

COMSYS Holdings Corporation

Consolidated Financial Results for the Third Quarter Ended December 31, 2014 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
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 Scheduled Filing of Quarterly Securities Report: February 10, 2015
 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, 2014)

(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, 2014	¥220,303	0.9%	¥16,960	(4.5)%	¥17,344	(4.5)%	¥10,485	(2.3)%
Nine months ended December 31, 2013	218,364	5.5	17,756	42.6	18,170	42.2	10,732	50.7

Notes: 1. Comprehensive income: Nine months ended December 31, 2014: ¥11,285 million [(4.4)%] Nine months ended December 31, 2013: ¥11,799 million [56.4%]
 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, 2014	¥88.93	¥88.39
Nine months ended December 31, 2013	88.73	88.29

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of December 31, 2014	¥240,850	¥188,572	77.8%
As of March 31, 2014	250,561	179,414	71.1

(Reference) Shareholders' Equity: As of December 31, 2014: ¥187,382 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	—	15.00	—		
Year ending March 31, 2015 (Forecast)				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
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Year ending March 31, 2015	¥345,000	4.1%	¥29,000	5.2%	¥29,500	5.1%	¥18,000	9.8%	¥152.67

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: 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 December 31, 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	29,018,351 shares	28,310,548 shares
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
c) Average number of shares issued in the period	117,901,945 shares	120,952,299 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 third quarter period (April 1, 2014 to December 31, 2014) of the fiscal year ending March 31, 2015, while the reaction to last-minute demand ahead of the consumption tax increase softened, the Japanese economy maintained a tone of moderate recovery, with positive levels of corporate earnings and capital expenditure maintained, 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, 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, further 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 accelerated market development in the environment and energy sector, which includes solar power generation.

Under these circumstances, as a result of the Group's topline expansion strategies, orders received in the cumulative third quarter period were up 2.2% year on year to ¥250,041 million and net sales were up 0.9% year on year to ¥220,303 million.

Meanwhile, on the income front, operating income amounted to ¥16,960 million, down 4.5% year on year, and net income fell 2.3% year on year to ¥10,485 million despite greater operational efficiency and cost-cutting efforts. This was because power companies deferred the connection of solar power generating businesses to the grid, thereby delaying commencement and completion of solar power generation-related construction projects, and this failed to offset the decline in sales in the telecommunications infrastructure-related business.

(2) Discussion of Financial Position

Total assets as of December 31, 2014 amounted to ¥240,850 million, down ¥9,711 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 ¥18,868 million compared with the end of the previous fiscal year, to ¥52,278 million. This was largely attributable to a decrease in accounts payable – trade. Net assets increased by ¥9,157 million compared with the end of the previous fiscal year, to ¥188,572 million. This was primarily attributable to an increase in retained earnings.

In accordance with each of the aforementioned factors, the equity ratio improved 6.7 percentage points compared with the end of the previous fiscal year to 77.8%.

(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 December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	31,036	37,866
Notes and accounts receivable—trade	97,667	58,324
Inventories:		
Accumulated cost of construction in progress	17,816	29,730
Other	796	722
Other current assets	9,244	8,770
Less: Allowance for doubtful receivables	(65)	(43)
Total current assets	156,495	135,371
Fixed assets:		
Property and equipment:		
Buildings and structures, net	26,030	25,741
Land	38,969	39,634
Other, net	5,354	6,070
Total property and equipment	70,353	71,447
Intangible fixed assets		
Goodwill	—	3,514
Other intangible fixed assets	3,594	3,596
Total intangible fixed assets	3,594	7,111
Investments and other assets:		
Investment securities	9,684	12,506
Other assets	12,532	16,662
Less: Allowance for doubtful receivables	(2,098)	(2,247)
Total investments and other assets	20,117	26,921
Total fixed assets	94,066	105,479
Total assets	250,561	240,850

	Millions of yen	
	As of March 31, 2014	As of December 31, 2014
LIABILITIES		
Current liabilities:		
Accounts payable—trade	45,039	30,474
Short-term bank loans	1,270	100
Income taxes payable	6,847	342
Advances received on construction in progress	1,018	3,579
Allowances	563	209
Other current liabilities	8,981	8,864
Total current liabilities	63,720	43,571
Long-term liabilities:		
Deferred tax liabilities for unrealized gains on land revaluation	1,662	1,662
Net defined benefit liability	4,384	4,196
Allowance for directors' retirement benefits	193	207
Other long-term liabilities	1,185	2,639
Total long-term liabilities	7,426	8,707
Total liabilities	71,147	52,278
NET ASSETS		
Shareholders' equity:		
Common stock	10,000	10,000
Additional paid-in capital	55,494	56,591
Retained earnings	148,713	158,553
Treasury stock, at cost	(28,658)	(31,291)
Total shareholders' equity	185,549	193,853
Accumulated other comprehensive income:		
Unrealized gain on other securities	1,803	2,351
Unrealized loss on land revaluation	(8,090)	(8,090)
Remeasurements of defined benefit plans	(1,028)	(732)
Total accumulated other comprehensive income	(7,315)	(6,471)
Subscription rights to shares	478	455
Minority interests	701	734
Total net assets	179,414	188,572
Total liabilities and net assets	250,561	240,850

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

	Millions of yen	
	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	218,364	220,303
Cost of sales	187,616	188,075
Gross profits	30,747	32,227
Selling, general and administrative expenses	12,991	15,267
Operating income	17,756	16,960
Other income:		
Interest income	31	37
Dividend income	154	204
Reversal of allowance for doubtful receivables	120	—
Foreign exchange gains	3	143
Other	184	204
Total other income	494	590
Other expenses:		
Interest expenses	6	5
Provision for allowance for doubtful receivables	20	148
Other	52	52
Total other expenses	80	206
Recurring profit	18,170	17,344
Extraordinary income:		
Gain on sales of investment securities	22	46
Gain on payback of insurance payments	198	31
Gain from reimbursement on investment	940	—
Other	140	49
Total extraordinary income	1,302	127
Extraordinary loss:		
Loss on disposal of fixed assets	26	83
Business structure improvement expenses	1,716	—
Other	369	204
Total extraordinary loss	2,112	288
Income before income taxes and other adjustments to net income	17,360	17,182
Income taxes:		
Current	5,096	4,456
Deferred	1,475	2,291
Total income taxes	6,572	6,747
Income before minority interests	10,788	10,435
Minority interests in income (loss)	56	(50)
Net income	10,732	10,485

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	10,788	10,435
Other comprehensive income:		
Unrealized gain on other securities	1,010	554
Remeasurements of defined benefit plans	—	295
Total other comprehensive income	1,010	850
Comprehensive income	11,799	11,285
(Breakdown)		
Comprehensive income attributable to owners of the parent	11,742	11,329
Comprehensive income (loss) attributable to minority interests	57	(43)