

Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2009 (Unaudited)

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COMSYS Holdings Corporation

Stock Code: 1721

Representative: Hajime Takashima, President and Representative Director

Inquiries: Yoshihiro Mimata, Director and General Manager of Finance & Accounting Department

Telephone: +81-3-3448-7000

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Listings: Tokyo Stock Exchange and Osaka Securities Exchange

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

1. Consolidated Business Results for First Half of Fiscal Year Ending March 31, 2009

(April 1, 2008 to September 30, 2008)

(Amounts of less than one million yen have been ignored.)

(1) Consolidated Operating Results (cumulative totals)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of fiscal year ending March 31, 2009	133,688	--	4,701	--	5,570	--	3,226	--
First half of fiscal year ended March 31, 2008	129,847	-9.4	3,117	-60.1	4,203	-52.2	3,193	-49.6

	Net income per share	Net income per share (diluted)
	Yen	Yen
First half of fiscal year ending March 31, 2009	23.96	--
First half of fiscal year ended March 31, 2008	22.77	22.77

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half of fiscal year ending March 31, 2009	204,671	149,046	72.3	1,109.64
Fiscal year ended March 31, 2008	224,121	150,417	66.5	1,091.83

(Reference): Shareholders equity: First half of fiscal year ending March 31, 2009: 147,883 million yen
Fiscal year ended March 31, 2008: 149,151 million yen

2. Dividends

(Record date)	Cash dividends per share				
	End of Q1	End of Q2	End of Q3	End of term	Annual
Fiscal year ended March 31, 2008	Yen --	Yen 7.00	Yen --	Yen 10.00	Yen 17.00
Fiscal year ending March 31, 2009	--	10.00	-----	-----	-----
Fiscal year ending March 31, 2009 (Forecast)	-----	-----	--	10.00	20.00

(Note) Revision in dividend forecasts for the first half under review: No

* Interim cash dividends for fiscal year ending March 31, 2009: Ordinary dividend: 7.00 yen
Commemorative dividend: 3.00 yen

3. Forecasts of Consolidated Business Results for Fiscal Year Ending March 31, 2009

(April 1, 2008 to March 31, 2009)

(Figures in percentages denote year-on-year changes.)

Full-year	Net sales		Operating income		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	330,000	0.8	14,000	-14.1	15,000	-17.7	8,500	-27.0	63.11

(Note) Revision in consolidated business performance forecasts for the first half under review: No

4. Others

- (1) Important changes of subsidiaries during the term
(change of specified subsidiaries that lead to a change in the scope of consolidation): No
- (2) Application of simplified accounting treatment and accounting treatment peculiar to the production of quarterly consolidated financial statements: Yes
(Note) For details, see paragraph 4 “Others” of [Qualitative Information, Financial Statements, Etc.], on page 3
- (3) Changes in accounting policies, procedures, presentation method, etc. of quarterly consolidated financial statements (those which are included in change in significant accounting policies that will be the bases for preparing quarterly consolidated financial statements)
- (i) Changes associated with the revision of accounting principles, etc.: Yes
- (ii) Change other than (i): No
- (Note) For details, see paragraph 4 “Others” of [Qualitative Information, Financial Statements, Etc.], on page 3
- (4) Number of shares issued (common stock)
- (i) Number of shares issued at the end of the term (including treasury stock) (shares):
- | | |
|--|--------------------|
| First half of fiscal year ending March 31, 2009: | 145,977,886 shares |
| Fiscal year ended March 31, 2008: | 145,977,886 shares |
- (ii) Number of treasury stock at the end of the term (shares):
- | | |
|--|-------------------|
| First half of fiscal year ending March 31, 2009: | 12,707,036 shares |
| Fiscal year ended March 31, 2008: | 9,370,980 shares |
- (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
- | | |
|--|--------------------|
| First half of fiscal year ending March 31, 2009: | 134,687,805 shares |
| First half of fiscal year ended March 31, 2008: | 140,218,150 shares |

* Explanations about the proper use of financial forecasts and other important notes

- (1) Since the forecasts of business results provided in this announcement are based on the information available at this time, actual results may differ from the forecasts due to a variety of factors.
- (2) Starting in the current consolidated fiscal year, the *Accounting Standard for Quarterly Financial Reporting* (Accounting Standard Boards of Japan Statement No. 12) and *Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting* (Accounting Standard Boards of Japan Implementation Guidance No. 14) apply. Quarterly consolidated financial statements are also produced in compliance with the “Quarterly Consolidated Financial Statement Rules.”

Qualitative Information, Financial Statements, Etc.

1. Qualitative Information on Consolidated Financial Results

During the first half of the consolidated fiscal year under review (April 1, 2008 through September 30, 2008), the Japanese economy saw an increasing slowdown in business and remained uncertain. This was mainly because of ongoing crude oil price hikes, the financial crisis triggered by the subprime lending issue in the United States, and the strong yen and sluggish stock prices at the end of the second quarter of the current consolidated fiscal year.

In the information and telecommunication field where the COMSYS Group operates, the next generation network (NGN) being introduced by NTT commenced commercial service in parts of the Tokyo Metropolitan area and Osaka. NTT is working to deploy NGN services into other parts of Japan in expanding NGN-related markets by developing the associated infrastructure and building systems.

The market is active in the mobile communication field owing to the acceleration of packet communications and improvements in service areas due to expanding music, video, and other content services, and ongoing construction of base stations to introduce next-generation high-speed wireless communication services, such as WiMAX. At the same time, however, competition between carriers regarding charges and services is becoming increasingly intense.

In this environment, the COMSYS Group has been working on the "Group Innovation 2010" reform to enhance synergies between group companies by implementing a number of measures. They include investing resources in growing areas, deploying cost-reduction measures on a horizontal level, and improving productivity by standardizing workflows.

As a result, the NTT Information Telecommunication Engineering Business, Electrical Communications Engineering Business, and IT Solutions Business remained steady during the first half of the consolidated fiscal year. Specifically, new orders received amounted to ¥162.3 billion (up 9.6% year on year), while net sales increased to ¥133.68 billion (up 3.0% year on year). Recurring profit increased to ¥5,570 million (up 32.5% year on year) due to reduced costs and expenses. Net income increased to ¥3,220 million (up 1.0% year on year).

The performances for the previous corresponding period are provided for reference only.

2. Qualitative Information on Consolidated Financial Position

Total assets at the end of the first half of the consolidated fiscal year under review decreased by ¥19,450 million from the end of the previous consolidated fiscal year, to ¥204,670 million, mainly because of decreases in notes and accounts receivable-trade. Meanwhile, liabilities decreased by ¥18,070 million from the end of the previous consolidated fiscal year, to ¥55,620 million, primarily because of decreases in notes and accounts payable-trade. Net assets decreased by ¥1,370 million from the end of the previous consolidated fiscal year, to ¥149,040 million. As a result, the equity ratio improved by 5.8% from the end of the previous consolidated fiscal year, to 72.3%.

3. Qualitative Information on Forecast Consolidated Earnings

During the first half of the consolidated fiscal year under review, the performances forecast by the Company were achieved. As a result, there is no change to the forecasts announced by the Company on May 13, 2008.

4. Others

- (1) Important changes of subsidiaries during the term (change of specified subsidiaries that led to a change in the scope of consolidation):
Not applicable.
- (2) Application of simplified accounting treatment and accounting treatment specific to the production of quarterly consolidated financial statements:
 - 1) Application of simplified accounting treatment
 - Method for valuing inventory
The Company has ceased counting inventory at the end of the second quarter of the current consolidated fiscal year, but has adopted a reasonable method of calculation based on the physical inventory at the end of the previous consolidated fiscal year.
 - Method for calculating depreciation of fixed assets
Depreciation of assets under the constant percentage method has been prorated based on the depreciation periods of consolidated fiscal years.
 - Method for calculating deferred tax assets and deferred tax liabilities
The collectability of deferred tax assets has been determined based on the business forecasts and tax planning used for the previous consolidated fiscal year, since there were no significant changes in the

business environment or temporary differences accrued after the end of the previous consolidated fiscal year.

- 2) Application of accounting treatment specific to the production of quarterly consolidated financial statements:
Not applicable.
- (3) Changes in accounting principles, procedures, presentation, etc. in relation to the preparation of quarterly consolidated financial statements
 - 1) Commencing in the current consolidated fiscal year, the *Accounting Standard for Quarterly Financial Reporting* (Accounting Standard Boards of Japan Statement No. 12) and *Implementation Guidelines for the Accounting Standard for Quarterly Financial Reporting* (Accounting Standard Boards of Japan Implementation Guidelines No. 14) apply. Quarterly consolidated financial statements are also produced in accordance with the *Quarterly Consolidated Financial Statement Rules*.
 - 2) The “Accounting Standards for Valuation of Inventories” (Accounting Standard Boards of Japan Statement No. 9. July 5, 2006) have been applied, beginning from the first quarter of this consolidated fiscal year. The valuation standards have been changed from the cost method to a cost method (method of devaluing book price to reflect declines in profitability). The effects on operating income, recurring profit, and income before income taxes and other adjustments to net income were negligible.
 - 3) “Accounting Standards for Lease Transactions” (Accounting Standard Boards of Japan Statement) No. 13 (June 17, 1993 (First Committee of Business Accounting Council), revised on March 30, 2007) and “Implementation Guidance for Applying Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16 (January 18, 1994 (Accounting System Committee of Japanese Institute of Certified Public Accountants), revised on March 30, 2007) have been applied early, beginning from the first quarter of the current consolidated fiscal year. Non-ownership transfer finance lease transactions have been posted as lease assets after their accounting method was changed from the accounting standard pursuant to the method applied to normal lease transactions, to the accounting standard pursuant to the method applied to normal sales transactions.
In addition, lease assets have been depreciated using a method whereby the lease period is set to service life and the remaining value is set to nil.
In association with this, the Company has continued to apply the accounting standard pursuant to the method applied to normal lease transactions to non-ownership transfer finance lease transactions whose start date is set to a time prior to the initial fiscal year of application.
The subsequent effects on the amount of lease assets posted, operating income, recurring profit, and income before income taxes and other adjustments to net income were negligible.

5. Consolidated Financial Statements
 (1) Consolidated Balance Sheets

	(Million yen)	
	As of September 30, 2008	Condensed consolidated balance sheets at end of previous fiscal year (March 31, 2008)
(ASSETS)		
Current Assets:		
Cash and cash equivalents	36,998	27,212
Notes and accounts receivable-trade	49,310	93,561
Accumulated cost of construction in progress	33,194	18,666
Other inventory	2,018	2,235
Other current assets	6,353	6,018
Less: Allowance for doubtful receivables	-352	-390
Total current assets	127,521	147,304
Tangible Fixed Assets:		
Property and Equipment:		
Land	26,886	26,892
Other (net)	23,353	24,002
Total property and equipment	50,239	50,894
Intangible fixed Assets	6,536	4,274
Investments and Other Assets:		
Investment securities	7,527	7,961
Other	16,037	16,869
Less: Allowance for doubtful receivables	-3,192	-3,182
Total investments and other assets	20,373	21,648
Total fixed assets	77,149	76,817
Total assets	204,671	224,121
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable-trade	33,414	52,093
Short-term bank loans	19	41
Income taxes payable	2,048	2,514
Advances received on construction in progress	6,233	3,488
Allowance	633	495
Other current liabilities	5,340	6,107
Total current liabilities	47,691	64,741
Long-term Liabilities:		
Deferred tax liabilities for unrealized gains on land revaluation	2,365	2,365
Allowance for employees' retirement benefits	2,978	3,261
Allowance for officers' retirement benefits	594	693
Negative goodwill	474	949
Other long-term liabilities	1,519	1,693
Total long-term liabilities	7,933	8,963
Total Liabilities	55,624	73,704

COMSYS Holdings Corporation (1721) Financial Statements

	(Million yen)	
	As of September 30, 2008	Condensed consolidated balance sheets at end of previous fiscal year (March 31, 2008)
(NET ASSETS)		
Shareholders' Equity:		
Common stock	10,000	10,000
Additional paid-in capital	56,978	56,979
Retained earnings	101,644	99,782
Treasury stock, at cost	-12,516	-9,384
Total shareholders' equity	156,105	157,377
Valuation and Translation Adjustments:		
Unrealized gain (loss) on securities	-325	-329
Unrealized loss on land revaluation	-7,896	-7,896
Total valuation and translation adjustments	-8,222	-8,226
Outstanding share subscription rights	12	-
Minority interests	1,151	1,266
Total net assets	149,046	150,417
Total liabilities and net assets	204,671	224,121

(2) Consolidated Statements of Income
(First half)

	(Million yen)
	April 1, 2008 to September 30, 2008
Net sales	133,688
Cost of sales	117,984
Gross profits	15,704
Selling, general and administrative expenses	11,003
Operating income	4,701
Other income:	
Interest income	74
Dividend income	133
Amortization of negative goodwill	535
Other	173
Total other income	916
Other expenses:	
Interest expense	2
Exchange loss	34
Other	10
Total other expenses	47
Recurring profit	5,570
Extraordinary profits:	
Reversal of allowance for doubtful receivables	31
Insurance reversal	104
Other	4
Total extraordinary profits	140
Extraordinary loss:	
Loss on disposal of fixed assets	53
Special retirement benefits	86
Loss on valuation of golf membership	43
Other	67
Total extraordinary loss	250
Income before income taxes and other adjustments to net income	5,460
Income taxes, etc.	1,775
Income taxes-deferred	484
Total income taxes	2,259
Loss of minority shareholders (-)	-25
Net income	3,226

Commencing in the current consolidated fiscal year, the *Accounting Standard for Quarterly Financial Reporting* (Accounting Standards Board of Japan Statement No. 12) and *Implementation Guidelines for the Accounting Standard for Quarterly Financial Reporting* (Accounting Standards Board of Japan Implementation Guidelines No. 14) apply. Quarterly consolidated financial statements are also produced in compliance with the *Quarterly Consolidated Financial Statement Rules*.

(3) Notes regarding the premise of a going concern
Not applicable.

(4) Notes to significant changes in shareholders' equity

The Company's Board of Directors' meeting held on May 13, 2008 passed the resolution stated below on the repurchase of treasury stock in order to exercise a maneuverable capital policy that allows further returns to shareholders and responses to changing business environments. The resolution was pursuant to the provisions of Article 156 of the Corporation Law, which shall be read for the provisions of Article 165 Paragraph 3 of the law.

- Class and number of shares to repurchase: Common stock, 6 million shares (upper limit)
- Repurchase amount: 5.0 billion yen (upper limit)
- Period for repurchasing treasury stock: from May 14, 2008 through December 31, 2008

In relation to the above, the Company repurchased the following shares of treasury stock from May 14, 2008 through September 30, 2008.

- Total number of shares repurchased: 3,177,000 shares
- Repurchase amount: 2,999 million yen

[Reference material]
 Preceding Consolidated Interim Statement of Income

(Million yen)

Item	April 1, 2007 to September 30, 2007
	Amount
I. Net sales	129,847
II. Cost of sales	115,869
Gross profits	13,978
III. Selling, general and administrative expenses	10,860
Operating income	3,117
IV. Other income	1,101
Interest income	90
Dividend income	108
Amortization of negative goodwill	752
Other	150
V. Other expenses	16
Interest expense	6
Exchange loss	4
Other	5
Recurring profit	4,203
VI. Extraordinary profits	513
Gain on sales of fixed assets	43
Gain on sales of investment securities	63
Reversal of allowance for doubtful receivables	260
Insurance reversal	109
Other	36
VII. Extraordinary loss	227
Loss on disposal of fixed assets	27
Loss on valuation of investment securities	17
Special retirement benefits	165
Other	17
Interim income before income taxes	4,489
Income taxes, etc.	1,019
Income taxes-deferred	311
Loss of minority shareholders	-34
Interim net income	3,193