

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2019
(Three Months Ended June 30, 2018)

[Japanese GAAP]

Company name: COMTURE CORPORATION Listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: August 10, 2018
 Scheduled date of payment of dividend: August 31, 2018
 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 First Quarter Ended June 30, 2018 (April 1, 2018 – June 30, 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	%
Three months ended Jun. 30, 2018	4,184	9.5	505	80.5	509	80.2	332	91.5
Three months ended Jun. 30, 2017	3,820	27.9	280	4.1	282	5.1	173	(3.1)

Note: Comprehensive income (million yen): Three months ended Jun. 30, 2018: 332 (up 89.5%)

Three months ended Jun. 30, 2017: 175 (up 1.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	22.77	22.72
Three months ended Jun. 30, 2017	11.92	11.87

Reference: Equity in earnings of affiliates (million yen): Three months ended Jun. 30, 2018: 3

Three months ended Jun. 30, 2017: 1

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
	Million yen	Million yen	%
As of Jun. 30, 2018	8,195	5,054	61.7
As of Mar. 31, 2018	8,600	4,872	56.6

Reference: Shareholders' equity (million yen): As of Jun. 30, 2018: 5,054 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				
Fiscal year ending Mar. 31, 2019 (forecast)		9.50	9.50	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
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

Note: Revisions to the most recently announced consolidated forecast: 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 Jun. 30, 2018:	16,104,600 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 Jun. 30, 2018:	1,490,520 shares	As of Mar. 31, 2018:	1,490,490 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018:	14,603,280 shares	Three months ended Jun. 30, 2017:	14,567,160 shares
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COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. The average number of shares outstanding during the period for the three months ended Jun. 30, 2017 have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* 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 quarter of the fiscal year ending March 31, 2019, 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. These investments are continuing to grow primarily for utilization of the cloud, the analysis of data and the use of software robots to automate business processes. 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).

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 (RPA) 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. In the first quarter, the COMTURE Group performed as follows.

Net sales:	4,184 million yen (up 9.5% year-on-year)
Operating profit:	505 million yen (up 80.5% year-on-year)
Ordinary profit:	509 million yen (up 80.2% year-on-year)
Profit attributable to owners of parent:	332 million yen (up 91.5% year-on-year)

First quarter sales were higher than one year earlier for the eighth consecutive year and reached to an all-time high. One reason was the growth of the cloud, big data and artificial intelligence businesses as these markets expand rapidly. There was also strong sales growth in the enterprise resource planning (ERP) business, which involves core systems used for business operations. Another contributor to sales growth was the RPA business, a new technology domain for the COMTURE Group that was started in 2017. First quarter profit attributable to owners of parent was higher than one year earlier for the fifth consecutive year and also reached an all-time high. Earnings increased despite higher expenses for recruiting and training activities, internal IT investments, and other measures. Earnings benefited from numerous measures to raise sales per employee. Constant initiatives to shift resources to rapidly growing market sectors and the growth of consulting and other upstream process businesses are two main activities. Growth in the volume of business and rigorous oversight of processes used for estimates and project management to eliminate unprofitable activities also contributed to higher earnings.

Business segment performance was as follows.

1) Solution Services

The cloud and big data businesses continued to grow along with expansion of the cloud market. In addition, there were more ERP implementation and updating business and rapid growth of the recently launched artificial intelligence and RPA businesses. As a result, sales increased 9.1% year-on-year to 2,684 million yen and operating profit increased 116.5% to 332 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 75.6% year-on-year to 9 million yen and there was an operating loss of 17 thousand yen, compared with operating profit of 15 million yen one year earlier.

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 13.0% year-on-year to 1,550 million yen and operating profit increased 58.9% to 176 million yen.

(2) Explanation of Financial Position

Total assets were 8,195 million yen at the end of the first quarter, 405 million yen less than the end of the previous fiscal year. This was attributable mainly to decreases of 290 million yen in notes and accounts receivable-trade, 155 million yen in cash and deposits due to payments for income taxes payable and 36 million yen in goodwill due to amortization, and an increase of 71 million yen in prepaid expenses included in other current assets due to license fee payments.

Liabilities decreased 587 million yen to 3,140 million yen. This was mainly attributable to decreases of 346 million yen in income taxes payable, 160 million yen in accrued expenses, 76 million yen in provision for bonuses, and 69 million yen in accounts payable-trade, while there was an increase of 111 million yen in advances received included in other current liabilities due to the receipt of sales prior to the provision of the associated service.

Net assets increased 182 million yen to 5,054 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

At this point, there are no revisions to the first-half and full-year consolidated earnings forecasts for the fiscal year ending March 31, 2019 that was announced in the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (Japanese GAAP)" on May 7, 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 substantially from these forecasts for a number of reasons.

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

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	1Q of FY3/19 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	4,200,879	4,045,357
Notes and accounts receivable-trade	2,391,201	2,100,584
Work in process	50,868	77,030
Other	232,170	299,756
Total current assets	<u>6,875,120</u>	<u>6,522,729</u>
Non-current assets		
Property, plant and equipment		
Buildings, net	123,904	121,081
Vehicles, net	6,727	6,167
Tools, furniture and fixtures, net	62,488	59,505
Land	44,765	44,765
Other, net	8,600	7,993
Total property, plant and equipment	<u>246,486</u>	<u>239,514</u>
Intangible assets		
Goodwill	392,667	356,397
Software	25,029	22,844
Other	2,867	2,867
Total intangible assets	<u>420,564</u>	<u>382,109</u>
Investments and other assets		
Investment securities	193,099	188,187
Shares of subsidiaries and associates	163,688	167,660
Guarantee deposits	315,743	314,588
Deferred tax assets	322,660	323,909
Other	63,362	56,493
Total investments and other assets	<u>1,058,554</u>	<u>1,050,839</u>
Total non-current assets	<u>1,725,605</u>	<u>1,672,462</u>
Total assets	<u>8,600,726</u>	<u>8,195,191</u>

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	1Q of FY3/19 (As of Jun. 30, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	674,951	604,961
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	139,992	139,992
Accrued expenses	568,633	408,364
Income taxes payable	537,196	190,249
Provision for bonuses	362,453	285,662
Provision for directors' bonuses	19,200	-
Other	521,989	660,292
Total current liabilities	3,024,416	2,489,522
Non-current liabilities		
Long-term loans payable	350,020	315,022
Asset retirement obligations	158,424	158,556
Other	195,452	177,330
Total non-current liabilities	703,897	650,908
Total liabilities	3,728,313	3,140,430
Net assets		
Shareholders' equity		
Capital stock	1,019,869	1,021,157
Capital surplus	279,019	280,308
Retained earnings	4,462,350	4,643,088
Treasury shares	(904,145)	(904,145)
Total shareholders' equity	4,857,093	5,040,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,104	13,745
Total accumulated other comprehensive income	14,104	13,745
Share acquisition rights	1,214	607
Total net assets	4,872,412	5,054,761
Total liabilities and net assets	8,600,726	8,195,191

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

(Thousands of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	3,820,021	4,184,086
Cost of sales	3,056,838	3,256,252
Gross profit	763,183	927,833
Selling, general and administrative expenses	482,910	421,967
Operating profit	280,273	505,866
Non-operating income		
Interest income	843	17
Dividend income	631	8
Share of profit of entities accounted for using equity method	1,971	3,971
Other	283	1,078
Total non-operating income	3,729	5,075
Non-operating expenses		
Interest expenses	1,169	515
Other	4	853
Total non-operating expenses	1,174	1,369
Ordinary profit	282,828	509,572
Profit before income taxes	282,828	509,572
Income taxes	109,211	177,071
Profit	173,617	332,501
Profit attributable to owners of parent	173,617	332,501

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

	(Thousands of yen)	
	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Profit	173,617	332,501
Other comprehensive income		
Valuation difference on available-for-sale securities	1,619	(359)
Total other comprehensive income	1,619	(359)
Comprehensive income	175,236	332,142
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	175,236	332,142

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

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.