

COMSYS Holdings Corporation

Consolidated Financial Results for the Third Quarter Ended December 31, 2013 Under Japanese GAAP

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 Stock Exchange Listings: First Section of Tokyo Stock Exchange (Securities code: 1721)
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 Scheduled Filing of Quarterly Securities Report: February 14, 2014
 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, 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 (%)
Nine months ended December 31, 2013	¥218,364	5.5%	¥17,756	42.6%	¥18,170	42.2%	¥10,732	50.7%
Nine months ended December 31, 2012	206,906	6.3	12,455	176.1	12,774	159.7	7,120	231.5

Notes: 1. Comprehensive income: Nine months ended December 31, 2013: ¥11,799 million [56.4%] Nine months ended December 31, 2012: ¥7,545 million [202.1%]
 2. 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, 2013	¥88.73	¥88.29
Nine months ended December 31, 2012	57.02	56.84

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of December 31, 2013	¥229,886	¥178,215	77.0%
As of March 31, 2013	240,602	173,411	71.6

(Reference) Shareholders' Equity: As of December 31, 2013: ¥177,071 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%	¥124.02

Notes: 1. Most recently announced revisions to consolidated earnings forecast: No
 2. 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 December 31, 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	26,573,430 shares	23,011,312 shares
	<u>Nine months ended December 31, 2013</u>	<u>Nine months ended December 31, 2012</u>
c) Average number of shares issued in the period	120,952,299 shares	124,871,886 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 "Discussion of Forward-Looking Information, including Consolidated Earnings Forecasts" 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) Discussion of Operating Results

During the cumulative third quarter period (April 1, 2013 to December 31, 2013) of the fiscal year ending March 31, 2014, the Japanese economy showed signs of a moderate recovery as corporate earnings improved, backed by the fiscal and monetary policies of the government and the Bank of Japan, along with a last-minute jump in demand ahead of the consumption tax rate hike that will take effect in April.

In the information and communications field, the COMSYS Group's principal area of activity, with the proliferation of smartphones and tablets, there was rapid progress in construction and the installation of telecommunications network environments aimed at expanding service areas for Long-Term Evolution (LTE), Wi-Fi and other services as well as diversifying and increasing the sophistication of services.

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

Under these circumstances, orders received in the cumulative third quarter period of the current fiscal year fell 0.6% year-on-year to ¥244,552 million, as the IT solutions business and the social infrastructure business remained robust despite the impact of bulk orders for mobile-related construction in the previous fiscal year. Meanwhile, net sales grew 5.5% year-on-year to ¥218,364 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 from the implementation of the COMSYS WAY^a structural reforms that the Group has implemented to date. As a result, operating income rose substantially, by 42.6% year-on-year, to ¥17,756 million, and net income climbed 50.7% to ¥10,732 million.

(2) Discussion of Financial Position

Total assets as of December 31, 2013 amounted to ¥229,886 million, down ¥10,716 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 ¥15,519 million compared with the end of the previous fiscal year, to ¥51,670 million. This was largely attributable to a decrease in accounts payable – trade. Net assets increased by ¥4,803 million compared with the end of the previous fiscal year, to ¥178,215 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 5.4 percentage points compared with the end of the previous fiscal year to 77.0%.

(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 December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	23,651	34,695
Notes and accounts receivable—trade	96,579	56,159
Inventories:		
Accumulated cost of construction in progress	18,805	34,908
Other	1,600	835
Other current assets	9,060	8,091
Less: Allowance for doubtful receivables	(103)	(54)
Total current assets	149,593	134,635
Fixed assets:		
Property and equipment:		
Buildings and structures, net	24,085	23,254
Land	38,324	38,264
Other, net	5,035	6,773
Total property and equipment	67,444	68,292
Intangible fixed assets	4,324	3,417
Investments and other assets:		
Investment securities	9,037	10,575
Other assets	12,509	14,985
Less: Allowance for doubtful receivables	(2,308)	(2,021)
Total investments and other assets	19,239	23,539
Total fixed assets	91,008	95,250
Total assets	240,602	229,886

	Millions of yen	
	As of March 31, 2013	As of December 31, 2013
LIABILITIES		
Current liabilities:		
Accounts payable—trade	44,456	30,289
Short-term bank loans	1,660	650
Income taxes payable	2,978	2,139
Advances received on construction in progress	1,526	4,124
Allowances	207	333
Other current liabilities	8,409	6,630
Total current liabilities	59,238	44,167
Long-term liabilities:		
Deferred tax liabilities for unrealized gains on land revaluation	1,662	1,662
Accrued severance indemnities	5,077	4,606
Allowance for directors' retirement benefits	222	188
Other long-term liabilities	989	1,046
Total long-term liabilities	7,951	7,503
Total liabilities	67,190	51,670
NET ASSETS		
Shareholders' equity:		
Common stock	10,000	10,000
Additional paid-in capital	55,440	55,481
Retained earnings	134,747	143,056
Treasury stock, at cost	(21,180)	(25,752)
Total shareholders' equity	179,006	182,785
Accumulated other comprehensive income:		
Unrealized gain (loss) on other securities	1,366	2,376
Unrealized gain (loss) on land revaluation	(8,090)	(8,090)
Total accumulated other comprehensive income	(6,724)	(5,714)
Subscription rights to shares	497	455
Minority interests	631	688
Total net assets	173,411	178,215
Total liabilities and net assets	240,602	229,886

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

	Millions of yen	
	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	206,906	218,364
Cost of sales	181,038	187,616
Gross profits	25,867	30,747
Selling, general and administrative expenses	13,411	12,991
Operating income	12,455	17,756
Other income:		
Interest income	34	31
Dividend income	170	154
Reversal of allowance for doubtful receivables	30	120
Other	254	187
Total other income	490	494
Other expenses:		
Interest expenses	6	6
Rent expenses	26	25
Provision for allowance for doubtful receivables	111	20
Other	27	27
Total other expenses	171	80
Recurring profit	12,774	18,170
Extraordinary income:		
Gain on negative goodwill	752	—
Gain from reimbursement on investment	—	940
Other	87	361
Total extraordinary income	839	1,302
Extraordinary loss:		
Business structure improvement expenses	—	1,716
Special payments on employees' retirement benefits	1,719	33
Other	540	361
Total extraordinary loss	2,260	2,112
Income before income taxes and other adjustments to net income	11,354	17,360
Income taxes:		
Current	2,762	5,096
Deferred	1,418	1,475
Total income taxes	4,181	6,572
Income before minority interests	7,172	10,788
Minority interests	52	56
Net income	7,120	10,732

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income before minority interests	7,172	10,788
Other comprehensive income:		
Unrealized gain (loss) on other securities	372	1,010
Total other comprehensive income	372	1,010
Comprehensive income	7,545	11,799
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,489	11,742
Comprehensive income attributable to minority interests	55	57