

COMSYS Holdings Corporation

Consolidated Financial Results for the First Quarter Ended June 30, 2015 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 7, 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 three months ended June 30, 2015)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Recurring Profit		Net Income Attributable to Owners of Parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Three months ended June 30, 2015	¥57,010	-14.3%	¥1,664	-63.2%	¥1,851	-60.4%	¥1,072	-61.8%
Three months ended June 30, 2014	66,555	10.4	4,519	24.5	4,676	23.3	2,808	17.6

Notes: 1. Comprehensive income: Three months ended June 30, 2015: ¥1,290 million [-59.7%] Three months ended June 30, 2014: ¥3,198 million [17.8%]
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)
Three months ended June 30, 2015	¥ 9.39	¥ 9.34
Three months ended June 30, 2014	23.86	23.70

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2015	¥240,662	¥191,122	78.9%
As of March 31, 2015	264,019	194,038	73.0

(Reference) Shareholders' Equity: As of June 30, 2015: ¥189,869 million As of March 31, 2015: 192,774 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, 2015	¥ —	¥15.00	¥ —	¥15.00	¥30.00
Year ending March 31, 2016	—				
Year ending March 31, 2016 (Forecast)		15.00	—	20.00	35.00

Note: Most recently announced revisions to dividend forecast: No

3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2016)

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

	Net Sales		Operating Income		Recurring Profit		Net Income Attributable to Owners of Parent		Net Income per Share
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount
Six months ending September 30, 2015	¥131,000	-9.2%	¥ 8,000	-28.2%	¥ 8,300	-26.6%	¥ 5,000	-27.2%	¥ 43.76
Year ending March 31, 2016	331,000	0.7	28,000	1.2	28,500	1.3	17,000	1.4	148.78

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)

	<u>As of June 30, 2015</u>	<u>As of March 31, 2015</u>
a) Number of shares issued (including treasury stock)	145,977,886 shares	145,977,886 shares
b) Number of treasury stock	32,711,476 shares	31,414,907 shares
	<u>Three months ended June 30, 2015</u>	<u>Three months ended June 30, 2014</u>
c) Average number of shares issued in the period	114,265,210 shares	117,703,695 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, 2015 to June 30, 2015) of the fiscal year ending March 31, 2016, the Japanese economy overall maintained a tone of moderate recovery. Although there were concerns about the impact of the economic slowdown in Europe, corporate earnings and capital expenditure remained at favorable levels, backed by the economic and fiscal policies being advanced by the Japanese government and the Bank of Japan. Meanwhile, signs of a recovery in personal consumption appeared amid improvements in the employment environment and growth in wages.

In the information and communications field, the COMSYS Group's principal area of activity, there were significant changes in the content of services and market conditions. These changes included new expansion in demand due to the wholesaling of optical access services, the expansion of service areas for high-speed wireless broadband, such as LTE, and technical innovation aimed at diversifying and adding functionality to smartphones and tablets.

Moreover, in the public and private sectors, further growth was anticipated in social infrastructure investment related to various endeavors, including innovation in areas such as healthcare, disaster prevention, and e-government using ICT to link goods and services, as well as full-scale reconstruction in response to the Great East Japan Earthquake, policies for building national resilience, development of the renewable energy business, and preparation for the Tokyo Olympics and Paralympic Games.

The COMSYS Group took initiatives to expand its top-line activities, which included entering the green innovation field and obtaining orders in the public sector and ICT areas. The Group also worked to enhance construction efficiency and improve profitability by reducing expenses and taking other measures. However, the structure of investment by telecommunications carriers has been undergoing a major transformation, from investment in the establishment of infrastructure to investment in services, such as information content. In addition, factors such as the decline in capital expenditure due to smaller-scale projects have added to the challenging environment.

Under these circumstances, orders received in the first quarter period decreased 5.1% year on year to ¥80,851 million as a result of the decline in capital expenditure by telecommunications carriers, even though the social infrastructure business, including solar construction projects, remained robust. Net sales fell 14.3% year on year to ¥57,010 million.

From a profit perspective, the COMSYS Group worked to make cost reductions through structural reforms, but this was insufficient to offset the decline in net sales. As a result, operating income fell by 63.2% year on year to ¥1,664 million, and net income attributable to owners of the parent company declined by 61.8% year on year to ¥1,072 million.

(2) Discussion of Financial Position

Total assets as of June 30, 2015 amounted to ¥240,662 million, down ¥23,356 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 ¥20,441 million compared with the end of the previous fiscal year, to ¥49,539 million. This was largely attributable to a decrease in accounts payable – trade. Net assets decreased by ¥2,915 million compared with the end of the previous fiscal year, to ¥191,122 million. This was primarily attributable to the acquisition of treasury stock.

In accordance with each of the aforementioned factors, the equity ratio improved 5.9 percentage points compared with the end of the previous fiscal year to 78.9%.

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

Turning to the consolidated earnings forecast for the full fiscal year ending March 31, 2016, there are no changes to data and information announced on May 8, 2015.

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2015	As of June 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	33,496	47,110
Notes and accounts receivable—trade	93,513	50,559
Inventories:		
Accumulated cost of construction in progress	15,215	21,844
Other	687	660
Other current assets	9,021	9,179
Less: Allowance for doubtful receivables	(55)	(18)
Total current assets	151,878	129,335
Fixed assets:		
Property and equipment:		
Buildings and structures, net	26,133	26,332
Land	39,770	39,990
Other, net	6,391	6,363
Total property and equipment	72,295	72,686
Intangible fixed assets		
Goodwill	3,394	3,381
Other intangible fixed assets	4,249	4,126
Total intangible fixed assets	7,643	7,507
Investments and other assets:		
Investment securities	12,700	11,185
Other assets	21,751	22,152
Less: Allowance for doubtful receivables	(2,250)	(2,205)
Total investments and other assets	32,201	31,132
Total fixed assets	112,140	111,326
Total assets	264,019	240,662

	Millions of yen	
	As of March 31, 2015	As of June 30, 2015
LIABILITIES		
Current liabilities:		
Accounts payable—trade	44,675	29,129
Short-term bank loans	100	109
Income taxes payable	3,852	477
Advances received on construction in progress	1,540	2,541
Allowances	273	228
Other current liabilities	10,349	7,562
Total current liabilities	60,791	40,048
Long-term liabilities:		
Deferred tax liabilities for unrealized gains on land revaluation	1,508	1,508
Net defined benefit liability	3,784	3,841
Allowance for directors' retirement benefits	222	178
Other long-term liabilities	3,673	3,962
Total long-term liabilities	9,189	9,490
Total liabilities	69,980	49,539
NET ASSETS		
Shareholders' equity:		
Common stock	10,000	10,000
Additional paid-in capital	56,615	56,616
Retained earnings	164,836	164,179
Treasury stock, at cost	(34,852)	(37,309)
Total shareholders' equity	196,599	193,485
Accumulated other comprehensive loss:		
Unrealized gain on other securities	2,638	2,782
Unrealized loss on land revaluation	(7,936)	(7,936)
Remeasurements of defined benefit plans	1,473	1,537
Total accumulated other comprehensive loss	(3,824)	(3,616)
Subscription rights to shares	500	487
Non-controlling interests	762	765
Total net assets	194,038	191,122
Total liabilities and net assets	264,019	240,662

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

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	66,555	57,010
Cost of sales	56,827	50,384
Gross profits	9,728	6,625
Selling, general and administrative expenses	5,208	4,961
Operating income	4,519	1,664
Other income:		
Interest income	9	10
Dividend income	88	89
Other	92	137
Total other income	190	237
Other expenses:		
Interest expenses	1	2
Foreign exchange losses	14	22
Rent expenses	11	12
Other	6	12
Total other expenses	34	50
Recurring profit	4,676	1,851
Extraordinary income:		
Gain on sales of investment securities	5	—
Gain on payback of insurance payments	12	1
Gain on negative goodwill	—	56
Other	6	3
Total extraordinary income	24	61
Extraordinary loss:		
Loss on sales of fixed assets	20	0
Loss on disposal of fixed assets	24	22
Special payments on employees' retirement benefits	11	38
Other	11	21
Total extraordinary loss	68	82
Income before income taxes and other adjustments to net income	4,631	1,831
Income taxes:		
Current	1,684	614
Deferred	194	137
Total income taxes	1,879	751
Net income	2,752	1,079
Net income (loss) attributable to non-controlling interests	(55)	6
Net income attributable to owners of parent	2,808	1,072

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Income before minority interests	2,752	1,079
Other comprehensive income:		
Unrealized gain on other securities	347	145
Remeasurements of defined benefit plans	98	64
Total other comprehensive income	445	210
Comprehensive income	3,198	1,290
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,251	1,283
Comprehensive income (loss) attributable to non-controlling interests	(53)	7