

TEMP
REPORT

To Shareholders and Investors Business Report

Interim report for the fiscal year ending March 2012
April 1, 2011 – September 30, 2011



TEMP HOLDINGS CO.,LTD.
(Securities code: 2181)



Yoshiko Shinohara, Chairman & President

Sets up Tempstaff Co., Ltd. in 1973; Ranked among the "50 Most Powerful Women in Business: International" by the US magazine "Fortune" for the 12th consecutive year since 2000; Invited to "ADVANCE WOMEN'S LEADERSHIP SUMMIT" in Australia as one of the 50 FOR THE FUTURE in March 2011.

Revitalizing people, work, and Japan

Interim highlights of the fiscal year ending March 2012

Both sales and profits increased year on year.
The earnings forecast for the full fiscal year was raised.

- Sales: 113.2 billion yen **UP 1.3%** from a year earlier
- Ordinary Income: 3.6 billion yen **UP 17.3%**
- Net Income: 1.2 billion yen **UP 48.7%**
- Interim Dividend per Share: 6 yen

Temp Holdings Mid-term Management Strategy

Strengthening localized services

Regional companies will provide community-based, finely tuned services. We will work to expand our market share in each region.

Developing business in specialized fields and new job categories

To meet sophisticated and diversified needs, we will expand new job categories, services and networks.

Expanding our presence in the global market

We will concentrate our resources on global networks, particularly in Asia, to establish bases and actively develop our businesses.

Providing job assistance to women

Women are the key to eliminating labor shortages in this aging society with fewer children. We will offer overall support their employment by supporting child-raising mothers, holding seminars and giving counseling.

Improving management efficiency

We have increased the efficiency of our operations by building a holding company system and reduced costs radically. We will firmly maintain solid earnings growth and a sound financial position.

After the Great East Japan Earthquake, people worried that the economy would remain sluggish over the long term. However, many companies were able to normalize operations quickly, and their demand for outside human resources continued to be steady.

Under such trends, consolidated sales were 113.2 billion yen for the interim period of the current fiscal year ending March 2012, and ordinary income was 3.6 billion yen. With both figures exceeding initial forecasts, we have revised our full-term earnings forecast.

“Trust” serving as driving force of M&A

During the interim period of the current fiscal year, the Outsourcing business, the key to our future growth strategy, made enormous advances posting an annual sales increase of 33.5%. This was achieved driven by M&A activities, which we conducted in the previous fiscal year. We made HOWCOM Co., Ltd. and TOYO SOFTWARE ENGINEERING CO., LTD., both having highly specialized know-how, into subsidiaries. Sharing their know-how throughout the entire group, we will meet customer needs even more closely.

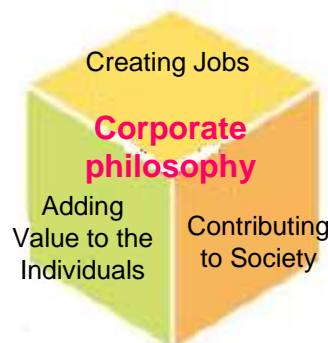
In the current fiscal year, we have already done two M&As with the aim of strengthening regional and customer bases. Kobelco Personnel Co., Ltd. and Nikkei Staff Co., Ltd. (renamed to Tempstaff Media Co., Ltd. on November 30), both boasting high brand power, became our subsidiaries.

Our success in so many M&As is an indication of trust in our management stance, of which we are proud. We will continue to actively implement M&A activities, aiming primarily to strengthen regional and customer bases and to share know-how.

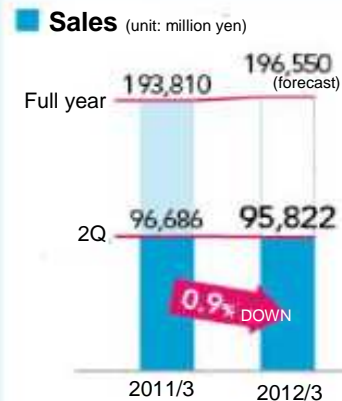
Aiming for a global HR service provider

One of our mid-term management strategies is the active development of the global market. In the interim period of the current fiscal year, we established one more office in Hong Kong, and launched “Hospitality & Business Manner” training course in China. We will further enhance our competitiveness in the Asian market.

Today, the business environment is constantly changing, and we firmly believe that it will become increasingly important to utilize outside personnel in order to effectively secure human resources while holding employment risks down. The Temp Group will continue to support the growth of individuals and contribute to society through job creation.



Overview of business results by segment



Overview of business results by segment

Temporary Staffing and Recruitment Services

Substantial sales increase achieved due to steady demand and improved operational efficiency

With regard to this segment, despite being affected temporarily by the Great East Japan Earthquake, demand for human resources picked up and remained steady because companies normalized their operations quicker than had been expected. In addition, the segment improved its operational efficiency by reinforcing the business operations structure, and further reduced selling, general and administrative expenses. As a result, operating income increased year on year to 2,845 million yen (*).

M & A ②

Nikkei Staff Co., Ltd.

renamed to Tempstaff Media Co., Ltd. on November 30.

Nikkei Staff Co., Ltd. provides human resource services centering on clerical and specialized jobs in the newspaper and publishing fields. We will further cultivate specialized fields by leveraging the synergy from the combination of Nikkei Staff, which has high brand power and operational know-how, with the Temp Group, which has strengths in sales and recruitment.

M & A ①

Kobelco Personnel Co., Ltd.

Kobelco Personnel Co., Ltd. has a good track record in providing human resource services for various companies, educational institutions, and public agencies, as well as for units of the Kobe Steel, Ltd. Group. We will enhance our regional strategy using the business platform which Kobelco Personnel has established in the Kansai region.

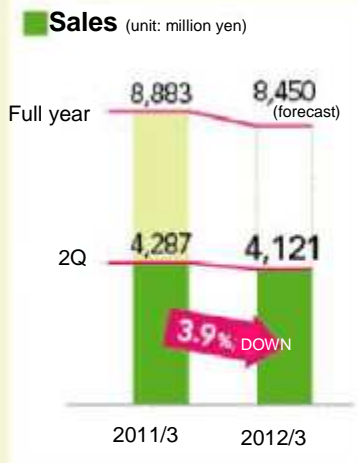
Having made two human resource service providers with outstanding characteristics into subsidiaries; further promoting the management strategy

In November, Temp Holdings converted two HR providers, which boast high brand power, into its subsidiaries through M&A. Capitalizing on this, the Company will expand its business domains, while implementing mid-term management strategies, such as strengthening localized services and active development of business in specialized fields and new job categories.

TOPICS

Now, Move Toward the Full-Scale Growth Stage!

The business structure based on four business segments has gotten off the ground, and the Temp Group has begun to accelerate its efforts toward new growth.



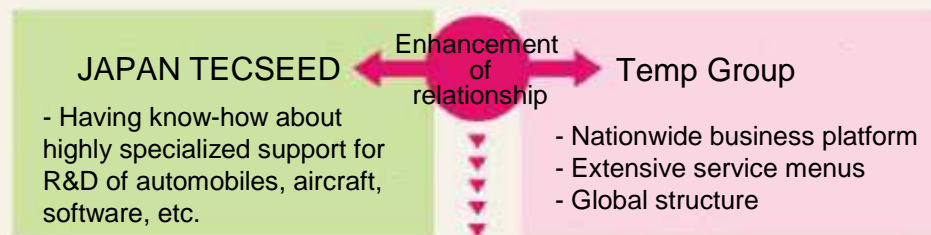
Overview of business results by segment

R&D Outsourcing

Managerial efficiency improved; steady progress made

Sales shrank temporarily, influenced by the effects of the Great East Japan Earthquake. Later, however, demand recovered significantly. Both unit prices and the number of working staff rose due to an increase in personnel through more employment of new graduates and mid-career workers and rotation of assignments. Managerial efficiency also improved through sale and reorganization of subsidiaries. We have laid the foundation for fiscal year 2012, planning to hire an all-time high number of new graduate engineers. Through these efforts, we will aim for a further growth.

TOPICS



- Improving customer satisfaction through the provision of total human resource services ranging from services for R&D to services for clerical jobs
- Building the base in Asian emerging countries in response to the shift overseas of production by manufacturers' R&D departments

Making the group subsidiary JAPAN TECSEED CO., LTD. into a wholly-owned subsidiary

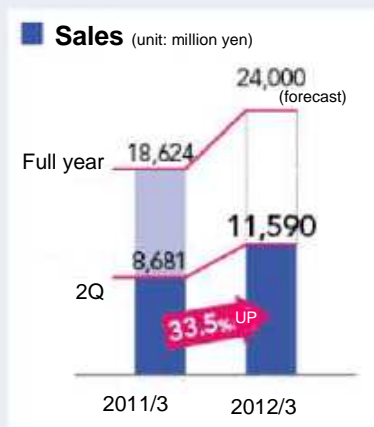
In August, Temp Holdings converted JAPAN TECSEED, which is engaged in the R&D Outsourcing Business, into a wholly-owned subsidiary by way of share exchange. We will strive to enhance synergy effects by leveraging the management resources of the entire Group.

Overview of business results by segment

Outsourcing

Strong earnings posted led by a sharp operating income rise of 86.4% (*) year on year

The Outsourcing business segment, the core of growth strategy, expanded its domains substantially through making HOWCOM and TOYO SOFTWARE ENGINEERING into subsidiaries and through enhancing service lineups. The structure for providing services was further strengthened and know-how was accumulated, resulting in making operations efficient. This led to a sharp increase in both sales and profits.



So, This is Outsourcing!

What is outsourcing in the first place?

With regard to temporary staffing, human resources meeting corporate needs are provided. As for outsourcing, however, the very operations are entrusted to a commissioned company. In temporary staffing, the person responsible in the client company instructs dispatched staff directly. In outsourcing, the commissioned company instructs staff.

Outsourcing: why now?

Now, it is vital for companies to utilize outside human resources. However, with the needs of companies and job seekers diversifying, new services and solutions are needed. Against this backdrop, outsourcing has been devised as a new option that makes high cost-performance a reality and is also expected to be able to improve operational processes.

In what operations is outsourcing used?

The Temp Group provides outsourcing services mainly for the following operations, and plans to expand the fields of operations.

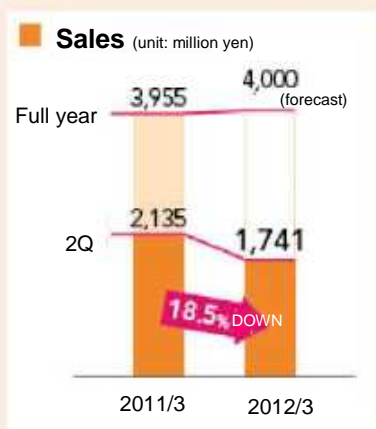
Design/ development	Help desks	Call centers	IT technical services	Various types of clerical work	Back office centers	Reception
Marketing	Sales	Sales promotion	Healthcare	Training sessions	Childcare	Employment consulting for the disabled

Overview of business results by segment

Other Business

Making a move for improvement in earnings responding to economic recovery

As for the outplacement support business, demand usually grows at the time of a recession, but now new demand is continuing to decrease. To cope with this, we improved managerial efficiency, for example, through organizational restructuring, from the previous fiscal year. We will aim to establish a lean organization that can flexibly respond to changes in the business environment.



TOPICS

Tempstaff
HOWCOM
Japan IDEX

Establishment of a support center in Miyazaki! Full-scale start of whole-out type outsourcing business

In October 2011, Tempstaff, HOWCOM and Japan IDEX partnered to establish the Miyazaki Support Center, a new base for the whole-out type outsourcing business. The center, housing a 330 seat-call center and a business processing space, provides a wide range of services on a one-stop basis while combining the know-how and strengths of the three companies. The center is expected to satisfy the need for decentralization of business bases, which has recently been growing from the perspective of continuing business operations.



*In the earnings results of each segment, sales are those after eliminating internal transactions, and operating income is that before eliminating internal transactions.

Overview of Consolidated Financial Results

Dividend Per Share

(unit: yen)



We have decided to pay a 6 yen per-share dividend for the interim period of the current fiscal year ending March 2012 as business performance remains steady, and will pay a year-end dividend of 6 yen per share as initially planned.

Net Income

(unit: million yen)



Earnings remained steady. Meanwhile, extraordinary loss was 569 million yen due to the application of the accounting standard for asset retirement obligations in the same period of the previous fiscal year. As a result, consolidated net income jumped 48.7% from a year earlier.

Ordinary Income

(unit: million yen)



We improved operational efficiency by optimizing personnel assignment within the entire Group, and strove to further reduce selling, general, and administrative expenses, for example, by cutting rent through reorganization and unification of offices. These factors combined with an increase in sales led to the consolidated ordinary income rising 17.3% year on year.

Sales

(unit: million yen)



After the Great East Japan Earthquake, supply chains recovered more quickly than expected, and demand from companies for outsourcing continued to be steady. There were also favorable effects from M&A activities, which we conducted actively. As a result, consolidated sales increased 1.3% from the corresponding period of the previous fiscal year.

【Reference】

The Temp Group applied "Accounting Standards for Presentation of Comprehensive Income" in the fiscal year ended March 2011. "Comprehensive Income" is calculated by marking assets and liabilities to market and adding the profits or losses to net income.

Comprehensive Income

2011/3 2Q
368 million yen

2012/3 2Q
444 million yen



For more detailed IR information, please visit our website.

Website address ▶▶ <http://www.temp-holdings.co.jp>

POINT 1

In the interim period of the current fiscal year, earnings continued to be stronger than anticipated. Further, the date for the acquisition of shares in Kobelco Personnel Co., Ltd. and Nikkei Staff Co., Ltd. (renamed to Tempstaff Media Co., Ltd. on November 30), which the Company conducted as one of its M&A activities, fell during the third quarter of the fiscal year ending March 2012. As a result, cash and deposits increased from the previous fiscal year ended March 2011.

POINT 2

In August 2011, the Company converted JAPAN TECSEED CO., LTD. into a wholly-owned subsidiary by way of share exchange, resulting in reducing the number of treasury shares by 1,788 thousand shares. We will aim for a further growth of the R&D Outsourcing business segment by maximizing synergy effects through the enhancement of relationships with the Group.

Balance Sheet

(unit: million yen)

	2011/3	2012/3 2Q	Change
Assets	79,336	77,658	△1,677
Current assets	63,124	63,481	357
① Cash and deposits	31,448	33,792	2,343
Noncurrent assets	16,212	14,177	△2,034
Liabilities	29,015	27,109	△1,906
Current liabilities	21,224	19,455	△1,769
Noncurrent liabilities	7,791	7,653	△137
Net assets	50,320	50,549	229
Shareholders' equity	47,495	49,706	2,211
② Treasury stock	△5,636	△4,327	1,309
Minority interests	2,528	1,410	△1,117

Support for reconstruction after the Great East Japan Earthquake

Let's work! Reconstruction projects continuing.

Hoping for restoration of the daily lives of people affected by the disaster, the entire Group is backing up those seeking jobs in disaster-hit areas or temporary settlements.

Contents of support

- Enhancement of efforts to secure recruiting companies in the disaster-stricken areas
- Provision of recruitment information for people living in evacuation sites and makeshift housing
- Establishment of consultation counters for job-seekers
- Provision of free voluntary OA training sessions

For women

Supporting women's participation in society

The Temp Group supports women from various perspectives, for example, by operating businesses in the childcare field.

June 2011

The Group provided more childcare staff in the early mornings and on Sundays as many companies adopted summer time work hours and began holiday operations.

August 2011

The Group collected donations and held bazaars at its five day care centers for child-rearing support, and contributed the funds raised to the Japan Committee for UNICEF.



For people's growth

Supporting study abroad and international exchange programs

To develop personnel who can play a key role globally, the Group launched a scholarship system for students studying abroad and began to accept overseas internship students.

June 2011

Tempstaff Co., Ltd. and Tempstaff Wish Co., Ltd. accepted overseas internship students.

August 2011

The Group offered The 20th Temp Group Worldwide Scholarship Program, a short-term study abroad scholarship program for working adults.



For the physically and mentally challenged

Supporting physically challenged athletes

We provide jobs and funds to support physically and mentally challenged employees engaged in sports. Two athletes from Thanks Temp continued to perform brilliantly in the current fiscal year.

- Yusuke Hatsuse (judo; visually impaired)

April 2011

Won a Sasebo City Culture & Sports Special Award for the fourth consecutive year. Participated in IBSA World Competition.

- Yuya Kimura (track & field; mentally impaired)

May 2011

Won the championship with flying colors at the Tokyo Sports Competition for the Disabled.



Yuya Kimura

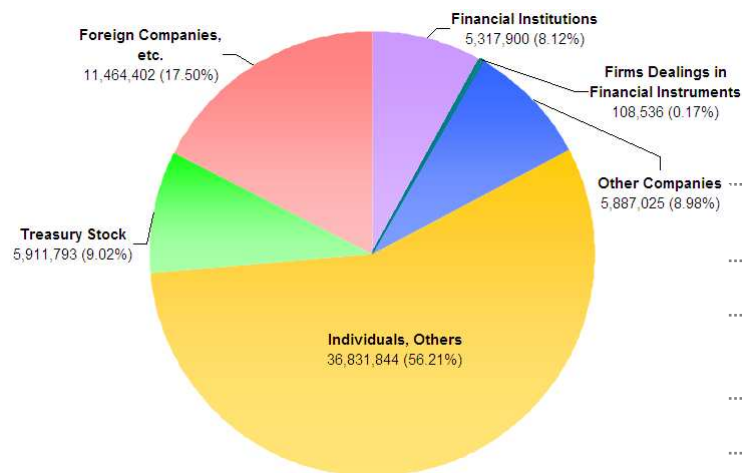
Yusuke Hatsuse

Toward the future together with society

The Temp Group will fulfill its corporate social responsibility (CSR) through its staffing business, and conduct various social contribution activities to help realize a world where everyone feels happy.

Distribution of shareholders As of September 30, 2011

(Unit: shares)



Shareholder Information

- Business year
From April 1 to March 31 of the following year
- Annual general meeting of shareholders
June every year
- Record date
Annual general meeting of shareholders March 31
Term-end dividend March 31
2nd quarter dividend September 30
- Administrator of shareholders' register /
Special account management institution
Mitsubishi UFJ Trust and Banking Corporation
- Contact
Mitsubishi UFJ Trust and Banking Corporation
Custody Service Department
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN
Tel: 0120-232-711
(toll free number available only within Japan)
- Stock Listing
Tokyo Stock Exchange, First Section
- Website address of public notice
<http://www.temp-holdings.co.jp/>
When electronic public notices are not possible due to incidents or other unavoidable circumstances, announcements will appear in the Nihon Keizai Shimbun newspaper.

Stock Information As of September 30, 2011

- Authorized number of shares: 240,000,000
- Total number of shares issued: 65,521,500
- Shareholders: 9,548
- Major shareholders (top 10)

Name of shareholders	Shares held (shares)	voting rights(%)
Yoshiko Shinohara	23,377,200	39.21
State Street Bank and Trust Company	5,769,500	9.67
Kelly Services Japan Inc.	3,000,000	5.03
Yoshimi Iyadomi	1,812,800	3.04
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,760,000	2.95
Temp Holdings Employee Shareholders Association	1,537,182	2.57
Nikko Cordial Securities Investment Enterprise Partnership	1,300,000	2.18
Woman Staff Ltd.	1,206,000	2.02
Nanako Yamamoto	1,108,800	1.86
Taro Iyadomi	1,108,800	1.86

* Voting rights is calculated based on the number of shares (59,609,707) excluding shares in the treasury stock from the total number of shares outstanding.

Company Outline As of September 30, 2011

Company Name	Temp Holdings Co., Ltd.
Established	October 1, 2008
Head Office	2-1-1 Yoyogi, Shibuya-ku, Tokyo, JAPAN
Type of Business	Management planning, administration, and operations related to subsidiary and group companies that handle temporary staffing and recruitment services.
Capital	2,000 million yen

Board of Members As of September 30, 2011

Chairman & President	Yoshiko Shinohara
Executive Vice-President	Mikihiko Hibino
Executive Vice-President	Masamichi Mizuta
Executive Director	Toshio Saburi
Director	Takao Wada
Director	Kazuomi Morimoto
Director	Carl T. Camden
Full-time Auditor	Iduki Hiraga
Auditor	Haruo Shimada
Auditor	Kaoru Arai
Auditor	Ryosuke Tamakoshi

Procedures for Shares

■ Shares recorded in the accounts of securities companies

Procedures, inquiries, etc.	Contact	
<ul style="list-style-type: none"> ●Inquiries about the sending and returning of mails ●Inquiries about dividends after completion of the payment period ●General inquiries about administrative work related to shares 	Administrator of shareholders' register	Custody Service Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN Tel: 0120-232-711 (toll-free number available only within Japan)
●Procedures and inquiries not included above	Please contact your securities company.	

■ Shares recorded in the special account

Procedures, inquiries, etc.	Contact	
<ul style="list-style-type: none"> ●Requests for transfer from a special account to a general account ●Changes in address, name, etc. ●Account balance inquiries ●Designation of method for receiving dividends (*) 	Special account management institution	Custody Service Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN Tel: 0120-232-711 (toll-free number available only within Japan)
<ul style="list-style-type: none"> ●Inquiries about the sending and returning of mails ●Inquiries about dividends after completion of the payment period ●General inquiries about administrative work related to shares 	Administrator of shareholders' register	Method for requesting procedural documents ●Request through the automatic answering system: 0120-244-479 (toll-free number available only within Japan) ●Download online: http://www.tr.mufg.jp/daikou/

(*) Shareholders who own shares recorded in the special account may not choose the method for receiving dividends in proportion to the amount of shares held.