

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

November 11, 2016

Company name: Temp Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2181 URL <http://www.temp-holdings.co.jp>
 Representative: President, Chief Executive Officer, and Representative Director Masamichi Mizuta
 Executive Vice President, Chief Financial Officer, and Director Kiyoshi Seki
 Inquiries: TEL 03-3375-2220
 Scheduled date to file Quarterly Securities Report: November 14, 2016
 Scheduled date to commence dividend payments: December 5, 2016
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2016	276,790	12.5	16,660	25.3	16,945	26.9	9,865	21.7
Six months ended September 30, 2015	246,106	28.0	13,298	29.9	13,355	28.1	8,104	41.4

Note: Comprehensive income Six months ended September 30, 2016 ¥8,974 million [9.8%]
 Six months ended September 30, 2015 ¥8,170 million [62.6%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	42.05	41.91
Six months ended September 30, 2015	36.10	34.43

Note: The Company conducted a stock split at a ratio of 1:3 of common shares on October 29, 2015. Earnings per share and diluted earnings per share have been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2016.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	256,333	147,765	52.4
As of March 31, 2016	236,238	133,501	53.8

Reference: Equity As of September 30, 2016 ¥134,300 million
 As of March 31, 2016 ¥127,205 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	–	18.00	–	7.00	25.00
Year ending March 31, 2017	–	8.00			
Year ending March 31, 2017 (Forecast)			–	8.00	16.00

Note: Revision of cash dividend forecast most recently announced: Yes

Notes:

- (1) The Company conducted a stock split at a ratio of 1:3 of common shares on October 29, 2015. Year-end dividends for the year ended March 31, 2016 is provided after taking into consideration of the above stock split.
- (2) If the above stock split is not considered, year-end dividends and total of dividends for the year ended March 31, 2016 is 21 yen and 39 yen respectively.

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	590,000	14.0	32,500	15.9	32,800	16.4	20,100	15.8	85.67

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly included: 1 company
Kelly Services (Singapore) Pte. Ltd.
Excluded: –
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
Changes in accounting policies due to other reasons: No
Changes in accounting estimates: No
Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2016	236,376,605 shares	As of March 31, 2016	235,791,100 shares
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Number of treasury shares at the end of the period

As of September 30, 2016	1,289,232 shares	As of March 31, 2016	1,288,875 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	234,607,754 shares	Six months ended September 30, 2015	224,496,119 shares
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Note: The Company conducted a stock split at a ratio of 1:3 of common shares on October 29, 2015. Number of issued shares (common shares) has been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2016.

* Implementation status of quarterly review procedures

This quarterly financial results report is exempt from the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the review procedures for consolidated financial statements in accordance with the Financial Instruments and Exchange Act have not been completed.

* Proper use of earnings forecasts, and other special matters

The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Consequently, actual business and other results may differ substantially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	51,227	65,291
Notes and accounts receivable - trade	69,524	73,178
Deferred tax assets	3,987	4,191
Other	6,006	6,762
Allowance for doubtful accounts	(134)	(435)
Total current assets	130,611	148,988
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,106	2,249
Tools, furniture and fixtures, net	1,123	1,298
Land	803	803
Other, net	476	322
Total property, plant and equipment	4,510	4,673
Intangible assets		
Trademark right	10,110	9,522
Goodwill	70,302	71,084
Other	5,774	7,638
Total intangible assets	86,187	88,245
Investments and other assets		
Investment securities	7,228	6,706
Guarantee deposits	5,597	5,649
Deferred tax assets	1,534	1,559
Other	716	657
Allowance for doubtful accounts	(146)	(146)
Total investments and other assets	14,929	14,426
Total non-current assets	105,627	107,345
Total assets	236,238	256,333

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	902	1,379
Short-term loans payable	787	538
Current portion of long-term loans payable	4,640	4,640
Accounts payable - other	33,152	42,358
Income taxes payable	5,321	7,326
Accrued consumption taxes	7,664	7,431
Provision for bonuses	8,242	8,347
Provision for directors' bonuses	139	74
Other	6,632	5,521
Total current liabilities	67,482	77,619
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	851	307
Long-term loans payable	24,993	22,738
Deferred tax liabilities	3,638	3,326
Net defined benefit liability	2,657	1,054
Long-term accounts payable - other	3,017	3,382
Other	97	140
Total non-current liabilities	35,255	30,948
Total liabilities	102,737	108,568
Net assets		
Shareholders' equity		
Capital stock	17,055	17,327
Capital surplus	20,520	20,019
Retained earnings	88,134	96,358
Treasury shares	(327)	(328)
Total shareholders' equity	125,382	133,376
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,945	1,515
Foreign currency translation adjustment	72	(590)
Remeasurements of defined benefit plans	(194)	—
Total accumulated other comprehensive income	1,823	924
Non-controlling interests	6,295	13,464
Total net assets	133,501	147,765
Total liabilities and net assets	236,238	256,333

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	246,106	276,790
Cost of sales	187,900	208,786
Gross profit	58,206	68,003
Selling, general and administrative expenses	44,908	51,342
Operating income	13,298	16,660
Non-operating income		
Interest income	8	4
Dividend income	49	56
Subsidy income	35	101
Compensation income	–	55
Share of profit of entities accounted for using equity method	–	56
Gain on bad debts recovered	78	–
Other	80	117
Total non-operating income	252	392
Non-operating expenses		
Interest expenses	70	66
Share of loss of entities accounted for using equity method	60	–
Foreign exchange losses	31	24
Other	32	16
Total non-operating expenses	195	107
Ordinary income	13,355	16,945
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	30	–
Gain on transfer of business	157	–
Gain on revision of retirement benefit plan	460	187
Total extraordinary income	648	187
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	24	–
Impairment loss	–	422
Early extra retirement payments	–	207
Total extraordinary losses	24	629
Profit before income taxes	13,979	16,503
Income taxes - current	4,708	6,437
Income taxes - deferred	625	(403)
Total income taxes	5,334	6,033
Profit	8,644	10,469
Profit attributable to non-controlling interests	539	604
Profit attributable to owners of parent	8,104	9,865

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	8,644	10,469
Other comprehensive income		
Valuation difference on available-for-sale securities	(495)	(431)
Foreign currency translation adjustment	20	(1,257)
Remeasurements of defined benefit plans, net of tax	0	194
Total other comprehensive income	(474)	(1,494)
Comprehensive income	8,170	8,974
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,601	8,486
Comprehensive income attributable to non-controlling interests	568	488

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	13,979	16,503
Depreciation	1,419	1,965
Impairment loss	–	422
Amortization of goodwill	2,519	2,943
Increase (decrease) in net defined benefit liability	(1,621)	(1,419)
Increase (decrease) in provision for bonuses	99	(143)
Increase (decrease) in provision for directors' bonuses	(49)	(64)
Increase (decrease) in allowance for doubtful accounts	(236)	5
Interest and dividend income	(57)	(61)
Interest expenses	70	66
Share of (profit) loss of entities accounted for using equity method	60	(56)
Loss (gain) on sales of shares of subsidiaries and associates	(5)	–
Loss (gain) on transfer of business	(157)	–
Subsidy income	(35)	(101)
Compensation income	–	(55)
Decrease (increase) in notes and accounts receivable - trade	4,376	2,643
Decrease (increase) in inventories	(1,486)	(1,405)
Increase (decrease) in operating debt	(2,827)	4,565
Increase (decrease) in accrued consumption taxes	(10,913)	(691)
Increase (decrease) in long-term accounts payable - other	1,322	364
Decrease (increase) in other assets	(401)	466
Increase (decrease) in other liabilities	(249)	98
Subtotal	5,802	26,045
Interest and dividend income received	66	71
Interest expenses paid	(68)	(65)
Proceeds from subsidy income	131	–
Proceeds from subsidy income	35	101
Proceeds from compensation	–	55
Income taxes paid	(6,189)	(4,892)
Income taxes refund	1,500	1,267
Net cash provided by (used in) operating activities	1,279	22,584

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from investing activities		
Payments into time deposits	(144)	(1)
Proceeds from withdrawal of time deposits	286	–
Purchase of property, plant and equipment	(790)	(649)
Purchase of intangible assets	(1,165)	(2,943)
Purchase of investment securities	(309)	(89)
Proceeds from sales of investment securities	3	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,621)	(391)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	54	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(10)	–
Payments for transfer of business	–	(13)
Proceeds from transfer of business	157	–
Collection of loans receivable	4	10
Payments for guarantee deposits	(634)	(139)
Proceeds from collection of guarantee deposits	228	192
Other, net	121	103
Net cash provided by (used in) investing activities	(4,821)	(3,921)
Cash flows from financing activities		
Decrease in short-term loans payable	(23)	(172)
Repayments of long-term loans payable	(2,320)	(2,320)
Proceeds from share issuance to non-controlling shareholders	60	–
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(260)	–
Purchase of treasury shares	(8)	(0)
Cash dividends paid	(1,316)	(1,641)
Dividends paid to non-controlling interests	(19)	(118)
Other, net	(56)	(36)
Net cash provided by (used in) financing activities	(3,943)	(4,288)
Effect of exchange rate change on cash and cash equivalents	16	(305)
Net increase (decrease) in cash and cash equivalents	(7,469)	14,069
Cash and cash equivalents at beginning of period	60,205	51,138
Cash and cash equivalents at end of period	52,736	65,208