

To Shareholders and Investors

Business Report TEMP REPORT

Interim report for the fiscal year ending March 2014
April 1, 2013 – September 30, 2013

TEMP HOLDINGS CO.,LTD.

(Securities code: 2181)



**Masamichi Mizuta,
President and Representative Director**

Joined Tempstaff in 1988. Became Head of the Sales headquarters and Director in 1995, Head of the East Japan Sales headquarters and Executive Managing Director in 2006, Executive Vice President in 2010, and Executive Vice President and Representative Director in 2012. He has been in charge of the sales division throughout his career. In 2013 he assumed the post of President and Representative Director. He has also held posts of council members of Japan Staffing Services Association and the Health Insurance Society for Temporary Workers. His motto is "Little Things Make a Big Difference."

**Yoshiko Shinohara,
Chairman and Representative Director**

Founded Tempstaff in 1973. Has been ranked among the "Most Powerful Women—The International Power 50" (US Fortune Magazine) for 12 consecutive years since 2000. In March 2011 she was invited to the Advance Women's Leadership Summit in Australia as one of the 50 women whose outstanding activities are anticipated.

Hoping for stable employment, now and forever

Message from management

In June 2013, former President and Representative Director Yoshiko Shinohara became Chairman and Representative Director, and Masamichi Mizuta, former Executive Vice President and Representative Director, assumed the post of President and Representative Director.

Under solid collaboration between the new Chairman and the new President, we intend to management our business in order to achieve further growth.

Financial Highlights

Interim highlights of the FY ending March 2014

Significant progress due to the growth of existing businesses and M&A

Sales:

1,744 billion yen

from a year earlier

UP 43.6%

Operating Income:

75 billion yen

from a year earlier

UP 64.8%

Net Income:

35 billion yen

from a year earlier

UP 33.2%

Interim Dividend per Share :

10 yen



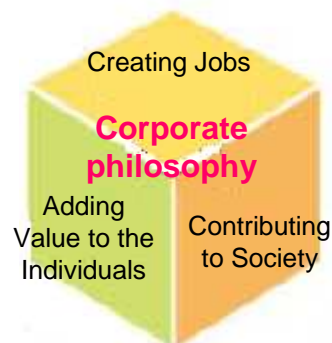
Tempstaff was founded in 1973. We have been supported by both job seekers and companies that look for operational and talent deployment flexibility by offering the Japanese society a new form of working that comes from using “temps.” Eventually, “temporary staffing” has penetrated into the society as a new employment option.

It has been 40 years since then. Times have changed dramatically. As industrial structures and the environment change and global competition accelerate, companies’ personnel needs have advanced and forms of employment have become complex. On the other hand, workers have more diversified values, and the forms of working have changed as well. A reorganized flexible labor market is required to address the demands of job seekers and companies.

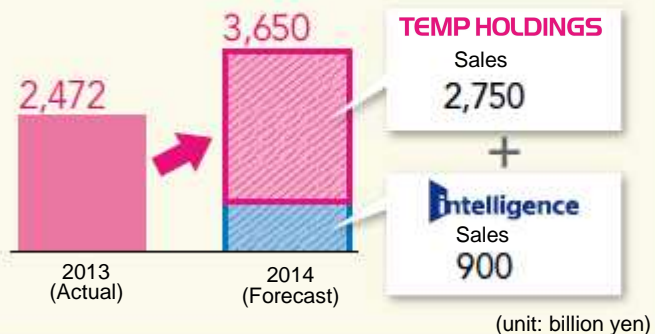
In order to revive the growth of the Japanese economy and to create a dynamic society, we believe it is important to transfer labor from mature industries to growth industries, or in other words, to achieve “fluid employment solutions,” just as blood flows through the body.

We strive to promote a “fluid employment” environment by creating a “human resource platform” that offers a one-stop service in order to address various talent deployment demands that range from temporary staffing to recruitment, outsourcing, part time workers and regular employees as well as aiming to achieve stable employment solutions by supporting transfers of labor free of unemployment and career development for workers.

We have made a new start in this anniversary year, but our hope for a better society for workers and companies will never change. We will endeavor to continue contributing to the society by creating jobs and supporting the growth of the people.



Combination with Intelligence Group, a leading placement agency, to enable Temp Group to significantly expand its business scale



Yoshiko Shinohara,
Chairman and Representative Director

The top 3 management will answer questions

We will answer.



Special Q&A

The future of Temp Group

Q.

More Group companies have embarked on specialized businesses in the design and development field since the last fiscal year. What is the strength of the IT & Engineering business?

One of our medium-term management strategies is “aggressive expansion into specialized fields.” In order to promote this strategy, Tempstaff Technologies, TOYO Software Engineering, AVC Technology, AVC Multimedia Software, and DRD, all of which specialize in technologies, were incorporated into the former R&D Outsourcing business and renamed the IT & Engineering business. Consolidating companies in specialized fields will strengthen the “breadth” of the fields that can be covered as well as the “depth” of job categories further upstream. Not only will this lead to broader services for client companies, it will also enable us to clearly indicate a career development path to engineers. We will continue to strengthen specialized fields as our future strategy.



Mikihiko Hibino,
Representative Vice President

----- 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 categories

To meet sophisticated and diversified needs, we will expand new 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.

Q.

Temp Holdings made the Intelligence Group, a peer in the broad sense, a subsidiary. What is the aim?

The Intelligence Group is a comprehensive human resource service company that has top-class recognition and track record in Japan, especially in part-time job information “an” (job-placement ads) and career change service “DODA” (recruitment and job-placement ads). Although they are our peer in the broad sense, they have a completely different characteristic from the Temp Group. Since there are little overlaps in our business domains, high synergy can be expected through mutual complement. This is why their merger into the Temp Group was realized. With the addition of the Intelligence Group, the service domains that we will be able to offer will significantly increase. We aim to create a “human resource platform” that offers a one-stop service in order to address diversified needs in human resource services.

Q.

Former President Shinohara became Chairman and former Executive Vice President Mizuta became President. How did you feel when you assumed the post of President?

It was 1988 when I joined Tempstaff. I have known Chairman Shinohara ever since, for as long as 25 years. I have a strong feeling that we have worked in tandem throughout, and this will not change. The social mission of “creating and stabilizing employment,” which Chairman Shinohara and I have strived for, is “Fueki (immutable)” and will never change. On the other hand, I value “Ryuko,” which is to respond flexibly to the ever-changing economic environment and corporate needs, and intend to take on the challenge for further growth under the concept of “Fueki Ryuko*” as well as by adhering to Shinohara’s management philosophy.

*To incorporate new and changing matters while not forgetting unchanging, fundamental matters.



Masamichi Mizuta,
President and Representative Director

Segment

1

Temporary Staffing and Recruitment Services

テンプスタッフ
テンプスタッフ・ピープル

TS Kelly Workforce Solutions Limited



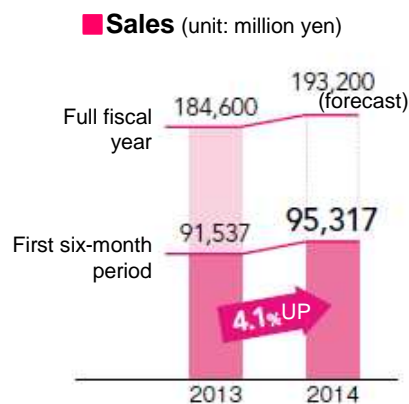
Masamichi Mizuta, President and Representative Director

This is what this segment is like

The Staffing and Recruiting business constitutes the core of the “human resource platform” that the Temp Group offers. Building on its strength of a nation-wide sales network and rich personnel supply, it offers services in a wide range of fields from clerical posts such as administration, personnel, and accounting, to specialized jobs such as distribution, sales, IT, R&D, and medical. It also offers services abroad mainly to Japanese companies in mostly Asian countries such as China, Hong Kong, Taiwan, Korea, Singapore, Indonesia, and Vietnam.

Continued increases in both sales and profit

Demand in both staffing and recruiting grew on the back of the improvement in business expectations. Net sales for the first six months of the fiscal year ending March 2014 increased by 4.1% year on year to 95,317 million yen. The strengthening of supply power will be the key in the future toward further expansion in demand.



Topics

2013

April Tempstaff

Started offering support for obtaining the securities broker representative license, following an increase in personnel needs by financial institutions.

April Tempstaff Indonesia

Opened its first branch in Cikarang

August Tempstaff Korea

Opened the Daegu office, Tempstaff Korea's third office

Business transferred from DOCOMO Service.

In August 2013, the staffing business of DOCOMO Service, Inc., which had offered temporary staffing services to DoCoMo Group companies, was transferred to the Temp Group. We will strive to cultivate our sales platform by utilizing the Temp Group's ability to supply personnel as well as our matching know-how.

Sales overview by segment

Aiming for further growth under a new segment structure.

Segment

2

IT & Engineering



Kazuomi Morimoto, Director

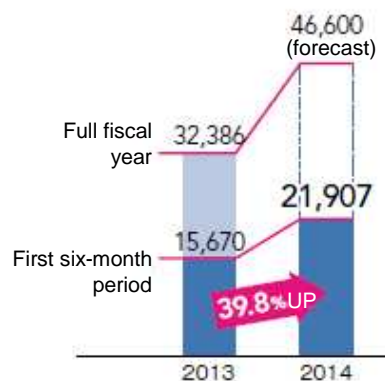
This is what this segment is like

This segment was born with the aim of further promoting the “expansion of specialized fields” that is advocated in the medium-term management plan, by consolidating services in the technical field where the workforce is being enhanced. In addition to Japan Tecseed, which offers staffing of design/development engineers, highly specialized Group companies such as Tempstaff Technologies and TOYO Software Engineering provides staffing and outsourcing services in fields including machinery design, electric/electronic design, and software development.

Significant growth in net sales

On the back of an expansion in demand, the utilization rates of personnel have trended at very high levels. Due in part to the early utilization of new graduate staff and three companies joining the Group through M&As, net sales increased by 39.8% year on year to 21,907 million yen. We aim to realize higher-value added services by further strengthening the collaboration of the companies.

■ Sales (unit: million yen)



TECSEED

TEMPSTAFF
TECHNOLOGIESBuilding Market Computer
TOYO
software engineering

Topics

2013

March

Temp Holdings made AVC Technologies and AVC Multimedia Software subsidiaries

April

Launch of full-scale automobile development R&D center at TECSEED SHANGHAI

May

Temp Holdings made DRD, which handles commercial vehicle development, a subsidiary

Strengthened services in both breadth and depth.

In the previous term, Temp Holdings expanded the “breadth” of its service domains by acquiring ownership of AVC Technologies and AVC Multimedia Software, which handle digital AV equipment and software development. During this fiscal term, Temp Holdings acquired ownership of DRD, a company that has high technical strength in automobile design/development and tests. It has enhanced its technical capability to be involved more “deeply” in development operations.

*Net sales of each segment are after deducting internal transactions. The segment classification has been changed starting the fiscal year ending March 2014. Previous results have been modified to the current segment classification.

Sales overview by segment

Segment 3

Outsourcing

株式会社 日本アイテックス
NIPPON AITEKKUS CO., LTD.

HOWCOM



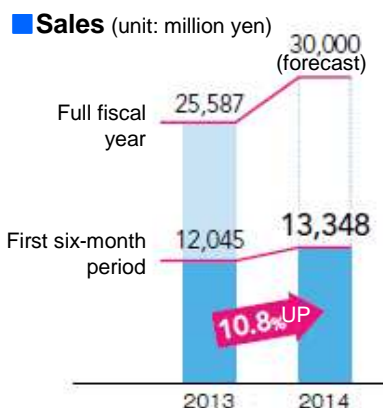
Takao Wada, Director

This is what this segment is like

While temporary staffing is to dispatch necessary staff to companies, outsourcing is to undertake the operations of the companies. We offer high-value added services that provide not only operation and management of work, but also operation design and consulting. The introduction of outsourcing has become active as a new option in standardizing operations and deploying external personnel that can realize cost reductions. In this segment we offer a wide range of services to a variety of clients from private companies to local government, mainly in reception, clerical work, salary calculations, data input, and telephone marketing, by making the most of infrastructure within the company and ourselves.

Steady growth

Due to the continued high cost awareness among companies, there are more companies that are positive about outsourcing. This has led to another high growth after robust performances in the previous term. Net sales grew by 10.8% year on year to 13,348 million yen.



2013

Topics

Aggressively undertake local government work

The Group aggressively undertook local government operations ranging from clerical work related to public subscription such as registries at the Legal Affairs Bureau, to over-the-counter services at the city hall, and certificate issuance, national health insurance, nursing care operations.

Greater power of the organization through exchanges between companies.

Human exchange and the sharing of information and know-how between Group companies have become more active and a cooperating structure that can fully exercise the power of the organization is being established. The themes of "making efforts in highly difficult transactions," "improvement in management skills," and "learning sales know-how," which we have taken up as issues, have shown steady progress. We will strive to improve our service quality in the future in order to address more specialized demands.

Sales overview by segment

Segment 4

Media and Career (Intelligence Group)



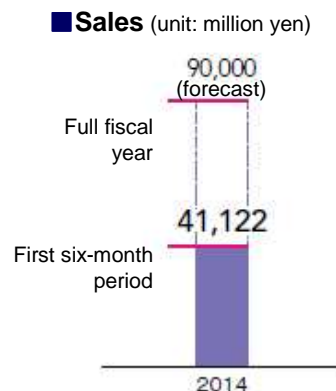
Hirotoashi Takahashi, Executive Vice President

This is what this segment is like.

This segment covers the businesses of the Intelligence Group. It operates a wide range of businesses, from the core businesses of “an,” a part-time job-placement information service, and career change service “DODA,” which are two major brands in the job-placement media and recruitment business operated in one of the largest scales in Japan, to staffing, outsourcing, employment development, and overseas businesses mainly in China and southeast Asia.

A record-high number of job openings

We promote the business by making the most of our rich media. Following the recovery of the economy, the number of job openings in “an” and “DODA” as well as the number of job seekers in the latter have risen to a record high, even surpassing the levels before the “Lehman Brothers shock.” Net sales reached 41,122 million yen.



Topics

2013

April The Employment Development headquarters was established

June Intelligence Business Solutions Okinawa was established, with the aim of global off-shore development

July Was entrusted by the Ministry of Economy, Trade and Industry the “Jinkatsu (personnel utilization)” support service creation business

August Renewed the magazine and website of job-placement information service “an.”

For the development of the Japanese economy.

“The transfer of labor from mature industries to growth industries” is one of the priority issues advocated by the government for the revitalization of the economy. DODA has been entrusted a part of such efforts, the “Jinkatsu support service creation business” of MITI. At Intelligence, the Employment Development headquarters was established during this term that will make efforts in hiring young unemployed individuals and disabled persons as well as employment support in areas hit by the earthquake. We will further endeavor to solve employment issues.

Sales overview by segment

*Net sales of each segment are after deducting internal transactions. The segment classification has been changed starting the fiscal year ending March 2014. Previous results have been modified to the current segment classification.



The growing talent mismatch provides increased opportunities for us to serve as the connection between talented people and the companies who need them. The trend toward more flexible labor markets and more non-traditional workstyles also continue to accelerate, making talent management strategies more important than ever. In fact, the typical talent supply chain at a large company now spans multiple worker categories to include temporary employees, independent contractors and freelancers, interns and retirees, full-time workers, and other service providers. Taken together, the demand for flexible workforce planning and the rise of free agency present immense opportunity for staffing firms around the world. Now, taking a more holistic view of the global labor market, we can drive valuable change for the business world and the workforce—and build a vital, lasting future for our industry in the process.



Carl T. Camden, Director

Segment 5

Other Businesses

デンプスタッフ
CAREER CONSULTING



Toshio Saburi, Executive Managing Director

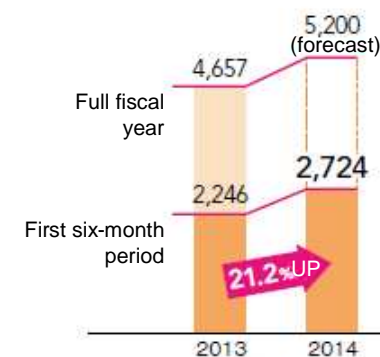
This is what this segment is like

The main businesses are the re-employment support business and training business. The Re-employment Support business undertakes re-employment and work support operations by the Labor Bureau and municipal governments. It supports re-employment of a broad range of persons such as middle-aged persons, those living on welfare, and women, through counseling and training, work support seminars, and developing job openings. The Training business supports personnel development through various services according to companies' needs.

Steady growth

The need for re-employment support due to companies' business restructuring and early retirement systems is strong. As a result of this and the strengthening of sales activities, net sales reached 2,724 million yen, up 21.2% year on year.

■ Sales (unit: million yen)



Sales overview by segment

*Net sales of each segment are after deducting internal transactions. The segment classification has been changed starting the fiscal year ending March 2014. Previous results have been modified to the current segment classification.

The Temp Group aims to realize a society where each person is happy, by executing CSR (Corporate Social Responsibility) through its personnel business as well as making various social contribution efforts.

For women

Supporting working women studying abroad, in commemoration of the 40th anniversary of Tempstaff

The Group launched the "Challenge Woman Scholarship," a scholarship system that supports challenging actions by women. Its social significance has been appreciated and it has gained the support and cooperation of embassies of many countries as well as state governments.



For persons with disabilities

Yuya Kimura (Thanks Temp) has achieved excellent performance again this term

Under the support of the Temp Group, Yuya Kimura, who is active in both athletic sports games and work while having disabilities, has achieved excellent performance again this term.

Major achievements of Yuya Kimura during this term

July 2013
18th Championship of the Kanto Amateur Association for the Disabled Persons, 1,500m, 1st place
August 2013
2013 Championship of the Japan Intellectual Disability Athletics Federation, 5,000m, 1st place
September 2013
Official IPC 2013 Japan Para Track and Field Championships, 1,500m, 1st place



Yuya Kimura

For working mothers

We offer various support to women returning to work after maternity leave.

Supporting mothers' return to work

We offer support for mothers returning to work in various themes such as seminars for removing anxiety of being away from work and seminars in which both parent and child can participate.



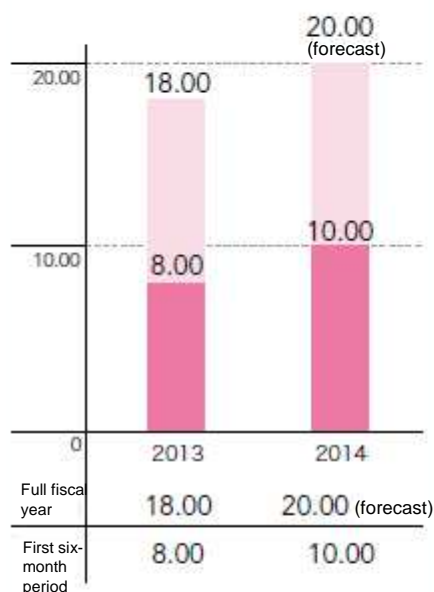
Career counseling

Our career counselor will answer any questions and consultations about returning to work, such as how to write resumes. Mothers can participate with their child.



Dividend Per Share

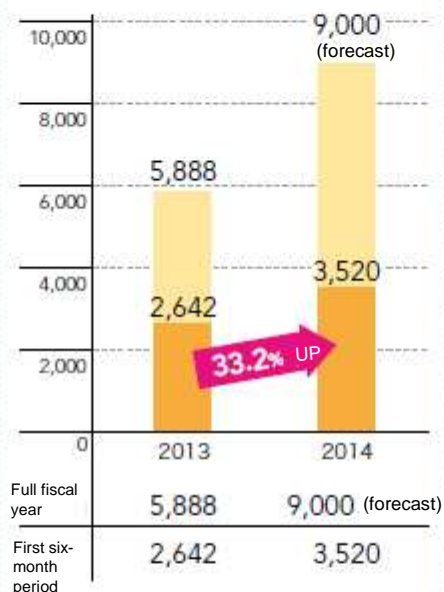
(unit: yen)



Since business results have been roughly as planned, we have set dividends per share for the second quarter of this fiscal year at 10 yen, an increase of 2 yen from 8 yen per share for the second quarter last year. Year-end dividends for FY2013 are scheduled to be 10 yen per share.

Net Income

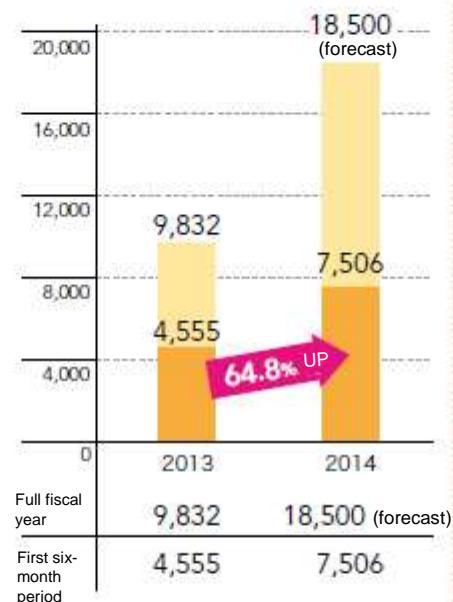
(unit: million yen)



Although there was an impact of the increase in goodwill amortization since goodwill was recorded toward companies that joined the Group, net income also grew significantly to reach 3.5 billion yen, up 33.2% year on year.

Operating Income

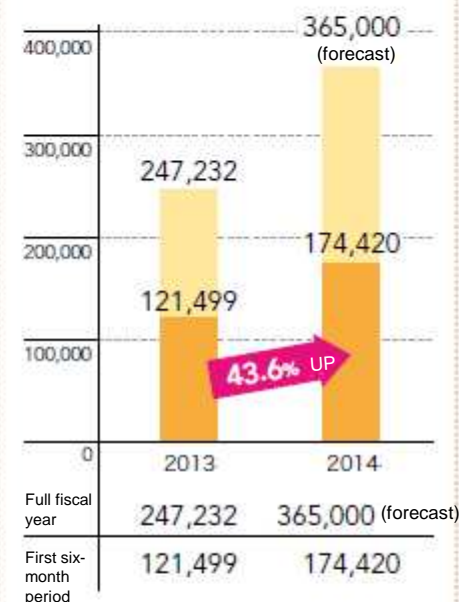
(unit: million yen)



On the back of the increase in net sales, all segments showed a rise in profits. Furthermore, a new Media Career-Related business segment was established with the addition of the Intelligence Group. Due to the addition of the Intelligence Group's high-value added business, operating income reached 7.5 billion yen, up 64.8% year on year, and operating margin 4.3%, up 0.6 points.

Sales

(unit: million yen)



On the back of strong demand for personnel due to the improvement in the economic environment, existing businesses saw steady growth and posted year on year increases in all segments. Furthermore, as a result of the addition of the performances of AVC Technologies, AVC Multimedia Software, the Intelligence Group, and DRD, net sales for the first six months of the fiscal year ending March 2014 were 174.4 billion yen, up as much as 43.6% year on year.

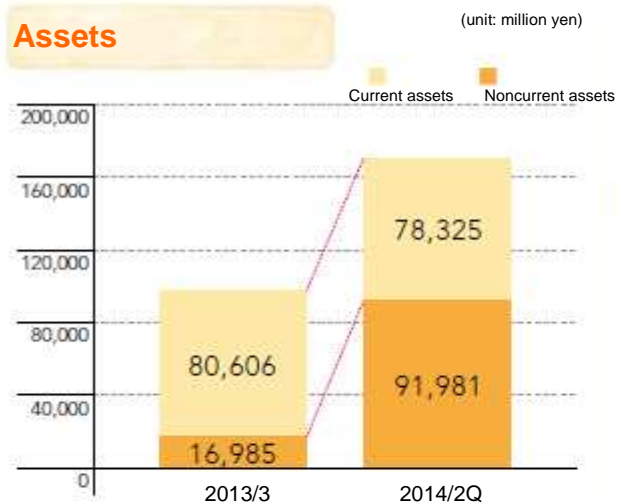


For more detailed IR information, please visit our website.

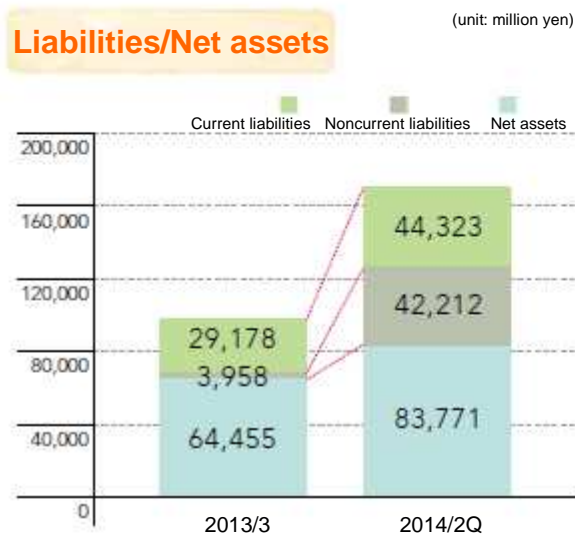
Website address ▶ <http://www.temp-holdings.co.jp>

Balance Sheet

Assets



Liabilities/Net assets



POINT 1
Significant increases
due to M&As

POINT 2
The balance of 35,010
million yen as of the end
of Q1 FY2013 decreased
as a result of funding
through the issuance of
convertible bonds and
new shares for the M&As

POINT 3
Corporate bonds worth
15,000 million yen were
issued in Q2 FY2013

POINT 4
Funding through issuance
of 8 million new shares
was carried out in Q2
FY2013

	2013/3	2014/3 2Q	Change
1 Assets	97,592	170,307	72,715
Current assets	80,606	78,325	△2,281
Cash and deposits	44,225	30,023	△14,202
Noncurrent assets	16,985	91,981	74,996
1 Right of trademark	—	11,968	11,968
1 Goodwill	2,162	58,843	56,681
Liabilities	33,136	86,535	53,399
Current liabilities	29,178	44,323	15,145
2 Short-term loans payable	16	5,011	4,994
Noncurrent liabilities	3,958	42,212	38,254
3 Convertible bond-type bond with stock acquisition rights	—	15,000	15,000
Long-term loans payable	—	17,076	17,076
Net assets	64,455	83,771	19,316
Shareholders' equity	60,830	79,774	18,943
4 Capital stock	2,000	9,980	7,980
4 Capital surplus	5,501	13,572	8,071
Legal retained earnings	53,682	56,533	2,851
Minority interests	2,556	2,675	118

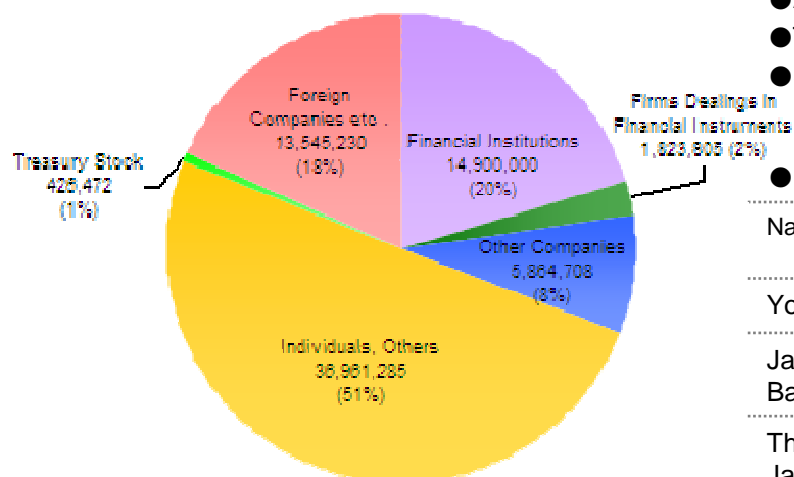
[Reference] The Temp Group applied “Accounting Standards for Presentation of Comprehensive Income” in the fiscal year ended March 2011. “Comprehensive Income” is calculated by marking assets and liabilities to market and adding the profits or losses to net income.

**Comprehensive
Income**

	2013/3 2Q	2014/3 2Q
	2,031 million yen	3,773 million yen

Distribution of shareholders As of March 31, 2013

(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, 2013

- Authorized number of shares: 240,000,000
- Total number of shares issued: 73,521,500
- Shareholders: 12,590

● Major shareholders (top 10)

Name of shareholders	Shares held (shares)	voting rights(%)
Yoshiko Shinohara	23,377,200	31.98
Japan Trustee Services Bank, Ltd. (Trust Account)	4,957,500	6.78
The Master Trust Bank of Japan, Ltd.(Trust Account)	3,116,000	4.26
Kelly Services Japan, Inc.	3,035,600	4.15
Northern Trust Company (AVFC) Sub Account British Client	1,876,600	2.56
State Street Bank and Trust Company	1,837,900	2.51
Yoshimi Iyadomi	1,812,800	2.48
Temp Holdings Employee Shareholders Association	1,338,382	1.83
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,232,000	1.68
Woman Staff Ltd.	1,206,000	1.64

* Voting rights is calculated based on the number of shares (73,095,028) excluding shares in the treasury stock from the total number of shares outstanding.

Company Outline As of September 30, 2013

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	9,980,640,000 yen

Board of Members As of September 30, 2013

Chairman and Representative Director	Yoshiko Shinohara
Representative Vice Chairman	Mikihiko Hibino
President and Representative Director	Masamichi Mizuta
Executive Vice President	Hirotohi Takahashi
Executive Managing Director	Toshio Saburi
Director	Takao Wada
Director	Kazuomi Morimoto
Director	Carl T. Camden
Full-time Auditor	Hiroshi Shimazaki
Auditor	Kaoru Arai
Auditor	Ryosuke Tamakoshi
Auditor	Naoshige Shindo

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 <ul style="list-style-type: none"> ● 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.

Internet

“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.