

# COMSYS WAY<sup>a</sup>

Advance of structural reforms and top-line growth

## **Annual Report 2013**

Fiscal Year Ended March 31, 2013

COMSYS Holdings Corporation

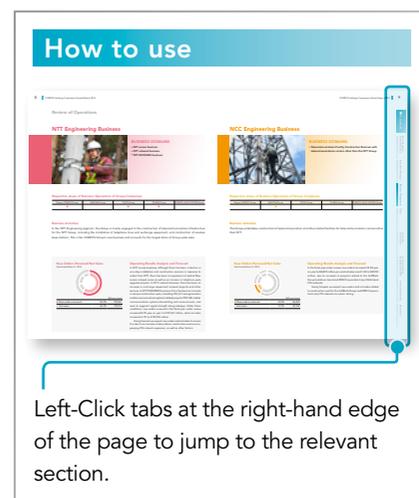
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## Cautionary Statement with Respect to Forward-Looking Statements

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.

\* Compiled based on the content of COMSYS Holdings' Annual Securities Report submitted in Japanese.



## Profile

COMSYS Holdings Corporation (the “Company”) was established as the holding company of the COMSYS Group on September 29, 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, 2013, the COMSYS Group was made up of 45 subsidiaries and 9 affiliates, centered on 5 core operating subsidiaries, specifically the above 3 companies and TSUKEN Corporation and COMSYS JOHO SYSTEM 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.

### COMSYS WAY<sup>a</sup> (advanced etc.)

The COMSYS Group aims to become a lean corporate entity that steadily generates earnings in the recent severe operating environment, and so has been implementing COMSYS WAY structural reforms at each Group company. Looking ahead, the Group is united in working together to further strengthen these structural reforms under our COMSYS WAY<sup>a</sup> (advanced) initiative, which prioritizes not only higher earnings, but top-line growth as well.

### Our Mission

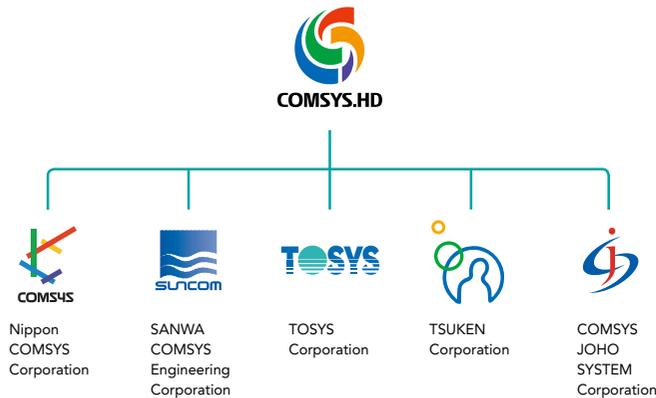
The COMSYS Group devotes every effort to bringing about a “smart, ubiquitous network society” to serve as the infrastructure of a “sustainable society.” To this end, we intend to leverage our position as Japan’s No. 1 communications infrastructure construction company in maximizing synergies across the whole Group to provide high-quality technologies and services.

### Management Policies

Management at COMSYS Group is based on the following three policies, and every effort is being made to achieve them.

1. Fortify further 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 sharing know-how through Group-wide IT systems

## Five Integrated Business Groups



The COMSYS Group's (COMSYS Holdings and its 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 2013, the Group included 45 subsidiaries.



### Nippon COMSYS Corporation

**COMSYS**

#### Business Activities

With its primary customers consisting of the NTT Group, public offices, and private enterprises, Nippon COMSYS Group is engaged in installation of electrical and telecommunications facilities and equipment on a nationwide scale.

#### Address:

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

#### Establishment:

December 1951

#### Number of Employees:

Consolidated 4,725  
Non-Consolidated 3,099

#### URL:

<http://www.comsys.co.jp/>  
(Japanese only)

#### Number of Consolidated Subsidiaries:

13 companies

#### Consolidated Subsidiaries:

COMSYS Mobile Corporation  
COMSYS Engineering Co., Ltd.  
WINTIQ Co., Ltd.  
COMSYS Kansai Engineering Co., Ltd.  
COMSYS Kyushu Engineering Co., Ltd.  
Phos Techno Shikoku Co., Ltd.  
Tsushin Densetsu Co., Ltd.  
Nihonkai Tsushinkensetsu Co., Ltd.  
Yashiro Tsushinkensetsu Co., Ltd.  
COMSYS Net Corporation  
COMSYS Tohoku Techno Co., Ltd.  
COMSYS Tsusan Co., Ltd.  
Taipei Seisakusho Co., Ltd.



### SANWA COMSYS Engineering Corporation

#### Business Activities

With its primary customers consisting of the KDDI Group and the SoftBank Group, SANWA COMSYS Engineering Group is engaged in installation of electrical and telecommunications facilities and equipment on a nationwide scale.

#### Address:

12-3, Koenji-Minami 2-chome,  
Suginami-ku,  
Tokyo 166-0003, Japan

#### Establishment:

September 1947

#### Number of Employees:

Consolidated 1,522  
Non-Consolidated 725

#### URL:

<http://www.sancom-eng.co.jp/>  
(Japanese only)

#### Number of Consolidated Subsidiaries:

3 companies

#### Consolidated Subsidiaries:

SANWA Denshi Inc.  
SEC Hi Tec Co., Ltd.  
SUNCOM Technology Corporation



## TOSYS Corporation

### Business Activities

With the NTT Group as its primary customer, TOSYS Group is engaged in the installation of electrical and telecommunications facilities and equipment, mainly in Nagano and Niigata.

### Address:

1108-5, Higashiyama Aza,  
Watauchi, Wakaho, Nagano City,  
Nagano 381-0193, Japan

### Establishment:

January 1960

### Number of Employees:

Consolidated 1,037  
Non-Consolidated 647

### URL:

<http://www.tosys.co.jp/>  
(Japanese only)

### Number of Consolidated

### Subsidiaries:

3 companies

### Consolidated Subsidiaries:

Alstar Co., Ltd.  
TOSYS Niigata Co., Ltd.  
Tulip Life Co., Ltd.



## TSUKEN Corporation



### Business Activities

With the NTT Group as its primary customer, TSUKEN Group is engaged in the installation of electrical and telecommunications facilities and equipment, mainly in Hokkaido.

### Address:

6-8, Hondori 19-chome Minami,  
Shiraishi-ku,  
Hokkaido 003-0026, Japan

### Establishment:

April 1951

### Number of Employees:

Consolidated 1,856  
Non-Consolidated 462

### URL:

<http://www.tsuken.co.jp/>  
(Japanese only)

### Number of Consolidated

### Subsidiaries:

11 companies

### Consolidated Subsidiaries:

TSUKEN ADVANCED SYSTEMS  
CORPORATION  
TSUKEN Techno Net Co, Ltd.  
TSUKEN TECHNOLOGY Co., Ltd.  
TSUKEN Act Corporation  
TSUKEN BUSINESS CO., LTD.  
TSUKEN-Sepia Co., Ltd.  
TSUKEN Hartec Corporation  
TSUKEN Douou Engineering  
Corporation  
TSUKEN Douhoku Engineering  
Corporation  
TSUKEN Doutou Engineering  
Corporation  
TSUKEN Dounan Engineering  
Corporation



## COMSYS JOHO SYSTEM Corporation

### Business Activities

With its primary customer consisting of the NTT Group, COMSYS JOHO SYSTEM Group is engaged in the software development business, mainly in Tokyo.

### Address:

23-14, Takanawa 3-chome,  
Minato-ku,  
Tokyo 108-0074, Japan

### Establishment:

April 2009

### Number of Employees:

Consolidated 520  
Non-Consolidated 380

### URL:

<http://www.comjo.co.jp/>  
(Japanese only)

### Number of Consolidated

### Subsidiaries:

1 company

### Consolidated Subsidiary:

COMSYS Techno Co., Ltd.

## President's Message



**We aim to become a business group that can deliver sustainable growth.**

**Hajime Takashima**  
President and Representative Director

### **Review of the Market Environment and Fiscal 2013**

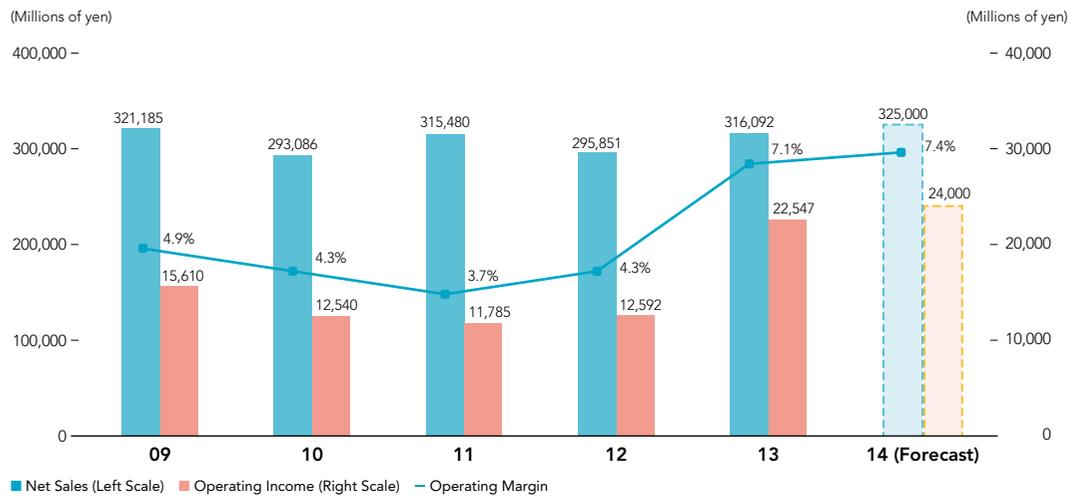
In fiscal 2013, ended March 31, 2013, Japan's information and communications market has been in a rush to install and build out communication network infrastructure to aim at the expansion of Long-Term Evolution (LTE) and Wi-Fi service areas, along with diversification and upgrades to services resulting from the widespread use of smartphones and tablet devices.

The COMSYS Group has worked to maintain and made further progress with the COMSYS WAY, the structural reforms it has pursued to date, and to strengthen its operating structure. The Group has also worked to enter and expand its business in new fields such as mega-solar related businesses and other areas of renewable energy.

Under these circumstances, the Group saw strong orders for mobile and New Common Carrier (NCC) related construction works, with orders received increasing 12.7% year on year to ¥335,632 million, while net sales rose 6.8% year on year to ¥316,092 million. On the earnings front, improvements in efficiency with

an expansion in construction volume, along with the positive impact of our ongoing structural reforms, led to a significant rise in operating income, which was up 79.1% year on year to ¥22,547 million, and in net income, which rose 85.2% year on year to ¥13,284 million, both new records for the Group.

### Operating Results by Year



## Fiscal 2014 Outlook and Priorities Ahead

In the information and communications market, growth in fiber optic access services in response to broadband needs has softened somewhat. However, we believe that increasingly sophisticated service offerings such as advanced wireless broadband services, the expansion of LTE and Wi-Fi service areas, and an integration of services realized by the active use of diversified mobile devices require continuous build-out and maintenance of the telecommunications network platform. In addition, as the government continues to promote its ICT growth strategy, an aggressive response is expected to public sector investments, and to private sector capital and IT investments. Increased demand in promising areas such as the environment and energy is also forecast to bring expansion in social infrastructure and IT-related businesses.

Under these market conditions, in the next fiscal year the COMSYS Group will put forth COMSYS WAY<sup>a</sup>, a further evolution of the COMSYS WAY structural reforms we have been working on since fiscal 2011, as we move forward with initiatives to expand our top line and progress our structural reforms further. First, expansion of our top line will be achieved by aggressive growth in orders in response to an increase in public investment and investment in information technology, as well as further expansion of our mega-solar projects and other new businesses. Next, in structural reforms we will continue to pursue the measures put in place to date, while implementing new measures that should have even greater impact. Specifically, by building a new construction IT platform, we will completely overhaul our back office operations, putting in place a system that will provide complete control over everything from order intake to construction project management.

By pushing ahead with these plans, the COMSYS Group aims for operating income of ¥24,000 million in fiscal 2014.

### **Profit Distribution/Dividend Policy**

COMSYS Holdings views returning earnings to shareholders as an important management priority. Our basic policy is to pay steady and continuous dividends linked to business performance. Based on this policy, in fiscal 2013 we paid an interim dividend of ¥10.00 yen per share and a year-end dividend of ¥10.00, bringing total annual dividends to ¥20.00 yen per share. During fiscal 2013, we bought back 4,168 thousand shares worth ¥3,999 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.

For fiscal 2014, we plan to pay the same total annual dividend of ¥20.00 yen per share (including a ¥10.00 interim dividend). We also plan to buy back up to ¥5.0 billion of our own shares.

The philosophy of the COMSYS Group is based on the three key management pillars of sales and earnings growth, increased operation efficiency, and unification of our business operations. Mindful always of these three concepts, the COMSYS Group strives to enhance corporate value and win the trust and admiration of all stakeholders through its performance, with the ultimate aim of becoming a company that can deliver sustainable growth.

In addition, the COMSYS Group will strive to implement measures such as improving security and quality standards, strengthening corporate governance, ensuring compliance, enhancing risk management and implementing the Group's code of conduct, while entrenching internal control systems.

We look forward to the ongoing understanding and support of all our stakeholders, as we endeavor to reach our goals.

September 2013



Hajime Takashima  
President and Representative Director

## Review of Operations

### NTT Engineering Business



#### BUSINESS DOMAINS

- NTT access business
- NTT network business
- NTT DOCOMO business

#### Respective Areas of Business Operations of Group Companies

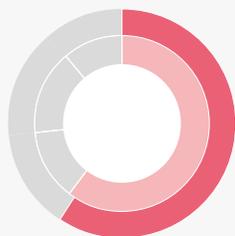
Nippon COMSYS Group	SANCOM Group	TOSYS Group	TSUKEN Group	COMSYS JOHO SYSTEM Group
■		■	■	

#### Business Activities

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

#### New Orders Received/Net Sales

(Year Ended March 31, 2013)



(Millions of yen)

■ New orders received	59.4%	199,367
■ Net sales	60.4%	190,933

#### Operating Results Analysis and Forecast

In NTT access business, although there has been a decline in one-stop installation and construction services in response to orders from NTT, there has been an expansion of optical fiber access network areas as well as an increase in telephone pole upgrade projects. In NTT network business, there has been an increase in exchange equipment renewal projects and other services. In NTT DOCOMO business, there has been an increase in various construction work, including LTE (3.9 next-generation mobile communications system) related projects, PDC (2G mobile communications system) dismantling and removal work, and work to augment signal strength along subways. Under these conditions, new orders received in the fiscal year under review increased 8.3% year on year to ¥199,367 million, while net sales increased 6.1% to ¥190,933 million.

Going forward, we expect new orders and net sales to remain firm due to an increase in base station construction work accompanying LTE network expansion, as well as other factors.

## NCC Engineering Business



### BUSINESS DOMAINS

- Telecommunications Facility Construction Business with telecommunications carriers other than the NTT Group

### Respective Areas of Business Operations of Group Companies

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

### Business Activities

The Group undertakes construction of telecommunication and other related facilities for telecommunications carriers other than NTT.

### New Orders Received/Net Sales

(Year Ended March 31, 2013)



(Millions of yen)

■ New orders received	14.0%	46,874
■ Net sales	13.0%	40,952

### Operating Results Analysis and Forecast

In the fiscal year under review, new orders increased 34.4% year on year to ¥46,874 million yen, and net sales rose 21.6% to ¥40,952 million, due to increases in projects related to the SoftBank Group's platinum band and KDDI Corporation's (au) 2GHz band LTE networks.

Going forward, we expect new orders and net sales related to construction work for the SoftBank Group and KDDI Corporation's (au) LTE networks to remain strong.

## Review of Operations

### IT Solutions Business



#### BUSINESS DOMAINS

- Network Integration (NI) Solutions
- System Integration (SI) Solutions
- Software development and contracted development
- Maintenance

#### Respective Areas of Business Operations of Group Companies

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

#### Business Activities

In the IT Solutions segment, the Group combines its accumulated expertise with cutting-edge network technologies to provide comprehensive solutions services in the IT field, ranging from planning proposals regarding optimal systems integration for customers' business operations, to providing maintenance services.

#### New Orders Received/Net Sales

(Year Ended March 31, 2013)



(Millions of yen)

■ New orders received	15.0%	50,499
■ Net sales	15.5%	48,949

#### Operating Results Analysis and Forecast

Due to such factors as the increase in the network and server-related business and progress made on alliances, new orders increased 11.7% year on year to ¥50,499 million, while net sales increased 10.0% to ¥48,949 million.

Going forward, we expect increases in both capital investment and IT investment based on the government's ICT growth strategy and from private-sector companies as a result of expansion in the IT services market and the software market.

## Social System-Related Business and Other



### BUSINESS DOMAINS

- Electrical facility construction
- Communication cable box (C.C. Box) construction
- Civil engineering construction
- Building construction and associated construction
- Environment and eco-solutions
- Others

### Respective Areas of Business Operations of Group Companies

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

### Business Activities

In the Social System-related Business and Other business, the Group is engaged in the design and construction of electrical facilities for places such as public facilities and office buildings, general civil engineering projects, the construction of office buildings, warehouses, factories, and disaster preparation facilities, as well as businesses related to the environment and eco-businesses, such as solar power generation systems, energy conservation solutions, and other urban infrastructure businesses.

### New Orders Received/Net Sales

(Year Ended March 31, 2013)



(Millions of yen)

■ New orders received	11.6%	38,892
■ Net sales	11.1%	35,258

### Operating Results Analysis and Forecast

In the fiscal year under review, new orders increased 15.9% year on year to ¥38,892 million, due to factors including the increase in solar power generation construction projects. However, net sales declined 6.4% to ¥35,258 million, because of large construction projects carried out in the previous fiscal year.

Going forward, we anticipate an increase in new orders based on expectations for public sector investment as well as capital investment in the private sector.

## Topics

### First Mega-Solar Power Station Launched

As part of its new business initiatives, the COMSYS Group is now engaged in the mega-solar business. On April 5, 2013, operations of the first project commenced at the Sun Factory Hiyama station, located in Hitachi Ota City, Ibaraki Prefecture. With an output of 2.8 MW, the station is expected to effectively reduce CO<sub>2</sub> emissions by 1,300 tons annually. Also in April, construction began on two other mega-solar power stations, in Showa Village, Gunma Prefecture, and in Tsu City, Mie Prefecture, both of which are scheduled to commence operation in November of 2013.

Commercialization of the mega-solar business is also under consideration for Kyushu and Tohoku, and going forward we will continue to expand this business with the goal of contributing to local communities and their environments through the creation of green energy.



Sun Factory Hiyama

### Construction of LTE Picocell Base Stations

The SANWA COMSYS Engineering Group is contributing to the construction of LTE picocell base stations, small-scale base stations designed to cover a radius of several dozen meters in areas that see concentrated mobile phone user traffic, causing network congestion.

Mobile phone carriers are aggressively promoting LTE services as a way of offering higher connection speeds with the widespread use of smartphones. SANWA COMSYS is responding to the needs of these carriers with its advanced technical capabilities and nationwide network construction coverage.



LTE picocell base stations

## Consolidation of Operating Facilities in Sado

In October 2012, the TOSYS Group consolidated its Sado branch office with its Sado service center in a new building constructed in Yahata, Sado City, Niigata Prefecture.

At the new site, the construction division and those responsible for maintenance will work together to handle all facility operations for NTT East, contributing to the growth of the Sado region.



The building in Sado

## Development of a Proprietary Document Management System

The COMSYS JOHO SYSTEM Group has developed a proprietary document management system, designed primarily for ISO administrative management and internal control management. Offered as a certified package on NTT Data's intra-mart, the system has since been adopted by many corporations. This spring, we have released a new version which, in addition to further expanding and enhancing existing functionality, provides greater usability, and makes it possible to accurately and appropriately manage the entire document lifecycle, from initial registration through disposal. The product can now be used to manage all types of office documents, including everyday business correspondence. This new version has generated an outstanding response from our sales partners even prior to its release, and we will be promoting it as a flagship product.

### Main System Improvements

#### Expansion and enhancement of functions matching a wide range of document management needs

- Enhanced ability to be searched
- Elimination of duplicate document storage
- Interaction with smart devices now possible
- Interaction with multi-function printers and other systems now possible

### Expected benefits

#### Improved product marketability and competitiveness

- ↑ Can be used to manage all types of documents
- ↑ Makes it easier to share document information, resulting in more efficient operations
- ↑ Improved user-friendliness through interaction with increasingly popular smart devices



internal rules governing the Board of Directors, the Board meets regularly and ad hoc 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 Audit & Supervisory Board Members, including three outside Audit & Supervisory Board Members, 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 other than outside directors and the standing Audit & Supervisory Board Member. In principle, this committee meets once a month to examine, discuss, and pass resolutions on issues related to key decisions, in an effort to improve the efficiency of business execution. The heads of each operating department and certain other personnel attend meetings of the Senior Management Committee as observers, as necessary, 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.

### Status of the Internal Control System

The Company implements its internal control system based on a "Basic Policy on Establishing an Internal Control System" that has been approved by resolution of the Board of Directors, as follows.

### 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 Audit & Supervisory Board Members.

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 action guidelines 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.

The Basic Policy on Risk Management was formulated and similar risk management committees were established at each Group company. 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.

The Company has formulated Risk Management Guidelines and Crisis Management Guidelines and will strive to maintain sustainable 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 in accordance with management systems such as ISO 9001, ISO 14001, COHSMS (Construction Occupational Health and Safety Management Systems), ISMS (Information Security Management Systems) and Privacy Mark certifications given the actual working environments. As a result, the COMSYS Group acquires and maintains certificates of those systems.

### 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.

### 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 laws and regulations, as well as the Group's internal rules such as 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 Board of Directors and the Senior Management Committee 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 Audit & Supervisory Board Members

The Company's internal auditing organization consists of an Internal Audit Office with a staff of 11 employees within the Internal Control and Audit Department.

This Office formulates internal auditing policies based on top management requirements, and conducts 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 Audit & Supervisory Board has five members, three of whom are outside Audit & Supervisory Board Members. No employees are specifically assigned to assist the Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members.

Audit & Supervisory Board Members may request further information on the above mentioned reporting at any time as necessary, as well as other required disclosure.

The Audit & Supervisory Board Members 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 Audit & Supervisory Board Members to verify the status of business execution on a regular basis and to express their views on these matters.

The Audit & Supervisory Board Members 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 Audit & Supervisory Board, the Audit & Supervisory Board Members of COMSYS Holdings regularly check to see whether business operations are executed appropriately and efficiently by maintaining close ties with the Internal Control and Audit Department and with the Group's independent auditor. For example, the Audit & Supervisory Board Members accompany the independent auditor and others on on-site internal and financial audits as observers. The Audit & Supervisory Board Members 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.

## Corporate Social Responsibility (CSR)

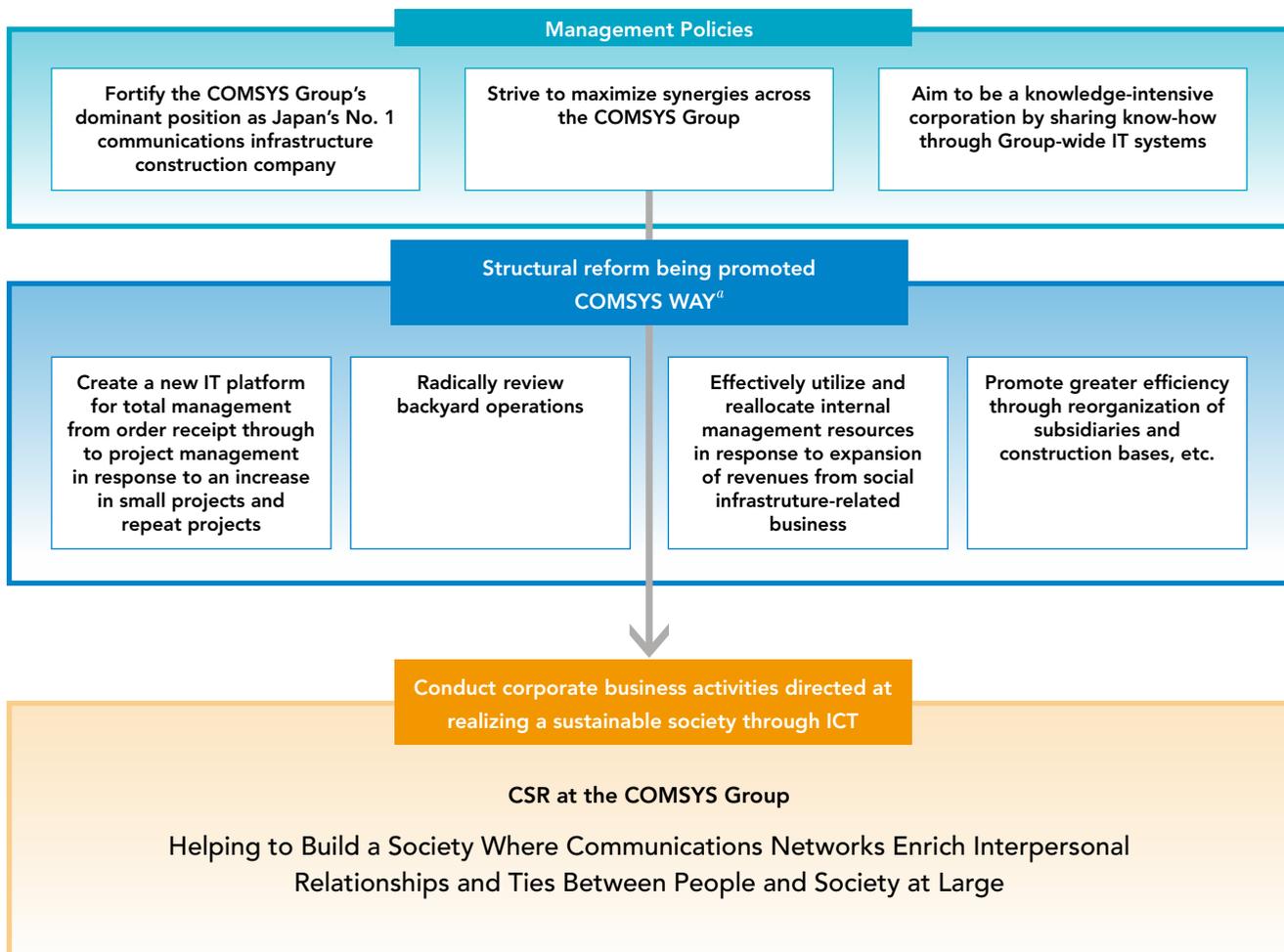
### Basic Approach to CSR

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 helping to create an information-rich society that coexists harmoniously with the global environment.

With the pride and purpose of being a top-brand group in the communications network construction industry, we will conduct corporate business activities directed at realizing a sustainable society through ICT. At the same time, we aim to be an enterprise that develops together with society while gaining the trust and fulfilling the expectations of the public.

#### Relationship Between Management Policies and CSR



## Financial Statements

### Consolidated Balance Sheets

COMSYS Holdings Corporation and Consolidated Subsidiaries  
As of March 31, 2012 and 2013

	Millions of yen	
	2012	2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents . . . . .	¥ 33,489	¥ 23,651
Notes and accounts receivable—trade . . . . .	81,853	96,579
Lease investment assets . . . . .	2,542	2,752
Marketable securities . . . . .	59	59
Accumulated cost of construction in progress . . . . .	15,087	18,805
Real estate for sale . . . . .	18	—
Merchandise . . . . .	1,352	1,087
Materials and supplies . . . . .	651	512
Deferred income taxes . . . . .	3,495	3,842
Other current assets . . . . .	3,233	2,405
Less: Allowance for doubtful receivables . . . . .	(137)	(103)
<b>Total current assets . . . . .</b>	<b>141,646</b>	<b>149,593</b>
<b>Fixed assets:</b>		
Property and equipment:		
Buildings and structures . . . . .	45,620	47,345
Less: Accumulated depreciation . . . . .	(22,535)	(23,259)
Buildings and structures, net . . . . .	23,085	24,085
Machinery, vehicles and equipment . . . . .	20,074	18,000
Less: Accumulated depreciation . . . . .	(14,956)	(13,186)
Machinery, vehicles and equipment, net . . . . .	5,118	4,813
Land . . . . .	34,391	38,324
Lease assets . . . . .	92	252
Less: Accumulated depreciation . . . . .	(48)	(34)
Lease assets, net . . . . .	43	217
Construction in progress . . . . .	936	4
<b>Total property and equipment . . . . .</b>	<b>63,575</b>	<b>67,444</b>
Intangible assets . . . . .	3,802	4,324
Investments and other assets:		
Investment securities . . . . .	7,228	9,037
Long-term loans receivable . . . . .	1,759	1,745
Prepaid pension cost . . . . .	4,077	3,855
Deferred income taxes . . . . .	2,410	1,387
Other assets . . . . .	5,689	5,521
Less: Allowance for doubtful receivables . . . . .	(2,055)	(2,308)
<b>Total investments and other assets . . . . .</b>	<b>19,110</b>	<b>19,239</b>
<b>Total fixed assets . . . . .</b>	<b>86,488</b>	<b>91,008</b>
<b>Total assets . . . . .</b>	<b>¥228,135</b>	<b>¥240,602</b>

	Millions of yen	
	2012	2013
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable—trade	¥ 39,891	¥ 44,456
Short-term bank loans	1,520	1,660
Income taxes payable	3,795	2,978
Advances received on construction in progress	1,448	1,526
Allowance for warranty work on construction projects	131	155
Allowance for losses on construction contracts	1,057	52
Other current liabilities	7,637	8,409
<b>Total current liabilities</b>	<b>55,482</b>	<b>59,238</b>
<b>Long-term liabilities:</b>		
Deferred income taxes	333	457
Deferred tax liabilities for unrealized gains on land revaluation	1,662	1,662
Accrued severance indemnities	5,426	5,077
Allowance for directors' retirement benefits	266	222
Other long-term liabilities	388	532
<b>Total long-term liabilities</b>	<b>8,078</b>	<b>7,951</b>
<b>Total liabilities</b>	<b>63,560</b>	<b>67,190</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	10,000	10,000
Additional paid-in capital	55,374	55,440
Retained earnings	123,611	134,747
Treasury stock, at cost	(17,504)	(21,180)
<b>Total shareholders' equity</b>	<b>171,481</b>	<b>179,006</b>
<b>Accumulated other comprehensive income:</b>		
Unrealized gain (loss) on other securities	115	1,366
Unrealized gain (loss) on land revaluation	(8,090)	(8,090)
<b>Total accumulated other comprehensive income</b>	<b>(7,974)</b>	<b>(6,724)</b>
<b>Subscription rights to shares</b>	<b>430</b>	<b>497</b>
<b>Minority interests</b>	<b>637</b>	<b>631</b>
<b>Total net assets</b>	<b>164,574</b>	<b>173,411</b>
<b>Total liabilities and net assets</b>	<b>¥228,135</b>	<b>¥240,602</b>

## Consolidated Statements of Income

COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended March 31, 2012 and 2013

	Millions of yen	
	2012	2013
<b>Net sales</b> .....	¥295,851	¥316,092
<b>Cost of sales</b> .....	264,733	274,865
<b>Gross profits</b> .....	31,117	41,226
<b>Selling, general and administrative expenses</b> .....	18,525	18,679
<b>Operating income</b> .....	12,592	22,547
<b>Other income:</b>		
Interest income .....	52	42
Dividend income .....	142	173
Rent income on noncurrent assets .....	127	120
Foreign exchange gains .....	—	152
Other .....	214	239
Total other income .....	536	729
<b>Other expenses:</b>		
Interest expenses .....	14	23
Foreign exchange losses .....	31	—
Rental expenses .....	46	33
Provision for allowance for doubtful receivables .....	44	260
Other .....	23	44
Total other expenses .....	159	362
<b>Recurring profit</b> .....	12,969	22,914
<b>Extraordinary income:</b>		
Gain on sales of fixed assets .....	54	4
Gain on sales of investment securities .....	35	3
Gain on payback of insurance payments .....	156	74
Gain on negative goodwill .....	—	752
Other .....	4	7
Total extraordinary income .....	251	841
<b>Extraordinary loss:</b>		
Write-down on investments in securities .....	479	58
Loss on sales of fixed assets .....	145	34
Loss on disposal of fixed assets .....	73	162
Loss on impairment of fixed assets .....	4	54
Special payments on employees' retirement benefits .....	61	1,736
Other .....	189	617
Total extraordinary loss .....	953	2,662
<b>Income before income taxes and other adjustments to net income</b> .....	12,267	21,093
<b>Income taxes:</b>		
Current .....	5,362	7,566
Deferred .....	(348)	163
Total income taxes .....	5,013	7,729
<b>Income before minority interests</b> .....	7,253	13,363
<b>Minority interests</b> .....	79	79
<b>Net income</b> .....	¥ 7,173	¥ 13,284

## Consolidated Statements of Changes in Net Assets

COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended March 31, 2012 and 2013

	Millions of yen	
	2012	2013
<b>Shareholders' equity:</b>		
<b>Common stock:</b>		
Balance at the end of the previous period	¥ 10,000	¥ 10,000
Changes during the period		
Total changes during the period	—	—
Balance at the end of the period	10,000	10,000
<b>Additional paid-in capital:</b>		
Balance at the end of the previous period	55,346	55,374
Changes during the period		
Disposal of treasury stock	27	65
Total changes during the period	27	65
Balance at the end of the period	55,374	55,440
<b>Retained earnings:</b>		
Balance at the end of the previous period	119,194	123,611
Changes during the period		
Cash dividends	(2,597)	(2,504)
Net income	7,173	13,284
Changes of scope of consolidation	—	355
Reversal of unrealized gain (loss) on land revaluation	(159)	—
Total changes during the period	4,417	11,135
Balance at the end of the period	123,611	134,747
<b>Treasury stock, at cost:</b>		
Balance at the end of the previous period	(14,870)	(17,504)
Changes during the period		
Repurchase of treasury stock	(3,000)	(4,001)
Disposal of treasury stock	366	325
Total changes during the period	(2,634)	(3,676)
Balance at the end of the period	(17,504)	(21,180)
<b>Total shareholders' equity:</b>		
Balance at the end of the previous period	169,671	171,481
Changes during the period		
Cash dividends	(2,597)	(2,504)
Net income	7,173	13,284
Repurchase of treasury stock	(3,000)	(4,001)
Disposal of treasury stock	393	390
Changes of scope of consolidation	—	355
Reversal of unrealized gain (loss) on land revaluation	(159)	—
Total changes during the period	1,810	7,525
Balance at the end of the period	171,481	179,006

	Millions of yen	
	2012	2013
<b>Accumulated other comprehensive income:</b>		
<b>Unrealized gain (loss) on other securities:</b>		
Balance at the end of the previous period	¥ (374)	¥ 115
Changes during the period		
Net changes during the period except for shareholders' equity	490	1,250
Total changes during the period	490	1,250
Balance at the end of the period	115	1,366
<b>Unrealized gain (loss) on land revaluation:</b>		
Balance at the end of the previous period	(8,453)	(8,090)
Changes during the period		
Net changes during the period except for shareholders' equity	362	—
Total changes during the period	362	—
Balance at the end of the period	(8,090)	(8,090)
<b>Total accumulated other comprehensive income:</b>		
Balance at the end of the previous period	(8,827)	(7,974)
Changes during the period		
Net changes during the period except for shareholders' equity	852	1,250
Total changes during the period	852	1,250
Balance at the end of the period	(7,974)	(6,724)
<b>Subscription rights to shares:</b>		
Balance at the end of the previous period	364	430
Changes during the period		
Net changes during the period except for shareholders' equity	66	67
Total changes during the period	66	67
Balance at the end of the period	430	497
<b>Minority interests:</b>		
Balance at the end of the previous period	560	637
Changes during the period		
Net changes during the period except for shareholders' equity	76	(5)
Total changes during the period	76	(5)
Balance at the end of the period	637	631
<b>Total net assets:</b>		
Balance at the end of the previous period	161,768	164,574
Changes during the period		
Cash dividends	(2,597)	(2,504)
Net income	7,173	13,284
Repurchase of treasury stock	(3,000)	(4,001)
Disposal of treasury stock	393	390
Changes of scope of consolidation	—	355
Reversal of unrealized gain (loss) on land revaluation	(159)	—
Net changes during the period except for shareholders' equity	995	1,312
Total changes during the period	2,806	8,837
Balance at the end of the period	¥164,574	¥173,411

## Consolidated Statements of Cash Flows

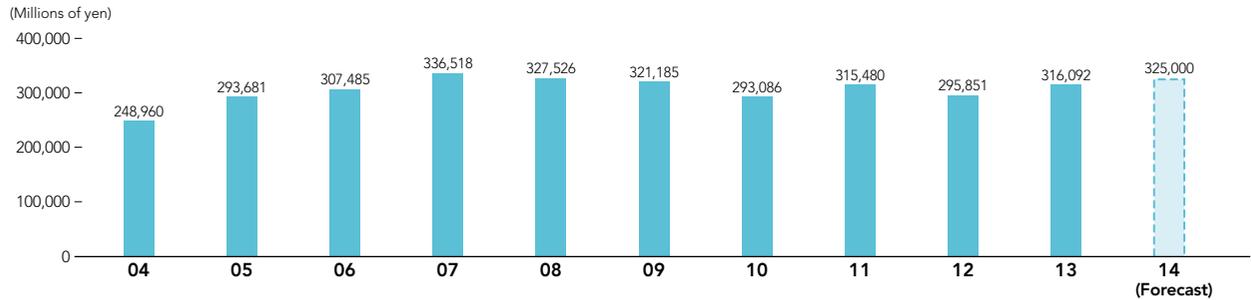
COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended March 31, 2012 and 2013

	Millions of yen	
	2012	2013
<b>Cash flows from operating activities:</b>		
Income before income taxes and other adjustments to net income	¥ 12,267	¥ 21,093
Depreciation and amortization	4,640	4,486
Loss on impairment of fixed assets	4	54
Write-down of investments in securities	479	58
Increase (decrease) in allowance for doubtful receivables	(126)	218
Decrease in accrued severance indemnities	(369)	(563)
Interest and dividends received	(194)	(216)
Interest expenses	14	23
(Increase) decrease in receivables—trade	21,250	(14,388)
(Increase) decrease in inventories	2,255	(2,592)
Increase (decrease) in payables—trade	(6,831)	4,163
Decrease in other assets	718	939
(Decrease) increase in other liabilities	1,279	(777)
Gain on negative goodwill	—	(752)
Other, net	108	404
	35,496	12,150
Cash and cash equivalents received on interest and dividends income	195	219
Cash and cash equivalents paid for interest expenses	(12)	(22)
Cash and cash equivalents paid for income taxes	(3,945)	(8,383)
Net cash provided by operating activities	31,734	3,963
<b>Cash flows from investing activities:</b>		
Decrease in time deposits, net	603	253
Payment for purchases of investment securities	(22)	(46)
Proceeds from sale of investment securities	132	73
Proceeds from acquisition of stocks of subsidiaries resulting in changes in scope of consolidation	—	337
Acquisitions of property and equipment	(4,076)	(6,527)
Acquisitions of other assets	(1,960)	(1,561)
Proceeds from sale of property	482	44
Increase in long-term loans	(3)	(379)
Collection of long-term loans	497	247
Other, net	331	3
Net cash used in investing activities	(4,015)	(7,554)
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings, net	(6,260)	(195)
Repayment of long-term debt	(393)	(34)
Acquisitions of treasury stock	(3,000)	(4,013)
Proceeds from sale of treasury stock	378	294
Cash dividends paid	(2,597)	(2,504)
Cash dividends paid to minority shareholders	(2)	(5)
Repayment of financial lease	(26)	(31)
Net cash used in financing activities	(11,901)	(6,489)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	1	5
<b>Net increase (decrease) in cash and cash equivalents</b>	15,818	(10,073)
<b>Cash and cash equivalents at beginning of year</b>	17,635	33,454
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	—	88
<b>Cash and cash equivalents at end of year</b>	¥ 33,454	¥ 23,469

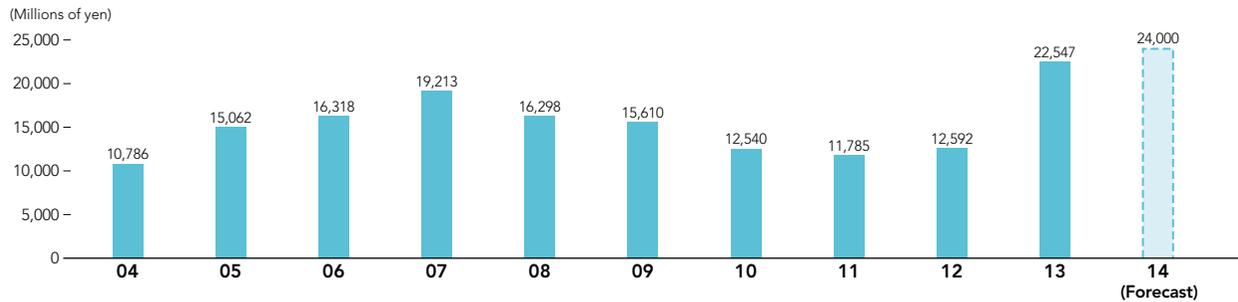
# Ten-Year Summary of Business Results and Financial Data

Years ended March 31

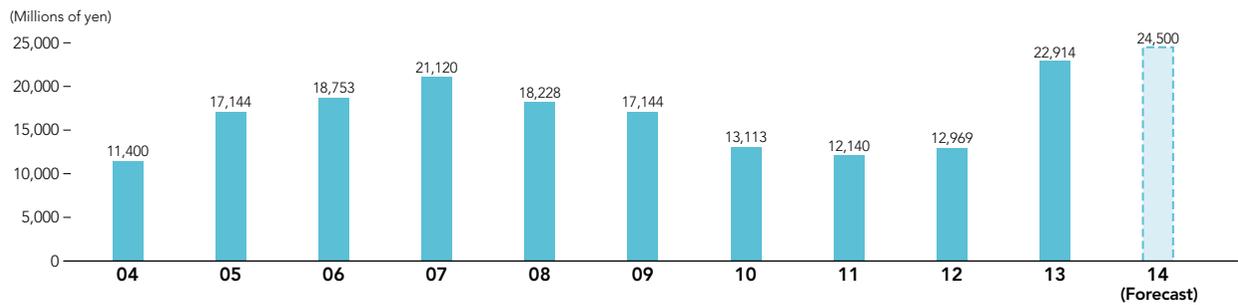
## Net Sales



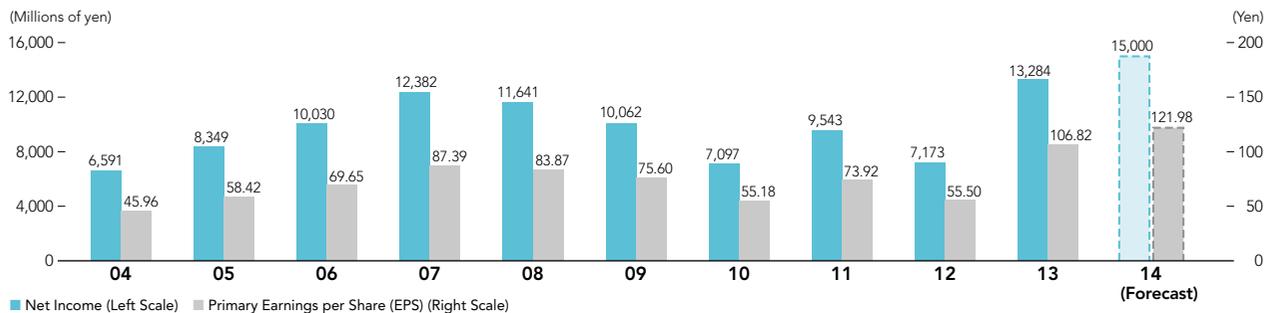
## Operating Income



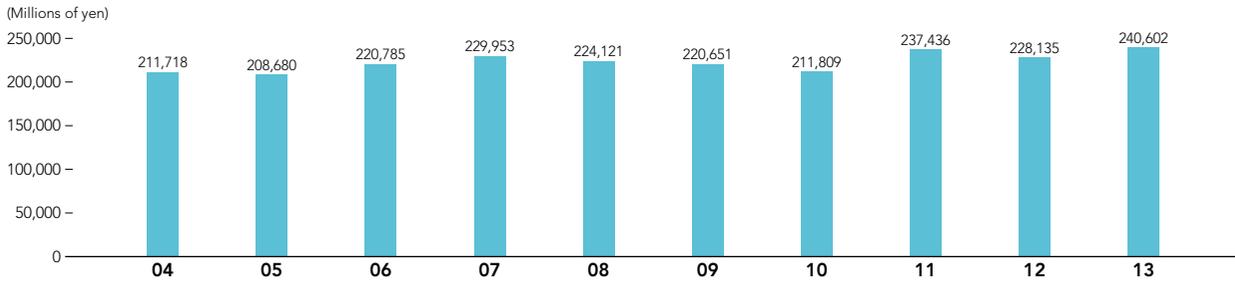
## Recurring Profit



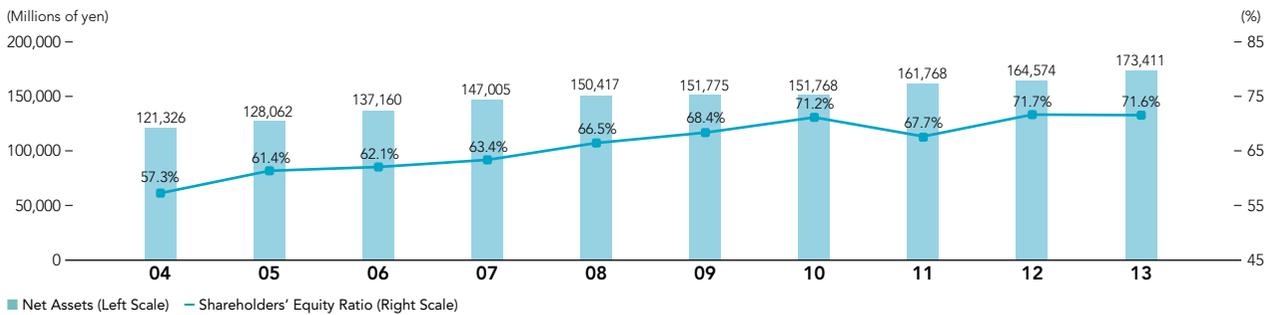
## Net Income/Primary Earnings per Share (EPS)



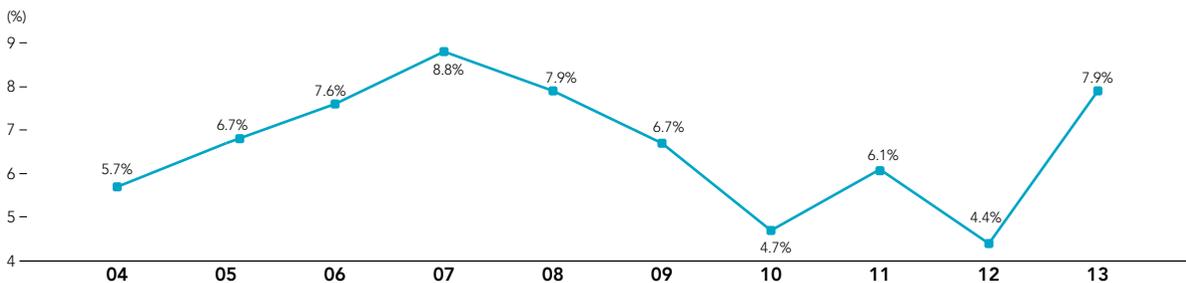
### Total Assets



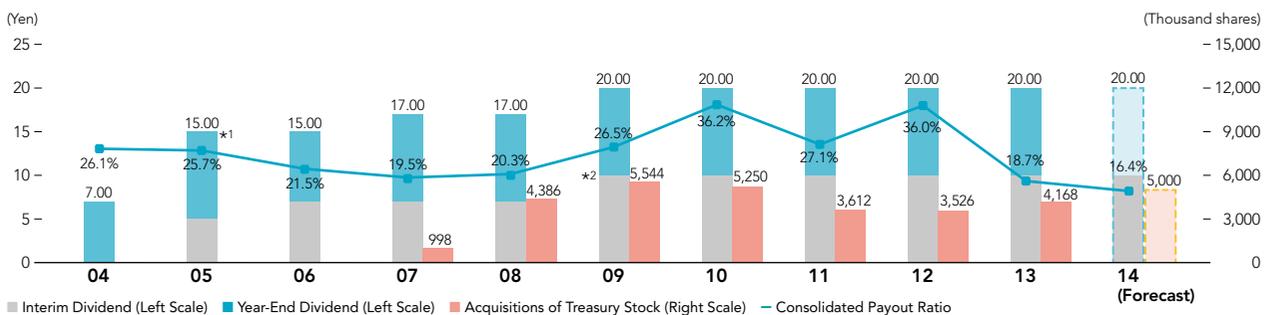
### Net Assets/Shareholders' Equity Ratio



### Return on Equity (ROE)



### Dividends per Share/Acquisitions of Treasury Stock/Consolidated Payout Ratio



\*1: Includes a ¥3 commemorative dividend to mark the fifth anniversary of the Company's establishment.

\*2: Includes a ¥3 special dividend paid to reflect the benefits of the merger.

## Information

### COMSYS Holdings Information

#### Corporate Data

As of March 31, 2013

**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:**

September 29, 2003

**Paid-in Capital:**

¥10 billion

**Number of Employees:**

9,798 (Consolidated)

#### Directors and Audit & Supervisory Board Members

As of June 27, 2013

##### President and Representative Director

Hajime Takashima  
(President and Representative Director)

##### Directors

Noriaki Itoh  
(President and Representative Director of Nippon COMSYS Corporation)

Hirofumi Yamasaki  
(President and Representative Director of SANWA COMSYS Engineering Corporation)

Akio Ogawa  
(President and Representative Director of TOSYS Corporation)

Hidetoshi Miura  
(President and Representative Director of Tsuken Corporation)

Masaru Kudo  
(President and Representative Director of COMSYS JOHO SYSTEM Corporation)

Yoshihiro Mimata

Tomoaki Yamamoto

Tsuyoshi Nishiyama

Masanobu Kurokawa

Hitoshi Kumagai

Takeshi Gotoh\*<sup>1</sup>

##### Audit & Supervisory Board Members

Hiroshi Komori  
(Standing)

Hideki Niimi

Masahiko Miyashita\*<sup>2</sup>

Masahiro Takeshita\*<sup>2</sup>

Kichiroh Akino\*<sup>2</sup>

\*1 Outside Director

\*2 Outside Audit & Supervisory Board Member

( ): Concurrent positions held

#### Corporate History

##### October 2010

Management integration of TSUKEN Corporation.

##### June 2009

Minimum share purchase unit reduced from 1,000 shares to 100 shares.

##### 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

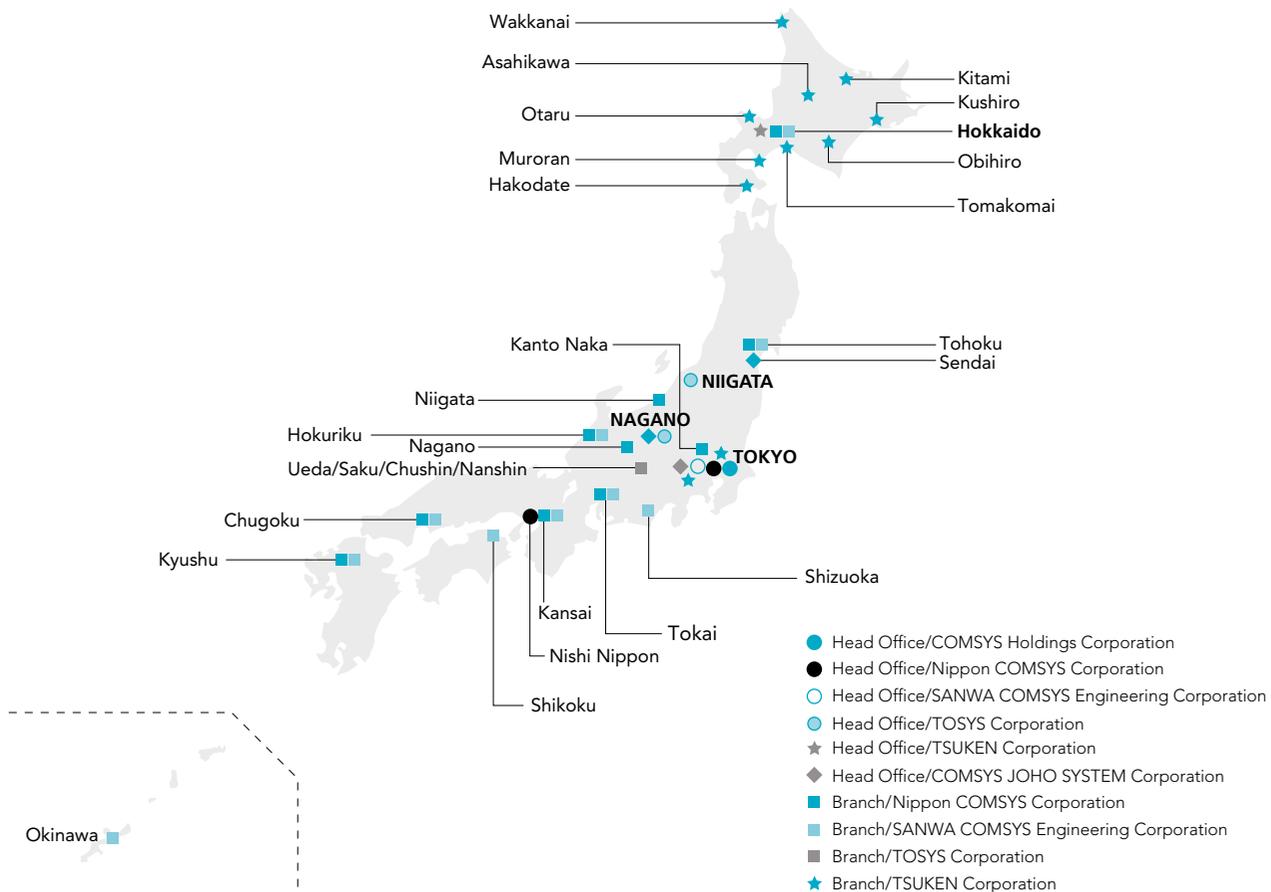
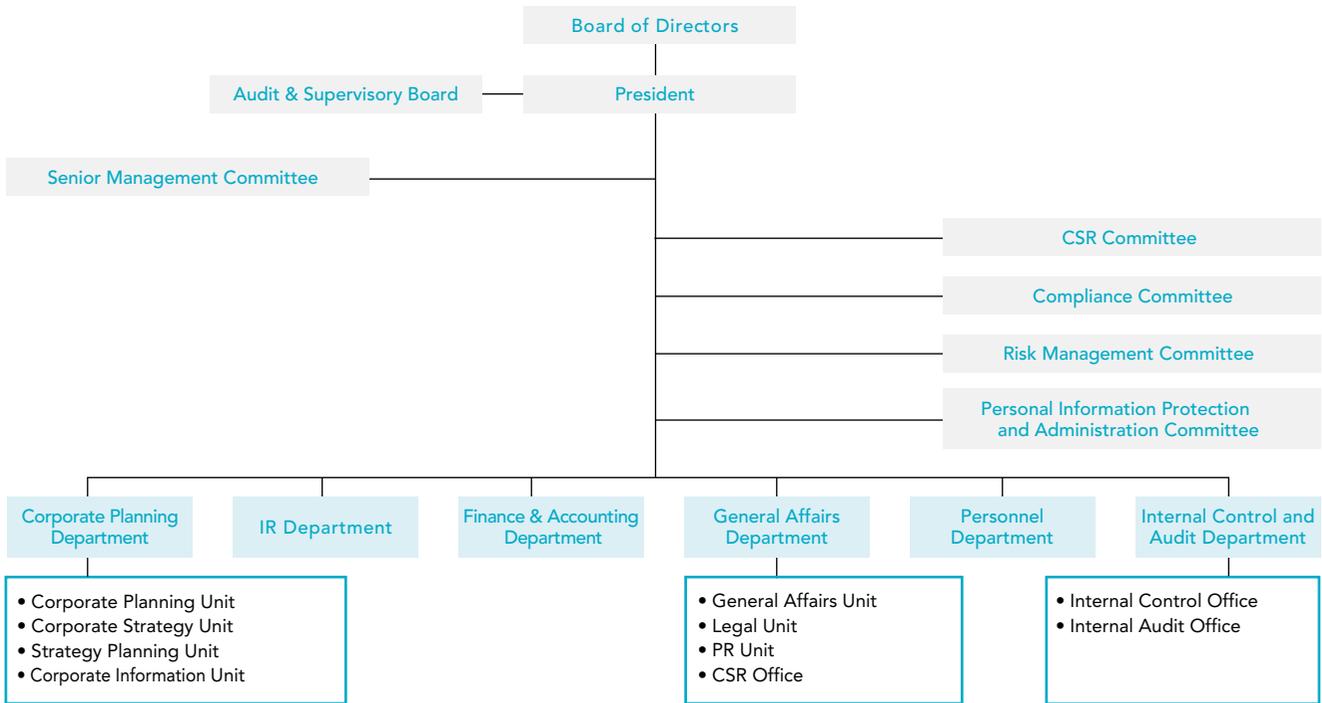
Nippon COMSYS Corporation celebrated its 50th founding anniversary.

##### July 1990

The Company was renamed Nippon COMSYS Corporation.

## Organization Chart

As of June 27, 2013



## Investor Information

### Fiscal Year-End:

March 31, 2013

### Annual Shareholders' Meeting:

June 27, 2013

### Common Stock:

Authorized: 580,000,000 shares

Issued: 145,977,886 shares

### Number of Shareholders:

10,787

### Date of Listing:

September 2003

### Stock Exchange Listings:

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

### Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation  
Securities Department  
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081

### Auditor:

GYOSEI & CO.

### For Further Information on 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

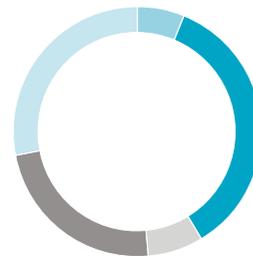
### Major Shareholders:

As of March 31, 2013

Shareholders	Shares Held (Thousands)	Percentage of Total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,204	7.67
Japan Trustee Services Bank, Ltd. (Trust Account)	8,691	5.95
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. Retruster Account, Sumitomo Electric Industries, Ltd. Employee Pension Trust Account)	5,166	3.53
Japan Trustee Services Bank, Ltd. (Mitsui Asset Trust and Banking Company Retruster Portion, Fujikura Ltd. Employee Pension Trust)	3,417	2.34
Nippon Life Insurance Company	2,977	2.04
Bank of New York GCM Client Account JPRD ISG (FE-AC)	2,205	1.51
BNP Paribas Securities, Ltd.	2,187	1.49
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	2,150	1.47
Societe General Securities (North Pacific) Ltd.	1,874	1.28
COMSYS Holdings Corporation Employee Shareholder Association	1,742	1.19

### Composition of Shareholders:

As of March 31, 2013



Securities Companies	6.3%
Financial Institutions	35.3%
Domestic Companies	7.2%
Foreign Companies and Individuals	23.3%
Individuals and Others	27.9%

### Stock Price Range and Monthly Trading Volume

