

COMSYS Holdings Corporation

Consolidated Financial Results for the First Quarter Ended June 30, 2014 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: August 8, 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 three months ended June 30, 2014)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Recurring Profit		Net Income	
Three months ended June 30, 2014	¥66,555	10.4%	¥4,519	24.5%	¥4,676	23.3%	¥2,808	17.6%
Three months ended June 30, 2013	60,293	5.7	3,630	122.2	3,793	102.5	2,386	125.8

Notes: 1. Comprehensive income: Three months ended June 30, 2014: ¥3,198 million [17.8%] Three months ended June 30, 2013: ¥2,715 million [199.0%]
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)
Three months ended June 30, 2014	¥23.86	¥23.70
Three months ended June 30, 2013	19.42	19.33

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2014	¥235,998	¥183,894	77.4%
As of March 31, 2014	250,561	179,414	71.1

(Reference) Shareholders' Equity: As of June 30, 2014: ¥182,611 million As of March 31, 2014: ¥178,234 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, 2014	¥ —	¥10.00	¥ —	¥15.00	¥25.00
Year ending March 31, 2015	—				
Year ending March 31, 2015 (Forecast)		15.00	—	15.00	30.00

Note: Most recently announced revisions to dividend forecast: No

3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2015)

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

	Net Sales		Operating Income		Recurring Profit		Net Income		Net Income per Share
Six months ending September 30, 2014	¥149,000	6.0%	¥11,000	3.5%	¥11,200	2.1%	¥ 6,800	10.3%	¥ 57.77
Year ending March 31, 2015	345,000	4.1	29,000	5.2	29,500	5.1	18,000	9.8	152.93

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. For first-half figures, percentages indicate the percentage change from the corresponding half of 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: Yes
 - 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)

	As of June 30, 2014	As of March 31, 2014
a) Number of shares issued (including treasury stock)	145,977,886 shares	145,977,886 shares
b) Number of treasury stock	28,283,870 shares	28,310,548 shares
	Three months ended June 30, 2014	Three months ended June 30, 2013
c) Average number of shares issued in the period	117,703,695 shares	122,884,930 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 “(3) Discussion of Forward-Looking Information, including Consolidated Earnings Forecasts” under “1. Qualitative Information Regarding Consolidated Financial Results for the Period under Review” 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 first quarter period (April 1, 2014 to June 30, 2014) of the fiscal year ending March 31, 2015, there was a certain amount of instability due to last-minute demand ahead of the increase in the consumption tax rate and uncertainty concerning when the economy would rebound from decreased consumer demand after the tax hike. However, the Japanese economy overall maintained a trend toward recovery, with improvement in corporate earnings and rising capital expenditure, backed by the economic and fiscal policies being advanced by the Japanese government and the Bank of Japan.

In the information and communications field, the COMSYS Group's principal area of activity, there continued to be a high-level of progress in the construction and installation of mobile communications networks aimed at enhancing quality, including increasing the ease of connection and the speed of communications, and technical innovation such as the shift from LTE to LTE-Advanced and VoLTE, along with added functionality of devices such as smartphones and tablets and growth in the use of cloud computing.

Moreover, in the public and private sectors, growth is expected in the social infrastructure businesses and IT-related businesses, including the creation of new value-added industries based on the progress of Information and Communications Technology (ICT) and the Smart City Project being promoted by the Japanese government. In addition, projections are that growth will come from full-scale reconstruction following the Great East Japan Earthquake, the strengthening of urban functions with a focus on disaster prevention, including the Basic Policy for Building National Resilience, and rising market demand in the environment and energy sector, which includes solar power generation.

Under these circumstances, orders received in the cumulative first quarter period were up 7.7% year on year to ¥85,233 million and net sales were up 10.4% year on year to ¥66,555 million. Operating income amounted to ¥4,519 million, up 24.5% year on year, and net income rose 17.6% year on year to ¥2,808 million. These results were due to an increase in mobile-related construction in addition to growth in areas such as solar construction (including Ecosystem Japan Co., Ltd., which became a subsidiary in May) through the top-line expansion under the Group's COMSYS WAY^a structural reforms. Moreover, greater efficiency in operations thanks to the nationwide deployment of the construction IT platform, which allows comprehensive management from order receipt through to project management, also contributed to the positive results.

(2) Discussion of Financial Position

Total assets as of June 30, 2014 amounted to ¥235,998 million, down ¥14,563 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 ¥19,043 million compared with the end of the previous fiscal year, to ¥52,103 million. This was largely attributable to a decrease in accounts payable – trade. Net assets increased by ¥4,479 million compared with the end of the previous fiscal year, to ¥183,894 million. This was primarily attributable to an increase in retained earnings resulting from net income.

In accordance with each of the aforementioned factors, the equity ratio improved 6.3 percentage points compared with the end of the previous fiscal year to 77.4%.

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

Turning to the consolidated earnings forecast for the full fiscal year ending March 31, 2015, there are no changes to data and information announced on May 9, 2014.

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2014	As of June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	31,036	42,395
Notes and accounts receivable—trade	97,667	59,274
Inventories:		
Accumulated cost of construction in progress	17,816	22,491
Other	796	898
Other current assets	9,244	9,254
Less: Allowance for doubtful receivables	(65)	(46)
Total current assets	156,495	134,267
Fixed assets:		
Property and equipment:		
Buildings and structures, net	26,030	26,050
Land	38,969	39,068
Other, net	5,354	5,330
Total property and equipment	70,353	70,449
Intangible fixed assets		
Goodwill	—	3,489
Other intangible fixed assets	3,594	3,443
Total intangible fixed assets	3,594	6,933
Investments and other assets:		
Investment securities	9,684	10,530
Other assets	12,532	15,890
Less: Allowance for doubtful receivables	(2,098)	(2,073)
Total investments and other assets	20,117	24,347
Total fixed assets	94,066	101,730
Total assets	250,561	235,998

	Millions of yen	
	As of March 31, 2014	As of June 30, 2014
LIABILITIES		
Current liabilities:		
Accounts payable—trade	45,039	31,209
Short-term bank loans	1,270	100
Income taxes payable	6,847	769
Advances received on construction in progress	1,018	2,662
Allowances	563	574
Other current liabilities	8,981	8,428
Total current liabilities	63,720	43,743
Long-term liabilities:		
Deferred tax liabilities for unrealized gains on land revaluation	1,662	1,662
Net defined benefit liability	4,384	4,089
Allowance for directors' retirement benefits	193	193
Other long-term liabilities	1,185	2,415
Total long-term liabilities	7,426	8,360
Total liabilities	71,147	52,103
NET ASSETS		
Shareholders' equity:		
Common stock	10,000	10,000
Additional paid-in capital	55,494	55,594
Retained earnings	148,713	152,656
Treasury stock, at cost	(28,658)	(28,768)
Total shareholders' equity	185,549	189,482
Accumulated other comprehensive loss:		
Unrealized gain on other securities	1,803	2,148
Unrealized loss on land revaluation	(8,090)	(8,090)
Remeasurements of defined benefit plans	(1,028)	(930)
Total accumulated other comprehensive loss	(7,315)	(6,871)
Subscription rights to shares	478	495
Minority interests	701	788
Total net assets	179,414	183,894
Total liabilities and net assets	250,561	235,998

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

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	60,293	66,555
Cost of sales	2,261	56,827
Gross profits	8,032	9,728
Selling, general and administrative expenses	4,401	5,208
Operating income	3,630	4,519
Other income:		
Interest income	8	9
Dividend income	100	88
Other	88	92
Total other income	196	190
Other expenses:		
Interest expenses	5	1
Foreign exchange losses	7	14
Rent expenses	9	11
Other	11	6
Total other expenses	34	34
Recurring profit	3,793	4,676
Extraordinary income:		
Gain on sales of investment securities	20	5
Gain on payback of insurance payments	63	12
Other	5	6
Total extraordinary income	88	24
Extraordinary loss:		
Loss on sales of fixed assets	2	20
Loss on disposal of fixed assets	9	24
Loss on impairment of fixed assets	182	—
Other	16	22
Total extraordinary loss	210	68
Income before income taxes and other adjustments to net income	3,671	4,631
Income taxes:		
Current	1,687	1,684
Deferred	(421)	194
Total income taxes	1,265	1,879
Income before minority interests	2,406	2,752
Minority interests	19	(55)
Net income	2,386	2,808

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	2,406	2,752
Other comprehensive income:		
Unrealized gain on other securities	309	347
Remeasurements of defined benefit plans	—	98
Total other comprehensive income	309	445
Comprehensive income	2,715	3,198
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,697	3,251
Comprehensive income (loss) attributable to minority interests	18	(53)