

## COMSYS Holdings Corporation

### Consolidated Financial Results for the Second Quarter Ended September 30, 2013 Under Japanese GAAP

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 Stock Exchange Listings: First Section of Tokyo Stock Exchange (Securities code: 1721)  
 URL: <http://www.comsys-hd.co.jp>  
 Representative: Hajime Takashima, President and Representative Director  
 For Inquiry: Yoshihiro Mimata, Director and General Manager of Finance & Accounting Department (Telephone:81-3-3448-7000)  
 Scheduled Filing of Quarterly Securities Report: November 12, 2013  
 Scheduled Commencement of Dividend Payment: December 5, 2013  
 Supplementary Materials on Quarterly Results: Attached  
 IR Presentation on Quarterly Results: Scheduled (For Institutional Investors and Analysts)

Amounts less than one million yen have been omitted.

#### 1. Consolidated Financial Results (for the six months ended September 30, 2013)

##### (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 (%)
Six months ended September 30, 2013	¥140,577	6.3%	¥10,625	56.8%	¥10,972	54.8%	¥6,163	61.4%
Six months ended September 30, 2012	132,203	5.6	6,775	228.9	7,090	202.7	3,818	375.9

Notes: 1. Comprehensive income: Six months ended September 30, 2013: ¥6,710 million [73.5%] Six months ended September 30, 2012: ¥3,867 million [272.8%]  
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)
Six months ended September 30, 2013	¥50.62	¥50.38
Six months ended September 30, 2012	30.41	30.32

##### (2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of September 30, 2013	¥228,105	¥174,208	75.9%
As of March 31, 2013	240,602	173,411	71.6

(Reference) Shareholders' Equity: As of September 30, 2013: ¥173,125 million As of March 31, 2013: ¥172,282 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, 2013	¥ —	¥10.00	¥ —	¥10.00	¥20.00
Year ending March 31, 2014	—	10.00			
Year ending March 31, 2014 (Forecast)			—	15.00	25.00

Note: Most recently announced revisions to dividend forecast: No

Breakdown of forecast year-end dividend for the fiscal year ending March 31, 2014: Ordinary dividends: ¥10 Commemorative dividends: ¥5

##### 3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2014)

(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, 2014	¥325,000	2.8%	¥24,000	6.4%	¥24,500	6.9%	¥15,000	12.9%	¥123.21

Notes: 1. Most recently announced revisions to consolidated earnings forecast: No

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

**\*Notes:**

(1) Changes in significant subsidiaries during the period under review (changes to subsidiaries that would alter the scope of consolidation): No

(2) Adoption of accounting methods specific to quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction

a) Changes in accounting policies due to revisions of accounting standards: No

b) Changes in accounting policies due to other reasons: No

c) Changes in accounting estimates: No

d) Restatements of prior period financial statements due to error correction: No

**(4) Number of shares issued (common stock)**

	<u>As of September 30, 2013</u>	<u>As of March 31, 2013</u>
a) Number of shares issued (including treasury stock)	145,977,886 shares	145,977,886 shares
b) Number of treasury stock	26,635,849 shares	23,011,312 shares
	<u>Six months ended September 30, 2013</u>	<u>Six months ended September 30, 2012</u>
c) Average number of shares issued in the period	121,747,900 shares	125,567,008 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*

- 1. 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 "(3) Discussion of Forward-Looking Information, including Consolidated Earnings Forecasts" of this Consolidated Financial Results report in the Accompanying Materials section on page 3.*
- 2. COMSYS Holdings Corporation plans to hold an IR presentation on its financial results for institutional investors and analysts on Wednesday, November 13, 2013. Other materials distributed during the IR presentation will be posted on the Company's website in a timely manner after the presentation.*

## ***Accompanying Materials***

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

#### ***(1) Discussion of Operating Results***

During the first half (April 1, 2013 to September 30, 2013) of the fiscal year ending March 31, 2014, the Japanese economy showed signs of a moderate recovery as the depreciation of the yen and an increase in share prices continued as a result of such factors as government economic policies and the Bank of Japan's monetary easing policy.

In the information and communications field, the COMSYS Group's principal area of activity, there was rapid progress in the construction and installation of network environments aimed at expanding service areas for the Long-Term Evolution (LTE) next-generation mobile phone communication standard and Wi-Fi, as well as diversifying and increasing the sophistication of services.

Moreover, an increase in public investment due to such factors as Smart Information and Communications Technology (ICT) being promoted by the Japanese government and private-sector capital investment and IT investment, along with expansion in demand in the environment and energy sectors, were expected to be made in the IT and social infrastructure fields.

Under these circumstances, orders received in the first half of the current fiscal year fell 2.3% year-on-year to ¥160,746 million, due to the impact of bulk orders for mobile-related construction in the previous fiscal year, although the IT solutions business and the social infrastructure business remained robust. Meanwhile, net sales grew 6.3% year-on-year to ¥140,577 million due to such factors as the completion of projects carried over from the previous year and solar construction projects.

From a profit perspective, the COMSYS Group experienced growth in net sales as well as the benefits and cost reductions resulting from the COMSYS WAY<sup>a</sup> structural reforms that it has implemented to date. As a result, operating income rose substantially, by 56.8% year-on-year, to ¥106,025 million, and net income climbed 61.4% to ¥6,163 million.

#### ***(2) Discussion of Financial Position***

Total assets as of September 30, 2013 amounted to ¥228,105 million, down ¥12,496 million compared with the end of the previous fiscal year. This was mainly attributable to a decrease in notes and accounts receivable – trade. Liabilities decreased ¥13,293 million compared with the end of the previous fiscal year, to ¥53,897 million. This was largely attributable to a decrease in accounts payable – trade. Net assets increased by ¥796 million compared with the end of the previous fiscal year, to ¥174,208 million. This was primarily attributable to an increase in retained earnings resulting from net income, in spite of a decrease from such factors as the acquisition of treasury stock.

In accordance with each of the aforementioned factors, the equity ratio improved 4.3 percentage points compared with the end of the previous fiscal year to 75.9%.

#### ***(3) Discussion of Forward-Looking Information, including Consolidated Earnings Forecasts***

Turning to the consolidated earnings forecast for the full fiscal year ending March 31, 2014, there are no changes to data and information announced on May 9, 2013

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2013	As of September 30, 2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	23,651	24,946
Notes and accounts receivable—trade	96,579	69,700
Inventories:		
Accumulated cost of construction in progress	18,805	31,139
Other	1,600	1,283
Other current assets	9,060	8,231
Less: Allowance for doubtful receivables	(103)	(62)
<b>Total current assets</b>	<b>149,593</b>	<b>135,238</b>
<b>Fixed assets:</b>		
<b>Property and equipment:</b>		
Buildings and structures, net	24,085	23,418
Land	38,324	38,207
Other, net	5,035	6,897
<b>Total property and equipment</b>	<b>67,444</b>	<b>68,523</b>
Intangible fixed assets	4,324	4,298
<b>Investments and other assets:</b>		
Investment securities	9,037	9,813
Other assets	12,509	12,373
Less: Allowance for doubtful receivables	(2,308)	(2,142)
<b>Total investments and other assets</b>	<b>19,239</b>	<b>20,044</b>
<b>Total fixed assets</b>	<b>91,008</b>	<b>92,866</b>
<b>Total assets</b>	<b>240,602</b>	<b>228,105</b>

	Millions of yen	
	As of March 31, 2013	As of September 30, 2013
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable—trade	44,456	34,511
Short-term bank loans	1,660	100
Income taxes payable	2,978	2,489
Advances received on construction in progress	1,526	3,218
Allowances	207	347
Other current liabilities	8,409	5,963
<b>Total current liabilities</b>	<b>59,238</b>	<b>46,629</b>
<b>Long-term liabilities:</b>		
Deferred tax liabilities for unrealized gains on land revaluation	1,662	1,662
Accrued severance indemnities	5,077	4,569
Allowance for directors' retirement benefits	222	173
Other long-term liabilities	989	862
<b>Total long-term liabilities</b>	<b>7,951</b>	<b>7,267</b>
<b>Total liabilities</b>	<b>67,190</b>	<b>53,897</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	10,000	10,000
Additional paid-in capital	55,440	55,467
Retained earnings	134,747	139,680
Treasury stock, at cost	(21,180)	(25,813)
<b>Total shareholders' equity</b>	<b>179,006</b>	<b>179,334</b>
<b>Accumulated other comprehensive income:</b>		
Unrealized gain (loss) on other securities	1,366	1,880
Unrealized gain (loss) on land revaluation	(8,090)	(8,090)
<b>Total accumulated other comprehensive income</b>	<b>(6,724)</b>	<b>(6,209)</b>
<b>Subscription rights to shares</b>	<b>497</b>	<b>418</b>
<b>Minority interests</b>	<b>631</b>	<b>664</b>
<b>Total net assets</b>	<b>173,411</b>	<b>174,208</b>
<b>Total liabilities and net assets</b>	<b>240,602</b>	<b>228,105</b>

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

	Millions of yen	
	Six months ended September 30, 2012	Six months ended September 30, 2013
<b>Net sales</b>	132,203	140,577
<b>Cost of sales</b>	116,095	121,271
<b>Gross profits</b>	16,108	19,305
<b>Selling, general and administrative expenses</b>	9,332	8,679
<b>Operating income</b>	6,775	10,625
<b>Other income:</b>		
Interest income	24	21
Dividend income	124	107
Reversal of allowance for doubtful receivables	124	175
Other	136	127
<b>Total other income</b>	410	432
<b>Other expenses:</b>		
Interest expenses	2	4
Foreign exchange losses	54	22
Rent expenses	21	15
Other	17	43
<b>Total other expenses</b>	95	86
<b>Recurring profit</b>	7,090	10,972
<b>Extraordinary income:</b>		
Gain on negative goodwill	752	—
Gain on payback of insurance payments	62	194
Other	8	37
<b>Total extraordinary income</b>	823	232
<b>Extraordinary loss:</b>		
Business structure improvement expenses	—	931
Special payments on employees' retirement benefits	1,719	33
Other	402	232
<b>Total extraordinary loss</b>	2,122	1,198
<b>Income before income taxes and other adjustments to net income</b>	5,791	10,006
<b>Income taxes:</b>		
Current	1,252	2,890
Deferred	702	917
<b>Total income taxes</b>	1,955	3,808
<b>Income before minority interests</b>	3,836	6,197
<b>Minority interests</b>	18	34
<b>Net income</b>	3,818	6,163

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Six months ended September 30, 2012	Six months ended September 30, 2013
<b>Income before minority interests</b>	3,836	6,197
<b>Other comprehensive income:</b>		
Unrealized gain (loss) on other securities	30	513
Total other comprehensive income	30	513
<b>Comprehensive income</b>	3,867	6,710
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,848	6,677
Comprehensive income attributable to minority interests	18	33