.00	7.40	10.40	-
Fiscal year ending Mar. 31, 2019	9.50	9.50	9.50		
Fiscal year ending Mar. 31, 2019 (forecast)				9.50	-

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

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

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
Full year	18,025	10.0	2,545	29.3	2,545	26.6	1,790	28.3	122.42

Note: Revisions to the most recently announced consolidated earnings forecasts: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(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 Dec. 31, 2018:	16,120,800 shares	As of Mar. 31, 2018:	16,083,000 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2018:	1,486,624 shares	As of Mar. 31, 2018:	1,490,490 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	14,623,635 shares	Nine months ended Dec. 31, 2017:	14,577,687 shares
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* The current quarterly financial report is not subject to quarterly review 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. 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 nine months of the fiscal year ending March 31, 2019, the Japanese economy benefited from a favorable cycle as corporate capital expenditures increased and the labor market and personal income improved. In addition, Japanese companies continued to increase their IT investments. In particular 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 continue to grow steadily 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).

The COMTURE Group is taking many actions for more growth with emphasis on the digital transformation domain, which is a growing category of IT investments by companies. Due to these activities, there was significant growth in the Group’s cloud, big data and artificial intelligence businesses and the enterprise resource planning (ERP) business, which involves core systems used for business operations. Robotic process automation (the use of software robots to automate business processes) and the Internet of things, which are new business domains at the COMTURE Group, also contributed to growth. As a result, there was growth in all four business units: Groupware Solutions, ERP Solutions, Web Solutions and Network Services. Sales in the first nine months increased for the ninth consecutive year and rose to an all-time high.

Profit attributable to owners of parent increased for the seventh consecutive year and also reached an all-time high for the first nine months of a fiscal year. One reason was higher sales per employee resulting mainly from the growth of consulting operations backed by measures to strengthen the ability to create proposals for customers, improve the quality of services, raise productivity, and upgrade skills involving proposals and capturing new orders beginning with upstream processes. Earnings also benefited from the rigorous oversight of processes used for estimates and project management to eliminate unprofitable activities, an improvement in efficiency due to a merger, and a reduction in administrative expenses resulting from the sale of a consolidated subsidiary.

In the first nine months, the COMTURE Group performed as follows.

Net sales:	13,025 million yen (up 7.5% year-on-year)
Operating profit:	1,894 million yen (up 36.9% year-on-year)
Ordinary profit:	1,903 million yen (up 35.3% year-on-year)
Profit attributable to owners of parent:	1,262 million yen (up 21.4% year-on-year)

Business segment performance was as follows.

1) Solution Services

The performance of the Solution Services segment benefited from a number of favorable trends. In the core cloud business, demand for call center, omni-channel systems and other services is increasing. In the big data and artificial intelligence businesses, there is increasing demand for demand forecasting, money laundering prevention systems for financial institutions and other services. In the ERP business, there is growth in services for the installation and use of new systems. In the robotic process automation business, sales were higher for clerical systems that automate data input tasks and for other products. As a result, sales increased 7.2% year-on-year to 8,514 million yen and operating profit increased 59.9% to 1,355 million yen.

2) Product Sales

A reexamination of the structure within the COMTURE Group used for selling products caused a drop in sales outsourcing expenses and other internal transactions. As a result, sales decreased 71.8% year-on-year to 32 million yen and operating profit decreased 98.2% to 1 million yen.

3) Network Services

This segment is taking many actions to shift its focus to growing market sectors and add more value to its business. Two important sources of growth are the cloud environment construction business, which assists customers move to the cloud, and the remote surveillance business for services after a customer's transition to a cloud environment. As a result, sales increased 9.8% year-on-year to 4,676 million yen and operating profit increased 14.9 % to 541 million yen.

(2) Explanation of Financial Position

Total assets were 8,868 million yen at the end of the third quarter, 268 million yen more than the end of the previous fiscal year. This was attributable mainly to increases of 142 million yen in cash and deposits and 124 million yen in notes and accounts receivable-trade, a decrease of 108 million yen in goodwill due to amortization, and increases of 53 million yen in inventories and 28 million yen in tools, furniture and fixtures.

Liabilities decreased 579 million yen to 3,148 million yen. This was mainly attributable to decreases of 218 million yen in income taxes payable, 215 million yen in provision for bonuses, and 173 million yen in accrued expenses.

Net assets increased 848 million yen to 5,720 million yen mainly because profit attributable to owners of parent was more than dividend payments due to the strong fiscal year performance.

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

There are no revisions to the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2019 that was announced in the "Notice of Revisions to Earnings Forecasts" (Japanese version only) on December 18, 2018.

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 from these forecasts for a number of reasons .

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

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	3Q of FY3/19 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	4,200,879	4,343,839
Notes and accounts receivable-trade	2,391,201	2,515,362
Work in process	50,868	104,735
Other	232,170	245,486
Total current assets	6,875,120	7,209,423
Non-current assets		
Property, plant and equipment		
Buildings, net	123,904	114,800
Vehicles, net	6,727	5,047
Tools, furniture and fixtures, net	62,488	91,225
Land	44,765	44,765
Other, net	8,600	6,778
Total property, plant and equipment	246,486	262,617
Intangible assets		
Goodwill	392,667	283,858
Software	25,029	21,221
Other	2,867	2,867
Total intangible assets	420,564	307,948
Investments and other assets		
Investment securities	193,099	221,353
Shares of subsidiaries and associates	163,688	172,507
Guarantee deposits	315,743	314,273
Deferred tax assets	322,660	325,723
Other	63,362	55,101
Total investments and other assets	1,058,554	1,088,959
Total non-current assets	1,725,605	1,659,524
Total assets	8,600,726	8,868,948

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	3Q of FY3/19 (As of Dec. 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	674,951	750,176
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	139,992	139,992
Accrued expenses	568,633	395,313
Income taxes payable	537,196	318,799
Provision for bonuses	362,453	146,849
Provision for directors' bonuses	19,200	14,693
Other	521,989	676,588
Total current liabilities	3,024,416	2,642,412
Non-current liabilities		
Long-term loans payable	350,020	245,026
Asset retirement obligations	158,424	158,818
Other	195,452	102,231
Total non-current liabilities	703,897	506,076
Total liabilities	3,728,313	3,148,488
Net assets		
Shareholders' equity		
Capital stock	1,019,869	1,022,124
Capital surplus	279,019	294,145
Retained earnings	4,462,350	5,295,311
Treasury shares	(904,145)	(900,879)
Total shareholders' equity	4,857,093	5,710,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,104	9,757
Total accumulated other comprehensive income	14,104	9,757
Share acquisition rights	1,214	-
Total net assets	4,872,412	5,720,459
Total liabilities and net assets	8,600,726	8,868,948

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

(Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Net sales	12,116,674	13,025,048
Cost of sales	9,376,919	9,919,200
Gross profit	2,739,754	3,105,847
Selling, general and administrative expenses	1,356,046	1,211,082
Operating profit	1,383,708	1,894,764
Non-operating income		
Interest income	3,278	58
Dividend income	665	17
Share of profit of entities accounted for using equity method	9,347	10,246
Gain on insurance cancellation	8,315	35
Other	3,972	2,591
Total non-operating income	25,578	12,949
Non-operating expenses		
Interest expenses	3,050	1,510
Other	97	3,078
Total non-operating expenses	3,148	4,589
Ordinary profit	1,406,138	1,903,125
Extraordinary income		
Gain on reversal of share acquisition rights	-	151
Gain on sales of shares of subsidiaries and associates	131,051	-
Gain on sales of investment securities	26,100	-
Total extraordinary income	157,151	151
Extraordinary losses		
Loss on sales of investment securities	12	-
Total extraordinary losses	12	-
Profit before income taxes	1,563,277	1,903,276
Income taxes	523,285	640,683
Profit	1,039,992	1,262,592
Profit attributable to owners of parent	1,039,992	1,262,592

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

	(Thousands of yen)	
	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Profit	1,039,992	1,262,592
Other comprehensive income		
Valuation difference on available-for-sale securities	3,262	(4,346)
Total other comprehensive income	3,262	(4,346)
Comprehensive income	1,043,255	1,258,246
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,043,255	1,258,246

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Subsequent Events**Issuance of share acquisition rights**

In accordance with a resolution approved by the COMTURE Board of Directors on December 18, 2018, COMTURE used a third-party allotment to issue on January 10, 2019 its second series of share acquisition rights with a provision for a revision to the exercise price. COMTURE can stipulate when the rights are exercised and when the rights cannot be exercised.

The payment for the share acquisition rights was received on the issue date and the share acquisition rights were distributed on the same day.

Third-party Allotment of No. 2 Share Acquisition Rights with Exercise Price Revision Provision and Provision for Designated Exercise of Rights and Exercise Suspension

(1) Issue date	January 10, 2019
(2) Number of share acquisition rights	13,000
(3) Type and number of shares subject to share acquisition rights	1,300,000 shares of the Company's common stock
(4) Issue price	930 yen per share acquisition right (Total amount 12,090,000 yen)
(5) Number of dilutive shares after the issuance of share acquisition rights	1,300,000 shares (100 shares per share acquisition right) There is no maximum exercise price. The minimum exercise price is 2,764 yen. The number of dilutive shares remains to be 1,300,000 shares for the minimum exercise price. COMTURE plans to use treasury shares (currently 1,485,583 shares) to provide shares when share acquisition rights are exercised.
(6) Exercise price and conditions for revision	Initial exercise price: 2,764 yen Starting on January 16, 2019, the exercise price is revised to 92% of the closing price of COMTURE common stock on the Tokyo Stock Exchange on the trading day before the day that COMTURE receives notification of a request to exercise one or more share acquisition rights. However, the exercise price cannot be less than the minimum exercise price.
(7) Allowable rights exercise period	From January 16, 2019 to January 14, 2022
(8) Prospective allottee and method of allotment	Third-party allotment to Nomura Securities Co., Ltd.
(9) Use of funds	1) Mergers and acquisitions in the cloud, big data, artificial intelligence and other growing business sectors 2) Expenses for human resources to strengthen consulting and project management operations in the cloud, big data, artificial intelligence and other growing business sectors

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.