

# FACTBOOK

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

For the 2nd Quarter of Fiscal Year  
Ending December 31, 2016



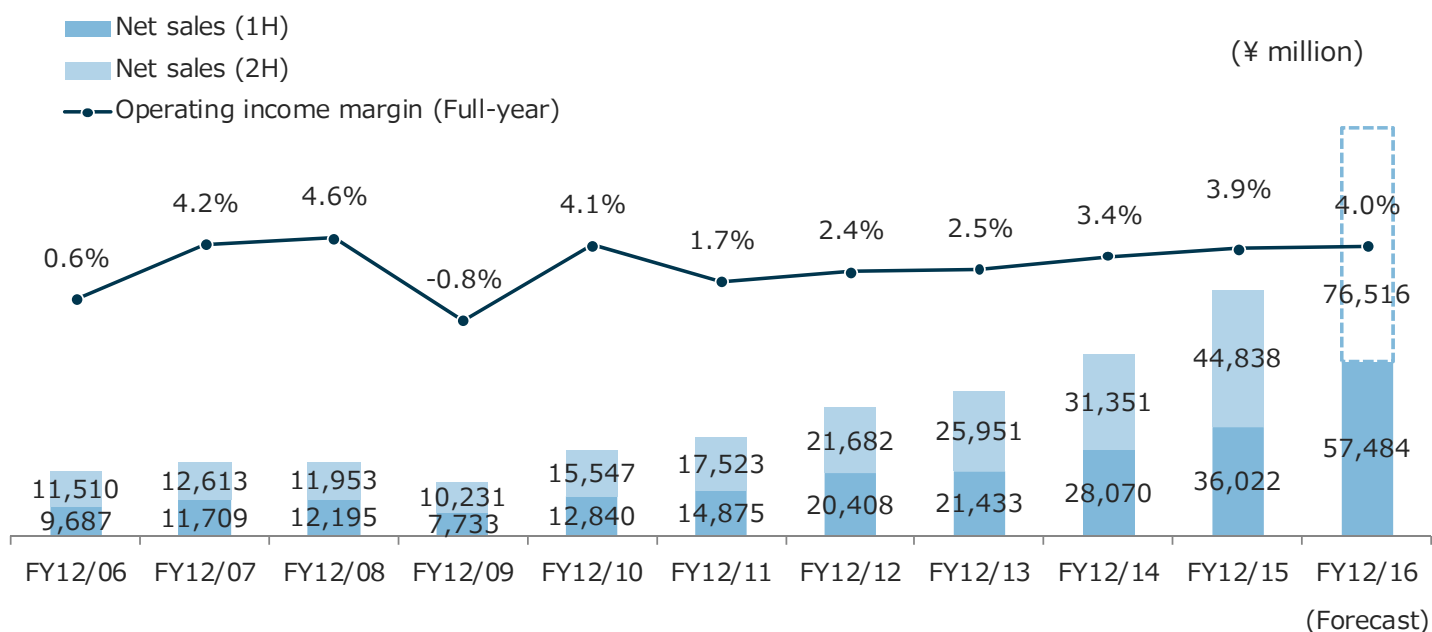
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# Corporate Profile / Net Sales and Operating Income Margin

## Corporate Profile (as of June 30, 2016)

Company Name	OUTSOURCING Inc.
URL	<a href="http://www.outsourcing.co.jp/en/">http://www.outsourcing.co.jp/en/</a>
Head Office	19F Marunouchi Trust Tower Main Bldg., 1-8-3 Marunouchi, Chiyoda-ku, Tokyo, 100-0005 Japan
Capital Stock	¥1,739,930 thousand
Established	January 1997
Representative	Haruhiko Doi, Chairman & CEO
Main Businesses	Domestic Engineering Outsourcing Business, Domestic Manufacturing Outsourcing Business, Domestic Service Operations Outsourcing Business, Domestic Administrative Outsourcing Business, Domestic Recruiting and Placing Business, Overseas Engineering Outsourcing Business, Overseas Manufacturing and Service Operations Outsourcing Business
Number of Branches	40 Sales Offices and 10 Recruitment Centers
Total Employees (Group)	38,430


## Net Sales and Operating Income Margin



# Business Overview

## Operating Segments


Domestic Engineering  
Outsourcing Business  
**32.9%** (Composition Ratio)

 15 Group Companies

Service providing advanced technology/know-how to makers in the design/development, and verification testing/appraisal phases, building web/smart phone telecom applications and e-commerce sites, all type of solution services and construction for backbone IT Systems/infrastructure/networks, outsourcing service for R&D work specialized in medical/chemical-related, service providing specialized technical know-how for on-site construction supervision/design and design/installation/management of all types of plants, IT-related schools, etc.

【Major Group Companies】  
enable Inc., RPM Co., Ltd., TryAngle Co., Ltd., OUTSOURCING TECHNOLOGY Inc., OS SEMITECH Inc., Computer System Laboratory Co., Ltd., Thinketh Bank Co., Ltd., Kyodo Engineering Corporation


Domestic Manufacturing  
Outsourcing Business  
**26.9%**

 10 Group Companies

In response to maker outsourcing needs for the manufacturing processes, provides production technology and administrative know-how, and service achieving higher productivity

OUTSOURCING Inc., ORJ INC., Sanshin Electric Co., Ltd., PEO Co., Ltd.


Domestic Service Operations  
Outsourcing Business  
**2.6%**

 5 Group Companies

Provides HR services for public institutions, including facilities within US military bases, and services for convenience stores

OTS Inc., ISE INTERNATIONAL Co., Ltd., IOD Inc.


Domestic Administrative  
Outsourcing Business  
**0.6%**

 2 Group Companies

Provides total administrative contract work including labor management for fixed-term contract employees directly employed by makers as well as interns after hiring, housing management, as well as outplacement assistance for workers whose contracts have expired

OUTSOURCING Inc., ORJ INC.


Domestic Recruiting and  
Placing Business  
**1.0%**

 2 Group Companies

Provides recruitment agency services for fixed-term contract employees directly employed by makers

OUTSOURCING Inc., ORJ INC.


Overseas Engineering  
Outsourcing Business  
**14.8%**

 19 Group Companies

At overseas subsidiaries mainly in Europe and Australia, provides dispatching services for IT engineers and financial industry specialists

DATA CORE TECHNOLOGIES PRIVATE LIMITED, BLUEFIN RESOURCES PTY. LIMITED, NTRINSIC CONSULTING EUROPE LIMITED, NTRINSIC CONSULTING SPRL, J.B.W. GROUP LIMITED, Clicks Recruit (Australia) Pty Ltd, Index Consultants Pty Ltd


Overseas Manufacturing and  
Service Operations  
Outsourcing Business  
**20.5%**

 35 Group Companies

At overseas subsidiaries mainly in Asia and South America, provides manufacturing outsourcing HR services, as well as dispatching and recruiting and placing for white collar workers and agency payroll processing business

OS (THAILAND) CO., LTD., OS VIETNAM CO., LTD., SANSHIN (MALAYSIA) SDN. BHD., PT. OS SELNAJAYA INDONESIA, EXPROCHILE S.A., ALP CONSULTING LIMITED, Hoban Recruitment Pty Ltd, FARO RECRUITMENT (CHINA) CO., LTD., FARO RECRUITMENT (HONG KONG) CO., LIMITED

Other Segments Total  
**0.7%**

 3 Group Companies

Provides product development/manufacturing/sales as well as payroll processing and secretarial work, etc.

enable Inc., Outsourcing Business Service Inc., WP Co., Ltd.

# OUTSOURCING Group Expansion Corporate History





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.

# Business Locations Overview

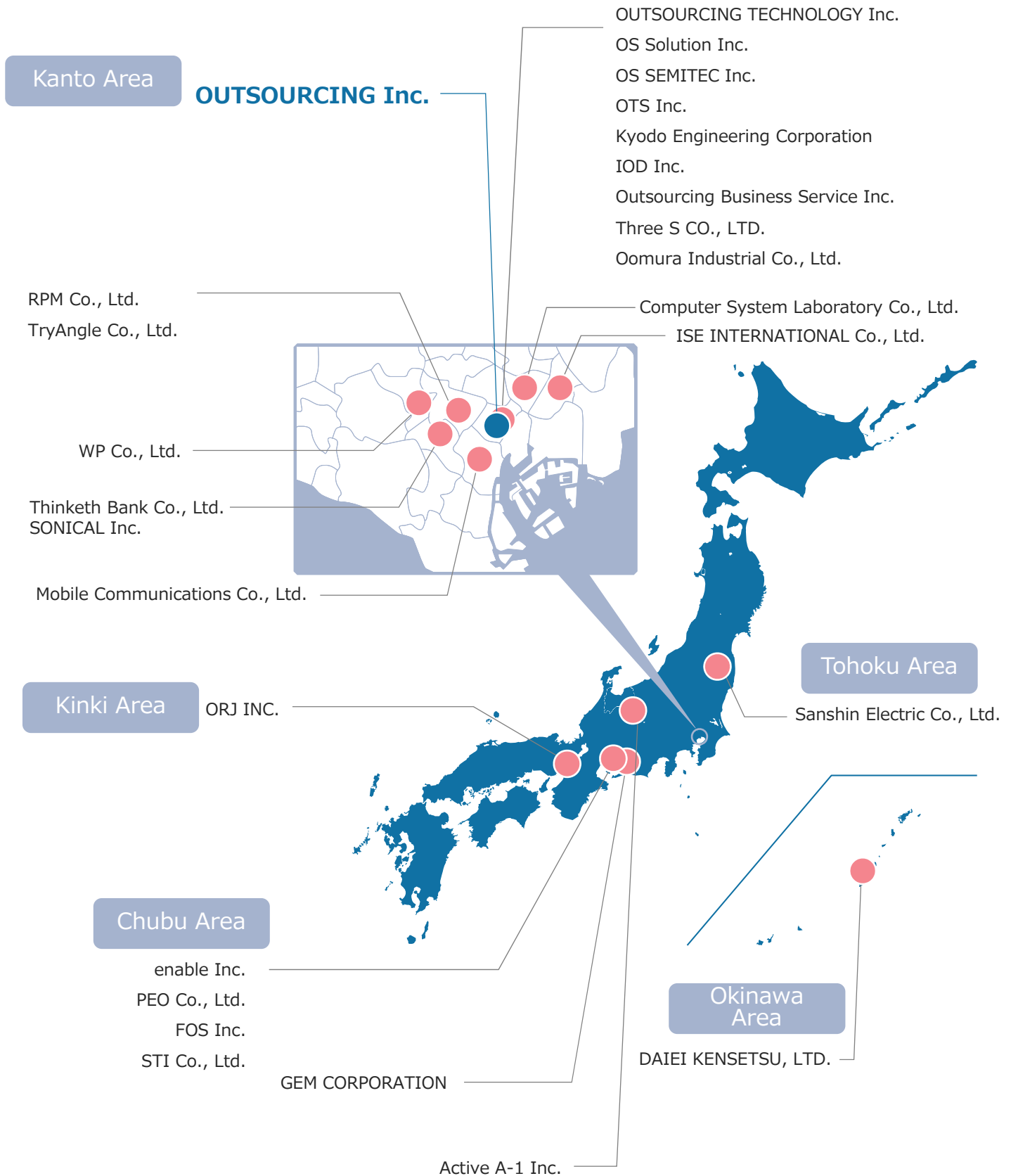
## Domestic Business Locations

(as of June 30, 2016)

### Domestic Companies Group : 31

● **OUTSOURCING Inc.**   ● **Consolidated Subsidiaries**

Additionally, there are 40 sales offices and 10 recruitment centers nationwide.

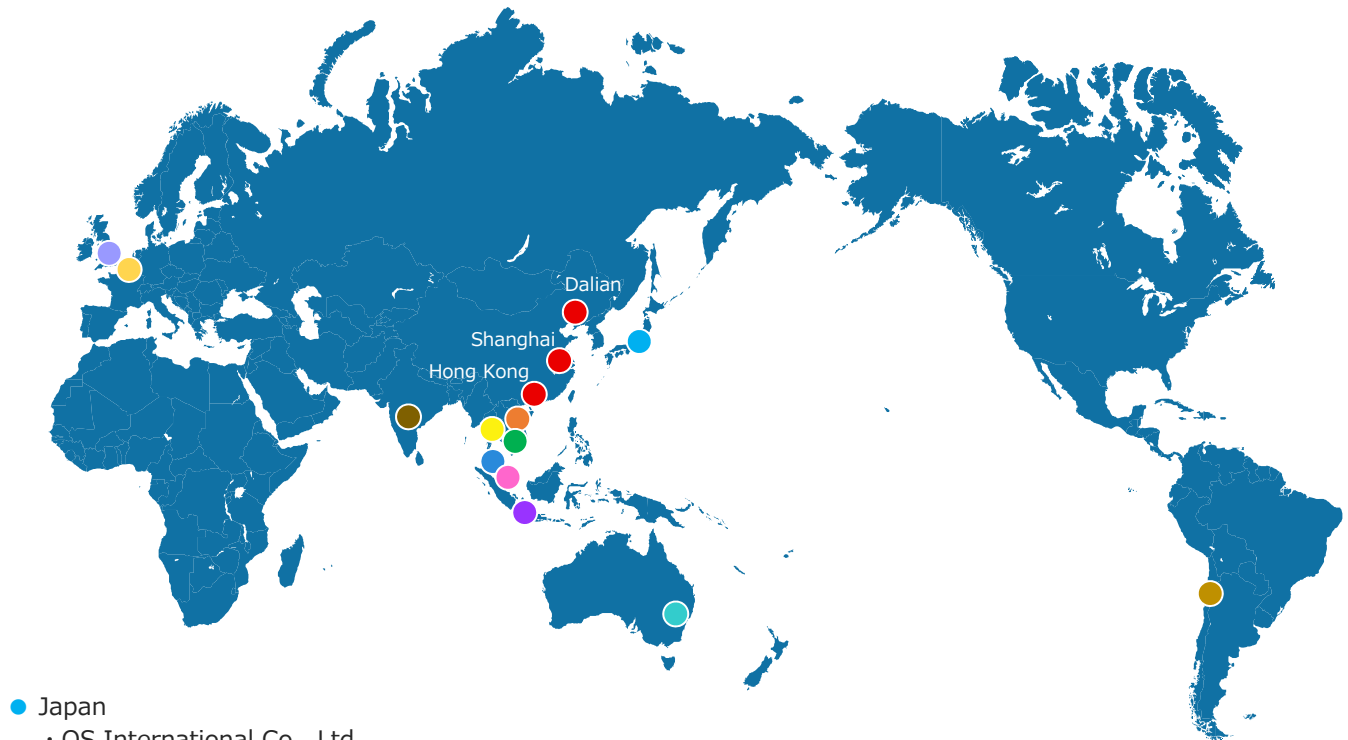


# Business Locations Overview

## Overseas Business Locations

(as of June 30, 2016)

### Overseas Companies Group : 54 (including Unit Trusts)



- Japan
  - OS International Co., Ltd.

#### Asia

- China
  - Out-Sourcing China, Inc.
  - Gray (Dalian) Information Technology Co., Ltd.
  - FARO RECRUITMENT (CHINA) CO., LTD.
  - FARO RECRUITMENT (HONG KONG) CO., LIMITED
- Thailand
  - OS (THAILAND) CO., LTD.
  - OS Recruitment (Thailand) Co., Ltd.
  - J.A.R. Service Co., Ltd.
  - P-ONE SUBCONTRACT CO., LTD.
  - CELCO (THAILAND) CO., LTD.
  - Human Value Co., Ltd.
- Viet Nam
  - OS VIETNAM CO., LTD.
  - OS POWER VIETNAM CO., LTD.
  - Faith Root Recruitment Vietnam Joint Stock Company
  - FAITH ROOT LABOUR OUTSOURCING VIETNAM COMPANY LIMITED
- Cambodia
  - OUTSOURCING (CAMBODIA) Inc.
- Malaysia
  - SANSHIN (MALAYSIA) SDN. BHD.
  - OS HRS SDN. BHD.
- Singapore
  - FARO RECRUITMENT (SINGAPORE) PTE. LTD.
- Indonesia
  - PT. OS SELNAJAYA INDONESIA
- India
  - ALP CONSULTING LIMITED
  - DATACORE TECHNOLOGIES PRIVATE LIMITED

#### Oceania

- Australia
  - STAFF SOLUTIONS AUSTRALIA PTY LTD
  - BLUEFIN RESOURCES GROUP PTY LIMITED
  - BLUEFIN RESOURCES PTY. LIMITED
  - The Beddison Group Pty Ltd
  - Hoban Recruitment Pty Ltd
  - Luxxe Outsourced Hotel Services Pty Ltd
  - Clicks Recruit (Australia) Pty Ltd
  - Index Consultants Pty Ltd

#### Europe

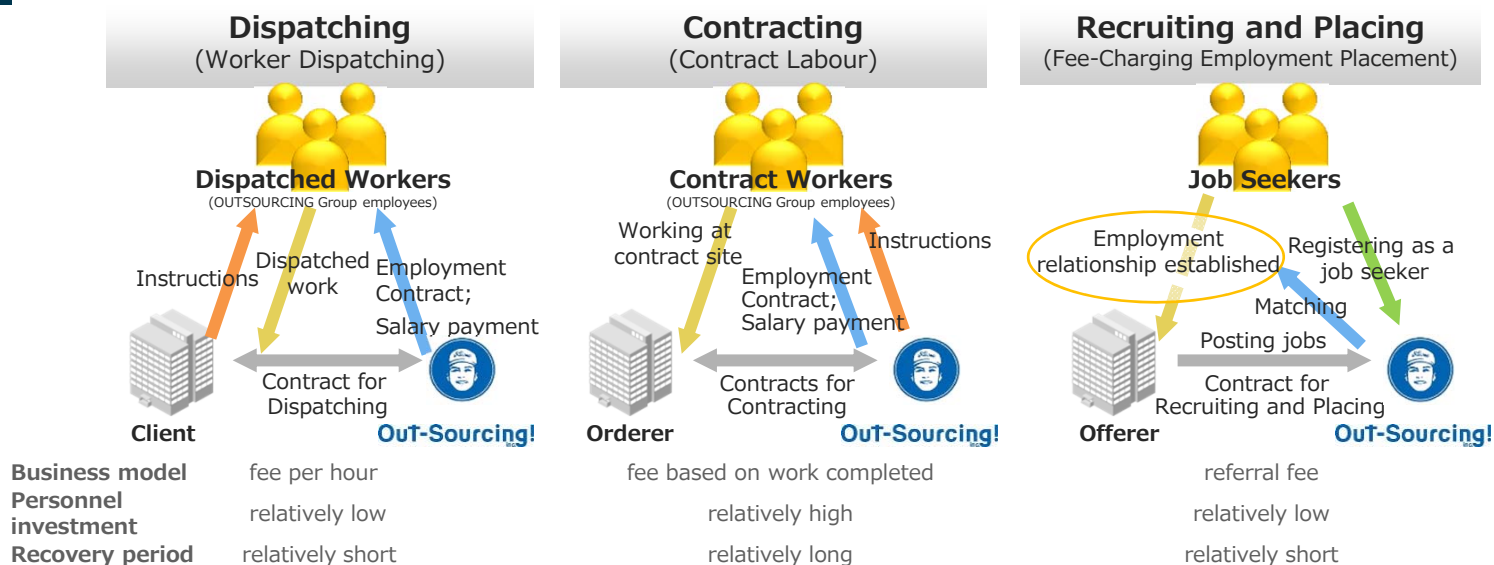
- United Kingdom
  - NTRINSIC HOLDINGS LIMITED
  - NTRINSIC CONSULTING RESOURCES LIMITED
  - NTRINSIC CONSULTING EUROPE LIMITED
  - J.B.W. GROUP LIMITED
  - CASE DYNAMICS LIMITED
- Belgium
  - NTRINSIC CONSULTING SPRL

#### South America

- Chile
  - EST EXPROSERVICIOS S.A.
  - EST EXPROTEMPO S.A.
  - EXPROCHILE S.A.
  - EXPROSERVICIOS S.A.
  - RIVAS Y ASOCIADOS LIMITADA

# OUTSOURCING Group: Legal and Regulatory Framework Affecting Our Domestic Outsourcing Business (1)

## Major Hiring Formats for Our Domestic Outsourcing Business



Note: 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)

## Administrative Operations



## Revisions to the Worker Dispatching Act

- 1985**
  - Worker Dispatching Act is enacted (positive list employed)
- 1986**
  - Worker Dispatching Act goes into effect (approved job categories eligible to use dispatched workers are expanded from 13 to 16)
- 1996**
  - Job categories specified under the Act are expanded (eligible list expanded from 16 to 26 occupations)
- 1999 Major Revision (deregulation)**
  - Eligible job categories are deregulated in principle (negative list employed)
  - Deregulated job categories are restricted on period for accepting (maximum 1 year)
  - System created to secure period for accepting (notification before date limit, notification of dispatching termination etc.)
  - For deregulated job categories, obligation to make efforts to employ, creation of advice to hire in the case of contravention to the Act
- 2000**
  - Remove the ban on Employment Placement Dispatching
- 2004**
  - Period for accepting restriction is extended (minimum 1 year, maximum 3 years)
  - Remove the ban on manufacturing occupations worker dispatching is lifted (maximum 1 year)
  - Creation of client's obligation to offer employment contracts to a dispatched worker(s) (deregulated occupations and regulated occupations)
  - Employment Placement Dispatching is formally covered under regulations
- 2012 Revision (regulations tightened)**
  - "Protecting dispatched workers" is explicitly stated in the title and the purpose of the Act
  - Business regulations strengthened (prohibition on day worker dispatching, regulations on dispatching to group companies, regulations for persons leaving jobs)
  - Treatment and benefits for dispatched workers (fair treatment, information disclosure, etc.)
  - Penalties addressing illegal worker dispatching (creation of systems for the deemed offers of an employment contract\*, implementing grounds for causes of disqualification, etc.) \*Note: Effective as of October 1, 2015
- 2015 Revision**
  - All worker dispatching undertakings fall under a license system, with distinctions between general dispatching and 26 specified occupations dispatching eliminated
  - Employment security measures for dispatched workers and training for their career advancement become mandatory for the dispatch business operators
  - Restrictions on the periods for receiving worker dispatching services are reviewed, with restriction on period for business office unit and individual unit
  - Introduction of the deemed offer system of an employment contract in the case of illegal worker dispatching



# OUTSOURCING Group: Legal and Regulatory Framework Affecting Our Domestic Outsourcing Business (2)

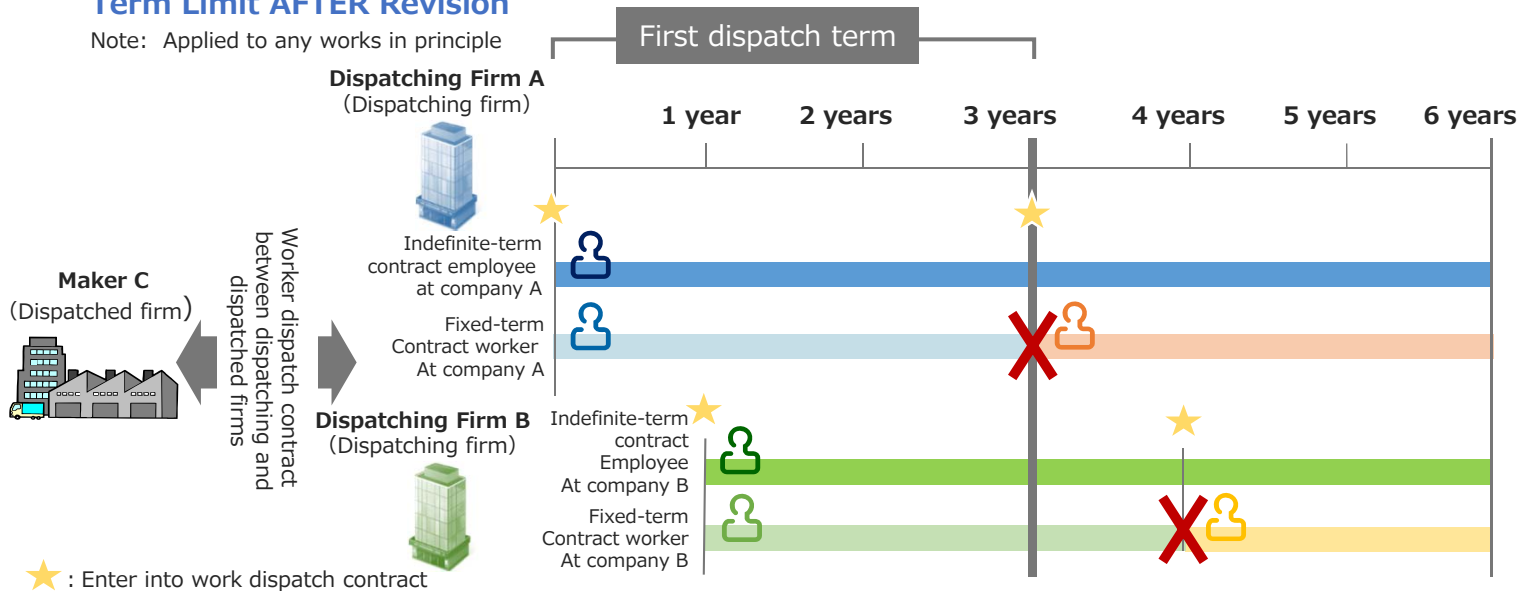
## Revised Worker Dispatching Act

### 1. Revised Worker Dispatching Act Enforced in September 2015 (abstract)

- Requiring dispatch business operators to secure employment stabilization measures for dispatched workers at the expiration of dispatching period (Partly obligation to make efforts)
- **No restriction on period for indefinite-term contract worker dispatching (Before revised: Up to 3 years at the same manufacturing workplace)**
- **For dispatch business operators, planned education and training for dispatched workers and career consulting for those who desire it become mandatory**
- Specified worker dispatching undertaking (notification system) is abolished, and all worker dispatching undertakings come under a license system (Tightened the terms of license permissions)
- Abolishing specified works had no restriction on period and limiting up to 3 years for dispatching all fixed-term contract employees employed by dispatch business operators to the same workplace

### Term Limit AFTER Revision

Note: Applied to any works in principle



Dispatch to the same work

- No term limit for indefinite-term contract dispatching
- 3 year limit for fixed-term contract worker dispatching

Note: When the worker is changed, continued dispatch to the same work is allowed without a cooling-off period.

### 2. Revised Labor Contract Act Enforced in April 2013 (abstract)

- Requiring employers to convert fixed-term contracts to indefinite-term contract employments when requested by fixed-term contract employees after 5 consecutive years of services



#### Key Points

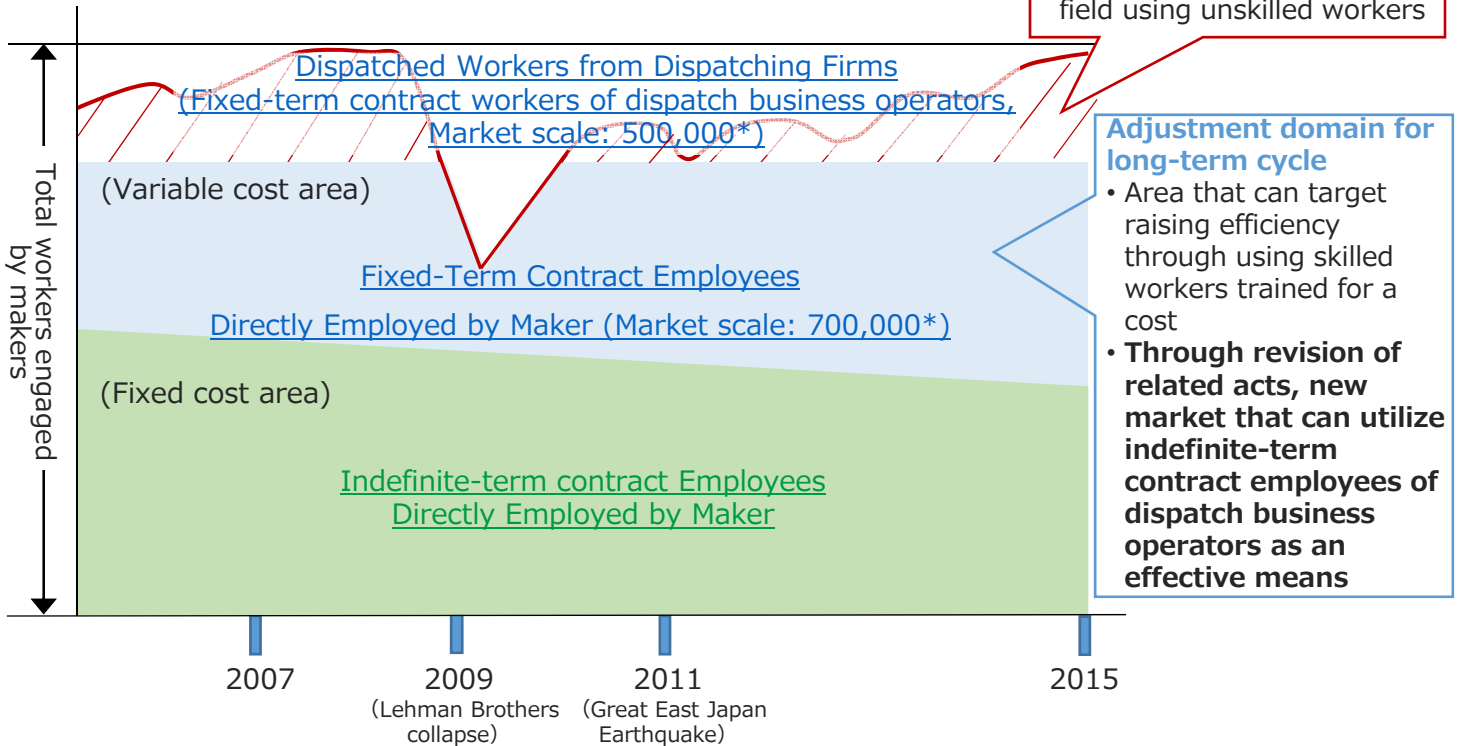
- The Revised Worker Dispatching Act aims for employment stabilization through foreclosing malicious businesses by imposing various requirements on dispatch business operators and relaxed term limit for indefinite-term contract worker dispatching
- The Revised Labor Contract Act aims to reduce unstable employments at any companies

# OUTSOURCING Group: Legal and Regulatory Framework Affecting Our Domestic Outsourcing Business (3)

## New Business Opportunities Created by Revision of Related Acts

### 1. Replacement market created by revision of related acts

Composition of production workforce for major automobile makers (general image)



\*Source: Company estimates based on the Ministry of Internal Affairs and Communications Labor Force Survey results and other data

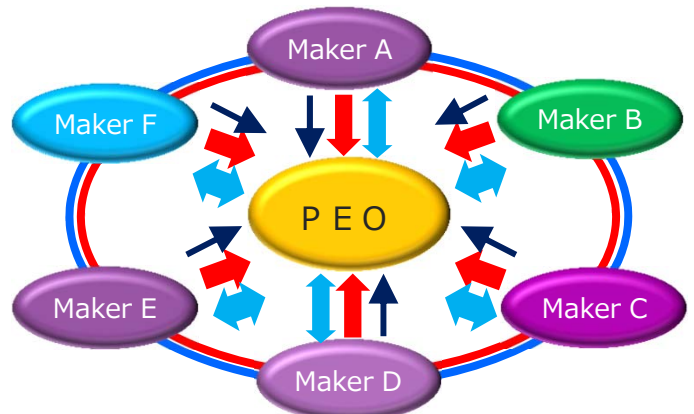
### 2. PEO Scheme

PEO stands for Professional Employer Organization

- ➡ Makers become members of the PEO Association managed by PEO Co., Ltd.
- ➡ PEO takes on fixed-term contract employees directly employed by the maker as its indefinite-term contract employees
- ↔ Dispatching of indefinite-term contract employees meeting the needs of makers for long-term use

#### Key Points

- Using the OS Group's proprietary PEO Scheme, **fixed-term contract employees employed directly by makers are hired by the Company as indefinite-term contract employees, thereby converting business to the adjustment field meeting long-term cycle production fluctuation**
- **While satisfying needs of makers to make costs variable, this secures stable employment of workers**



VISION 2020  
**Tackling New Frontiers**  
Evolving into a game-changing enterprise

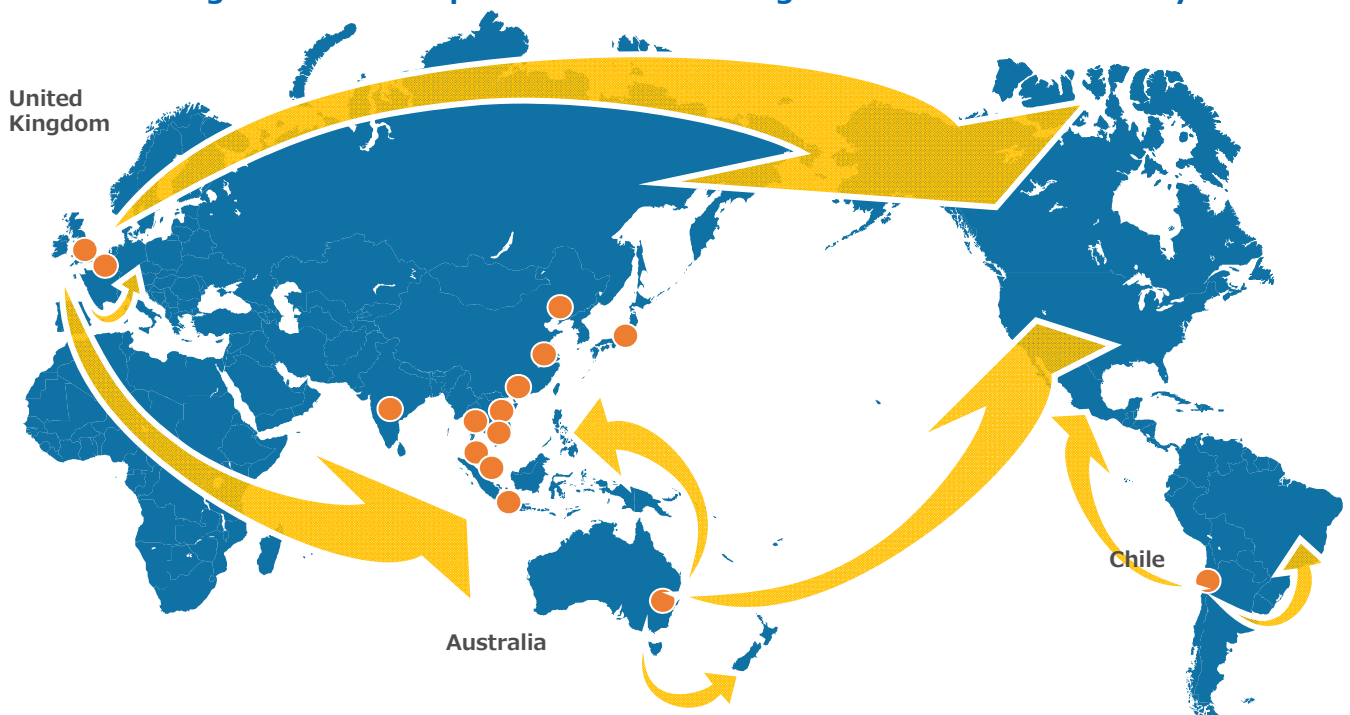
OUTSOURCING Group is taking the next leap as a global provider of comprehensive human resource solutions.

To respond to the changes in the Group's operating environment, it is transitioning away from its core business in manufacturing outsourcing to engineering and service operations outsourcing businesses while moving into foreign markets.

**Looking ahead toward the challenges and objectives OUTSOURCING Group faces over next 20 years, it has been engaged in the process of reinventing itself. Among the initiatives the Group has adopted is move actively into sectors that operate on business cycles that are different from the manufacturing sector, thereby enhancing its corporate strength and stamina against every conceivable shift and upheaval in its operating environment. The Group is concurrently making an extended foray into the outsourced public services business and other service fields that are less susceptible to external economic factors.**

### Global Development of Overseas Business

Seeking to maximize synergies through global development of Engineering and Manufacturing and Service Operations Outsourcing Business in each country



# Medium-Term Management Plan

## VISION 2020: Tackling New Frontiers

### Medium-Term Management Plan VISION2020 (FY12/17-FY12/20)

(¥ billion)

**Net Sales for FY12/20**

**387.0**

**EBITDA for FY12/20**

**31.5**

(EBITDA margin **8.1%**)

\*IFRS based

Net sales by operating segment	Domestic Engineering Outsourcing Business	97.0
	Domestic Manufacturing Outsourcing Business	88.0
	Domestic Service Operations Outsourcing Business	18.0
	Overseas Engineering Outsourcing Business	83.0
	Overseas Manufacturing and Service Operations Outsourcing Business	95.0
	Other Segments Total	6.0

### Strategy: Creating a Group-wide System Enabling the Group to Evolve as a Game-changing Enterprise

#### Domestic Operation

**Develop and expand services catering to new core industries and businesses less vulnerable to economic volatilities**

Offer greater range of outsourced services to convenience store franchisors while expanding businesses directed toward US military base facilities, which, while resistant to entry by newcomers, provide stable buffer against economic swings.

#### Global Operation

**Aggressively create Group-wide synergies by leveraging the Group's global network of companies**

Goal is to proactively expand such outsourced engineering services as Information Technology Outsourcing (ITO) and Knowledge Process Outsourcing (KPO), and in doing so, drive solutions-based businesses via proprietary services that leverage our IT strengths.

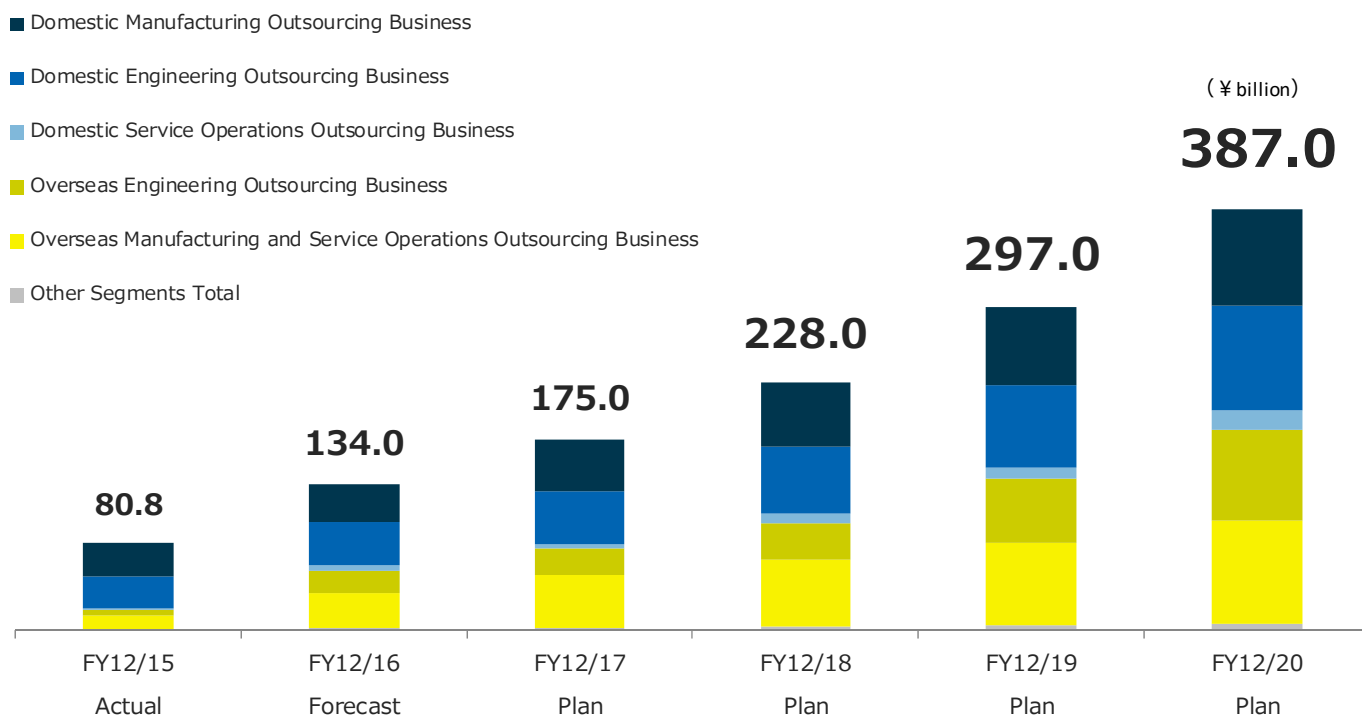
Given the trend toward the state outsourcing of public services to the private sector, exploit this public sector needs and move into other new markets less susceptible to economic volatilities.

# Medium-Term Management Plan

## VISION 2020: Tackling New Frontiers

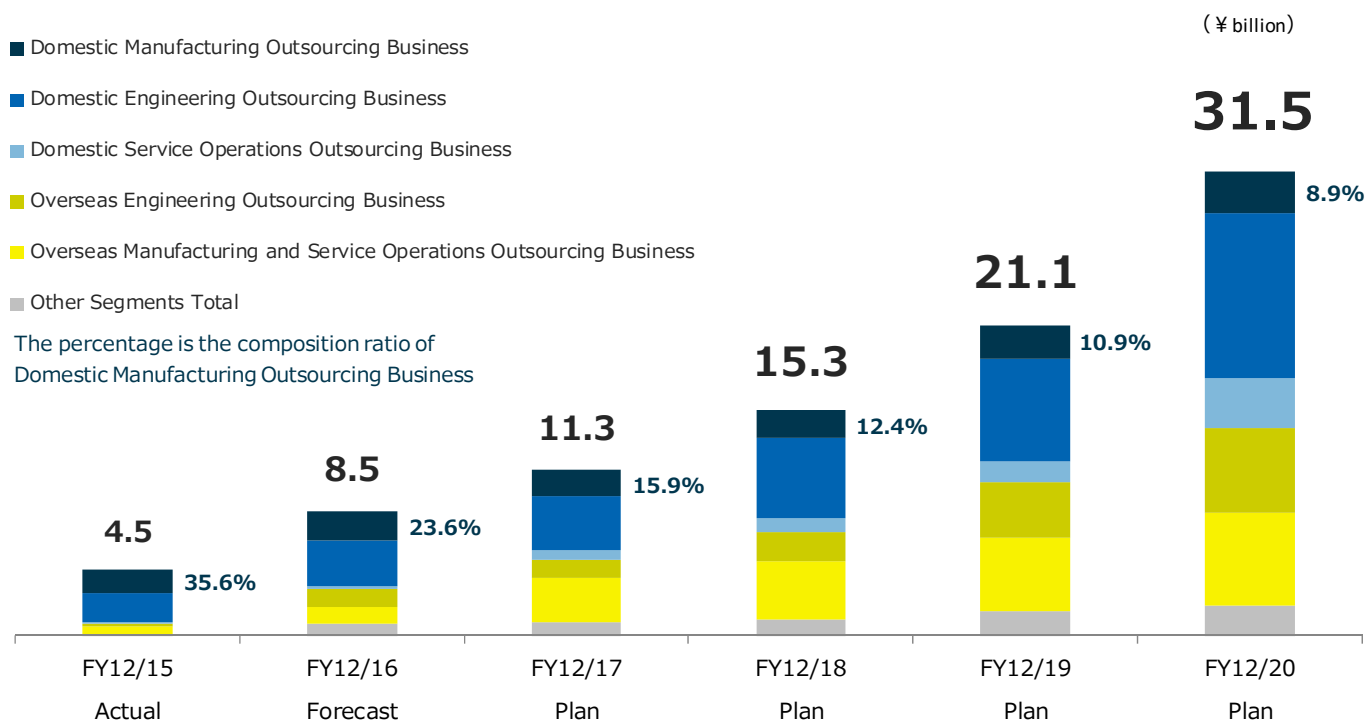
### Net Sales Plan by Operating Segment

Achieve through implementation of various measures including M&A with high synergies for each operating segment



### EBITDA Plan by Operating Segment

In FY12/20, achievement of reducing the EBITDA composition ratio for highly volatile Domestic Manufacturing Outsourcing Business within 10% of the total, reaching consolidated EBITDA over ¥30 billion



※FY12/15: J-GAAP based; FY12/16-FY12/20: IFRS based

# Consolidated Balance Sheet

(¥ million)	FY12/12 1H End	FY12/13 1H End	FY12/14 1H End	FY12/15 1H End	FY12/16 1H End
<b>Assets</b>					
<b>Total assets</b>	<b>13,527</b>	<b>17,114</b>	<b>22,091</b>	<b>27,419</b>	<b>49,857</b>
<b>Current assets</b>	<b>9,340</b>	<b>10,947</b>	<b>15,462</b>	<b>19,566</b>	<b>29,655</b>
Cash and deposits	3,107	4,402	6,060	7,411	10,324
Notes and accounts receivable - trade	5,090	5,341	7,259	9,544	16,031
Work in process	82	83	332	546	601
Raw materials and supplies	64	83	449	360	282
Other	1,023	1,068	1,400	1,755	2,494
Allowance for doubtful accounts	(26)	(30)	(39)	(52)	(78)
<b>Non-current assets</b>	<b>4,185</b>	<b>6,167</b>	<b>6,629</b>	<b>7,853</b>	<b>20,203</b>
<b>Property, plant and equipment</b>	<b>2,097</b>	<b>2,053</b>	<b>2,133</b>	<b>2,402</b>	<b>2,827</b>
Buildings and structures, net	1,178	1,146	1,223	1,361	1,629
Other, net	919	907	910	1,041	1,197
<b>Intangible assets</b>	<b>907</b>	<b>1,872</b>	<b>2,154</b>	<b>3,093</b>	<b>15,135</b>
Goodwill	803	1,406	1,629	2,592	13,324
Other	104	466	525	500	1,811
<b>Investments and other assets</b>	<b>1,181</b>	<b>2,242</b>	<b>2,343</b>	<b>2,358</b>	<b>2,241</b>
Other	-	2,243	-	-	-
Allowance for doubtful accounts	-	(1)	-	-	-

(¥ million)	FY12/12 1H End	FY12/13 1H End	FY12/14 1H End	FY12/15 1H End	FY12/16 1H End
<b>Liabilities</b>					
<b>Total liabilities</b>	<b>9,944</b>	<b>12,444</b>	<b>15,947</b>	<b>15,924</b>	<b>38,839</b>
<b>Current liabilities</b>	<b>7,129</b>	<b>9,303</b>	<b>12,039</b>	<b>11,756</b>	<b>31,049</b>
Notes and accounts payable - trade	77	244	652	740	691
Short-term loans payable	2,234	3,730	4,749	2,317	16,141
Accounts payable - other	3,128	3,435	3,936	5,381	9,040
Income taxes payable	180	245	543	718	1,198
Provision for bonuses	39	61	57	61	113
Other	1,471	1,589	2,101	2,540	3,866
<b>Non-current liabilities</b>	<b>2,815</b>	<b>3,142</b>	<b>3,908</b>	<b>4,168</b>	<b>7,790</b>
Bonds payable	96	60	70	50	-
Long-term loans payable	1,875	1,908	2,115	2,348	5,131
Provision for retirement benefits	380	514	768	-	-
Net defined benefit liability	-	-	-	799	777
Negative goodwill	255	117	3	0	-
Asset retirement obligations	-	-	292	374	413
Other	209	543	659	597	1,469

<b>Net assets</b>					
<b>Total net assets</b>	<b>3,583</b>	<b>4,670</b>	<b>6,144</b>	<b>11,495</b>	<b>11,018</b>
<b>Shareholders' equity</b>	<b>3,335</b>	<b>3,918</b>	<b>5,213</b>	<b>10,244</b>	<b>11,297</b>
Capital stock	485	492	535	1,721	1,740
Capital surplus	882	888	931	3,421	3,440
Retained earnings	2,359	2,929	4,138	5,103	6,117
Treasury shares	(391)	(391)	(391)	-	(0)
<b>Accumulated other comprehensive income</b>	<b>21</b>	<b>166</b>	<b>299</b>	<b>529</b>	<b>(1,972)</b>
Valuation difference on available-for-sale securities	0	18	19	13	(7)
Deferred gains or losses on hedges	-	-	(0)	-	-
Foreign currency translation adjustment	21	148	280	527	(1,981)
Remeasurements of defined benefit plans	-	-	-	(11)	16
Subscription rights to shares	109	127	99	58	131
Minority interests	118	459	533	664	1,562
<b>Total liabilities and net assets</b>	<b>13,527</b>	<b>17,114</b>	<b>22,091</b>	<b>27,419</b>	<b>49,857</b>

\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSBIN financial statements.

# Consolidated Statement of Income

	FY12/12	FY12/13	FY12/14	FY12/15	FY12/16
(¥ million)	1H	1H	1H	1H	1H
Net sales	20,408	21,433	28,070	36,022	57,484
Cost of sales	16,371	17,497	22,549	28,948	46,119
Gross profit	4,037	3,936	5,521	7,075	11,365
Selling, general and administrative expenses*	3,787	3,935	4,808	6,137	10,133
Operating income	250	1	713	938	1,231
Non-operating income	339	351	288	266	310
Interest income	3	8	26	27	30
Dividends income	3	8	8	6	2
Real estate rent	204	200	165	134	115
Amortization of negative goodwill	69	69	46	0	-
Share of profit of entities accounted for using equity method	25	2	-	-	-
Other	35	63	42	100	163
Non-operating expenses	279	313	242	201	247
Interest expenses	17	24	32	32	93
Rent cost of real estate	230	199	160	133	115
Share of loss of entities accounted for using equity method	-	-	1	1	-
Termination charge for point program	-	69	-	-	-
Other	32	21	49	34	40
Ordinary income	309	39	760	1,003	1,294
Extraordinary income	17	93	59	40	12
Gain on sales of non-current assets	1	0	39	-	9
Gain on sales of investment securities	-	14	19	40	-
Gain on bargain purchase	15	78	-	-	-
Other	-	-	-	-	3
Extraordinary loss	115	-	6	0	20
Loss on sales and retirement of non-current assets	6	-	6	0	13
Loss on sales of investment securities	-	-	-	-	8
Impairment loss	39	-	-	-	-
Office transfer expenses	70	-	-	-	-
Income before income taxes	210	132	813	1,043	1,285
Income taxes - current	187	204	475	544	1,061
Income taxes - deferred	55	(147)	(43)	(18)	(163)
Total income taxes	242	57	432	525	898
Income (loss) before minority interests	(32)	75	381	517	387
Minority interests in income (loss)	(8)	45	6	28	85
Net income (loss)	(24)	30	375	489	302

\*Includes the following:

Amortization of goodwill	118	188	242	361	917
Depreciation	145	156	162	198	333

\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSHIN financial statements.

# Consolidated Statement of Cash Flows

	FY12/12	FY12/13	FY12/14	FY12/15	FY12/16
(¥ million)	1H	1H	1H	1H	1H
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	562	841	980	817	711
Income before income taxes	210	132	813	1,043	1,285
Depreciation	145	156	162	198	333
Impairment loss	39	-	-	-	-
Gain on bargain purchase	(15)	(78)	-	-	-
Amortization of goodwill	118	188	242	361	917
Amortization of negative goodwill	(69)	(69)	(46)	(0)	-
Increase (decrease) in allowance for doubtful accounts	(2)	4	(1)	(2)	(26)
Increase (decrease) in provision for bonuses	(53)	(11)	(3)	(23)	21
Increase (decrease) in provision for retirement benefits	(37)	14	(39)	-	-
Increase (decrease) in net defined benefit liability	-	-	-	21	(59)
Interest and dividend income	(5)	(16)	(34)	(33)	(31)
Interest expenses	17	24	32	32	93
Share of (profit) loss of entities accounted for using equity method	(25)	(2)	1	1	-
Loss (gain) on sales and retirement of non-current assets	5	(0)	(34)	0	4
Loss (gain) on sales of investment securities	-	(14)	(19)	(40)	8
Decrease (increase) in notes and accounts receivable - trade	(63)	266	(590)	(827)	(1,179)
Decrease (increase) in inventories	(6)	2	(216)	(101)	246
Increase (decrease) in notes and accounts payable - trade	794	574	1,031	1,464	1,823
Increase (decrease) in accrued consumption taxes	4	(174)	336	(639)	(639)
Other, net	(319)	(116)	(330)	(67)	(737)
<b>Subtotal</b>	<b>738</b>	<b>877</b>	<b>1,305</b>	<b>1,388</b>	<b>2,059</b>
Interest and dividend income received	5	16	34	32	31
Interest expenses paid	(17)	(25)	(32)	(32)	(93)
Income taxes paid	(178)	(96)	(341)	(596)	(1,319)
Income taxes refund	13	68	13	24	32

\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSHIN financial statements.



# Consolidated Statement of Cash Flows

(¥ million)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
<b>Cash flows from investing activities</b>					
Net cash provided by (used in) investing activities	(445)	(714)	(506)	(1,546)	(6,583)
Payments into time deposits	(64)	(78)	(156)	(223)	(161)
Proceeds from withdrawal of time deposits	80	72	95	108	1,115
Purchase of property, plant and equipment	(105)	(163)	(181)	(205)	(139)
Purchase of intangible assets	(20)	(32)	(47)	(70)	(27)
Proceeds from sales of property, plant and equipment	3	1	40	-	40
Purchase of investment securities	(0)	(0)	(0)	(1)	(0)
Proceeds from sales of investment securities	-	416	80	82	237
Purchase of shares of subsidiaries and associates	(10)	(9)	-	-	-
Purchase of shares of subsidiaries	-	(79)	-	-	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(196)	(976)	(378)	(1,114)	(7,419)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	54	7	30	-
Payments for transfer of business	-	(9)	-	(130)	(220)
Payments of loans receivable	(6)	(3)	(24)	(7)	(7)
Collection of loans receivable	35	1	2	2	6
Payments for lease and guarantee deposits	(231)	(24)	(56)	(84)	(315)
Proceeds from collection of lease and guarantee deposits	69	30	46	52	71
Purchase of insurance funds	(2)	(5)	(1)	(15)	-
Proceeds from cancellation of insurance funds	2	91	72	32	241
Other, net	0	-	(3)	(2)	(4)
<b>Cash flows from financing activities</b>					
Net cash provided by (used in) financing activities	729	705	(448)	1,381	8,168
Net increase (decrease) in short-term loans payable	217	795	178	(2,693)	5,750
Proceeds from long-term loans payable	1,000	500	-	1,500	3,892
Repayments of long-term loans payable	(312)	(312)	(484)	(810)	(828)
Redemption of bonds	(62)	(150)	(40)	(95)	(25)
Proceeds from issuance of common shares	-	14	40	3,910	30
Cash dividends paid	(112)	(115)	(116)	(401)	(612)
Proceeds from share issuance to minority shareholders	4	-	-	-	-
Cash dividends paid to minority shareholders	(2)	(2)	(1)	(4)	(3)
Other, net	(3)	(24)	(25)	(27)	(36)
Effect of exchange rate change on cash and cash equivalents	10	102	(44)	(19)	(350)
Net increase (decrease) in cash and cash equivalents	856	933	(18)	632	1,945
Cash and cash equivalents at beginning of period	2,166	3,248	4,520	4,672	7,397
Cash and cash equivalents at end of period	3,022	4,181	4,502	5,304	9,342

\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSHIN financial statements.

# Consolidated Information by Operating Segment and Region (New Segment)

(¥ million)	FY12/15 1H	FY12/16 1H
<b>Net sales by operating segment</b>		
Domestic Engineering Outsourcing Business	14,766	18,889
Composition ratio	41.0%	32.9%
Electrical & Electronics	2,283	3,187
Composition ratio	6.3%	5.5%
Transport Equipment	3,926	4,830
Composition ratio	10.9%	8.4%
Pharm. & Chemicals	688	786
Composition ratio	1.9%	1.4%
IT-related	4,862	6,480
Composition ratio	13.5%	11.3%
Construction & Plant-related	2,061	2,407
Composition ratio	5.7%	4.2%
Others	946	1,199
Composition ratio	2.7%	2.1%
Domestic Manufacturing Outsourcing Business	13,724	15,487
Composition ratio	38.1%	26.9%
Electrical & Electronics	3,914	4,421
Composition ratio	10.9%	7.7%
Transport Equipment	5,443	6,133
Composition ratio	15.1%	10.7%
Pharm. & Chemicals	1,806	1,801
Composition ratio	5.0%	3.1%
Metals & Construction Materials	972	1,253
Composition ratio	2.7%	2.2%
Foods	735	812
Composition ratio	2.0%	1.4%
Others	854	1,068
Composition ratio	2.4%	1.8%
Domestic Service Operations Outsourcing Business	298	1,476
Composition ratio	0.9%	2.6%
Retail	271	833
Composition ratio	0.8%	1.5%
Civil Service	-	311
Composition ratio	-	0.5%
Others	27	332
Composition ratio	0.1%	0.6%
Domestic Administrative Outsourcing Business	280	356
Composition ratio	0.8%	0.6%
Domestic Recruiting and Placing Business	342	593
Composition ratio	0.9%	1.0%
Overseas Engineering Outsourcing Business	176	8,520
Composition ratio	0.5%	14.8%
Overseas Manufacturing and Service Operations Outsourcing Business	6,359	11,781
Composition ratio	17.6%	20.5%
Other Business	78	382
Composition ratio	0.2%	0.7%
<b>Total</b>	<b>36,022</b>	<b>57,484</b>
Composition ratio	100.0%	100.0%

(¥ million)	FY12/15 1H	FY12/16 1H
<b>Net sales by region</b>		
Japan	29,487	37,183
Composition ratio	81.9%	64.7%
Asia (excl. Japan)	6,376	6,461
Composition ratio	17.7%	11.2%
Oceania	160	9,863
Composition ratio	0.4%	17.2%
Europe	-	2,145
Composition ratio	-	3.7%
South America	-	1,831
Composition ratio	-	3.2%
<b>Total</b>	<b>36,022</b>	<b>57,484</b>
Composition ratio	100.0%	100.0%

\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSHIN financial statements.

# Reference: Consolidated Information by Operating Segment and Region (Old Segment)

(¥ million)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H
<b>Net sales by operating segment</b>				
<b>Engineering Outsourcing Business</b>	5,471	7,767	10,381	14,766
Composition ratio	26.8%	36.2%	37.0%	41.0%
Electrical & Electronics	1,159	1,085	1,450	2,283
Composition ratio	5.7%	5.1%	5.2%	6.3%
Transport Equipment	1,974	2,301	3,188	3,926
Composition ratio	9.7%	10.7%	11.3%	10.9%
Pharm. & Chemicals	358	409	423	688
Composition ratio	1.8%	1.9%	1.5%	1.9%
Metals & Construction Materials	14	5	46	50
Composition ratio	0.1%	0.0%	0.2%	0.2%
IT-related	906	2,640	3,881	4,862
Composition ratio	4.4%	12.3%	13.8%	13.5%
Construction & Plant-related	-	166	279	2,061
Composition ratio	-	0.8%	1.0%	5.7%
After-sales Maintenance	-	86	161	63
Composition ratio	-	0.4%	0.6%	0.2%
Others	1,059	1,076	953	834
Composition ratio	5.2%	5.0%	3.4%	2.3%
<b>Manufacturing Outsourcing Business</b>	12,303	9,867	12,049	14,031
Composition ratio	60.3%	46.0%	42.9%	39.0%
Foods	867	753	793	735
Composition ratio	4.2%	3.5%	2.8%	2.1%
Electrical & Electronics	2,516	2,015	3,075	3,914
Composition ratio	12.3%	9.4%	11.0%	10.9%
Transport Equipment	4,255	2,888	3,963	5,443
Composition ratio	20.8%	13.5%	14.1%	15.1%
Pharm. & Chemicals	1,733	1,786	1,947	1,806
Composition ratio	8.5%	8.3%	6.9%	5.0%
Metals & Construction Materials	1,903	1,318	1,083	972
Composition ratio	9.3%	6.2%	3.9%	2.7%
Others	1,029	1,106	1,187	1,162
Composition ratio	5.0%	5.1%	4.2%	3.2%
<b>Administrative Outsourcing Business</b>	302	319	290	271
Composition ratio	1.5%	1.5%	1.0%	0.8%
<b>Recruiting and Placing Business*</b>	258	137	370	342
Composition ratio	1.3%	0.7%	1.3%	0.9%
<b>Overseas Business</b>	1,994	3,248	4,880	6,535
Composition ratio	9.8%	15.2%	17.4%	18.1%
<b>Other Business</b>	79	94	100	78
Composition ratio	0.4%	0.4%	0.4%	0.2%
<b>Total</b>	20,408	21,433	28,070	36,022
Composition ratio	100.0%	100.0%	100.0%	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.

(¥ million)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H
<b>Net sales by region</b>				
<b>Japan</b>	18,414	18,185	23,190	29,487
Composition ratio	90.2%	84.8%	82.6%	81.9%
<b>Asia/Oceania (excl. Japan)</b>	1,994	3,248	4,880	6,535
Composition ratio	9.8%	15.2%	17.4%	18.1%
<b>Total</b>	20,408	21,433	28,070	36,022
Composition ratio	100.0%	100.0%	100.0%	100.0%

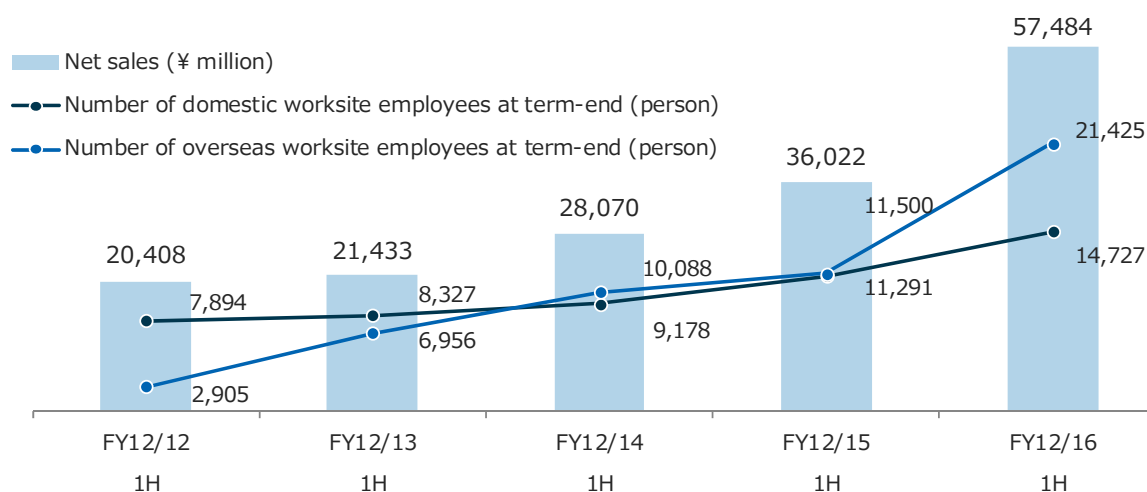
\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSWIN financial statements.

# Consolidated Other Information (Number of Workers / Recruitment Unit Price)

(person)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
<b>Number of worksite employees at term-end</b>					
Consolidated	10,799	15,283	19,266	22,791	36,152
Domestic	7,894	8,327	9,178	11,291	14,727
Domestic Engineering Outsourcing Business	1,597	2,282	2,893	4,285	5,720
IT-related	177	540	788	1,017	1,431
Construction & Plant-related	53	85	82	548	779
Domestic Manufacturing Outsourcing Business	6,229	5,969	6,213	6,554	7,482
Domestic Service Operations Outsourcing Business*	-	-	-	381	1,521
Retail	-	-	-	381	1,202
Civil Service	-	-	-	-	277
Others	-	-	-	-	42
Domestic Administrative Outsourcing Business	68	76	72	71	-
Other Business	-	-	-	-	4
Overseas	2,905	6,956	10,088	11,500	21,425
Overseas Engineering Outsourcing Business*	-	-	-	472	1,778
Overseas Manufacturing and Service Operations Outsourcing Business*	-	-	-	11,028	19,647
Production Outsourcing Business	994	5,122	7,545	7,987	10,789
Other Business	1,911	1,834	2,543	3,041	8,858
<b>Number of outsourcing administrative workers at term-end</b>					
Domestic Administrative Outsourcing Business	1,690	2,179	2,018	1,730	1,401
<b>Number of placed workers</b>					
Domestic Recruiting and Placing Business	1,206	806	1,455	1,194	1,695

Note: the number of worksite employees includes dispatched employees.

\* Operating segments newly introduced in FY12/16



\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSHIN financial statements.

	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
<b>Recruitment efficiency</b>					
Domestic Engineering Outsourcing Business					
Number of workers recruited (persons)	271	479	545	1,073	1,482
Recruitment unit price (¥/worker)	262,166	257,892	241,758	197,892	206,814
Utilization rate	96.8%	96.3%	96.8%	97.5%	97.6%
Domestic Manufacturing Outsourcing Business*					
Number of workers recruited (persons)	3,982	2,542	2,892	3,418	2,819
Recruitment unit price (¥/worker)	48,932	41,660	73,276	77,678	73,466
Domestic Service Operations Outsourcing Business					
Number of workers recruited (persons)	-	-	-	-	1,478
Recruitment unit price (¥/worker)	-	-	-	-	13,934
Domestic Recruiting and Placing Business					
Number of workers recruited (persons)	1,206	806	1,412	1,194	1,695
Recruitment unit price (¥/worker)	133,235	92,196	116,930	121,715	127,053

\* Operating segment newly introduced in FY12/16

# Consolidated Profitability Indicators

( ¥ million)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
Net sales	20,408	21,433	28,070	36,022	57,484
Gross profit	4,037	3,936	5,521	7,075	11,365
SG&A expenses	3,787	3,935	4,808	6,137	10,133
Operating income	250	1	713	938	1,231
Ordinary income	309	39	760	1,003	1,294
Profit attributable to owners of parent	(24)	30	375	489	302

\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSWIN financial statements.

(%)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
Gross profit margin	19.8	18.4	19.7	19.6	19.8
SG&A expenses ratio	18.6	18.4	17.1	17.0	17.6
Operating income margin	1.2	0.0	2.5	2.6	2.1
Ordinary income margin	1.5	0.2	2.7	2.8	2.3
Net income margin	-0.1	0.1	1.3	1.4	0.5

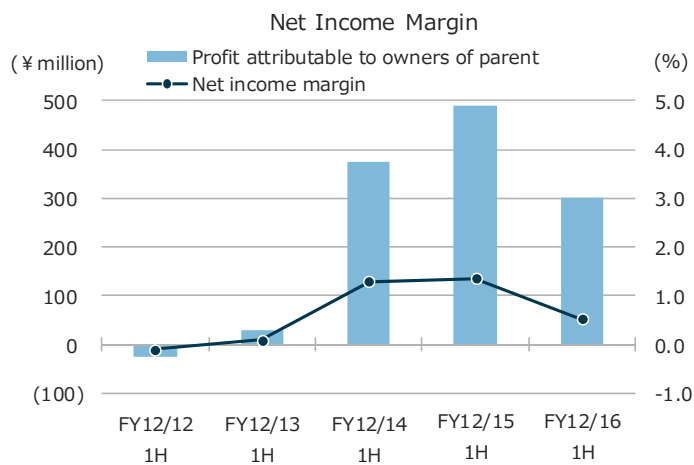
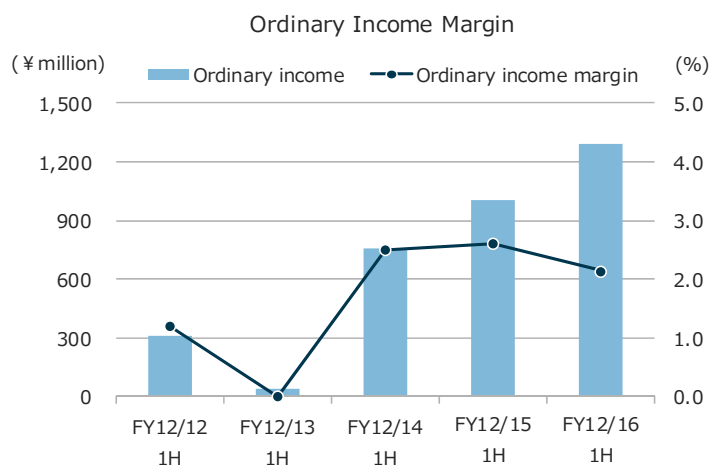
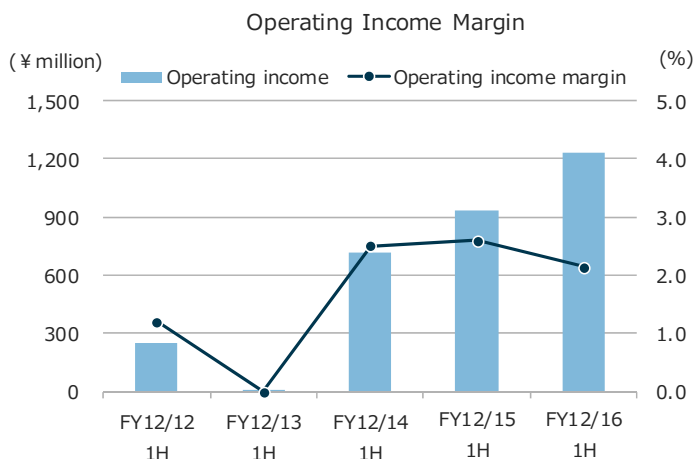
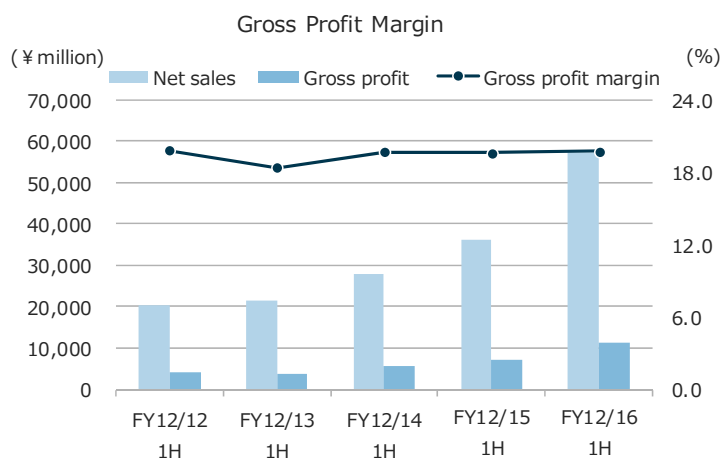
Gross profit margin=Gross profit/Net sales

SG&A expenses ratio=SG&A expenses/Net sales

Operating income margin=Operating income/Net sales

Ordinary income margin=Ordinary income/Net sales

Net income margin=Net income/Net sales



# Consolidated Efficiency Indicators

(times)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
Total assets turnover	3.2	2.8	2.6	2.8	2.6
Current assets turnover	4.7	4.2	3.8	3.9	4.2
Non-current assets turnover	10.0	8.1	8.7	9.7	7.1

Total assets turnover=Net sales×2/Average total assets

Current assets turnover=Net sales×2/Average current assets

Non-current assets turnover=Net sales×2/Average non-current assets

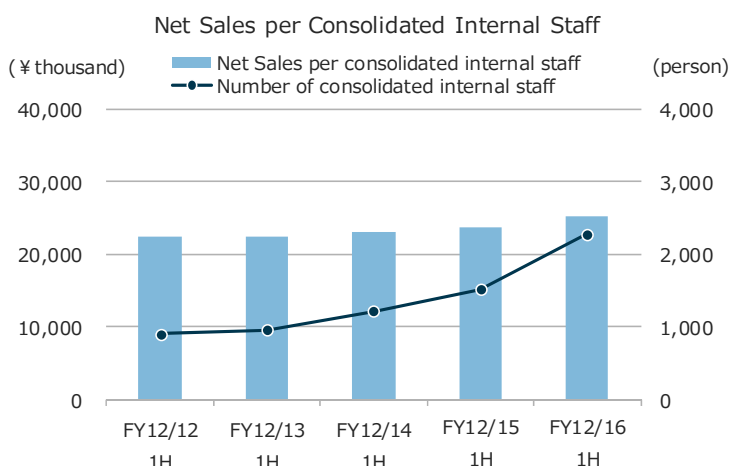
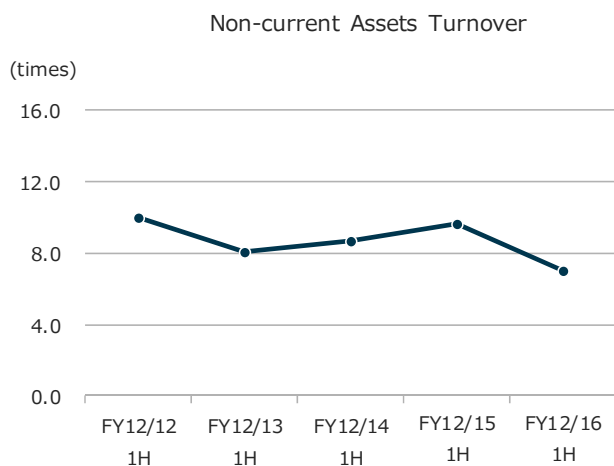
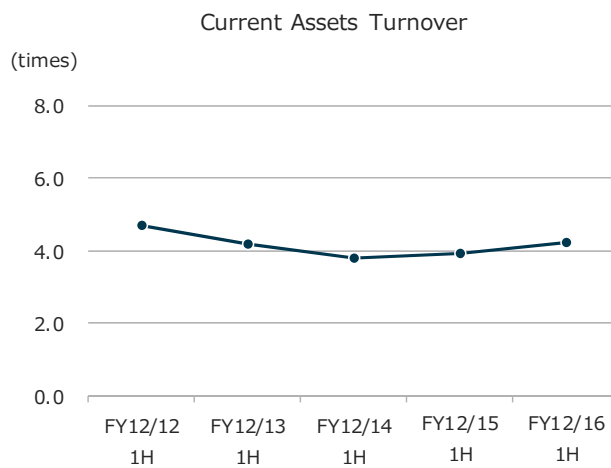
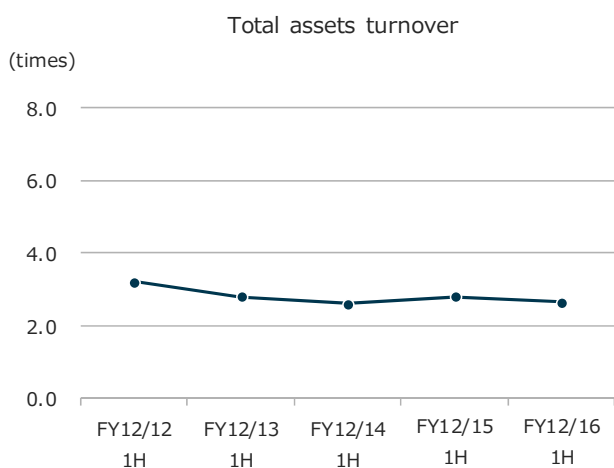
(¥ thousand)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
Net Sales per consolidated internal staff	22,353	22,373	23,103	23,730	25,234
Operating income per consolidated internal staff	274	1	587	618	541
Ordinary income per consolidated internal staff	339	40	625	661	568
Net income per consolidated internal staff	(26)	31	309	322	133

Net sales per consolidated internal staff=Net sales/Number of consolidated internal staff

Operating income per consolidated internal staff=Operating income/Number of consolidated internal staff

Ordinary income per consolidated internal staff=Ordinary income/Number of consolidated internal staff

Net income per consolidated internal staff=Net income/Number of consolidated internal staff



# Consolidated Stability and Financial Indicators

( ¥ million)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
Equity	3,356	4,084	5,512	10,773	9,325
Total assets	13,527	17,114	22,091	27,419	49,857
Current assets	9,340	10,947	15,462	19,566	29,655
Non-current assets	4,185	6,167	6,629	7,853	20,203
Current liabilities	7,129	9,303	12,039	11,756	31,049
Interest-bearing debt	4,403	5,954	7,127	4,893	21,448

Interest-bearing debt=Short-term loans payable+Long-term loans payable+Bonds payable+Lease obligations  
+Accounts payable - land+A part of accounts payable

\* Fractions less than unit in the above amount figures are rounded off in this FACTBOOK, while being rounded down in the TANSHIN financial statements.

(%)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
Equity ratio	24.8	23.9	25.0	39.3	18.7
D/E ratio	131.2	145.8	129.3	45.4	230.0
Current ratio	131.0	117.7	128.4	166.4	95.5
Non-current ratio	124.7	151.0	120.3	72.9	216.6

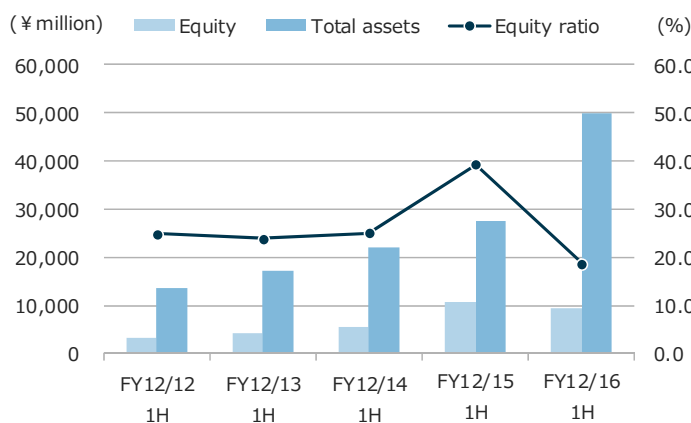
Equity ratio=Equity/Total assets

D/E ratio=Interest-bearing debt/Equity

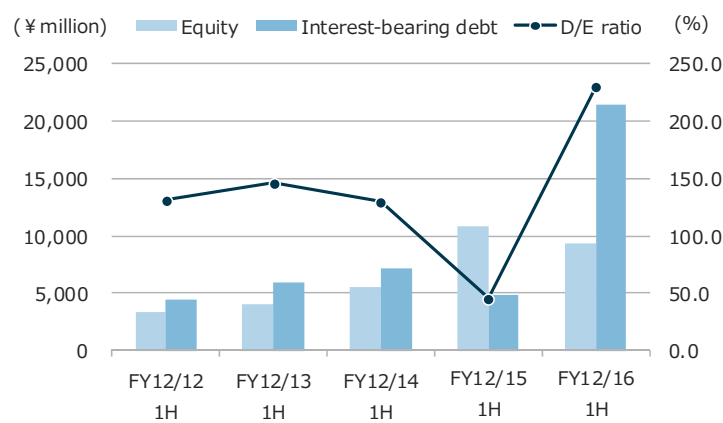
Current ratio=Current assets/Current liabilities

Non-current ratio=Non-current assets/Equity

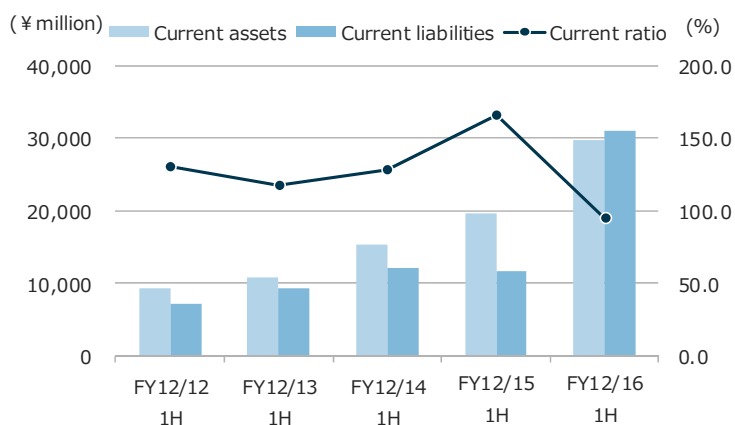
Equity Ratio



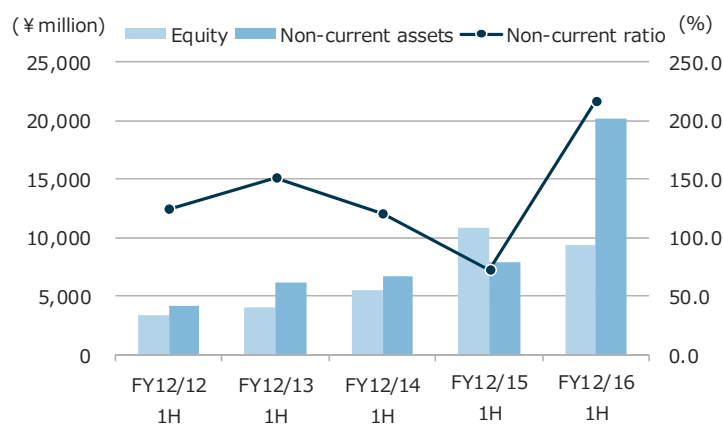
D/E Ratio



Current Ratio



Non-current Ratio



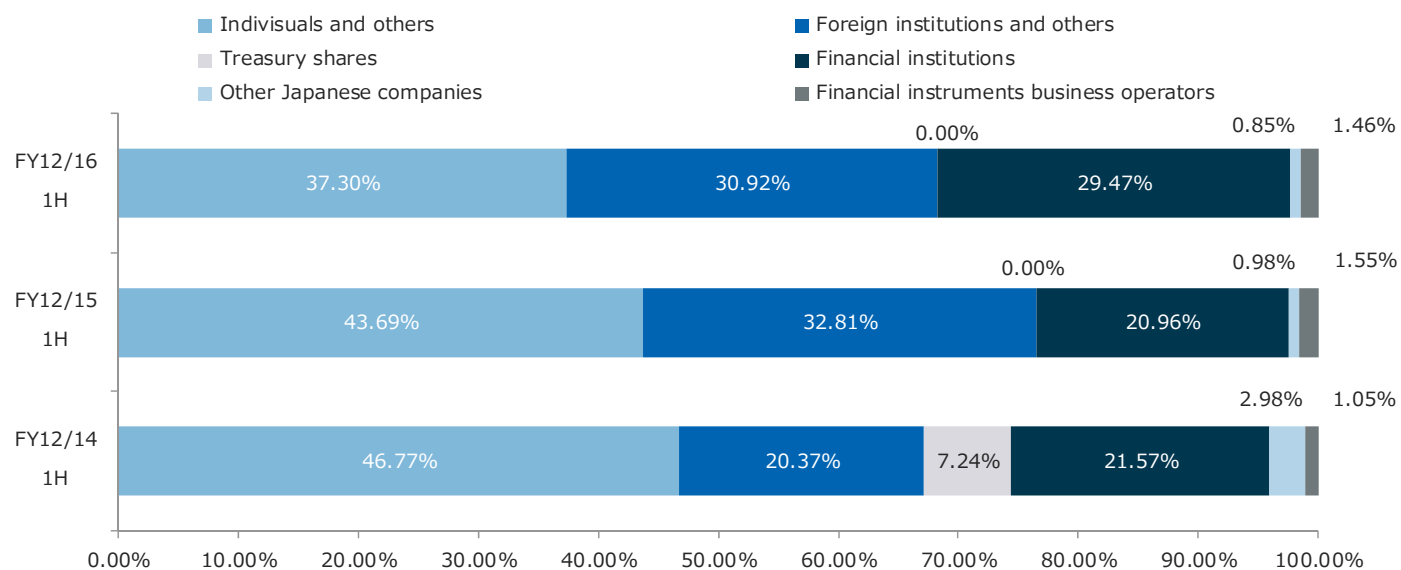
# Stock Information

## Major Shareholders

As of June 30, 2016

Top 10 Shareholders	Number of Shares	Shareholding Ratio
Haruhiko Doi	3,747,700	21.50%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	2,371,200	13.60%
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	1,421,800	8.16%
Masahiko Dorin	699,000	4.01%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	473,700	2.72%
CBNY-GOVERNMENT OF NORWAY	469,300	2.69%
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	391,800	2.25%
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	350,000	2.00%
GOLDMAN SACHS INTERNATIONAL	345,391	1.98%
THE BANK OF NEW YORK 133612	337,200	1.93%

## Breakdown by Type of Shareholders



## Per Share Indicators

(¥)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
Share price at term-end	302	681	1,457	2,095	4,695
Net income per share	(1.63)	2.06	25.77	31.64	17.34
Net income per share (fully diluted)	-	2.03	25.22	31.41	17.14
Net assets per share	232.57	282.30	377.84	619.35	535.00
Dividend per share	-	5.00	8.00	-	-



# Stock Price Indicators / Stock Price Information

## Stock Price / Other Indicators

(times)	FY12/12 1H	FY12/13 1H	FY12/14 1H	FY12/15 1H	FY12/16 1H
PER	-	330.6	56.5	66.2	270.8
PBR	1.3	2.4	3.9	3.4	8.8

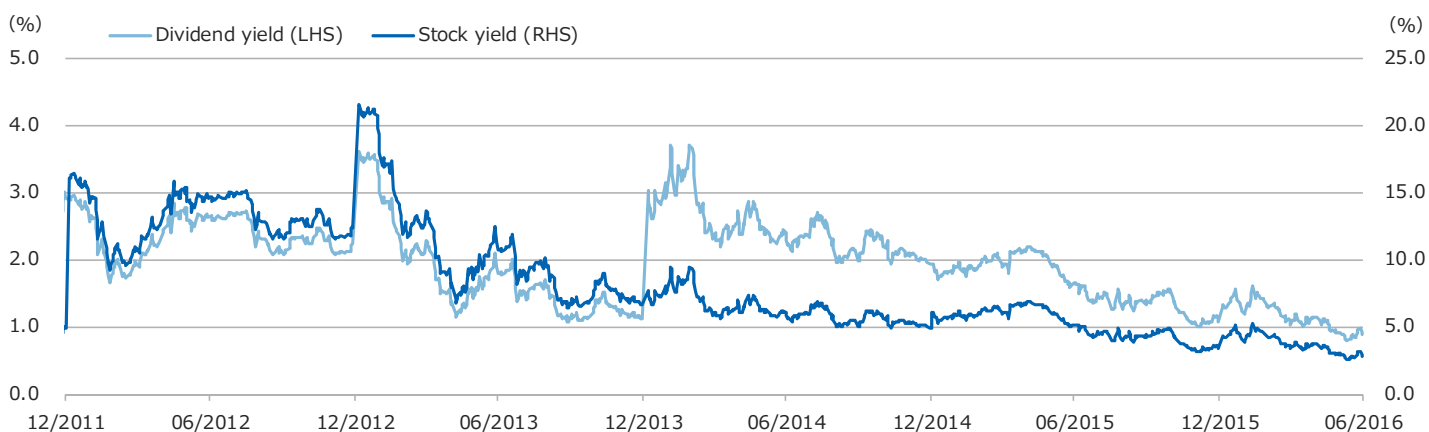
### (reference)

(%)	FY12/12 Full-Year	FY12/13 Full-Year	FY12/14 Full-Year	FY12/15 Full-Year	FY12/16 Full-Year
ROE	17.0	23.8	21.6	19.5	-
ROA	5.0	6.6	5.9	5.9	-
Dividend on net asset	2.8	4.0	8.4	6.2	-

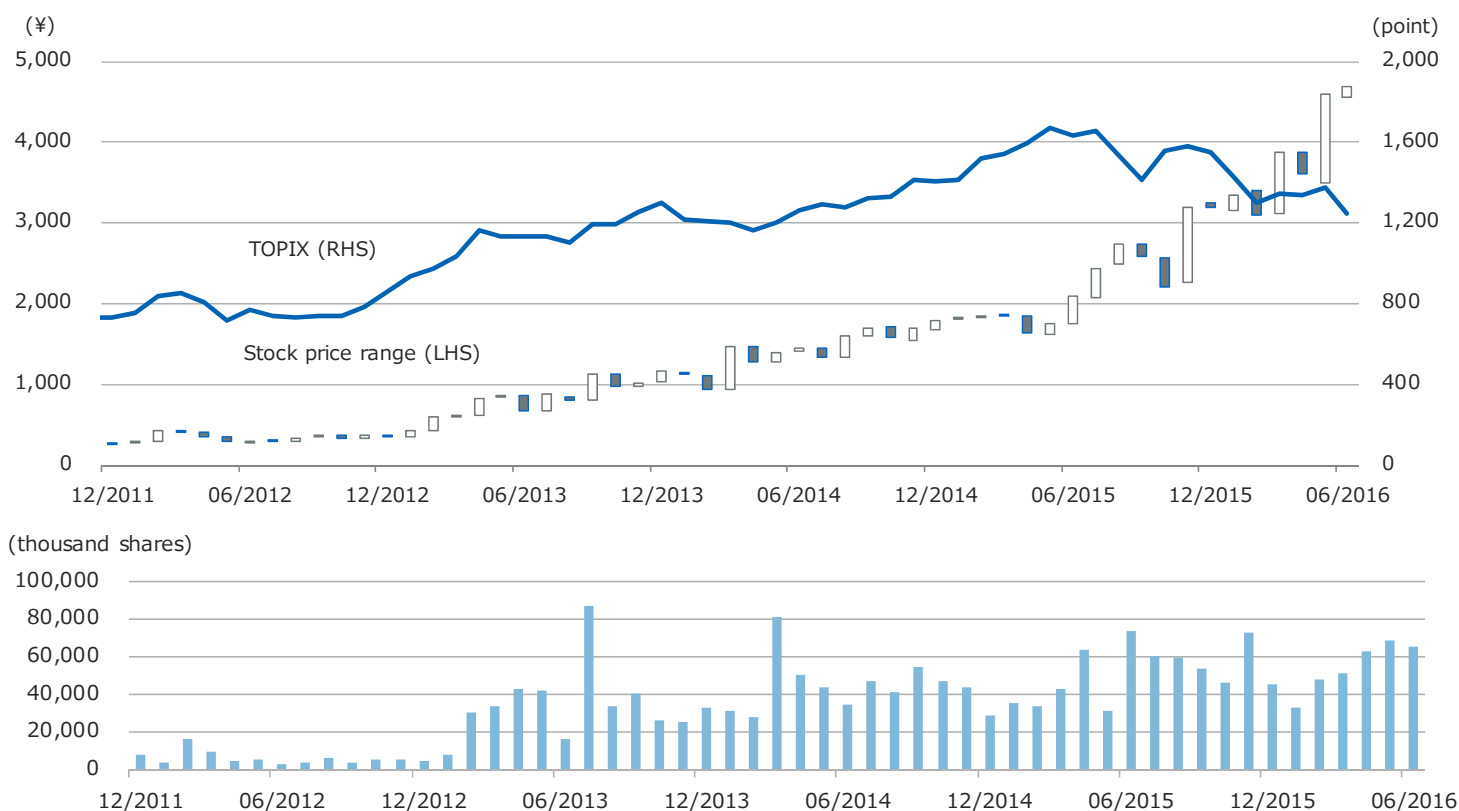
ROE=Net income/Average equity

ROA=Net income/Average total assets

## Stock Yield / Dividend Yield



## Stock Price Range / Trading Volume





## Contact

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