

COMSYS Holdings Corporation

Consolidated Financial Results for the Third Quarter Ended December 31, 2010 Under Japanese GAAP

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 Stock Exchange Listings: First Section of Tokyo Stock Exchange and Osaka Securities Exchange (Securities code: 1721)
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 Representative: Hajime Takashima, President and Representative Director
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 Scheduled Filing of Quarterly Securities Report: February 14, 2011
 Scheduled Commencement of Dividend Payment: —
 Supplementary Materials on Quarterly Results: Attached
 IR Presentation on Quarterly Results: Not scheduled

Amounts less than one million yen have been omitted.

1. Consolidated Financial Results (for the nine months ended December 31, 2010)

(1) Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Recurring Profit		Net Income	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
Nine months ended December 31, 2010	¥193,862	3.8%	¥3,860	(21.0)%	¥4,179	(20.8)%	¥5,073	92.8%
Nine months ended December 31, 2009	186,840	(7.5)	4,888	(36.6)	5,276	(39.8)	2,632	(46.7)

Note: Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)
Nine months ended December 31, 2010	¥39.56	¥39.48
Nine months ended December 31, 2009	20.31	20.31

(2) Consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of December 31, 2010	¥219,176	¥159,920	72.5%	¥1,196.47
As of March 31, 2010	211,809	151,768	71.2	1,199.29

(Reference) Shareholders' Equity: As of December 31, 2010: ¥158,828 million As of March 31, 2010: ¥150,759 million

2. Cash Dividends for Shareholders of Common Stock

(Yen)

	Cash Dividends per Share over the Fiscal Year				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual
Year ended March 31, 2010	¥ —	¥10.00	¥ —	¥10.00	¥20.00
Year ending March 31, 2011	—	10.00	—		
Year ending March 31, 2011 (Forecast)				10.00	20.00

Note: Revisions to dividend forecasts: No

3. Earnings Forecast (for the fiscal year ending March 31, 2011)

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Recurring Profit		Net Income		Net Income per Share
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Year ending March 31, 2011	¥320,000	9.2%	¥13,100	4.5%	¥13,500	2.9%	¥10,100	42.3%	¥78.74

Notes: 1. Revisions to consolidated earnings forecasts: No

2. For fiscal-year figures, percentages indicate the percentage change from the previous fiscal year.

4. Other (Please refer to “Other Information” on page 3 of the “Accompanying Materials” for more details)

(1) Changes in Significant Subsidiaries during the Period under Review: Yes

Newly included: 1 (TSUKEN Corporation) Excluded: —

Note: This refers to changes to subsidiaries that would alter the scope of consolidation.

(2) Adoption of Simplified Accounting Methods and Specified Accounting Methods: Yes

Note: This refers to the adoption of such methods for the preparation of the Quarterly Consolidated Financial Statements.

(3) Changes to Accounting Methods and the Quarterly Consolidated Financial Statements

- a) Changes accompanying revision to accounting standards: Yes
- b) Other changes aside from a) above: No

(4) Number of Shares Issued (common stock)

	<u>As of December 31, 2010</u>	<u>As of March 31, 2010</u>
a) Number of shares issued (including treasury stock)	145,977,886 shares	145,977,886 shares
b) Number of treasury stock	13,230,436 shares	20,270,254 shares
	<u>Nine months ended December 31, 2010</u>	<u>Nine months ended December 31, 2009</u>
c) Average number of shares issued in the period	128,270,779 shares	129,580,862 shares

****Statement regarding the Implementation Status of Quarterly Review Procedures***

This Consolidated Financial Results report is not subject to the quarterly review procedures prescribed under the Financial Instruments and Exchange Act. At the time of disclosing the quarterly consolidated financial results report, however, quarterly financial statement review procedures have not been completed.

****Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items***

Forward-looking statements including earnings forecasts contained in this document are based on certain reasonable assumptions and beliefs in light of information currently available to management. Readers are advised that actual results may differ materially from forecasts due to a variety of factors. With respect to the conditions that underpin earnings forecasts as well as cautionary statements regarding the proper use of earnings forecasts, please refer to “Qualitative Information Regarding Consolidated Earnings Forecast” of this Consolidated Financial Results report in the Accompanying Materials section on page 3.

Accompanying Materials

1. Qualitative Information Regarding Consolidated Financial Results for the Period under Review

(1) Qualitative Information Regarding Consolidated Operating Results

During the first three quarters (April 1, 2010 to December 31, 2010) of the fiscal year ending March 31, 2011, uncertainty continued to cloud the Japanese economy, despite emerging signs of a recovery in corporate-sector earnings and personal consumption due largely to improvements in overseas economies and positive contributions from economic pump-priming measures implemented by the Japanese government. The uncertainty was attributable to a variety of factors including market jitters reflecting the persistent appreciation in the value of the yen and the harsh employment environment.

In the information and telecommunication field, the COMSYS Group's principal area of activity, steady growth was clearly evident in next-generation network (NGN) services as well as IRU, terrestrial digital broadcasting and related businesses. In addition to new services that cater particularly to smart phones as well as a broad spectrum of other devices, market activity was significantly boosted by the commercial launch of the Long Term Evolution (LTE) next-generation mobile phone communication standard in December 2010. In contrast, telecommunication carriers, the COMSYS Group's mainstay customer base, confronted intense competition in attracting customers. In addition to the marked shift in investment activity away from infrastructure development toward high value-added services including contents, downward pressure continued to mount on capital expenditure due mainly to a decline in the scale of construction work.

Under these circumstances, business results for the period under review were mixed. Buoyed by the synergy benefits resulting from management integration with TSUKEN Corporation on October 1, 2010 and steady progress in IRU construction work conducted by local government and other authorities, orders received climbed 3.5% compared with the corresponding period of the previous fiscal year to ¥222,723 million, and net sales increased 3.8% year on year to ¥193,862 million. From a profit perspective, the Group continued to pursue structural reform measures aimed at improving productivity while at the same time reducing operating expenses. However, due to lower information and telecommunication infrastructure-related construction net sales, operating income decreased 21.0% compared with the year on year to ¥3,860 million. In the period under review, the Company incurred extraordinary losses such as a write-down on software and an impairment loss applicable to land and buildings scheduled for sale. This was offset by the negative goodwill that arose from management integration, which the Company recorded as extraordinary income. Accounting for each of the aforementioned factors, net income for the period surged 92.8% year on year to ¥5,073 million.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of December 31, 2010 stood at ¥219,176 million, up ¥7,367 million compared with the end of the previous fiscal year. This was mainly attributable to the increase in property and equipment. Total liabilities as of the end of the third quarter of the fiscal year under review amounted to ¥59,255 million, a decrease of ¥784 million compared with March 31, 2010. This primarily reflected the decline in such items as accounts payable — trade. Net assets as of December 31, 2010 stood at ¥159,920 million, ¥8,151 million higher than the balance as of the previous fiscal year-end. This was due to a variety of factors including the increase in negative treasury stock, at cost.

As a result, the equity ratio improved 1.3 percentage points compared with the end of the previous fiscal year to 72.5%.

(3) Qualitative Information Regarding Consolidated Earnings Forecast

Turning to the consolidated earnings forecasts for the full fiscal year ending March 31, 2011, there are no changes to data and information announced in the press release "Notice Concerning Revisions to Consolidated Earnings Forecasts" issued on October 29, 2010.

2. Other Information

Outline of Changes in Significant Subsidiaries

TSUKEN Corporation became a specific subsidiary of COMSYS Holdings Corporation during the third quarter of the fiscal year ending March 31, 2011 by way of an exchange of shares.

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of December 31, 2010	As of March 31, 2010 (condensed)
ASSETS		
Current Assets:		
Cash and cash equivalents	20,829	23,609
Notes and accounts receivable—trade	58,191	79,823
Inventories:		
Accumulated cost of construction in progress	33,951	18,313
Other	4,993	1,050
Other current assets	10,611	6,360
Less: Allowance for doubtful receivables	(131)	(121)
Total current assets	128,446	129,035
Fixed Assets:		
Property and equipment:		
Buildings and structures, net	24,866	18,920
Land	34,827	32,279
Other, net	6,507	6,113
Total property and equipment	66,202	57,313
Intangible assets	2,508	6,395
Investments and other assets:		
Investment securities	7,458	7,119
Other assets	16,804	14,263
Less: Allowance for doubtful receivables	(2,244)	(2,317)
Total investments and other assets	22,019	19,065
Total fixed assets	90,730	82,773
Total Assets	219,176	211,809

	Millions of yen	
	As of December 31, 2010	As of March 31, 2010 (condensed)
LIABILITIES		
Current Liabilities:		
Accounts payable—Trade	30,230	41,023
Short-term bank loans	6,159	11
Income taxes payable	1,058	1,710
Advances received on construction in progress	4,473	3,706
Allowances	256	250
Other current liabilities	6,507	6,878
Total current liabilities	48,685	53,581
Long-Term Liabilities:		
Long-term debt	67	—
Deferred tax liabilities for unrealized gains on land revaluation	2,252	2,365
Accrued severance indemnities	6,150	2,287
Allowance for directors' retirement benefits	287	175
Other long-term liabilities	1,811	1,629
Total long-term liabilities	10,569	6,458
Total Liabilities	59,255	60,040
NET ASSETS		
Shareholders' Equity:		
Common stock	10,000	10,000
Additional paid-in capital	55,346	57,016
Retained earnings	114,144	111,605
Treasury stock, at cost	(12,481)	(19,522)
Total shareholders' equity	167,009	159,100
Valuation and Translation Adjustments:		
Unrealized gain (loss) on other securities	(308)	(443)
Unrealized loss on land revaluation	(7,873)	(7,896)
Total valuation and translation adjustments	(8,181)	(8,340)
Subscription Rights to Shares	343	249
Minority Interests	748	759
Total Net Assets	159,920	151,768
Total Liabilities and Net Assets	219,176	211,809

(2) Consolidated Statements of Income

	Millions of yen	
	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net Sales	186,840	193,862
Cost of Sales	166,651	175,985
Gross profits	20,188	17,876
Selling, General and Administrative Expenses	15,300	14,016
Operating income	4,888	3,860
Other Income:		
Interest income	70	53
Dividend income	119	133
Rent income on noncurrent assets	141	100
Other	73	113
Total other income	404	400
Other Expenses:		
Interest expenses	2	9
Foreign exchange losses	—	55
Commission for purchase of treasury stock	7	—
Other	7	16
Total other expenses	17	81
Recurring profit	5,276	4,179
Extraordinary Income:		
Reversal of allowance for doubtful receivables	25	174
Gain on payback of insurance payments	61	218
Gain on negative goodwill	—	7,372
Other	33	90
Total extraordinary income	120	7,855
Extraordinary Loss:		
Loss on disposal of fixed assets	101	130
Special payments on employees' retirement benefits	84	131
Loss on impairment of fixed assets	—	1,840
Write-down on software	—	3,643
Other	138	1,085
Total extraordinary loss	324	6,832
Income before income taxes and other adjustments to net income	5,072	5,202
Income Taxes:		
Current	764	906
Deferred	1,681	(869)
Total income taxes	2,446	36
Income before minority interests	—	5,166
Minority Interests	(6)	92
Net Income	2,632	5,073

(3) Notes Regarding Significant Changes in the Amount of Shareholders' Equity

The balance of treasury stock as of the end of the third quarter of the fiscal year ending March 31, 2011 stood at ¥12,481 million, a decrease of ¥7,040 million compared with the previous fiscal year-end. Principal factors leading to this movement included the decrease of ¥8,058 million involving an exchange of shares between COMSYS Holdings, as the pure holding company, and TSUKEN Corporation, as the wholly owned subsidiary, on October 1, 2010, and the increase of ¥611 million reflecting the acquisition of 718,000 shares of treasury stock up to the end of the third quarter of the fiscal year under review in accordance with a resolution ratified at a Board of Directors' meeting held on October 29, 2010.