

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2019
(Six Months Ended September 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: November 9, 2018
 Scheduled date of payment of dividend: November 30, 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 Second Quarter Ended September 30, 2018
(April 1, 2018 – September 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	%
Six months ended Sep. 30, 2018	8,484	8.2	1,214	55.1	1,220	52.7	812	29.8
Six months ended Sep. 30, 2017	7,843	28.5	783	29.4	799	32.6	625	54.0

Note: Comprehensive income (million yen): Six months ended Sep. 30, 2018: 813 (up 29.1%)
 Six months ended Sep. 30, 2017: 629 (up 56.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2018	55.59	55.50
Six months ended Sep. 30, 2017	42.95	42.80

Reference: Equity in earnings of affiliates (million yen): Six months ended Sep. 30, 2018: 6
 Six months ended Sep. 30, 2017: 4

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 Sep. 30, 2018	8,952	5,414	60.5
As of Mar. 31, 2018	8,600	4,872	56.6

Reference: Shareholders' equity (million yen): As of Sep. 30, 2018: 5,414 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			
Fiscal year ending Mar. 31, 2019 (forecast)			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
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 Sep. 30, 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 Sep. 30, 2018:	1,485,583 shares	As of Mar. 31, 2018:	1,490,490 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2018:	14,618,333 shares	Six months ended Sep. 30, 2017:	14,573,601 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 six months ended Sep. 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 half of the fiscal year ending March 31, 2019, the Japanese economy benefited from a favorable cycle as corporate earnings continued to increase 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 rapidly growing category of IT investments by companies. Due to these activities, there was growth in the Group’s cloud, big data and artificial intelligence businesses and significant growth in 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), which is a new technology domain 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. First half sales increased for the eighth consecutive year and rose to an all-time high.

First half profit attributable to owners of parent was higher than one year earlier for the eighth consecutive year and also reached an all-time high. The main reasons were an increase in sales per employee resulting from orders for cloud and other consulting services, growth of activities in the digital transformation domain, growth in the volume of business, 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 caused by the sale of a consolidated subsidiary.

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

Net sales:	8,484 million yen (up 8.2% year-on-year)
Operating profit:	1,214 million yen (up 55.1% year-on-year)
Ordinary profit:	1,220 million yen (up 52.7% year-on-year)
Profit attributable to owners of parent:	812 million yen (up 29.8% 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, social network word-of-mouth analysis systems and other services. In the ERP business, there is growth in services for the installation and use of new systems. In the recently launched robotic process automation business, there was growth for services to create systems that improve office task processes and other services. As a result, sales increased 7.4% year-on-year to 5,487 million yen and operating profit increased 76.8% to 834 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 76.2% year-on-year to 19 million yen and operating profit decreased 99.1% to 352 thousand 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 11.9% year-on-year to 3,110 million yen and operating profit increased 40.6% to 380 million yen.

(2) Explanation of Financial Position

Total assets were 8,952 million yen at the end of the second quarter, 351 million yen more than the end of the previous fiscal year. This was attributable mainly to an increase of 522 million yen in cash and deposits, decreases of 147 million yen in notes and accounts receivable-trade and 72 million yen in goodwill due to amortization, and an increase of 90 million yen in prepaid expenses included in other current assets due to license fee payments.

Liabilities decreased 190 million yen to 3,538 million yen. This was mainly attributable to decreases of 102 million yen in income taxes payable, 94 million yen in accrued expenses, 83 million yen in accounts payable-trade, and 69 million yen in long-term loans payable, while there was an increase of 190 million yen in provision for bonuses.

Net assets increased 542 million yen to 5,414 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 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)	2Q of FY3/19 (As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	4,200,879	4,723,791
Notes and accounts receivable-trade	2,391,201	2,243,717
Work in process	50,868	71,666
Other	232,170	281,757
Total current assets	6,875,120	7,320,933
Non-current assets		
Property, plant and equipment		
Buildings, net	123,904	117,734
Vehicles, net	6,727	5,607
Tools, furniture and fixtures, net	62,488	56,278
Land	44,765	44,765
Other, net	8,600	7,385
Total property, plant and equipment	246,486	231,771
Intangible assets		
Goodwill	392,667	320,128
Software	25,029	21,610
Other	2,867	2,867
Total intangible assets	420,564	344,606
Investments and other assets		
Investment securities	193,099	184,842
Shares of subsidiaries and associates	163,688	170,568
Guarantee deposits	315,743	314,313
Deferred tax assets	322,660	322,859
Other	63,362	62,705
Total investments and other assets	1,058,554	1,055,289
Total non-current assets	1,725,605	1,631,667
Total assets	8,600,726	8,952,600

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	2Q of FY3/19 (As of Sep. 30, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	674,951	591,831
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	139,992	139,992
Accrued expenses	568,633	474,533
Income taxes payable	537,196	434,706
Provision for bonuses	362,453	553,293
Provision for directors' bonuses	19,200	7,346
Other	521,989	588,892
Total current liabilities	3,024,416	2,990,598
Non-current liabilities		
Long-term loans payable	350,020	280,024
Asset retirement obligations	158,424	158,687
Other	195,452	108,723
Total non-current liabilities	703,897	547,434
Total liabilities	3,728,313	3,538,032
Net assets		
Shareholders' equity		
Capital stock	1,019,869	1,022,124
Capital surplus	279,019	294,145
Retained earnings	4,462,350	4,984,353
Treasury shares	(904,145)	(900,875)
Total shareholders' equity	4,857,093	5,399,747
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,104	14,819
Total accumulated other comprehensive income	14,104	14,819
Share acquisition rights	1,214	-
Total net assets	4,872,412	5,414,567
Total liabilities and net assets	8,600,726	8,952,600

(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 FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)
Net sales	7,843,446	8,484,411
Cost of sales	6,122,814	6,461,261
Gross profit	1,720,632	2,023,150
Selling, general and administrative expenses	937,588	808,913
Operating profit	783,044	1,214,236
Non-operating income		
Interest income	2,064	43
Dividend income	632	8
Share of profit of entities accounted for using equity method	4,646	6,879
Gain on insurance cancellation	8,310	33
Dividend income of insurance	1	-
Other	2,879	1,513
Total non-operating income	18,535	8,478
Non-operating expenses		
Interest expenses	2,295	1,019
Other	3	1,412
Total non-operating expenses	2,298	2,431
Ordinary profit	799,280	1,220,283
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
Profit before income taxes	956,432	1,220,434
Income taxes	330,469	407,834
Profit	625,963	812,600
Profit attributable to owners of parent	625,963	812,600

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

	(Thousands of yen)	
	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)
Profit	625,963	812,600
Other comprehensive income		
Valuation difference on available-for-sale securities	3,830	715
Total other comprehensive income	3,830	715
Comprehensive income	629,794	813,315
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	629,794	813,315

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)
Cash flows from operating activities		
Profit before income taxes	956,432	1,220,434
Depreciation	37,801	37,166
Amortization of goodwill	124,003	72,539
Increase (decrease) in provision for bonuses	228,083	190,840
Increase (decrease) in provision for directors' bonuses	199	(11,853)
Increase (decrease) in provision for loss on construction contracts	(2,241)	-
Interest and dividend income	(2,697)	(51)
Interest expenses	2,295	1,019
Share of loss (profit) of entities accounted for using equity method	(4,646)	(6,879)
Gain on insurance cancellation	(8,310)	(33)
Loss (gain) on sales of investment securities	(26,100)	-
Loss (gain) on sales of shares of subsidiaries and associates	(131,051)	-
Decrease (increase) in notes and accounts receivable-trade	64,112	147,484
Decrease (increase) in inventories	(15,072)	(20,798)
Increase (decrease) in notes and accounts payable-trade	(10,557)	(83,119)
Increase (decrease) in accrued expenses	(113,408)	(94,099)
Increase (decrease) in accrued consumption taxes	7,668	(34,209)
Other, net	77,658	(73,942)
Subtotal	1,184,169	1,344,497
Interest and dividend income received	2,713	51
Interest expenses paid	(2,293)	(1,024)
Income taxes paid	(229,520)	(469,650)
Net cash provided by (used in) operating activities	955,069	873,874
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,156)	(4,985)
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 intangible assets	(1,082)	(1,010)
Payments for guarantee deposits	-	(83)
Proceeds from collection of guarantee deposits	125	1,309
Proceeds from cancellation of insurance funds	64,229	-
Other, net	6,522	10,375
Net cash provided by (used in) investing activities	404,143	5,605
Cash flows from financing activities		
Purchase of treasury shares	-	(403)
Proceeds from long-term loans payable	130,000	-
Repayments of long-term loans payable	(169,996)	(69,996)
Cash dividends paid	(219,105)	(288,304)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	821	3,448
Other, net	(4,249)	(1,312)
Net cash provided by (used in) financing activities	(262,529)	(356,568)
Net increase (decrease) in cash and cash equivalents	1,096,683	522,912
Cash and cash equivalents at beginning of period	2,513,044	4,200,879
Cash and cash equivalents at end of period	3,609,727	4,723,791

(4) 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.