

# COMSYS WAY<sup>a</sup>

Advance of structural reforms and top-line growth

## Annual Report 2016

Fiscal Year Ended March 31, 2016

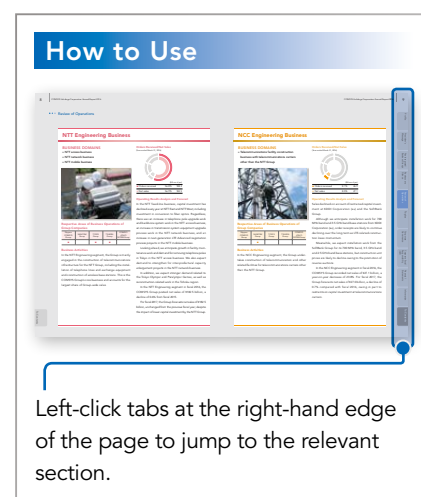
COMSYS Holdings Corporation

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**Cautionary Statement with Respect to Forward-Looking Statements**

Statements made in this annual report with respect to COMSYS Holdings' plans and benefits as well as other statements that are not historical facts are forward-looking statements, which involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions in COMSYS Holdings' markets, exchange rates, and COMSYS Holdings' ability to continue to win customers' acceptance of its products, which are offered in highly competitive markets characterized by continual new product introductions and rapid developments in technology.

\* Compiled based on the content of COMSYS Holdings' Annual Securities Report submitted in Japanese.



## Profile

COMSYS Holdings Corporation (the "Company") was established in September 2003 as a holding company through share transfers from three companies—Nippon COMSYS Corporation, SANWA ELEC Co., Ltd. (now SANWA COMSYS Engineering Corporation) and HIGASHI NIHON System Construction Co., Ltd. (now TOSYS Corporation).

Today, the COMSYS Group consists of 44 subsidiaries and 7 affiliates, centered on 5 core operating subsidiaries, specifically the above 3 companies and TSUKEN Corporation and COMSYS JOHO SYSTEM Corporation. The COMSYS Group's main businesses are electrical and telecommunications infrastructure construction services and the information processing-related business.

### COMSYS WAY<sup>a</sup> (advanced etc.)

The COMSYS Group has made further progress on its COMSYS WAY<sup>a</sup> medium- to long-term management strategy centered on top-line growth and advancing structural reforms. More specifically, the Group is tackling the following issues.

#### Top-Line Growth

- 1 Actively increase orders received in response to higher public investment and investment in ICT
- 2 Actively enter and expand the green innovation business, including the solar power business  
(Expand business areas by taking advantage of the liberalization of electric power)
- 3 Pioneer new business areas with a focus on the Smart Community
- 4 Seek out M&A opportunities and enhance business alliances

#### Promote Structural Reforms

- 1 Mobilize personnel for growth businesses
- 2 Maximize the use of human resources by fostering multi-skilled employees
- 3 Strengthen integrated sales and project construction systems at Group companies
- 4 Utilize a construction IT platform that provides comprehensive management from receipt through to project management

## • • • President's Message

**We aim to achieve growth  
over the medium to long term  
by achieving top-line growth and  
promoting structural reforms.**

September 2016



Hajime Takashima  
President and Representative Director



### COMSYS Group Performance and Business Environment in Fiscal 2016

In the information and communications field of the COMSYS Group, there were significant changes in services and market conditions. We saw the emergence of new demand due to the Hikari Collaboration Model as well as technological innovation aimed at diversifying and adding functionality to mobile devices that use LTE and other high-speed wireless broadband networks.

In both the public and private sectors, we expect to see expanding investment. The main drivers are likely to be a new wave of innovation involving the Internet of Things in the fields of medicine, disaster prevention, and electronic government, as well as government spending to strengthen national resilience and investment in environmental and energy projects. In addition, we anticipate an increase in investment for social infrastructure ahead of the Tokyo Olympic and Paralympic Games.

Under these market conditions, orders were broadly in line with expectations in fiscal 2016, but capital investment at telecommunications carriers declined, resulting in net sales of ¥320.6 billion.

The COMSYS Group endeavored to reduce costs by

advancing structural reforms and improving productivity. However, these efforts were unable to absorb the decline in net sales and operating income totaled ¥23.8 billion while net income attributable to owners of the parent came to ¥15.4 billion.

### Market Environment and Performance in Fiscal 2017

Our outlook for fiscal 2017 anticipates a decline in capital investment at telecommunications carriers, but we expect order receipts to increase as a result of growth in both the public and private sectors with continued government spending to strengthen national resilience, investments in environmental and energy projects, and investments in social infrastructure ahead of the Tokyo Olympic and Paralympic Games.

We expect net sales to increase in light of the high volume of work in progress carried forward from fiscal 2016 and the addition of TOKYO HOSOH KOGYO CO., LTD. and other company to the scope of consolidation. We also expect profits to expand on account of ongoing structural reforms and efforts to increase construction efficiency and reduce costs.

## Target Management Indicators and Medium- to Long-Term Corporate Management Strategy

In 2014, the COMSYS Group established target indicators for management and each business with an eye on the anticipated business environment in 10 years.

- Net sales: **¥400 billion or more**
- Operating income: **¥30 billion or more**
- Ratio of net sales from non-carrier business (social systems, IT solutions): **50%**

To achieve these indicators, the COMSYS Group aims to increase its social contribution and corporate value even further through the construction of various infrastructure that supports everyday life in society in addition to the telecommunications-related infrastructure it has constructed so far.

## Dividend Policy

COMSYS Holdings views returning earnings to shareholders as an important management priority. Our basic policy is to pay steady and continuous dividends linked to business performance.

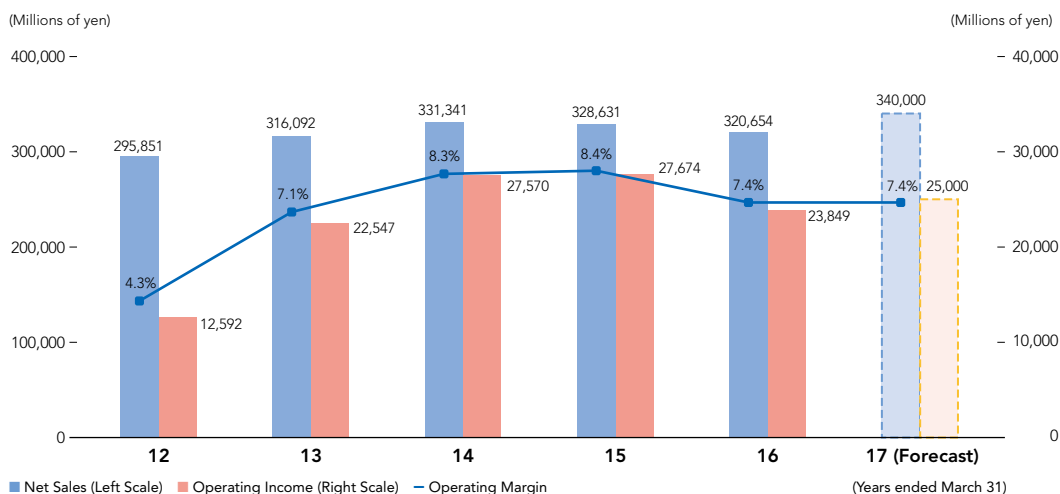
Based on the above policy, COMSYS decided to increase the annual dividend for fiscal 2016 by ¥5.00 to ¥35.00 per share, consisting of an interim dividend of ¥15 per share and a year-end dividend of ¥20.00 per share. Moreover, to further enhance shareholder returns and facilitate the implementation of a flexible capital policy that is responsive to changes in the corporate environment, we acquired ¥8.0 billion in treasury stock and retired 4.97 million shares of treasury stock during the fiscal year under review.

For fiscal 2017, we plan to increase the annual dividend by ¥5.00 per share to ¥40.00 per share (a ¥20.00 per share interim dividend and a ¥20.00 per share year-end dividend) while considering performance and the dividend payout ratio.

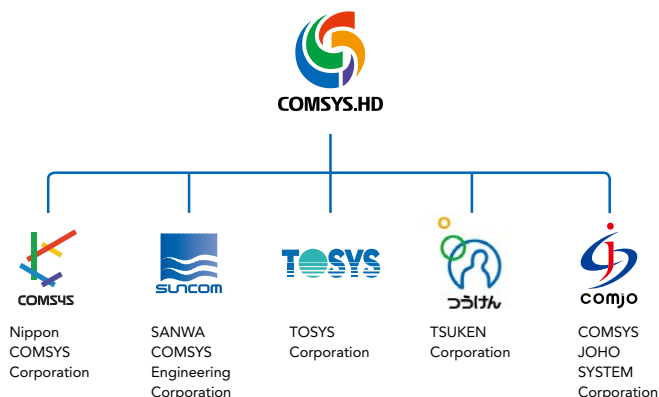
In addition, COMSYS Holdings intends to acquire up to ¥5.0 billion of its own shares.

We look forward to the ongoing understanding and support of all our stakeholders as we endeavor to reach our goals.

### Operating Results by Year



## • • • Five Integrated Business Groups



The main businesses of the COMSYS Group (COMSYS Holdings and its subsidiaries and affiliates) comprise the installation of electrical and telecommunications facilities and equipment, and the information processing-related business. As of March 2016, the Group included 56 companies.



**COMSYS**

### Nippon COMSYS Corporation

#### Business Activities

With its primary customers consisting of the NTT Group, public offices, and private enterprises, the Nippon COMSYS Group is engaged in the installation of electrical and telecommunications facilities and equipment on a nationwide scale.

#### Address:

17-1, Higashigotanda 2-chome, Shinagawa-ku,  
Tokyo 141-8647, Japan

#### Establishment:

December 1951

#### Number of Employees:

Consolidated 5,044

Non-Consolidated 2,902

#### URL:

<http://www.comsys.co.jp/>  
(Japanese only)

#### Number of Consolidated Subsidiaries:

15 companies



### SANWA COMSYS Engineering Corporation

#### Business Activities

With its primary customers consisting of the KDDI Group and the SoftBank Group, the SANWA COMSYS Engineering Group is engaged in the installation of electrical and telecommunications facilities and equipment on a nationwide scale.

#### Address:

12-3, Koenji-Minami 2-chome, Suginami-ku,  
Tokyo 166-0003, Japan

#### Establishment:

September 1947

#### Number of Employees:

Consolidated 1,456

Non-Consolidated 710

#### URL:

<http://www.sancom-eng.co.jp/>  
(Japanese only)

#### Number of Consolidated Subsidiaries:

3 companies



## TOSYS Corporation

### Business Activities

With the NTT Group as its primary customer, the TOSYS Group is engaged in the installation of electrical and telecommunications facilities and equipment, mainly in Nagano and Niigata.

#### Address:

1108-5, Higashiyama Aza, Watauchi, Wakaho, Nagano City,  
Nagano 381-0193, Japan

#### Establishment:

January 1960

#### Number of Employees:

Consolidated 1,069  
Non-Consolidated 640

#### URL:

<http://www.tosys.co.jp/>  
(Japanese only)

#### Number of Consolidated Subsidiaries:

4 companies



## TSUKEN Corporation

### Business Activities

With the NTT Group as its primary customer, the TSUKEN Group is engaged in the installation of electrical and telecommunications facilities and equipment, mainly in Hokkaido.

#### Address:

1-23, Kitashijounishi 15-chome, Chuo-ku Sapporo,  
Hokkaido 060-0004, Japan

#### Establishment:

April 1951

#### Number of Employees:

Consolidated 1,714  
Non-Consolidated 846

#### URL:

<http://www.tsuken.co.jp/>  
(Japanese only)

#### Number of Consolidated Subsidiaries:

6 companies



## COMSYS JOHO SYSTEM Corporation

### Business Activities

With the NTT Group as its primary customer, the COMSYS JOHO SYSTEM Group is primarily engaged in the software development business, mainly in Tokyo.

#### Address:

23-14, Takanawa 3-chome, Minato-ku,  
Tokyo 108-0074, Japan

#### Establishment:

April 2009

#### Number of Employees:

Consolidated 518  
Non-Consolidated 370

#### URL:

<http://www.comjo.co.jp/>  
(Japanese only)

#### Number of Consolidated Subsidiaries:

1 company

## • • • Business at a Glance

### Business Segments

### Fiscal 2016 Business Activities



#### NTT Engineering Business

##### Primary customers

NTT East and NTT West,  
NTT Communications,  
NTT DOCOMO

- In the NTT access business, fiber-optic installation projects declined, but infrastructure work increased, including upgrading telephone poles and moving power lines underground.
- In the NTT network business, there was an increase in orders due to transmission system equipment upgrade work as well as renewal and disaster recovery projects for electric power equipment, among others.
- In the NTT mobile business, there was a decline in orders due to the absence of LTE construction work carried out in fiscal 2015, but there was growth in new work for the 4G (LTE Advanced) negotiation process.



#### NCC Engineering Business

##### Primary customers

KDDI Group,  
SoftBank Group

- Order receipts and sales declined due to curbs on capital investment at KDDI Corporation (au) and the SoftBank Group.
- Competition for orders intensified because KDDI Corporation (au) introduced an integrated order placement system for installation and maintenance work in some regions.
- Construction unit prices declined due to SoftBank Group's promotion of reverse auctions.



#### IT Solutions Business

##### Primary customers

Various private-sector  
companies, public offices and  
local government authorities

- Business declined owing in part to the absence of P-NET (Japan Post)-related projects that arose in the previous fiscal year.
- Orders decreased due to a decline in network projects at manufacturers.
- Competition intensified while work orders placed by local governments declined.



#### Social System-Related Business and Other

##### Primary customers

Public offices,  
local government authorities and  
various private-sector companies

- The solar power construction (EPC\*) business expanded, achieving record-high orders.
- Both orders and sales increased from the addition of newly consolidated companies.
- Public- and private-sector demand weakened, and electrical power construction orders declined.

\* EPC: Engineering, Procurement and Construction



## Future Business Opportunities

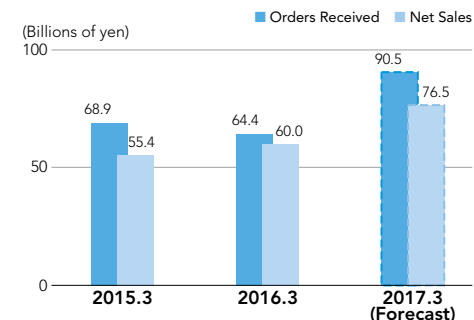
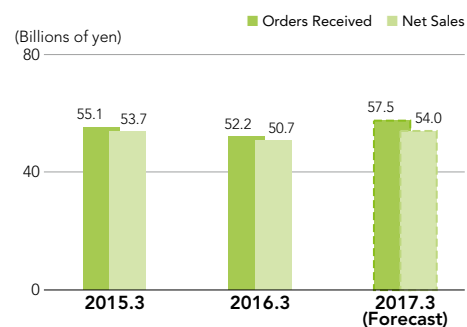
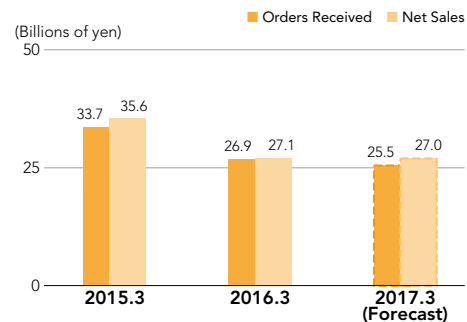
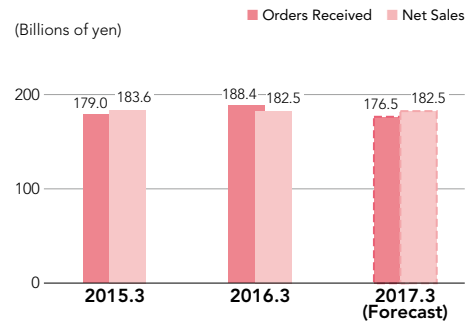
- In the NTT access business, we expect work to continue for upgrading telephone poles, an increase in equipment maintenance work, and growth in projects for removing telephone poles ahead of the Tokyo Olympic and Paralympic Games. In addition, we expect an increase in removal projects and so forth to result from NTT's revision of its depreciation method.
- In the NTT network business, we expect transmission system equipment upgrades to run their course, but anticipate growth in inter-prefectural capacity enlargement projects through fiscal 2021, as well as projects for installing HVDC power supply systems that deliver direct current to servers in NTT buildings, data centers and other sites.
- In the NTT mobile business, we anticipate growth from efforts to increase communication speeds (carrier aggregation), full-scale advancement in 4G (LTE Advanced) negotiation, engineering, and installation, and the new introduction of the 700 MHz band.

- KDDI Corporation (au) has announced an expansion in its capital investment plans, and the SoftBank Group intends to keep capital investment unchanged from fiscal 2016 levels.
- We expect construction volume for KDDI Corporation (au) to increase based on its plans to install new 700 MHz band and 4G (3.5 GHz band) base stations.
- We expect the SoftBank Group to install new 700 MHz band and 4G (3.5 GHz band) base stations, but anticipate a decline in construction unit prices due to reverse auctions. Although we expect orders for KDDI Corporation (au) to increase, orders are likely to decline for the SoftBank Group. Overall, we expect orders in the NCC Engineering segment to decline year on year in fiscal 2017.

- We aim for growth by offering comprehensive services, from system building to maintenance and operations.
- We will target growth in the middleware and information securities fields.
- We plan to expand alliance domains in line with the horizontal collaboration model.
- We plan to forge new alliances and expand into new business fields, including strategic businesses.

- In the solar power generation construction business, since the mega solar power business is likely to decline, we will target growth in new types of solar power generation construction projects, such as water-floating and car-park solar power projects.
- We plan to invest a combined total of ¥23.0 billion in the retail solar power generation business. Additions to the scope of consolidation will contribute to sales and profits.
- We are entering the retail electric power business centered on solar power generation (Jibun Denryoku Program).
- We aim to advance the post-solar development business and expand into peripheral businesses via M&A.

## Orders Received / Net Sales



## • • • Review of Operations

# NTT Engineering Business

## BUSINESS DOMAINS

- NTT access business
- NTT network business
- NTT mobile business



## Respective Areas of Business Operations of Group Companies

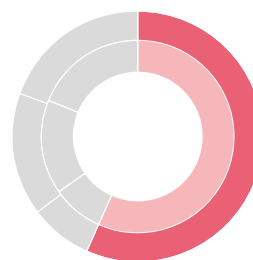
Nippon COMSYS Group	SANCOM Group	TOSYS Group	TSUKEN Group	COMSYS JOHO SYSTEM Group
■		■	■	

## Business Activities

In the NTT Engineering segment, the Group is mainly engaged in the construction of telecommunications infrastructure for the NTT Group, including the installation of telephone lines and exchange equipment and construction of wireless base stations. This is the COMSYS Group's core business and accounts for the largest share of Group-wide sales.

## Orders Received/Net Sales

(Year ended March 31, 2016)



(Billions of yen)

■ Orders received	56.8%	188.4
■ Net sales	56.9%	182.5

## Operating Results Analysis and Forecast

In the NTT fixed-line business, capital investment has declined every year at NTT East and NTT West, including investment in conversion to fiber optics. Regardless, there was an increase in telephone pole upgrade work and backbone system work in the NTT access business, an increase in transmission system equipment upgrade process work in the NTT network business, and an increase in next-generation LTE Advanced negotiation process projects in the NTT mobile business.

Looking ahead, we anticipate growth in facility maintenance work and demand for removing telephone poles in Tokyo in the NTT access business. We also expect demand to strengthen for inter-prefectural capacity enlargement projects in the NTT network business.

In addition, we expect stronger demand related to the Tokyo Olympic and Paralympic Games, as well as reconstruction-related work in the Tohoku region.

In the NTT Engineering segment in fiscal 2016, the COMSYS Group posted net sales of ¥182.5 billion, a decline of 0.6% from fiscal 2015.

For fiscal 2017, the Group forecasts net sales of ¥182.5 billion, unchanged from the previous fiscal year, despite the impact of lower capital investment by the NTT Group.

## NCC Engineering Business

### BUSINESS DOMAINS

- Telecommunications facility construction business with telecommunications carriers other than the NTT Group



### Respective Areas of Business Operations of Group Companies

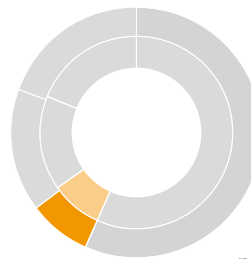
Nippon COMSYS Group	SANCOM Group	TOSYS Group	TSUKEN Group	COMSYS JOHO SYSTEM Group
	■			

### Business Activities

In the NCC Engineering segment, the Group undertakes construction of telecommunication and other related facilities for telecommunications carriers other than the NTT Group.

### Orders Received/Net Sales

(Year ended March 31, 2016)



(Billions of yen)

■ Orders received	8.1%	26.9
■ Net sales	8.5%	27.1

### Operating Results Analysis and Forecast

Sales declined on account of restrained capital investment at KDDI Corporation (au) and the SoftBank Group.

Although we anticipate installation work for 700 MHz band and 3.5 GHz band base stations from KDDI Corporation (au), order receipts are likely to continue declining over the long term as LTE-related construction loses momentum.

Meanwhile, we expect installation work from the SoftBank Group for its 700 MHz band, 3.5 GHz band and 2.5 GHz band base stations, but construction unit prices are likely to decline owing to the promotion of reverse auctions.

In the NCC Engineering segment in fiscal 2016, the COMSYS Group recorded net sales of ¥27.1 billion, a year-on-year decrease of 23.8%. For fiscal 2017, the Group forecasts net sales of ¥27.0 billion, a decline of 0.7% compared with fiscal 2016, owing in part to restraints on capital investment at telecommunications carriers.

## IT Solutions Business

### BUSINESS DOMAINS

- Network Integration (NI) Solutions
- System Integration (SI) Solutions
- Software development and contracted development
- Maintenance



### Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	SANCOM Group	TOSYS Group	TSUKEN Group	COMSYS JOHO SYSTEM Group
■	■	■	■	■

### Business Activities

In the IT Solutions segment, the Group combines its accumulated expertise with cutting-edge network technologies to provide comprehensive solutions services in the IT field, ranging from planning proposals regarding optimal systems integration for customers' business operations to providing maintenance services.

### Orders Received/Net Sales

(Year ended March 31, 2016)



(Billions of yen)

■ Orders received	15.7%	52.2
■ Net sales	15.8%	50.7

### Operating Results Analysis and Forecast

In fiscal 2016, both orders and sales decreased owing to tougher competition, a decrease in construction orders placed by local governments, and a decline in the absence of P-NET-related work ordered by Japan Post Bank in fiscal 2015.

In the IT Solutions segment, the COMSYS Group aims to become a total service provider trusted by customers, by leveraging its advantages in network server and SDX technology capabilities over the long term to create a business expansion cycle.

The COMSYS Group will also concentrate on expanding alliance domains based on the horizontal collaboration model.

In the IT Solutions segment in fiscal 2016, the COMSYS Group posted net sales of ¥50.7 billion, a decline of 5.6% from the previous fiscal year.

For fiscal 2017, the Group forecasts net sales of ¥54.0 billion, an increase of 6.3%, owing to expansion in the alliance and solutions businesses, as well as growth in the financial system software development business.

## Social System-Related Business and Other

### BUSINESS DOMAINS

- Electrical facility construction
- Communication cable box (C.C. Box) construction
- Civil engineering construction
- Building construction and associated construction
- Environment and eco-solutions
- Others



### Respective Areas of Business Operations of Group Companies

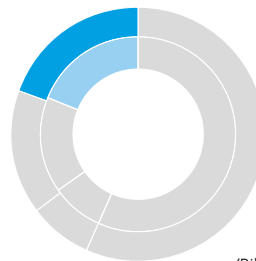
Nippon COMSYS Group	SANCOM Group	TOSYS Group	TSUKEN Group	COMSYS JOHO SYSTEM Group
■	■	■	■	

### Business Activities

In the Social System-Related Business and Other segment, the Group is engaged in the design and construction of electrical facilities for places such as public facilities and office buildings; general civil engineering projects and the construction of office buildings, warehouses, factories, and disaster preparation facilities as well as businesses related to the environment and eco-businesses, such as solar power generation systems, energy conservation solutions, and other urban infrastructure businesses.

### Orders Received/Net Sales

(Year ended March 31, 2016)



(Billions of yen)

■ Orders received	19.4%	64.4
■ Net sales	18.8%	60.0

### Operating Results Analysis and Forecast

In fiscal 2016, net sales increased as a result of growth in solar power generation construction projects and additions to the scope of consolidation, despite a contraction in orders owing in part to a decline following carry-over projects from Ecosystem Japan Co., Ltd. becoming a subsidiary in fiscal 2015.

In fiscal 2017, in the solar power construction business (EPC business), we expect order receipts to expand owing to the construction of new types of solar power generation facilities, such as water-floating and car-park types, and the diversification of our customer base as new customers increase.

In the solar power sales business (IPP\* business), we forecast growth in both sales and operating income from the addition of COMSYS Create Corporation to the scope of consolidation.

In the Social System-Related Business and Other segment in fiscal 2016, the COMSYS Group posted net sales of ¥60.0 billion, an increase of 8.3% compared with the previous fiscal year.

For fiscal 2017, the COMSYS Group forecasts a 27.3% increase in net sales to ¥76.5 billion, reflecting the additions to the scope of consolidation of COMSYS Create Corporation and TOKYO HOSOH KOGYO CO., LTD., which became a subsidiary of Nippon COMSYS Corporation via an M&A.

\* IPP: Independent Power Producer

## • • • Topics

### Establishment of the COMSYS Group Management Philosophy

The COMSYS Group's business territory goes beyond communications infrastructure construction, which is the carrier-related business, to encompass the construction of diverse infrastructure that is the foundation of social and economic activity. That includes the non-carrier related businesses of urban infrastructure development and ICT-related construction and renewable energy, which includes solar power.

Under the newly formulated COMSYS Group Management Philosophy, we are committed to contributing even more to our stakeholders—customers, society, and shareholders and Group employees—as we move forward toward achieving the COMSYS WAY<sup>a</sup> as a united Group.

### COMSYS Group Management Philosophy



At the COMSYS Group, we are united as a Group and strive for strong partnership and collaboration with diverse external players in achieving our management philosophy.

- ▶ We will build a company that customers continue to choose through the construction of diverse infrastructure that carries our era forward.
- ▶ We will contribute to our country and local communities by building social infrastructure that supports affluent lifestyles.
- ▶ We will continue with unrelenting reform in our aim to further increase corporate value.



## Conversion of TOKYO HOSOH KOGYO CO., LTD. into a Wholly Owned Subsidiary through an Exchange of Shares

On April 1, 2016, COMSYS Holdings implemented a share exchange with TOKYO HOSOH KOGYO CO., LTD., and converted it into a subsidiary of Nippon COMSYS Corporation.

As a company that upgrades and maintains social infrastructure, TOKYO HOSOH KOGYO CO., LTD. engages in general civil engineering work centered on road construction, water supply and sewer construction, and the production and sale of asphalt mixture materials. The company has earned the enduring trust of its customers with more than 68 years of experience since its founding in 1947.

Looking ahead, TOKYO HOSOH KOGYO CO., LTD. will concentrate on expanding business fields related to pavement work, while leveraging the business foundation of Nippon COMSYS Corporation, a leading company in telecommunications construction projects.

### Organization Outline

<b>Name:</b>	TOKYO HOSOH KOGYO CO., LTD.
<b>Address:</b>	Sotokanda, Chiyoda-ku, Tokyo
<b>Representative:</b>	Hiromichi Yokota
<b>Paid-In Capital:</b>	¥100 million
<b>Net sales:</b>	¥1.27 billion (Year ended March 2016)
<b>Year established:</b>	1947
<b>Number of employees:</b>	197



Chairman and Representative Director Hosaku Shibuya (left) and President and Representative Director Hiromichi Yokota (right)

## Ecosystem Japan Co., Ltd. Launches the Jibun Denryoku Program

Nippon COMSYS Corporation subsidiary Ecosystem Japan Co., Ltd. began accepting applications and providing services for its Jibun Denryoku Program in conjunction with the full deregulation of the electric power retail sector in April 2016.

The Jibun Denryoku Program is a retail electric power business centered on solar power generation. Customers who sign up to purchase electricity through this program agree to let Ecosystem Japan Co., Ltd. install a solar power system on the roof of their homes for free. In return, the customers can use electricity generated by the solar panels without going through the power grid. This program is the first of its kind in Japan.

Customers do not have to pay any upfront costs. During hours of the day when the solar panels do not generate enough electricity, such as in the evening, ENNET Corporation, a major power producer and supplier, delivers electricity to the customer on behalf of Ecosystem Japan Co., Ltd., so power outages are not a concern.



## • • • Corporate Governance

### Basic Corporate Governance Philosophy

The COMSYS Group recognizes that it is important to strengthen corporate governance in order to improve corporate value. By striving to achieve this, the COMSYS Group aims to be a company that possesses the ability to win the trust and admiration of all stakeholders through its actual performance.

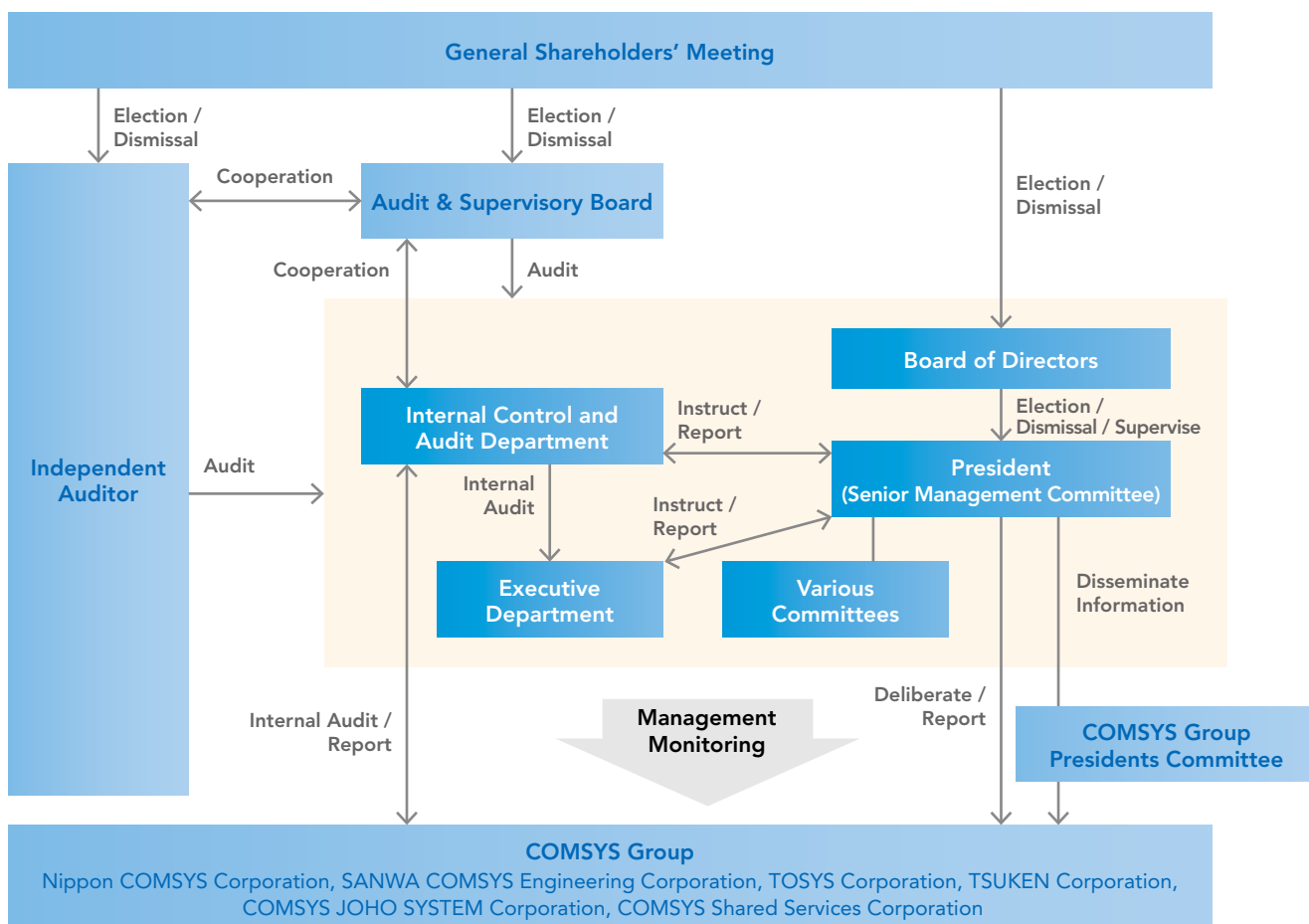
To do this, the COMSYS Group considers it is essential to establish the transparency and soundness of corporate management, and makes all possible efforts to entrench measures such as ensuring

appropriate information disclosure, promoting the observance of compliance, strengthening risk management, rigorously implementing the COMSYS Group's code of conduct, strengthening internal control, and contributing to society based on our business activities.

### Organizational Structure

Corporate governance at COMSYS Holdings Corporation (the "Company") includes the Audit & Supervisory Board

Diagram of the COMSYS Group's Business Execution Framework, Management Monitoring and Internal Control System





system, which comprises a general shareholders' meeting, Board of Directors, Audit & Supervisory Board and other organizations.

The Board of Directors comprises internal directors well versed in the Company's operations and outside directors who monitor management from an independent standpoint, with the aim of enhancing management efficiency. Meanwhile, the Company has reinforced auditing functions by appointing outside corporate auditors who now have stronger legal authority to audit company activities, in order to ensure and enhance sound management.

As of June 29, 2016, the Board of Directors consisted of 12 directors. Based on internal rules governing the Board of Directors, the Board meets regularly and ad hoc as necessary to discuss matters stipulated by laws and regulations and to decide on important management issues, and monitors each directors' performance of their duties. In addition, four Audit & Supervisory Board members, including outside Audit & Supervisory Board members, attend meetings of the Board of Directors and express their views on issues related to business execution, and monitor the directors' performance of their duties.

Every quarter, the directors responsible for each business segment report to the Board of Directors on progress with business execution based on policies determined by the Board. Also, each business segment conducts efficient operational management under the supervision of the responsible director.

The Senior Management Committee is made up of directors other than outside directors and the standing Audit & Supervisory Board member. In principle, this committee meets once a month to examine, discuss, and pass resolutions on issues related to key decisions, in an effort to improve the efficiency of business execution.

The term of office for directors is set at one year in order to clarify directors' management responsibilities every fiscal year, and to flexibly structure an optimal management team in step with changes in the business environment.

## Status of the Internal Control System

The Company implements its internal control system based on a "Basic Policy on Establishing an Internal Control System" that was approved by resolution of the Board of Directors as follows.

## Establishing a Compliance Structure

The Company has formulated its internal Compliance Program, has set forth Compliance Action Guidelines within this framework, and has established the Compliance Committee.

This committee, which is chaired by the president, is made up of representatives from the Company and each of the core operating subsidiaries, as well as all Audit & Supervisory Board members. The committee oversees compliance throughout the COMSYS Group, and strives to increase the COMSYS Group's awareness of compliance and establish an effective compliance structure through various discussions. All COMSYS Group companies have set up similar compliance committees of their own. These committees work to establish an effective compliance structure by implementing educational and training programs, as part of efforts to deepen employee understanding of the corporate philosophy and action guidelines of each respective COMSYS Group company.

## Establishing a Risk Management Structure

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In its efforts to maintain and enhance corporate value amid a rapidly changing business environment, the COMSYS Group is aware that it faces a variety of business risks which must be managed appropriately. Therefore, the Group has established a Risk Management Committee, chaired by the president and made up of directors from the Company and each of the core operating subsidiaries.

The Basic Policy on Risk Management was formulated in order to promote Group-wide risk management. Furthermore, similar risk management committees were established at each Group company. In this manner, efforts are being made to properly address the business risks faced by each Group company, and to minimize the materialization of each risk.

The Company has formulated Risk Management Guidelines and Crisis Management Guidelines and will strive to maintain sustainable operations and ensure steady growth at the Company and the COMSYS Group by practicing effective risk management.

For example, the COMSYS Group manages operational risk by ensuring that Group companies work in accordance with management systems such as ISO 9001, ISO 14001, ISO/IEC 27001, COHSMS (Construction Occupational Health and Safety Management System), and Privacy Mark certifications given the actual working environments at each Group company. As a result, the COMSYS Group acquires and maintains certification in these systems.

## CSR Activities

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The Company and the COMSYS Group have established the CSR Committee to coordinate Group-wide CSR activities with the aim of ensuring that the Group actively fulfills its economic and social responsibilities, including social contribution activities, as a good corporate citizen.

The CSR Committee is engaged in CSR activities addressing various themes, such as compliance, corporate governance, risk management, information disclosure and protection, security countermeasures, social contributions and environmental issues.

## Establishing an Information Management Structure

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Important documents and records related to business activities and the performance of directors' duties, including minutes of the Board of Directors and Senior Management Committee meetings and other reports, are stored and managed appropriately based on laws and regulations, as well as the Group's internal rules.

Furthermore, in order to improve the efficiency of operations and business execution, after ensuring an adequate level of information security, the Company is working to deploy various information systems to put in place a framework for sharing the latest management information.

## Establishing a Group Management Structure

Business management of the core operating subsidiaries, which are the major subsidiaries of the COMSYS Group, is based on the “COMSYS Group Agreement.” In addition, each core operating company conducts the management of the subsidiaries in which they have directly invested. As regards the business management to be conducted by the core operating subsidiaries, the Company possesses a Group operations system that provides guidance and advice as necessary.

Important management decisions within the COMSYS Group are reported to and discussed by the Senior Management Committee and the Board of Directors in line with Group Operation Standards, which clarify decision-making and reporting rules for the COMSYS Group. In this manner, the Group management and monitoring framework is centered on the Company.

The Company has established internal reporting liaison contacts that cover the entire COMSYS Group, both inside the Company and at a law firm external to the Company. The Company works to prevent corporate impropriety by receiving reports from COMSYS Group employees and others about material facts that may violate laws and regulations associated with organizations or individuals.

In order to ensure that all COMSYS Group operations are carried out appropriately, the directors of each core operating subsidiary also participate as members in the various Group committees established within the

Company, including the CSR Committee, the Compliance Committee and the Risk Management Committee. In this way, the COMSYS Group ensures that all policies and decisions discussed by these groups are reported to and thoroughly understood by each Group company.

In addition, the Group has formed the COMSYS Group Presidents Committee, which is made up of the presidents of COMSYS Group companies. This committee meets regularly and works to ensure that management policies and activities are clearly understood by all members.

## System to Eliminate Antisocial Forces

To fulfill our social responsibility as a company, the Company and the COMSYS Group have absolutely no relationship with any antisocial forces or groups that threaten the order and safety of civic society. Moreover, the Company and the COMSYS Group will maintain a resolute and uncompromising attitude in the face of any attempts to form a coercive relationship.

The Company and the COMSYS Group have prepared an organizational framework that enables them to block the formation of a relationship with any antisocial forces or groups, and to maintain a resolute and uncompromising attitude while coordinating with lawyers, the police, and other relevant authorities.

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Business at a Glance
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## Internal Auditing and Audit & Supervisory Board Members

---

The Company's internal auditing organization consists of an Internal Audit Office and an Internal Control Office within the Internal Control and Audit Department.

The Internal Audit Office formulates internal auditing policies based on top management requirements, and conducts internal audits of the Company and all Group companies. These activities are intended to ensure that each business risk faced by the Group is minimized, while maximizing the quality of business operations. The Internal Control Office formulates operational internal control policies as regards financial reporting, and provides leadership and effective evaluation as regards entrenching internal control systems in the Company and the COMSYS Group.

The Audit & Supervisory Board has four members, two of whom are outside Audit & Supervisory Board members. No employees are specifically assigned to assist the Audit & Supervisory Board members with their activities. If such assistance is required, there is a structure in place for addressing personnel issues such as determining appointees and ensuring independence from directors. Based on the rules governing the Audit & Supervisory Board members, directors and employees are required to report on major business activities or issues that could affect the COMSYS Group's operations or performance to the Audit & Supervisory Board.

In addition, Audit & Supervisory Board members may request further information on the above-mentioned

reporting at any time as necessary, as well as other required disclosures.

The Audit & Supervisory Board members regularly attend both regular and extraordinary meetings of the Board of Directors as well as meetings of the Senior Management Committee, the CSR Committee, the Compliance Committee and other important internal committee meetings or discussions. This structure has been established to allow the Audit & Supervisory Board members to verify the status of business execution on a regular basis and to express their views on these matters. The Audit & Supervisory Board members also hold regular meetings with the president to directly express their views on issues related to business execution and other topics.

In accordance with audit plans formulated by the Audit & Supervisory Board, the Audit & Supervisory Board members of COMSYS Holdings regularly check to see whether business operations are executed appropriately and efficiently by maintaining close ties with the Internal Control and Audit Department and with the Group's independent auditor. For example, the Audit & Supervisory Board members accompany the independent auditor and others on on-site internal and financial audits as observers. The Audit & Supervisory Board members of COMSYS Holdings also convene regular meetings with their counterparts at core COMSYS Group companies, and maintain close ties within the COMSYS Group mainly by sharing information and exchanging views, in order to improve the effectiveness of audits.

## • • • Corporate Social Responsibility (CSR)

### Basic Approach to CSR

The COMSYS Group has strengthened its initiatives to realize a reliable, safe and convenient networked society.

We conduct our basic CSR activities as a social contribution made through business. We believe that it is extremely important to contribute to the sustainable development

of society by expanding our business through sophisticated technological capabilities cultivated since our foundation, steadily increasing profits and returning these profits to stakeholders.

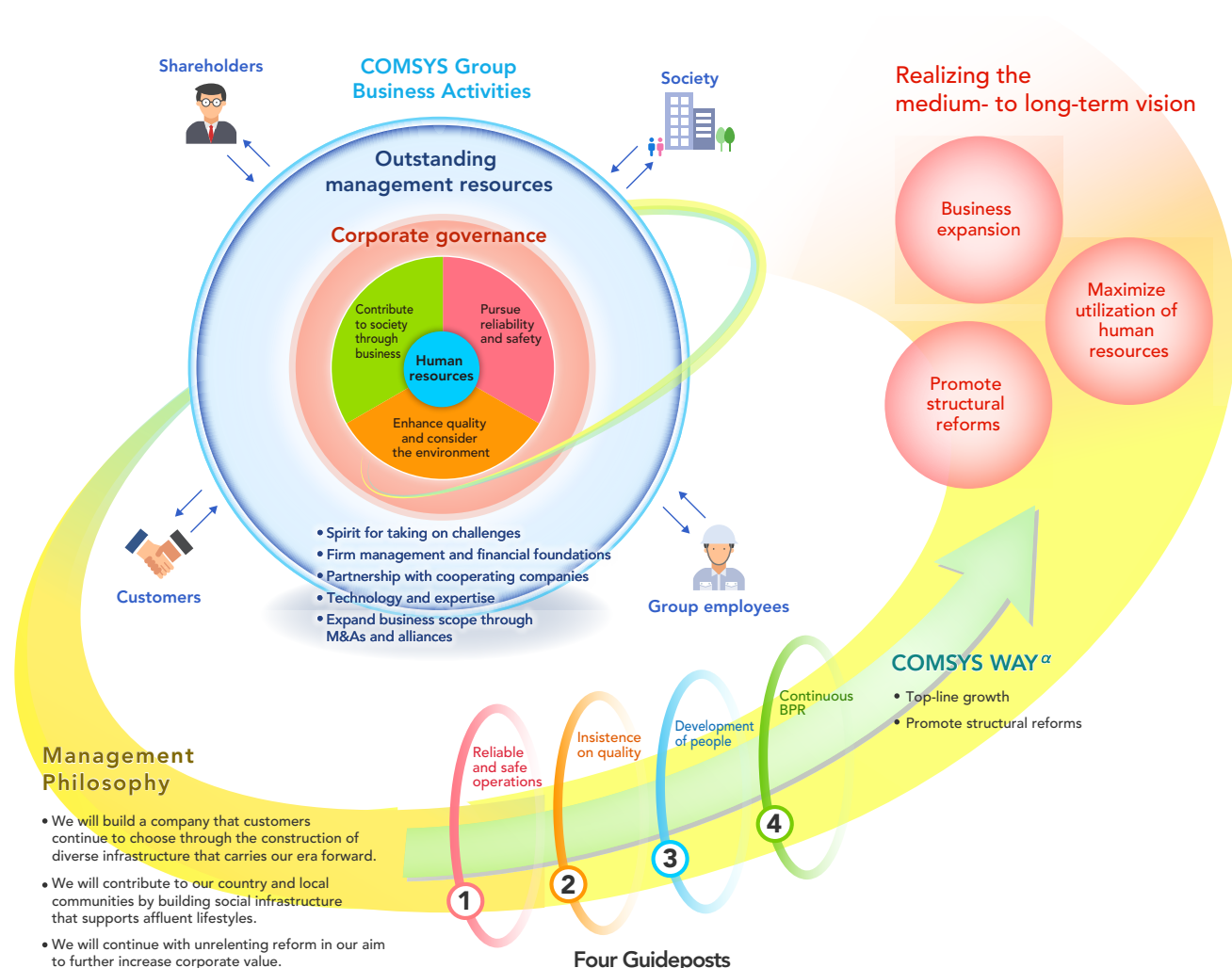
#### COMSYS Group Value Creation Process

The COMSYS Group believes CSR activities are an important element in supporting value creation.

We utilize human resources, the source of our value creation, within the basic framework of corporate governance to engage our priority challenges, which are to “pursue reliability and safety,” “enhance quality and consider the environment” and “contribute to society through business.”

through business.”

Consideration for stakeholders is indispensable when conducting business. Looking ahead, we seek to maintain and enhance good relations with various stakeholders, including shareholders, society, customers and group employees.



## • • • Financial Statements

### Consolidated Balance Sheets

COMSYS Holdings Corporation and Consolidated Subsidiaries  
As of March 31, 2015 and 2016

	Millions of yen	
	2015	2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents . . . . .	¥ 33,496	¥ 28,930
Notes and accounts receivable—trade . . . . .	93,513	102,559
Lease investment assets . . . . .	2,900	2,662
Accumulated cost of construction in progress . . . . .	15,215	15,261
Merchandise . . . . .	218	112
Materials and supplies . . . . .	468	390
Deferred income taxes . . . . .	3,480	3,152
Other current assets . . . . .	2,640	2,533
Less: Allowance for doubtful receivables . . . . .	(55)	(51)
Total current assets . . . . .	151,878	155,551
<b>Fixed assets:</b>		
Property and equipment:		
Buildings and structures . . . . .	51,012	54,120
Less: Accumulated depreciation . . . . .	(24,878)	(26,217)
Buildings and structures, net . . . . .	26,133	27,902
Machinery, vehicles and equipment . . . . .	18,271	18,636
Less: Accumulated depreciation . . . . .	(13,418)	(14,034)
Machinery, vehicles and equipment, net . . . . .	4,852	4,601
Land . . . . .	39,770	39,265
Lease assets . . . . .	450	565
Less: Accumulated depreciation . . . . .	(139)	(224)
Lease assets, net . . . . .	311	341
Construction in progress . . . . .	1,227	767
Total property and equipment . . . . .	72,295	72,878
Intangible assets		
Goodwill . . . . .	3,394	2,935
Other intangible assets . . . . .	4,249	4,055
Total intangible assets . . . . .	7,643	6,990
Investments and other assets:		
Investment securities . . . . .	12,700	10,460
Long-term loans receivable . . . . .	4,833	8,033
Deferred income taxes . . . . .	367	319
Net defined benefit asset . . . . .	11,392	9,094
Other assets . . . . .	5,156	4,758
Less: Allowance for doubtful receivables . . . . .	(2,250)	(2,020)
Total investments and other assets . . . . .	32,201	30,645
Total fixed assets . . . . .	112,140	110,514
<b>Total assets</b> . . . . .	<b>¥264,019</b>	<b>¥266,066</b>

	Millions of yen	
	2015	2016
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable—trade	¥ 44,675	¥ 49,191
Short-term bank loans	100	114
Income taxes payable	3,852	3,296
Advances received on construction in progress	1,540	710
Allowance for warranty work on construction projects	257	202
Allowance for losses on construction contracts	15	—
Other current liabilities	10,349	7,711
Total current liabilities	60,791	61,225
<b>Long-term liabilities:</b>		
Deferred income taxes	2,982	2,186
Deferred tax liabilities for unrealized gains on land revaluation	1,508	1,428
Net defined benefit liability	3,784	3,726
Allowance for directors' retirement benefits	222	219
Other long-term liabilities	691	735
Total long-term liabilities	9,189	8,296
<b>Total liabilities</b>	<b>69,980</b>	<b>69,522</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	10,000	10,000
Additional paid-in capital	56,615	51,264
Retained earnings	164,836	176,847
Treasury stock, at cost	(34,852)	(36,008)
Total shareholders' equity	196,599	202,104
<b>Accumulated other comprehensive income:</b>		
Unrealized gain (loss) on other securities	2,638	2,350
Unrealized gain (loss) on land revaluation	(7,936)	(7,856)
Remeasurements of defined benefit plans	1,473	(1,219)
Total accumulated other comprehensive income	(3,824)	(6,724)
<b>Subscription rights to shares</b>	<b>500</b>	<b>542</b>
<b>Non-controlling interests</b>	<b>762</b>	<b>621</b>
<b>Total net assets</b>	<b>194,038</b>	<b>196,543</b>
<b>Total liabilities and net assets</b>	<b>¥264,019</b>	<b>¥266,066</b>

## Consolidated Statements of Income

COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2016

	Millions of yen	
	2015	2016
<b>Net sales</b> .....	¥328,631	¥320,654
<b>Cost of sales</b> .....	280,693	277,264
<b>Gross profits</b> .....	47,938	43,389
<b>Selling, general and administrative expenses</b> .....	20,264	19,540
<b>Operating income</b> .....	27,674	23,849
<b>Other income:</b>		
Interest income .....	58	62
Dividend income .....	216	168
Reversal of allowance for doubtful receivables .....	—	165
Rent income on noncurrent assets .....	101	93
Foreign exchange gains .....	150	—
Other .....	176	172
Total other income .....	702	662
<b>Other expenses:</b>		
Interest expenses .....	7	9
Rent expenses .....	40	39
Provision for allowance for doubtful receivables .....	168	4
Foreign exchange losses .....	—	145
Other .....	39	90
Total other expenses .....	254	289
<b>Recurring profit</b> .....	28,121	24,223
<b>Extraordinary income:</b>		
Gain on sales of fixed assets .....	46	72
Gain on sales of investment securities .....	46	237
Gain on redemption of investment securities .....	44	—
Gain on payback of insurance payments .....	55	8
Gain on reversal of subscription rights to shares .....	24	—
Gain on negative goodwill .....	—	386
Other .....	8	5
Total extraordinary income .....	225	709
<b>Extraordinary loss:</b>		
Loss on sales of fixed assets .....	149	3
Loss on disposal of fixed assets .....	128	98
Loss on impairment of fixed assets .....	432	470
Special payments on employees' retirement benefits .....	196	162
Other .....	158	159
Total extraordinary loss .....	1,064	893
<b>Income before income taxes and other adjustments to net income</b> .....	27,283	24,040
<b>Income taxes:</b>		
Current .....	9,438	7,417
Deferred .....	1,093	1,170
Total income taxes .....	10,531	8,588
<b>Net income</b> .....	16,751	15,451
<b>Net income (loss) attributable to non-controlling interests</b> .....	(16)	30
<b>Net income attributable to owners of parent</b> .....	¥ 16,767	¥ 15,420



## Consolidated Statements of Changes in Net Assets

COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2016

	Millions of yen				
	Shareholders' equity				Total shareholders' equity
Year ended March 31, 2015	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	
Balance at the end of the previous period	¥10,000	¥55,494	¥148,713	¥(28,658)	¥185,549
Cumulative effect of changes in accounting policies			2,787		2,787
Restated balance	10,000	55,494	151,500	(28,658)	188,337
Changes during the period					
Cash dividends			(3,545)		(3,545)
Net income attributable to owners of parent			16,767		16,767
Repurchase of treasury stock				(7,938)	(7,938)
Disposal of treasury stock		1,121		1,744	2,865
Retirement of treasury stock		—		—	—
Purchase of treasury stock of subsidiaries		—		—	—
Changes of scope of consolidation			112		112
Net changes during the period except for shareholders' equity					
Total changes during the period	—	1,121	13,335	(6,194)	8,262
Balance at the end of the period	¥10,000	¥56,615	¥164,836	¥(34,852)	¥196,599

	Millions of yen						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
Year ended March 31, 2015	Unrealized gain (loss) on other securities	Unrealized gain (loss) on land revaluation	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the end of the previous period	¥1,803	¥(8,090)	¥(1,028)	¥(7,315)	¥478	¥701	¥179,414
Cumulative effect of changes in accounting policies							2,787
Restated balance	1,803	(8,090)	(1,028)	(7,315)	478	701	182,202
Changes during the period							
Cash dividends							(3,545)
Net income attributable to owners of parent							16,767
Repurchase of treasury stock							(7,938)
Disposal of treasury stock							2,865
Retirement of treasury stock							—
Purchase of treasury stock of subsidiaries							—
Changes of scope of consolidation							112
Net changes during the period except for shareholders' equity	835	153	2,501	3,490	22	60	3,573
Total changes during the period	835	153	2,501	3,490	22	60	11,836
Balance at the end of the period	¥2,638	¥(7,936)	¥1,473	¥(3,824)	¥500	¥762	¥194,038

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Year ended March 31, 2016					
Balance at the end of the previous period	¥10,000	¥56,615	¥164,836	¥(34,852)	¥196,599
Cumulative effect of changes in accounting policies					—
Restated balance	10,000	56,615	164,836	(34,852)	196,599
Changes during the period					
Cash dividends			(3,402)		(3,402)
Net income attributable to owners of parent			15,420		15,420
Repurchase of treasury stock				(8,002)	(8,002)
Disposal of treasury stock		273		1,067	1,341
Retirement of treasury stock		(5,778)		5,778	—
Purchase of treasury stock of subsidiaries		154			154
Changes of scope of consolidation			(6)		(6)
Net changes during the period except for shareholders' equity					
Total changes during the period	—	(5,350)	12,011	(1,155)	5,504
Balance at the end of the period	¥10,000	¥51,264	¥176,847	¥(36,008)	¥202,104

	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gain (loss) on other securities	Unrealized gain (loss) on land revaluation	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Year ended March 31, 2016							
Balance at the end of the previous period	¥2,638	¥(7,936)	¥ 1,473	¥(3,824)	¥500	¥ 762	¥194,038
Cumulative effect of changes in accounting policies							—
Restated balance	2,638	(7,936)	1,473	(3,824)	500	762	194,038
Changes during the period							
Cash dividends							(3,402)
Net income attributable to owners of parent							15,420
Repurchase of treasury stock							(8,002)
Disposal of treasury stock							1,341
Retirement of treasury stock							—
Purchase of treasury stock of subsidiaries							154
Changes of scope of consolidation							(6)
Net changes during the period except for shareholders' equity	(288)	80	(2,692)	(2,900)	41	(141)	(2,999)
Total changes during the period	(288)	80	(2,692)	(2,900)	41	(141)	2,505
Balance at the end of the period	¥2,350	¥(7,856)	¥(1,219)	¥(6,724)	¥542	¥ 621	¥196,543

## Consolidated Statements of Cash Flows

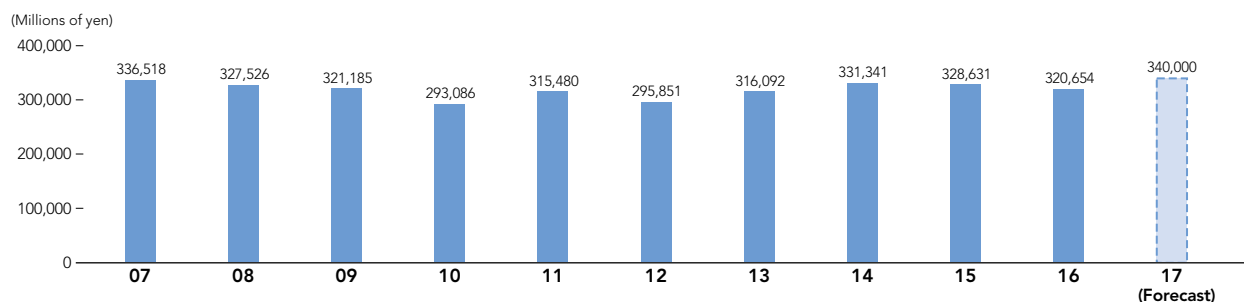
COMSYS Holdings Corporation and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2016

	Millions of yen	
	2015	2016
<b>Cash flows from operating activities:</b>		
Income before income taxes and other adjustments to net income	¥ 27,283	¥ 24,040
Depreciation and amortization	4,672	5,009
Loss on impairment of fixed assets	432	470
Gain on negative goodwill	—	(386)
Amortization of goodwill	527	594
Increase (decrease) in allowance for doubtful receivables	140	(236)
Decrease in net defined benefit liability	(241)	(264)
Interest and dividends received	(274)	(230)
Interest expenses	7	9
Decrease (increase) in receivables—trade	6,206	(8,377)
Decrease in inventories	3,028	653
Increase (decrease) in payables—trade	(1,825)	2,955
Gain on sale of investment securities	(44)	(177)
Increase in other assets	(1,553)	(998)
Increase (decrease) in other liabilities	590	(2,506)
Other, net	135	146
	39,085	20,701
Cash and cash equivalents received on interest and dividend income	268	227
Cash and cash equivalents paid for interest expenses	(7)	(9)
Cash and cash equivalents paid for income taxes	(12,771)	(7,829)
Net cash provided by operating activities	26,575	13,089
<b>Cash flows from investing activities:</b>		
Decrease in time deposits, net	60	59
Payment for purchases of investment securities	(172)	(206)
Proceeds from sale of investment securities	111	1,156
Proceeds from redemptions of investment securities	100	100
Collection of investments in capital	50	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,575)	—
Proceeds from purchase of stocks of subsidiaries resulting in change in scope of consolidation	—	216
Purchase of investments in subsidiaries	(47)	(70)
Acquisitions of property and equipment	(7,349)	(4,639)
Acquisitions of intangible fixed assets	(1,452)	(1,664)
Proceeds from sale of property and equipment	270	863
Payments of loans receivable	(1,766)	(3,695)
Collection of loans receivable	804	511
Purchase of insurance funds	(17)	(16)
Proceeds from cancellation of insurance funds	163	235
Other, net	(61)	(152)
Net cash used in investing activities	(11,882)	(7,303)
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings, net	(1,170)	(8)
Repayment of long-term debt	—	(16)
Acquisitions of treasury stock	(7,958)	(8,025)
Proceeds from sale of treasury stock	546	234
Purchase of treasury stocks of subsidiaries	—	(7)
Cash dividends paid	(3,545)	(3,402)
Cash dividends paid to non-controlling interests	(4)	(3)
Repayment of financial lease obligations	(68)	(78)
Net cash used in financing activities	(12,199)	(11,307)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	0	(0)
<b>Net increase (decrease) in cash and cash equivalents</b>	2,495	(5,521)
<b>Cash and cash equivalents at beginning of year</b>	30,915	33,435
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	24	883
<b>Increase in cash and cash equivalents resulting from merger</b>	—	21
<b>Cash and cash equivalents at end of year</b>	¥ 33,435	¥ 28,818

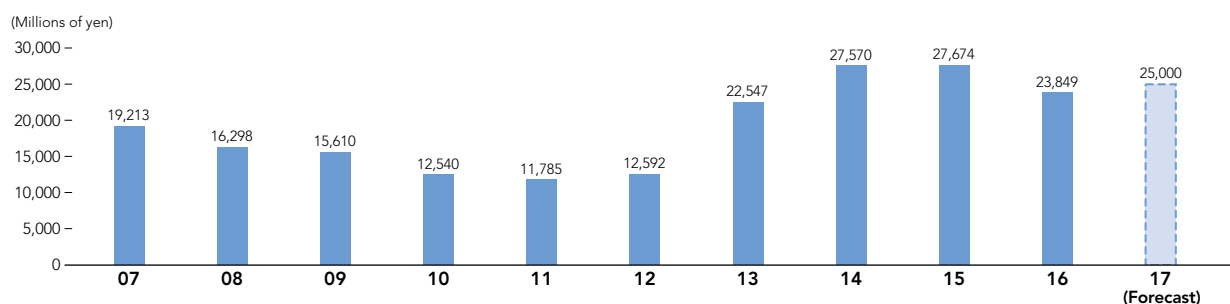
## Ten-Year Summary of Business Results and Financial Data

Years ended March 31

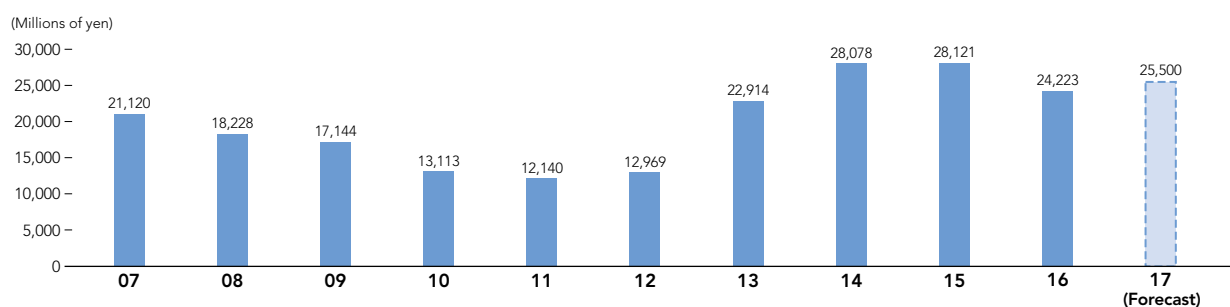
### Net Sales



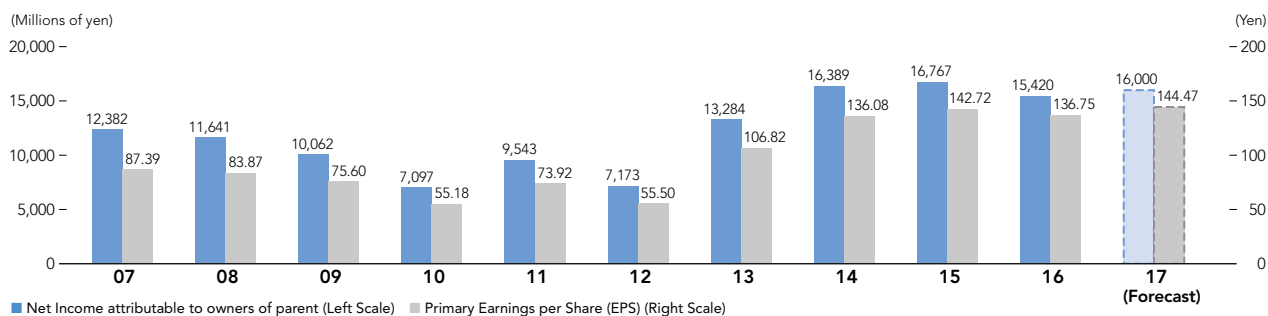
### Operating Income



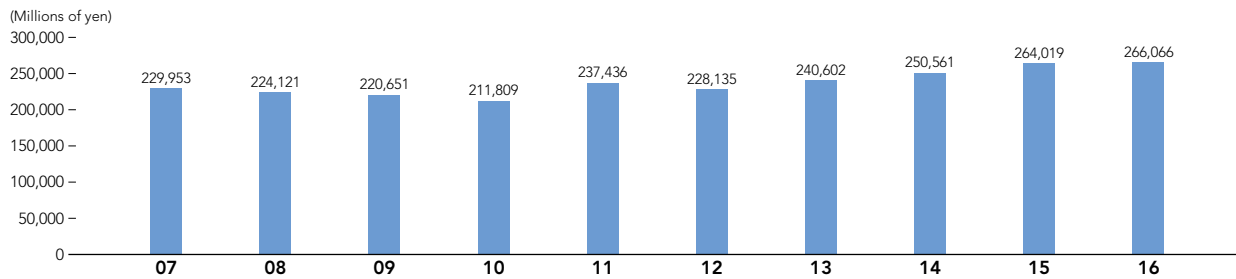
### Recurring Profit



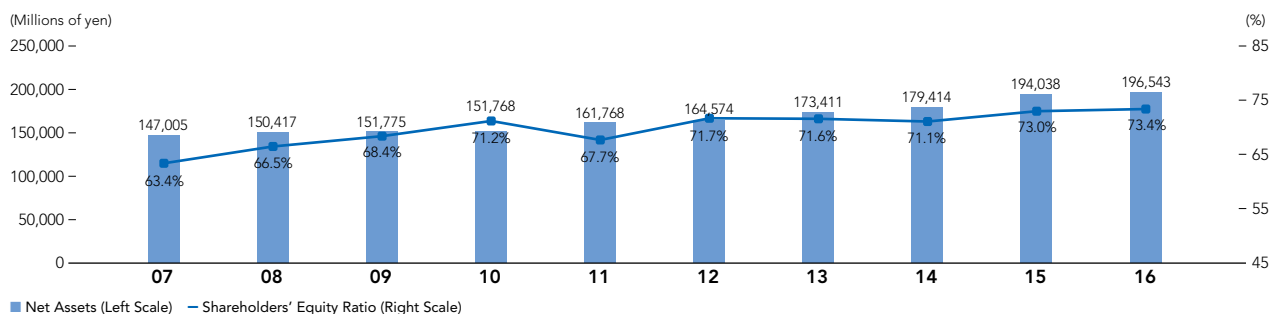
### Net Income attributable to owners of parent/Primary Earnings per Share (EPS)



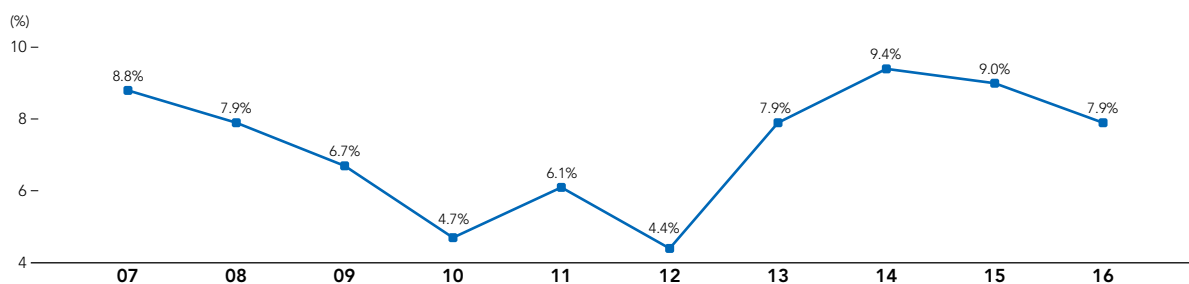
## Total Assets



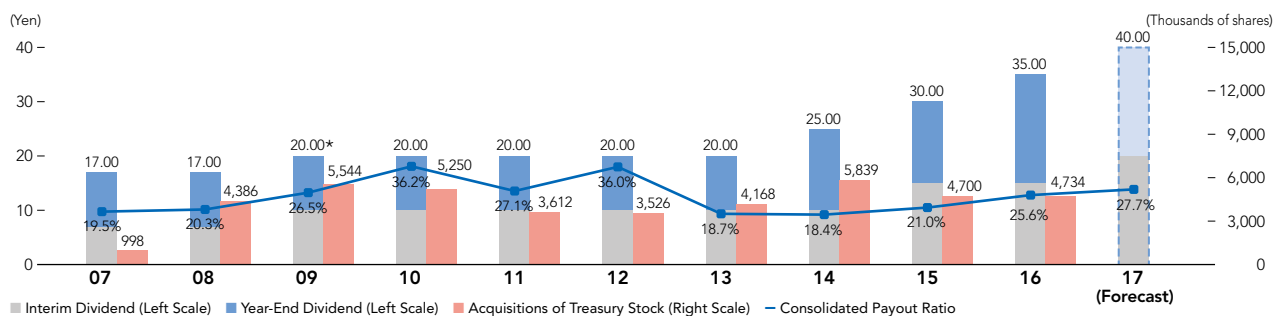
## Net Assets/Shareholders' Equity Ratio



## Return on Equity (ROE)



## Dividends per Share/Acquisitions of Treasury Stock/Consolidated Payout Ratio



\* Includes a special ¥3 dividend paid to reflect the benefits of the merger.

## • • • Information

### COMSYS Holdings Information

#### Corporate Data

As of March 31, 2016

**Name:**

COMSYS Holdings Corporation

**Head Office:**

17-1, Higashigotanda 2-chome, Shinagawa-ku,  
Tokyo 141-8647, Japan

**URL:**

<http://www.comsys-hd.co.jp/english/>

**Date of Establishment:**

September 29, 2003

**Paid-In Capital:**

¥10 billion

**Number of Employees:**

9,994 (Consolidated)

#### Directors and Audit & Supervisory Board Members

As of June 29, 2016

**President and Representative Director**

Hajime Takashima

**Representative Director**

Takashi Kagaya

*(President and Representative Director of Nippon COMSYS Corporation)*

**Directors**

Noriaki Ito

*(Chairman and Representative Director of Nippon COMSYS Corporation)*

Akio Ogawa

*(President and Representative Director of TOSYS Corporation)*

Yoshihisa Omura

*(President and Representative Director of TSUKEN Corporation)*

Shigemi Sakamoto

*(President and Representative Director of  
SANWA COMSYS Engineering Corporation)*

Tsuyoshi Nishiyama

Hitoshi Kumagai

Kenichi Sato

Hidehiko Ozaki

Kenichi Narumiya\*<sup>1</sup>

Masahiko Miyashita\*<sup>1</sup>

**Audit & Supervisory Board Members**

Hiroshi Komori

*(Standing)*

Koichiro Kamiwaki

Takaharu Saegusa\*<sup>2</sup>

Kazuyoshi Onohara\*<sup>2</sup>

\*<sup>1</sup> Outside Director

\*<sup>2</sup> Outside Audit & Supervisory Board Member

( ): Concurrent positions held

#### Corporate History

##### October 2010

Management integration of TSUKEN Corporation.

##### June 2009

Minimum share purchase unit reduced from 1,000 shares to 100 shares.

##### April 2009

The information systems business related to software development outsourcing was spun off from Nippon COMSYS Corporation to form COMSYS JOHO SYSTEM Corporation.

##### April 2007

COMSYS Holdings Corporation converted COMSYS Shared Services Corporation, previously a consolidated subsidiary of Nippon COMSYS Corporation, into a wholly owned subsidiary in order to clarify its role as a common provider of business process outsourcing services for the COMSYS Group.

##### October 2005

COMSYS Holdings Corporation converted Kokusai Densetsu Co., Ltd. (now COMSYS WING Corporation) into a wholly owned subsidiary through a stock exchange, and made Kokusai Densetsu a wholly owned subsidiary of Nippon COMSYS Corporation on the same day.

##### April 2005

SANWA ELEC Co., Ltd. was renamed SANWA COMSYS Engineering Corporation.

##### January 2005

The NTT Information Telecommunication Engineering Business of SANWA ELEC Co., Ltd. was centralized at Nippon COMSYS Corporation.

##### September 2004

COMSYS Holdings Corporation subscribed to a third-party allotment of shares of SANWA ELEC Co., Ltd.

##### September 2003

COMSYS Holdings Corporation listed its shares on the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange.

##### September 2003

Nippon COMSYS Corporation delisted its shares in line with the establishment of the holding company.

##### March 2002

Nippon COMSYS Corporation was selected as one of the 225 components of the Nikkei Stock Average.

##### December 2001

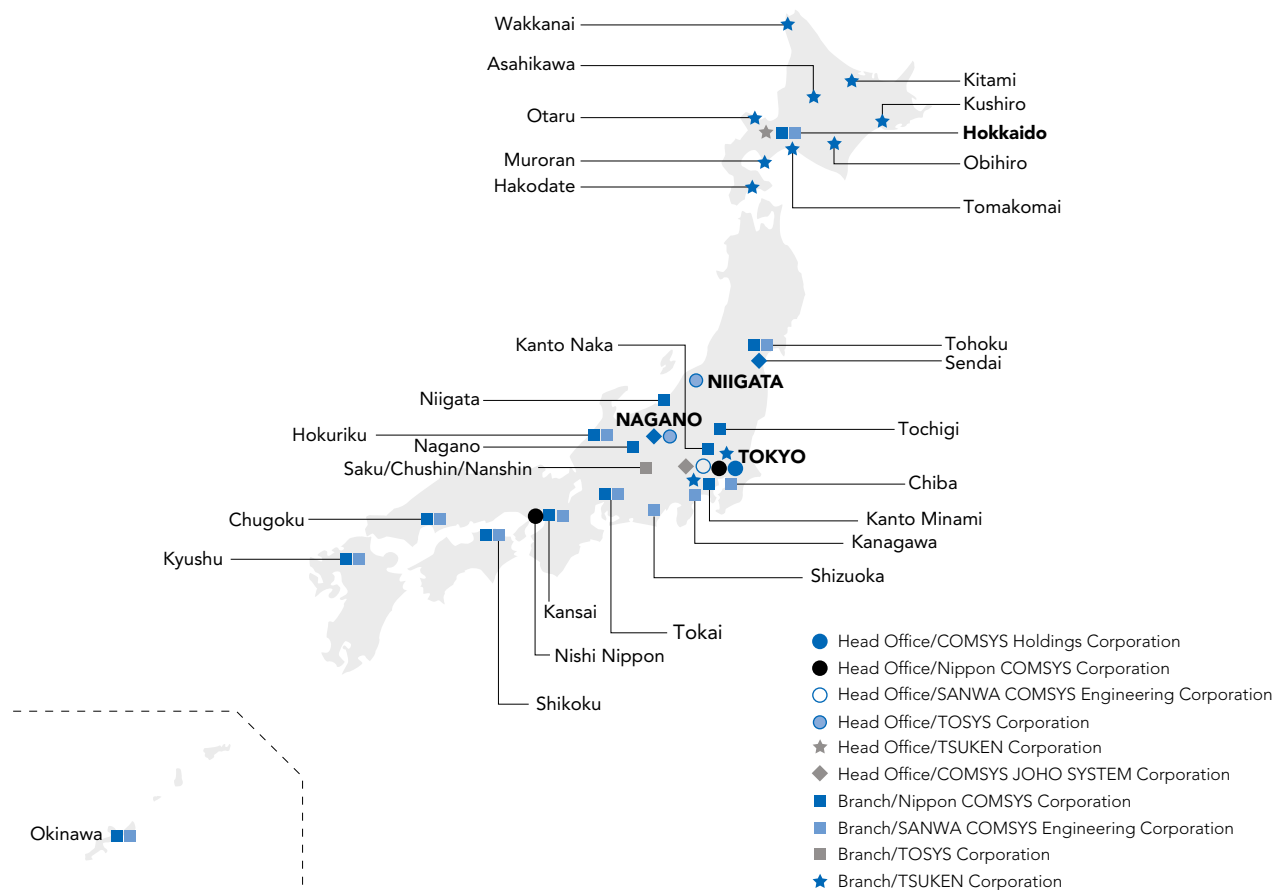
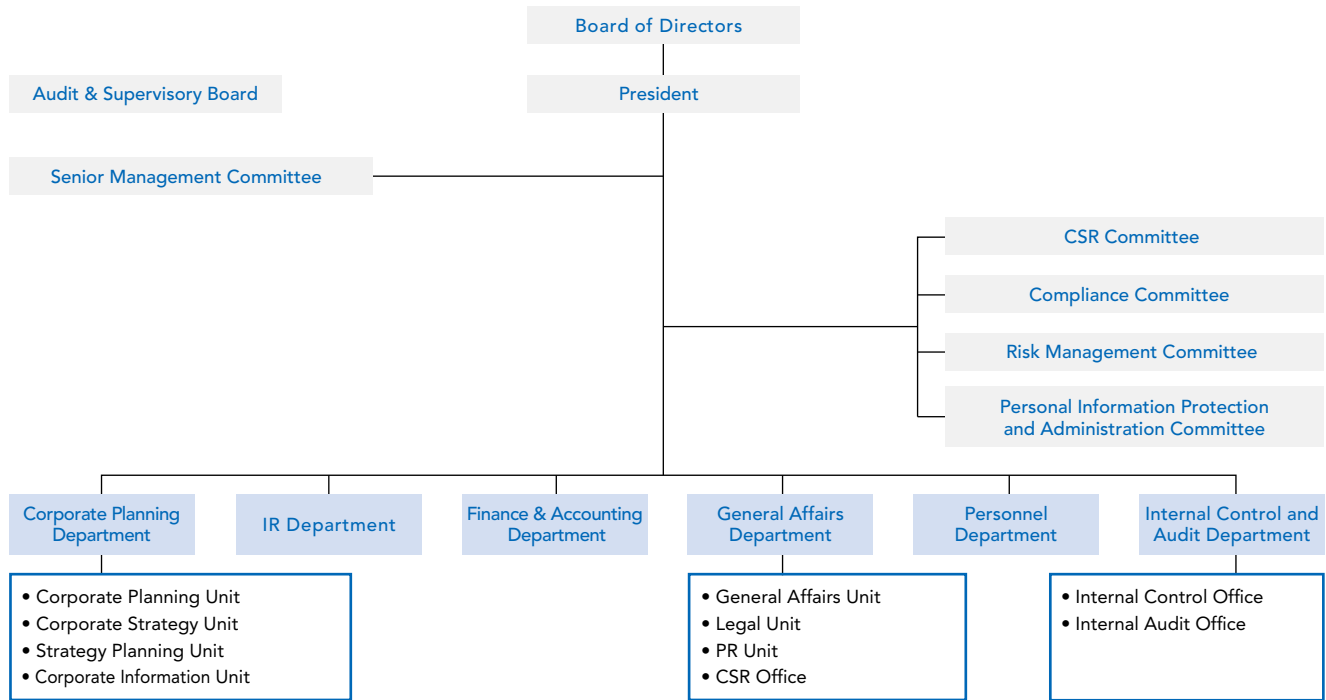
Nippon COMSYS Corporation celebrated its 50th founding anniversary.

##### July 1990

The Company was renamed Nippon COMSYS Corporation.

## Organization Chart

As of June 29, 2016



## Investor Information

### □ Fiscal Year-End:

March 31, 2016

### □ Annual Shareholders' Meeting:

June 29, 2016

### □ Common Stock:

Authorized: 580,000,000 shares

Issued: 141,000,000 shares

### □ Number of Shareholders:

9,024

### □ Date of Listing:

September 2003

### □ Stock Exchange Listing:

First Section of the Tokyo Stock Exchange  
(Securities code: 1721)

### □ Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation  
Securities Department  
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081,  
Japan

### □ Auditor:

GYOSEI & CO.

### □ For Further Information on this Annual Report,

#### Please Contact:

IR Department

Tel: +81-3-3448-7000 (direct)

Fax: +81-3-3448-7001

E-Mail: chd-ir@comsys.co.jp

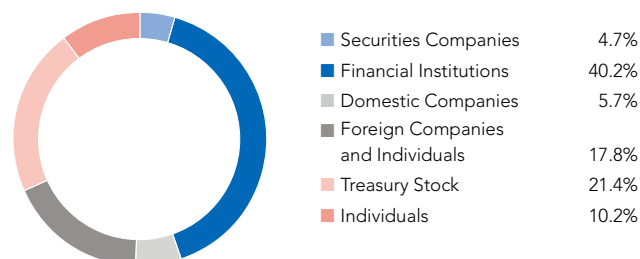
### □ Major Shareholders:

As of March 31, 2016

Shareholders	Shares held (Thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,804	11.91
Japan Trustee Services Bank, Ltd. (Trust Account)	12,014	8.52
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. Retrust Account, Sumitomo Electric Industries, Ltd. Employee Pension Trust Account)	5,166	3.66
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	3,104	2.20
Goldman Sachs Japan Co., Ltd.	2,697	1.91
Nippon Life Insurance Company	2,590	1.83
Meiji Yasuda Life Insurance Company	1,544	1.09
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	1,478	1.04
NEC Corporation	1,408	0.99
COMSYS Holdings Corporation Employee Shareholder Association	1,392	0.98

### □ Composition of Shareholders:

As of March 31, 2016



### □ Stock Price Range / Monthly Trading Volume

