



To Shareholders and Investors

TEMP REPORT

Business report for the first six-month period of the fiscal year ending March 2016

April 1, 2015 to September 30, 2015

Temp Holdings Co., Ltd.

(Securities code: 2181)

Create social infrastructure for people and organizasion that catalyze growth and innovation.

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 served as Chairman of the Japan Staffing Services Association and Council Member of the Health Insurance Society for Temporary Workers. His motto is "Little Things Make a Big Difference."



Overview of the first six-month period of FY 2015

The Japanese economy continued to show a recovery trend, with demand for Human Resource services becoming increasingly vigorous. Favored by the robust economy, we endeavored to implement various forms of business, and consequently, net sales and operating income for the first six-month period of the fiscal year under review were 246.1 billion yen and 13.2 billion yen, respectively. This result represents a record-high performance since the foundation of our Group.

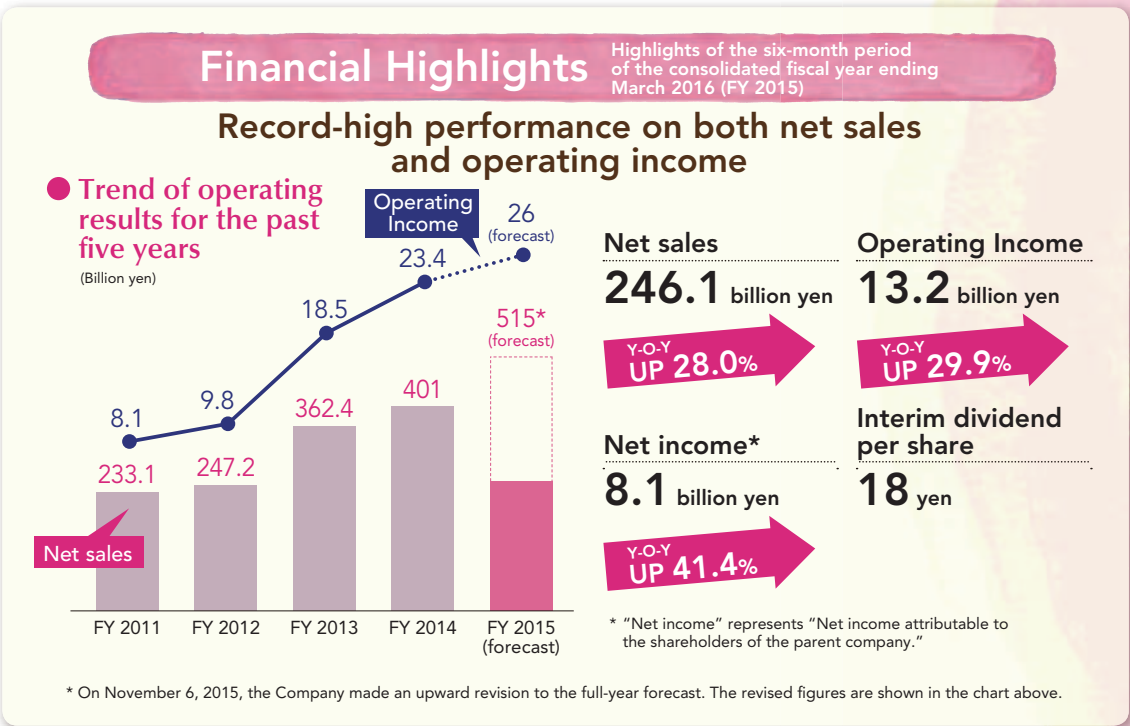
We believe that this extraordinary business result is mainly attributable to our earnest efforts to satisfy the needs of our customer companies and users of our services in the temporary staffing and recruitment support businesses, amid growing sentiment of labor shortage in some areas and job types. In the Human Resource service business, information is the very source of our competitive edge, and both job seekers and customer companies gather in a place where a volume of attractive information is concentrated. Based on such concept, we are certain that our favorable results are also attributable to the expansion of scale and the service domain by way of M&A in the Temporary Staffing division, investments in brand and IT in the career-division, and the enhanced operational system, due to the increase in the number of internal staff members. Toward the future, we will continue investments for the purpose of reinforcing information power while pursuing further improvement of the service quality we offer.



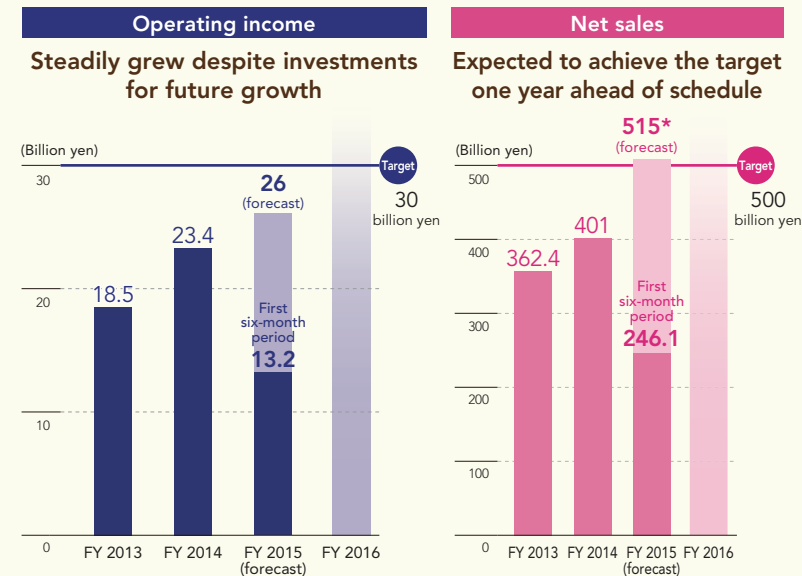
On the other hand, in the media division, we announced a partial suspension of publication of the popular free-paper version of an, a part-time job opening information magazine that had been in circulation for a long time, to consolidate it into a web version mainly in the Tokyo Metropolitan area. By integrating the various media with the Internet, we will improve our information provision system to better meet users' needs that change over time.

Progress of the Mid-term Management Strategy

The three-year Mid-term Management Strategy that started in the previous fiscal year has demonstrated steady progress, thanks to the tail wind of the market and the M&As we implemented. Among others, net sales are expected to achieve the target by the end of the current fiscal year. Toward the next step forward, we are now putting into practice a renovation of the Mid-term Management Strategy with the aim of further improvement of corporate value.



The Mid-term Management Strategy continued to proceed steadily.



* On November 6, 2015, the Company made an upward revision to the full-year forecast. The revised figures are shown in the chart above.

Announced two M&As of overseas companies for the expansion of ASEAN markets

The acquisition of Capita, a major Singaporean Human Resource service company, was announced.

Capita is a Human Resource service company that has maintained a partnership with the Temp Group since 2012. By converting Capita of the Temp Group, we will seek a wider range of Human Resource services for Japanese, European, US, and of course Singaporean companies, while combining the business bases and know-how of both companies.

The acquisition of First Alliances, the largest Human Resource service company in Vietnam, was announced.

Vietnam: a country attracting more and more Japanese companies for business expansion. First Alliances is the largest local Human Resource service company in Vietnam. We will seek a larger market share in this region by combining the business bases of First Alliances and the Human Resource service know-how of the Temp Group.

Key points of the amendments to the Worker Dispatch Law

- The upper limit of the dispatch period is three years, regardless of the classification of work.
 - The limit of the period is determined on an individual basis and a company basis. The Law will be clearer for both Temporary workers and companies.
- “Employment stabilization measures” shall be implemented, and the establishment of a “Career development support system” is required.
 - The provision of education and training programs as well as career consulting to those who wish to receive it, together with the implementation of Employment stabilization measures at the end of the dispatch period became obligatory.
- A license system has been introduced for all Temporary staffing business operators.
 - The notification system was abolished. With the aim of improving the quality of the Temporary staffing business, a sounder Temporary staffing market is pursued.

For a further leap ahead by establishing a new “Vision” and “Action Guideline”

Vision

Create social infrastructure for people and organization that catalyze growth and innovation.

Action Guideline

| | |
|---------------------------|---|
| Sincerity: | Respond every issue sincerely. |
| Customer-oriented: | Always be a reliable partner and strive to go beyond our customer's expectations. |
| Professionalism: | Have high spirit and keep on shining. |
| Teamwork: | Respect the diversity and maximize the achievement of organizations. |
| Challenge and Innovation: | Think, act and joy in chaging. |

Towards the Expansion of Asian Markets

The ASEAN market is where significant growth is expected from a medium- to long-term point of view. One of our priority themes requiring continuous focus is to enhance our provision of services in this market. Among others, we consider that Singapore where enterprises are gathered from around the world and which is viewed as a hub for Asian strategy, and Vietnam where more and more Japanese companies are establishing businesses, are the key strategic countries for us. The Temp Group announced the acquisition of two major Human Resource service companies in those countries. Thus, we are focusing on strengthening our business bases toward medium- to long-term growth in the ASEAN market.

Amendments to the Worker Dispatch Law Enforced

The proposed amendments to the Worker Dispatch Law were passed on September 11, 2015, and enacted on September 30, 2015. The amendments abolished the former upper limits of the dispatch period that had varied depending on job type, newly establishing upper limits of three years for dispatching to each business establishment and for an individual worker. While the clarification brought to the system is welcomed, Temporary staffing companies must assume new obligations to implement “Employment stabilization measures” for the continued employment of Temporary workers in addition to establishing a “Career development support system” with the aim of career enhancement of Temporary workers. We sense that this movement has marked one solid

step forward toward the improve of more attractive labor markets. “Adding Value to the Individual” is one of the corporate philosophies of the Temp Group. With the new three-year limit set by law, workers will be able to acquire a long-term vision for their career. It is our hope to become their partner who can help and support them plan their future career formation.

New Visions Set for the Future

We have set new visions this autumn with the aim of sharing one unified sense of values among all of the Temp Group workers: “Becoming infrastructure that creates the growth of human resources and organizations.” However much people’s ways of working and the

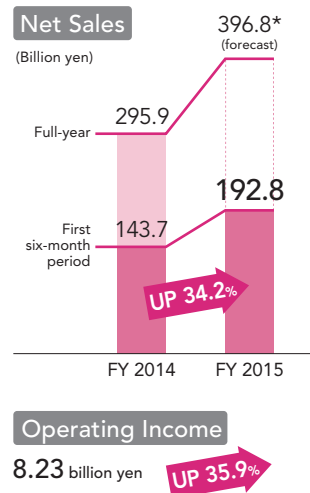
management of business organizations may change, the fact that “Humans grow through working” will remain unchanged. We provide places for working people to add more value concurrently with a wide range of services that may contribute to the growth of the organization. The growth of people will bring growth to the organization, and the growth of the organization will bring further opportunities for the growth of people. The Temp Group hopes to continue to be an indispensable contributor to society by generating such virtuous circles of growth.

Temporary Staffing/BPO Segment

Net sales surged significantly, reflecting robust demand arising from continued brisk corporate activities, in addition to the favorable effects of our business expansions through share acquisitions of Panasonic Excel Staff Co., Ltd. and P&P Holdings Corporation, etc. In terms of profits, operating income also grew significantly due largely to the increase in sales, despite a temporary increase in expenses relating to share acquisition, and labor costs incurred in the business expansion and busy periods, as well as an increase in the burden of expenses borne with respect to social insurance premiums for Temporary workers and employees of the Group companies.

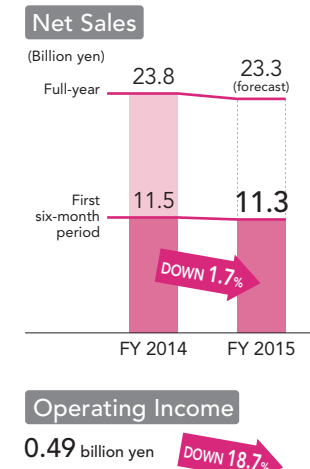


* On November 6, 2015, the Company made an upward revision to the full-year forecast. The revised figures are shown in the chart above.



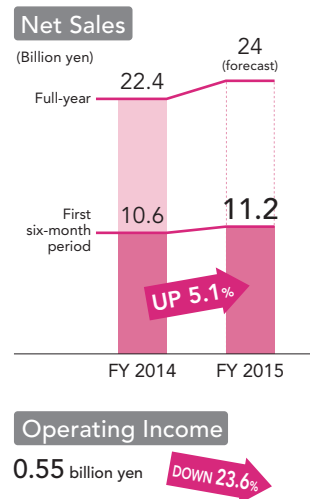
Engineering segment

We continued to receive vigorous demand from our customers in the automobile and electronics industries, mostly reflecting the heightened demand for design and development. While operating results recorded steady growth with the stable assignment of newly graduated employees, net sales fell below the results of the previous year due to a transfer of some businesses to the ITO segment. As to profits, operating income was 0.49 billion yen, as a result of hiring more new graduates in response to the market environment in which inquiries increased, and giving them pre-assignment training to better fit the market needs, and due to the impact of decreased sales as a result of business transfer, etc.



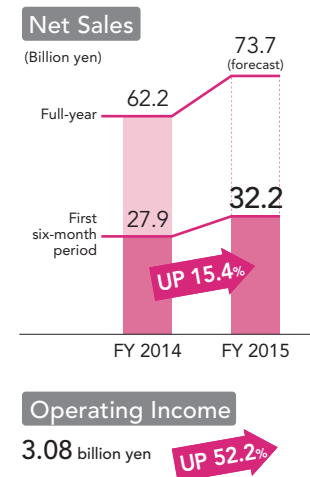
ITO segment

We observed continued strong demand for SI-related services, sales outsourcing, etc., reflecting the heightened appetite for investments in system-related services, etc., by our customer companies. Robust sales were recorded on the back of increases in demand in the highly professionalized sales marketing services, and rises in contract unit prices. In terms of profits, operating income was 0.55 billion yen due to the impact of several measures including newly hiring, and the securing and retaining of engineers to respond to the increase in demand.



Recruiting segment

On the back of the continued brisk economic environment, net sales grew steadily as a result of receiving robust demand in the career and media division. As for profits, operating income soared, reflecting a change in the timing for promotions such as commercial messages to the second half of the fiscal year and an increase in net sales, although we increased personnel to expand contact points between our customer companies and job seekers, and invested in websites in pursuit of higher convenience and improved visibility.



Topics

P&P Holdings Corporation became a consolidated subsidiary through share acquisition.

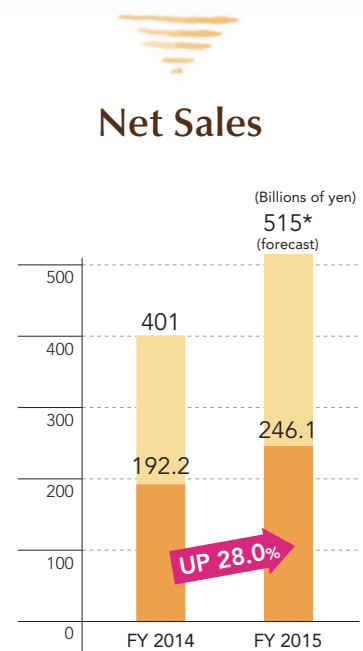
In June 2015, P&P Holdings joined the Temp Group. By combining the P&P's strengths in the marketing support system domain and the Temp Group's capability and know-how in the provision of human resources, we will raise our positioning in those domains.

The number of registered members of "LINE Baito" exceeded 6 million. New functions were released.

"LINE Baito" is a new service released in February 2015. In eight months from the launch, the number of registered members exceeded 6 million. New functions using the LINE Talk function were released one after another for more convenient service.

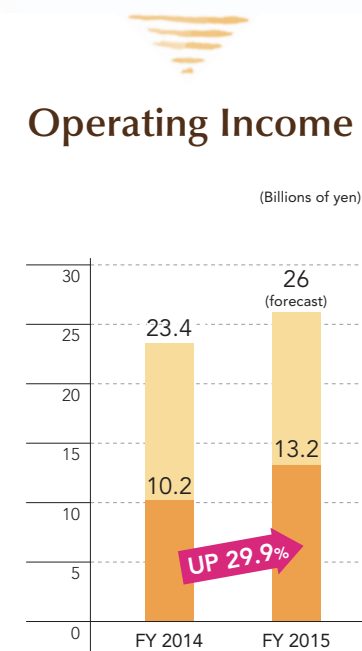
"DODA Agent Service for new graduates" started operation.

Benesse i-Career Co., Ltd., established in April 2015 jointly with Benesse Holdings, Inc., started operation of "DODA Agent Service for new graduates" in October 2015. It will support the younger generation responsible for the future Japan by providing new graduates with the know-how accumulated by the DODA career-change support service, which has helped 20,000 people annually who wished to change their career.

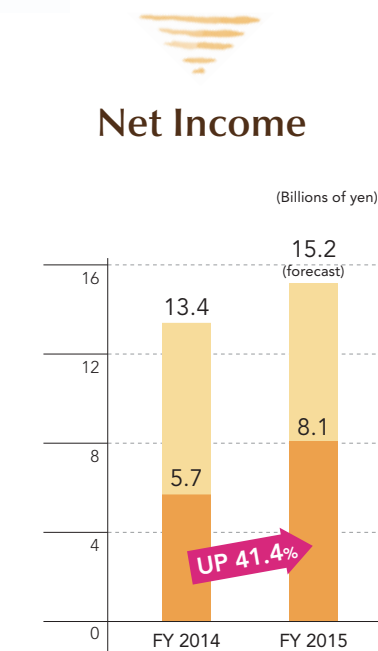


Reflecting busier operations and more intensified recruitment activities brought about by increased corporate earnings, the employment-related indices continued to improve, maintaining demand for Human Resource services centering on temporary staffing and recruitment support on an upward trend. Under these circumstances, net sales showed a year-on-year increase of 28.0%, to 246.1 billion yen for the first six-month period under review as a result of our efforts to further improve the segment functions and enhance services and business expansion by centering on collaboration with the Group companies and M&As.

* On November 6, 2015, the Company made an upward revision to the full-year forecast. The revised figures are shown in the chart above.

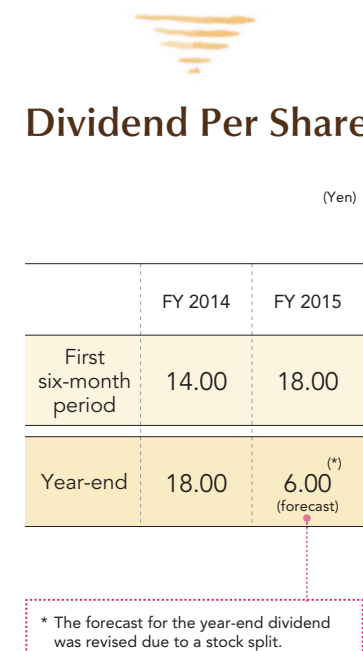


Operating income for the first six-month period under review was 13.2 billion yen, a 29.9% increase on a year-on-year basis. While we increased the number of internal staff members in an effort to enhance the business of each segment, and invested in our website to improve the convenience and visibility of our services, sales soared significantly mainly in the Temporary Staffing/BPO and Recruiting segments, together with improvement of the operating margin in the aforementioned segments. The increase in operating income is attributable to the above-mentioned factors.



Net income for the period under review surged 41.4% year on year, to 8.1 billion yen. This was mainly attributable to the growth of operating income, as well as to extraordinary income generated from the amendment to the retirement benefit system.

* "Net income" represents "Net income attributable to the shareholders of the parent company."



Considering the steady growth of our business, we decided to increase the dividend per share for the first six-month period from 14 yen in the same period last year, to 18 yen, a 4 yen increase.

Balance Sheet

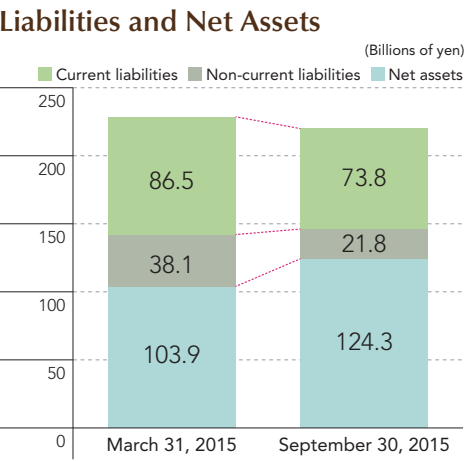
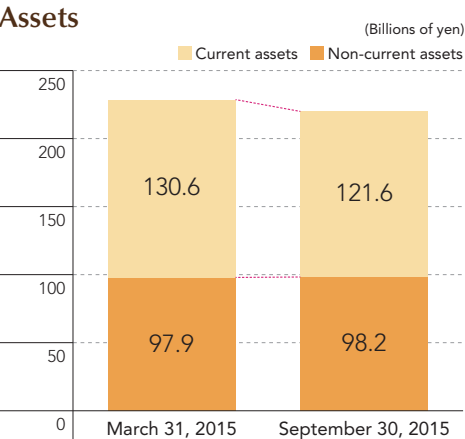
POINT 1
Decreases in cash and deposits due to M&A and payment of income taxes payable and accrued consumption taxes

POINT 2
Decreases due to payment of income taxes payable and accrued consumption taxes

POINT 3
Decrease due to the conversion of convertible bond-type bonds with stock acquisition rights, and increases in capital stock and capital surplus

POINT 4
Increase of 8.1 billion yen in net income

| | March 31, 2015 | September 30, 2015 | Change |
|---|----------------|--------------------|--------|
| Assets | 228.6 | 219.9 | -8.6 |
| ① Current assets | 130.6 | 121.6 | -9.0 |
| Cash and deposits | 60.6 | 53.0 | -7.6 |
| Non-current assets | 97.9 | 98.2 | 0.3 |
| Right of trademark and goodwill | 77.0 | 76.2 | -0.8 |
| Liabilities | 124.6 | 95.6 | -29.0 |
| ② Current liabilities | 86.5 | 73.8 | -12.7 |
| Non-current liabilities | 38.1 | 21.8 | -16.2 |
| ③ Convertible bond-type bonds with stock acquisition rights | 14.7 | 1.1 | -13.6 |
| Long-term loans payable | 13.9 | 11.6 | -2.3 |
| Net Assets | 103.9 | 124.3 | 20.3 |
| Owner's capital | 98.5 | 118.3 | 19.7 |
| ③ Capital stock | 10.0 | 16.8 | 6.8 |
| ③ Capital surplus | 13.6 | 20.3 | 6.7 |
| ④ Retained earnings | 73.4 | 80.2 | 6.7 |
| Minority interest | 5.4 | 5.9 | 0.5 |



[Reference] The Temp Group has applied the "Accounting Standards for the Presentation of Comprehensive Income" since 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 | First six-month period of FY 2014 | First six-month period of FY 2015 |
|----------------------|-----------------------------------|-----------------------------------|
| | 5.02 billion yen | 8.17 billion yen |

The Temp Group's CSR Activities

The Temp Group is engaged in CSR (Corporate Social Responsibility) activities through the human resource business, while implementing a wide range of social contribution activities.

For Regional Revitalization

For regional revitalization through human resources services.

Regional revitalization is one of the Japanese government's policies.

The Temp Group is engaging in regional revitalization through the human resource business: promotion of regional employment or helping university students become farm workers; helping adults and students change career by finding a job in their hometown or work in a region other than their hometown, or change career by finding a job back in an area near their hometown; helping senior people find a second career in a province; and holding seminars relating thereto.



For giving assistance to women's challenges

Call for entries started for the Temp Group Challenge Women Scholarship for FY 2016.

This scholarship program was established by the Temp Group to assist adults in studying abroad, and was upgraded in 2013 to give particular assistance to adult women.

Call for entries started for FY 2016, and we received many inquiries with favorable recognition.

For career formation of the younger generation

Providing assistance for career development from various angles, including delivering lectures at universities, and organizing business contests.

We have implemented various measures of career development for the younger generation by delivering lectures concerning career development at universities in Japan and Korea, and organizing a business contest in *an*, a part-time job opening information magazine to enhance measures of character recognition.



Information

Company Outline

(As of September 30, 2015)

| | |
|------------------|---|
| 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 placement services |
| Capital | 16,893.14 million yen |

Members of the Board

(As of September 30, 2015)

| | |
|---------------------------------------|--------------------|
| Chairman and Director | Yoshiko Shinohara |
| Vice Chairman and Director | Mikihiko Hibino |
| President and Representative Director | Masamichi Mizuta |
| Executive Vice President and Director | Hirotohi Takahashi |
| Director | Takao Wada |
| Director (external) | Carl T. Camden |
| Full-time Auditor | Hiroshi Shimazaki |
| Auditor (external) | Kaoru Arai |
| Auditor (external) | Ryosuke Tamakoshi |
| Auditor (external) | Naoshige Shindo |

Stock Information

(As of September 30, 2015)

- Authorized number of shares: 240,000,000
- Total number of shares issued: 78,480,803
- Number of shareholders: 6,121

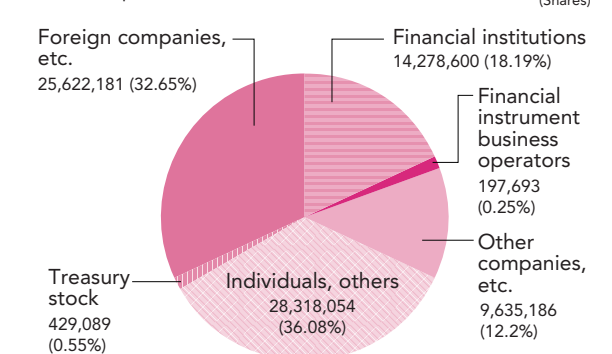
● Major shareholders

| Name of shareholders | Number of shares held | Shareholding ratio (%) |
|--|-----------------------|------------------------|
| Yoshiko Shinohara | 19,277,200 | 24.69 |
| The Yoshiko Shinohara Memorial Foundation | 4,100,000 | 5.25 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 3,185,600 | 4.08 |
| Kelly Services Japan, Inc. | 3,035,600 | 3.88 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 2,875,000 | 3.68 |
| THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT | 1,918,900 | 2.45 |
| Yoshimi Iyadomi | 1,812,800 | 2.32 |
| BNYM TREATY DTT 15 | 1,477,732 | 1.89 |
| CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW | 1,258,843 | 1.61 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1,232,000 | 1.57 |

* The shareholding ratio is calculated based on the number of shares (78,051,714) obtained by deducting the number of shares in the treasury stock from the total number of shares outstanding.

Distribution of Shareholders

(As of September 30, 2015)



Shareholder Information

| | |
|---|--|
| Business year | From April 1 to March 31 of the following year |
| Annual general meeting of shareholders | Late June |
| Record dates | Annual general meeting of shareholders: March 31 Year-end dividend: March 31 Interim dividend: September 30 |
| Administrator of shareholders' register Special account management institution | Mitsubishi UFJ Trust and Banking Corporation |
| Contact | Custody Service Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN Telephone: 0120-232-711 (Toll free available only in Japan) URL: http://www.tr.mufg.jp/daikou/ |
| Stock listing | Tokyo Stock Exchange, First Section |
| Public notices | Electronic public notice URL: http://www.temp-holdings.co.jp/ (When electronic public notices are not possible due to accidents or other unavoidable circumstances, announcements will appear in the <i>Nihon Keizai Shimbun</i> newspaper.) |

Procedures for Shares

Shares registered in the accounts of securities companies, etc.

■ Procedures, inquiries, etc.

- ☐ Inquiries about the sending and returning of mails
- ☐ Inquiries about dividends after expiration of the payment period
- ☐ General inquiries about administrative work relating to shares

■ Contact

Administrator
of shareholders'
register

Custody Service Department
Mitsubishi UFJ Trust and Banking Corporation
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN
Telephone: 0120-232-711 (Toll free available only in Japan)

- ☐ Procedures and inquiries other than those stated above, such as changes in address, name, etc.

Please contact your securities company.

Shares registered in the special account

■ Procedures, inquiries, etc.

- ☐ Requests for transfer from a special account to a general account
- ☐ Changes in address, name, etc.
- ☐ Inquiries about account balance
- ☐ Designation of method for receiving dividends (*)

■ Contact

Special account
management
institution

Custody Service Department
Mitsubishi UFJ Trust and Banking Corporation
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN
Telephone: 0120-232-711 (Toll free available only in Japan)

- ☐ Inquiries about the sending and returning of mails
- ☐ Inquiries about dividends after expiration of the payment period
- ☐ General inquiries about administrative work relating to shares

Administrator
of shareholders'
register

Method for requesting procedural documents

- ☐ Request using the automatic answering phone system:
0120-244-479 (Toll free available only in Japan)
- ☐ Download documents online: <http://www.tr.mufg.jp/daikou/>

(*) Shareholders holding shares registered in the special account may not choose the method of receiving dividends in proportion to the number of shares held.

Stock split concluded (One share of common stock of the Company was split into three.)

The Company implemented a 3-for-1 stock split of shares of common stock, with October 28, 2015 as the base date and October 29, 2015 as the effective date, with the aim of expanding the investor base by raising the liquidity of the shares. As a result of this stock split, the stock price per share of the Company changed to one third of its previous value.

Custody Service Department
Mitsubishi UFJ Trust and Banking Corporation

Telephone: **0120-232-711** (Toll free available only in Japan)



Temp Holdings was selected as a component of the JPX-Nikkei Index 400 in August 2014.

What is the JPX-Nikkei Index 400?

It is a new stock price index composed of stocks of companies that meet the requirements of global investment standards, including the effective use of capital, an investor-conscious management viewpoint, etc., which was established with the aim of promoting the attractiveness of Japanese companies to investors at home and abroad.

Temp Holdings Co., Ltd.

Shinjuku Maynds Tower, 2-1-1 Yoyogi, Shibuya-ku, Tokyo, JAPAN Telephone: +81-3-3375-2220

* Matters stated in this report include statements concerning the Company's plans and forecasts for the future.

Actual earnings may differ materially from the statements due to a variety of factors, and the statements do not mean that we promise to achieve these figures.



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