

May 8, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP]

Company name: COMTURE CORPORATION Listing: Tokyo Stock Exchange, First Section
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Scheduled date of Annual General Meeting of Shareholders: June 14, 2019
 Scheduled date of payment of dividend: June 17, 2019
 Scheduled date of filing of Annual Securities Report: June 17, 2019
 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, 2019 (April 1, 2018 – March 31, 2019)

(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, 2019	18,070	10.3	2,570	30.6	2,575	28.1	1,807	29.6
Fiscal year ended Mar. 31, 2018	16,383	17.9	1,968	29.3	2,010	30.3	1,395	31.4

Note: Comprehensive income (million yen):
 Fiscal year ended Mar. 31, 2019: 1,805 (up 28.6%)
 Fiscal year ended Mar. 31, 2018: 1,404 (up 31.8%)

	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, 2019	122.49	122.39	26.0	23.9	14.2
Fiscal year ended Mar. 31, 2018	95.69	95.37	31.9	25.3	12.0

Reference: Equity in earnings of affiliates (million yen):
 Fiscal year ended Mar. 31, 2019: 17
 Fiscal year ended Mar. 31, 2018: 13

Note: 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	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	12,988	9,019	69.4	577.11
As of Mar. 31, 2018	8,600	4,872	56.6	333.81

Reference: Equity in earnings of affiliates (million yen):
 As of Mar. 31, 2019: 9,016 As of Mar. 31, 2018: 4,871

(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, 2019	1,544	(109)	2,173	7,809
Fiscal year ended Mar. 31, 2018	1,953	378	(643)	4,200

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2018	22.00	22.00	7.40	10.40	-	472	33.9	10.8
Fiscal year ended Mar. 31, 2019	9.50	9.50	9.50	19.50	48.00	721	39.2	10.4
Fiscal year ending Mar. 31, 2020 (forecast)	14.50	14.50	14.50	14.50	58.00		44.8	

Note: 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, 2020 (April 1, 2019 – March 31, 2020)

(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	9,391	10.7	1,360	12.0	1,357	11.2	969	19.2	62.02
Full year	20,000	10.7	2,880	12.0	2,874	11.6	2,021	11.8	129.35

*** Notes**

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

(2) 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: Yes
 4) Restatements: None

Note: For details, see “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting-based Estimates)” on page 13 of the attachments.

(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, 2019: 16,120,800 shares As of Mar. 31, 2018: 16,083,000 shares

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

As of Mar. 31, 2019: 496,663 shares As of Mar. 31, 2018: 1,490,490 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2019: 14,758,760 shares Fiscal year ended Mar. 31, 2018: 14,581,272 shares

Note: COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Number of shares outstanding at the end of the period, number of treasury shares at the end of the period and average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(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, 2019	11,791	15.9	1,898	51.0	1,886	48.2	1,461	74.1
Fiscal year ended Mar. 31, 2018	10,170	18.2	1,257	27.6	1,272	29.3	839	18.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2019	99.03	98.94
Fiscal year ended Mar. 31, 2018	57.56	57.37

Note: 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) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	10,095	7,043	69.7	450.62
As of Mar. 31, 2018	5,782	3,242	56.0	222.11

Reference: Shareholders' equity (million yen): As of Mar. 31, 2019: 7,040 As of Mar. 31, 2018: 3,241
 COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Net assets per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* This financial report is not subject to audit 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. 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, 2019, the Japanese economy benefited from a favorable cycle as corporate capital expenditures increased and the labor market and personal income improved. The IT services market in Japan grew 2.1% in 2018 (according to “Forecast for Expenditures in Japan’s IT Services Market” by IDC Japan, a company specializing in IT industry surveys, 2018 to 2023)

Significant growth is expected in IT investments associated with the digital transformation for the purposes of increasing the sales and earnings of companies, creating new business models, reforming how people do their jobs and making business activities more efficient. More growth is foreseen for cloud services, business analytics, which includes big data, and other new market sectors. The forecast for the average annual growth rate of these market sectors is 30%, according to “Forecast for the IT Services Market for the Third Platform in Japan 2018 to 2022” by IDC Japan.

To capitalize on opportunities created by this positive environment for digital business activities, the COMTURE Group is moving quickly to add operations involving new technologies with the goal of continuing to grow. These technologies include the cloud, big data, artificial intelligence, robotic process automation and other fields with rapidly growing markets.

Due to these activities, there was a big increase in sales from digital transformation domain businesses such as cloud services and big data. The result was record-high sales as sales increased for the ninth consecutive year. Profit attributable to owners of parent increased for the eighth consecutive year and also reached an all-time high. 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. The benefits of these items more than offset growth in labor expenses and increases in personnel, training and other expenses.

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 by increasing sales per employee and securing a large volume of prospective orders 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, 2019.

Net sales:	18,070 million yen (up 10.3% year-on-year)
Operating profit:	2,570 million yen (up 30.6% year-on-year)
Ordinary profit:	2,575 million yen (up 28.1% year-on-year)
Profit attributable to owners of parent:	1,807 million yen (up 29.6% 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 IT systems for call centers is increasing. In the big data and artificial intelligence businesses, there is increasing demand for demand forecasting systems. In the ERP business, there is growth in services for the installation of new systems and update of existing 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 11.2% year-on-year to 11,912 million yen and operating profit increased 57.9% to 1,894 million yen.

2) Network Services

This segment is taking many actions to shift its focus to growing market sectors and add more value. 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 9.9% year-on-year to 6,380 million yen and operating profit decreased 0.4 % to 673 million yen.

3) 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 69.1% year-on-year to 48 million yen and operating profit decreased 97.2% to 2 million yen.

(2) Financial Position

Total assets were 12,988 million yen at the end of the current fiscal year, 4,387 million yen more than the end of the previous fiscal year. This was attributable mainly to increases of 3,608 million yen in cash and deposits resulting from exercise of share acquisition rights and 666 million yen in notes and accounts receivable-trade due to the growth in sales and earnings.

Liabilities increased 240 million yen to 3,968 million yen. This was mainly attributable to decreases of 202 million yen in accrued expenses and 139 million yen due to the repayment of the current portion of long-term loans payable. This was offset by increases of 352 million yen in accounts payable-trade and 171 million yen in the provision for bonuses.

Net assets increased 4,147 million yen to 9,019 million yen mainly because of profit attributable to owners of parent more than dividend payments due to the strong fiscal year performance, and disposal of treasury shares from exercise of share acquisition rights.

(3) Cash Flows

There was a net increase of 3,608 million yen in cash and cash equivalents from the end of the previous fiscal year to 7,809 million yen at the end of the current fiscal year. Major components of cash flows were as follows.

1) Cash flows from operating activities

Net cash provided by operating activities decreased 20.9% to 1,544 million yen. Major source of cash was profit before income taxes of 2,572 million yen. Major uses of cash were an increase in notes and accounts receivable-trade of 666 million yen and a decrease in accrued expenses of 202 million yen.

2) Cash flows from investing activities

Net cash used in investing activities decreased to 109 million yen, compared with 378 million yen provided one year earlier. There were purchase of property, plant and equipment of 68 million yen and purchase of investment securities of 50 million yen.

3) Cash flows from financing activities

Net cash provided by financing activities increased to 2,173 million yen, compared with 643 million yen used one year earlier. There were proceeds of 2,878 million yen from disposal of treasury shares from exercise of share acquisition rights and payments of 566 million yen for dividends.

(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. In the IT services market, where the COMTURE Group operates, we anticipate more growth backed by investments associated with the digital transformation, such as in the cloud services, data analytics and enterprise solutions fields.

The COMTURE Group will take many actions to capitalize on opportunities created by the digital transformation. Our initiatives will be centered on cloud services, a market with immense growth potential, and include big data, digital analytics and other business sectors related to the digital transformation. Our objective is to make our businesses even stronger by assisting with the launch of digital businesses.

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 10.7% increase in sales to 20,000 million yen in the fiscal year ending in March 2020, the tenth consecutive year of sales growth.

Furthermore, we forecast growth in earnings resulting from the addition of more value through consulting, system design and other activities and from measures to improve productivity. We also plan to conduct extensive recruiting and training activities and to make investments enlarging and strengthening business operations. As a result, we forecast all-time high earnings for the ninth consecutive year due to a 12.0% increase in operating profit to 2,880 million yen, an 11.6% increase in ordinary profit to 2,874 million yen and an 11.8% increase in profit attributable to owners of parent to 2,021 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)	
	FY3/18	FY3/19
	(As of Mar. 31, 2018)	(As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	4,200,879	7,809,231
Notes and accounts receivable-trade	2,391,201	3,057,885
Work in process	50,868	59,720
Other	232,170	292,766
Total current assets	6,875,120	11,219,604
Non-current assets		
Property, plant and equipment		
Buildings, net	123,904	176,238
Vehicles, net	6,727	15,939
Tools, furniture and fixtures, net	62,488	84,174
Land	44,765	-
Other, net	8,600	6,170
Total property, plant and equipment	246,486	282,522
Intangible assets		
Goodwill	392,667	247,589
Software	25,029	18,934
Other	2,867	2,867
Total intangible assets	420,564	269,391
Investments and other assets		
Investment securities	193,099	311,516
Shares of subsidiaries and associates	163,688	180,133
Guarantee deposits	315,743	337,410
Deferred tax assets	322,660	338,328
Other	63,362	49,277
Total investments and other assets	1,058,554	1,216,666
Total non-current assets	1,725,605	1,768,581
Total assets	8,600,726	12,988,185

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	674,951	1,027,165
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	139,992	139,992
Accrued expenses	568,633	366,456
Income taxes payable	537,196	501,155
Provision for bonuses	362,453	534,001
Provision for bonuses for directors (and other officers)	19,200	22,040
Asset retirement obligations	-	56,738
Other	521,989	649,101
Total current liabilities	3,024,416	3,496,651
Non-current liabilities		
Long-term loans payable	350,020	210,028
Asset retirement obligations	158,424	165,571
Other	195,452	96,141
Total non-current liabilities	703,897	471,740
Total liabilities	3,728,313	3,968,392
Net assets		
Shareholders' equity		
Capital stock	1,019,869	1,022,124
Capital surplus	279,019	2,582,274
Retained earnings	4,462,350	5,701,524
Treasury shares	(904,145)	(301,001)
Total shareholders' equity	4,857,093	9,004,922
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,104	11,988
Total accumulated other comprehensive income	14,104	11,988
Share acquisition rights	1,214	2,883
Total net assets	4,872,412	9,019,793
Total liabilities and net assets	8,600,726	12,988,185

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

(Thousands of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	16,383,090	18,070,110
Cost of sales	12,636,180	13,850,244
Gross profit	3,746,909	4,219,866
Selling, general and administrative expenses	1,778,760	1,649,077
Operating profit	1,968,149	2,570,789
Non-operating income		
Interest income	3,705	83
Dividend income	665	17
Insurance premiums refunded cancellation	8,315	35
Dividend income of insurance	2,362	36
Share of profit of entities accounted for using equity method	13,561	17,872
Gain on investments in partnership	11,525	6,873
Other	6,683	2,947
Total non-operating income	46,818	27,865
Non-operating expenses		
Interest expenses	3,766	1,955
Issuance cost of share acquisition rights	-	10,391
Loss on valuation of investment securities	-	7,232
Other	516	3,338
Total non-operating expenses	4,283	22,918
Ordinary profit	2,010,683	2,575,736
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	131,051	-
Gain on sales of investment securities	26,087	-
Gain on reversal of share acquisition rights	-	151
Total extraordinary income	157,139	151
Extraordinary losses		
Impairment loss	121,559	-
Loss on sales of non-current assets	-	3,155
Total extraordinary losses	121,559	3,155
Profit before income taxes	2,046,263	2,572,732
Income taxes-current	770,249	779,635
Income taxes-deferred	(119,240)	(14,734)
Total income taxes	651,008	764,901
Profit	1,395,254	1,807,830
Profit attributable to owners of parent	1,395,254	1,807,830

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/18	FY3/19
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Profit	1,395,254	1,807,830
Other comprehensive income		
Valuation difference on available-for-sale securities	8,939	(2,116)
Total other comprehensive income	8,939	(2,116)
Comprehensive income	1,404,194	1,805,714
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,404,194	1,805,714

(3) Consolidated Statement of Changes in Equity

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,018,848	267,748	3,500,496	(910,406)	3,876,686
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	1,020	1,020			2,040
Dividends of surplus			(433,400)		(433,400)
Profit attributable to owners of parent			1,395,254		1,395,254
Purchase of treasury shares					-
Disposal of treasury shares		10,250		6,261	16,512
Net changes of items other than shareholders' equity					-
Total changes of items during period	1,020	11,270	961,854	6,261	980,406
Balance at end of current period	1,019,869	279,019	4,462,350	(904,145)	4,857,093

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	5,164	5,164	1,695	3,883,547
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				2,040
Dividends of surplus				(433,400)
Profit attributable to owners of parent				1,395,254
Purchase of treasury shares				-
Disposal of treasury shares				16,512
Net changes of items other than shareholders' equity	8,939	8,939	(480)	8,458
Total changes of items during period	8,939	8,939	(480)	988,865
Balance at end of current period	14,104	14,104	1,214	4,872,412

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,019,869	279,019	4,462,350	(904,145)	4,857,093
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	2,255	2,255			4,510
Dividends of surplus			(568,656)		(568,656)
Profit attributable to owners of parent			1,807,830		1,807,830
Purchase of treasury shares				(517)	(517)
Disposal of treasury shares		2,300,999		603,661	2,904,660
Net changes of items other than shareholders' equity					-
Total changes of items during period	2,255	2,303,255	1,239,174	603,143	4,147,828
Balance at end of current period	1,022,124	2,582,274	5,701,524	(301,001)	9,004,922

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	14,104	14,104	1,214	4,872,412
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				4,510
Dividends of surplus				(568,656)
Profit attributable to owners of parent				1,807,830
Purchase of treasury shares				(517)
Disposal of treasury shares				2,904,660
Net changes of items other than shareholders' equity	(2,116)	(2,116)	1,668	(447)
Total changes of items during period	(2,116)	(2,116)	1,668	4,147,380
Balance at end of current period	11,988	11,988	2,883	9,019,793

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/18	FY3/19
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	2,046,263	2,572,732
Depreciation	79,539	83,344
Impairment loss	121,559	-
Amortization of goodwill	197,259	145,078
Increase (decrease) in allowance for doubtful accounts	-	(80)
Increase (decrease) in provision for bonuses	143,826	171,548
Increase (decrease) in provision for bonuses for directors (and other officers)	13,000	2,840
Increase (decrease) in provision for loss on construction contracts	(2,241)	-
Interest and dividend income	(4,370)	(100)
Interest expenses	3,766	1,955
Share of loss (profit) of entities accounted for using equity method	(13,561)	(17,872)
Issuance cost of share acquisition rights	-	10,391
Loss (gain) on valuation of investment securities	-	7,232
Loss (gain) on sales of investment securities	(26,087)	-
Loss (gain) on sales of shares of subsidiaries and associates	(131,051)	-
Loss (gain) on investments in partnership	(11,525)	(6,873)
Loss (gain) on sales of non-current assets	-	3,155
Decrease (increase) in notes and accounts receivable-trade	(267,789)	(666,683)
Decrease (increase) in inventories	(2,312)	(8,852)
Increase (decrease) in notes and accounts payable-trade	85,049	352,213
Increase (decrease) in accrued expenses	80,696	(202,176)
Increase (decrease) in accrued consumption taxes	110,050	31,138
Other, net	45,811	(121,284)
Subtotal	2,467,880	2,357,707
Interest and dividend income received	5,813	1,528
Interest expenses paid	(3,749)	(1,926)
Income taxes paid	(516,514)	(813,061)
Net cash provided by (used in) operating activities	1,953,430	1,544,248

	(Thousands of yen)	
	FY3/18	FY3/19
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,538)	(68,288)
Proceeds from sales of property, plant and equipment	-	4,315
Purchase of intangible assets	(2,963)	(2,853)
Purchase of investment securities	-	(50,000)
Proceeds from sales of investment securities	42,007	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	305,005	-
Payments for acquisition of businesses	(4,300)	-
Payments for guarantee deposits	(2,455)	(23,753)
Proceeds from collection of guarantee deposits	693	1,763
Proceeds from cancellation of insurance funds	64,229	-
Other, net	7,584	29,096
Net cash provided by (used in) investing activities	378,262	(109,720)
Cash flows from financing activities		
Proceeds from long-term loans payable	130,000	-
Repayments of long-term loans payable	(339,992)	(139,992)
Cash dividends paid	(434,165)	(566,946)
Proceeds from issuance of share acquisition rights	-	1,698
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,559	3,296
Proceeds from disposal of treasury shares from exercise of share acquisition rights	-	2,878,910
Other, net	(1,259)	(3,142)
Net cash provided by (used in) financing activities	(643,856)	2,173,824
Net increase (decrease) in cash and cash equivalents	1,687,835	3,608,352
Cash and cash equivalents at beginning of period	2,513,044	4,200,879
Cash and cash equivalents at end of period	4,200,879	7,809,231

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

Not applicable.

Changes in Accounting-based Estimates**Changes in Accounting-based Estimates for Asset Retirement Obligations**

COMTURE has recorded asset retirement obligations for restoring leased space to its original condition in association with COMTURE's real estate leasing contracts. According to the new information about restoration expenses, COMTURE changed its accounting-based estimates for restoration.

As a result, 63 million yen was added to the balance of asset retirement obligations before the change. This change in the estimate was made on March 31, 2019. The effect of this change on earnings in the fiscal year that ended in March 2019 is insignificant.

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, and one more company 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, Network Services and Product Sales.

(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.

Network Services provides IT system surveillance services and constructs and operates networks.

Product Sales is involved primarily with sales of products and the establishment of business partner relationships with other companies.

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.

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Solution Services	Network Services	Product Sales	Subtotal			
Net sales							
External sales	10,712,972	5,621,544	48,572	16,383,090	16,383,090	-	16,383,090
Inter-segment sales and transfers	1,093	182,428	107,924	291,446	291,446	(291,446)	-
Total	10,714,065	5,803,973	156,497	16,674,536	16,674,536	(291,446)	16,383,090
Segment profit	1,199,634	676,672	92,064	1,968,371	1,968,371	(222)	1,968,149
Segment assets	6,075,701	2,972,119	289,776	9,337,597	9,337,597	(736,871)	8,600,726
Segment liabilities	2,851,714	1,142,248	37,505	4,031,469	4,031,469	(303,155)	3,728,313
Other items							
Depreciation	71,448	7,982	108	79,539	79,539	-	79,539
Amortization of goodwill	117,795	79,464	-	197,259	197,259	-	197,259
Increase in property, plant and equipment and intangible assets	36,685	1,864	251	38,801	38,801	-	38,801

Notes: 1. Adjustments are as follows.

(1) The (222) thousand yen adjustment to segment profit is an elimination for inter-segment transactions.

(2) The (736,871) thousand yen adjustment to segment assets is an elimination for inter-segment transactions and includes (876,415) thousand yen in elimination of investments and capital.

(3) The (303,155) thousand yen adjustment to segment liabilities is an elimination for inter-segment transactions.

2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Solution Services	Network Services	Product Sales	Subtotal			
Net sales							
External sales	11,898,567	6,123,245	48,297	18,070,110	18,070,110	-	18,070,110
Inter-segment sales and transfers	14,157	257,213	-	271,370	271,370	(271,370)	-
Total	11,912,724	6,380,458	48,297	18,341,481	18,341,481	(271,370)	18,070,110
Segment profit	1,894,393	673,642	2,558	2,570,594	2,570,594	195	2,570,789
Segment assets	10,108,948	3,517,488	263,063	13,889,500	13,889,500	(901,314)	12,988,185
Segment liabilities	3,051,807	993,881	11,918	4,057,608	4,057,608	(89,215)	3,968,392
Other items							
Depreciation	76,984	6,276	83	83,344	83,344	-	83,344
Amortization of goodwill	74,110	70,967	-	145,078	145,078	-	145,078
Increase in property, plant and equipment and intangible assets	130,599	3,953	-	134,552	134,552	-	134,552

Notes: 1. Adjustments are as follows.

(1) The 195 thousand yen adjustment to segment profit is an elimination for inter-segment transactions.

(2) The (901,314) thousand yen adjustment to segment assets is an elimination for inter-segment transactions and includes (813,000) thousand yen in elimination of investments and capital.

(3) The (89,215) thousand yen adjustment to segment liabilities is an 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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

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.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment				Elimination or corporate	Total
	Solution Services	Network Services	Products Sales	Subtotal		
Impairment loss	113,951	7,607	-	121,559	-	121,559

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

Not applicable.

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment				Elimination or corporate	Total
	Solution Services	Network Services	Products Sales	Subtotal		
Balance at end of current period	144,281	248,385	-	392,667	-	392,667

Notes: 1. Goodwill amortization is omitted because the same information is presented in Segment information.

2. JMode Enterprise Co., Ltd. was excluded from the Solution Services segment as of the end of the second quarter of the current fiscal year, because COMTURE transferred all shares of this company in the second quarter. The decrease of goodwill resulting from the event was 303,784 thousand yen.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Reportable segment				Elimination or corporate	Total
	Solution Services	Network Services	Product Sales	Subtotal		
Balance at end of current period	70,170	177,418	-	247,589	-	247,589

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

Not applicable.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

Not applicable.

Per Share Information

(Yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	333.81	577.11
Net income per share	95.69	122.49
Diluted net income per share	95.37	122.39

Notes: 1. COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017. Net assets per share, 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. The basis of calculating the net income per share and diluted net income per share is as follows:

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,395,254	1,807,830
Amount not attributable to ordinary shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	1,395,254	1,807,830
Average number of common stock outstanding (Shares)	14,581,272	14,758,760
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)	48,966	12,891
[of which convertible bond-type bonds with share acquisition rights (Shares)]	-	-
[of which share acquisition rights (Shares)]	[48,966]	[12,891]
Potential shares not included in the calculation of diluted net income per share since there was no dilutive effect	-	-

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

	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Total net assets (Thousands of yen)	4,872,412	9,019,793
Deduction from total net assets (Thousands of yen)	1,214	2,883
[of which share acquisition rights]	[1,214]	[2,883]
[of which non-controlling interests]	-	-
Net assets applicable to common stock (Thousands of yen)	4,871,198	9,016,910
Number of common stock shares used in calculation of net assets per share (Shares)	14,592,510	15,624,137

Subsequent Events**Acquisition of Additional Shares of Equity-method Affiliate (Making it a Consolidated Subsidiary)**

At the meeting of the Board of Directors held on March 19, 2019, the decision was made to acquire additional shares of UX-Systems Co., Ltd., an equity-method affiliate, which will make this company a consolidated subsidiary. Payments related to this acquisition were completed on April 5, 2019.

(1) Summary of business combination**1) Acquired company and its business activities**

Acquired company: UX-Systems Co., Ltd.

Business activities: Computer system consultations, designs, development, construction, operation and maintenance and other activities

2) Reasons for acquisition

To continue growing, the COMTURE Group is taking numerous actions involving the cloud, big data, artificial intelligence, robotic process automation, financial technology and other new technologies as well as growing business domains. Established in 1990, UX-Systems is an IT company that has recorded a consistently solid performance. This company has expertise concerning the design and establishment of cloud platforms and surveillance services. Based on a partner agreement with Hewlett-Packard Japan, Ltd. that was signed many years ago, UX-Systems has a long list of accomplishments extending from the design to the construction of server platforms and storage platforms. The decision to make an additional investment in UX-Systems was made due to the outlook for synergies with the expertise of UX-Systems in these fields and its customer base that are expected to contribute to the growth of the COMTURE Group's cloud services business.

3) Acquisition date

April 1, 2019 (assumed acquisition date)

4) Legal form of acquisition

Acquisition of stock

5) Company's name after acquisition

There is no change in the company's name.

6) Percentage of voting rights acquired

Percentage of voting rights immediately before the acquisition date: 40.9%

Percentage of voting rights added on the acquisition date: 49.0%

Percentage of voting rights after the acquisition date: 89.9%

7) Basis for choosing the company to acquire

COMTURE acquired the shares in exchange for consideration in cash.

(2) Acquisition cost of acquired company and break down by type of consideration

Payment for the acquisition:	Cash	170,316 thousand yen
<hr/>		
Acquisition cost:		170,316 thousand yen

Note: The gain or loss for this step acquisition has not yet been determined.

(3) Details of major acquisition-related costs

Remuneration for advisory members and other related fees: 1,000 thousand yen

(4) Value of goodwill

Not yet determined.

(5) Breakdown of assets acquired and liabilities assumed on the acquisition date

Not yet determined.

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.