



# Drastic Structural Reforms

Annual Report 2010

Fiscal Year Ended March 31, 2010

# Profile

COMSYS Holdings Corporation (the "Company") was established as the holding company of the COMSYS Group on 29th September, 2003 through share transfers from three companies—Nippon COMSYS Corporation, SANWA ELEC Co., Ltd. (now SANWA COMSYS Engineering Corporation) and TOSYS Corporation. As of March 31, 2010, the COMSYS Group was made up of 41 subsidiaries and 7 affiliates, centered on 5 major subsidiaries, specifically the above 3 companies and COMSYS JOHO SYSTEM Corporation and COMSYS Shared Services Corporation. The COMSYS Group's main businesses are electrical and telecommunications infrastructure construction services, which mainly involve the construction of telecommunications infrastructure and electrical facilities, and other businesses, such as the information processing-related business.

## Medium- and Long-Term Corporate Management Strategies

The COMSYS Group has established the following three management strategies, and is making every effort to achieve them.

1. Fortify the COMSYS Group's dominant position as Japan's No. 1 communications infrastructure construction company
2. Strive to maximize synergies across the COMSYS Group
3. Aim to be a knowledge-intensive corporation by increasing knowledge throughout the COMSYS Group

## Our Group Formation



Nippon COMSYS Corporation	Nippon COMSYS Corporation is the core company of the COMSYS Group. It is mainly engaged in the NTT Group-related information telecommunications engineering business, the electrical communications engineering-related business, the information processing-related business and the social infrastructure-related business.
SANWA COMSYS Engineering Corporation	SANWA COMSYS Engineering Corporation is mainly engaged in the electrical communications engineering-related business targeting NCCs, the construction of social infrastructure, and the design, construction and maintenance of office facilities and equipment.
TOSYS Corporation	TOSYS Corporation is mainly engaged in the NTT Group-related information telecommunications engineering business, the information processing-related business and the social infrastructure-related business in Nagano and Niigata prefectures.
COMSYS JOHO SYSTEM Corporation	COMSYS JOHO SYSTEM Corporation was established in April 2009 by spinning off Nippon COMSYS's information processing systems business. The company's operations are centered on software development commissions from the NTT Group and other customers.
COMSYS Shared Services Corporation	COMSYS Shared Services Corporation is responsible for common administrative operations related to general affairs, personnel, finance and other areas. Through these operations, the company seeks to raise the operating efficiency of the COMSYS Holdings Group. In other areas, the company conducts training, real estate, staff placement and other operations.



## Contents

02	Consolidated Financial Summary
04	<b>Letter to Our Shareholders</b>
06	Business at a Glance
08	Review of Operations
08	NTT Information Telecommunication Engineering Business
09	Electrical Communications Engineering Business
10	IT Solutions Business
11	Social System-Related Business and Other
12	Corporate Governance
15	Directors and Officers
16	Corporate Social Responsibility (CSR)
19	Management Discussion and Analysis
24	Consolidated Balance Sheets
26	Consolidated Statements of Income
27	Consolidated Statements of Changes in Net Assets
29	Consolidated Statements of Cash Flows
30	Notes to the Consolidated Financial Statements
37	Report of Independent Certified Public Accountants
38	COMSYS Holdings Information
40	Our Group Formation
41	Investor Information

### Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this annual report with respect to COMSYS Holdings' plans and benefits as well as other statements that are not historical facts are forward-looking statements, which involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions in COMSYS Holdings' markets, exchange rates, and COMSYS Holdings' ability to continue to win customers' acceptance of its products, which are offered in highly competitive markets characterized by continual new product introductions and rapid developments in technology.

# Consolidated Financial Summary

COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended 31st March, 2005, 2006, 2007, 2008, 2009 and 2010

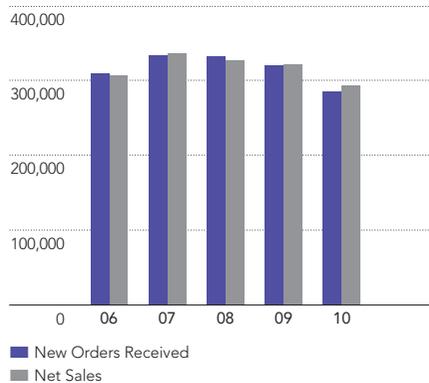
						Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2005	2006	2007	2008	2009	2010	2010
<b>Results of Operations:</b>							
New orders received during the year	¥287,376	¥310,005	¥ 334,172	¥ 331,920	¥ 320,462	¥284,790	\$3,060,942
Net sales	293,681	307,485	336,519	327,527	321,186	293,086	3,150,107
Operating income	15,062	16,319	19,214	16,299	15,611	12,541	134,791
Income before income taxes and other adjustments to net income	14,170	16,423	19,468	18,428	16,359	12,648	135,941
Net income	8,349	10,031	12,382	11,641	10,063	7,098	76,290
Capital expenditure	3,260	4,823	7,240	9,850	9,467	12,470	134,028
Depreciation and amortization	4,287	3,794	3,957	4,373	4,654	4,951	53,214
Research and development expenditure	326	242	190	190	67	215	2,311
Cash flows from operating activities	14,735	9,128	18,576	1,034	19,640	10,055	108,072
Cash flows from investing activities	(4,831)	(5,139)	(5,525)	(11,118)	(6,502)	(9,257)	(99,495)
Cash flows from financing activities	(7,426)	(3,631)	(6,610)	(8,315)	(7,732)	(7,669)	(82,427)
<b>Financial Position:</b>							
Total assets	¥208,681	¥220,786	¥ 229,953	¥ 224,122	¥ 220,651	¥211,809	\$2,276,537
Property and equipment	46,963	47,417	47,627	50,894	50,009	57,314	616,014
Long-term debt	2,768	314	72	10	116	11	118
Total shareholders' equity	128,063	137,161	145,786	149,152	150,829	150,760	1,620,378
Interest-bearing debt	4,692	3,608	451	71	186	46	494
Modified working capital	65,609	67,995	67,818	65,149	67,363	61,127	656,997
<b>Per Share of Common Stock (in yen and U.S. dollars):</b>							
Net income	¥ 58.42	¥ 69.65	¥ 87.39	¥ 83.87	¥ 75.60	¥ 55.18	\$ 0.59
Cash dividends	15.00	15.00	17.00	17.00	20.00	20.00	0.21
Net assets	906.92	964.70	1,033.87	1,091.83	1,151.81	1,199.29	12.89
<b>Financial Ratios:</b>							
Operating income to net sales (%)	5.1	5.3	5.7	5.0	4.9	4.3	
Net income to net sales (%)	2.8	3.3	3.7	3.6	3.1	2.4	
R&D expenses to net sales (%)	0.1	0.08	0.06	0.06	0.02	0.07	
SG&A expenses to net sales (%)	7.1	6.7	6.6	6.7	6.8	6.9	
Equity ratio (%)	61.4	62.1	63.4	66.5	68.4	71.2	
Return on equity (%)	6.7	7.6	8.8	7.9	6.7	4.7	
Return on total assets (%)	4.0	4.7	5.5	5.1	4.5	3.3	
Interest coverage (times)	91.00	175.59	373.72	1,510.00	2,900.36	4,026.51	
Debt/equity ratio (%)	3.66	2.63	0.31	0.05	0.12	0.03	

**Notes:**

- For convenience only, the accompanying Japanese yen figures for 2010 have been translated into U.S. dollars at the rate of ¥93.04 to US\$1, the rate prevailing on 31st March, 2010.
- Consolidated results for fiscal 2005 include 15 months of operating results at a consolidated subsidiary of Nippon COMSYS due to a change in the fiscal year-end (from 31st December to 31st March).

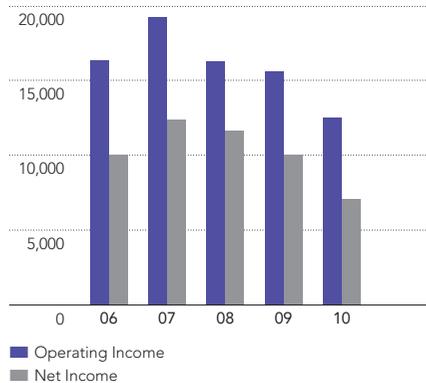
### New Orders Received/Net Sales

(Millions of yen)



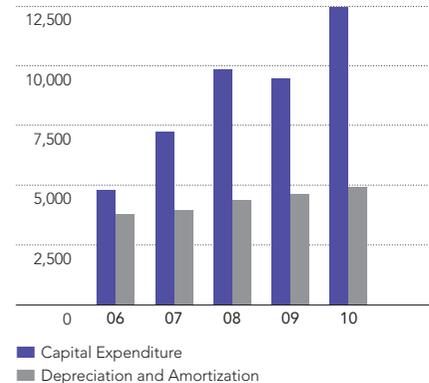
### Operating Income/Net Income

(Millions of yen)



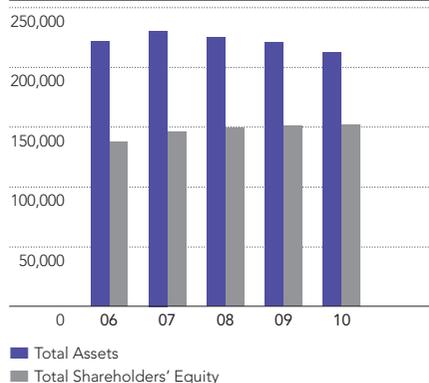
### Capital Expenditure/Depreciation and Amortization

(Millions of yen)



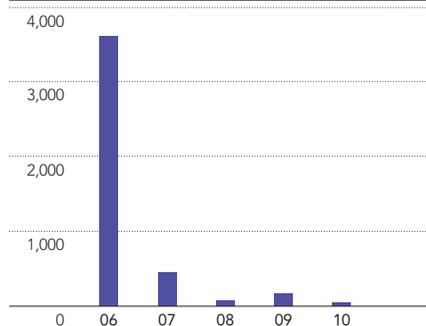
### Total Assets/Total Shareholders' Equity

(Millions of yen)



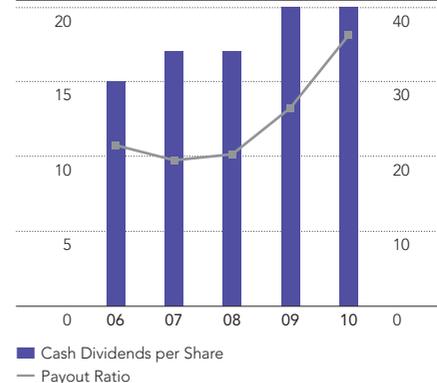
### Interest-Bearing Debt

(Millions of yen)



### Cash Dividends per Share/Payout Ratio

(Yen)



## Topics

24th April, 2009

### Reduction of Minimum Share Purchase Unit; Partial Amendment of Articles of Incorporation

Effective 1st June, 2009, the Company reduced its minimum share purchase unit from 1,000 shares to 100 shares. This reflects our belief that lowering the minimum investment unit is an effective way to boost share liquidity and broaden our base of investors, including individual shareholders.

13th May, 2009

### Decision on Matters Concerning Share Buybacks

The Company has been buying back its own shares with the aim of increasing the return of profits to shareholders and enabling flexible financial policies in response to changes in the business environment. Accordingly, the Company repurchased 5,250 thousand shares (total value of around ¥5.0 billion) by 16th December, 2009.

16th March, 2010

### Installation of Solar Power Generation Systems at Group Facilities

Reflecting the COMSYS Group's commitment to environmental protection, two Group companies—Nippon COMSYS Corporation and TOSYS Corporation—introduced 58.55-kilowatt solar power generation systems at their respective facilities in January 2010. By getting involved in construction of eco-friendly systems and building solar power generation systems at its own facilities, the Group hopes to further accumulate know-how and thus improve customer support.

20th April, 2010

### Signing of Basic Agreement to Exchange Shares With Tsuken Co., Ltd.

COMSYS Holdings has signed a basic agreement on management integration with Tsuken Co., Ltd., a Hokkaido-based provider of services to the NTT Group, via an exchange of shares. As a result, Tsuken will become a wholly owned subsidiary of COMSYS Holdings on October 1, 2010.

## Steady Progress, Drastic Restructuring

Under the slogan above, we will enhance profitability of operations by steadily pursuing structural reforms and thus maximizing Group-wide synergies. Towards the end of our "Group Innovation 2010" initiative, we will accelerate the above mentioned restructuring further.



### Performance in Fiscal 2010

In fiscal 2010, ended 31st March, 2010, Japan's information and communications market saw the shift of customer base from conventional fixed telephone to IP-based telephone service availing optical fiber as an access line which was mainly attributed to the expansion of broadband services in the fixed communication services, and the intensified competition to attract new customers as well as increasingly fierce service and price competition which were largely driven by the enhanced and diversified cellular handsets in the mobile communications field. Amid the ongoing advancement of IP-based services, the business environments of the information and communications market has drastically changed in the lead-up to the realization of the "Smart Ubiquitous Network Society" concept promoted by the Japanese government. These changes include the accelerated convergence of fixed-line and mobile communications services, as well as telecommunications and broadcasting services.

The business conditions of the COMSYS Group remained extremely tough, despite of the above mentioned change in the market place, due to slow-down of capital expenditures made by telecommunications carriers. This trend reflected weak incremental

demands observed both in optical fiber access services and mobile phone services which were mainly attributed to declining corporate IT investments because of the economic downturn and stagnant personal consumption.

Faced with these challenges, the COMSYS Group sought to meet the expectations of all stakeholders while actively advancing its operations in order to realize the COMSYS Group's management vision. In line with structural reforms aimed at maximizing synergies across the Group, we promoted "Group Innovation 2010," underpinned by three objectives: increase sales and earnings, enhance business efficiency, and promote unified operations. At the same time, we standardized workflow and took other productivity measures linked to ongoing COMSYS-style *kaizen* (improvement) initiatives, with "concentration" and "consolidation" as our keywords.

New orders received decreased 11.1% year on year to ¥284,790 million and net sales declined 8.7% year on year to ¥293,086 million, despite the Group's proactive sales activities. These decreases were mainly due to a decline in infrastructure-related projects in the NTT Information Telecommunication Engineering Business, a core business of the COMSYS Group.

### Results of Structural Reform Measures Implemented in the Fiscal Year Ended 31st March, 2010

"Innovation 2010" COMSYS	"Group Innovation 2010" CHD Group	"Innovation Project 2010" SANCOM
<ul style="list-style-type: none"> <li>Strengthening project management by acting as prime contractor</li> <li>Shifting to a nationwide centralization structure for network businesses</li> <li>Reviewing the business management structure in mobile communications projects</li> </ul> <p>etc.</p>	<ul style="list-style-type: none"> <li>Integration of joint operations</li> <li>Extending centralized procurement throughout the Group</li> <li>The building and implementation of Comstar (a new internal system)</li> </ul> <p>etc.</p>	<ul style="list-style-type: none"> <li>Streamlining organization by re-assigning excess administrative employees as workers at construction sites</li> <li>Re-assigning administrative employees as workers directly involved in growth fields; reducing temporary employees</li> <li>Reducing personnel costs and other expenses at consolidated subsidiaries</li> </ul> <p>etc.</p>
<p>Improvement in profits: ¥1.4 billion (Target: ¥1.5 billion) -¥0.1 billion</p>	<p>Improvement in profits: ¥1.25 billion (Target: ¥1.4 billion) -¥0.15 billion</p>	<p>Second half improvement in profits: ¥0.65 billion (Target: ¥0.5 billion)</p>

Note: Additional measures were implemented during the second half. Accordingly, the above figures are not included in the initial forecast.

Profit Improvement Effects: ¥0.4 billion

On the earnings front, we strove to improve productivity through structural reforms while cutting expenses during the year. However, these initiatives could not fully compensate for the drop in sales. Accordingly, ordinary income fell 23.5% year on year to ¥13,113 million, and net income slipped 29.5% to ¥7,098 million.

### Outlook for Fiscal 2011

In fiscal 2011, ending 31st March, 2011, the COMSYS Group expects business conditions to remain difficult. For example, as for the NTT Group, our primary customers, we forecast a decline in optical fiber network and other infrastructure-related investments in the fixed-line communications field as well as the continuous decline of orders received due to decreases in base station construction and stemming from downsizing of construction projects in the mobile communications field. Moreover, capital expenditures in the private sector have remained weak since the onset of the economic crisis in 2008.

In this business environment, the COMSYS Group will strive to meet the expectations of all stakeholders by establishing the solid foundation for future growth and the expansion of business while swiftly addressing any changes in the market place. To this end, we will maintain and improve our top-quality construction capabilities in response to technological innovation. At the same time, we will strengthen our market competitiveness and upgrade our operational foundation by rebuilding our construction business structure to make it even more productive. The year ahead is the final year of "Group Innovation 2010," a program of structural reforms we have implemented to date. During the period, we will accelerate such reforms in order to boost earnings. Meanwhile, we will adopt IT systems Group-wide to ensure systemization of workflows with deploying the existing Comstar enterprise system and the new Comlink system for consolidated subsidiaries, soon to become operational, as we aim to dramatically reassess our operations and build a framework for generating sustained profits. We will also increase the enterprise value of the COMSYS Group by collaborating

with Tsuken Co., Ltd., which is scheduled to merge with COMSYS Holdings on October 1, 2010.

### Shareholder Returns

COMSYS Holdings views returning earnings to shareholders as an important management priority. Our basic policy is to pay steady and continuous dividends linked to performance. Based on this policy, in fiscal 2010 we paid an interim dividend of ¥10.00 per share and a year-end dividend of ¥10.00, bringing total annual dividends to ¥20.00 per share. For fiscal 2011, we plan to pay total annual dividends of ¥20.00 per share (¥10.00 interim dividend and ¥10.00 year-end dividend), reflecting our performance forecast.

During fiscal 2010, we bought back 5,250 thousand shares worth ¥4,999 million, with the aim of stepping up the return of earnings to shareholders and enabling flexible financial policies in response to changes in the business environment. In fiscal 2011, we will look at further share buybacks after comprehensive consideration of various factors, including the Group's performance, economic trends, and stock price movements.

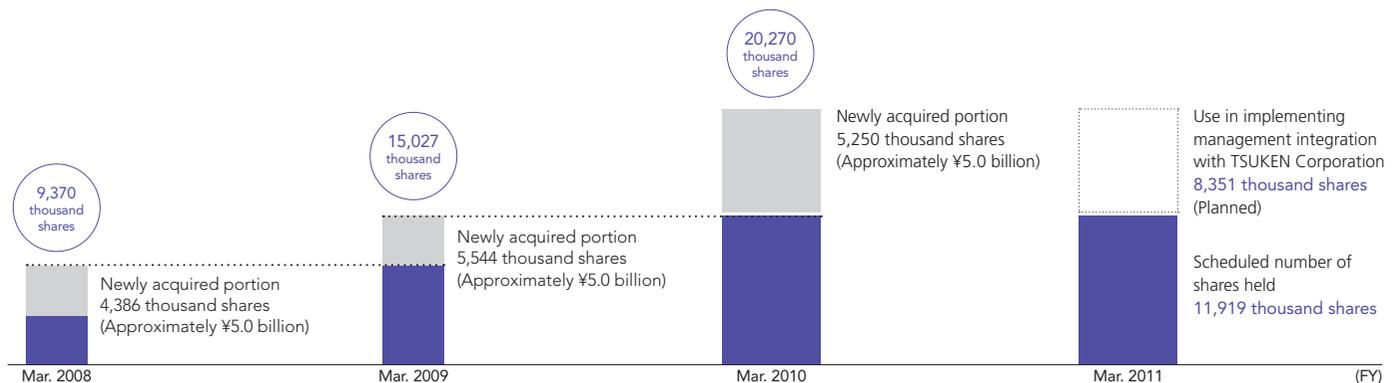
Going forward, the COMSYS Group will target steady growth through business reforms while deploying its technological expertise amassed as a leading company in the communication construction field. Our aim is to help realize a safe, reliable, convenient networked society and thus increase our contribution to society. We look forward to your ongoing understanding and support.

September 2010



HAJIME TAKASHIMA  
President and Representative Director

### Status of Treasury Stock Acquisition



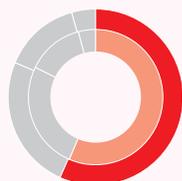


## NTT Information Telecommunication Engineering Business

### Main Business

This segment is mainly engaged in the construction of telecommunications infrastructure for the NTT Group, including the laying and installation of telephone lines, installation of exchange equipment, and construction of wireless base stations. The segment is the COMSYS Group's core business, and accounts for the largest share of Group-wide sales.

### New Orders Received/Net Sales (Years Ended 31st March, 2010)



		(Millions of yen)	
■ New orders received	56.7%	161,599	
■ Net sales	56.6%	165,815	

### Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	SANCOM Group	TOSYS Group	COMSYS JOHO SYSTEM Group
■		■	

### Business Domains

- Cable works
- Communication related civil engineering works
- Switching works
- Transmission wireless works
- Mobile communications works



## Electrical Communications Engineering Business

### Main Business

This segment constructs telecommunications and related facilities for communication carriers other than the NTT Group. It also provides a wide range of services for general customers, including the design and construction of electrical facilities for offices and other commercial buildings, public facilities, plants, condominiums and residential houses.

### New Orders Received/Net Sales (Years Ended 31st March, 2010)



		(Millions of yen)	
■ New orders received	24.7%	70,426	
■ Net sales	25.8%	75,524	

### Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	SANCOM Group	TOSYS Group	COMSYS JOHO SYSTEM Group
■	■	■	

### Business Domains

- Telecommunications facilities for NCC
- Mobile communications constructions for NCC
- General electrical facilities works
- Construction of multi-use underground cable conduit facilities (C-C-BOX)



## IT Solutions Business

### Main Business

This segment combines extensive expertise with cutting-edge network technologies to provide a comprehensive solutions service, ranging from developing optimal systems integration services plans optimized for customers' businesses to providing maintenance services.

### New Orders Received/Net Sales (Years Ended 31st March, 2010)



		(Millions of yen)
■ New orders received	14.3%	40,635
■ Net sales	13.5%	39,593

### Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	SANCOM Group	TOSYS Group	COMSYS JOHO SYSTEM Group
■	■	■	■

### Business Domains

- Network integration-related solutions
- System integration-related solutions
- Development and commissioning of all types of software
- Maintenance and operation



## Social System-Related Business and Other

### Main Business

This segment is engaged in the construction of buildings and public facilities, civil engineering works, and security systems, as well as the construction of environmental systems such as wind power and co-generation systems. It is also closely involved in expressway operations and supporting air traffic control systems.

### New Orders Received/Net Sales (Years Ended 31st March, 2010)



		(Millions of yen)
■ New orders received	4.3%	12,130
■ Net sales	4.1%	12,154

### Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	SANCOM Group	TOSYS Group	COMSYS JOHO SYSTEM Group
■	■	■	

### Business Domains

- General civil engineering works
- Building construction and ancillary facilities works
- Environmental solutions

## NTT Information Telecommunication Engineering Business

Working to strengthen competitiveness and expand business domains in a rapidly changing business environment



### Market Conditions

In the fixed-line communications market, the total number of subscriptions for broadband services surpassed 34 million as of 31st December, 2009, driven in part by the shift of conventional fixed telephone services to optical IP telephony services. At the same time, new reliable services, including video distribution, with assured quality have emerged as a result of the commercial launch of services over the next generation network (NGN) by NTT East and West.

In the mobile communications market, mobile terminals are becoming more sophisticated and diversified in today's saturated mobile phone market. In addition to faster packet communication speeds and expanded service areas, the development of Long Term Evolution (LTE) infrastructure is proceeding apace.

However, the business environment has remained challenging due to reduced capital investments by communications carriers amid sluggish growth in mobile phone and fiber-optic access service subscriptions stemming from a decline in corporate IT investment, as well as weak personal consumption due to deteriorating economic conditions.

### Fiscal 2010 Business Initiatives and Outlook

In fiscal 2010, we worked to enhance productivity through structural reforms while actively conducting sales activities with the aim of increasing our share of the NTT Group business market.

In fiscal 2010, new orders received declined 8.7% year on year to ¥161,599 million, and net sales were down 7.8% to ¥165,815 million. These results stemmed from a decrease in infrastructure-related work for NTT projects that was greater than initially expected. Another factor was a decline in both new orders received and net sales in the NTT DOCOMO business.

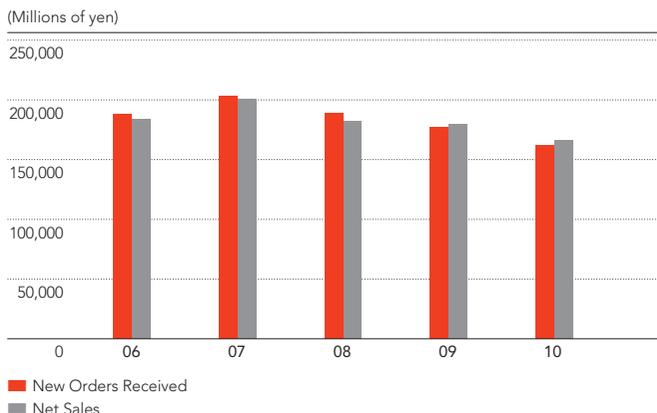
In fiscal 2011, infrastructure-related investments are expected to continue declining in the NTT business. Nevertheless, we will strive to attract new onsite construction contracts in outside service construction areas and from other communication carriers. At the same time, we will establish a COMSYS home-visit support center and expand our maintenance-related business.

In the NTT DOCOMO business, we expect the investment environment to remain challenging despite the projected increase in demand accompanying the launch of the LTE service in December 2010. Consequently, we will continue implementing reforms with the aim of establishing a competitive business structure.



Installation of PHS antenna

### New Orders Received/Net Sales



# Electrical Communications Engineering Business

Expanding market share by raising customer satisfaction



## Market Conditions

Despite certain concentrated capital investment has been made in some part of this sector such as the construction of WiMAX networks on a nationwide scale, existing capital investment plans of telecommunications carriers in general have come to the closing stage. Thus, both base station and access networks construction works tends to decline these days. On the other hand, we are of the view that the expansion of fiber-optic access networks and the start of migration to next-generation high-speed wireless communications should lead to firm capital investments.

## Fiscal 2010 Business Initiatives and Outlook

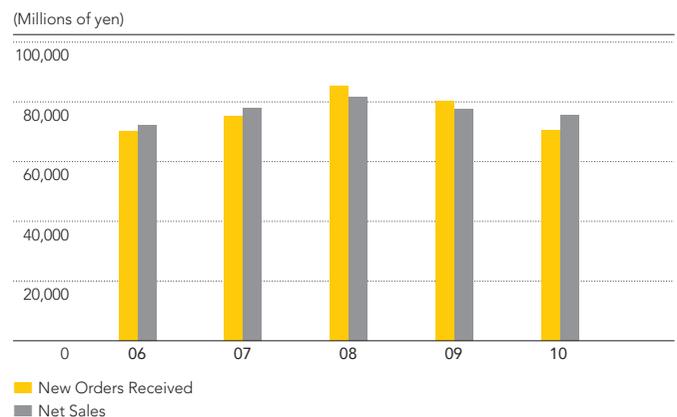
The NCC business had experienced steady growth in the past. However, in the year under review, unit prices declined markedly in step with an increase in the adoption of smaller base station which can be installed relatively simply. Meanwhile, although the market share of wireless facilities construction works increased, the segment recorded a weak performance in terms of orders and sales. Furthermore, other telecommunications carriers also took steps to curtail investment. As a result, new orders received fell 12.2% year on year to ¥70,426 million, and segment net sales slipped 2.5% to ¥75,524 million.



NCC base station

In fiscal 2011, in the NCC business, though telecommunications carriers are drawing up tight capital investment plans, we will strive to expand our market share in both the mobile and fixed-line communications fields by enhancing customer satisfaction and responding promptly to customer requests to be their business partner in telecommunications infrastructure fields.

## New Orders Received/Net Sales



# IT Solutions Business

Reaching out to form alliances and establishing new businesses



## Market Conditions

In the IT solutions business market, there is growing demand from society for comprehensive services that require software and telecommunications technologies convergence. These services include network solutions involving cloud computing, IP telephony, video monitoring, and security, as well as systems solutions, such as the development of sales support systems driven by wireless technologies. For this reason, infrastructure development, including putting in place IT platforms and building data centers, is urgently needed to resolve the digital divide domestically.

## Fiscal 2010 Business Initiatives and Outlook

In the year under review, we strove to increase revenues by reinforcing initiatives aimed at developing new businesses, including servers and data centers. We also promoted business restructuring to better meet market needs. Due to sluggish private-sector demand, however, new orders received declined 6.6% to ¥40,635 million, and net sales fell 6.9% to ¥39,593 million.

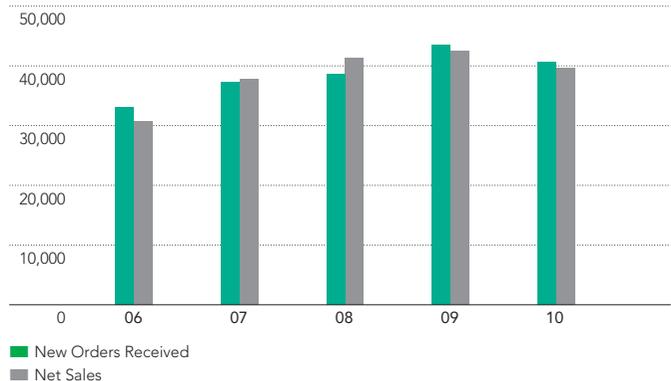
In fiscal 2011, we will target expansion of upper layer businesses by forming alliances with manufacturers in fields experiencing sustained growth in demand, such as cloud computing and data center businesses. Furthermore, in order to enhance corporate facility operations and maintenance services using data centers, and upgrade total corporate PC management support services, we will upgrade our existing call center for corporate customers into an integrated customer center. At the same time, by strengthening training for personnel involved in these services, we will work to establish an IT management service business centered on maintenance and operational services as early as possible.



Technological cooperation on design and construction of communications facilities  
2009 World Table Tennis Championships in Yokohama

## New Orders Received/Net Sales

(Millions of yen)



# Social System-Related Business and Other

Ongoing efforts to improve profitability and prepare for entry into future growth fields



Construction work on network facilities for new runway at Haneda Airport

## Market Conditions

Demand for projects both in the private sector and public sector has slumped considerably in response to the recent economic downturn. Meanwhile, worsening environmental problems, including global warming, have underscored growth in businesses that seek to address ecological and environmental issues amid calls for companies to make contributions to the environment and society.

## Fiscal 2010 Business Initiatives and Outlook

In fiscal 2010, we strove to increase orders for ecological and environmental projects that benefit from government economic stimulus measures. However, the decline in public-sector investments resulted in a 38.5% fall in new orders received, to ¥12,130 million, and a 43.4% drop in net sales to ¥12,154 million.

In fiscal 2011, we will improve profitability by introducing more rigorous selection criteria for accepting orders such as withdrawing from the condominium construction business and attempting to increase non-residential communications-related civil work projects.

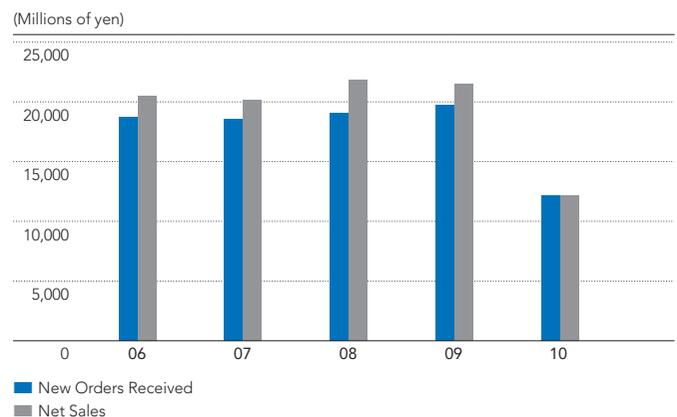
We will continue efforts targeting environment-related businesses, such as solar power generation and LEDs, and construction work for better residential and work environments, such as asbestos



Shield machine for excavating sewer tunnels

removal, and thermal barrier coatings. We will also bolster initiatives from the previous year aimed at the IRU and terrestrial digital broadcasting-related businesses. In addition, we will engage in regional environmental projects such as the installation of FTTH communications infrastructure and projects aimed at improving urban environments, such as the removal of electric power poles and the construction of sewerage systems. In other initiatives, we will train project management leaders in order to expand our solar power business and strengthen alliances with non-Group partners, with the aim of broadening our environment-related businesses.

## New Orders Received/Net Sales



# Corporate Governance

## Basic Corporate Governance Philosophy

One element of the COMSYS Group's vision is to earn recognition as the "company of first choice" by all stakeholders, and to creatively and dramatically enhance its corporate value in the process. To this end, the Group is taking steps to improve its management structure and internal control systems, while working hard to conduct IR activities for shareholders and other investors. In this manner, the COMSYS Group recognizes that one of its top management priorities is to enhance corporate governance.

## Organizational Structure

COMSYS Holdings Corporation (the "Company") has adopted the corporate auditor system, which by Japanese law stipulates an organizational structure consisting of a general shareholders' meeting, Board of Directors, Board of Corporate Auditors and other organizations.

The Board of Directors has decided to structure the Board around directors well versed in the Company's operations with the aim of enhancing management efficiency. Meanwhile, the Company has reinforced auditing functions by appointing outside corporate auditors who now have stronger legal authority to audit company activities, in order to ensure sound management.

The ten-member Board of Directors is the highest decision-making body with respect to management strategy. Based on internal rules governing the Board of Directors, the Board meets regularly and as necessary to discuss matters stipulated by laws and regulations and to decide on important management issues.

Every quarter, the directors responsible for each business segment report to the Board of Directors on progress with business execution based on policies determined by the Board. Five corporate auditors, including outside corporate auditors, attend meetings of the Board of Directors and express their views on issues related to business execution, and monitor the directors' performance of their duties.

The Senior Management Committee is made up of directors and the standing auditor. In principle, this committee meets twice a month to examine and discuss issues related to key decisions, in an effort to improve the efficiency of business execution. The heads of each operating department attend meetings of the Senior Management Committee as observers, to ensure that they fully understand the basis for all management decisions.

In each business segment, an Operating Committee under the supervision of the responsible director holds regular meetings to conduct efficient operational management.

The term of office for directors is set at one year in order to clarify directors' management responsibility every fiscal year, and to flexibly structure an optimal management team in step with changes in the business environment.

In addition, the Advisory Board is made up of experts from outside the Company and is an advisory body to the President. This board's advice and recommendations on corporate governance and other issues are reflected in business operations.

## Status of an Internal Control System

Based on the Companies Act of Japan, the Company has formulated and implements a "Basic Policy on Establishing an Internal Control System" that has been approved by resolution of the Board of Directors. In regard to internal control over financial reporting based on the Financial Instruments and Exchange Law of Japan, the Company has reinforced measures to eliminate deficiencies by making improvements in the organizational structure and coverage of these internal controls, through the establishment of an Internal Control Office within the Internal Control Audit Department.

## Establishing a Compliance Structure

Based on its internal Compliance Program, the Company has set forth Compliance Action Guidelines and has established the Compliance Committee within the above framework. This Committee, which is chaired by the president, is made up of representatives from the Company and each of the core operating subsidiaries, as well as outside corporate auditors. The Committee oversees compliance throughout the COMSYS Group, and strives to increase the COMSYS Group's awareness of compliance and establish an effective compliance structure through various discussions.

All COMSYS Group companies have set up similar compliance committees of their own. These committees work to establish an effective compliance structure by implementing educational and training programs, as part of efforts to deepen employee understanding of the corporate philosophy and operating principles of each respective COMSYS Group company.

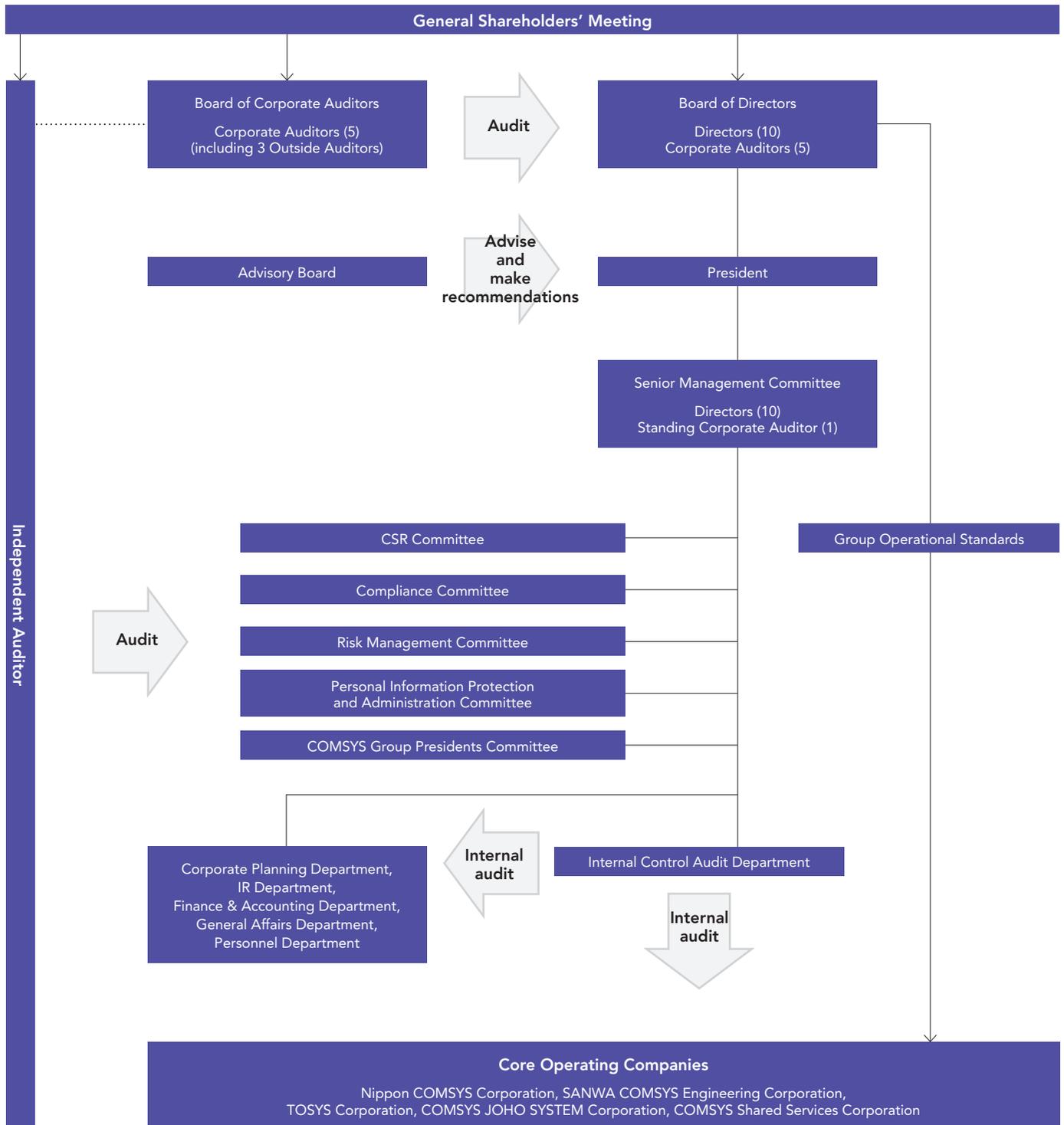
## Establishing a Risk Management Structure

In its efforts to maintain and enhance corporate value amid a rapidly changing business environment, the COMSYS Group is aware that it faces a variety of business risks which must be managed appropriately. Therefore, the Group has established a Risk Management Committee, chaired by the president and made up of directors from the Company and each of the core operating subsidiaries.

In August 2006, the Basic Policy on Risk Management was formulated and similar risk management committees were established at each group company, among other measures. In this manner, efforts are being made to properly address the business risks faced by each Group company, and to minimize the materialization of each risk.

Corporate Governance Structure (As of 29th June, 2010)

Overview of COMSYS Group Operational Structure and Operational Supervision and Internal Control Structure



The Company has formulated Risk Management Guidelines and Crisis Management Guidelines and will strive to maintain stable operations and ensure steady growth at the Company and the COMSYS Group by practicing effective risk management.

For example, the COMSYS Group manages operational risk by ensuring that Group companies work to acquire and maintain certifications for management systems tailored to their operations, such as ISO 9001, ISO 14001, COHSMS (Construction Occupational Health and Safety Management Systems), ISMS (Information Security Management Systems) and Privacy Mark certifications.

### CSR Activities

The Company and the COMSYS Group have established the CSR Committee to coordinate CSR activities Group-wide with the aim of ensuring that the Group actively fulfills its economic and social responsibilities, including social contribution activities, as a good corporate citizen.

The CSR Committee is engaged in CSR activities addressing various themes, such as compliance, corporate governance, risk management, information disclosure and protection, security countermeasures, social contributions and environmental issues. (For further details, please see pages 16 to 18.)

### Establishing an Information Management Structure

Important documents related to business activities and the performance of directors' duties, including minutes of the Board of Directors and Senior Management Committee meetings and other reports, are stored and managed appropriately based on the Group's internal document management rules.

Furthermore, in order to improve the efficiency of operations and business execution, after ensuring an adequate level of information security, the Company is working to deploy various information systems to put in place a framework for sharing the latest management information.

### Establishing a Group Management Structure

Important management decisions within the COMSYS Group are reported to and discussed by the Senior Management Committee and the Board of Directors in line with Group Operation Standards, which clarify decision-making and reporting rules for the COMSYS Group. In this manner, the group management and monitoring framework is centered on the Company.

In order to ensure that all COMSYS Group operations are carried out appropriately, the directors of each core operating subsidiary also participate as members in the various Group committees established within the Company, including the CSR Committee, the Compliance Committee and the Risk Management Committee. In this way, the COMSYS Group ensures that all policies and decisions discussed by these groups are reported to and thoroughly understood by each Group company.

In addition, the Group has formed the COMSYS Group Presidents Committee, which is made up of the presidents of COMSYS Group companies. This committee meets regularly and works to ensure that management policies and activities are clearly understood by all members.

### Internal Auditing and Corporate Auditors

The Company's internal auditing organization consists of an Internal Audit Office with a staff of ten employees within the Internal Control Audit Department.

This Office formulates internal auditing policies based on top management requirements, and implements internal audits of the Company and all Group companies. These activities are intended to ensure that each business risk faced by the Group is minimized, while maximizing the quality of business operations.

The Board of Corporate Auditors has five members, three of whom are outside corporate auditors. No employees are specifically assigned to assist the corporate auditors with their activities. If such assistance is required, there is a structure in place for addressing personnel issues such as determining appointees, and ensuring independence from directors. In addition, based on the rules governing the Board of Corporate Auditors, directors and employees are required to report on major business activities or issues that could affect the COMSYS Group's operations or performance to the corporate auditors.

The Board of Corporate Auditors may request further information on the above mentioned reporting at any time as necessary, as well as other required disclosure.

The corporate auditors regularly attend both regular and extraordinary meetings of the Board of Directors as well as meetings of the Senior Management Committee, the CSR Committee, the Compliance Committee and other important internal committee meetings or discussions. This structure has been established to allow the corporate auditors to verify the status of business execution on a regular basis and to express their views on these matters.

The corporate auditors also hold regular meetings with the president to directly express their views on issues related to business execution and other topics.

In accordance with audit plans formulated by the Board of Corporate Auditors, the corporate auditors of COMSYS Holdings regularly check to see whether business operations are executed appropriately and efficiently by maintaining close ties with the Internal Audit Department and with the Group's independent auditor. For example, the corporate auditors accompany the independent auditor and others on on-site internal and financial audits as observers. The corporate auditors of COMSYS Holdings also convene regular meetings with their counterparts at core COMSYS Group companies, and maintain close ties within the COMSYS Group mainly by sharing information and exchanging views, in order to improve the effectiveness of audits.

## Strengthening Disclosure and Accountability

The Company provides timely and appropriate disclosure of crucial management information in order to promote understanding among shareholders, investors and all other stakeholders and obtain a fair evaluation of its activities.

The Company discloses information on new orders received on a monthly basis, as well as financial results on a quarterly basis. In conjunction with interim and full-year earnings announcements, the Company holds business presentations to clearly explain both its performance and outlook. Individual and small group meetings with investors and securities analysts are also held in both Japan and overseas countries.

The Company also seeks to enhance its investor relations (IR) website by posting presentation materials, news releases and other information on this website in a timely and straightforward manner.

## Personal Information Protection

Recognizing that properly protecting and managing personal and other information is crucial to gaining the trust of customers and society as a whole, the Personal Information Protection and Administration Committee has been established to oversee activities throughout the COMSYS Group. Concurrently, the Personal Information Protection Policy and other guidelines have been drafted and adopted to ensure that information security management is fully implemented at all Group companies.

At the same time, every COMSYS Group company works hard to protect personal information by establishing similar committees and measures of the COMSYS Group, as well as operating management systems of ISMS and the Privacy Mark to acquire and maintain these certifications.

## Directors and Officers

As of 29th June, 2010

### Representative Director and President

Hajime Takashima  
*(President and Representative Director of Nippon COMSYS Corporation)*

Tatsufumi Nakajima  
Mitsuhiro Watanabe

### Directors

Yoji Oku  
*(President and Representative Director of SANWA COMSYS Engineering Corporation)*

Hidetoshi Miura  
*(President and Representative Director of TOSYS Corporation)*

Yoneki Tahara  
*(President and Representative Director of Tsuken Co., Ltd.)*

Kunio Ushioda  
*(President and Representative Director of COMSYS JOHO SYSTEM Corporation)*

Yoshihiro Mimata

Hirofumi Yamasaki

Akio Ogawa

### Corporate Auditors

Akinori Ishigaki  
*(Standing Auditor)*

### Auditors

Takemi Ikari  
Masahiko Miyashita\*  
Masahiro Takeshita\*  
Kichiroh Akino\*

\* Outside auditors

# Corporate Social Responsibility (CSR)

## Basic Approach to CSR

Helping to Build a Society With Enriched Interpersonal Relationships and Ties Between People and Society at Large

In recent years, the advancement of broadband and ubiquitous infrastructure has continued to support the materialization of a society in which everyone has access to as much information as they want, regardless of time or place. In this information-rich society, the role of the COMSYS Group is to build reliable, safe and convenient communications infrastructure and support the networks that connect every corner of society like clockwork. This is, simultaneously, our responsibility to society as a corporation.

Our mission is to build high-quality, highly reliable communications infrastructure while giving consideration to the environment and to help create an information-rich society that coexists harmoniously with the global environment.

In April 2009, COMSYS Holdings Corporation created the CSR Promotion Office to establish a framework for promoting CSR throughout the COMSYS Group. Going forward, we intend to further enhance CSR activities at Group companies and make a collective effort to conduct business with CSR in mind.

## CSR Through Business Activities

The COMSYS Group regards its business activities as a part of CSR efforts. This section introduces some highlights of actual activities.

### Communications Infrastructure Construction Work on Central Circular Shinjuku Route

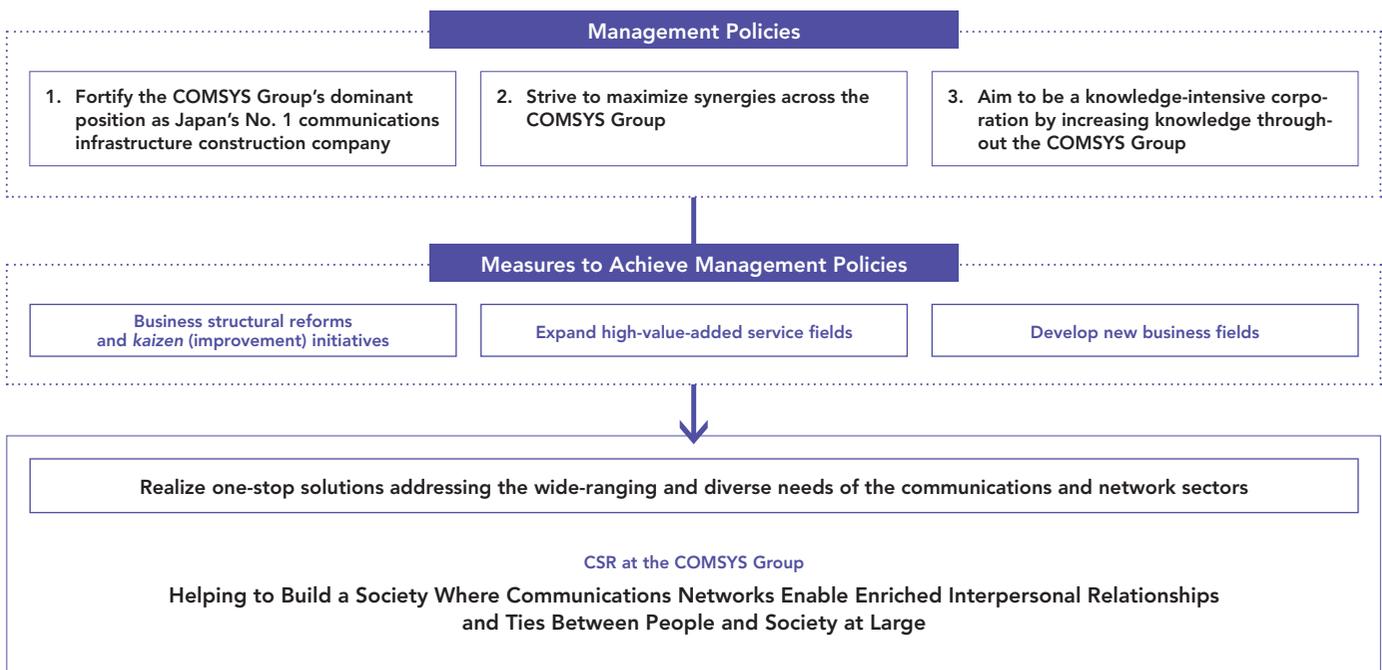
A joint venture\* of Nippon COMSYS and SANWA COMSYS Engineering conducted communications infrastructure construction work along an approximately four-kilometer stretch of expressway that opened in March 2010 running from Shinjuku to the Shuto Expressway No. 3 Shibuya Route, which connects with the Tomei Expressway.

SANWA COMSYS Engineering has a long track record in developing disaster prevention facilities and electric power infrastructure for expressways, boasting expertise in sophisticated construction techniques. By combining this track record and expertise with Nippon COMSYS's urban civil engineering technologies and experience in constructing communication lines in large-scale tunnels, we earned a high degree of customer confidence.

In addition, monthly accounting processes were commissioned to COMSYS Shared Services, and outsourcing agreements and contracts related to materials procurement were handled by Nippon COMSYS's Procurement Department. This arrangement helped to improve productivity and reduce costs.

\* Joint venture in this context refers to a consortium of multiple companies jointly contracted to conduct construction work on a single project.

## Relationship Between Management Policies and CSR



\* Systems integrators: companies that comprehensively conduct all aspects of communications infrastructure and information systems implementation, from planning and proposal to design, development, operations and maintenance.

### **Establishment of COMSYS JOHO SYSTEM**

COMSYS JOHO SYSTEM Corporation was established in April 2009 by spinning off Nippon COMSYS's information processing systems business. Integrating information processing-related businesses previously dispersed throughout the COMSYS Group allows development skills and experience to be shared as an overall Group asset.

Fully harnessing synergies among these elements, we will develop exceptional information processing systems in line with customer needs and bolster our market competitiveness in the IT industry.

In addition, the COMSYS Group's system engineers will be gathered to COMSYS JOHO SYSTEM, facilitating the development of policies and personnel systems that fit software development operations. Working conditions and employment systems that make it easier for system engineers to fulfill their duties should further raise motivation levels.

### **Together with Stakeholders**

The COMSYS Group values communication with stakeholders as a means of earning the trust of society. This section introduces approaches and initiatives concerning stakeholders.

#### **Together With Customers**

In order to remain a trusted partner of customers, the COMSYS Group is working to continuously raise quality and maintain information security and to actively create opportunities for communication with customers.

Quality management systems based on ISO 9001 are adopted depending on the quality policies of Group companies in order to continuously enhance quality. We are also strengthening information security using authentication systems based on each company's policies.

Nippon COMSYS and SANWA COMSYS Engineering hold communication forums to express appreciation to customers and partner companies for their ongoing support and deepen ties with them.

Going forward we will work to provide even better products and services through ongoing communication.

#### **Together With Shareholders and Other Investors**

COMSYS Holdings conducts a variety of investor relations (IR) activities in Japan and abroad to ensure accurate and timely disclosure of information on management to shareholders and other investors, who support the business foundations of the COMSYS Group.

Going forward, we intend to promote IR activities with an emphasis on increased fairness and transparency.

#### **Together With Partner Companies**

The COMSYS Group places high importance on its partner companies and endeavors to build fair partnerships with them. At the same time, we work together with our partners to address issues concerning quality and safety.

The Group companies have established occupational health and safety (OH&S) policies and safety charters, and operate OH&S management systems. In these and other ways, the Group companies strive to maintain the quality of working conditions.

We hold mutual discussion and study sessions with partner companies to facilitate understanding of our corporate philosophy and management vision and to build and maintain better business relationships. In addition, at the Partner Networking Conference held by COMSYS JOHO SYSTEM, the company explains its own business policies for a given fiscal year at the corporate and business division levels. COMSYS JOHO SYSTEM conducts a range of unique communication activities, including the awarding of certificates of appreciation to partner companies for superior performance on initiatives to meet delivery deadlines or enhance quality.

We intend to continue various initiatives in an effort to build strong partnerships.

#### **Together With Employees**

Employees are our most familiar stakeholders supporting the COMSYS Group. We implement various programs and communication activities in order to maintain a rewarding workplace where all employees can fully demonstrate their abilities.

COMSYS Group companies create opportunities for direct interaction between the president and employees in which opinions are exchanged and issues shared with the president. To promote the success of women in the workplace, Nippon COMSYS and SANWA COMSYS Engineering conduct awareness surveys of male managers and female employees as well as organize seminars, social gatherings for female employees and other events to raise the awareness of female employees and transform the awareness of male managers.

Nippon COMSYS offers mental health checkups in order to assist with the mental and physical health of its employees. Through these checkups, employees acquire an objective picture of their mental condition. Group companies also hold seminars on the subject of mental health in an effort to improve workplace conditions.

Going forward, we will strive to further develop vibrant workplaces for employees.

#### **Together With Local Communities**

The COMSYS Group highly values communication with local community members. And, as a member of the local community ourselves, we assist with environmental conservation and community revitalization programs. At business offices and branches around the country, we also conduct activities closely tied to communities, utilizing communications infrastructure development and other technologies.

TOSYS Corporation holds the "Dream Festa" event every year to promote interaction among employees and community members. Proceeds from a charity bazaar and other programs at the event are donated to welfare organizations.

Nippon COMSYS assists the activities of NPOs that support organizations for people with disabilities. The company performed LAN wiring work for Internet streaming at the 14th Japan Powerchair Football Championship, 38th Japan Wheelchair Basketball Championship, and the 2009 International Wheel Chair Competition in Iizuka.

We plan to actively continue activities that draw on the technologies of the COMSYS Group.

### Together With the Environment

The COMSYS Group will help to achieve a sustainable society by reducing the environmental impact of its business activities and through environmental businesses such as building renewable energy systems.

Environmental management systems are operated based on ISO 14001 standards depending on the environmental policies of each Group company in an effort to reduce environmental impact. Nippon COMSYS has installed a photovoltaic power system on the roof of its office building as part of its environmental conservation activities in the office. The energy is used by the company's offices, and details on power generation by the system are disclosed on the company website.

We plan to continue to play a part in reducing global environmental impact through our business activities.

### Highlights of Initiatives

#### Utilization of Renewable Energy

The COMSYS Group has extensive expertise in the construction of eco-friendly systems that use solar power and other clean energies, and has an extensive track record in the delivery of such systems to corporations and public facilities throughout Japan. We support such projects with total engineering technologies, from system installation, operation and maintenance for customers to application agency services for various subsidy programs.



Large-capacity photovoltaic power system

### Installation of Environmentally Considerate Technologies

We also help reduce facility costs and maintenance costs while giving appropriate consideration to the environment by working on new technologies and construction methods that lead to greater energy efficiency.



LED lighting

### COMSYS Group Forest Preservation Projects

At Nippon COMSYS and SANWA COMSYS, the "Forest Supporter" group formed by employees and their families engages in forest preservation projects at the COMSYS Forest in Saitama Prefecture and Kirifuri Collaborative Forest in Tochigi Prefecture. The group regularly conducts activities, such as tree thinning and undergrowth clearing, that promote the growth of trees, and works to protect the natural environment.

TOSYS Corporation cuts undergrowth, removes deadwood and repairs trails at the TOSYS Forest in Nagano Prefecture. Participants develop an appreciation of the importance of forestland while increasing their awareness of environmental issues.



Group photo of volunteers engaged in forest preservation

For more in-depth reporting on COMSYS Group's CSR activities, please visit the website (Japanese only):

<http://www.comsys-hd.co.jp/company/outline/outline5.html>

# Management Discussion and Analysis

## Profile of COMSYS Group

COMSYS Holdings Corporation (the “Company”) was established in September 2003 as the holding company for the COMSYS Group. The COMSYS Group is made up of the Company, 4 core operating companies (Nippon COMSYS Corporation, SANWA COMSYS Engineering Corporation, TOSYS Corporation and COMSYS JOHO SYSTEM Corporation), 41 other subsidiaries, as well as 7 affiliates. The Group’s main businesses are electrical and telecommunications infrastructure construction services, which mainly involve the construction of telecommunications infrastructure facilities, and other businesses, such as the information processing related business.

The consolidated financial statements of COMSYS Holdings for fiscal 2010, the year ended 31st March, 2010, include the accounts of 31 consolidated subsidiaries. COMSYS Holdings did not account for any affiliates using the equity method in fiscal 2010.

## Overview

In fiscal 2010, the Japanese economy continued facing difficult conditions, such as cutbacks in capital investment and a worsening employment situation. However, signs that the economy has bottomed out have been observed, owing to economic stimulus measures by the government and increased exports to emerging nations.

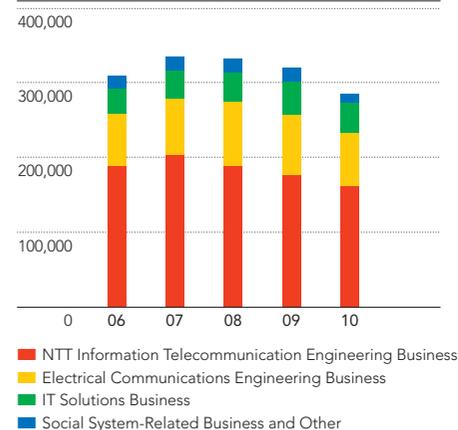
The COMSYS Group’s main businesses lie in Japan’s information and communications sector. In the fixed-line communications field, the switchover from existing fixed-line telephony to IP-based telephony utilizing optical fiber lines proceeded due to expansion of broadband services, while new services such as secure, reliable and high-quality video distribution service were launched following the construction of the next generation network (NGN). In the mobile communications field, the battle to attract customers and service- and price-based competition intensified due to saturation in the market penetration of mobile phones. For example, there were further improvements in WiMAX and other services, along with the increasing sophistication and diversity of mobile handsets. Against the backdrop of progress with the switch to IP technologies, the convergence of fixed-line and mobile communications services, and communications, broadcasting and other services is proceeding at an increasingly faster pace. At the same time, conditions in the information and telecommunications market have been changing dramatically as Japan moves toward the “Smart Ubiquitous Network Society” promoted by the government. This change is highlighted by the emergence of LTE (Long Term Evolution), a next-generation mobile phone communication standard as well as cloud computing and other new technologies for which increased future investment is anticipated.

However, the business environment of COMSYS Group continued to see challenging conditions, including reduced capital investment by telecommunications carriers mainly attributable to weak growth in optical fiber access services and mobile phone subscriptions reflecting declining corporate IT spending and weak personal consumption amid a worsening economy.

Facing these challenges, the COMSYS Group sought to meet the expectations of its various stakeholders and actively conduct its business operations in order to realize the COMSYS Group’s management vision. These efforts were led by the Group’s four core companies: Nippon COMSYS Corporation, SANWA COMSYS Engineering Corporation, TOSYS Corporation, and COMSYS JOHO SYSTEM Corporation (established 1st April, 2009). As for structural reforms to raise Group-wide synergies, the Company promoted the “Group Innovation 2010” concept, underpinned by three objectives: increase sales and earnings, enhance business efficiency, and promote unified operations. At the same time, we standardized workflow and took other measures to enhance productivity, linked to ongoing COMSYS-style *kaizen* (improvement) initiatives. Those measures include expanding our information business; integration of joint operations through outsourcing to shared services companies; extending centralized procurement throughout the Group, for both materials for construction work and other indirect products necessary for our businesses; and reassessing our regional business operational system with a view to unifying and streamlining our organizational structure with “concentration” and “consolidation” as our keywords.

## New Orders Received by Operating Segment

(Millions of yen)



### New Orders Received

New orders received decreased 11.1% year on year to ¥284,790 million, despite the Group's proactive sales activities. This decrease was partly due to a decline in infrastructure-related projects in the NTT Information Telecommunication Engineering Business, a core business of the COMSYS Group.

### Results of Operations

Net sales declined 8.7% year on year to ¥293,086 million, due to depressed investments in private-sector markets and falling public-sector spending, as well as a downtrend in capital investments by telecommunication carriers that exceeded our initial assumptions. The NTT Group-related business accounted for 56.6% of net sales. Cost of sales fell 8.3% year on year to ¥260,295 million, with the cost of sales ratio remaining mostly the same as the previous year, at 88.8%. With respect to selling, general and administrative (SG&A) expenses, we promoted centralization of business processes and reductions in personnel costs in line with structural reforms, as well as cuts in operating expenses through centralized Group-wide procurement. Accordingly, SG&A expenses declined 7.3% year on year to ¥20,250 million with the ratio of SG&A expenses to net sales held to an increase of 0.1 of a percentage point to 6.9%.

As a result, operating income decreased 19.7% to ¥12,541 million. The ratio of operating income to net sales was 4.3%, down 0.6 of a percentage point year on year. Net income decreased 29.5% year on year to ¥7,098 million. The ratio of net income to net sales declined 0.7 of a percentage point to 2.4%.

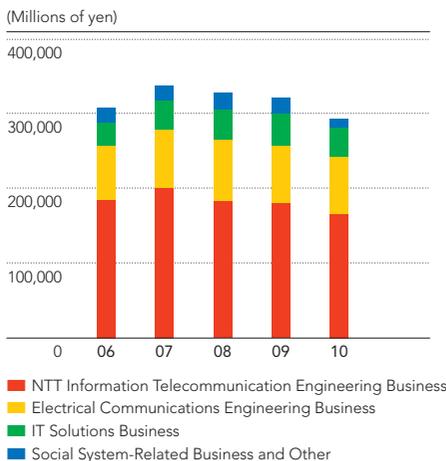
### New Orders Received and Results of Operations for the Four Core Operating Companies

#### Nippon COMSYS Group

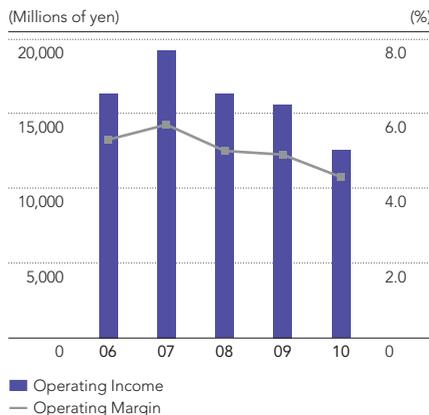
The Nippon COMSYS Group has given first priority to the safety, quality, and trustworthiness of its operations, and has harnessed its comprehensive strengths to implement structural reforms based on the "Innovation 2010" concept and COMSYS-style *kaizen* (improvement). In the NTT Information Telecommunication Engineering Business, for example, the Group sought to enhance productivity through drastic reassessment of its business operation system, while working to ensure stable earnings and business expansion by growing adjacent businesses. In the IT Solutions Business, the Group strove to boost sales by stepping up initiatives in new businesses (including servers and data centers), and rebuilt its business operational system to better reflect market needs. In the Electrical Communications Engineering Business and Social System-Related Business and Other, the Group worked to increase orders in businesses derived from government economic stimulus measures, including the IRU business and environmental protection, while continuing to pursue structural reforms and prioritize businesses.

In this context, new orders received declined 11.9% year on year to ¥203,018 million, and net sales fell year on year 10.5% to ¥209,803 million. This was mainly due to a decrease in service integration-related projects in construction services related to NTT, as well as falling capital expenditures in construction services related to NTT DOCOMO. During the year, we strove to improve productivity through structural reforms while cutting expenses. However, these initiatives could not fully compensate for the drop in sales. Accordingly, ordinary income fell 24.0% year on year to ¥10,334 million, and net income slipped 26.2% year on year to ¥5,912 million.

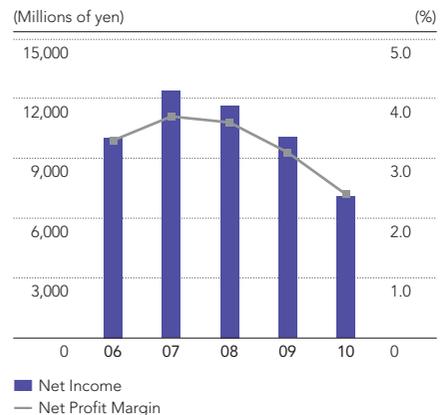
Net Sales by Operating Segment



Operating Income and Operating Margin



Net Income and Net Profit Margin



### SANCOM Group

The SANWA COMSYS Engineering (SANCOM) Group worked to expand orders in the NCC business, as well as in the manufacturer- and vendor-related business, the telecommunications and electrical construction business (public-sector/private demand), and the ICT facility business. Various measures were also taken to improve productivity by establishing market-oriented business processes such as the "Group Innovation 2010" concept of maximizing synergies across the COMSYS Group as well as the "Innovation Project 2010."

In the year under review, the NCC business was affected by downsizing of construction projects, reductions in unit order amounts, and restrained capital spending. Meanwhile, the manufacturer- and vendor-related business faced restraint in orders and intensified competition for public-sector tenders. Consequently, new orders received declined 19.8% year on year to ¥62,944 million, and net sales were down 14.2% to ¥64,161 million. During the year, we pursued rigorous cost-reduction efforts, but this was unable to fully compensate for the drop in sales. As a result, ordinary income remained mostly the same at ¥3,769 million, while net income dropped 52.7% to ¥1,061 million.

### TOSYS Group

The TOSYS Group embraced the slogan of "Facing outward with courage" for fiscal 2010. For example, the Group focused on fostering multi-skilled technicians as part of a drive to promote innovation in human resources development. The Group also sought to shift legacy technologies to younger workers and nurture people to become business managers. In the NTT Information and Telecommunication Engineering Business, the Group strengthened its activities by "putting its heart" into the entrenchment of structural reforms to establish two-tier work systems and other issues, which entered their second year. In the private-sector business, meanwhile, the Group executed various measures, including careful selection

and acceptance of orders, reflecting a shift in emphasis from sales to profits. The Group also proactively advanced a business partner evaluation method aimed at enhancing the visibility of the core elements of our business—safety, product quality, compliance, and information security.

In the fiscal year under review, new orders received decreased 8.8% year on year to ¥26,935 million, and net sales fell 8.3% to ¥27,659 million, reflecting declines in capital expenditures for projects related to NTT and NTT DOCOMO. During the year, we benefited from cost-cutting activities, including the operation of NTT-related projects outside of construction service areas, as well as the reduction of costs for operational outsourcing and materials. We also lowered the number of unprofitable projects in the general public-sector/private demand business through careful selection and acceptance of orders, and strove to reduce SG&A expenses. As a result, ordinary income jumped 38.1% year on year to ¥742 million, and net income surged 84.2% to ¥368 million.

### COMSYS JOHO SYSTEM Group

In the year under review, which is the company's first fiscal year, the COMSYS JOHO SYSTEM Group conducted business with an emphasis on two priorities: strengthening sales activities aimed at attracting and expanding orders, and bolstering earnings by enhancing capacity utilization rates and raising project management quality. As a result of a decline in orders in the NCC-related and private demand-related businesses, new orders received amounted to ¥9,871 million, and net sales totaled ¥9,943 million. With respect to earnings, the Group sought to lower project costs by prioritizing core partners when placing orders, and took steps to reduce various other expenses. Due to the emergence of unprofitable projects, however, falling unit order amounts and worsening capacity utilization rates resulted in ordinary income of ¥44 million, and net income of ¥2 million.

## Performance of the Four Core Operating Companies

(Millions of yen)

	Nippon COMSYS Group		SANCOM Group		TOSYS Group		COMSYS JOHO SYSTEM Group	
	2010/2009		2010/2009		2010/2009		2010/2009	
New Orders Received	203,018	(11.9)%	62,944	(19.8)%	26,935	(8.8)%	9,871	—
Net Sales	209,803	(10.5)%	64,161	(14.2)%	27,659	(8.3)%	9,943	—
Operating Income	9,623	(19.9)%	1,988	(47.2)%	634	28.4%	41	—
Net Income	5,912	(26.2)%	1,061	(52.7)%	368	84.2%	2	—

## Financial Position

### Assets

As of 31st March, 2010, total current assets stood at ¥129,035 million, down ¥16,382 million from a year earlier. This was due to a ¥6,871 million decrease in cash and cash equivalents and a ¥6,624 million decline in notes and accounts receivable—trade and accumulated cost of construction in progress. Total fixed assets increased ¥7,540 million to ¥82,774 million as of March 31, 2010, due mainly to a ¥7,305 million increase in property and equipment.

As a result, total assets at fiscal year-end amounted to ¥211,809 million, down ¥8,842 million from a year earlier.

### Liabilities

Total current liabilities at fiscal year-end stood at ¥53,582 million, down ¥7,840 million from a year earlier. This was mainly due to a ¥5,244 million decrease in accounts payable—trade and advances received on construction in progress. Long-term liabilities declined ¥995 million to ¥6,458 million, due mainly to a ¥1,057 million decrease in accrued severance indemnities.

As a result, total liabilities at fiscal year-end amounted to ¥60,040 million, down ¥8,835 million from a year earlier.

### Shareholders' Equity

Total net assets, including minority interests, were ¥151,769 million. This reflected a ¥4,508 million increase in retained earnings, due primarily to net income of ¥7,098 million and a ¥4,992 million increase in treasury stock, which in turn reduced shareholders' equity.

The equity ratio improved from 68.4% at the previous fiscal year-end to 71.2%. Return on equity (ROE) fell 2.0 percentage points to 4.7% from a year earlier, while return on assets (ROA) was 3.3%, down 1.2 percentage points.

## Capital Resources and Liquidity

### Liquidity

The Group has introduced a Cash Management System (CMS) in order to reduce interest-bearing debt and reinforce fund management on a consolidated basis. In addition, COMSYS Holdings has established a committed credit facility of ¥6,000 million so that it can procure funds in times of emergency.

### Cash Flows

Cash and cash equivalents as of 31st March, 2010 were ¥23,006 million, a decrease of ¥6,871 million, or 23.0%, from a year earlier. A breakdown of cash flows for fiscal 2010 and reasons for changes are provided as follows.

#### Cash Flows From Operating Activities

Net cash provided by operating activities amounted to ¥10,055 million, down 48.8% from the previous year. Major cash inflows included ¥12,648 million in income before income taxes and other adjustments to net income and a ¥3,755 million decrease in receivables—trade. Major outflows included a ¥5,716 million decrease in payables—trade.

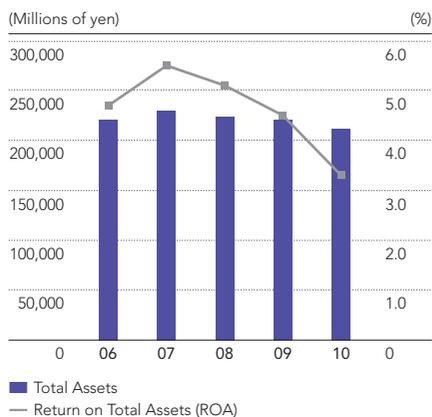
#### Cash Flows From Investing Activities

Net cash used in investing activities totaled ¥9,257 million, up 42.4% from the previous fiscal year. This was due mainly to ¥9,267 million in acquisitions of property and equipment and ¥1,616 million in acquisitions of other assets.

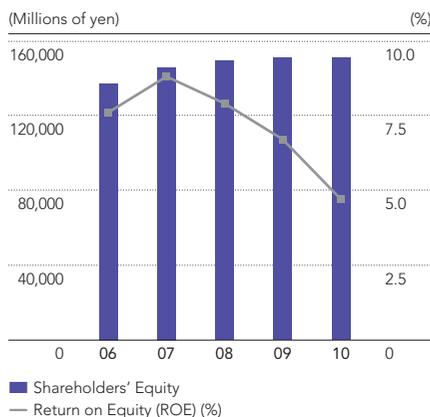
#### Cash Flows From Financing Activities

Net cash used in financing activities was ¥7,669 million, down 0.8% from the previous fiscal year. This mainly reflected ¥5,007 million in acquisitions of treasury stock and ¥2,590 million in cash dividends paid.

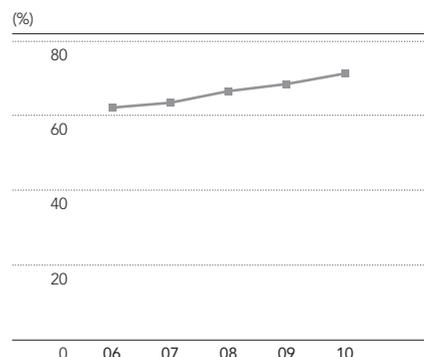
### Total Assets and Return on Total Assets (ROA)



### Shareholders' Equity and Return on Equity (ROE)



### Equity Ratio



## Business Risks

The COMSYS Group believes the following risks could affect the Group's performance and financial position, and have a material impact on the decision-making of investors. Forward-looking statements in the following section were determined by the COMSYS Group as of 31st March, 2010.

### **(1) Risk from Dependency on a Specific Customer**

Since the NTT Group is the primary customer for the COMSYS Group's mainstay electrical and telecommunications infrastructure construction services, accounting for more than 50% of business, changes in the size and nature of capital expenditures at the NTT Group could have an impact on the COMSYS Group's business performance.

### **(2) Risk to Safety and Quality**

With the goal of eradicating accidents involving both personnel and facilities based on the motto of "Prioritizing Safety in Everything," the COMSYS Group is working to manage safety and quality in construction by implementing employee training and other measures within the Group and among partner companies. Nevertheless, an accident that results in the loss of trust among business customers, a loss of potential orders due to a temporary suspension of the Group's status as an approved tenderer and the potential risks associated with the warranty and product liability of any services the Group renders could have an impact on the COMSYS Group's business performance.

Furthermore, the COMSYS Group does its utmost to ensure Group-wide information security management with respect to information, including personal information, entrusted from customers by leveraging the Information Security Management System (ISMS) and Privacy Mark certifications obtained at its core operating companies. Nevertheless, a leak of that information by outsourcing partners or other companies, or due to a crime involving unauthorized access from outside, could result in the loss of trust among business partners or the assumption of liability for damages due to accusations of mismanagement. This in turn could have an impact on the COMSYS Group's business performance.

### **(3) Risk from Changes in Seasonal Business Patterns**

In the COMSYS Group's mainstay business of electrical and telecommunications infrastructure construction services, as the recording of net sales and orders tends to be concentrated in the fourth quarter, at the end of the fiscal year, the Group's business performance could differ significantly between the first and the second halves of the fiscal year.

### **(4) Risk Involved in Holding Assets**

Since the COMSYS Group holds real estate, investment securities and pension assets as needed in the course of business, a change in the market value of these assets could have an impact on the Group's business performance.

### **(5) Credit Risk of Business Customers**

The COMSYS Group conducts strict credit management with regard to its business customers in real time using outside research agencies and other entities. At the same time, the Group has put in place a reliable structure for minimizing the materialization of credit risk by having the Legal Department screen contracts, for example. Nevertheless, deterioration in the credit standing of customers could result in the inability to recover construction costs in the case of a customer or cause construction delays in the case of a sub-contractor. This in turn could have an impact on the Group's business performance.

# Consolidated Balance Sheets

COMSYS Holdings Corporation and Consolidated Subsidiaries  
As of 31st March, 2009 and 2010

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2010	2010
<b>Current Assets:</b>			
Cash and cash equivalents (Note 3) .....	¥ 29,877	¥ 23,006	\$ 247,270
Short-term investments (Note 3) .....	5	44	473
Notes and accounts receivable—trade (Note 3) .....	84,238	79,824	857,954
Accumulated cost of construction in progress .....	20,243	18,033	193,820
Deferred income taxes (Note 6) .....	3,412	2,735	29,396
Other current assets .....	7,802	5,514	59,265
Less: Allowance for doubtful receivables .....	(160)	(121)	(1,301)
<b>Total current assets</b> .....	<b>145,417</b>	<b>129,035</b>	<b>1,386,877</b>
<b>Property and Equipment:</b>			
Land .....	27,091	32,280	346,947
Buildings and structures .....	32,449	35,097	377,225
Machinery and equipment .....	19,391	18,351	197,238
Lease assets .....	19	39	419
Construction in progress .....	344	1,421	15,273
Less: Accumulated depreciation .....	(29,285)	(29,874)	(321,088)
<b>Total property and equipment</b> .....	<b>50,009</b>	<b>57,314</b>	<b>616,014</b>
<b>Investments and Other Assets:</b>			
Investment securities:			
Unconsolidated subsidiaries and affiliates .....	669	614	6,599
Other (Note 3) .....	5,495	6,506	69,927
Long-term loans receivable .....	2,745	2,519	27,074
Prepaid pension cost .....	4,217	4,265	45,841
Deferred income taxes (Note 6) .....	2,548	1,836	19,734
Subscription rights to shares .....	11,927	12,038	129,385
Less: Allowance for doubtful receivables .....	(2,376)	(2,318)	(24,914)
<b>Total investments and other assets</b> .....	<b>25,225</b>	<b>25,460</b>	<b>273,646</b>
<b>Total Assets</b> .....	<b>¥220,651</b>	<b>¥211,809</b>	<b>\$2,276,537</b>

See Notes to the Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2010	2010
<b>Current Liabilities:</b>			
Short-term bank loans	¥ 70	¥ 35	\$ 376
Accounts payable—trade (Note 3)	46,364	41,024	440,929
Advances received on construction in progress	3,611	3,707	39,843
Income taxes payable	4,146	1,710	18,379
Other current liabilities	7,231	7,106	76,376
<b>Total current liabilities</b>	<b>61,422</b>	<b>53,582</b>	<b>575,903</b>
<b>Long-Term Liabilities:</b>			
Long-term debt (Note 4)	116	11	118
Accrued severance indemnities (Note 5)	3,520	2,463	26,473
Deferred income taxes (Note 6)	997	1,090	11,715
Deferred tax liabilities for unrealized gains on land revaluation (Note 9)	2,366	2,366	25,430
Other long-term liabilities	454	528	5,675
<b>Total long-term liabilities</b>	<b>7,453</b>	<b>6,458</b>	<b>69,411</b>
<b>Net Assets (Note 8):</b>			
Common stock, par value ¥51 per share:			
Authorized 580,000 thousand shares			
Issued 145,978 thousand shares	10,000	10,000	107,481
Additional paid-in capital	57,015	57,017	612,822
Retained earnings	107,098	111,606	1,199,549
Unrealized loss on land revaluation (Note 9)	(7,897)	(7,897)	(84,878)
Unrealized gain (loss) on securities	(857)	(444)	(4,772)
Treasury stock, at cost	(14,530)	(19,522)	(209,824)
<b>Total shareholders' equity</b>	<b>150,829</b>	<b>150,760</b>	<b>1,620,378</b>
Subscription rights to shares	70	250	2,687
Minority interests	877	759	8,158
<b>Total net assets</b>	<b>151,776</b>	<b>151,769</b>	<b>1,631,223</b>
<b>Total Liabilities and Net Assets</b>	<b>¥220,651</b>	<b>¥211,809</b>	<b>\$2,276,537</b>

# Consolidated Statements of Income

COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended 31st March, 2009 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2010	2010
Net Sales .....	¥321,186	¥293,086	\$3,150,107
Cost of Sales .....	283,724	260,295	2,797,668
Gross profits .....	37,462	32,791	352,439
Selling, General and Administrative Expenses .....	21,851	20,250	217,648
Operating income .....	15,611	12,541	134,791
<b>Other Income (Expenses):</b>			
Interest and dividend income .....	310	210	2,257
Interest expenses .....	(5)	(3)	(32)
Other, net (Note 10) .....	443	(100)	(1,075)
	748	107	1,150
Income before income taxes and other adjustments to net income .....	16,359	12,648	135,941
Income taxes (Note 6): .....			
Current .....	6,355	4,301	46,227
Deferred .....	(35)	1,229	13,209
	6,320	5,530	59,436
Minority Interests .....	(24)	20	215
<b>Net Income</b> .....	<b>¥ 10,063</b>	<b>¥ 7,098</b>	<b>\$ 76,290</b>

Amounts per Share:	Yen		U.S. Dollars (Note 1)
Net income			
—Basic .....	¥ 75.60	¥ 55.18	\$ 0.59
—Diluted .....	—	55.15	0.59
Cash dividends .....	20.00	20.00	0.21

See Notes to the Consolidated Financial Statements.

# Consolidated Statements of Changes in Net Assets

COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended 31st March, 2009 and 2010

	Thousands	Millions of Yen				
	Outstanding Numbers of Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Unrealized Loss on Land Revaluation	Unrealized Gain/(Loss) on Securities
Balance, 31st March, 2008	136,607	¥10,000	¥ 56,980	¥ 99,783	¥ (7,897)	¥ (330)
Net income				10,063		
Cash dividends paid:						
Final for prior year, ¥10.00 per share				(1,311)		
Interim for current year, ¥10.00 per share				(1,387)		
Changes of scope of consolidation	(10)			(50)		
Repurchase of treasury stock	(5,771)					
Sales of treasury stock	124		35			
Net change in the fiscal year						(527)
Balance, 31st March, 2009	130,950	¥10,000	¥ 57,015	¥ 107,098	¥ (7,897)	¥ (857)
Net income				7,098		
Cash dividends paid:						
Final for prior year, ¥10.00 per share				(1,310)		
Interim for current year, ¥10.00 per share				(1,280)		
Changes of scope of consolidation						
Repurchase of treasury stock	(5,257)		2			
Sales of treasury stock	15					
Net change in the fiscal year						413
Balance, 31st March, 2010	125,708	¥10,000	¥57,017	¥111,606	¥(7,897)	¥(444)

	Millions of Yen				
	Treasury Stock, at cost	Total Shareholders' Equity	Subscription Rights to Shares	Minority Interests	Total Net Assets
Balance, 31st March, 2008	¥ (9,384)	¥ 149,152	-	¥1,266	¥ 150,418
Net income		10,063			10,063
Cash dividends paid:					
Final for prior year, ¥10.00 per share		(1,311)			(1,311)
Interim for current year, ¥10.00 per share		(1,387)			(1,387)
Changes of scope of consolidation	(16)	(66)			(66)
Repurchase of treasury stock	(5,201)	(5,201)			(5,201)
Sales of treasury stock	71	106			106
Net change in the fiscal year		(527)	70	(389)	(846)
Balance, 31st March, 2009	¥ (14,530)	¥ 150,829	¥ 70	¥ 877	¥ 151,776
Net income		7,098			7,098
Cash dividends paid:					
Final for prior year, ¥10.00 per share		(1,310)			(1,310)
Interim for current year, ¥10.00 per share		(1,280)			(1,280)
Changes of scope of consolidation					
Repurchase of treasury stock	(5,007)	(5,007)			(5,007)
Sales of treasury stock	15	17			17
Net change in the fiscal year		413	180	(118)	475
Balance, 31st March, 2010	¥(19,522)	¥150,760	¥250	¥ 759	¥151,769

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Additional Paid-In Capital	Retained Earnings	Unrealized Loss on Land Revaluation	Unrealized Gain/(Loss) on Securities
Balance, 31st March, 2009 .....	\$ 107,481	\$ 612,801	\$ 1,151,096	\$ (84,878)	\$ (9,211)
Net income .....			76,290		
Cash dividends paid:					
Final for prior year, ¥10.00 per share .....			(14,080)		
Interim for current year, ¥10.00 per share .....			(13,757)		
Changes of scope of consolidation .....					
Repurchase of treasury stock .....					
Sales of treasury stock .....		21			
Net change in the fiscal year .....					4,439
Balance, 31st March, 2010 .....	\$107,481	\$612,822	\$1,199,549	\$(84,878)	\$(4,772)

	Thousands of U.S. Dollars (Note 1)				
	Treasury Stock, at cost	Total Shareholders' Equity	Subscription Rights to Shares	Minority Interests	Total Net Assets
Balance, 31st March, 2009 .....	\$ (156,169)	\$ 1,621,120	\$ 752	\$ 9,426	\$ 1,631,298
Net income .....		76,290			76,290
Cash dividends paid:					
Final for prior year, ¥10.00 per share .....		(14,080)			(14,080)
Interim for current year, ¥10.00 per share .....		(13,757)			(13,757)
Changes of scope of consolidation .....					
Repurchase of treasury stock .....	(53,816)	(53,816)			(53,816)
Sales of treasury stock .....	161	182			182
Net change in the fiscal year .....		4,439	1,935	(1,268)	5,106
Balance, 31st March, 2010 .....	\$(209,824)	\$1,620,378	\$2,687	\$ 8,158	\$1,631,223

See Notes to the Consolidated Financial Statements.

# Consolidated Statements of Cash Flows

COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended 31st March, 2009 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2010	2010
<b>Cash Flows From Operating Activities:</b>			
Income before income taxes and other adjustments to net income	¥16,359	¥12,648	\$135,941
Depreciation and amortization	4,654	4,951	53,214
Write-down of investments in securities and other assets	749	56	602
Increase (decrease) in allowance for doubtful receivables	(1,038)	13	140
Decrease in accrued severance indemnities	(413)	(548)	(5,890)
Interest and dividends received	(310)	(210)	(2,257)
Interest expenses	5	3	32
Decrease in receivables—trade	10,767	3,755	40,359
Decrease (increase) in inventories	(504)	2,191	23,549
Decrease in payables—trade	(6,267)	(5,716)	(61,436)
Decrease in other assets	351	310	3,332
(Decrease) increase in other liabilities	358	(909)	(9,770)
Amortization of consolidation adjustments	(1,070)	(87)	(935)
Other, net	300	350	3,762
	23,941	16,807	180,643
Cash and cash equivalents received on interest and dividends income	310	210	2,257
Cash and cash equivalents paid for interest expenses	(5)	(3)	(32)
Cash and cash equivalents paid for income taxes	(4,606)	(6,959)	(74,796)
Net cash provided by operating activities	19,640	10,055	108,072
<b>Cash Flows From Investing Activities:</b>			
Decrease in time deposits, net	150	1,874	20,142
Increase in investment securities, net	(179)	(422)	(4,536)
Acquisitions of property and equipment	(3,454)	(9,267)	(99,602)
Acquisitions of other assets	(3,461)	(1,616)	(17,369)
Proceeds from sale of property	129	88	946
Increase in long-term loans	(1,321)	(1,890)	(20,314)
Collection of long-term loans	1,247	2,094	22,506
Other, net	387	(118)	(1,268)
Net cash used in investing activities	(6,502)	(9,257)	(99,495)
<b>Cash Flows From Financing Activities:</b>			
Decrease in short-term borrowings, net	82	(30)	(322)
Proceeds from long-term loans payable	80	—	—
Repayment of long-term debt	(60)	(32)	(344)
Proceeds from long-term debt	(20)	(10)	(108)
Acquisitions of treasury stock	(5,201)	(5,007)	(53,816)
Proceeds from sale of treasury stock	107	15	161
Cash dividends paid	(2,697)	(2,590)	(27,837)
Other	(23)	(15)	(161)
Net cash used in financing activities	(7,732)	(7,669)	(82,427)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>5,406</b>	<b>(6,871)</b>	<b>(73,850)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>24,294</b>	<b>29,877</b>	<b>321,120</b>
<b>Increase Due to Business Combination</b>	<b>177</b>	<b>—</b>	<b>—</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥29,877</b>	<b>¥23,006</b>	<b>\$247,270</b>

See Notes to the Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

COMSYS Holdings Corporation and Consolidated Subsidiaries

## 1. Basis of Presenting Consolidated Financial Statements

COMSYS Holdings Corporation (the "Company") and its subsidiaries (together, the "Companies") maintain their accounting records and prepare their financial statements in conformity with accounting principles and practices generally accepted in Japan (the "GAAP of Japan"), which differ in certain respects as to application and disclosure requirements from International Accounting Standards. The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Financial Services Agency as required by the Securities and Exchange Laws of Japan. Certain reclassifications of account balances have been made so as to present the consolidated financial statements in a form that is more familiar to

readers outside Japan. Also, certain prior year accounts have been reclassified to conform to the 2010 presentation, without any impacts on results of operations or retained earnings reported previously.

The accounts and records of the Companies are maintained in Japanese yen. The accompanying consolidated financial statements have been presented in Japanese yen and have also been presented in U.S. dollars by translating all Japanese yen amounts using the rate of ¥93.04 to US\$1. The presentation of such dollar amounts is solely for the convenience of the reader and is not intended to imply that yen amounts have been or could be converted, realized or settled in dollars at that or at any other rate.

## 2. Summary of Significant Accounting Policies

### (a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 31 subsidiaries (see "Our Group Formation" at the 40th page of this annual report) over which the Company exerts substantial control either through majority ownership of voting shares and/or by other means. For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been eliminated.

The accounts of other subsidiaries and affiliates were not consolidated, since their aggregate sales, total assets, net income and retained earnings have little affect upon the total consolidated results of operations and assets. Also, investments in unconsolidated subsidiaries and affiliates are carried at cost due to their immateriality.

All of the subsidiaries were consolidated on the basis of fiscal periods ending 31st March.

Goodwill, including negative goodwill, is amortized by the straight-line method over reasonable economical life up to 20 years; while goodwill without materiality is amortized at the incurrence.

### (b) Use of estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare the accompanying consolidated financial statements in conformity with the GAAP of Japan. Actual results could differ from these estimates.

### (c) Point of sales—construction contracts

Under the GAAP of Japan effective from the fiscal year beginning from and on 1st April, 2009, construction contracts with reliable estimates of their outcome are to be accounted for by percentage-of-completion method; while construction contracts without reliable estimates of their outcome are to be accounted for by completed contract method.

Before applying this new accounting principle, the completed contract method was applied for all construction contracts by the Companies, but the impact of this change was not material.

The percentage of completion is estimated by using cost method.

When the completed-contract method is applied, the accumulated cost of uncompleted construction is shown as "Accumulated cost of construction in progress" and the related billings (advances received) on uncompleted construction contracts are shown as "Advances received on construction in progress" in the accompanying balance sheets.

### (d) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments,

generally with original maturities of three months or less, those are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

### (e) Short-term investments and investment securities

The GAAP of Japan requires the classification of short-term investments and investment securities (except for "unconsolidated subsidiaries and affiliates") of the Companies into two categories as follows:

- i) Other securities whose fair values are readily determinable: carried at fair value with unrealized gains or losses included in Stockholders' Equity as "Unrealized gain (loss) on securities," net of applicable income taxes.
- ii) Other securities whose fair values are not readily determinable: carried at cost using moving-average method.

With respect to investments in unconsolidated subsidiaries and affiliates, the Companies are carrying their amounts at cost, determined by the moving average cost.

### (f) Accumulated cost of construction in progress

In connection with (c) above, "Accumulated cost of construction in progress" is stated at cost based on an individual project basis.

### (g) Property and equipment

Property and equipment are stated at cost. Depreciation is computed primarily by the declining-balance method; while the straight-line method is applied to building acquired after 1st April, 1998, both using estimated useful lives of assets principally as follows:

Buildings and structures    2 to 50 years

### (h) Intangible assets and deferred charges

Intangible assets including software are carried at cost and amortized by the straight-line method over the estimated useful lives of assets. The useful life of software utilized in the Companies is estimated to be 5 years. Research and development costs are charged to income as incurred.

### (i) Leases

As a lessee, the financial leases that do not transfer ownership of the property to lessee are accounted for as transactions of acquisition of assets; while such financial leases commenced before and on 31st March, 2008 are allowed to be accounted for as transactions of rent, but certain "as if capitalized" information in the notes to the consolidated financial statements are required.

#### (j) Impairment of long-lived assets

The Companies' long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or assets in a group might not be recoverable. An impairment loss should be recognized if the carrying amount of those assets exceeds the sum of the expected undiscounted future cash flows arising from the continual use and subsequent disposition of those assets. The impairment loss should be measured by difference between the carrying amount and their recoverable amount, which is higher of the expected discounted future cash flows arising from the continual use and subsequent disposition of those assets or the net selling price at disposition.

#### (k) Income taxes

Deferred tax assets and liabilities arising from temporary differences between financial and tax reporting are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. In the preparation of the consolidated financial statements, deferred tax assets and liabilities also arose from

the elimination of unrealized profits among the Companies and the adjustment of the allowance for doubtful receivables caused by the offsetting of inter-company receivables and payables.

#### (l) Appropriations of retained earnings

Appropriations of retained earnings of the Company at each year-end are reflected in the consolidated financial statements for the following year upon shareholders' approval (See Note 12).

#### (m) Net income and cash dividends per share

The computations of basic net income per share are based on the weighted average number of shares outstanding during each year. The GAAP of Japan requires deductions of the amounts with which stockholders of common stock are not vested (e.g. bonus paid to directors) from net income when computing net income per share.

Cash dividends per share are based on the cash dividends applicable to the respective years, including dividends to be paid after the end of the year.

### 3. Financial Instruments

The Companies raise funds through Cash Management System among the Companies, and hold all cash reserve as short-term bank deposits. The Companies are trying to minimize the customers' credit risk arising from notes and accounts receivable—trade by applying bylaws of the Companies. There was no derivative transaction among the Companies.

Information that is required to be disclosed in the Notes to the consolidated financial statements by the regulations and rules on disclosures under the Securities and Exchange Laws of Japan, as amended to conform to certain reclassifications of account balances made to present the consolidated financial statements, consists of the following:

(a) Carrying amounts, their fair value and the differences between them as of 31st March, 2010, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Carrying Amount	Fair Value	Difference	Carrying Amount	Fair Value	Difference
Cash and cash equivalents . . . . .	¥23,006	¥23,006	—	\$247,270	\$247,270	—
Notes and accounts receivable—trade . . . . .	79,824	79,824	—	857,954	857,954	—
Accounts payable—trade . . . . .	41,024	41,024	—	440,929	440,929	—

Fair value of the items mentioned above were approximately the same as carrying amounts, since they were to be settled in a short period.

(b) Maturities of receivables and investment securities with due date as of 31st March, 2010, were as follows:

	Million of yen				Thousands of U.S. dollars			
	Within 1 Year	After 1 and within 5 years	After 5 and within 10 years	After 10 years	Within 1 Year	After 1 and within 5 years	After 5 and within 10 years	After 10 years
Cash and cash equivalents . . . . .	¥ 23,006	—	—	—	\$ 247,270	—	—	—
Notes and accounts receivables—trade . . . . .	79,824	—	—	—	857,954	—	—	—
Investment securities with maturities . . . . .	45	¥120	¥102	¥300	484	\$1,290	\$1,096	\$3,224
Total . . . . .	¥102,875	¥120	¥102	¥300	\$1,105,708	\$1,290	\$1,096	\$3,224

(c) Other securities whose fair value was readily determinable as of 31st March, 2009 and 2010, were as follows:

Classification	31st March, 2009				31st March, 2010			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Stocks . . . . .	¥4,480	¥389	¥1,252	¥3,617	¥4,986	¥497	¥ 811	¥4,672
Bonds and debentures . . . . .	569	1	93	477	564	1	92	473
Others . . . . .	860	0	161	699	863	17	107	773
Total . . . . .	¥6,015	¥486	¥ 956	¥5,545	¥6,413	¥515	¥1,010	¥5,918

Classification	Thousands of U.S. dollars			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Stocks	\$53,590	\$5,342	\$ 8,716	\$50,216
Bonds and debentures	6,062	11	989	5,084
Others	9,275	182	1,150	8,307
<b>Total</b>	<b>\$68,927</b>	<b>\$5,535</b>	<b>\$10,855</b>	<b>\$63,607</b>

(d) Proceeds from sales of other securities and realized gains/losses on such sales, cost of the sales being determined by moving average method, for the year ended 31st March, 2009 and 2010, were as follows:

	Millions of yen		Thousands of U.S. dollars
	For the year ended 31st March		For the year ended 31st March
	2009	2010	2010
Proceeds from sales	¥111	¥130	\$1,397
Realized gains	77	79	849
Realized losses	0	0	0

For the years ended 31st March, 2009, the Companies made write-down of investment securities, whose fair value was readily determinable, amounting to ¥617 million, following an accounting policy of the Companies which requires a write-down of investment securities whose fair value at the fiscal year's end declined to an amount not more than 50% of the book value.

#### 4. Long-Term Debt

Long-term debt as of 31 March, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Loans from banks	¥157	¥ 6	\$ 65
Capital lease obligations	22	34	365
	179	40	430
Less: Current portion	63	29	312
	116	11	118

Aggregate amounts of annual maturities of long-term debt as of 31st March, 2010 consisted of the following:

Fiscal year ending 31st March	Millions of yen	Thousands of U.S. dollars
2011	¥29	\$312
2012	7	75
2013	3	32
2014	1	11
	¥40	\$430

#### 5. Accrued Severance Indemnities

Employees of the Companies are usually entitled to lump-sum severance indemnities determined by reference to their current basic rate of pay, length of service and conditions under which the termination occurs.

COMSYS has a contributory and funded defined benefit pension plan, which is pursuant to the Welfare Pension Insurance Law of Japan. As qualified and allowed under the GAAP of Japan, the plan assets include an employee retirement benefit trust to which COMSYS, SANCOM and TOSYS contributed certain marketable equity securities.

Other consolidated subsidiaries provide for severance indemnities based on the liability if all eligible employees were to voluntarily terminate employment on the balance sheet date. In addition, certain subsidiaries have funds for tax qualified defined benefit pension plans and a few subsidiaries have non-contributory and funded defined benefit pension plans.

"Accrued severance indemnities" recognized in the consolidated balance sheet as of 31st March, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Projected benefit obligation	¥(41,411)	¥(42,257)	\$(454,181)
Fair value of plan assets	32,993	35,967	386,576
Unfunded benefit obligation	(8,418)	(6,290)	(67,605)
Unrecognized actuarial difference	13,389	11,541	124,043
Unrecognized prior service cost	(3,603)	(3,274)	(35,189)
Net amount recognized	1,368	1,977	21,249
Prepaid pension cost	4,217	4,265	45,841
Accrued severance indemnities	(2,848)	(2,288)	(24,592)

With respect to directors and corporate auditors of the Companies, lump-sum severance indemnities are used to be calculated using a similar formula and are normally paid subject to the approval at the shareholders' meeting of each of the Companies.

But in June 2009, the shareholders' meeting of the Company and certain consolidated subsidiaries approved to discontinue the lump-sum severance indemnities for directors and corporate auditors, and the amounts calculated on the discontinuance are to be paid on their

retirements. These liabilities amounted to ¥178 million (US\$1,913 thousand) as of 31st March, 2010, and included in "Other long-term liabilities" in the consolidated balance sheet.

"Accrued severance indemnities" in the consolidated balance sheet as of 31st March, 2009 and 2010 include the provision for accrued severance indemnities for directors and corporate auditors of the Companies amounted to ¥671 million and ¥175 million (US\$1,881 thousand), respectively.

Net pension cost of the plans included in the consolidated statements of income for the years ended 31st March, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Service cost	¥ 2,597	¥1,872	\$20,120
Interest cost	961	928	9,974
Expected return of plan assets	(1,267)	(772)	(8,297)
Amortization of unrecognized actuarial difference	804	1,261	13,553
Amortization of unrecognized prior service costs (negative)	(327)	(327)	(3,514)
Other	178	440	4,729
Net pension cost	¥ 2,946	¥3,402	\$36,565

Unrecognized prior service costs are amortized and charged to income using a straight-line method over the average remaining years of service of employees at the incurrence. Unrecognized actuarial differences are amortized and charged to income using a straight-line method from the succeeding year of the incurrence over the average remaining years of service of employees at the incurrence.

Significant assumptions used to calculate the above-mentioned amount for the year ended 31st March, 2010 were as follows:

- Allocation method of benefit obligation      Straight-line method
- Discount rate                                      2.0% (mainly)
- Expected rate of return on plan assets      2.9% (mainly)

- Unrecognized prior service cost is amortized over mainly 15 years.
- Unrecognized actuarial difference is amortized over mainly 15 years from the succeeding fiscal year of the incurrence.

The GAAP of Japan effective from the fiscal year beginning from and on 1st April, 2009, requires that the discount rate mentioned above is to be strictly determined by reference of risk-free rate at the end of the fiscal year. This change resulted in increasing of unrecognized actuarial difference of the Companies amounted to ¥1,651 million (US\$17,745 thousand) as of 31st March, 2010.

## 6. Income Taxes

The Companies are subject to corporate (national), inhabitant and enterprise (local) taxes based upon taxable income, which resulted in statutory tax rates of approximately 40%, in aggregate, both for the year ended 31st March, 2009 and 2010. The effective tax rate reflected

in the accompanying consolidated statements of income differs from the statutory tax rate primarily due to such items as permanently non-deductible expenses and timing differences in recognizing certain income and expense items for financial and tax reporting purposes.

The difference between the statutory tax rate and effective tax rate reflected in the consolidated statements of income for the year ended 31st March, 2010, primarily consisted of the following:

Statutory tax rate of the Companies	40.0%
Effects of;	
Expenses permanently not deductible for income tax purpose	2.1
Local taxes with fixed amounts	1.5
Amortization of negative goodwill	▲0.3
Valuation allowance	0.1
Other, net	0.3
<b>Effective tax rate</b>	<b>43.7%</b>

Deferred tax assets and liabilities of the Companies, except for that relating to land revaluation of COMSYS mentioned in Note 9, as of 31st March, 2009 and 2010, primarily consisted of the following:

	2009	Millions of yen 2010	Thousands of U.S. dollars 2010
<b>Deferred tax assets:</b>			
Accrued expenses and enterprise taxes	¥ 3,241	¥ 2,582	\$ 27,752
Accrued severance indemnities	962	695	7,470
Allowance for doubtful receivables	836	892	9,587
Revaluation of land owned by consolidated subsidiaries	848	853	9,168
Write-down of investment securities	1,104	721	7,749
Others	1,584	1,328	14,274
	8,575	7,071	76,000
Less: Valuation allowance	(1,906)	(1,938)	(20,830)
	6,669	5,133	55,170
<b>Deferred tax liabilities:</b>			
Deferred gain on exchange of lands	(400)	(473)	(5,084)
Revaluation of land owned by consolidated subsidiaries	(1,228)	(1,135)	(12,199)
Others	(81)	(46)	(494)
	(1,709)	(1,654)	(17,777)
<b>Net deferred tax assets</b>	<b>¥ 4,960</b>	<b>¥ 3,479</b>	<b>\$ 37,393</b>

## 7. Leases

(As a Lessee)

As mentioned in the Note 1(i) above, the financial leases commenced before and on 31st March, 2008 are accounted for as transactions of rent. Pro forma amounts of the acquisition costs (including the interest portion thereon), accumulated depreciation (depreciation expenses of

the leased property were computed by the straight-line method over the respective lease terms) and net book value of leased property as of 31st March, 2009 and 2010, which would have been reflected in the consolidated balance sheets if capitalized, were as follows:

	2009	Millions of yen 2010	Thousands of U.S. dollars 2010
Acquisition costs	¥2,234	¥2,081	\$22,367
Accumulated depreciation	1,160	1,354	14,553
<b>Net book value</b>	<b>¥1,074</b>	<b>¥ 727</b>	<b>\$ 7,814</b>

Lease payments relating to financial leases accounted for as transactions of rent amounted to ¥392 million and ¥287 million (US\$3,085 thousand) for the years ended 31st March, 2009 and 2010, respectively.

Obligation (including the interest portion thereon) under financial leases as of 31st March, 2009, were as follows:

	Millions of yen 2010	Thousands of U.S. dollars 2010
Due within one year	¥256	\$2,752
Due after one year	471	5,062
<b>Total</b>	<b>¥727</b>	<b>\$7,814</b>

(As a Lessor)

One of the Companies has sales type leases as its business.

The amount, relating to the sales type leases, included in "Other current assets" of the consolidated balance sheet as of 31st March, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Lease payments receivable .....	¥1,005	\$10,802
Unguaranteed residual value .....	17	183
Unearned interest income .....	(181)	(1,946)
	¥ 841	\$ 9,039

Aggregate amounts of lease payments receivable as of 31st March, 2010 consisted of the following:

Fiscal year ending 31st March	Millions of yen	Thousands of U.S. dollars
2011 .....	¥ 336	\$ 3,611
2012 .....	294	3,160
2013 .....	239	2,569
2014 .....	113	1,215
2015 .....	22	236
2016 and later .....	1	11
	¥1,005	\$10,802

## 8. Net Assets

Under the Corporation Act of Japan, the additional paid-in capital (capital reserves) may be, by resolution of shareholders' meeting, transferred to stated capital or used to reduce a deficit, but they are not available for dividend payment. On condition that the aggregate amount of additional paid-in capital (capital reserves) remains equal to or exceeds 25 per cent of the amount of stated capital, it is available

for distributions by the resolution of the shareholders' meeting within a certain limit. The amount of the additional paid-in capital (capital reserves) of the Company included in "Additional paid-in capital" and "Retained earnings" of the accompanying consolidated balance sheets as of 31st March, 2010, was ¥58,816 million (US\$632,158 thousand).

## 9. Revaluation of Land for Business

At 31st March, 2002, land owned by the COMSYS was revalued under the Land Revaluation Law and related regulations. Net unrealized gains and losses resulting from the revaluation were debited directly to shareholders' equity as a negative revaluation surplus after adding the related deferred tax liabilities as mentioned below. The negative revaluation surplus will be credited as a gain or loss when a part of the land is sold.

The fair value for the revalued land mentioned above as of 31st March, 2009 and 2010 has been increased by ¥5,599 million and decreased by ¥342 million (US\$3,676 thousand), respectively, in the aggregate from the book value, which has not been restated, as allowed by the GAAP of Japan.

Deferred tax assets and liabilities relating to revaluation of land of the Company as of 31st March, 2010 consisted of the following:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Deferred tax assets:		
Relating to unrealized losses .....	¥ 4,578	\$ 49,205
Less: Valuation allowance .....	(4,578)	(49,205)
	-	-
Deferred tax liabilities:		
Relating to unrealized gains .....	2,366	25,430
Net: Deferred tax liabilities .....	¥ 2,366	\$ 25,430

## 10. Other Income and Expenses

"Other, net" in "Other Income (Expenses)" for the year ended 31st March, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Amortization of consolidation adjustments/negative goodwill	¥1,070	¥ 87	\$ 935
Gain on sales of fixed assets	43	7	75
Special payments on employees' retirement benefits	(123)	(135)	(1,451)
Gain on payback of insurance payments	120	77	828
Write-down on investments in securities and other assets	(761)	(55)	(591)
Loss on impairment of fixed assets	(8)	(122)	(1,311)
Gain on sales of investment securities	77	79	849
Loss on disposals of fixed assets	(151)	(137)	(1,473)
Allowance for doubtful receivables	(67)	(80)	(860)
Other	243	179	1,924
	¥ 443	¥(100)	\$ (1,075)

## 11. Stock-based Compensation Plans

The stock option plans as of 31st March, 2010 is as follows:

	Outstanding share subscription rights		
	No. 1	No. 2	No. 3
Date of grant	7th October, 2005	29th August, 2008	24th August, 2009
Number of shares granted	Common stock 924,000 shares	Common stock 993,000 shares	Common stock 108,400 shares
Category and number of grantees:			
Directors of the Company	10	8	9
Directors of the Companies and affiliates	60	121	19
Senior officers of the Companies	29	40	—
Employees of the Companies and affiliates	679	470	—
Target service period:			
From and on	7th October, 2005	29th August, 2008	—
Until and on	30th June, 2007	29th August, 2010	—
Exercisable period:			
From and on	1st July, 2007	30th August, 2010	25th August, 2009
Until and on	30th June, 2011	29th August, 2014	24th August, 2039
Outstanding balance at 31st March, 2010:			
Exercisable	900,000 shares	—	—
Not exercisable	—	963,000 shares	108,400 shares
Exercise price	¥1,304	¥974	¥1
Fair value of the stock option at date of the grant	—	¥227	¥945 (Note 2)
Conditions for determination of the rights	Note 1	Note 1	—

Notes: 1. Among exercisable period, the guarantee must be a director of the Company, the Companies or affiliates, or a senior officer of the Companies, or an employee of the Companies or affiliates, except in the event of leaving post or resigning with fair reasons.

2. The fair value is estimated using Black-Scholes model with the assumptions of the followings;

- Volatility of stock price—40.5%, calculated on the observed share price for the four-year period (beginning 24th August, 2004 and ending 24th August, 2009).
- Estimated residual period—5 years, exercise date is assumed at the middle date of the exercisable period due to the difficulties involved in making a rational estimate arising from the absence of sufficient data.
- Estimated dividend—¥20 per share, based on the results for the fiscal year ended 31st March, 2009.
- Risk-free interest rate—0.65%, observed interest yield of Japanese Governmental Bonds corresponding to the estimated residual period

Allocated cost for the stock option plan for the year ended 31st March, 2009 and 2010, amounted to ¥69 million and ¥180 million (US\$1,935 thousand), respectively, were included in "Selling, General and Administrative Expenses" of the Consolidated Statements of Income.

## 12. Subsequent Event

(a) On 12th May, 2010, the Board of Directors approved the acquisition of Tsuken Corporation ("TSUKEN") as a wholly owned subsidiary by transfer of 8,351,286 shares from treasury stock of the Company to shareholders of TSUKEN, as based on the contracted ratio (0.4 shares of the Company to 1 share of TSUKEN). The number of shares transferred to TSUKEN's shareholders was calculated from the number of common stock of TSUKEN issued as of 12th May, 2010, and would vary

until the date of transfer, 1st October, 2010, due to change of the number issued by TSUKEN, if any.

(b) On 29th June, 2010, the shareholders of the Company approved the following appropriations of retained earnings:

	Millions of yen	Thousands of U.S. dollars
Cash dividends . . . . .	¥1,257	\$13,510

## Report of Independent Certified Public Accountants

To the Board of Directors,  
COMSYS Holdings Corporation

We have audited the accompanying consolidated balance sheets of COMSYS Holdings Corporation (the "Company") and its consolidated subsidiaries as of 31st March, 2009 and 2010, and the related consolidated statements of income, changes in net assets and cash flows for each of the two year ended 31st March, 2010, expressed in Japanese yen. Preparing these consolidated financial statements is the responsibility of the Company's management. Our responsibility is limited to express an independent opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits include examining evidence supporting the amounts and disclosures of the financial statements on a test basis, and also include assessing the accounting policies adopted and significant estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of COMSYS Holdings Corporation and its consolidated subsidiaries as of 31st March, 2009 and 2010, and the consolidated results of their operations and cash flows for each of the two year ended 31st March, 2010, in conformity with accounting principles and practices generally accepted in Japan as described in Note 1 to the consolidated financial statements.

Without qualifying our opinion, we draw attention to the following:

As described in Note 12(a), on 12th May, 2010, the Board of Directors approved the acquisition of Tsuken Corporation as a wholly owned subsidiary by transfer of treasury stocks of the Company.

The U.S. dollar amounts, presented solely for the convenience of the readers, have been translated on the basis as described in Note 1 to the consolidated financial statements.



Hideo Niwa



Tomoyoshi Suzuki



Satoshi Okawara

O-Yu Kyodo Jimusho, Certified Public Accountants of Japan

Tokyo, Japan  
29th June, 2010

# COMSYS Holdings Information

## Corporate Data

As of 31st March, 2010

**Name:**

COMSYS Holdings Corporation

**Head Office:**

17-1, Higashigotanda 2-chome, Shinagawa-ku,  
Tokyo 141-8647, Japan

**URL:**

<http://www.comsys-hd.co.jp/english/>

**Date of Establishment:**

29th September, 2003

**Paid-in Capital:**

¥10 billion

**Number of Employees:**

8,407 (Consolidated)

## Corporate History

.....  
**April 2009**

The information systems business related to software development outsourcing was spun off from Nippon COMSYS Corporation to form COMSYS JOHO SYSTEM Corporation.

.....  
**April 2007**

COMSYS Holdings Corporation converted COMSYS Shared Services Corporation, previously a consolidated subsidiary of Nippon COMSYS Corporation, into a wholly owned consolidated subsidiary in order to clarify its role as a common provider of business process outsourcing services for the COMSYS Group.

.....  
**October 2005**

COMSYS Holdings Corporation converted Kokusai Densetsu Co., Ltd. (now COMSYS WING Corporation) into a wholly owned subsidiary through a stock exchange, and made Kokusai Densetsu a wholly owned subsidiary of Nippon COMSYS Corporation on the same day.

.....  
**April 2005**

SANWA ELEC Co., Ltd. was renamed SANWA COMSYS Engineering Corporation.

.....  
**January 2005**

The NTT Information Telecommunication Engineering Business of SANWA ELEC Co., Ltd. was centralized at Nippon COMSYS Corporation.

.....  
**September 2004**

COMSYS Holdings Corporation subscribed to a third-party allotment of shares by SANWA ELEC Co., Ltd.

.....  
**September 2003**

COMSYS Holdings Corporation listed its shares on the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange.

.....  
**September 2003**

Nippon COMSYS Corporation delisted its shares in line with the establishment of the holding company.

.....  
**March 2002**

Nippon COMSYS Corporation was selected as one of the 225 components of the Nikkei Stock Average.

.....  
**December 2001**

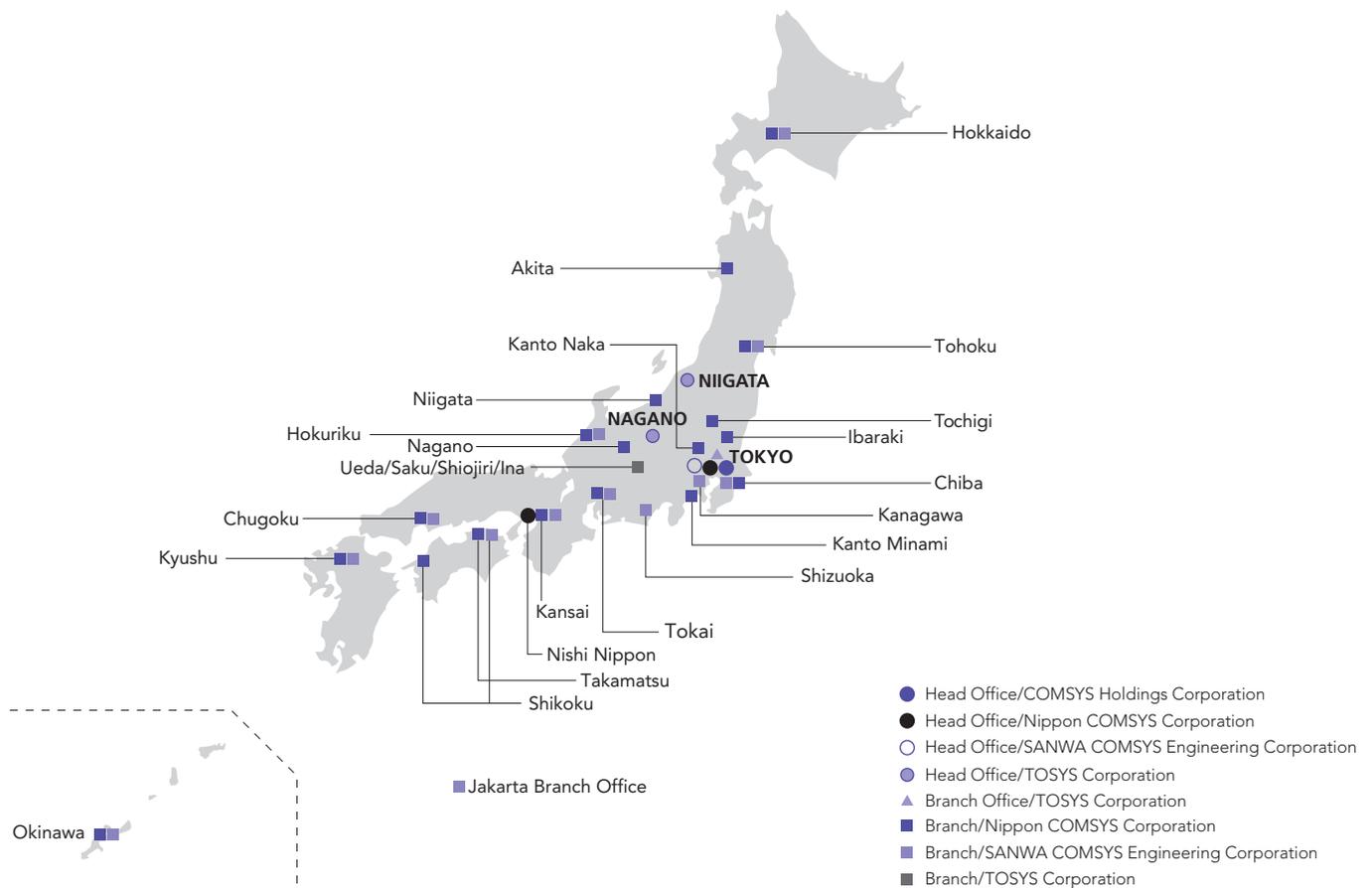
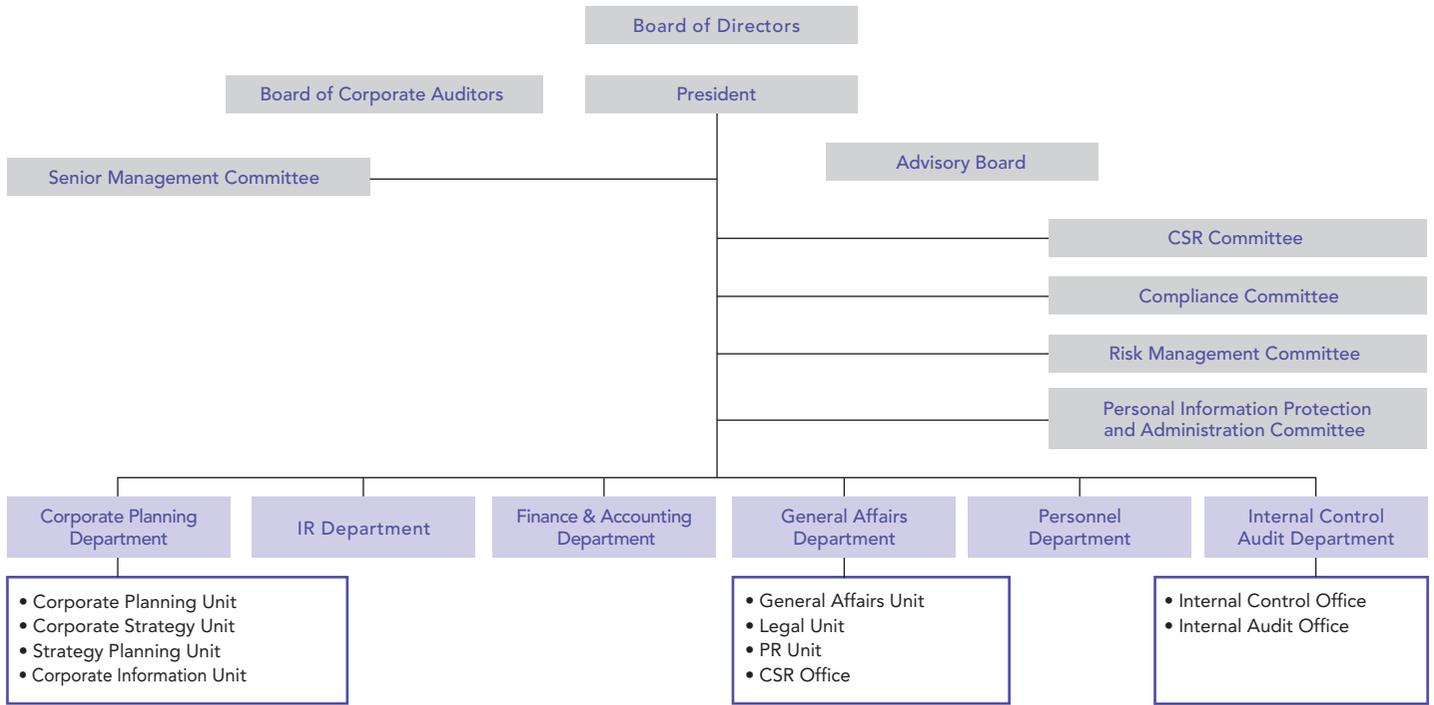
Nippon COMSYS Corporation celebrated its 50th founding anniversary.

.....  
**July 1990**

The Company was renamed Nippon COMSYS Corporation.

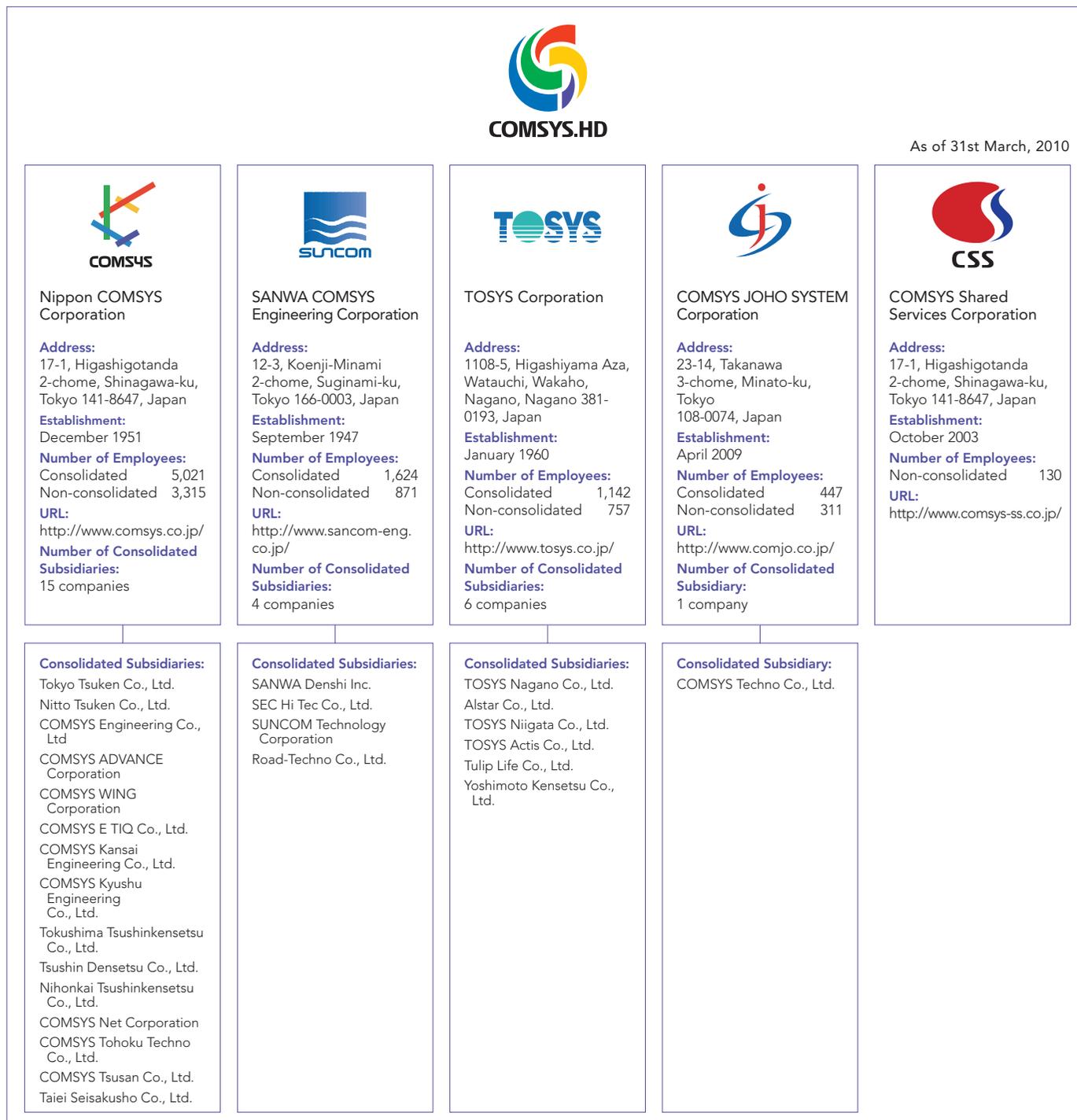
# Organization Chart

As of 29th June, 2010



# Our Group Formation

The COMSYS Group's (COMSYS Holdings and subsidiaries and affiliates) main businesses comprise electrical and telecommunications infrastructure construction services centered on telecommunications infrastructure and electrical facilities, and other businesses, including the information processing-related business. As of March 2010, the Group included 31 consolidated subsidiaries.



- Notes: 1. On April 1, 2009, COMSYS Holdings Corporation converted COMSYS JOHO SYSTEM Corporation, which was newly established through a spin-off from Nippon COMSYS Corporation on the same day, into a wholly owned subsidiary.
2. On April 1, 2009, COMSYS Techno Co., Ltd., previously a consolidated subsidiary of Nippon COMSYS Corporation, was converted into a wholly owned subsidiary of COMSYS JOHO SYSTEM Corporation.
3. From the fiscal year ended March 31, 2010, Sannect Co., Ltd. was removed from the scope of consolidation of COMSYS Holdings Corporation, following the sale of all shares of Sannect Co., Ltd. by COMSYS Holdings Corporation on May 16, 2009.
4. On July 1, 2009, Tulip Keibi Co., Ltd. and Tulip Life Co., Ltd. merged, with the latter as the surviving company.

# Investor Information

As of 31st March, 2010

## Fiscal Year-End:

31st March, 2010

## Annual Shareholders' Meeting:

29th June, 2010

## Common Stock:

Authorized: 580,000,000 shares

Issued: 145,977,886 shares

## Number of Shareholders:

8,474

## Date of Listing:

September 2003

## Stock Exchange Listings:

First Section of Tokyo Stock Exchange  
and Osaka Securities Exchange  
(Securities code: 1721)

## Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation  
Securities Department  
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212

## Auditor:

Certified Public Accountants of Japan  
O-Yu Kyodo Office

## For Further Information of This Annual Report,

### Please Contact

IR Department  
Tel: +81-3-3448-7000 (direct)  
Fax: +81-3-3448-7001  
E-Mail: chd-ir@comsys.co.jp

## Major Shareholders:

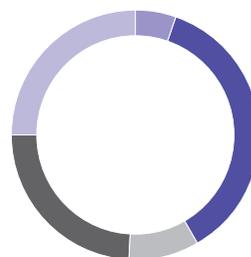
As of 31st March, 2010

Shareholders	Shares Held (Thousands)	Percentage of Total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,920	6.11
Japan Trustee Services Bank, Ltd. (Trust Account)	8,768	6.00
Japan Trustee Services Bank, Ltd. (Mitsui Asset Trust and Banking Company Retrust Portion, Fujikura Ltd. Employee Pension Trust)	6,834	4.68
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. (Re-Trust Account), Sumitomo Electric Industries, Ltd. (Employee Pension Trust Account))	5,166	3.53
JPMorgan Securities Japan Co., Ltd.	3,248	2.22
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	2,934	2.01
Nippon Life Insurance Company	2,683	1.83
The Furukawa Electric Co., Ltd.	2,583	1.76
FUJITSU LIMITED	2,413	1.65
Meiji Yasuda Life Insurance Company	1,704	1.16

The Company held 20,180,838 shares of treasury stock (representing a shareholding of 13.82%) as of 31st March, 2010. This shareholding has been excluded from the list of major shareholders.

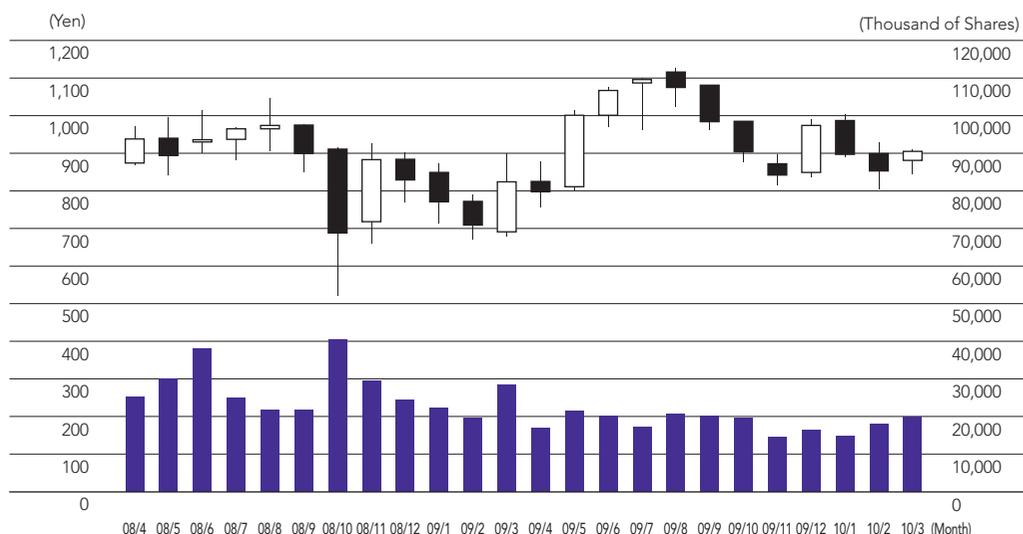
## Composition of Shareholders:

As of 31st March, 2010



■ Securities Companies	5.55%
■ Financial Institutions	36.38%
■ Domestic Companies	9.21%
■ Foreign Companies and Individuals	24.06%
■ Individuals and Others	24.80%

## Stock Price Range



■ □ Stock Price (Left Scale) ■ Monthly Trading Volume (Right Scale)



## COMSYS Holdings Corporation

17-1, Higashigotanda 2-chome, Shinagawa-ku, Tokyo 141-8647, Japan

Tel: 81-3-3448-7100

<http://www.comsys-hd.co.jp/>