



To Shareholders and Investors

TEMP REPORT

Full-year business report for the
fiscal year ended March 2016

April 1, 2015 to March 31, 2016

Temp Holdings Co., Ltd.

(Securities code: 2181)

Procedures for Shares

Shares registered 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 the expiration of the payment period○ General inquiries about administrative work relating 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 Telephone: 0120-232-711 (Toll free available only in Japan)
<ul style="list-style-type: none">○ 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.	■ Contact	
<ul style="list-style-type: none">○ 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 (*)	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)
<ul style="list-style-type: none">○ Inquiries about the sending and returning of mails○ Inquiries about dividends after the expiration of the payment period○ General inquiries about administrative work relating to shares	Administrator of shareholders' register	<div>Method for requesting procedural documents<ul style="list-style-type: none">○ Request using the automatic answering phone system: 0120-244-479 (Toll free available only in Japan)○ Download documents online: http://www.tr.mufig.jp/daikou/</div>

(*) Shareholders holding shares registered in a 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.)

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

Custody Service Department
Mitsubishi UFJ Trust and Banking Corporation **0120-232-711** (Toll free available only in Japan)



JPX-NIKKEI 400

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 the figures stated therein.



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Create a social infrastructure for people and organizations 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 FY 2015

The Japanese economy continued to show a recovery trend fueled by a variety of policies implemented by the Japanese government, despite the downturn of the Chinese economy and the uncertainty arising from the normalization of US financial policies. Human resource services witnessed market expansion thanks to robust demand, as shown in the associated indicator, the job offers-to-applicants ratio, which was very high.

Under such an economic environment, the Temp Group promoted the "Optimization of Segment Systems," "Improvement of Productivity," "M&A," and other measures as part of its growth strategies. As a result of aggressive efforts exerted by each segment based on the respective sales strategies, net sales and operating income for the fiscal year under review were 517.5 billion yen and 28.0 billion yen, respectively, representing a record high performance since the foundation of the Group.

For our Group management, the creation of synergy is one of the most critical challenges. In the fiscal year under review, the Temp Group redefined its segment systems with the aim of expediting decision-making processes and improving the efficiency of organizational operations while further enhancing cooperation among related businesses. To each segment, we have assigned an executive officer, transferring substantial power. We will continue to pursue a higher growth path by setting up a system capable of responding swiftly and flexibly to the quickly changing market environment.

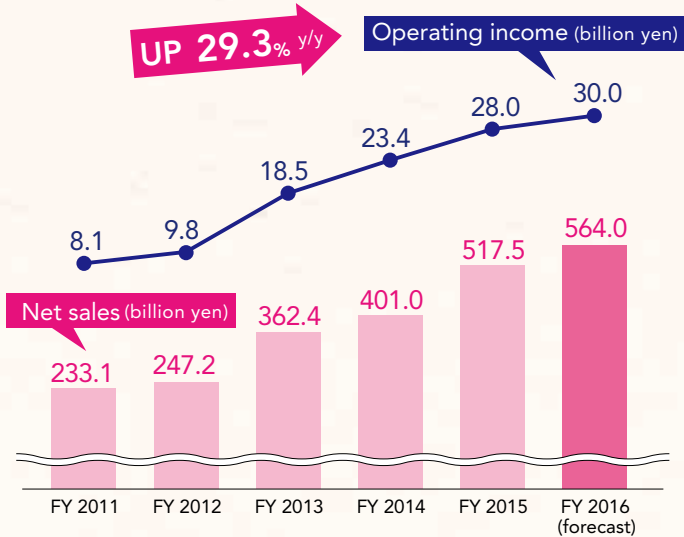
In pursuing higher synergy, not only the growth of revenue but also cost reduction is a critical measure. In the fiscal year under review, we further promoted the integration of back office systems as part of IT-based improvement of productivity. As a result, the unification of the accounting system bases has been completed. We will continue to pursue further improvement of management efficiency by promoting the streamlining of back-office functions.

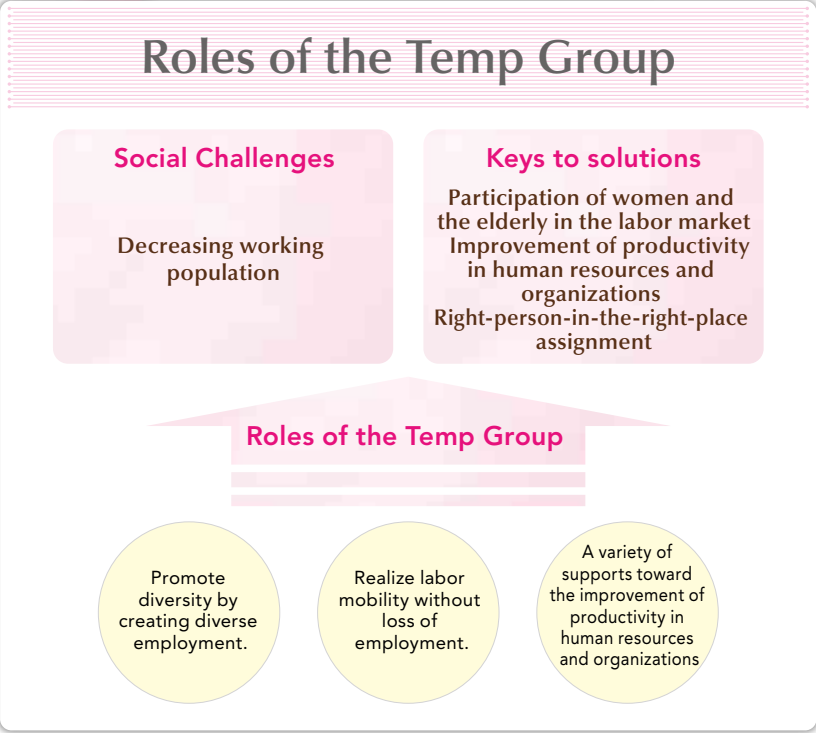
As a personnel company, information is the very source of our competitive edge. In order to increase the volume of information, M&A is effective in terms of expanding the business scale. During the fiscal year under review, Panasonic Excel Staff Co., Ltd. and P&P Holdings Corporation were converted into our subsidiaries, significantly contributing to the expansion of business as well as the enhancement of information power in the Temporary Staffing/BPO segment. We will continue to aggressively promote M&A in the future.

Financial Highlights
Consolidated Operating Results for the Fiscal Year
Ended March 31, 2016

Fourth straight year of record-high performance on the back of robust demand

Net sales	Operating income
517.5 billion yen	28.0 billion yen
UP 29.1% y/y	UP 19.5% y/y
Profit Attributable to Owners of Parent Company	Year-end Dividend per Share
17.3 billion yen	7 yen





New Mid-term Management Strategy

With respect to the Mid-term Management Strategy, which started from the fiscal year ended March 2015 toward the medium- to long-term growth of the Temp Group, we are now almost certain to be able to achieve the targets during the fiscal year under review, one year earlier than planned. Accordingly, we announced a new Mid-term Management Strategy.

Looking at the future of Japan, it is anticipated that the issue of the shrinking labor force will worsen due to the ageing society. Furthermore, reflecting the changes in the industrial structure, we observe an imbalance between mature industries with excess labor force on the one hand and growth industries suffering a shortage in manpower on the other. The key to solving these challenges is found in the promotion of diversity by creating a wide variety of employment, the optimum placement of human resources through the realization of labor movement without loss of employment, and various kinds of support toward productivity improvement in personnel and organizations. This is exactly the mission that the human resource business should assume.

In order to share the vision the Temp Group should pursue with the Group companies while taking the society’s expectations into consideration, we formulated a new vision of the Group in fall 2015: “Create a social infrastructure for people and

organizations that catalyzes growth and innovation.” On top of this, a new Mid-term Management Strategy was prepared as a roadmap for the realization of our vision for the future.

Under the new Mid-term Management Strategy, our firm belief that information power is the key to a competitive edge remains unchanged. Amid the flood of information these days, the value of information has been considered to depend on its “reliability.” In human resource services that connect job seekers and companies, we also believe that expectations for not only the “quantity” and “quality” but also the “correctness” and “credibility” of information will increase. During the period of the Mid-term Management Strategy, we will improve our services to ensure that they are selected by more job seekers by enhancing the interface and security levels of our website in pursuit of higher convenience and safety. At the same time, within the Company, we will also improve productivity through IT-based operation as well as our operating processes.

We will implement various measures to heighten our comprehensive power, aiming at further growth as a general human resource service company capable of solving a variety of challenges in the personnel affairs domain of our customer companies by utilizing full-line service portfolios, in addition to further refining each of our service lines. Concurrently with the implementation of diverse sales-related measures, we will put into practice a strategy to enhance recognition of the Group.

Corporate Governance

Measures Taken by the Company

The Company is firmly determined to build solid corporate systems to secure the transparency and soundness of management, as well as a corporate culture in which the Company acts based on social ethics and compliance with laws and regulations, with the aim of maintaining trust from all stakeholders surrounding the Temp Group, and becoming capable of contributing to society.

Measures
to be taken

- Transferring to a company with a committee system, such as the Audit Committee.
- Appointing two independent outside directors
- Clarifying the functions and roles of the Board of Directors

We will continue to make our utmost efforts to improve the systems to optimize the governance system from our perspective.

What Is the Corporate Governance Code?

The Corporate Governance Code sets forth the standards with which the company should comply for the purpose of realizing sustainable growth and improving corporate value, and at the same time, it provides the basis on which the company relies for dialogues with investors and shareholders. Although it is unenforceable, listed companies are required to comply with the Code, based on the “Comply or Explain” principle, or otherwise to explain the reason for non-compliance to investors.

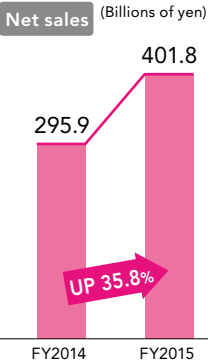
- | | |
|--------------------|---|
| Basic Principle 1: | Secure the rights and equality of shareholders. |
| Basic Principle 2: | Collaborate properly with stakeholders other than shareholders. |
| Basic Principle 3: | Disclose information properly to secure transparency. |
| Basic Principle 4: | Responsibilities of the Board of Directors, etc. |
| Basic Principle 5: | Communications with shareholders |

As for overseas business, we have further expanded our joint business with Kelly Services, our business partner in the Asian market. In April 2016, both companies reached an agreement that the businesses of the respective Group would be combined as a joint venture, naming it “TS Kelly Asia Pacific.” Accordingly, we will exert our efforts to raise our presence as a human resource service company in the Asia Pacific region.

Toward the Improvement of Corporate Governance

In June 2015, the Corporate Governance Code formulated by the Financial Services Agency and the Tokyo Stock Exchange came into force. We will go forward while carefully considering what kind of corporate governance fits us. Masamichi Mizuta, President, and Hirotohi Takahashi, Executive Vice President, have already served outside the Company’s line of business, focusing on the management of the Group. The Company plans to introduce the committee system such as the Board of Auditors, and appoint two independent outside directors. In addition, we have clarified the functions and roles of the Board of Directors so as to facilitate discussions on investments for the medium- to long-term growth of business and associated risks.

Temporary Staffing/BPO segment



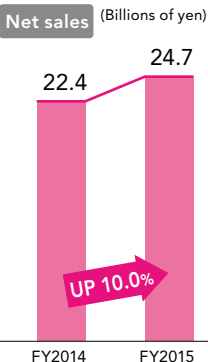
Net sales surged significantly, reflecting robust demand arising from continued brisk corporate activities, in addition to the favorable effects of our business expansions through share acquisitions of Panasonic Excel Staff Co., Ltd. and P&P Holdings Corporation, etc. In terms of profits, operating income 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 workers dispatched by us and employees of the Group companies.

Engineering segment



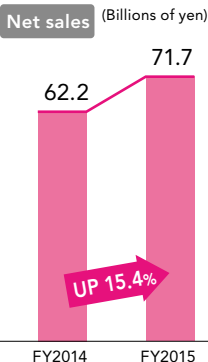
On the back of the robust market environment mainly in the automobile industry, we continued to receive vigorous demand for engineers specialized in the design, development and testing fields. Reflecting an increase in contract services and a strategic shift of resources to growth fields, net sales grew to record a net increase after offsetting the decrease due to the transfer of some businesses to the ITO segment in the previous fiscal year. As to profits, operating income soared significantly as a result of a rise in the percentage of higher value-added contract services, and an increase in the average unit price reflecting price negotiations.

ITO segment



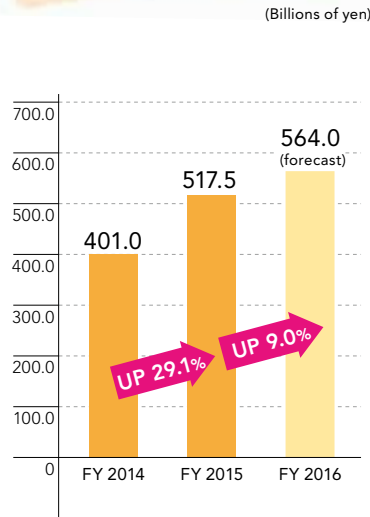
We observed robust demand for SI-related services, sales marketing services, new energy services, etc., reflecting the heightened appetite for investments in system-related services, etc., by our customer companies. Accordingly, net sales increased steadily. In terms of profits, operating income recorded an increase as a result of a rise in contract unit prices due to increases in highly professionalized sales marketing services, consulting services, etc.

Recruiting segment



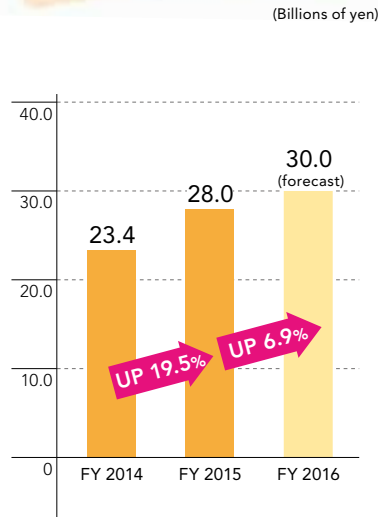
On the back of the continued brisk economic environment, net sales grew steadily as a result of receiving robust demand in both the career and media divisions. As for profits, operating income soared, helped largely by the effect of growth in sales, although we increased personnel to expand contact points between our customer companies and job seekers in response to demand, and invested in websites in pursuit of higher convenience and improved visibility, and in other measures to realize differentiation, such as the promotion of commercial messages, etc.

Net Sales



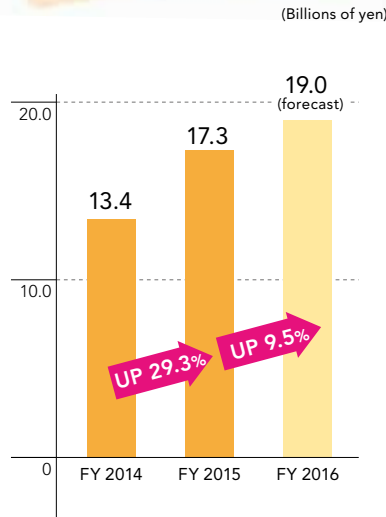
Reflecting busier operations and more intensified recruitment activities brought about by increased corporate earnings, the employment-related indices continued to improve, maintaining demand for human resource services centering on temporary staffing and recruitment support on an upward trend. Under these circumstances, net sales showed a year-on-year increase of 29.1%, to 517.5 billion yen for the fiscal year 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.

Operating Income



In each segment, we increased personnel and invested in websites in pursuit of higher convenience and improved visibility of services. However, net sales soared mainly in the Temporary Staffing/BPO segment and the Recruiting segment, and the profit margin increased in the same segments. As a result, operating income for the fiscal year under review rose 19.5% year on year, to 28.0 billion yen.

Profit Attributable to Owners of Parent Company



Profit attributable to the owners of the parent company for the fiscal year under review was 17.3 billion yen, a year-on-year increase of 29.3%, reflecting extraordinary income arising from the amendment to the retirement benefits system in addition to the growth in operating income, etc.

Dividend per share

	Interim dividend	Year-end dividend
FY 2014	14.00	18.00
FY 2015	18.00	7.00 ^(*)
FY 2016	7.00 (forecast)	7.00 (forecast)

(*) As a result of the stock split, the forecast of year-end dividend has been revised. The Company implemented a three-for-one stock split of shares of common stock, with October 28, 2015 as the base date, and October 29, 2015 as the effective date.

Considering the steady growth in performance, we have increased the year-end dividend for the fiscal year ended March 31, 2016 from the initially planned 6 yen per share to 7 yen, an increase of 1 yen. Please note that the 7 yen per share for the year-end dividend corresponds to 21 yen, if the stock split had not been taken into consideration.

Please visit our website for more detailed IR information.

The website of Temp Holdings Co., Ltd. ▶▶ <http://www.temp-holdings.co.jp/>

Balance Sheet

	March 31, 2015	March 31, 2016	Change
Assets	228.6	236.2	7.5
Current assets	130.6	130.6	0
1 Cash and deposits	60.6	51.2	(9.4)
Non-current assets	97.9	105.6	7.6
2 Trademark and goodwill	77.0	80.4	3.3
Liabilities	124.6	102.7	(21.9)
3 Current liabilities	86.5	67.4	(19.0)
Non-current liabilities	38.1	35.2	(2.8)
Convertible bond-type bonds with stock acquisition rights	14.7	0.8	(13.9)
Long-term loans payable	13.9	24.9	11.0
Net Assets	103.9	133.5	29.5
Shareholders' equity	98.5	127.2	28.6
Capital stock	10.0	17.0	6.9
Capital surplus	13.6	20.5	6.8
4 Retained earnings	73.4	88.1	14.6
Non-controlling interests	5.4	6.2	0.8

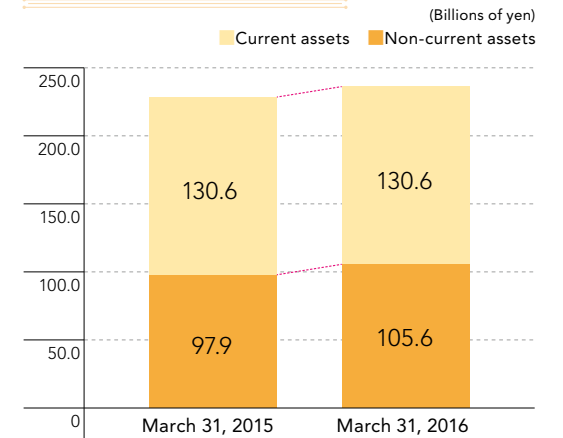
POINT 1
Decreased due to payment for M&A

POINT 2
Increased due to M&A

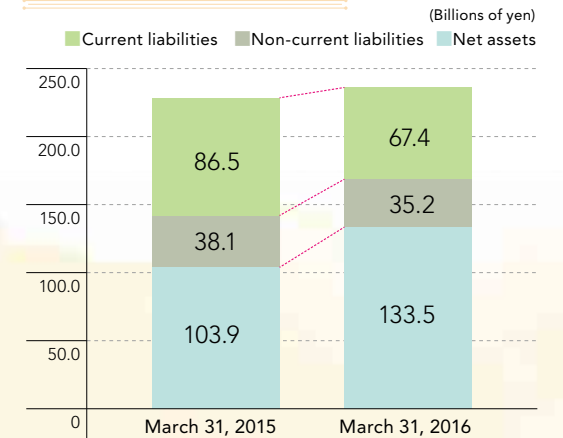
POINT 3
Repayment of loans payable

POINT 4
Increase in net income

Assets



Liabilities and Net Assets



The Temp Group is engaged in a wide range of social contribution activities through the human resource business.



For revitalizing local society

We launched the website “agriju” to provide information on starting farming (“agri”) in, and moving (“iju”) to, local society.

This website was launched with the aim of supporting those who are interested in moving to, and starting farming in, local areas with respect to specific matters on considering moving and starting farming, as well as putting the idea into practice. We help them take the first step in moving and starting farming, and give assistance to revitalize local society. (This is a service jointly offered by Intelligence, Ltd. and Life Lab, Inc.)

To expand employment and active roles of the mentally challenged

“One-Stop Services for Employment of the Mentally Challenged” was launched by Frontier Challenge Ltd.

In response to the revision to the basic calculation method of the statutory employment rate slated for 2018, we will improve support systems to expand the employment of mentally challenged people. The one-stop service will be launched with the aim of improving the retention rate and enhancing the skills of mentally challenged employees with support for creating assignments, making preparations to receive them, matching such employees with work based on their individual aptitudes, and providing follow-up services for workplace assimilation.

To provide assistance to women regarding the challenges they face and help them play active roles

The domestic training program for recipients of the Temp Group Challenge Women Scholarship 2016 was conducted.

“The Temp Group Challenge Women Scholarship” is a scholarship program aimed at providing assistance to adult women regarding the challenges they face. In March, the 10 scholarship recipients selected from among 450 applicants participated in the domestic training sessions.



The Temp Group’s CSR Activities

Company Profile (As of March 31, 2016)

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:	17,055 million yen

Members of the Board (As of March 31, 2016)

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

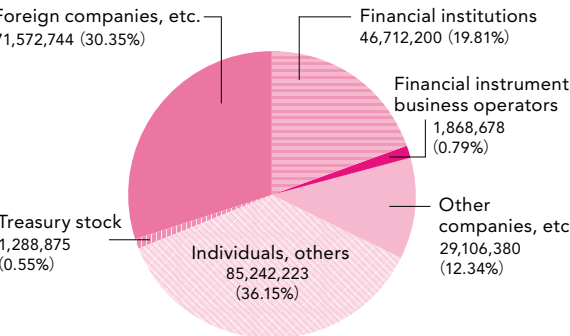
Stock Information (As of March 31, 2016)

- Authorized number of shares: 720,000,000
- Total number of shares issued: 235,791,100
- Number of shareholders: 7,605
- Major shareholders:

Name of shareholder	Number of shares held	Shareholding ratio (%)
Yoshiko Shinohara	57,831,600	24.66
The Yoshiko Shinohara Memorial Foundation	12,300,000	5.24
Japan Trustee Services Bank, Ltd. (Trust Account)	10,337,100	4.40
Kelly Services Japan, Inc.	9,106,800	3.88
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,589,600	3.66
BNYM TREATY DTT 15	5,645,702	2.40
Yoshimi Shinohara	5,438,400	2.31
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	5,046,043	2.15
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,696,000	1.57
Woman Staff Ltd.	3,618,000	1.54

* The shareholding ratio is calculated based on the number of shares (234,502,225) obtained by deducting the number of shares in the treasury stock from the total number of shares outstanding.

Distribution of Shareholders (As of March 31, 2016) (Shares)



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: 0120-232-7111 (Toll free available only in Japan) URL: http://www.tr.mufg.jp/daikou/
Stock listing	Tokyo Stock Exchange, First Section
Method of public notice	Electronic public notices 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 Nihon Keizai Shimbun newspaper.)