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Summary of Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 2018 (Based on Japanese GAAP)

November 13, 2017

Listed company name: PERSOL HOLDINGS CO., LTD. Stock Exchange Listing: Tokyo

Stock code: 2181 URL <http://www.persol-group.co.jp>

Representative: Current President, Representative Masamichi Mizuta
Position Director and CEO

Inquiries: Current Director, Executive Officer (Chief Kiyoshi Seki
Position Financial Officer) TEL +81 03-3375-2220

Scheduled date to file November 14, 2017 Scheduled date to commence December 5, 2017
quarterly report: dividend payments:

Preparation of supplementary quarterly results explanatory material yes/no: Yes

Quarterly results briefing session yes/no: yes (Analyst/Institutional investor oriented)

(Amounts less than JPY 1 million rounded down)

1. Consolidated Results for the 2nd Quarter of the Fiscal Year Ending March 2018 (April 1, 2017 - September 30, 2017)

(1) Consolidated operating results (cumulative) (% indicates ratio of change from same quarter last year)

	Sales		Operating profit		Ordinary profit		Quarterly net profit attributable to parent company shareholders	
	JPY Million	%	JPY Million	%	JPY Million	%	JPY Million	%
2 nd quarter of fiscal year ending March 2018	324,780	17.3	16,017	-3.9	16,668	-1.6	9,223	-6.5
2 nd quarter of fiscal year ended March 2017	276,790	12.5	16,660	25.3	16,945	26.9	9,865	21.7

Note: 2nd quarter of Comprehensive income fiscal year ending March 2018 10,548 JPY Million (17.5%) 2nd quarter of fiscal year ended March 2017 8,974 JPY Million (9.8%)

	Current period net profit per share Quarterly net profit	Quarterly net profit per share after adjustment for dilution Quarterly net profit
2 nd quarter of fiscal year ending March 2018	JPY 39.47	JPY 39.47
2 nd quarter of fiscal year ended March 2017	42.05	41.91

(2) Consolidated financial position

	Total assets	Total assets	Equity ratio
	JPY Million	JPY Million	%
2 nd quarter of fiscal year ending March 2018	276,438	160,913	52.7
FY ended Mar 2017	268,364	153,816	51.8

Reference: Equity capital 2nd quarter of fiscal year ending March 2018 145,729 JPY Million FY ended Mar 2017 139,119 JPY Million

2. Dividend Status

	Annual Dividend				
	End Q1	End Q2	End Q3	End of FY	Total
	JPY	JPY	JPY	JPY	JPY
FY ended Mar 2017	—	8.00	—	9.00	17.00
FY ending Mar 2018	—	9.00			
FY ending Mar 2018 (Forecast)			—	9.00	18.00

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Note: Revision of most recently announced financial results forecast Yes/No: No

3. Consolidated Results for the 2nd Quarter of the Fiscal Year Ending March 2018 (April 1, 2017 - March 31, 2018)

(% indicates ratio of change from same quarter last year)

	Sales		Operating profit		Ordinary profit		Current period net profit attributable to parent company shareholders		Current period net profit per share
	JPY Million	%	JPY Million	%	JPY Million	%	JPY Million	%	JPY
Full Year	677,300	14.4	36,000	7.8	36,500	6.9	22,200	24.6	94.94

Note: Revision of most recently announced financial results forecast Yes/No: Yes

※ Explanatory Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): No

New: - Ltd. (company name); Excluded: - Ltd. (company name)

(2) Application of special accounting treatment when preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies/changes in accounting estimates/restatement of prior period financial statements

① Changes in accounting policies due to revisions to accounting standards etc.: No

② Changes in accounting policies other than ①: No

③ Changes in accounting estimates: No

④ Restatement of revised statements: No

(4) Number of fully issued shares (ordinary shares)

① Number of fully issued shares at period end (including treasury stock)	2Q of fiscal year ending March 2018	236,677,955 Shares	Fiscal year ended Mar 2017	236,673,651 Shares
② Treasury stock at period end	2Q of fiscal year ending March 2018	3,407,840 Shares	Fiscal year ended Mar 2017	2,838,299 Shares
③ Average number of shares during the period (cumulative quarter)	2Q of fiscal year ending March 2018	233,681,111 Shares	2Q of fiscal year ended March 2017	234,607,754 Shares

Note: Number of treasury stock at the end of period: Includes PHD shares held in the "Director Compensation BIP (Board Incentive Plan) trust account", and the "Employee Stock Ownership Plan trust account" ("ESOP Trust") (2nd quarter of the fiscal year ending March 2018: 590,872 shares). Furthermore, PHD shares held in the "Director Compensation BIP (Board Incentive Plan) trust account", and the "Employee Stock Ownership Plan trust account" ("ESOP Trust") are included in treasury stock which are deducted when calculating the average number of shares held in the period.

※ The quarterly summary of financial results is not subject to a quarterly review

※ Explanation of appropriate usage of financial results forecasts and other special explanatory notes

The financial results outlook etc. and forward looking statements noted in this material are based on certain assumptions PHD deems rational and information currently at hand, which are not meant to be taken as an assurance by PHD that outcomes will be realized. Furthermore, actual financial results etc. may vary greatly due to various factors.

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○ Contents of Attachments

1. Qualitative information regarding the financial results for this quarter	2
.....	
(1) Explanation regarding business performance	2
.....	
(2) Explanation regarding the financial position	3
.....	
(3) Explanation regarding future forecast information (Consolidated results forecast etc.)	4
.....	
2. Quarterly consolidated financial statements & main explanatory notes	5
.....	
(1) Quarterly consolidated balance sheet	5
.....	
(2) Quarterly consolidated profit and loss statement & quarterly consolidated comprehensive income statement	7
.....	
Quarterly consolidated profit and loss statement	
.....	
Consolidated cumulative 2 nd quarter period	7
.....	
Quarterly consolidated comprehensive income statement	
.....	
Consolidated cumulative 2 nd quarter period	8
.....	
(3) Consolidated quarterly cash-flow statement	9
(4) Explanatory notes regarding quarterly consolidated financial statements	11
.....	
(Explanatory notes regarding ongoing concern assumptions)	11
.....	
(Explanatory notes in the event of significant changes in the amount of shareholders' equity)	11
.....	
(Application of special accounting treatment when preparing the quarterly consolidated financial statements)	11
.....	
(Segment information etc.)	11
(Significant past events)	13

1. Qualitative information regarding the financial results for this quarter

(1) Explanation regarding business performance

The direction of Japan's economy continued to be unclear during the consolidated cumulative 2nd quarter period due to changes in political conditions overseas, trends in financial policy, and rising geopolitical risk etc. Under these circumstances, there was a transition to a moderate economic recovery due to the government's economic and financial policies etc. which on the whole resulted in expansion of corporate earnings.

The employment situation: a condition close to full employment continued. The July - September 2017 effective ratio of job offers to job seekers (seasonally adjusted) averaged 1.52 which was the highest recorded level in 43 years and five months. The September 2017 overall unemployment rate stood at 2.8%. The underlying backdrop to this type of market environment is a shortage of workers combined with a lot of demand. The HR services related market overall shifted to an expansionary trend. PERSOL Group also experienced a transition into a bullish market stemming from overall client demand, and as a result, performance steadily improved. The core temporary staffing segment business in particular shifted to high levels of temp worker deployments and also, in the placement business there was a major increase in the number of successfully placed candidates.

In light of this type of economic environment, PERSOL Group proceeded with measures to further enhance brand recognition. The trading name was changed to "PERSOL HOLDINGS" (July 2017), and the trading names of major core companies were altered to reflect this new "PERSOL" branding. PERSOL Group is a comprehensive group of human resource services companies that encompasses a diverse range of HR solutions: the core temporary staffing business, placement/recruitment, part-time hiring support, outsourcing/design and development in the IT/engineering space, and BPO etc. PERSOL GROUP strives wholeheartedly to offer solutions that resolve labor/hiring challenges.

Moreover, as an initiative in the HR services market in the Asia Pacific region, in October 2017 PHD acquired 100% of the fully-issued shares of Programmed Maintenance Services Limited making it a wholly-owned subsidiary. Programmed is engaged in HR services and maintenance businesses primarily in Australia. In future the aim is to leverage Programmed's solid business platform to strengthen PHD's competitiveness as the largest HR services company in the region.

As a result of the above, sales during this consolidated cumulative 2nd quarter period were JPY 324,780 million (up 17.3% year-on-year (YOY)), operating profit was JPY 16,017 million (down 3.9% YOY), ordinary profit was JPY 16,668 million (down 1.6% YOY), and net income attributable to parent company shareholders was JPY 9,223 million (down 6.5% YOY).

Business results by segment (before inter-segment/company write-offs) are as follows.

As of April 1, 2017 (the current consolidated fiscal year under review), reporting segment categories have changed. The following year-on-year comparisons are made after amending previous year figures in line with the new segment categories.

① Temporary Staffing/BPO Segment

Sales in this segment during this consolidated cumulative 2nd quarter period amounted to JPY 235,489 million (up 9.8% year-on-year (YOY)), and operating profit was JPY 10,676 million (up 7.5% YOY).

Employment related indicators during this consolidated cumulative 2nd quarter period continued to hover at high levels; a continuation from the previous consolidated fiscal year, and chronic labor shortages were accompanied by ongoing robust demand. Also, various types of supply-side measures required to address demand challenges were taken successfully, and sales grew substantially to JPY 235,489 million. On the profit side, there was an increase in labor costs together with an expansion in operations, as well as an increase in PERSOL Group's share of the burden of social insurance costs etc. for temps and employees. However, there was a large increase in sales, and JPY 10,676 million in operating profit was booked.

② Recruiting Segment

Sales in this segment amounted to JPY 35,335 million (up 10.4% YOY) during this consolidated cumulative 2nd quarter period, and operating profit was JPY 4,705 million (down 0.7% YOY).

Sales grew significantly during this consolidated cumulative 2nd quarter period as a result of augmenting

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human resources deployed in the sales structure to meet vigorous demand. On the profit side, operating profit was JPY 4,705 million due to increased labor/promotional costs etc. together with an expansion in operations.

③ Overseas segment

Sales in this segment during this consolidated cumulative 2nd quarter period were JPY 31,792 million (up 329.2% YOY), and operating loss was JPY 285 million (operating loss in the same period last year was JPY 422 million).

Sales grew significantly during this consolidated cumulative 2nd quarter period as a result of expanded operations accompanying an expansion in the scope of the joint venture with Kelly Services, Inc. On the profit side, as a result of progress in establishing systems aimed at medium-term growth, operating losses of JPY 285 million were booked.

④ ITO Segment

Sales in this segment amounted to JPY 13,532 million (up 5.3% YOY) during this consolidated cumulative 2nd quarter period, and operating profit was JPY 483 million (down 29.8% YOY).

Sales grew steadily during this consolidated cumulative 2nd quarter period due to high levels of orders for systems development related investments and SI related services from client firms, as well as PERSOL Group in-house systems development transactions etc. On the profit side, labor condition improvement for retention and recruitment of engineers as well as office expansion etc. resulted in operating profit of JPY 483 million.

⑤ Engineering Segment

Sales in this segment amounted to JPY 13,062 million (up 4.1% YOY) during this consolidated cumulative 2nd quarter period, and operating profit was JPY 709 million (down 29.5% YOY).

Sales grew steadily during this consolidated cumulative 2nd quarter period due to continued strong demand for human resources primarily in the electronics and automotive industries etc. On the profit side, cost increase in particular projects resulted in operating profit of JPY 709 million.

(2) Explanation of financial position

① Assets, liabilities, and net asset

Total assets decreased by JPY8.074million compared with the end of the previous consolidated accounting period. Current assets increased by JPY 8,785 million and fixed assets decreased by JPY 710 million. The main factor behind the increase in current assets was that while cash and deposits increased by JPY 11,867 million, notes and accounts receivable decreased by JPY 2,277 million. The main cause of the decrease in fixed assets was that while goodwill amortization decreased by JPY 3,084 million, investment in securities increased by JPY 915 million, guarantee money paid increased by JPY 367 million, and other assets increased by JPY 1,154 million.

Liabilities increased by JPY 977 million compared to the end of the previous consolidated accounting period. Current liabilities decreased by JPY 2,817 million and non-current liabilities decreased by JPY 1,839 million. The main cause of the decrease in current liabilities was a decrease in other liabilities of JPY 2,567 million. The main cause of the decrease in non-current liabilities was an increase in Long-term loans payable of JPY 2,323 million.

Net assets increased by JPY 7,096 million compared to the end of the previous consolidated accounting period. The main cause was an increase in retained earnings of JPY 7,119 million due to payment of JPY 2,104 million in surplus dividends and posting JPY 9,223 million in quarterly net profit attributable to parent company shareholders etc.

	Fiscal year ended Mar 2018 Consolidated cumulative 2 nd quarter period	(FY End Mar 2017)
Return on Assets (ROA)	3.6%	7.6%
Return on equity (ROE)	6.5%	13.4%
Ratio of operating income to sales	4.9%	5.6%

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Ratio of ordinary profit to sales	5.1%	5.8%
Current ratio	191.8%	188.0%
Fixed assets ratio	70.3%	74.1%
Equity ratio	52.7%	51.8%
Total assets	JPY 276,438 million	JPY 268,364 million
Equity capital	JPY 145,729 million	JPY 139,119 million
Cash and cash equivalents etc. at end of period	JPY 81,254 million	JPY 69,382 million

② Cash flow

Cash and cash equivalents (hereinafter "capital") at end of this consolidated cumulative 2nd quarter period: Net profit before tax was JPY 16,395 million. The major causes of the capital increase were: increases in operating debt, and payment of corporate tax etc. Factors leading to capital reduction were spending related to acquisition of intangible fixed assets etc. As a result, cash flow was JPY 81,254 million; an increase of JPY 16,045 million compared to the end of the previous consolidated cumulative 2nd quarter period.

Following is an outline of each cash flow status and causal factors that arose in the consolidated cumulative 2nd quarter period.

(Cash flows from operating activities)

Capital acquired from operating activities was JPY 22,524 million (JPY 22,584 million was acquired the same period previous year). This was mainly due to payment of JPY 7,377 million in corporate taxes. On the other hand, net income before taxes was JPY 16,395 million, increase in operating debt was JPY 3,606 million, goodwill amortization was JPY 3,171 million, depreciation costs were JPY 1,859 million, and corporate tax refunds were JPY 1,540 million.

(Cash flows from investment activities)

Capital spent on investment activities was JPY 4,290 million (JPY 3,921 million was used during the same period last year). This was mainly due to spending of JPY 2,429 million on acquisition of intangible fixed assets, JPY 1,175 million spent on acquisition of tangible fixed assets, and spending of JPY 587 million on guaranty money deposits.

(Cash flows from financial activities)

Capital spent on financial activities was JPY 6,247 million (JPY 4,288 million was spent during the same period last year). This was mainly due to spending of JPY 2,320 million to pay back long-term debts, JPY 2,104 million in dividend payments, and outgoings of JPY 1,276 million to acquire own shares.

③ Business related and financial challenges that must be addressed

There were no new business and financial challenges requiring attention during this consolidated cumulative 2nd quarter period.

(3) Explanation of future forecast information (consolidated results forecast etc.)

Current consolidated cumulative 2nd quarter period business results were in general largely as anticipated. For this reason, the consolidated result forecast has not been changed since being released on May 15, 2017.

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2. Quarterly consolidated financial statements & main explanatory notes

(1) Quarterly consolidated balance sheet

(Unit: JPY million)

	Previous consolidated accounting period (March 31, 2017)	2 nd quarter consolidated accounting period (September 30, 2017)
Assets		
Current assets		
Cash and deposits	69,439	81,306
Notes and accounts receivable-trade	83,260	80,983
Deferred tax assets	4,597	4,517
Other	8,562	7,697
Allowance for doubtful accounts	-619	-478
Total current assets	165,240	174,026
Non-current assets		
Tangible fixed assets		
Buildings and structures, net	2,231	2,478
Tools, furniture and fixtures, net	1,263	1,316
Land	803	803
Other, net	541	502
Tangible fixed assets total	4,840	5,100
Intangible assets		
Trademark rights	4,995	4,839
Goodwill	68,561	65,476
Other	9,310	10,465
Intangible assets total	82,867	80,781
Investments and other assets		
Investment securities	7,782	8,697
Guarantee deposits	5,765	6,133
Deferred tax assets	1,371	1,331
Other	547	396
Allowance for doubtful accounts	-51	-27
Total investments and other assets	15,415	16,530
Total non-current assets	103,123	102,412
Total Assets	268,364	276,438

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(Unit: JPY million)

	Previous consolidated accounting period (March 31, 2017)	2 nd quarter consolidated accounting period (September 30, 2017)
Liabilities		
Current liabilities		
Accounts payable – trade	1,490	1,625
Short-term loans payable	413	—
Current portion of long-term loans payable	4,640	4,640
Accounts payable - other	47,627	48,208
Accrued income tax	8,315	7,474
Accrued consumption taxes	9,619	10,446
Provision for bonuses	9,063	9,192
Provision for directors' bonuses	173	4
Other	6,569	9,137
Total current liabilities	87,913	90,730
Non-current liabilities		
Convertible bonds with subscription rights to shares	31	27
Long-term loans payable	20,426	18,103
Deferred tax liabilities	2,793	2,967
Net defined benefit liability	1,093	1,129
Long-term accounts payable-other	2,197	2,363
Reserve for share benefits	—	63
Reserve for director share benefits	—	39
Other	92	101
Total non-current liabilities	26,634	24,795
Total Liabilities	114,547	115,525
Net assets		
Shareholders' equity		
Capital stock	17,465	17,467
Capital surplus	20,156	20,182
Retained earnings	102,432	109,552
Treasury shares	-3,328	-4,578
Total shareholders' equity	136,725	142,623
Accumulated other comprehensive income		
Valuation difference on marketable securities	2,203	2,673
Deferred gains or losses on hedges	—	206
Foreign currency translation adjustment	190	225
Total accumulated other comprehensive income	2,394	3,106
Non-controlling interests	14,696	15,184
Total Net Assets	153,816	160,913
Total Liabilities and Net Assets	268,364	276,438

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(2) Quarterly consolidated profit and loss statement & quarterly consolidated comprehensive income statement

(Quarterly consolidated profit and loss statement)

(Consolidated cumulative 2nd quarter period)

(Unit: JPY million)

	Previous consolidated cumulative 2 nd quarter period (From April 1, 2016 to September 30, 2016)	This consolidated cumulative 1 st quarter period (From April 1, 2017 to September 30, 2017)
Sales	276,790	324,780
Cost of sales	208,786	247,356
Gross profit on sales	68,003	77,424
Selling, general and administrative expenses (SGA)	51,342	61,407
Operating profit	16,660	16,017
Non-operating income		
Interest income	4	13
Dividend income	56	88
Subsidy income	101	467
Compensation income	55	—
Share of profit of entities accounted for using equity method	56	74
Foreign exchange gains	—	3
Other	117	85
Total non-operating income	392	733
Non-operating expenses		
Interest expenses	66	53
Foreign exchange loss	24	—
Other	16	29
Total non-operating expenses	107	82
Ordinary profit	16,945	16,668
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	—	2
Gain on sales of investment securities	—	40
Gain on sales of fixed assets	—	0
Gain on revision of retirement benefit plan	187	—
Extraordinary income total	187	42
Extraordinary losses		
Impairment loss	422	7
Loss on valuation of investment securities	—	28
Loss on revisions to the retirement benefit plan	—	261
Early extra retirement payments	207	17
Total extraordinary losses	629	314
Net quarterly profit before taxes etc.	16,503	16,395
Corporate tax, resident tax, and business tax	6,437	6,494
Corporate tax etc.-deferred	-403	83
Total corporate taxes etc.	6,033	6,578
Quarterly net profit	10,469	9,817
Quarterly net profit attributable to non-controlling interests	604	593
Quarterly net profit attributable to parent company shareholders	9,865	9,223

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(Quarterly consolidated comprehensive income statement)

Consolidated cumulative 2nd quarter period

(Unit: JPY million)

	Previous consolidated cumulative 2 nd quarter period (From April 1, 2016 to September 30, 2016)	This consolidated cumulative 2 nd quarter period (From April 1, 2017 to September 30, 2017)
Quarterly net profit	10,469	9,817
Other comprehensive income		
Valuation difference on marketable securities	-431	470
Deferred gains or losses on hedges	—	206
Foreign currency translation adjustment	-1,257	54
Remeasurements of defined benefit plans, net of tax	194	—
Total other comprehensive income	-1,494	730
Quarterly comprehensive income	8,974	10,548
(Breakdown)		
Quarterly comprehensive income attributable to parent company shareholders	8,486	9,935
Quarterly comprehensive income attributable to non-controlling interests	488	612

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(3) Consolidated quarterly cash-flow statement

(Unit: JPY million)

	Previous consolidated cumulative 2 nd quarter period (From April 1, 2016 to September 30, 2016)	This consolidated cumulative 2 nd quarter period (From April 1, 2017 to September 30, 2017)
Net cash provided by (used in) operating activities		
Net quarterly profit before taxes etc.	16,503	16,395
Depreciation and amortization	1,965	1,859
Impairment loss	422	7
Amortization of goodwill	2,943	3,171
Increase (decrease) in net defined benefit liability	-1,419	35
Provision of reserve for director share benefits	—	63
Provision of reserve for share benefit	—	39
Increase (decrease) in provision for bonuses	-143	225
Increase (decrease) in provision for directors' bonuses	-64	-168
Increase (decrease) in allowance for doubtful accounts	5	-120
Interest and dividend income	-61	-102
Interest expenses	66	53
Share of (profit) loss of entities accounted for using equity method	-56	-74
Loss (gain) on sales of shares of subsidiaries and associates	—	-2
Loss (gain) on sales of investment securities	—	-40
Loss (gain) on valuation of investment securities	—	28
Loss (gain) on disposal of non-current assets	—	-0
Subsidy income	-101	-467
Compensation income	-55	—
Decrease (increase) in notes and accounts receivable - trade	2,643	2,334
Decrease (increase) in inventory assets	-1,405	—
Increase (decrease) in operating debt	4,565	3,606
Increase (decrease) in accrued consumption taxes	-691	1,034
Increase (decrease) in long-term accounts payable – other	364	322
Decrease (increase) in other assets	466	-171
Increase (decrease) in other liabilities	98	-237
Subtotal	26,045	27,792
Interest and dividend income received	71	114
Interest expenses paid	-65	-53
Proceeds from subsidy income	—	40
Proceeds from subsidy income	101	467
Proceeds from compensation	55	—
Income taxes paid	-4,892	-7,377
Income taxes refund	1,267	1,540
Net cash provided by (used in) operating activities	22,584	22,524

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(Unit: JPY million)

	Previous consolidated cumulative 2 nd quarter period (From April 1, 2016 to September 30, 2016)	This consolidated cumulative 2 nd quarter period (From April 1, 2017 to September 30, 2017)
Cash flows from investing activities		
Payments into time deposits	-1	-0
Proceeds from withdrawal of time deposits	—	6
Purchase of property, plant and equipment	-649	-1,175
Proceeds from sales of property, plant and equipment	—	0
Purchase of intangible assets	-2,943	-2,429
Proceeds from sales of associates	—	29
Purchase of investment securities	-89	-253
Proceeds from sales of investment securities	—	50
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-391	—
Payments for transfer of business	-13	-53
Collection of loans receivable	10	20
Payments for guarantee deposits	-139	-587
Proceeds from collection of guarantee deposits	192	112
Other	103	-9
Cash flows from investing activities	-3,921	-4,290
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-172	-413
Repayments of long-term loans payable	-2,320	-2,320
Purchase of treasury shares	-0	-1,276
Proceeds from sales of treasury shares	—	49
Cash dividends paid	-1,641	-2,104
Dividends paid to non-controlling interests	-118	-128
Other	-36	-53
Cash flows from financing activities	-4,288	-6,247
Effect of exchange rate change on cash and cash equivalents	-305	-114
Net increase (decrease) in cash and cash equivalents	14,069	11,872
Cash and cash equivalents at beginning of period	51,138	69,382
Cash and cash equivalents at end of period	65,208	81,254

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(4) Explanatory notes regarding quarterly consolidated financial statements

(Explanatory notes regarding ongoing concern assumptions)

No applicable matters.

(Explanatory notes in the event there are significant changes in the amount of shareholders' equity)

No applicable matters.

(Application of special accounting treatment when preparing the quarterly consolidated financial statements)

No applicable matters.

(Segment information etc.)

(Segment information)

1. Information regarding sales, profits or losses for each reporting segment

Previous consolidated cumulative 2nd quarter period (from April 1, 2016 to September 30, 2016)

(Unit: JPY million)

	Reporting segment						Other Notes: 1.	Total	Adjustment amount Notes: 2.	Quarterly consolidated profit and loss statement Notes: 3.
	Temporary Staffing/BPO	Recruiting	Overseas	ITO	Engineering	Total amount				
Sales										
Sales to external clients	213,724	31,718	7,401	9,332	12,536	274,712	2,036	276,749	41	276,790
Internal sales or transfers between segments	778	274	5	3,518	9	4,587	1,237	5,824	-5,824	-
Total amount	214,503	31,992	7,406	12,851	12,545	279,299	3,274	282,573	-5,783	276,790
Segment profits or losses (-)	9,931	4,738	-422	688	1,006	15,942	162	16,105	555	16,660

Current consolidated cumulative 2nd quarter period (from April 1, 2017 to September 30, 2017)

(Unit: JPY million)

	Reporting segment						Other Notes: 1.	Total	Adjustment amount Notes: 2.	Quarterly consolidated profit and loss statement Notes: 3.
	Temporary Staffing/BPO	Recruiting	Overseas	ITO	Engineering	Total amount				
Sales										
Sales to external clients	234,453	34,909	31,753	9,815	13,060	323,991	784	324,776	4	324,780
Internal sales or transfers between segments	1,036	426	38	3,716	1	5,219	1,191	6,411	-6,411	0
Total amount	235,489	35,335	31,792	13,532	13,062	329,211	1,976	331,187	-6,406	324,780

【Translation】

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Segment profits or losses (-)	10,676	4,705	-285	483	709	16,289	-98	16,190	-173	16,017
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Notes: 1. The "Other" category refers to business segments that are not included in reporting segments that include HR services which fulfill Group-wide functions such as: shared-services, education and training etc.

2. Details of these revisions are as follows.

(Unit: JPY million)

	Previous consolidated cumulative 2 nd quarter period	This consolidated cumulative 2 nd quarter period
Inter-segment write-offs	53	-166
Company-wide revenues ※1	2,643	3,991
Company-wide expenses ※2	-2,141	-3,998
Total	555	-173

※1. Company-wide revenues: mainly business management fees from Group companies, and dividends received.

※2. Company-wide expenses: mainly expenses arising in PHD related to management of Group companies.

3. Segment profit and loss: Adjusted with operating profit calculated in the quarterly consolidated profit and loss statement.

2. Information relating to assets of each reporting segment

Previous consolidated cumulative 2nd quarter period (from April 1, 2016 to September 30, 2016)

During this consolidated cumulative 2nd quarter period, a new acquisition of Kelly Services (Singapore) Pte. Ltd. shares took place, and its subsidiaries have been included in the scope of consolidation. Accordingly, compared with the end of the previous consolidated accounting period, the amount of assets in this reporting segment during this consolidated cumulative 2nd quarter period increased by JPY 15,684 million in the overseas segment.

Current consolidated cumulative 2nd quarter period (from April 1, 2017 to September 30, 2017)

No applicable matters.

3. Matters relating to reporting segment changes etc.

Aiming to strengthen the strategy design function and promotion of strategy, and to clarify responsibilities in response to a rapidly changing market and to achieve nimble management decision making, from the fiscal year ending Mar 2016 THD Group began operating with 4 reporting segments: Temporary Staffing/BPO, ITO, Engineering, and Recruiting.

Greater importance of the overseas segment was acknowledged, and from the fiscal year ending March 2018 the overseas segment (previously included in the Recruiting Segment) will be established as a separate "Overseas" segment. A transition will be made to a system comprised of five reporting segments (Temporary Staffing/BPO, Recruiting, Overseas, ITO, and Engineering) to improve future management lines of reporting.

Moreover, segment information relating to the previous consolidated cumulative 2nd quarter period has been released after being created in accordance with reporting segment classifications applied during this consolidated cumulative 2nd quarter period.

4. Information concerning impairment loss for non-current assets or amortization of goodwill etc. in each reporting segment

(Important impairment losses relating to non-current assets)

Previous consolidated cumulative 2nd quarter period (from April 1, 2016 to September 30, 2016)

At the PERSOL Management Committee meeting held on September 2, 2016, a resolution was passed for an absorption-type company split to take place on January 1, 2017 with consolidated subsidiary Tempstaff Technology Co., Ltd. in respect to the engineer temporary staffing business of consolidated subsidiary Intelligence, Co., Ltd. To maximize future business synergies, trademarks applied to the engineer temporary staffing sector will be reduced in price because the "Intelligence" trademark will no longer be used in PERSOL's engineer temporary staffing sector. As a result of this event, an impairment loss of JPY 280 million was booked in relation to the Temporary Staffing/BPO Segment.

Furthermore, consolidated subsidiary Medicross Co., Ltd. goodwill was booked at the time the shares were acquired; however, due to decline in profitability, the book value has been reduced to a recoverable amount. As a result of this event, an impairment loss of JPY 141 million was booked in relation to the Temporary Staffing/BPO Segment.

Current consolidated cumulative 2nd quarter period (from April 1, 2017 to September 30, 2017)

No applicable matters.

(Important changes to amounts of goodwill)

Previous consolidated cumulative 2nd quarter period (from April 1, 2016 to September 30, 2016)

Goodwill amortization in the overseas segment increased by JPY 4,621 million as a result of the acquisition of shares in Kelly Services (Singapore) Pte. Ltd. on July 4, 2016 and making it a new consolidated subsidiary.

Current consolidated cumulative 2nd quarter period (from April 1, 2017 to September 30, 2017)

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No applicable matters.

(Significant past events)

(Business mergers by acquisition)

A PHD Board of Directors meeting held on July 14, 2017 resolved to commence procedures to acquire (hereinafter, "this share acquisition"), by way of an Australian subsidiary, 100% of the fully issued shares in Programmed Maintenance Services Limited (hereinafter, "Programmed") and to make Programmed a subsidiary. Programmed is listed on the Australian Stock Exchange and is involved in the HR services business and maintenance business primarily in Australia.

As a result of steps taken based on the resolution noted above, procedures for this share acquisition were completed on October 27, 2017 and Programmed became a wholly-owned subsidiary of PHD.

1. Purpose of this share acquisition

With respect to PHD's overseas business, in 2010 a strategic business alliance agreement was signed with Kelly Services Ltd., a major HR services company in the U.S. In 2012, both firms launched a joint venture in North Asia. Furthermore, in 2016, the joint venture was expanded to cover the entire Asia Pacific region and focuses on temporary staffing, recruitment, and HR management consulting. The JV is currently developing business in 13 countries and regions: PRC, Hong Kong, South Korea, Taiwan, Singapore, Vietnam, Indonesia, Malaysia, Thailand, India, New Zealand, Australia, and the U.S.

On the other hand, Programmed was established as a painting services company in 1951, and after merging etc. with a major Australian HR services company etc., is presently a leading HR services and maintenance company. Programmed focuses on the HR services sector (temporary staffing and recruitment), and facility management (commercial facilities and schools, painting, land development, and mine facility maintenance). Programmed had consolidated sales of AUD 2,691 million and consolidated EBITDA of AUD 96 million in the fiscal year ended March 2017.

PHD decided to carry out this acquisition seeking to further expand its business by combining the strong business foundations of both companies: the know-how and customer base cultivated in the Asia Pacific region by PERSOL together with the scale/results of Programmed in Australia etc.

2. Overview of the company subject to acquisition

Acquisition company name: Programmed Maintenance Services Limited

Business outline: Placement/recruitment, temporary staffing, equipment/facilities maintenance

Scale: Capital AUD 570 million (approx. JPY 49.7 billion)

(Fiscal year ended March 2017) Consolidated net assets AUD 607 million (approximately JPY 52.9 billion)

Consolidated net assets AUD 1,293 million (approx. JPY 112.8 billion)

Consolidated sales AUD 2,691 million (approx. JPY 234.9 billion)

Note: Amounts in yen shown in () have been converted using the exchange rate on October 27, 2017 (business merger date) (1 AUD = 87.30 JPY).

3. Number of acquired shares, acquisition price, and status of shareholding before and after acquisition

Number of shares owned prior to acquisition: 0 shares (Number of voting rights: 0, ratio of holding: 0.00%)

Number of shares to be acquired: 262,092,748 shares (number of voting rights : 262,092,748)

Acquisition price: AUD 749 million (approx. JPY 66 billion)

Number of shares owned after acquisition: 262,092,748 shares (number of voting rights : 262,092,748, ratio of holding: 100.00%)

Note: The acquisition price shown in Japanese yen is the amount converted into JPY at the exchange rate agreed upon with the bank at 1AUD = JPY 88.15

4. Business Merger Date

October 27, 2017

5. Fund-raising method used to make payment

Bank loans and own funds