

## COMSYS Holdings Corporation

### Consolidated Financial Results for the Second Quarter Ended September 30, 2017 Under Japanese GAAP

Head Office: 17-1, Higashigotanda 2-chome, Shinagawa-ku, Tokyo 141-8647, Japan  
 Stock Exchange Listings: First Section of Tokyo Stock Exchange (Securities code: 1721)  
 URL: <http://www.comsys-hd.co.jp>  
 Representative: Takashi Kagaya, President and Representative Director  
 For Inquiry: Hidehiko Ozaki, Director and General Manager of Finance & Accounting Department (Telephone:81-3-3448-7000)  
 Scheduled Filing of Quarterly Securities Report: November 9, 2017  
 Scheduled Commencement of Dividend Payment: December 5, 2017  
 Supplementary Materials on Quarterly Results: Attached  
 IR Presentation on Quarterly Results: Scheduled (For Institutional Investors and Analysts)

Amounts less than one million yen have been omitted.

#### 1. Consolidated Financial Results (for the six months ended September 30, 2017)

##### (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 (%)
Six months ended September 30, 2017	¥152,188	15.1%	¥9,754	54.8%	¥9,982	54.6%	¥6,814	65.1%
Six months ended September 30, 2016	132,209	2.7	6,301	(3.6)	6,456	(5.9)	4,128	(9.2)

Notes: 1. Comprehensive income: Six months ended September 30, 2017: ¥7,674 million [84.8%] Six months ended September 30, 2016: ¥4,152 million [(5.7)%]  
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)
Six months ended September 30, 2017	¥60.39	¥60.18
Six months ended September 30, 2016	36.63	36.51

##### (2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of September 30, 2017	¥292,121	¥224,188	76.2%
As of March 31, 2017	284,367	202,943	70.9

(Reference) Shareholders' Equity: As of September 30, 2017: ¥222,668 million As of March 31, 2017: ¥201,717 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, 2017	¥ —	¥20.00	¥ —	¥20.00	¥40.00
Year ending March 31, 2018	—	25.00			
Year ending March 31, 2018 (Forecast)			—	25.00	50.00

Note: Most recently announced revisions to dividend forecast: No

#### 3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2018)

(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 (%)	
Year ending March 31, 2018	¥380,000	13.7%	¥28,500	13.8%	¥29,100	14.8%	¥20,000	38.1%	¥177.25

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.

**\*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 September 30, 2017</u>	<u>As of March 31, 2017</u>
a) Number of shares issued (including treasury stock)	141,000,000 shares	141,000,000 shares
b) Number of treasury stock	25,022,162 shares	31,865,224 shares
	<u>Six months ended September 30, 2017</u>	<u>Six months ended September 30, 2016</u>
c) Average number of shares issued in the period	112,832,772 shares	112,697,853 shares

*\*This Consolidated Financial Results report is not subject to quarterly review procedures.*

***\*Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items***

- 1. 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.*
- 2. The Company plans to hold a financial results briefing for institutional investors and analysts on Friday, November 10, 2017. The materials distributed at the briefing will be posted promptly on the Company website after the meeting.*

## ***Accompanying Materials***

### **1. Qualitative Information Regarding Consolidated Financial Results for the Period under Review**

#### ***(1) Discussion of Operating Results***

During the cumulative second quarter period (April 1, 2017 to September 30, 2017) of the fiscal year ending March 31, 2018, the Japanese economy maintained a moderate recovery, including improvements in corporate earnings and the employment environment, due in part to the effects of various policies implemented by the Japanese government and the Bank of Japan. However, due to uncertainty in the economy overseas, such as the economic outlook for emerging countries in Asia, particularly China, and the effect of policy trends in the U.S., there continued to be concerns over the impact these issues will have on the Japanese economy.

In the information and communications field, the COMSYS Group's principal area of activity, the construction of mobile networks was promoted to accommodate the sharply increasing, higher-volume traffic accompanying the diversification and added functionality of smartphones and tablets. Moreover, both the public and private sectors anticipate innovation utilizing information and communication technology (ICT), including IoT and AI, and expanded social infrastructure investment aimed at policies for building national resilience, development of the environment and energy business, and preparation for the Tokyo Olympics and Paralympic Games.

The COMSYS Group took initiatives for top-line expansions, which included entering the ecological innovation business, 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 conducting M&A activities by turning an acquired company into a consolidated subsidiary (Kando Co., Ltd.). Moreover, the Group worked to improve profit by transferring personnel to growth businesses and implementing measures such as increasing construction efficiency and cutting costs.

Under these circumstances, orders received in the second quarter period increased 8.1% year on year to ¥193,065 million, and net sales rose 15.1% to ¥152,188 million.

From a profit perspective, operating income increased by 54.8% year on year to ¥9,754 million, while net income attributable to owners of the parent increased 65.1% to ¥6,814 million.

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

Total assets as of September 30, 2017 amounted to ¥ 292,121 million, up ¥7,754 million compared with the end of the previous fiscal year. This was mainly attributable to an increase in goodwill due to the acquisition of a consolidated subsidiary. Liabilities decreased ¥13,490 million compared with the end of the previous fiscal year, to ¥67,933 million. This was largely attributable to a decrease in accounts payable – trade.

Net assets increased by ¥21,244 million compared with the end of the previous fiscal year, to ¥224,188 million. This was primarily attributable to an increase in additional paid-in capital associated with the share exchange in the aforementioned acquisition of a consolidated subsidiary and a decrease in treasury stock, at cost.

In accordance with each of the aforementioned factors, the equity ratio stood at 76.2%, compared with 70.9% 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, 2018, there have been no changes from the figures stated in “COMSYS HD Announces Revision of Performance Forecasts” published on August 4, 2017 (Available in Japanese only).

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2017	As of September 30, 2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	20,961	42,187
Notes and accounts receivable—trade	114,322	70,904
Inventories:		
Accumulated cost of construction in progress	19,617	32,929
Other	595	820
Other current assets	11,703	9,220
Less: Allowance for doubtful receivables	(34)	(36)
<b>Total current assets</b>	<b>167,166</b>	<b>156,025</b>
<b>Fixed assets:</b>		
<b>Property and equipment:</b>		
Buildings and structures, net	28,942	31,128
Land	40,186	45,148
Other, net	17,840	21,590
<b>Total property and equipment</b>	<b>86,968</b>	<b>97,867</b>
<b>Intangible fixed assets</b>		
Goodwill	666	6,520
Other intangible fixed assets	4,002	4,006
<b>Total intangible fixed assets</b>	<b>4,669</b>	<b>10,527</b>
<b>Investments and other assets:</b>		
Investment securities	11,154	12,431
Other assets	15,994	16,327
Less: Allowance for doubtful receivables	(1,585)	(1,057)
<b>Total investments and other assets</b>	<b>25,563</b>	<b>27,702</b>
<b>Total fixed assets</b>	<b>117,201</b>	<b>136,096</b>
<b>Total assets</b>	<b>284,367</b>	<b>292,121</b>

	Millions of yen	
	As of March 31, 2017	As of September 30, 2017
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable—trade	55,577	39,800
Short-term bank loans	113	109
Income taxes payable	2,088	2,472
Advances received on construction in progress	1,291	3,147
Allowances	504	697
Other current liabilities	11,712	8,228
<b>Total current liabilities</b>	<b>71,289</b>	<b>54,455</b>
<b>Long-term liabilities:</b>		
Deferred tax liabilities for unrealized gains on land revaluation	1,369	1,369
Net defined benefit liability	4,355	7,499
Allowance for directors' retirement benefits	257	239
Other long-term liabilities	4,152	4,368
<b>Total long-term liabilities</b>	<b>10,134</b>	<b>13,477</b>
<b>Total liabilities</b>	<b>81,423</b>	<b>67,933</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	10,000	10,000
Additional paid-in capital	52,525	60,770
Retained earnings	186,195	190,737
Treasury stock, at cost	(41,028)	(33,720)
<b>Total shareholders' equity</b>	<b>207,692</b>	<b>227,787</b>
<b>Accumulated other comprehensive income (loss):</b>		
Unrealized gain on other securities	2,666	3,487
Unrealized loss on land revaluation	(7,990)	(7,990)
Remeasurements of defined benefit plans	(650)	(616)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(5,974)</b>	<b>(5,119)</b>
<b>Subscription rights to shares</b>	<b>578</b>	<b>440</b>
<b>Non-controlling interests</b>	<b>647</b>	<b>1,079</b>
<b>Total net assets</b>	<b>202,943</b>	<b>224,188</b>
<b>Total liabilities and net assets</b>	<b>284,367</b>	<b>292,121</b>

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

	Millions of yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
<b>Net sales</b>	132,209	152,188
<b>Cost of sales</b>	115,674	131,326
<b>Gross profits</b>	16,534	20,862
<b>Selling, general and administrative expenses</b>	10,233	11,107
<b>Operating income</b>	6,301	9,754
<b>Other income:</b>		
Interest income	8	7
Dividend income	115	143
Reversal of allowance for doubtful receivables	82	—
Other	104	201
<b>Total other income</b>	310	352
<b>Other expenses:</b>		
Interest expenses	4	3
Provision for allowance for doubtful receivables	0	49
Rent expenses	22	33
Foreign exchange losses	82	—
Other	47	36
<b>Total other expenses</b>	156	124
<b>Recurring profit</b>	6,456	9,982
<b>Extraordinary income:</b>		
Gain on payback of insurance payments	161	0
Reversal of allowance for doubtful receivables	—	594
Gain on exchange from business combination	84	—
Other	27	11
<b>Total extraordinary income</b>	274	606
<b>Extraordinary loss:</b>		
Loss on disposal of fixed assets	29	26
Loss on impairment of fixed assets	378	30
Write-down on investments in securities	51	—
Special payments on employees' retirement benefits	51	61
Other	33	48
<b>Total extraordinary loss</b>	544	165
<b>Income before income taxes and other adjustments to net income</b>	6,186	10,422
<b>Income taxes:</b>		
Current	1,520	2,706
Deferred	534	900
<b>Total income taxes</b>	2,055	3,607
<b>Net income</b>	4,130	6,815
<b>Net income attributable to non-controlling interests</b>	2	1
<b>Net income attributable to owners of parent</b>	4,128	6,814

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
<b>Net income</b>	4,130	6,815
<b>Other comprehensive income:</b>		
Unrealized loss on other securities	(219)	824
Remeasurements of defined benefit plans	241	34
Total other comprehensive income	21	858
<b>Comprehensive income</b>	4,152	7,674
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,150	7,670
Comprehensive income attributable to non-controlling interests	2	4