

To Shareholders and Investors

TEMP REPORT

Business report for the first
six-month period of the fiscal year
ending March 2017

April 1, 2016 to September 30, 2016

Temp Holdings Co., Ltd.

(Securities code: 2181)



PERSOL

The Temp Group has made a new
step forward as the PERSOL Group.

tempstaff

Intelligence
Business Solutions

TEGSEED

Intelligence

ジョブチェキ!

DODA

an

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

PROFILE

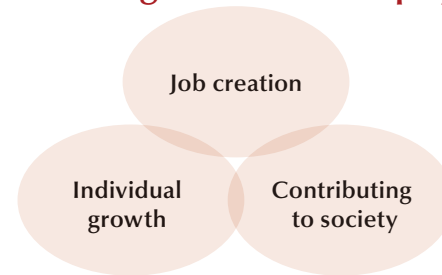
Masamichi Mizuta

President, Chief Executive Officer, 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 Chairman of the Japan Association of Human Resource Services Industry. His motto is "Little Things Make a Big Difference."



Management Philosophy



Group's vision

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

Overview of the first six-month period of FY 2016

Reflecting the robust trend of the Japanese economy, the human resource services industry also observed an expansion in demand. Favored by such a market environment, we endeavored to steadily implement various forms of business, and consequently, our net sales and operating income for the first six-month period of the fiscal year under review were 276.7 billion yen and 16.6 billion yen, respectively. This result represents a record-high performance since the foundation of our Group.

We see two factors contributing to the better-than-expected business performance. One is the fact that the decline in the working population in Japan has begun to affect the real economy in the concrete form of labor shortage. The other is the fact that more and more companies have decided to employ additional personnel as a means of addressing the chronic issue of long working hours. Both of these factors represent challenges facing Japanese society, and we believe this trend will continue into the future, rather than ending as a temporary trend.

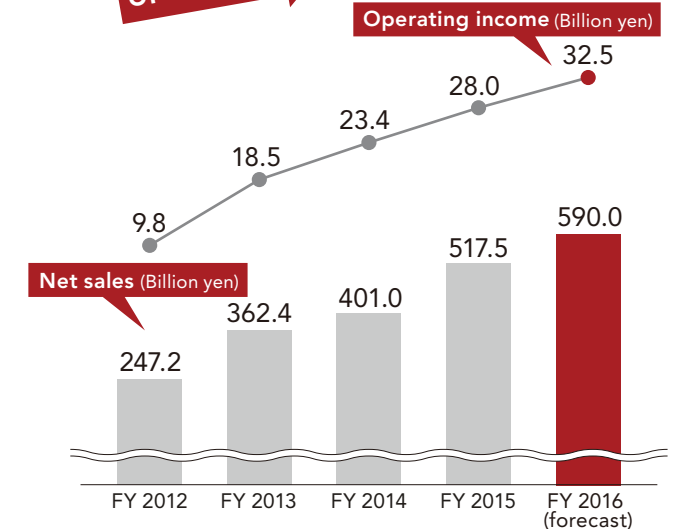
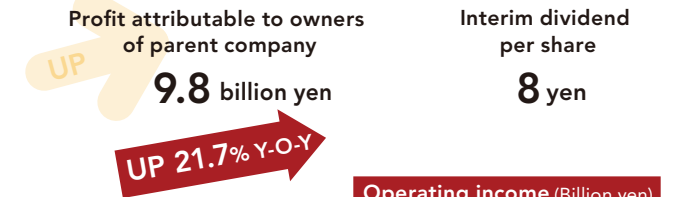
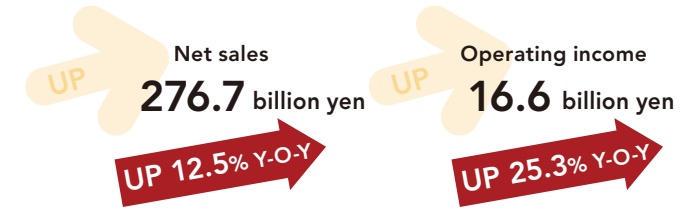
In recent years, new work styles such as telecommuting, teleworking and cloudworking have spread gradually on the back of the remarkable development of technology. Meanwhile, the possibility of work that previously required large numbers of personnel being performed by artificial intelligence and robots is under discussion. The roles human beings should undertake will change, and it is likely that workers will have to redesign their own career plans. Furthermore, changes in work style in line with life stages have gradually spread in response to women's social advancement. With significant changes in our attitudes toward age, it is not uncommon these days for people in their 70s to be employed.

In this way, our awareness of work has changed with the times, and the types of employment available have become diversified. With the concentrated power of the Group, our goal is to become a partner for growth to support workers throughout their lifetimes, by providing one-stop services suggesting the work styles that best fit each life stage. Based on such aims, our new brand "PERSOL" was established in July 2016 to show we are one united group.

"Create social infrastructure for people and organization that catalyze growth and innovation." To realize this vision, we continue to make further steps toward the future.

Financial Highlights
Highlights of the six-month period of the consolidated fiscal year ending March 2017 (FY 2016)

Record-high performance in both net sales and operating income



* On November 11, 2016, the Company made an upward revision to its full-year forecast. The revised figures are shown in the chart above.

Topics

“PERSOL”: A new Group brand is born.



Background to the creation of a new brand

In order to solve the problem of labor shortage in Japanese society, it is crucial to implement “quantitative expansion” of the labor force by promoting the employment of women and elderly people, concurrently with “qualitative expansion,” which refers to the optimization of human resource allocation to improve productivity.

Furthermore, our strength is that we can comprehensively meet such needs of the times by making use of the diverse service menu of the Group. Unfortunately, however, we see that each service is currently separately recognized, and we have not been able to exert our comprehensive strength in full.

Considering that the improvement of awareness as one Group is an important challenge in realizing our vision, to “Create social infrastructure for people and organizations that catalyze growth and innovation,” we have decided to take a step forward by creating a new brand, “PERSOL.”

When we are recognized as one Group, we will be able to provide our corporate customers with total assistance ranging from the multifaceted utilization of human resources to the optimization of human resource allocation. To individual workers, we will be able to flexibly suggest ways of working according to their life stages, and provide support for individual “work” over a lifelong period.

General meeting of employees held toward the integrated management of the Group

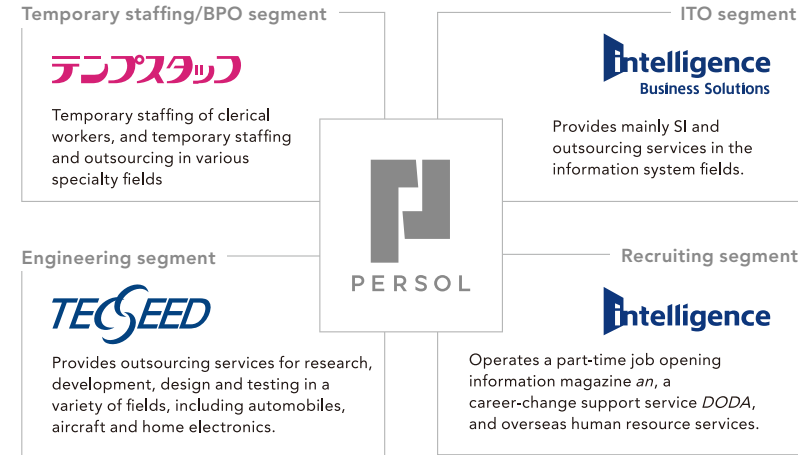
In order to achieve the realization of the Group vision, all of us belonging to the PERSOL Group must work as one toward our growth. To share this hope, we held a general meeting of employees of all Group companies for the first time since the foundation of the Group. Many of our colleagues attended the meeting, transcending the frameworks of business segments and companies.

In the future, we will endeavor to maximize this synergy by further enhancing cooperation among the Group companies, not to mention the efforts by each company and each employee to improve and expand their individual characteristics and specialties.

Services provided by the PERSOL Group

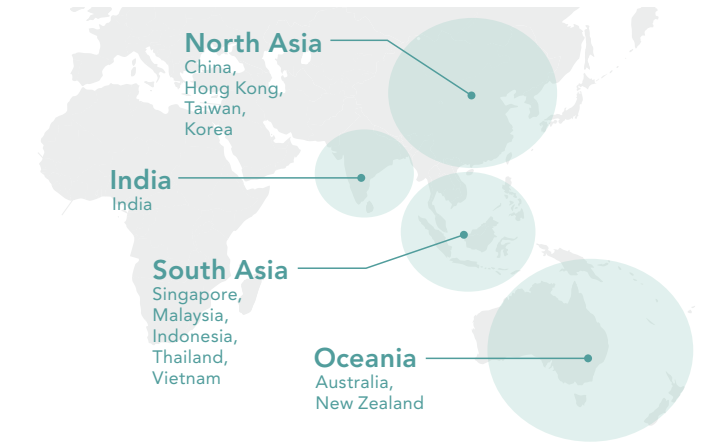
As a comprehensive human resource service provider capable of meeting a variety of needs relating to “Work,” the PERSOL Group will help companies and job seekers grow together.

[Business segments and the core companies]



Global development of the PERSOL Group

In July, the procedures for joint business in the APAC region with Kelly Services were completed, and the joint business will be consolidated in the financial results of the Group from the third quarter of the current fiscal year. The business scale is expected to reach approx. 60 billion yen per year. We will make our business the human resource service infrastructure for the APAC region.



About the new brand “PERSOL”

(Logo)



(Meaning)

PER SON + **SOL** UTION = **PERSOL**

Through the growth of a “PERSON,” provide a “SOLUTION” to social challenges.

The group brand name conveys our wish to support working people in their growth toward a brilliant future.



All employees present at the venue are our companions, who are climbing a mountain that we call our “vision.” Let us walk together toward the same peak. (President Mizuta)

We help working people grow. Career Assistance by the PERSOL Group.

As a result of the amendments to the Worker Dispatch Law, the provision of assistance to those who wish to work as temporary workers to build careers became obligatory.

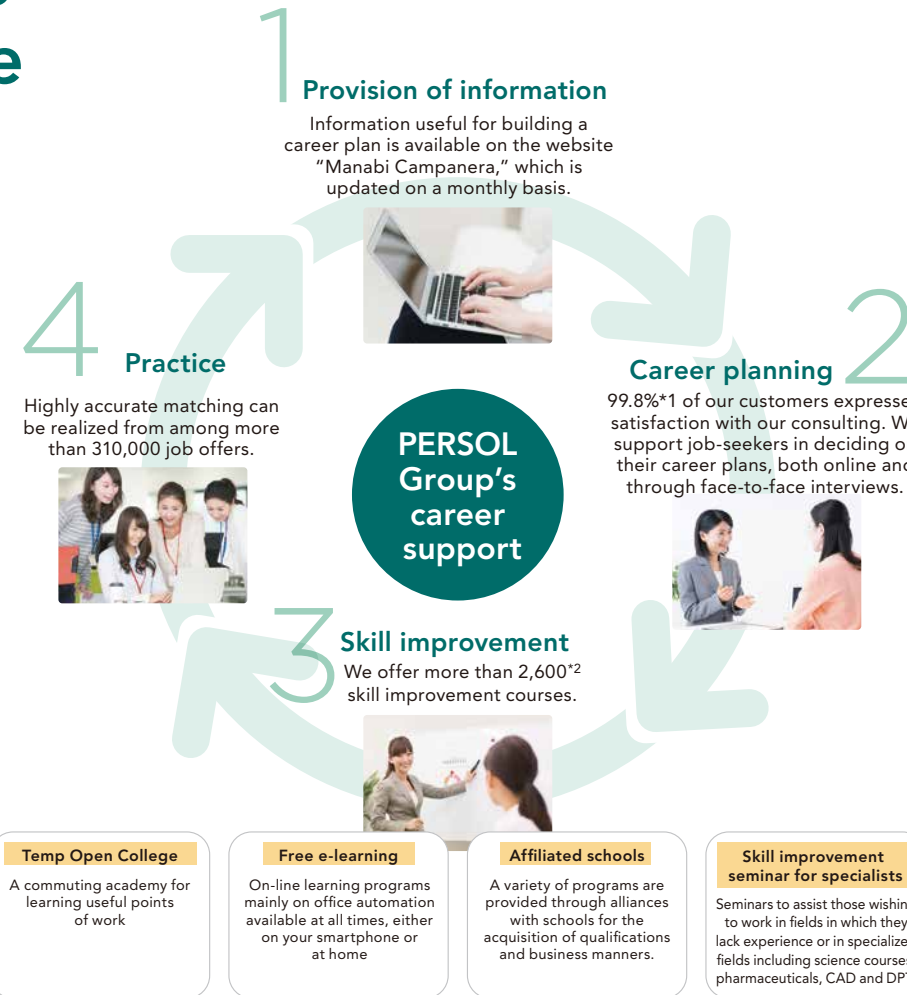
With the Group vision "Create social infrastructure for people and organization that catalyze growth and innovation," the PERSOL Group focuses on skill and career improvement according to the years in which the job seekers start working.

We will continue in good faith to assist each worker grow through his/her job, while drawing out his/her strength and potential.

Education and Training Plan

We have established training courses in which our staff can systematically learn the skills required in a workplace according to the year in which the staff start working.

Target trainee	Training program	Rules for attending courses
All those who started working as temporary workers	Training to start working Annual training programs for long-term temporary workers	Work regulations provide the details, while compensations will be paid depending on the results of the courses.

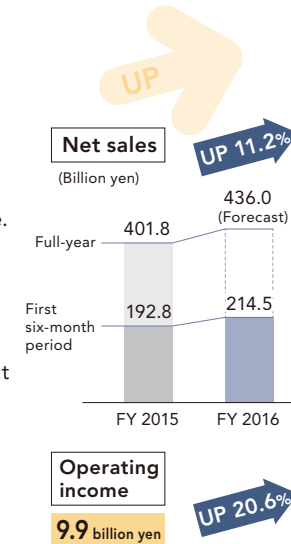


*1: Result of the questionnaire survey answered by attendees in FY 2015.
*2: Number of trainees in the skill improvement programs held by the Temp Group in FY 2015.
*3: Number of jobs available through the Company's media channels including Job Checkit, DODA and an as of October 2016.

Business Overview by Segment

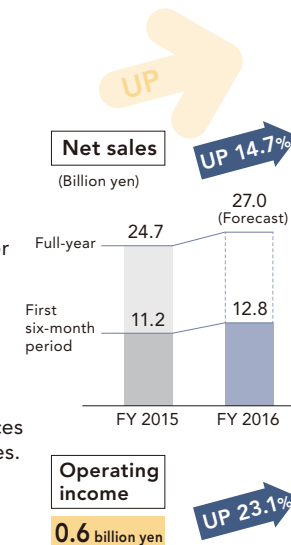
Temporary staffing/ BPO segment

Demand showed a robust increase, reflecting a further improvement in employment-related indices accompanied by chronic labor shortage. In response to the increase in demand, we implemented a variety of measures for recruiting and supplying personnel, and as a result, net sales increased. As for profit, operating income increased, reflecting a significant impact from the growth in net sales despite the increases in labor costs incurred in the business expansion and the burden of expenses borne with respect to social insurance premiums for temporary workers and employees of the Group companies.



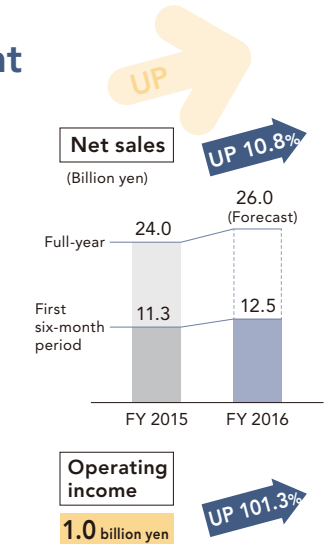
ITO segment

Net sales increased steadily due to robust demand for SI-related services and ICT outsourcing services on the back of growth in investment in system-related services by our customer companies as well as internal system development in the Group companies. In terms of profit, operating income increased as a result of a rise in contract unit prices due to increases in consulting services, services utilizing our self-developed software, and services requiring highly specialized technologies.



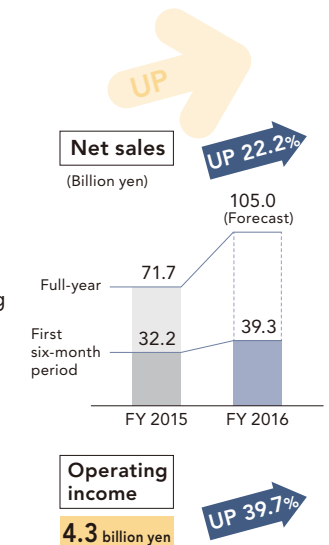
Engineering segment

On the back of the favorable market environment centering on the automobile industry, we continued to receive vigorous demand for engineers specialized mainly in the automobile industry for the design, development and testing fields. Reflecting an increase in contract services and a strategic shift in resources to growth fields, net sales grew. As for profit, since the operating ratio of existing engineers remained at a high level and the average price rose due to an increase in the proportion of higher value-added contract services, operating income increased.



Recruiting segment

On the back of the continued improvement of employment-related indices, and amid persistent robust demand from customers recruiting personnel and the rising number of people seeking career changes, net sales increased as a result of increasing personnel to expand contact points between our customer companies and job seekers. Regarding profit, operating income increased due mainly to the impact of growth in net sales despite an expansion in expenses related to an increase in personnel to meet the rising demand.

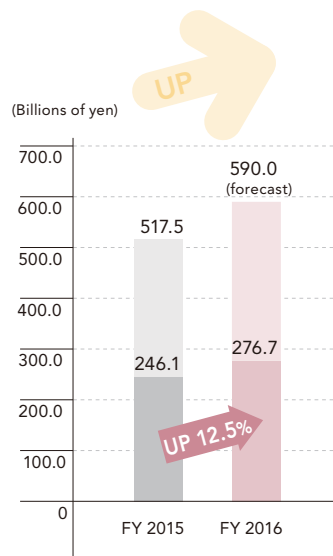


* On November 11, 2016, the Company made an upward revision to its full-year forecast. The revised figures are shown in the chart above.

Overview of Consolidated Financial Results

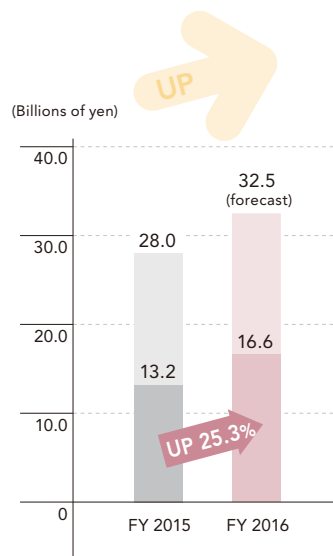
Net Sales

On the back of the favorable employment-related indices year on year, demand for various human resource services continued to show robust growth. Net sales of the Group for the first six months of the fiscal year under review also increased 12.5% year on year, to 276.7 billion yen. This was attributable to the temporary staffing business, our core business, in which the number of dispatched workers remained at a high level, and the recruitment support business, in which the number of persons achieving career change increased significantly.



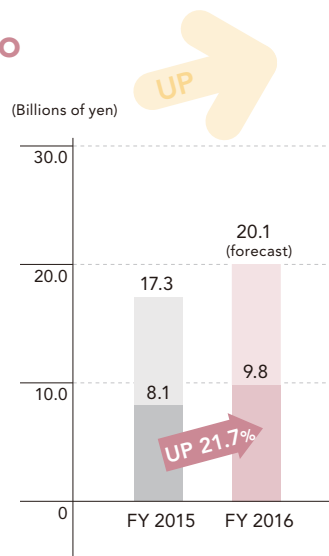
Operating Income

Operating income for the first six months of the fiscal year under review was 16.6 billion yen (an increase of 25.3% year on year). Although each business segment implemented measures for an increase in personnel, and investments in the website for improvement of the convenience and awareness of our services, operating income grew as a result of an increase in net sales mainly through temporary staffing and BPO, and recruiting segments that exceeded the increase in expenses.



Profit attributable to owners of parent

Profit attributable to owners of the parent company was 9.8 billion yen, a year-on-year increase of 21.7%, due to growth in operating income.



Dividend per Share

Considering the steady growth in performance, we have decided to increase the interim dividend for the fiscal year ending March 31, 2017 from the initially planned 7 yen per share to 8 yen, an increase of 1 yen. We also revised the forecasts for the year-end dividend to 8 yen per share.

	First six-month period	Year-end
FY 2015	6.00	7.00
FY 2016	8.00	8.00 (forecast)

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. The figures in the above table indicate the dividend payment after retroactive adjustment, taking into consideration the impact of the relevant stock split.

* On November 11, 2016, the Company made an upward revision to its full-year forecast. The revised figures are shown in the chart above.

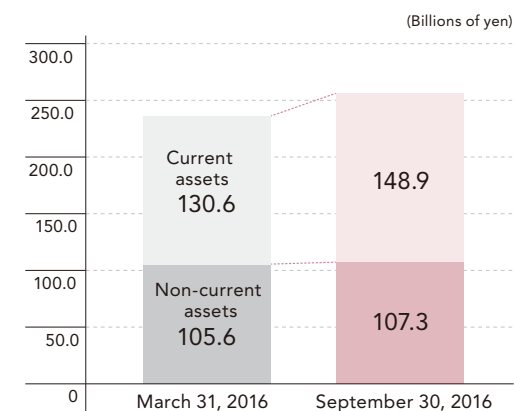


Please visit our website for more detailed IR information.

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

Balance Sheet

Assets

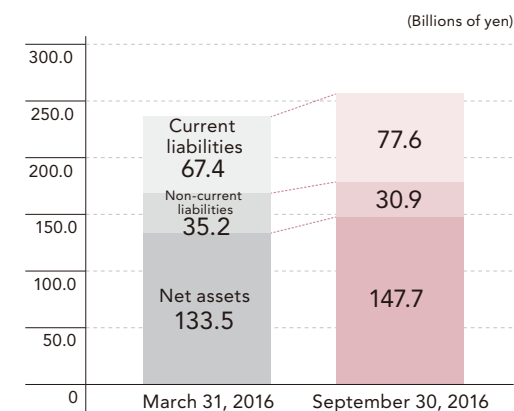


POINT 1
Increases due to growth of profits

POINT 2
Increases due to M&A

POINT 3
Increases in accounts payable-other, income taxes payable, etc.

Liabilities and Net Assets



POINT 4
Increase in profit attributable to owners of parent

POINT 5
Increases due to M&A

	March 31, 2016	September 30, 2016	Change
Assets	236.2	256.3	20.0
Current assets	130.6	148.9	18.3
① Cash and deposits	51.2	65.2	14.0
Non-current assets	105.6	107.3	1.7
② Trademark and goodwill	80.4	80.6	0.1
Liabilities	102.7	108.5	5.8
③ Current liabilities	67.4	77.6	10.1
Non-current liabilities	35.2	30.9	-4.3
Convertible bond-type bonds with stock acquisition rights	0.8	0.3	-0.5
Long-term loans payable	24.9	22.7	-2.2
Net assets	133.5	147.7	14.2
Shareholders' equity	127.2	134.3	7.0
Capital stock	17.0	17.3	0.2
Capital surplus	20.5	20.0	-0.5
④ Retained earnings	88.1	96.3	8.2
⑤ Non-controlling interests	6.2	13.4	7.1

The PERSOL Group's CSR Activities

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

For creating a new society

A practical training program in collaboration with an NPO was launched for employees of all the Group companies.

We launched a practical training program in collaboration with a non-profit organization, working to address social issues such as social withdrawal, career support for the young, and social minority classes. This program looks to the individual growth of each employee and the realization of social contribution by making challenges that extend beyond the framework of work.



For providing assistance to women in the challenges they face

Ten recipients of the Temp Group Challenge Women Scholarship participated in the field works organized in Seattle and Sydney.

"The Temp Group Challenge Women Scholarship" is a scholarship program aimed at providing assistance to adult women regarding the challenges they face; the 10 recipients of the scholarship participated in field work on the themes of "Spread the charm of classical music in Japan," "Raise the success ratio of emergency life-saving in Japan," and others.

For the future of children

The "Summer Kids Idea Day Camp" was held jointly with Intelligence Business Solutions, Ltd. and HIRAMEKI FOUNDATION.

A workshop for children to "visualize" their own ideas was held. This workshop provided the children with awareness of what an idea is, and the opportunity to come up with their own new ideas.



Information

Company Profile (As of September 30, 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:	17,327 million yen

Members of the Board (As of September 30, 2016)

Chairman Emeritus	Yoshiko Shinohara
President, Chief Executive Officer, and Representative Director	Masamichi Mizuta
Deputy President, Chief Operating Officer, and Director	Hirotohi Takahashi
Senior Executive Vice President, Chief Revenue Officer, and Director	Takao Wada
Executive Vice President, Chief Information Officer and Director	Toshihiro Ozawa
Executive Vice President, Chief Financial Officer, and Director	Kiyoshi Seki
External Director	Carl T. Camden
Director	Hiroshi Shimazaki
External Director	Ryosuke Tamakoshi
External Director	Naoshige Shindo
External Director	Naohiro Nishiguchi
Executive Officer	Daisuke Hayashi
Executive Officer	Toshihito Nagai
Executive Officer	Mikio Miyamura
Executive Officer	Taro Mineo
Executive Officer	Toshiyuki Takakura
Executive Officer	Shinji Masaki
Executive Officer	Kazunari Kimura
Executive Officer	Takayuki Yamazaki

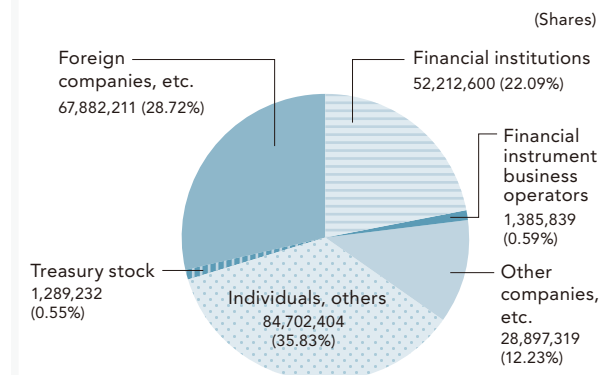
Stock Information (As of September 30, 2016)

- Authorized number of shares: 720,000,000
- Total number of shares issued: 236,376,605
- Number of shareholders: 7,088
- Major shareholders

Name of shareholders	Number of shares held	Shareholding ratio (%)
Yoshiko Shinohara	57,831,600	24.60
Japan Trustee Services Bank, Ltd. (Trust Account)	14,373,900	6.11
The Yoshiko Shinohara Memorial Foundation	12,300,000	5.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,788,000	4.16
Kelly Services Japan, Inc.	9,106,800	3.87
Yoshimi Shinohara	5,438,400	2.31
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,696,000	1.57
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	3,621,700	1.54
Woman Staff Ltd.	3,618,000	1.53
BNYM TREATY DTT 15	3,446,841	1.46

* The shareholding ratio is calculated based on the number of shares (235,087,373) 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, 2016)



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 Nihon Keizai Shimbun newspaper.)

Procedures for Shares

Shares registered in the accounts of securities companies, etc.

■ Procedures, inquiries, etc.	■ Contact
<input type="radio"/> Inquiries about sending and returning of mail <input type="radio"/> Inquiries about dividends after expiration of payment period <input type="radio"/> General inquiries about administrative work relating to shares <hr/> <input type="radio"/> Procedures and inquiries other than those stated above, such as changes in address, name, etc.	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)
Please contact your securities company.	

Shares registered in the special account

■ Procedures, inquiries, etc.	■ Contact
<input type="radio"/> Requests for transfer from a special account to a general account <input type="radio"/> Changes in address, name, etc. <input type="radio"/> Inquiries about account balance <input type="radio"/> Designation of method for receiving dividends (*) <hr/> <input type="radio"/> Inquiries about sending and returning of mail <input type="radio"/> Inquiries about dividends after expiration of payment period <input type="radio"/> General inquiries about administration work relating to shares	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)
Method for requesting procedural documents <input type="radio"/> Request using the automatic answering phone system: 0120-244-479 (Toll free available only in Japan) <input type="radio"/> 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.



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 both 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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