

## COMSYS Holdings Corporation

### Consolidated Financial Results for the Third Quarter Ended December 31, 2016 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, 2017  
 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, 2016)

##### (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
Nine months ended December 31, 2016	¥204,903	1.7%	¥11,007	(3.0)%	¥11,234	(3.8)%	¥7,178	(1.6)%
Nine months ended December 31, 2015	201,457	(8.6)	11,351	(33.1)	11,676	(32.7)	7,294	(30.4)

Notes: 1. Comprehensive income: Nine months ended December 31, 2016: ¥7,727 million [(0.7)%] Nine months ended December 31, 2015: ¥7,781 million [(31.1)%]  
 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, 2016	¥64.08	¥63.87
Nine months ended December 31, 2015	64.46	64.19

##### (2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of December 31, 2016	¥254,932	¥197,070	76.8%
As of March 31, 2016	266,066	196,543	73.4

(Reference) Shareholders' Equity: As of December 31, 2016: ¥195,900 million As of March 31, 2016: ¥195,379 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, 2016	¥ —	¥15.00	¥ —	¥20.00	¥35.00
Year ending March 31, 2017	—	20.00	—		
Year ending March 31, 2017 (Forecast)				20.00	40.00

Note: Most recently announced revisions to dividend forecast: No

#### 3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2017)

(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
Year ending March 31, 2017	¥340,000	6.0%	¥25,000	4.8%	¥25,500	5.3%	¥16,000	3.8%	¥142.82

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: Yes

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, 2016	As of March 31, 2016
a) Number of shares issued (including treasury stock)	141,000,000 shares	141,000,000 shares
b) Number of treasury stock	30,973,718 shares	30,248,743 shares
	Nine months ended December 31, 2016	Nine months ended December 31, 2015
c) Average number of shares issued in the period	112,032,279 shares	113,170,089 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, quarterly financial statement review procedures based on the Financial Instruments and Exchange Act had 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, 2016 to December 31, 2016) of the fiscal year ending March 31, 2017, the Japanese economy was expected to continue its moderate recovery, including improvements in corporate earnings and the employment environment, due in part to the range of policies being advanced by the Japanese government and the Bank of Japan. However, because of uncertainty about economic conditions overseas, including the slowdown in emerging countries in Asia, particularly China, and the United Kingdom's withdrawal from the European Union, the growth outlook remained unclear, with concerns over the possible impact on Japan's economy.

In the information and communications field, the COMSYS Group's principal area of activity, the construction of a mobile network environment was promoted to accommodate the sharply increasing, higher-volume traffic accompanying the diversification and added functionality of smartphones and tablets. Moreover, in both the public and private sectors, expansion was anticipated in social infrastructure investment aimed at new innovations utilizing information and communication technology (ICT). This includes the internet of things (IoT), wherein everything is connected to the internet, and artificial intelligence (AI), which has the capacity to learn and make high-level decisions by itself, as well as policies for building national resilience, the development of the environment and energy business, and preparation for the Tokyo Olympics and Paralympic Games.

The COMSYS Group took initiatives for top-line expansion, which included entering the ecological innovation business utilizing solar power generation, particularly solar power construction projects, venturing into new business domains in response to the rise in public sector and ICT investment aimed at the development of a smart society, and implementing M&A activities. Moreover, the Group worked to transfer personnel to growth businesses and improve profit through such means as increasing construction efficiency and cutting costs.

Under these circumstances, orders received in the cumulative third quarter period increased 11.9% year on year to ¥276,379 million, and net sales rose 1.7% to ¥204,903 million.

Nevertheless, from a profit perspective, although the COMSYS Group worked to increase profitability through structural reforms, operating expenses increased due to the consolidation of a subsidiary. As a result, operating income fell by 3.0% year on year to ¥11,007 million while net income attributable to owners of the parent company decreased 1.6% to ¥7,178 million.

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

Total assets as of December 31, 2016 amounted to ¥254,932 million, down ¥11,133 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 ¥11,659 million compared with the end of the previous fiscal year, to ¥57,862 million. This was largely attributable to a decrease in accounts payable – trade. Net assets increased by ¥526 million compared with the end of the previous fiscal year, to ¥197,070million. This was primarily attributable to an increase in retained earnings.

In accordance with each of the aforementioned factors, the equity ratio stood at 76.8%, compared with 73.4% at the end of the previous fiscal year.

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

Turning to the consolidated earnings forecast for the full fiscal year ending March 31, 2017, there are no changes to data and information announced on May 10, 2016.

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2016	As of December 31, 2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	28,930	25,031
Notes and accounts receivable—trade	102,559	63,572
Inventories:		
Accumulated cost of construction in progress	15,261	38,265
Other	502	615
Other current assets	8,349	10,661
Less: Allowance for doubtful receivables	(51)	(35)
<b>Total current assets</b>	<b>155,551</b>	<b>138,111</b>
<b>Fixed assets:</b>		
<b>Property and equipment:</b>		
Buildings and structures, net	27,902	29,259
Land	39,265	40,186
Other, net	5,710	16,038
<b>Total property and equipment</b>	<b>72,878</b>	<b>85,484</b>
<b>Intangible fixed assets</b>		
Goodwill	2,935	3,126
Other intangible fixed assets	4,055	3,846
<b>Total intangible fixed assets</b>	<b>6,990</b>	<b>6,973</b>
<b>Investments and other assets:</b>		
Investment securities	10,460	11,144
Other assets	22,205	15,210
Less: Allowance for doubtful receivables	(2,020)	(1,991)
<b>Total investments and other assets</b>	<b>30,645</b>	<b>24,363</b>
<b>Total fixed assets</b>	<b>110,514</b>	<b>116,821</b>
<b>Total assets</b>	<b>266,066</b>	<b>254,932</b>

	Millions of yen	
	As of March 31, 2016	As of December 31, 2016
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable—trade	49,191	36,147
Short-term bank loans	114	114
Income taxes payable	3,296	254
Advances received on construction in progress	710	3,677
Allowances	223	453
Other current liabilities	7,689	7,228
<b>Total current liabilities</b>	<b>61,225</b>	<b>47,876</b>
<b>Long-term liabilities:</b>		
Deferred tax liabilities for unrealized gains on land revaluation	1,428	1,369
Net defined benefit liability	3,726	4,517
Allowance for directors' retirement benefits	219	300
Other long-term liabilities	2,921	3,799
<b>Total long-term liabilities</b>	<b>8,296</b>	<b>9,986</b>
<b>Total liabilities</b>	<b>69,522</b>	<b>57,862</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	10,000	10,000
Additional paid-in capital	51,264	52,450
Retained earnings	176,847	178,888
Treasury stock, at cost	(36,008)	(39,109)
<b>Total shareholders' equity</b>	<b>202,104</b>	<b>202,228</b>
<b>Accumulated other comprehensive income (loss):</b>		
Unrealized gain on other securities	2,350	2,734
Unrealized loss on land revaluation	(7,856)	(7,990)
Remeasurements of defined benefit plans	(1,219)	(1,071)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(6,724)</b>	<b>(6,327)</b>
<b>Subscription rights to shares</b>	<b>542</b>	<b>534</b>
<b>Non-controlling interests</b>	<b>621</b>	<b>634</b>
<b>Total net assets</b>	<b>196,543</b>	<b>197,070</b>
<b>Total liabilities and net assets</b>	<b>266,066</b>	<b>254,932</b>

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

	Millions of yen	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
<b>Net sales</b>	201,457	204,903
<b>Cost of sales</b>	175,526	178,585
<b>Gross profits</b>	25,930	26,317
<b>Selling, general and administrative expenses</b>	14,579	15,309
<b>Operating income</b>	11,351	11,007
<b>Other income:</b>		
Interest income	46	12
Dividend income	159	172
Reversal of allowance for doubtful receivables	103	1
Other	192	166
<b>Total other income</b>	500	352
<b>Other expenses:</b>		
Interest expenses	7	6
Rent expenses	31	35
Depreciation of idle assets	2	26
Foreign exchange losses	102	—
Other	32	57
<b>Total other expenses</b>	175	126
<b>Recurring profit</b>	11,676	11,234
<b>Extraordinary income:</b>		
Gain on sales of investment securities	4	161
Gain on exchange from business combination	—	84
Gain on negative goodwill	386	—
Other	86	49
<b>Total extraordinary income</b>	477	296
<b>Extraordinary loss:</b>		
Loss on impairment of fixed assets	425	378
Special payments on employees' retirement benefits	115	94
Other	110	159
<b>Total extraordinary loss</b>	651	633
<b>Income before income taxes and other adjustments to net income</b>	11,503	10,897
<b>Income taxes:</b>		
Current	2,103	2,813
Deferred	2,085	889
<b>Total income taxes</b>	4,189	3,703
<b>Net income</b>	7,314	7,193
<b>Net income attributable to non-controlling interests</b>	19	14
<b>Net income attributable to owners of parent</b>	7,294	7,178

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
<b>Net income</b>	7,314	7,193
<b>Other comprehensive income:</b>		
Unrealized gain on other securities	270	386
Remeasurements of defined benefit plans	196	147
Total other comprehensive income	467	533
<b>Comprehensive income</b>	7,781	7,727
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,764	7,710
Comprehensive income attributable to non-controlling interests	16	16