

# To Shareholders and Investors **Business Report**

Report for the fiscal year ended March 2012

April 1, 2011 – March 31, 2012

**TEMP HOLDINGS CO.,LTD.**

(Securities code: 2181 )

TEMP REPORT

Highlights of the fiscal  
year ended March 2012

Both sales and profits increased year on year.

Given steady earnings results, the year-end dividend will be increased by 2 yen per share from the 6 yen initially planned.

● Sales: **233.1** billion yen

yoy 3.5% UP

● Operating Income:

**8.1** billion yen

yoy 42.1% UP

● Net Income: **3.4** billion yen

yoy 44.5% UP

● Term-End Dividend per Share: **8** yen

After the Great East Japan Earthquake, the Japanese economy recovered steadily during the fiscal year ended March 31. Demand continued to be strong for external human resources, especially those related to reconstruction from the disaster.

Meanwhile, some companies refrained from using staffing services due to the uncertainties over the future outlook for laws and regulations and the administration surrounding human resource services. In addition, there were unfavorable factors such as a risk of further economic downturn because of the strong yen.

Under such circumstances, the Temp Group expanded the Outsourcing business, a new key to growth, and proactively conducted sales activities. As a result, consolidated sales for the current fiscal year were 233.1 billion yen and operating income was 8.1 billion yen, both exceeding the initial forecasts. Accordingly, we have decided to pay a year-end dividend of 8 yen per share, up 2 yen from the initial plan.

# Use Changes as the Strength for Progress

## Taking the initiative to prepare for changes

In April 2012, the revised Worker Dispatching Act, which had been long debated, was promulgated.

The revision was more in line with the actual situation than had been expected initially, and the uncertainties about conditions of temporary workers were settled, which we regard a positive factor for our business.

The Temp Group has expanded the Outsourcing business and proposed various methods for using external human resources from an early stage. Hence, the latest revision of the law seems to have only a limited impact on our business performance.

## Our steadfast mission

“To support the growth of individuals and contribute to society through job creation” is our corporate principle and our actual business activity as well. We strongly want to provide workplace for those who have the “willingness” to work and the “potential” for given work.

Today, when the business environment continues to change, it will be increasingly important for companies to utilize external human resources in order to strengthen their competitiveness while holding down employment risk.

The Temp Group will continue to create employment at home and abroad as the best partner of companies seeking employees and people seeking jobs.





**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.

## 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

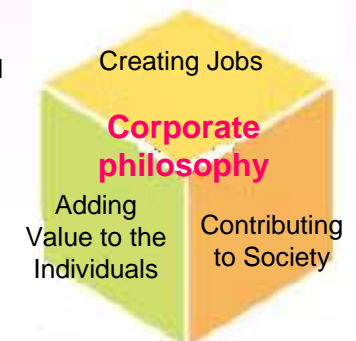
We will concentrate our resources on global networks, particularly in Asia, to establish bases and actively develop our businesses.

### Providing job assistance to women

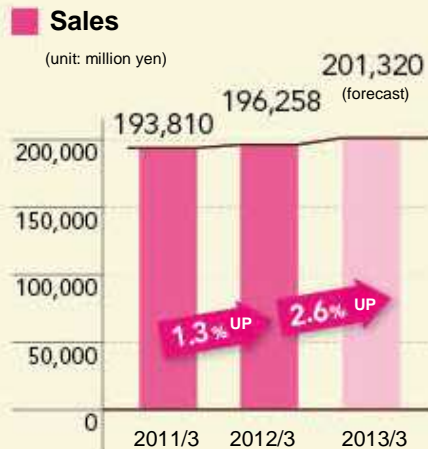
Women are the key to eliminating labor shortages in this aging society with fewer children. We will offer overall support their employment by supporting child-raising mothers, holding seminars and giving counseling.

### 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.



## Temporary Staffing and Recruitment Services



### Increases both in sales and profits achieved despite adverse factors

Although demand for human resources continued to be steady along with the normalization of the economic activities after the Great East Japan Earthquake, the pace for a full-scale recovery was slow amid the uncertainty over the business environment for the staffing business. Under such adverse circumstances, we aggressively promoted new sales activities, implementing the strategy for increasing the number of clients. We also conducted thorough cost control. As a result, operating income for the current fiscal year jumped 42% year on year to 6,220 million yen (\*). We will continue to strengthen the customer base that is regionally rooted and expand specialized services.

# Full-scale recovery achieved; further achievements eyed

The Temp Group has got on a recovery track faster than expected. We will report our earnings results and initiatives for the current fiscal year.

### Acquisition of two companies, which have unique sales bases, through M&A Synergy effects being generated

We converted two companies into subsidiaries through M&A as part of measures in the medium-term management strategy, including “enhancement of regional strategies” and “active expansion into specialized fields and new job areas.” We will further develop the two companies’ unique client bases by substantially improving job-matching accuracy through the use of the Temp Group’s capability to supply abundant human resources.

Converting the following companies into subsidiaries through M&A in November 2011

- Kobelco Personnel Co., Ltd.
- Tempstaff Media Co., Ltd.  
(former Nikkei Staff Co., Ltd.)

### TOPICS

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

## R&D Outsourcing

### Sales

(unit: million yen)



### Supply capability increased significantly More supply capability eyed

Demand for human resources was strong from companies in the design and development sectors, including auto manufacturers, and the utilization rate of personnel remained significantly higher. Given this robust demand is expected to continue, we are enhancing the capability to supply personnel mainly by recruiting a large number of new graduates. Meanwhile, we established a highly profitable system through business restructuring, such as sales of subsidiaries. As a result, operating income for the current fiscal year was 177 million yen (\*).

### JAPAN TECSEED CO., LTD. made into a wholly owned subsidiary in August 2011

Temp Holdings converted JAPAN TECSEED, which is engaged in the R&D Outsourcing business, into a wholly owned subsidiary. This resulted in establishing a structure that allows group companies to cooperate with each other more freely and smoothly. Under the structure, we can now meet strong needs for technical human resources from many sectors at a high matching accuracy. Furthermore, we will boost customer satisfaction by providing total human resource solutions through the utilization of clerical, IT-related and R&D support personnel.

TOPICS





## TOPICS

### Full-scale start of the whole-out type base Miyazaki Outsourcing Center!

In October 2011, the Miyazaki Outsourcing Center was established through a partnership among three companies of the Group. The center, with a 330-seat call center facility and a business processing space, provides services on a one-stop basis while combining the know-how of the three companies. It has already begun to implement a number of large projects, including business support for a major pharmaceutical company.

#### Miyazaki Outsourcing Center

Provides call center services, various administrative work services, etc.



#### Tempstaff

Has the capability to manage human resources and match human resources to human resource needs, know-how about recruitment and sales networks.

#### HOWCOM

Has a wealth of know-how about IT-based help desk service, and boasts high-quality operations.

#### Japan IDEX

Has a plenty of know-how about operational processes, and boasts high-quality operations.

### PV Next, a contracting firm in the pharmaceutical field, established

Demand is growing for pharmacovigilance (PV) service, which compiles cases of side effects, etc. of a new medicine under development. In response, the Temp Group established a joint venture PV Next Co., Ltd., specializing in undertaking PV service, with IUK INC. in May 2012. We will promote the “active expansion into specialized fields and new job areas” which is focused on in the medium-term management strategy.

## Outsourcing

### Aiming for further growth Year-on-year double-digit percentage increase both in sales and profits achieved

Needs for outsourcing are rising due to changes in the environment surrounding human resource services. To meet such needs, the Temp Group concentrated group firms' specialized know-how about outsourcing and formed a group-wide cooperation system. Through these efforts, we could expand related service menus and accumulated related know-how, resulting in increasing the scale of the Outsourcing business. As a result, operating income amounted to 1,421 million yen (\*). In the market, the Group is strengthening its presence as an outsourcer that can meet the pursuit of high quality and deal with any scale of undertaking. We will aim to further develop this business.

**Sales**  
(unit: million yen)



## Business Expansion Overseas

### Further increases in bases and personnel in Asia

To prepare for the advancement of Japanese companies into the rest of Asia, which is projected to increase in the future, the Temp Group is strengthening its structure. In line with this, we opened the Tsim Sha Tsui branch office in Hong Kong, the second base there, in May 2011, and the Shenzhen branch office in Guangdong, China in December 2011. Furthermore, we are reinforcing the personnel system at offices in Asian countries, aiming to enhance sales abilities there.

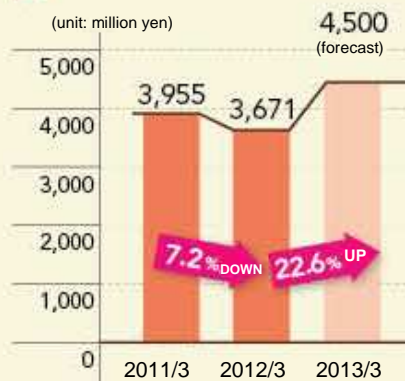
Global



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

## Other Business

### Sales



### Signs of recovery for the next fiscal year seen

Demand is recovering in the outplacement support business due to the deterioration of the external environment such as the yen's appreciation. As for the education and nursing care businesses, we will expand their growth potential and strive to secure profits in them, by accurately responding to market needs.

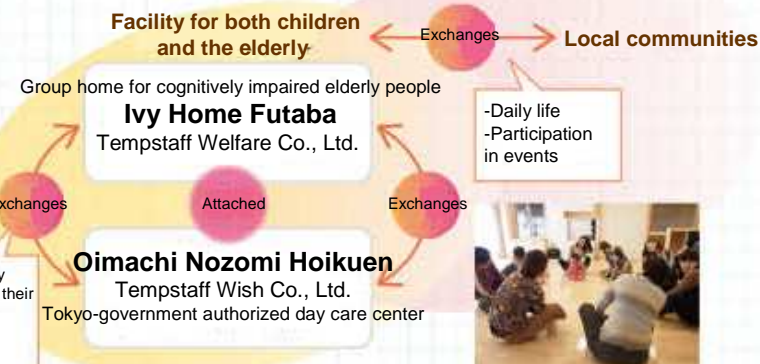
### Facility for both children and the elderly opened to realize "coexistence of children and old people" and "local coexistence"

As one of new efforts to create a society, where the elderly can live without anxiety and women find it easy to work, the Temp Group has established a facility that takes care of both children and old people, which consists of a group home for cognitively impaired elderly people and a Tokyo-government authorized day care center. Through the facility, we will aim to realize not only exchanges between different generations - infants and cognitively disabled old people, but also exchanges with neighboring residents, that is, local coexistence.

### TOPICS



-Visits by children of the day care center to the elderly in their rooms  
-Exchanges through events  
-Exchanges that occur spontaneously



# Overview of Consolidated Financial Results

## Dividend Per Share

(unit: yen)



We have decided to pay 8 yen per share as a year-end dividend for the current fiscal year, up 2 yen from a year ago, due to favorable business performance. This will bring the annual dividend to 14 yen per share, including an interim dividend of 6 yen per share.

For the fiscal year ending March 2013, we plan to increase an interim dividend by 2 yen to 8 yen per share, resulting in an annual payout of 16 yen, including a year-end dividend of 8 yen per share, given earnings results are forecast to increase steadily.

## Net Income

(unit: million yen)



In the current fiscal year, extraordinary loss was recorded due to a one-time write-off of goodwill. However, the extraordinary loss was less than the fiscal year ended March 2011, when the accounting standard for asset retirement obligations was applied. As a result, consolidated net income rose substantially.

For the fiscal year ending March 2013, we expect consolidated net income, as well as sales and operating income, will climb to the highest levels since the establishment of Temp Holdings.

## Operating Income

(unit: million yen)



Consolidated operating income for the current fiscal year rose sharply due to an improvement in sales, combined with the favorable results of concentrating management resources in growth fields and the effects of continued cost control.

For the fiscal year ending March 2013, we expect consolidated operating income to increase 10.2% year on year as every business is forecast to continue to grow.

## Sales

(unit: million yen)



During the current fiscal year, business performance continued to improve as the effects of the earthquake and tsunami attenuated. Earnings of the mainstay Temporary Staffing and Recruitment Services business picked up, and the Outsourcing business advanced rapidly. As a result, consolidated sales increased 3.5% from a year earlier.

For the fiscal year ending March 2013, we expect to post the highest consolidated sales since the establishment of Temp Holdings.

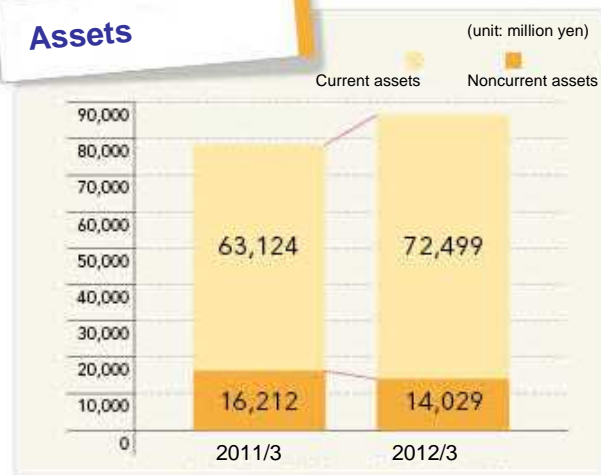




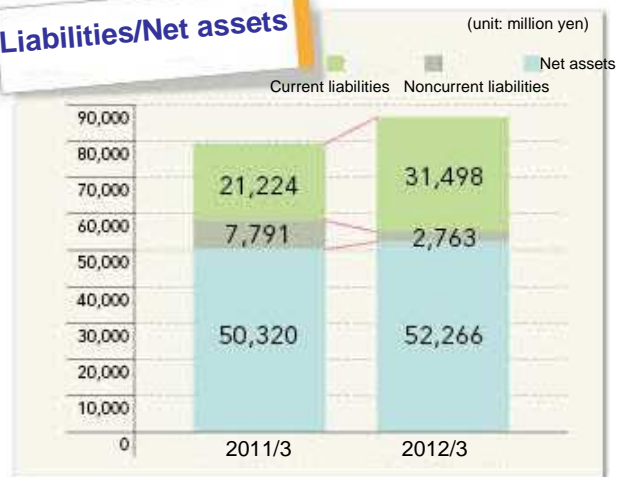
For more detailed IR information, please visit our website.

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

## Assets



## Liabilities/Net assets



### POINT 1

Cash and deposits increased as earnings continued to be stronger than anticipated.

### POINT 2

Current liabilities increased due to the transfer of convertible bonds-type bonds with stock acquisition rights, whose maturity became less than one year, from noncurrent to current liabilities.

### POINT 3

Temp Holdings converted JAPAN TECSEED into a wholly owned subsidiary in August 2011, and bought back its own shares in November 2011 and March 2012, which resulted in changing shareholders' equity.

## Balance Sheet

(unit: million yen)

	2011/3	2012/3	Change
<b>Assets</b>	79,336	86,529	7,192
Current assets	63,124	72,499	9,375
① Cash and deposits	31,448	38,316	6,867
Noncurrent assets	16,212	14,029	△2,182
<b>Liabilities</b>	29,015	34,262	5,246
② Current liabilities	21,224	31,498	10,274
Noncurrent liabilities	7,791	2,763	△5,027
<b>Net assets</b>	50,320	52,266	1,946
Shareholders' equity	47,495	50,898	3,402
③ Treasury stock	△5,636	△4,977	658
Minority interests	2,528	1,514	△1,013

### 【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.

	2011/3	2012/3
<b>Comprehensive Income</b>	2,825 million yen	3,131 million yen

For women

**Promoting the pink ribbon campaign**

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

**Activities for the current fiscal year**

- Holding of the "Breast Cancer Palpation Model Caravan" in Tokyo
- Installation of the "Pink Ribbon Donation-type Beverage Vending Machines," which also can be used for guaranteeing beverage at a time of disaster
- Distribution of "beverage with a message" in the caravan
- Implementation of outdoor advertising with pink ribbon messages

For people's growth

**Supporting study abroad programs**

Hoping to develop personnel who can play a key role globally, the Temp Group supports study abroad programs. We are recruiting new scholarship students this fiscal year, too.

Mar.  
2012

We started to invite people to the **IBP Global Scholarship Program** for Study Abroad.

For the physically  
and mentally  
challenged**Supporting physically and mentally challenged athletes**

We support physically and mentally challenged employees so that they can well cope with both their athletic activities and their work. Such athletes continued to perform brilliantly in the current fiscal year, too.

- Yuya Kimura (track & field; mentally impaired)

Oct.  
2011

Won the championship with flying colors at the **Kanto Athletic Meet for the Physically Disabled**

Nov.  
2011

Brilliantly won the championship at the **Japan ID Full Marathon Competition**



Athlete Yuya Kimura

# Wishing for a better 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.

Support for reconstruction after the Great East Japan Earthquake

**Let's work! Reconstruction projects continuing.**

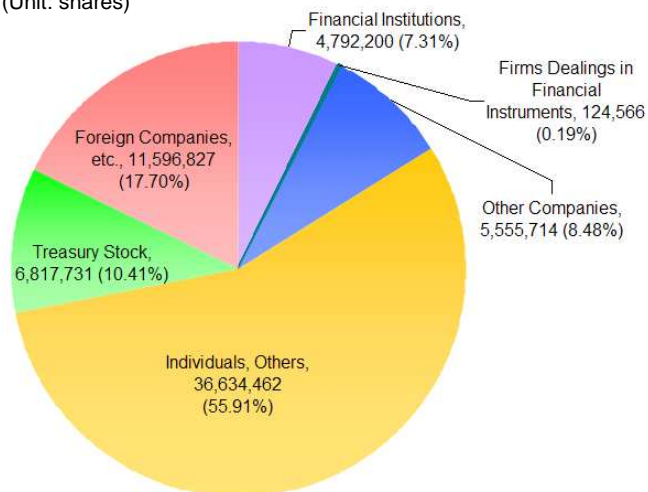
We are fully backing up disaster victims who seek jobs, hoping for the restoration of their lives and the reconstruction of disaster-hit areas at the earliest possible time.

**Contents of support**

- Provision of employment opportunities for people in the disaster-stricken areas
- Provision of recruitment information for people living in makeshift housing
- Undertaking of reconstruction-related works
- Provision of various seminars for job seekers and recruiting companies
- Provision of various consultation services for those who feel worry and anxiety about employment

## Distribution of shareholders As of March 31, 2012

(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 March 31, 2012

- Authorized number of shares: 240,000,000
- Total number of shares issued: 65,521,500
- Shareholders: 9,172

### ● Major shareholders (top 10)

Name of shareholders	Shares held (shares)	voting rights(%)
Yoshiko Shinohara	23,377,200	39.82
State Street Bank and Trust Company	5,658,610	9.63
Kelly Services Japan Inc.	3,000,000	5.11
Yoshimi Iyadomi	1,812,800	3.08
Temp Holdings Employee Shareholders Association	1,574,382	2.68
Nikko Cordial Securities Investment Enterprise Partnership	1,300,000	2.21
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,232,000	2.09
Woman Staff Ltd.	1,206,000	2.05
Nanako Yamamoto	1,108,800	1.88
Taro Iyadomi	1,108,800	1.88

\* Voting rights is calculated based on the number of shares (58,703,769) excluding shares in the treasury stock from the total number of shares outstanding.

## Company Outline As of March 31, 2012

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 June 22, 2012

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	Hiroshi Shimazaki
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"> <li>● Inquiries about the sending and returning of mails</li> <li>● Inquiries about dividends after completion of the payment period</li> <li>● General inquiries about administrative work related to shares</li> </ul>	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"> <li>● Requests for transfer from a special account to a general account</li> <li>● Changes in address, name, etc.</li> <li>● Account balance inquiries</li> <li>● Designation of method for receiving dividends (*)</li> </ul>	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"> <li>● Inquiries about the sending and returning of mails</li> <li>● Inquiries about dividends after completion of the payment period</li> <li>● General inquiries about administrative work related to shares</li> </ul>	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: <a href="http://www.tr.mufg.jp/daikou/">http://www.tr.mufg.jp/daikou/</a>

(\*) 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.

### Internet

#### Launch of “TEMP NAVI for Individual Investors”

<http://www.temp-holdings.co.jp/individual/>

This website publicizes various information such as the Temp Group's businesses and earnings results in an easy-to-understand manner.



# TEMP HOLDINGS CO.,LTD.

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(\*) The items in this report include descriptions of future plans and forecasts. Actual performances may differ substantially due to various factors, and hence, we cannot guarantee the described performances will be surely achieved.