

OUTSOURCING Inc.
(Securities Code: 2427/TSE 1st Section)



Financial Results for the 3rd Quarter of Fiscal Year Ending December 31, 2015

November 2015

Contents

- ▣ P. 2 Consolidated Financial Results for Q3 FY12/15
- ▣ P. 8 Changes in Business Environment
- ▣ P. 11 Converting Business Risks
- ▣ P. 23 Business Outlook for FY12/15
- ▣ P. 25 Consolidated Financial Forecasts for FY12/15
- ▣ P. 30 References

Consolidated Financial Results for Q3 FY12/15



Consolidated Financial Results for Q3 FY12/15

Consolidated Financial Results Summary

(¥ million)	FY12/14 Q3 YTD Actual		FY12/15 Q3 YTD Actual		YoY Changes	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Ratio
Net sales	43,303	100.0%	56,521	100.0%	13,218	30.5%
Cost of sales	34,711	80.2%	45,218	80.0%	10,506	30.3%
Gross profit	8,591	19.8%	11,303	20.0%	2,711	31.6%
SG&A expenses	7,345	17.0%	9,495	16.8%	2,149	29.3%
Operating income	1,246	2.9%	1,808	3.2%	562	45.1%
Non-operating income	420	1.0%	438	0.8%	17	4.2%
Non-operating expenses	317	0.7%	274	0.5%	(43)	-13.6%
Ordinary income	1,349	3.1%	1,972	3.5%	623	46.2%
Extraordinary income	113	0.3%	39	0.1%	(73)	-65.0%
Extraordinary losses	11	0.0%	0	0.0%	(10)	-97.0%
Net income	787	1.8%	987	1.7%	200	25.4%

Consolidated Financial Results for Q3 FY12/15

- Financial Results Highlights for Q3 YTD (Jan-Sep) ※Red: negative factors; Black: positive factors

Net Sales **¥56,521 million (+30.5% YoY)**

- Engineering Outsourcing Business grew mainly for IT-related, civil engineering and construction, and for transport equipment makers.
- Manufacturing Outsourcing Business expanded on maker demand for the Revised Worker Dispatching Act.
- While there was a shortfall to forecasts for the 1H, Overseas Business in the 3Q exceeded forecasts.

Operating Income **¥1,808 million (+45.1% YoY)**

- In the process of concluding contracts to acquire 3 firms through M&A in Australia and Europe, various expenses, including translation and legal fees etc., of roughly ¥90 million were incurred.
- The trend in amortization of goodwill is: 1Q ¥179 million, 2Q ¥181 million and 3Q ¥220 million.
- Net sales and gross profit exceeded the forecasts, absorbing the aforementioned expenses and achieving the cumulative forecasts.

Ordinary Income **¥1,972 million (+46.2% YoY)**

- Forex gains for the 3Q-only were ¥81 million, and 9-month cumulative total was ¥120 million.

Consolidated Financial Results for Q3 FY12/15

Consolidated Financial Results (Quarterly Trends)

(¥ million)	FY12/14 Actual				FY12/15 Actual		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	13,788	14,281	15,232	16,118	17,694	18,327	20,499
Gross profit	2,646	2,874	3,070	3,372	3,362	3,712	4,228
Gross profit margin	19.2%	20.1%	20.2%	20.9%	19.0%	20.3%	20.6%
SG&A expenses	2,337	2,470	2,537	2,607	3,047	3,089	3,358
SG&A expenses ratio	17.0%	17.3%	16.7%	16.2%	17.2%	16.9%	16.4%
Operating income	309	404	532	764	314	622	870
Operating income margin	2.2%	2.8%	3.5%	4.7%	1.8%	3.4%	4.2%
Ordinary income	329	430	589	847	365	637	969
Ordinary income margin	2.4%	3.0%	3.9%	5.3%	2.1%	3.5%	4.7%
Net income	193	181	412	529	205	283	498
Net income margin	1.4%	1.3%	2.7%	3.3%	1.2%	1.5%	2.4%

QoQ Changes	FY12/14 Actual				FY12/15 Actual		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	0.1%	3.6%	6.7%	5.8%	9.8%	3.6%	11.8%
Gross profit	-9.0%	8.6%	6.8%	9.8%	-0.3%	10.4%	13.9%
SG&A expenses	10.9%	5.7%	2.7%	2.8%	16.9%	1.4%	8.7%
Operating income	-61.4%	30.6%	31.9%	43.4%	-58.8%	97.9%	39.7%
Ordinary income	-62.7%	30.7%	36.9%	43.8%	-56.9%	74.6%	52.0%
Net income	-75.5%	-6.0%	126.8%	28.3%	-61.2%	38.4%	75.8%

Consolidated Financial Results for Q3 FY12/15

Financial Results by Operating Segment and Net Sales by Region (Quarterly Trends)

(¥ million)		FY12/14 Actual				FY12/15 Actual		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Engineering	Net sales	5,095	5,285	5,696	5,958	7,166	7,599	8,024
	Operating income	293	201	455	473	421	528	584
Outsourcing Business	No. of worksite employees at term-end	2,688	2,893	2,954	3,271	3,918	4,285	4,450
	Net sales	5,967	6,081	6,500	6,928	6,970	7,060	7,751
Manufacturing	Operating income	52	143	103	285	50	138	228
	No. of worksite employees at term-end	6,197	6,213	6,607	6,732	6,660	6,935	7,982
Administrative	Net sales	147	142	151	160	137	133	124
	Operating income	10	30	18	31	14	16	17
Outsourcing Business	No. of outsourcing administrative workers at term-end	2,102	2,018	2,140	2,092	2,151	1,730	1,659
	Net sales	159	210	188	221	167	174	257
Recruiting and Placing Business*	Operating income	77	90	96	89	66	75	136
	No. of placed workers	690	765	744	683	594	600	703
Overseas Business	Net sales	2,353	2,526	2,658	2,808	3,210	3,324	4,302
	Operating income	(7)	42	18	34	(63)	43	118
	No. of worksite employees at term-end (Production Outsourcing Business)	6,924	7,545	8,412	7,554	7,677	8,417	8,460
	No. of worksite employees at term-end (Other Business)	2,222	2,543	2,694	2,871	3,417	3,083	2,987
Other Business	Net sales	63	36	36	41	42	35	39
	Operating income	6	(2)	(0)	1	3	4	5
Adjustments	Operating income	(123)	(102)	(159)	(151)	(177)	(185)	(220)
Total	Net sales	13,788	14,281	15,232	16,118	17,694	18,327	20,499
	Operating income	309	404	532	764	314	622	870

*From Q2 FY12/15, the Company has modified the English term of the operating segment formerly titled "Recruitment and Placement Business" to "Recruiting and Placing Business". The contents and Japanese title of the operating segment remain the same.

Net Sales by Region (¥ million)		FY12/14 Actual				FY12/15 Actual		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Japan		11,434	11,755	12,573	13,310	14,484	15,003	16,196
Asia/Oceania (excl. Japan)		2,353	2,526	2,658	2,808	3,210	3,324	3,937
Other		-	-	-	-	-	-	364
Total		13,788	14,281	15,232	16,118	17,694	18,327	20,499

Note: Net sales by region for Asia/Oceania (excl. Japan) eliminate internal transfers from Overseas Business segment net sales.

Consolidated Financial Results for Q3 FY12/15

Summary of Consolidated Balance Sheet

(¥ million)	FY12/14 End		FY12/15 Q3 End		YoY Changes
	Amount	Composition Ratio	Amount	Composition Ratio	Amount
Current assets	17,065	70.7%	22,806	69.3%	5,741
(Cash and deposits)	6,671	27.6%	8,324	25.3%	1,652
(Notes and accounts receivable - trade)	8,257	34.2%	11,570	35.1%	3,313
(Inventories)	823	3.4%	947	2.9%	124
Non-current assets	7,067	29.3%	10,123	30.7%	3,055
Property, plant and equipment	2,415	10.0%	2,362	7.2%	(53)
Intangible assets	2,294	9.5%	5,401	16.4%	3,107
Investments and other assets	2,358	9.8%	2,359	7.2%	1
Total assets	24,132	100.0%	32,930	100.0%	8,797
Current liabilities	12,967	53.7%	16,627	50.5%	3,659
(Notes and accounts payable - trade)	752	3.1%	667	2.0%	(84)
(Short-term loans payable)	4,666	19.3%	5,915	18.0%	1,249
(Accounts payable - other)	3,800	15.7%	5,505	16.7%	1,705
Non-current liabilities	3,596	14.9%	4,703	14.3%	1,107
(Bonds payable)	30	0.1%	40	0.1%	10
(Long-term loans payable)	1,763	7.3%	2,074	6.3%	311
Total liabilities	16,563	68.6%	21,330	64.8%	4,767
Shareholders' equity	6,219	25.8%	10,744	32.6%	4,525
Capital stock	613	2.5%	1,721	5.2%	1,108
Capital surplus	1,009	4.2%	3,421	10.4%	2,412
Retained earnings	4,988	20.7%	5,601	17.0%	613
Treasury shares	(391)	-1.6%	-	-	391
Accumulated other comprehensive income	663	2.7%	124	0.4%	(538)
Subscription rights to shares	43	0.2%	78	0.2%	34
Minority interests	643	2.7%	651	2.0%	8
Net assets	7,569	31.4%	11,599	35.2%	4,029
Total liabilities and net assets	24,132	100.0%	32,930	100.0%	8,797

Notes and accounts receivable – trade:
Increased due to acquisitions of subsidiaries' share and business expansion

Intangible assets:
Larger goodwill on acquiring subsidiaries' share

Accounts payable – other:
Increased from the acquisition of subsidiary shares and expansion of the scale of business

Capital stock, Capital surplus :
Increased from the exercise of subscription rights to shares

Changes in Business Environment



- Tightening labor market and soaring recruiting expenses
- Shrinking domestic production other than autos-related due to the shift overseas etc.
- Domestic busy/slack cycles becoming synchronized for all sectors
- A Revision to the Worker Dispatching Act
- Declining Japan's population and increasing the world population

Changes in Business Environment

Case of utilizing dispatch of flexible staff (fixed-term contract employees) on-site where production fluctuation is volatile

- Through contract expiration for fixed-term employment when production is cut, staff utilization is 100%.
- Requires recruiting expenses through recruitment media in order to secure staff at the time of production start-ups

Case of utilizing dispatch of regular employees (indefinite-term contract employees) on-site where production fluctuation is volatile

- Staff utilization rates decline since layoffs aren't possible when production is cut, and wasteful personnel expenses from idle staff arise.
- Recruiting expenses do not arise at the time of production start-ups

Blue: benefit Red: demerit

[Past : Labor market was abundant] It was easy to recruit fixed-term contract employees, and risk of recruiting expenses was lower than risk of having fixed personnel expenses.

[Present : Labor market is tight] Risk of recruiting expenses for fixed-term contract employees expanding is higher than risk of having fixed personnel expenses.

Shifting from dispatch utilizing fixed-term contract employees to dispatch utilizing indefinite-term contract employees

(Mainly risk in recruitment) → (Mainly risk in employment)



Toward converting business risks

Converting Business Risks



- 1 . PEO Scheme to Control Recruitment Media Expenses
 - (1) Summary of the Scheme
 - (2) Progress of the Scheme
- 2 . Expanding Engineering Outsourcing Business
 - (1) Career Change from the Field of Production
 - (2) Progress in Expansion of the Personnel Procurement Scheme and Career Change to Resolve the Shortage of Engineers
- 3 . Entering the European Market
- 4 . Entering the Pacific Rim
- 5 . Foreigner Technical Intern Training Program
- 6 . Entering Outsourcing Business for the Convenience Store Industry

Converting Business Risks

1. PEO Scheme to Control Recruitment Media Expenses

(1) Summary of the Scheme

Differing uses by makers of fixed-term directly employed by makers and dispatch until now

*The Revised Worker Dispatching Act: went into effect from September 30, 2015

• • • Prior to the revision, use of manufacturing dispatch at the same workplace was limited to 3 years

[Directly employed fixed-term employees]

- Long-term utilization for jobs that require skill proficiency
- Invest in implementing education and training for jobs

Raise efficiency by increasing the proficiency of the individual's skills

[Dispatch]

- Utilization for addressing short-term production fluctuation for jobs that don't require proficiency
- Since proficiency is not required, education and training are kept to a minimum

Since employment is short-term and proficiency is not sought, raise efficiency from pursuit of low costs through concentration of unskilled workers

- Continuous use of fixed-term directly employed by makers under the premise of long term employment was limited to 5 years under the Revised Labor Contract Act of 2013.
- For dispatch employees employed as regular employees of dispatching firms, use with no term restriction is possible under the Revised Worker Dispatching Act of September 2015.

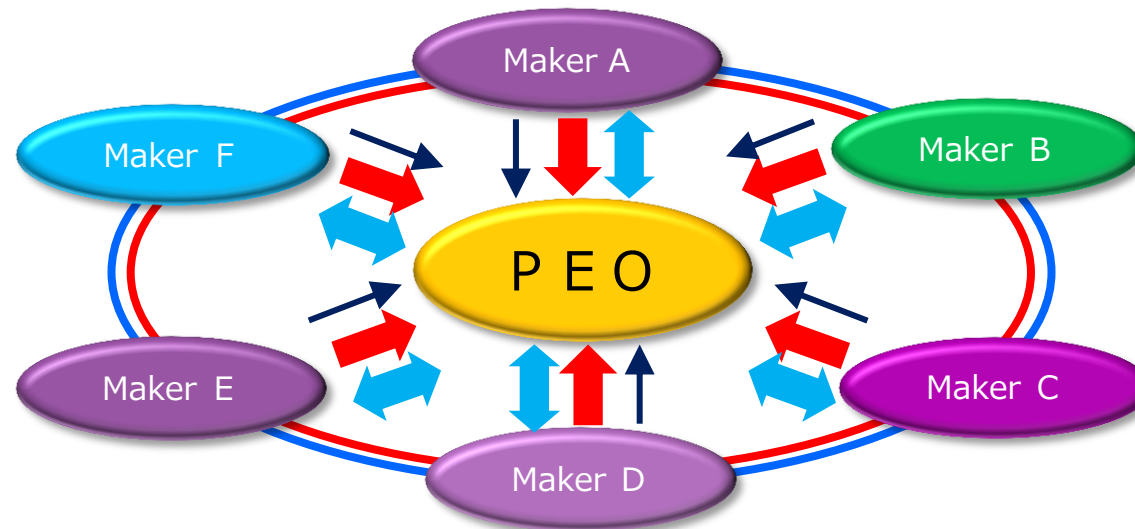
As a result of legal and regulatory revision, makers can raise efficiency by switching from utilization of directly employed fixed-term employees to regular employee dispatch.

Converting Business Risks

1. PEO Scheme to Control Recruitment Media Expenses

(1) Summary of the Scheme

- ➔ Makers become members of the PEO Association managed by PEO Co., Ltd.
- ➔ PEO takes on fixed-term contract employees recruited by the maker as regular employees
- ↔ Dispatch of regular employees through cross-sectional rotating assignments according to maker production volume swings



[Scheme incidental to PEO]

Taking on dispatched employees of dispatch business operator that will find it difficult to continue operations under tightened regulations of the Revised Worker Dispatching Act, and implementing M&A

Converting Business Risks

1. PEO Scheme to Control Recruitment Media Expenses

(2) Progress of the Scheme

■ Actual Results of PEO Scheme

【Number of PEO Participating Members/Workers at Site】

FY12/14-End Actual	Q3 FY12/15-End Actual	FY12/15-End Initial Plan
Participating makers 87	Participating makers 131	Participating makers 150
Workers at site 1,025	Workers at site 2,274	Workers at site 2,700

Participation in PEO by each automaker under the Revised Act further restrains recruitment media expenses

Converting Business Risks

1. PEO Scheme to Control Recruitment Media Expenses

(2) Progress of the Scheme

■ Staff Procurement Effects by PEO Scheme

【Recruitment Results for Manufacturing Outsourcing Business (including new graduates)】

	FY12/15 Q3 YTD Number Recruited	FY12/15 Q3 YTD Recruitment Media Expenses
Number recruited through PEO	1,430	None
Number recruited through media	4,644	¥381 million
Total	6,074	¥381 million
Recruitment unit price per worker	¥62,877	

*Recruitment unit price per worker = Total recruitment media expenses / Total number recruited

Since recruitment media expense is not required for hiring under the PEO scheme, the Company's recruitment unit price is below the industry competitors average of ¥160,000 (the Company estimate).

Converting Business Risks

2. Expanding Engineering Outsourcing Business

(1) Career Change from the Field of Production

Recruitment unit price of engineers
(mid-career recruiting)

Industry average over ¥600,000 (the Company estimate)

Recouping the expenses is easy given the long-term contract and high contract unit price, however, the applicant rate is low

Recruitment unit price of manufacturing
general workers (mid-career recruiting)

Industry average roughly ¥160,000 (the Company estimate)

There is a reasonably certain level of applicants, however, short-term termination and low contract unit prices give rise to risk of not recouping the expenses

Through selection and development from general workers gathered for the recruitment unit price of ¥160,000 and turning out engineers in great numbers, even taking into consideration the expenses of selection and development, highly efficient recruitment is realized compared with the engineer recruiting above.

The Group's KEN School developed career change and development curriculum for developing IT engineers.

Increasing engineers' assignments in the IT and civil engineering and construction industries which are growth industries with a shortage of engineers

Converting Business Risks

2. Expanding Engineering Outsourcing Business

(2) Progress in Expansion of the Personnel Procurement Scheme and Career Change to Resolve the Shortage of Engineers

No experience / career change from a different field

- KEN School aims to enrich the training curriculums for IT-related and building construction-related engineers, as well as planning to commence the latest technical training reflecting the needs of customers in the mechatronics and pharmaceutical-related fields.



View of a school classroom



Expanded training curriculum

- IT-related
 - Basic computers, LPIC, CCNA, Various programming
- Building construction-related
 - 2-Dimensional CAD, Building structures, Construction work, Structural diagrams, layout drawings
- Mechatronics-related
 - 3-Dimensional CAD, Analysis, Mechanical engineering, Material mechanics, Automotive engineering
- Pharmaceutical-related
 - Pharmaceutical Affairs Law, Monitoring, MS Office, Business etiquette

*Mechatronics and pharmaceutical-related starting from the Q1 FY12/16

Career Change Occupation	FY12/15 Q3 End Cumulative Number of Career Changes
IT-related Engineers	186
Civil Engineering and Construction-related Engineers	102

Converting Business Risks

3. Entering the European Market

[Expanding IT-Related Outsourcing Business]

- Already developing financial system IT-related outsourcing business in Singapore and Hong Kong which have large financial markets
- Completed M&A of a financial system IT-related outsourcing business firm in Australia
- Implemented M&A acquisitions of 2 corporate groups in the UK and Belgium engaged in the same business

Generating synergies from each of the Group's companies including the India financial system IT-related outsourcing business firm

- Mutual sharing of management resources including know-how, service models, client lists, etc.
- Establishing a framework for procurement, development and supply of engineers globally
- With India as the offshore base, supporting software development etc.

Building a global network for financial system IT-related outsourcing business

Converting Business Risks

4. Entering the Pacific Rim

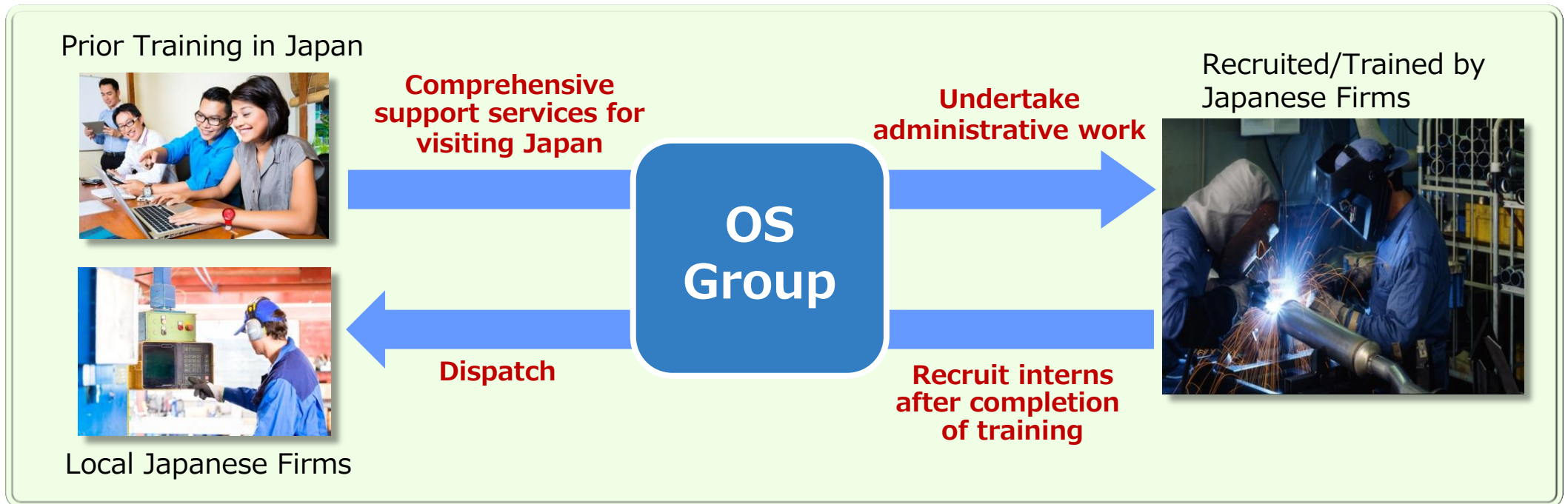
[Expanding Outsourcing Business within US Military Bases]

- Won orders of 300 workers for outsourcing business related to operation etc. of facilities within the US military bases, including the Okinawa Kadena Air Base
- Already expecting to win orders from domestic US military bases in Iwakuni, Yokota, Yokosuka and Zama
- At the same time expanding business at Pacific Rim key US military bases in the U.S. (California, Alaska, Hawaii, Guam), Australia and Korea
- Newly won orders for facilities renovation and maintenance operations at each US military base in Okinawa from December 2015

Targeting to develop Outsourcing Business within US Military Bases into one of the Company's main businesses by FY2018

Converting Business Risks

5. Foreigner Technical Intern Training Program



■ Planned number of seconded interns at the end of FY12/15 **800**

■ Actual number of seconded interns at the end of Q3 FY12/15 **677**

Favorable progress toward achievement of FY12/15 full-year plan

Converting Business Risks

6. Entering Outsourcing Business for the Convenience Store Industry

Outsourcing market for the convenience store industry

- ⇒ Annually over ¥200 billion (the Company estimate), with demand expanding further
- ⇒ The convenience store industry is less susceptible to impact from the business cycle.

Commencing business at over 11,000 domestic convenience stores of a major chain including directly managed and franchise stores

[Challenges for the convenience store industry]

- No cooperation in the same region between stores with chronic labor shortages and sufficient stores, making lending of labor and freeing up of applicants difficult
- Directly managed stores and franchise stores place orders for dispatch separately to different dispatch business operator, giving rise to inefficiencies in personnel assignment and increases/decreases etc.
- Introduction of the “My Number System” (social security/tax identification system) raises risks of personnel information management for part-time workers of franchise stores

Offer “dispatching order management service” and “dispatching service” to all stores

Ascertain and manage the staff sufficiency status of all stores, and offer dispatch from the OS Group, and staff ordering operations to other dispatching firm

Over time expand business to other major convenience store chains

Outsourcing business for the convenience store industry will become a major business for the OS Group in 2 years.

Business Outlook for FY12/15



【Engineering Outsourcing Business】

- The number enrolled at the end of Q3 FY12/15 increased by 165 from 4,285 at the end of the Q2 to 4,450.
- The number enrolled at the fiscal year end in December is expected to exceed the initial plan for 4,367 by over 230 to over 4,600.
- The increased portion of the number enrolled is expected to contribute to sales and incomes.

【Manufacturing Outsourcing Business】

- The number enrolled at the end of Q3 FY12/15 increased by 1,047 from 6,935 at the end of the Q2 to 7,982 (PEO effect).
- The number enrolled at the fiscal year end in December is expected to exceed the initial plan for 7,891 by over 1,200 to over 9,100 (PEO effect).
- The increased portion of the number enrolled is expected to contribute to sales and incomes.

【Overseas Business】

- The shortfall from the initial net sales plan for the 1H of FY12/15 due to macro deterioration in China etc. was made up by the aforementioned two segments, with Overseas Business exceeding plan in the Q3, and in addition, revenues of the 3 firms acquired in Australia and Europe in August 2015 are consolidated from September.

Consolidated Financial Forecasts for FY12/15



Consolidated Financial Forecasts for FY12/15

Consolidated Financial Forecasts Summary

(¥ million)	FY12/14 Actual		FY12/15 Actual		FY12/15 Initial Forecasts						YoY Changes	
	Full-Year		1H		1H		2H		Full-Year		Amount	Ratio
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio		
Net sales	59,421	100.0%	36,022	100.0%	35,700	100.0%	38,300	100.0%	74,000	100.0%	14,578	24.5%
Cost of sales	47,457	79.9%	28,947	80.4%	-	-	-	-	-	-	-	-
Gross profit	11,963	20.1%	7,074	19.6%	-	-	-	-	-	-	-	-
SG&A expenses	9,953	16.8%	6,136	17.0%	-	-	-	-	-	-	-	-
Operating income	2,010	3.4%	937	2.6%	830	2.3%	2,270	5.9%	3,100	4.2%	1,089	54.2%
Non-operating income	661	1.1%	266	0.7%	-	-	-	-	-	-	-	-
Non-operating expenses	474	0.8%	200	0.6%	-	-	-	-	-	-	-	-
Ordinary income	2,197	3.7%	1,003	2.8%	800	2.2%	2,200	5.7%	3,000	4.1%	802	36.5%
Extraordinary income	113	0.2%	39	0.1%	-	-	-	-	-	-	-	-
Extraordinary losses	192	0.3%	0	0.0%	-	-	-	-	-	-	-	-
Net income	1,316	2.2%	488	1.4%	430	1.2%	1,190	3.1%	1,620	2.2%	303	23.1%

Consolidated Financial Forecasts for FY12/15

Financial Forecasts by Operating Segment (Annual and Semi-Annual Trends)

(¥ million)		FY12/14 Actual				FY12/15 Actual	FY12/15 Initial Forecast		
		1H Amount	2H Amount	Full-Year Amount	Composition Ratio	1H Amount	2H Amount	Full-Year Amount	Composition Ratio
Engineering Outsourcing Business	Net sales	10,381	11,655	22,036	37.1%	14,765	14,577	28,568	38.6%
	Operating income	494	928	1,423	70.8%	949	1,287	1,965	63.4%
	No. of worksite employees at term-end	2,893	3,271	3,271	–	4,285	4,367	4,367	–
Manufacturing Outsourcing Business	Net sales	12,049	13,428	25,478	42.9%	14,031	14,350	28,399	38.4%
	Operating income	195	389	584	29.1%	189	606	713	23.0%
	No. of worksite employees at term-end	6,213	6,732	6,732	–	6,935	7,891	7,891	–
Administrative Outsourcing Business	Net sales	289	312	601	1.0%	270	338	620	0.8%
	Operating income	41	50	92	4.6%	30	41	59	1.9%
	No. of outsourcing administrative workers at term-end	2,018	2,092	2,092	–	1,730	2,791	2,791	–
Recruiting and Placing Business*	Net sales	370	409	779	1.3%	341	408	783	1.1%
	Operating income	167	186	354	17.6%	142	122	237	7.6%
	No. of placed workers	1,455	1,427	2,882	–	1,194	1,528	2,867	–
Overseas Business	Net sales	4,879	5,466	10,346	17.4%	6,535	8,396	15,256	20.6%
	Operating income	34	52	87	4.3%	(19)	402	497	16.0%
	No. of worksite employees at term-end (Production Outsourcing Business)	7,545	7,554	7,554	–	8,417	12,671	12,671	–
	No. of worksite employees at term-end (Other Business)	2,543	2,871	2,871	–	3,083	2,894	2,894	–
Other Business	Net sales	99	78	178	0.3%	78	231	374	0.5%
	Operating income	4	1	6	0.3%	7	1	9	0.3%
Adjustments	Operating income	(225)	(311)	(537)	-26.7%	(362)	(189)	(380)	-12.3%
Total	Net sales	28,070	31,351	59,421	100.0%	36,022	38,300	74,000	100.0%
	Operating income	713	1,297	2,010	100.0%	937	2,270	3,100	100.0%

*From Q2 FY12/15, the Company has modified the English term of the operating segment formerly titled "Recruitment and Placement Business" to "Recruiting and Placing Business". The contents and Japanese title of the operating segment remain the same.

Consolidated Financial Forecasts for FY12/15

Financial Forecasts by Operating Segment (Quarterly Trends)

(¥ million)		FY12/14				FY12/15			Initial Forecasts
		Actual				Actual			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Engineering Outsourcing Business	Net sales	5,095	5,285	5,696	5,958	7,166	7,599	8,024	7,361
	Operating income	293	201	455	473	421	528	584	781
	No. of worksite employees at term-end	2,688	2,893	2,954	3,271	3,918	4,285	4,450	4,367
Manufacturing Outsourcing Business	Net sales	5,967	6,081	6,500	6,928	6,970	7,060	7,751	7,248
	Operating income	52	143	103	285	50	138	228	335
	No. of worksite employees at term-end	6,197	6,213	6,607	6,732	6,660	6,935	7,982	7,891
Administrative Outsourcing Business	Net sales	147	142	151	160	137	133	124	178
	Operating income	10	30	18	31	14	16	17	24
	No. of outsourcing administrative workers at term-end	2,102	2,018	2,140	2,092	2,151	1,730	1,659	2,791
Recruiting and Placing Business*	Net sales	159	210	188	221	167	174	257	195
	Operating income	77	90	96	89	66	75	136	55
	No. of placed workers	690	765	744	683	594	600	703	728
Overseas Business	Net sales	2,353	2,526	2,658	2,808	3,210	3,324	4,302	4,357
	Operating income	(7)	42	18	34	(63)	43	118	220
	No. of worksite employees at term-end (Production Outsourcing Business)	6,924	7,545	8,412	7,554	7,677	8,417	8,460	12,671
	No. of worksite employees at term-end (Other Business)	2,222	2,543	2,694	2,871	3,417	3,083	2,987	2,894
Other Business	Net sales	63	36	36	41	42	35	39	127
	Operating income	6	(2)	(0)	1	3	4	5	(1)
Adjustments	Operating income	(123)	(102)	(159)	(151)	(177)	(185)	(220)	(91)
Total	Net sales	13,788	14,281	15,232	16,118	17,694	18,327	20,499	19,466
	Operating income	309	404	532	764	314	622	870	1,323

*From Q2 FY12/15, the Company has modified the English term of the operating segment formerly titled "Recruitment and Placement Business" to "Recruiting and Placing Business". The contents and Japanese title of the operating segment remain the same.

Domestic Recruitment Plan for FY12/15

Annual and Semi-Annual Trends

		FY12/14			Actual 1H	FY12/15	
		Actual				Initial Plan	
		1H	2H	Full-Year			2H
Engineering and Others	No. of workers recruited (persons)	545	738	1,283	1,073	610	1,492
	Recruitment unit price (¥/worker)	241,758	187,367	210,472	197,892	268,982	240,119
Dispatching and Contracting*	No. of workers recruited (persons)	2,892	3,357	6,249	3,418	3,263	6,627
	Recruitment unit price (¥/worker)	73,276	64,406	68,511	77,678	61,932	72,318
Recruiting and Placing*	No. of workers recruited (persons)	1,412	1,427	2,839	1,194	1,528	2,867
	Recruitment unit price (¥/worker)	116,930	116,166	116,546	121,715	109,720	126,201

Quarterly Trends

		FY12/14				FY12/15			
		Actual				Actual			Initial Plan
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Engineering and Others	No. of workers recruited (persons)	164	381	312	426	325	748	358	271
	Recruitment unit price (¥/worker)	324,323	206,218	199,247	178,667	350,935	131,396	259,985	296,679
Dispatching and Contracting*	No. of workers recruited (persons)	1,270	1,622	1,838	1,519	1,531	1,887	2,656	1,532
	Recruitment unit price (¥/worker)	75,486	71,546	66,892	61,398	91,251	66,665	43,829	58,877
Recruiting and Placing*	No. of workers recruited (persons)	651	761	744	683	594	600	703	728
	Recruitment unit price (¥/worker)	133,644	102,632	113,849	118,689	131,552	111,977	108,889	103,615

*From Q2 FY12/15, the Company adopts the following English terms to describe its recruiting formats. The contents of the recruiting formats remain the same.
Dispatching (formerly Temporary Placement), Contracting (formerly Outsourced Contracting), and Recruiting and Placing (formerly Recruitment and Placement)

References



Net Sales Breakdown by Industry for FY12/15

Quarterly Trends

(¥ million)	FY12/14 Actual				FY12/15 Actual		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Engineering Outsourcing Business	5,095	5,285	5,696	5,958	7,166	7,599	8,024
Electrical & Electronics	684	765	776	815	901	1,380	1,491
Transport Equipment	1,544	1,642	1,868	1,890	1,980	1,945	2,214
Pharm. & Chemicals	211	211	237	294	352	335	330
Metals & Construction Materials	16	29	32	21	23	25	24
IT-related	1,913	1,967	2,199	2,255	2,443	2,418	2,390
Construction & Plant-related	141	138	136	161	1,043	1,016	1,082
After-sales Maintenance	87	73	37	35	30	32	31
Others	497	456	408	484	390	443	459
Manufacturing Outsourcing Business	5,967	6,081	6,500	6,928	6,970	7,060	7,751
Foods	394	399	465	462	401	333	400
Electrical & Electronics	1,407	1,667	1,793	1,905	1,909	2,004	2,370
Transport Equipment	2,015	1,946	2,193	2,524	2,714	2,728	2,884
Pharm. & Chemicals	948	998	989	935	908	897	884
Metals & Construction Materials	521	561	518	502	486	485	510
Others	680	507	541	596	550	611	701
Overseas Business	2,353	2,526	2,658	2,808	3,210	3,324	4,302

Net Sales Ratio by Industry for FY12/15

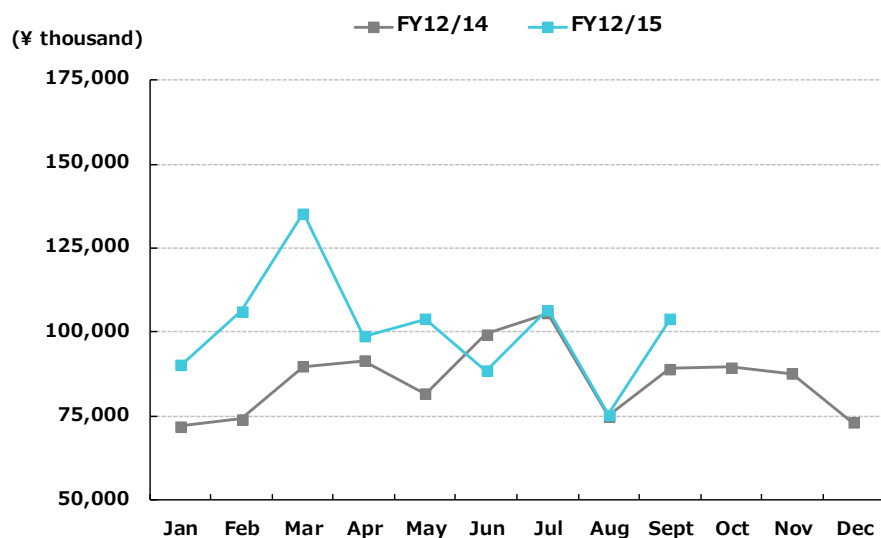
Quarterly Trends

	FY12/14 Actual				FY12/15 Actual		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Engineering Outsourcing Business	36.9%	37.0%	37.4%	37.0%	40.5%	41.5%	39.1%
Electrical & Electronics	5.0%	5.4%	5.1%	5.1%	5.1%	7.5%	7.3%
Transport Equipment	11.2%	11.5%	12.3%	11.7%	11.2%	10.6%	10.8%
Pharm. & Chemicals	1.5%	1.5%	1.6%	1.8%	2.0%	1.8%	1.6%
Metals & Construction Materials	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%	0.1%
IT-related	13.9%	13.8%	14.4%	14.0%	13.8%	13.2%	11.7%
Construction & Plant-related	1.0%	1.0%	0.9%	1.0%	5.9%	5.6%	5.3%
After-sales Maintenance	0.6%	0.5%	0.2%	0.2%	0.2%	0.2%	0.1%
Others	3.6%	3.2%	2.7%	3.0%	2.2%	2.4%	2.2%
Manufacturing Outsourcing Business	43.3%	42.6%	42.7%	43.0%	39.4%	38.5%	37.8%
Foods	2.9%	2.8%	3.1%	2.9%	2.3%	1.8%	1.9%
Electrical & Electronics	10.2%	11.7%	11.8%	11.8%	10.8%	10.9%	11.6%
Transport Equipment	14.6%	13.6%	14.4%	15.7%	15.3%	14.9%	14.1%
Pharm. & Chemicals	6.9%	7.0%	6.5%	5.8%	5.1%	4.9%	4.3%
Metals & Construction Materials	3.8%	3.9%	3.4%	3.1%	2.8%	2.7%	2.5%
Others	4.9%	3.6%	3.6%	3.7%	3.1%	3.3%	3.4%
Overseas Business	17.1%	17.7%	17.5%	17.4%	18.2%	18.1%	21.0%

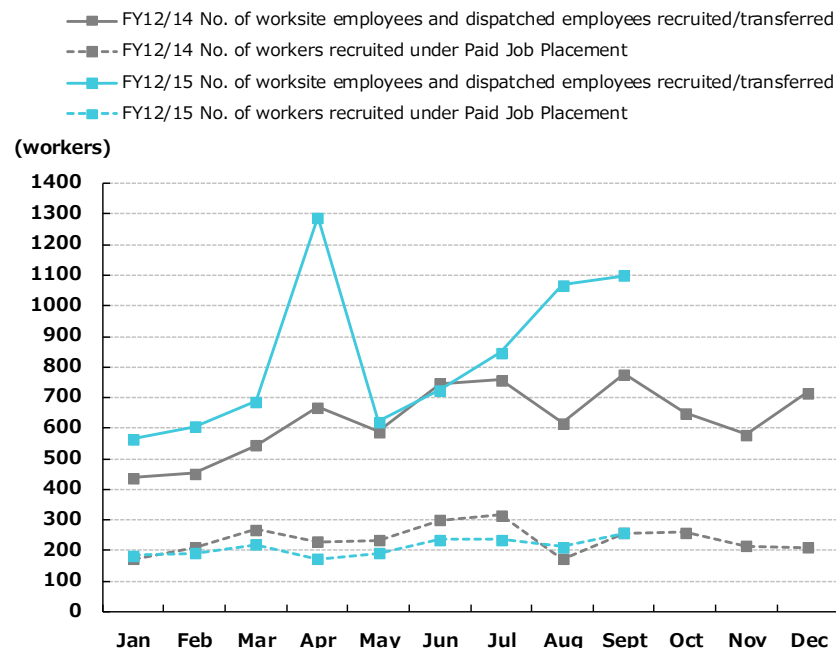
Trends in Recruited Number of Workers and Recruiting Expenses

Monthly Trends in Recruited Number of Workers and Recruiting Expenses in Japan (Consolidated)

Monthly Recruiting Expenses



No. of Worksite Employees and Dispatched Employees Recruited/transferred



FY12/14		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
—■—	No. of worksite employees and dispatched employees recruited/transferred	438	453	543	668	589	746	758	616	776	649	580	716
-■-	No. of workers recruited under Paid Job Placement	173	210	268	229	233	299	315	172	257	259	214	210
—■—	Recruiting expenses (¥ thousand)	72,093	74,093	89,872	91,575	81,711	99,433	105,639	75,051	89,126	89,672	87,611	73,157

FY12/15		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
—■—	No. of worksite employees and dispatched employees recruited/transferred	565	604	687	1,289	622	724	847	1,068	1,099			
-■-	No. of workers recruited under Paid Job Placement	183	192	219	173	192	235	235	212	256			
—■—	Recruiting expenses (¥ thousand)	90,149	106,324	135,429	98,732	104,026	88,508	106,653	75,482	103,899			

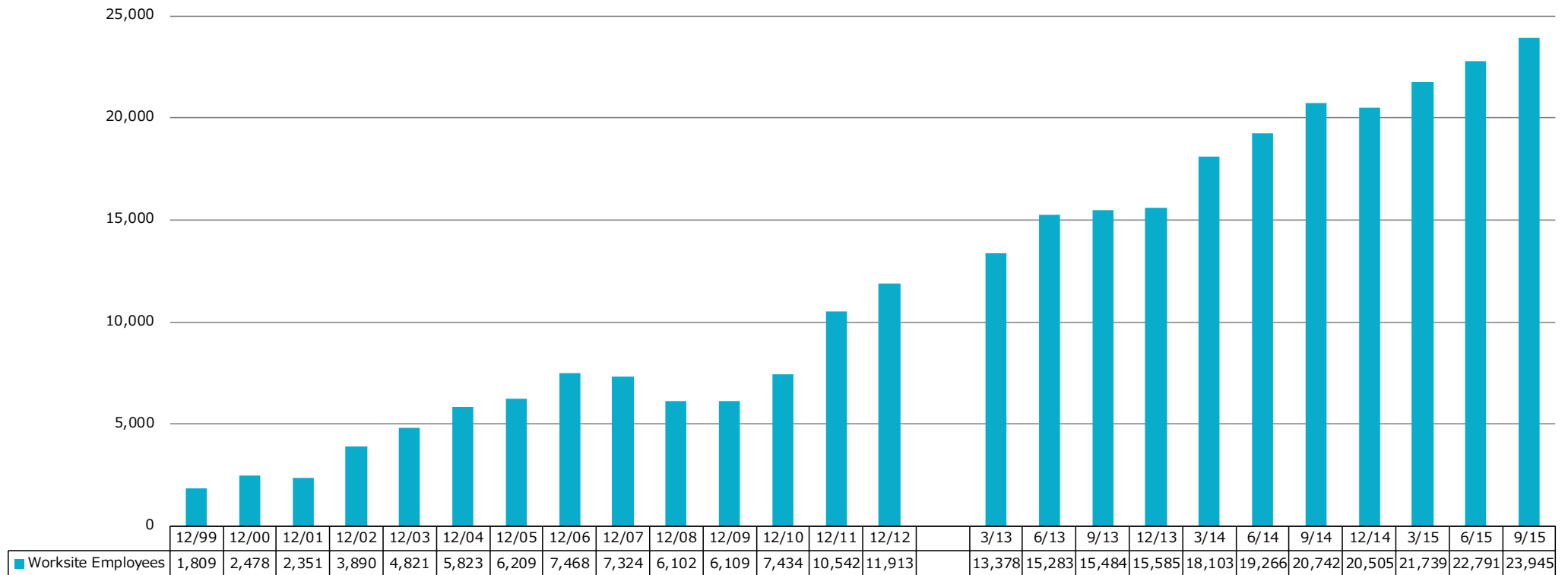
*Total number of recruited workers and recruiting expenses in Japan (Dispatching and Contracting, Recruiting and Placing, and Engineering)

Changes in Number of Worksite Employees and Dispatched Workers

Quarterly Changes in Number of Worksite Employees and Dispatched Workers (Consolidated)

- Up to FY12/12: Annual trend
- From FY12/13: Quarterly trend

(workers at term-end)



*Worksite employees are those working at client manufacturers' worksites, including currently active dispatched workers.

Legal Disclaimer

A cautionary note on forward-looking statements:

This material contains forward-looking statements about the Company's future plans and forecasts, which are based on the Company's assumptions and beliefs judged from the information currently available and are subject to a number of risks and uncertainties. This may cause actual results to differ materially from those projected.

OUTSOURCING Inc.

CEO Office

E-Mail: os-ir@outsourcing.co.jp

URL: <http://www.outsourcing.co.jp/en>