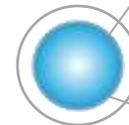


# Business Results for the Fiscal Year Ended December 31, 2011

OUTSOURCING Inc.  
(JASDAQ 2427)  
February 2012



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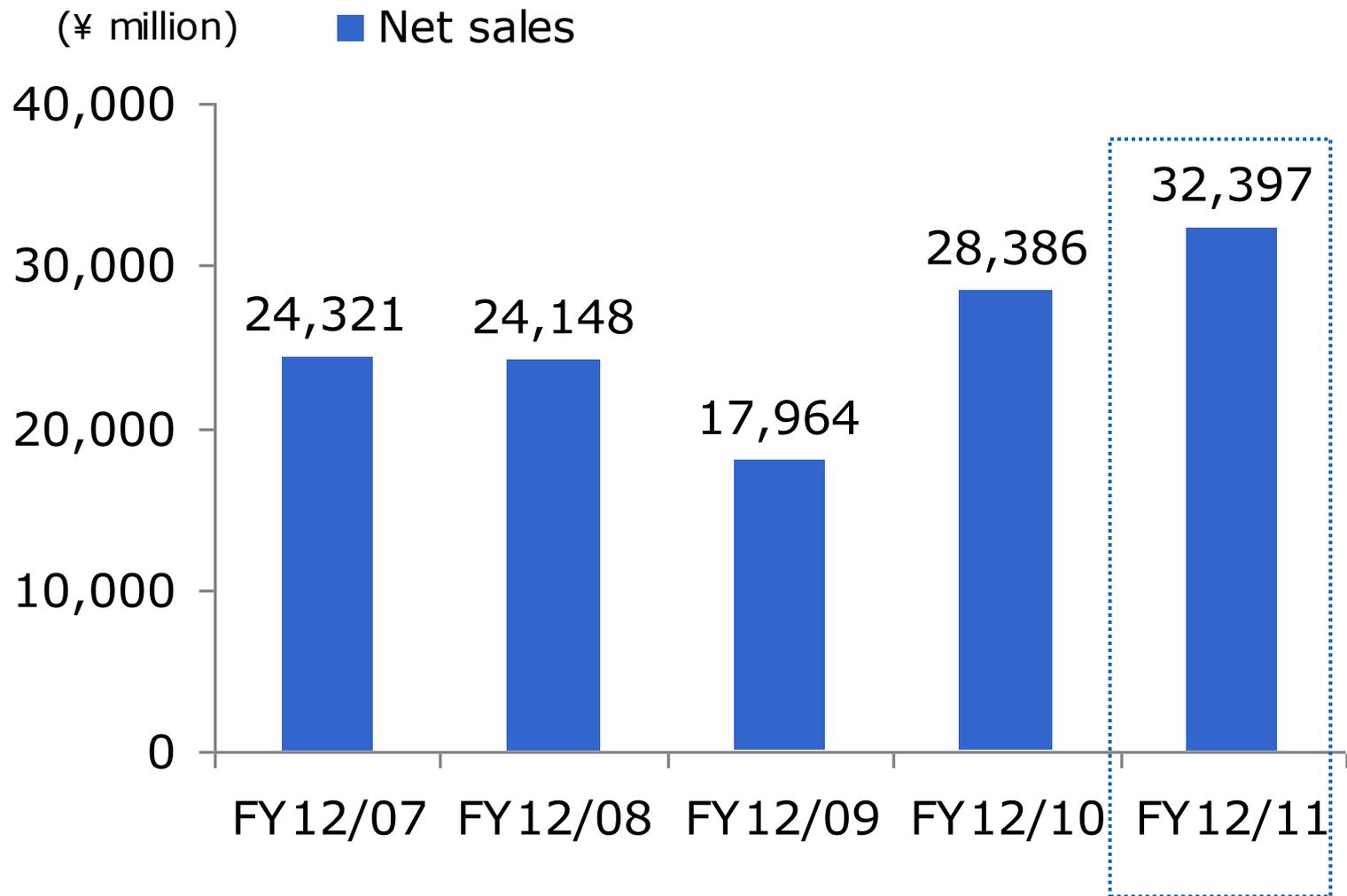
# Consolidated Financial Summary for FY12/11



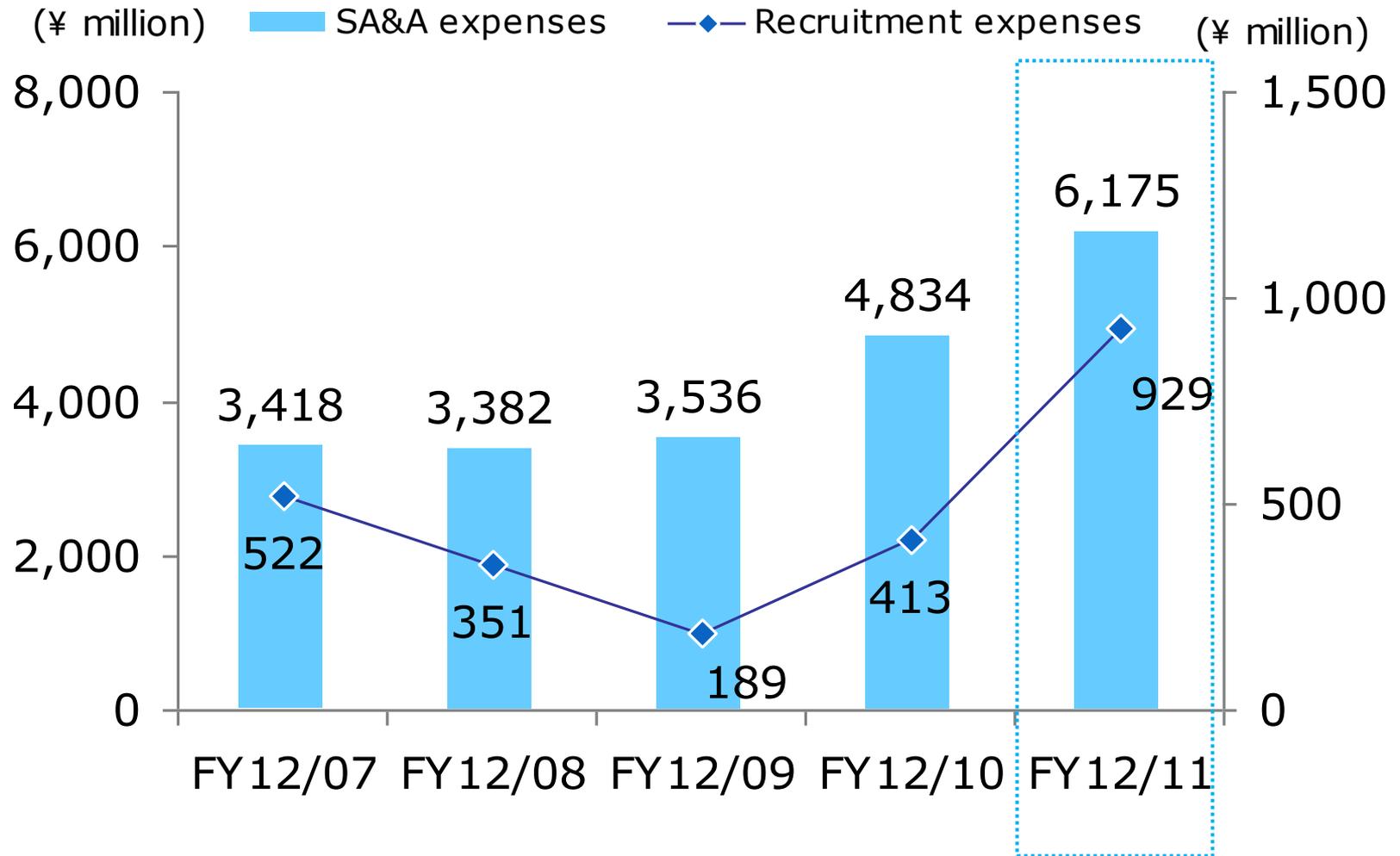
# Consolidated Financial Summary for FY12/11

(¥ Million)	FY12/10 Actual		FY12/11				Year-on-Year Change	
	Amount	Weighting	vs. Fcst on Oct 28, 2011		Actual		Amount	Ratio
			Amount	Weighting	Amount	Weighting		
<b>Net sales</b>	<b>28,386</b>	<b>100.0%</b>	<b>32,370</b>	<b>100.0%</b>	<b>32,397</b>	<b>100.0%</b>	<b>4,011</b>	<b>14.1%</b>
Cost of sales	22,378	78.8%	-	-	25,658	<b>79.2%</b>	3,280	<b>14.7%</b>
<b>Gross profit on sales</b>	<b>6,007</b>	<b>21.2%</b>	-	-	<b>6,738</b>	<b>20.8%</b>	<b>730</b>	<b>12.2%</b>
SG&A expenses	4,834	17.0%	-	-	6,175	19.1%	1,341	<b>27.7%</b>
<b>Operating income</b>	<b>1,173</b>	<b>4.1%</b>	<b>520</b>	<b>1.6%</b>	<b>563</b>	<b>1.7%</b>	<b>(610)</b>	<b>-52.0%</b>
Non-operatng income	634	2.2%	-	-	541	1.7%	(93)	<b>-14.7%</b>
Non-operating expenses	407	1.4%	-	-	401	1.2%	(5)	<b>-1.3%</b>
<b>Ordinary income</b>	<b>1,401</b>	<b>4.9%</b>	<b>665</b>	<b>2.1%</b>	<b>702</b>	<b>2.2%</b>	<b>(698)</b>	<b>-49.8%</b>
Extraordinary income	213	0.8%	-	-	18	0.1%	(195)	<b>-91.5%</b>
Extraordinary loss	126	0.4%	-	-	157	0.5%	30	<b>23.8%</b>
<b>Net income</b>	<b>760</b>	<b>2.7%</b>	<b>225</b>	<b>0.7%</b>	<b>194</b>	<b>0.6%</b>	<b>(565)</b>	<b>-74.4%</b>

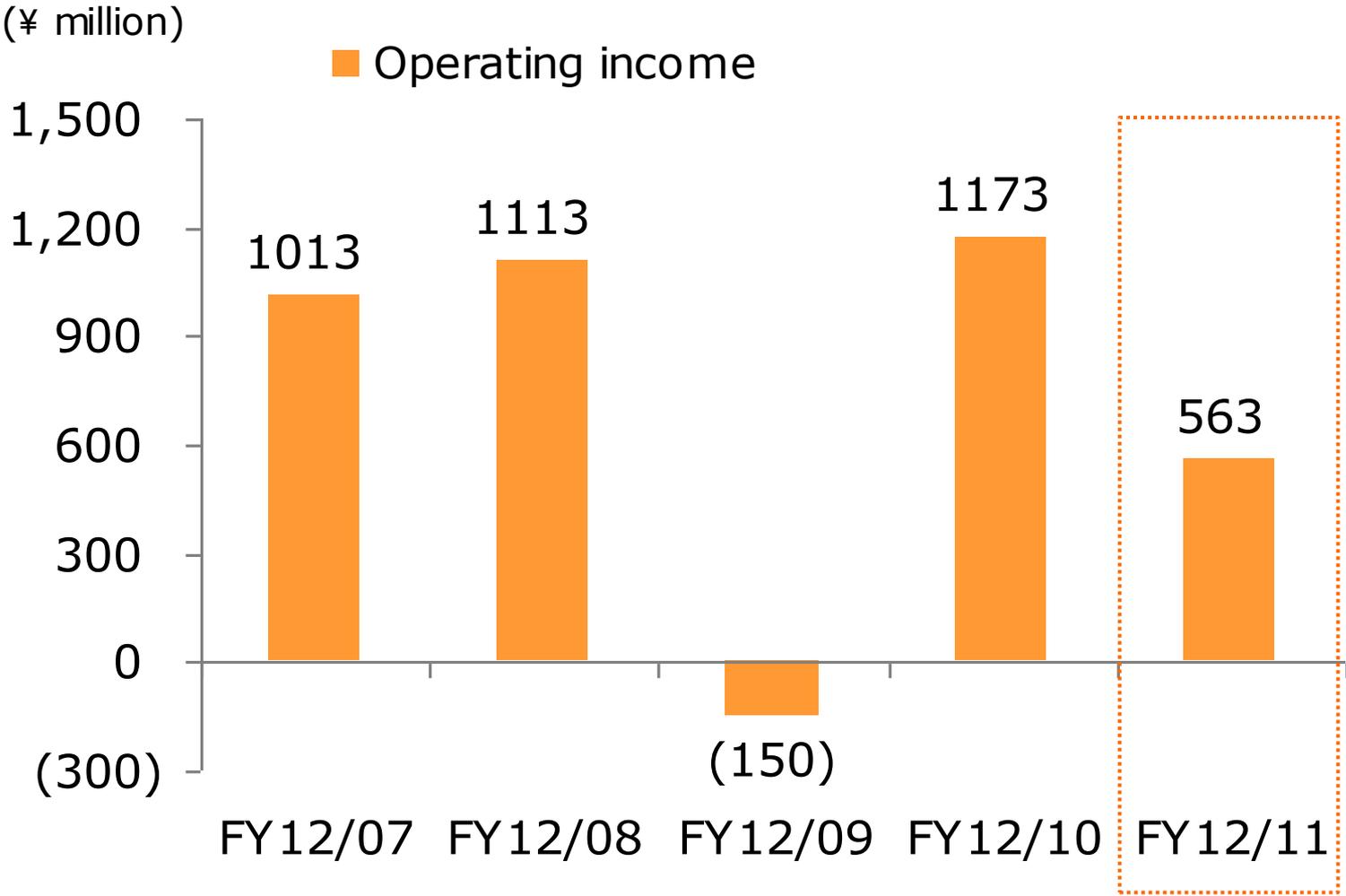
# Consolidated Business Results for FY12/11: Net Sales



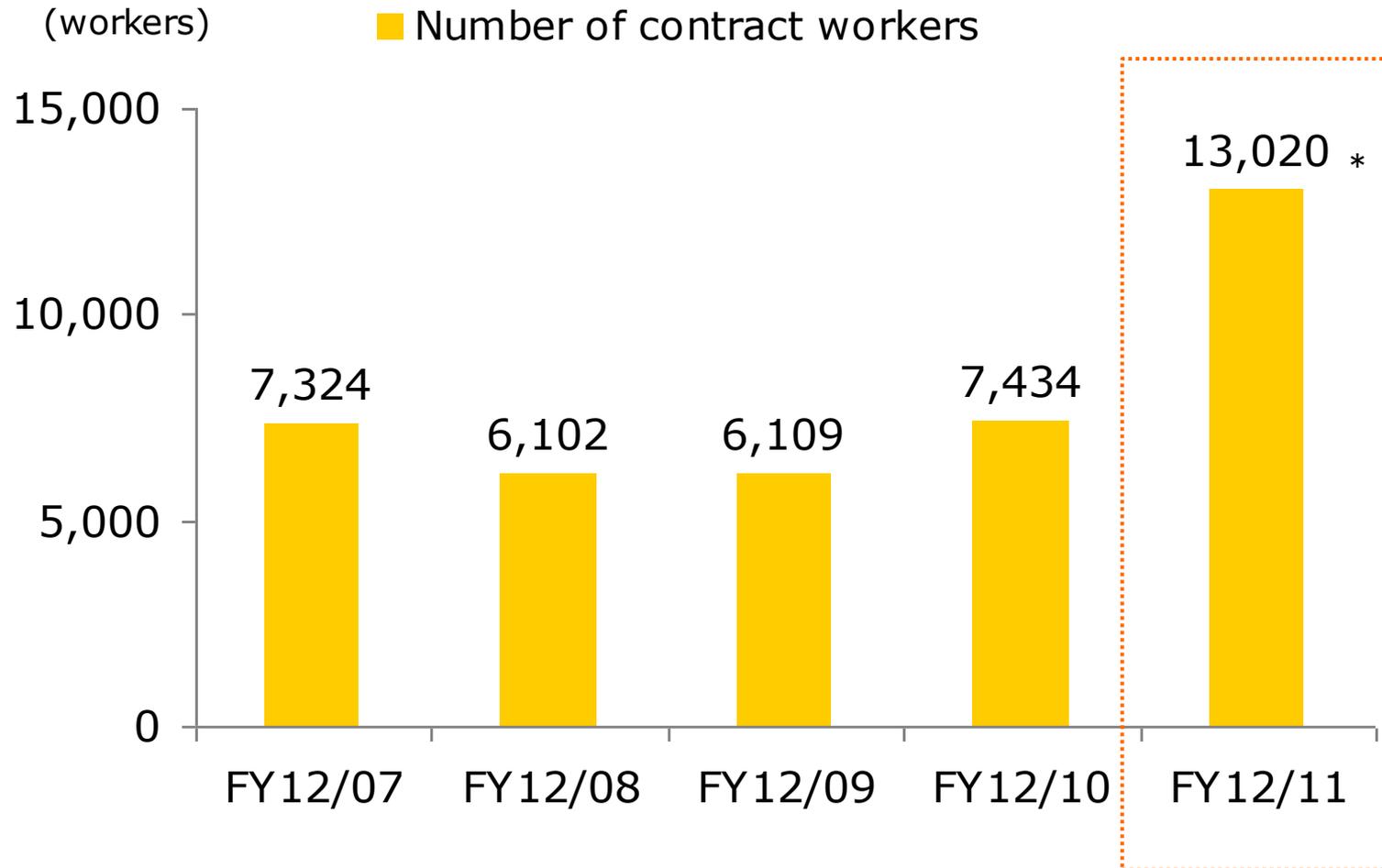
# Consolidated Business Results for FY12/11: SG&A and Recruitment Expenses



# Consolidated Business Results for FY12/11: Operating Income

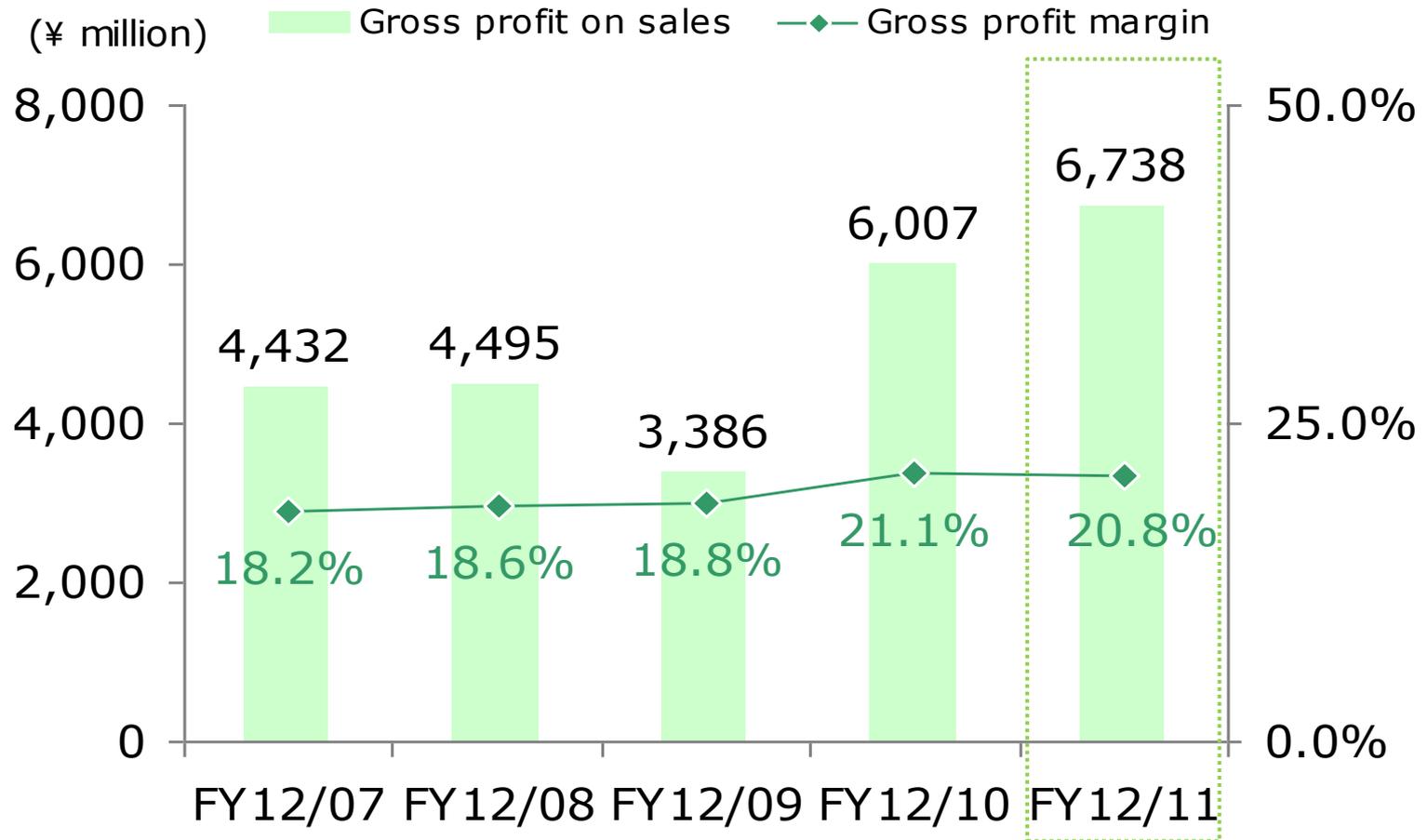


# Consolidated Business Results for FY12/11: Number of Contract Workers



\* Includes 2,478 employees of Indonesia-based PT.SELNAJAYA, an equity method affiliate

# Consolidated Business Results for FY12/11: Gross Profit on Sales



**OUTSOURCING's gross profit amount and ratio—indices that measure the added value of a production outsourcing service provider—leads the industry**

# Consolidated Financial Highlights for FY12/11

- In contrast to competing outsourcing services providers, which are currently focusing on reining in SG&A expenses as manufacturers slash domestic production capacity in response to a steadily deteriorating operating environment, the Company has stepped up frontloaded investment to meet increasingly diverse and sophisticated needs of client-makers
  - Emphasizing position over profits, the Company has managed to gain greater market share by converting the unstable and tumultuous macroeconomic environment into opportunity
  - OUTSOURCING posted record highs in both net sales and the number of workers under contract for the second consecutive year
    - Net sales: ¥32,397 Million (year-on-year increase of 114.1%)
    - Number of contract workers: 13,020 (year-on-year increase of 5,586 workers)
  - During this period of great economic volatility, earnings have declined as outsourcing service providers scramble to meet both increases and decreases in production over a compressed period of time
  - The Company is reinforcing operations in the IT/Telecommunications business, a global growth market
    - Establish a solid foothold in a new specialized business field and aim to reach ¥3 billion in fiscal 2012
  - Consolidated OS International Co., Ltd. as a subsidiary, which operate primarily in six newly emerging economies of Asia
    - Look to achieve the Company's overseas sales target of ¥6.4 billion for fiscal 2014, the final year of the present Mid-Term Management Plan, by fiscal 2012—or two years earlier than projected

The Company's first quarter results customarily decline compared to the previous fiscal year's fourth quarter due to the conclusion of the year-end sales season and fewer working days over the winter holidays. But its business results for Q1 FY12/12 actually improved as a result of its frontloaded investment that has continued since the March 11 calamity

# FY12/11 Consolidated Business Results by Quarter

(¥ Million)	FY12/10				FY12/11			
	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Actual Q1	Actual Q2	Actual Q3	Actual Q4
Net sales	6,282	6,557	7,410	8,137	7,501	7,372	7,958	9,566
Gross profit on sales	1,282	1,262	1,615	1,848	1,457	1,572	1,582	2,127
Margin	20.4%	19.2%	21.8%	22.7%	19.4%	21.3%	19.9%	22.2%
SG&A expenses	1,154	1,134	1,237	1,309	1,366	1,454	1,648	1,707
Margin	18.4%	17.3%	16.7%	16.1%	18.2%	19.7%	20.7%	17.8%
Operating income	128	128	378	539	90	117	(65)	421
Margin	2.0%	2.0%	5.1%	6.6%	1.2%	1.6%	—	4.4%
Ordinary income	207	172	444	578	132	148	(22)	444
Margin	3.3%	2.6%	6.0%	7.1%	1.8%	2.0%	—	4.6%
Net income	111	50	214	385	(24)	34	(35)	219
Margin	1.8%	0.8%	2.9%	4.7%	-0.3%	0.5%	—	2.3%

Year-on-Year Change	FY12/10				FY12/11			
	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Actual Q1	Actual Q2	Actual Q3	Actual Q4
Net sales	7.7%	4.4%	13.0%	9.8%	-7.8%	-1.7%	7.9%	20.2%
Gross profit on sales	-3.8%	-1.6%	27.9%	14.4%	-21.2%	7.9%	0.6%	34.5%
SG&A expenses	-0.5%	-1.7%	9.1%	5.8%	4.4%	6.4%	13.3%	3.6%
Operating income	-25.6%	-0.2%	194.5%	42.5%	-83.3%	30.0%	—	—
Ordinary income	-12.8%	-17.0%	157.8%	30.1%	-77.2%	12.1%	—	—
Net income	-22.1%	-54.4%	321.3%	79.9%	—	—	—	—

# Quarterly Financial Results by Segment

(¥ Million)		FY12/10				FY12/11				vs. Forecast on Oct 28, 2011 Q4
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Production Outsourcing Business	Number of contract workers at the term end	6,223	6,192	6,674	7,434	6,839	7,188	8,008	※ 13,020	9,000
	Net sales	6,020	6,245	6,984	7,767	7,251	7,133	7,590	9,172	9,091
	Operating income	112	94	293	413	46	53	(123)	319	324
Administrative Operations Outsourcing Business	Workers hired through ORJ	90	459	1,079	721	531	513	1,079	928	1,000
	Net sales	80	161	276	218	213	206	334	360	401
	Operating income	9	36	94	134	82	80	95	134	84
Nurcing-Care Business	Net sales	118	108	125	120	-	-	-	-	-
	Operating income	28	22	27	22	-	-	-	-	-
Other Business	Net sales	63	41	23	35	36	33	33	35	46
	Operating income	5	0	(9)	(7)	0	(2)	0	2	6
Eliminations	Operating income	(26)	(26)	(28)	(20)	(39)	(13)	(38)	(35)	(37)
Total	Net sales	6,282	6,557	7,410	8,137	7,501	7,372	7,958	9,566	9,538
	Operating income	128	128	378	539	90	117	(65)	421	377

Note: Includes 2,478 employees of Indonesia-based PT.SELNAJAYA, an equity method affiliate

# Financial Results by Business Domain

(¥ Million)	FY12/10				FY12/11			
	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Actual Q1	Actual Q2	Actual Q3	Actual Q4
<b>Production OS Business</b>	<b>6,020</b>	<b>6,245</b>	<b>6,984</b>	<b>7,767</b>	<b>7,251</b>	<b>7,133</b>	<b>7,590</b>	<b>9,172</b>
Electrical & Electronics	1,754	2,074	2,277	2,422	2,159	2,257	2,194	2,058
Foods	510	478	500	544	440	490	515	561
Trasport Equipment	1,564	1,448	1,826	2,556	2,511	2,105	2,714	3,274
Pharm. & Chemicals	1,017	975	1,055	1,060	1,016	1,145	947	1,066
Metals	72	59	59	80	84	102	183	467
Other	1,100	1,167	1,264	1,153	1,040	1,032	1,034	1,749

(Weighting)	FY12/10				FY12/11			
	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Actual Q1	Actual Q2	Actual Q3	Actual Q4
<b>Production OS Business</b>	<b>100.0%</b>							
Electrical & Electronics	29.1%	33.2%	32.6%	31.2%	29.8%	31.6%	28.9%	22.4%
Foods	8.5%	7.7%	7.2%	7.0%	6.1%	6.9%	6.8%	6.1%
Trasport Equipment	26.0%	23.2%	26.1%	32.9%	34.6%	29.5%	35.8%	35.7%
Pharm. & Chemicals	16.9%	15.6%	15.1%	13.6%	14.0%	16.1%	12.5%	11.6%
Metals	1.2%	0.9%	0.8%	1.0%	1.2%	1.4%	2.4%	5.1%
Other	18.3%	18.7%	18.1%	14.8%	14.3%	14.5%	13.6%	19.1%

# Summary of FY12/11 Consolidated Balance Sheets

(¥ Million)	FY12/10		FY12/11		Year-on-Year Change
	Amount	Weighting	Amount	Weighting	Amount
Current assets	6,948	64.9%	7,933	66.5%	985
(Cash and deposits)	1,731	16.2%	2,264	19.0%	532
(Notes and accounts receivable-trade)	4,182	39.1%	4,900	41.1%	718
Noncurrent assets	3,756	35.1%	3,985	33.4%	229
Property, plant and equipment	2,075	19.4%	2,046	17.2%	(29)
Intangible assets	699	6.5%	861	7.2%	161
Investments and other assets	981	9.2%	1,078	9.0%	97
<b>Total assets</b>	<b>10,707</b>	<b>100.0%</b>	<b>11,921</b>	<b>100.0%</b>	<b>1,214</b>
Current liabilities	5,335	73.8%	5,943	72.0%	607
(Notes and accounts payable-trade)	16	0.2%	49	0.6%	32
(Short-term borrowing and others)	1,390	19.2%	1,280	15.5%	(109)
(Accounts payable-other)	1,611	22.3%	2,338	28.3%	727
Noncurrent liabilities	1,896	26.2%	2,307	28.0%	411
(Bonds, long-term loans payable)	817	11.3%	1,351	16.4%	534
<b>Total liabilities</b>	<b>7,232</b>	<b>100.0%</b>	<b>8,251</b>	<b>100.0%</b>	<b>1,018</b>
Shareholders' equity	3,323	31.0%	3,445	28.9%	121
Capital stock	483	4.5%	485	4.1%	1
Capital surplus	880	8.2%	881	7.4%	1
Retained earnings	2,350	22.0%	2,469	20.7%	118
Treasury stocks	(391)	-3.7%	(391)	-3.3%	0
Accumulated other comprehensive income	2	0.0%	(4)	0.0%	(7)
Subscription rights to shares	53	0.5%	91	0.8%	38
Minority interests	95	0.9%	138	1.2%	42
Total net assets	3,475	32.5%	3,670	30.8%	195
<b>Total liabilities and net assets</b>	<b>10,707</b>	<b>100.0%</b>	<b>11,921</b>	<b>100.0%</b>	<b>1,214</b>

Increase in trade accounts receivable due to expanded business volume and acquisition of subsidiaries

Increase in unpaid payroll and other expenses due to expanded business volume and acquisition of subsidiaries

Increase in loans due to M&A activities

Increase due to greater net income for the term

# Summary of FY12/11 Cash Flow Statement

(¥ Million)	FY12/10	FY12/11	YoY Change
	Amount	Amount	Amount
Income (loss) before income taxes and minority interests	1,488	563	(924)
Depreciation and amortization	266	271	4
Amortization of goodwill	129	168	38
Amortization of negative goodwill	(155)	(138)	17
Decrease (increase) in notes and accounts receivable-trade	(954)	(222)	732
Increase (decrease) in notes and accounts payable-trade	202	491	288
Others	(211)	(721)	(509)
<b>Net cash provided by (used in) operating activities</b>	<b>765</b>	<b>412</b>	<b>(352)</b>
<b>Net cash provided by (used in) investing activities</b>	<b>436</b>	<b>(274)</b>	<b>(710)</b>
Increase (decrease) in loans	(757)	501	1,259
Purchase of treasury stock	(172)	-	172
Cash dividends paid	(95)	(103)	(7)
Others	(97)	(79)	18
<b>Net cash provided by (used in) financing activities</b>	<b>(1,121)</b>	<b>319</b>	<b>1,441</b>
<b>Increase (decrease) in cash and cash equivalents resulting from merger</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,713</b>	<b>2,166</b>	<b>452</b>

Increase due to collection of trade accounts receivable

Decrease due to corporate income tax and other payments

Decrease due to acquisition of shares in subsidiaries

Increase in loans due to M&A activities

## Core Strategy for FY12/12



# Operating Environment in FY12/12

- Six key challenges for domestic production, including the record high yen rate and electric power shortage
  - The shift to production overseas by domestic manufacturers has accelerated the international specialization of their production regime, which has led to the increasing sophistication and diversity of their production outsourcing needs
- Special reconstruction demand will continue
  - In addition to the transport equipment sector, special reconstruction demand has begun to take off for the construction machinery and construction materials industries
- Growth of newly emerging Asian economies, particularly in ASEAN
  - Being located in East Asia, Japan is strategically situated to benefit from and take advantage of these newly emerging economies
- Impact of the European debt crisis
  - The ongoing debt crisis in Europe has had a limited impact on Japan and the ASEAN region, where the OUTSOURCING Group has been focusing its energy and resources

Given this uncertain and volatile operating environment, maker needs have become increasingly complex and diverse, and only those outsourcing service providers that can meet these needs will be able to take advantage of the extant business opportunities and survive to win in this market

# Core Strategy for FY12/12 in Response to Operating Environment

- Core strategy for FY12/12  
( See P10-29 Mid-Term Management Plan adopted from July 28, 2011 )
  - I Gain market share by securing special reconstruction contracts
  - II Expand presence in tertiary sector, including R&D contracts
  - III Establish an ASEAN-based East Asian HR network
  - IV Raise living standards for contract workers

The Company has already factored in the sophisticated and diversifying needs of makers in preparing its Mid-Term Management Plan, and is presently pushing forward strategic initiatives in response

## Driving Core Strategy for FY12/12

- I Gain market share by securing special reconstruction contracts
- II Expand presence in tertiary sector, including R&D contracts
- III Establish an ASEAN-based East Asian HR network
- IV Raise living standards for contract workers



## I Gaining market share by securing special reconstruction contracts

- Major industries buoyed by growing special reconstruction demand

- 1) Transportation equipment industry
- 2) Construction machinery  
and construction materials industries

# I Gaining market share by securing special reconstruction contracts

## 1) Growing demand for the transportation equipment sector

- Encouraged by special reconstruction demand, the sector's major makers have prepared bullish production plans
  - One example of this is Toyota, which is moving ahead with a global marketing plan that is the most ambitious in its corporate history:

Unit: million vehicles (y/y)	Domestic Sales	Overseas Sales	Total
	2.32 (130%)	7.26 (118%)	<b>9.58 (121%)</b>

Toyota's plan does not include the impact of an eco-car subsidy, which the government is likely to reinstitute. According to the Japan Automobile Manufacturers Association, Inc., the subsidy's impact on the domestic market is expected to generate an additional one million vehicles overall



- The Company is thus the leading provider of outsourcing services that are optimized to fully meet the increasingly complex and diverse needs of client-makers

### ■ OUTSOURCING Services to Transport Equipment Industry

<b>NISSO SERVICE, Inc.</b>	Specializes in sector needs; provides one-stop, integrated outsourcing services, including outsourced production expertise, through in-house staff of experts and engineers
<b>OS CENTRAL Inc.</b>	Specializes in sector needs; provides one-stop, integrated outsourcing services ranging from downstream functions—product design and development—to volume production upstream
<b>OUTSOURCING Inc.</b>	Provider of temp staff and production outsourcing services required for volume production
<b>OS TECHNOLOGY CO., LTD.</b>	Temporary placement of skilled engineering staff
<b>ORJ INC.</b>	Provides outsourced administrative services, including worker recruitment agency and management services

As a result, the Company is winning orders from every major domestic maker at this time demand is expanding in the transport equipment field

# I Gaining market share by securing special reconstruction contracts

## 2) Special reconstruction demand for the construction machinery and construction materials industries

- Post-March 11 disaster construction and replacement demand  
(Source: National Police Agency as of Jan. 31, 2012)

- Fully destroyed: 128,530 houses
- Half destroyed: 242,947 houses
- Partly destroyed: 760,944 houses

Repair and replacement demand for these damaged houses is expected to go into full swing from the spring of 2012, when the snow melts in the stricken areas

- The Company's subsidiary ORJ has won a outsourced administrative services contract from LIXCIL, Japan's largest manufacturer of construction materials
  - When asked to develop a plan to accept some 1,000 employees working at LIXCIL's Thailand plant that had to be evacuated to Japan due to the heavy flooding which struck the country in 2011, ORJ proposed a comprehensive outsourced administrative services contract that included programs to ease the Thai workers' transition to life in Japan

The ORJ program was the first of its kind in Japan in which Thai workers were transferred to the country

ORJ executives were invited to a reception hosted by the government of Thailand, at which the Thai minister of labor expressed his gratitude on behalf of the nation for the company's program

PHOTO CAPTION: Thai Minister of Labor Padermchai Sasomsap (right) and ORJ CEO Takahide Miyoshi



Having won outsourced administrative service contracts from every blue-chip maker in the transport equipment sector in the special reconstruction demand market, ORJ has gained a major advantage over its competitors

## Driving Core Strategy for FY12/12

- I Gain market share by securing special reconstruction contracts
- II Expand presence in tertiary sector, including R&D contracts
- III Establish an ASEAN-based East Asian HR network
- IV Raise living standards for contract workers



## II Expand presence in tertiary sector, including R&D contracts

- Outline of Stock Acquisition of Asuka Creation Co., Ltd. (January 30, 2012)

Company	Asuka Creation Co., Ltd.
Head Office	3F Kenchiku Kaikan, 5-26-20 Shiba, Minato-ku, Tokyo
CEO	Sentaro Dozono
Main Business	Core focus on smartphone applications <ul style="list-style-type: none"> <li>Outsourced system development services</li> <li>System engineer placement services</li> </ul>
Capitalization	¥50 million
Established	January 26, 1989
Stakeholders	Sentaro Dozono-75%; 5 private shareholders-22.5%; treasury stock-2.5%

- Financial overview (¥ million)

B/S at the end of FY12/11			
Current assets	426	Total liabilities	265
		(Interest-bearing debts)	(153)
Noncurrent assets	14	Total net assets	175
<b>Total assets</b>	<b>440</b>	<b>Total liabilities and net assets</b>	<b>440</b>

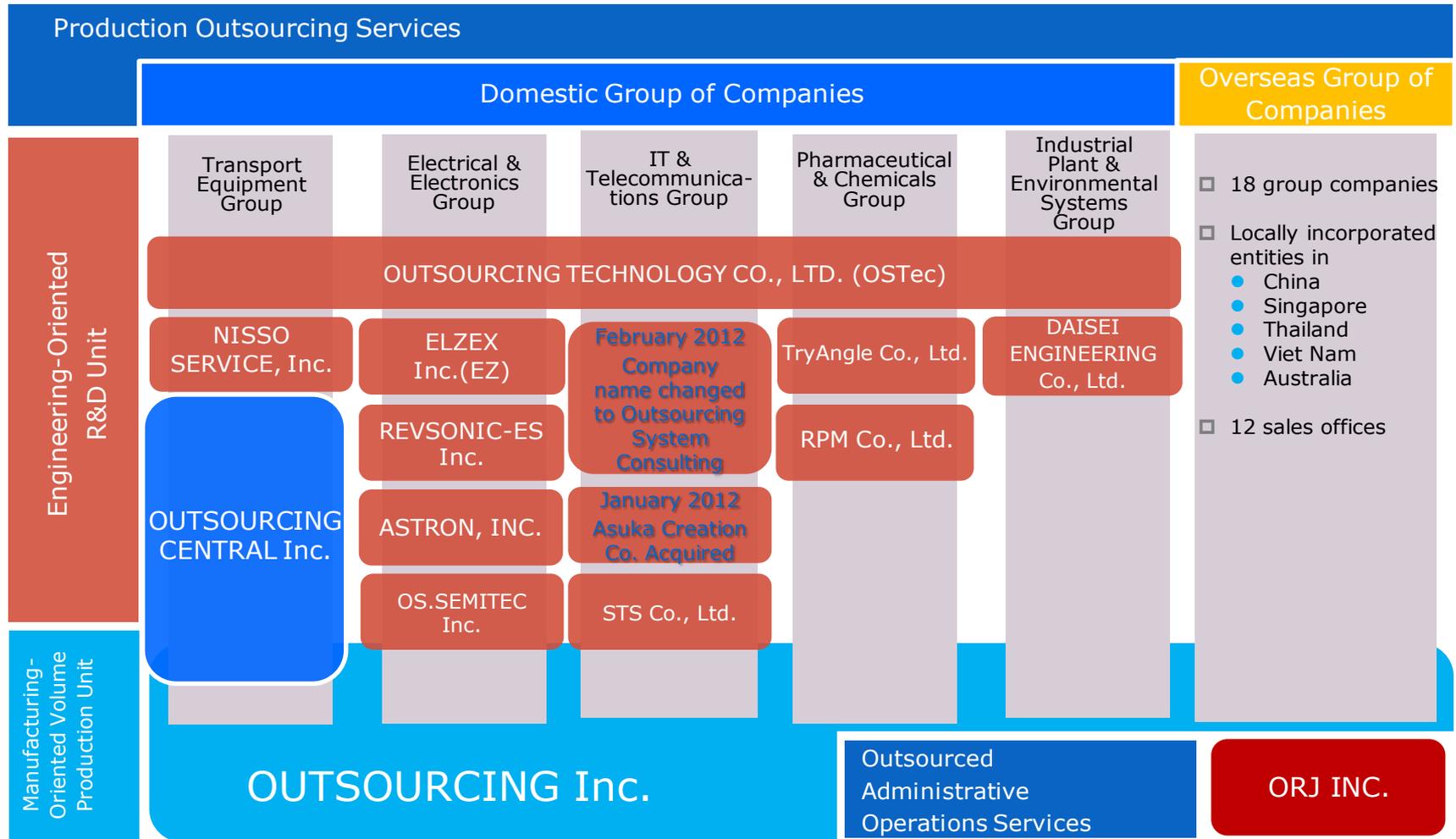
P/L	FY7/09	FY7/10	FY7/11
Net sales	1,129	933	1,034
Operating income	43	19	39
Ordinary income	36	38	39

- Price of stock acquisition: ¥300 million

- Goodwill: ¥150 million (amortized over 5 years)

## II Expand presence in tertiary sector, including R&D contracts

- Reinforcing operations in the IT/Telecommunications fields, a global growth market



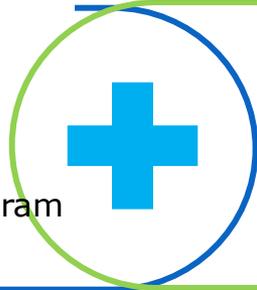
The goal is to achieve sales of ¥3 billion in FY12/12 in the IT/telecom fields

## II Expand presence in tertiary sector, including R&D contracts

### ● Business synergy with Group's IT/Telecommunications Group

#### □ Business resources of Outsourcing System Consulting (OSSC)

- Expertise to develop applications
- Extensive knowledge base of Contents Management System (CMS)
- Enhancement of in-house training program



#### □ Business resources of Asuka Creation (AC)

- Expertise to develop infrastructural systems
- Strong in new services for smartphones
- Strong in products developed with proprietary know-how

#### □ Create business synergies through OSSC and AC

- Ability to provide one-stop services that range from development of main and peripheral systems to terminal-based applications
- By integrating AC's new businesses related to smartphones with OSSC's application development strength, it allows for faster application development speeds and higher rate of in-house development and manufacture of products
- Not only will the training and education of workers of both firms be upgraded by integrating the two employee training programs, it will improve the skill sets and expertise of engineers, as well as upgrade services provided to users at the same time

By reinforcing IT/telecommunications operations, which undergoes a different boom-bust cycle than the manufacturing sector, which is the Company's core business, it will help in alleviating the impact on production volatility on earnings

## Developments in Core Strategy for FY12/12

- I Gain market share by securing special reconstruction contracts
- II Expand presence in tertiary sector, including R&D contracts
- III Establish an ASEAN-based East Asian HR network
- IV Raise living standards for contract workers



### III Establish an ASEAN-based East Asian HR network

- Acquisition of OS International (OSI) Shares on November 30, 2011

#### □ Outline of OSI Group

- Number of contract workers: approx. 3,800
- Management performance

P/L for FY11/11 Actual (¥ million)	
Net sales *	4,015
Ordinary income *	127

\*Includes sales of ¥348 million and ordinary income of ¥12 million generated by PT. SELNAJAYA, an equity method affiliate

- Cost of share acquisition: ¥725 million
- Financial overview

B/S at the end of FY11/11 (¥ million)			
Current assets	995	Total liabilities	442
		(Interest-bearing debts)	(76)
Noncurrent assets	141	Total net assets	695
Total assets	1,137	Total liabilities and net assets	1,137

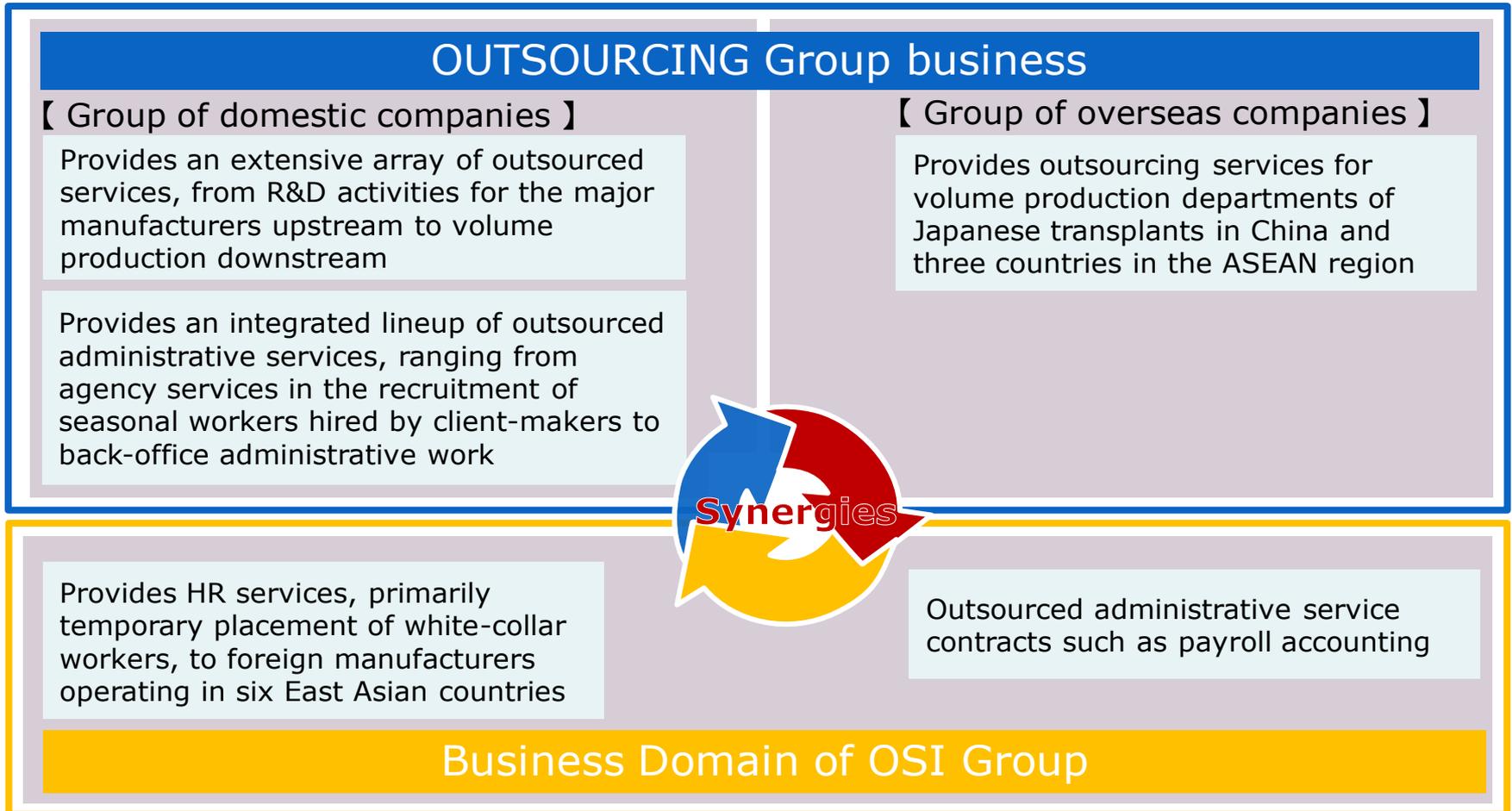
■ Goodwill: ¥110 million (amortized over 5 years)

#### □ OSI's share acquisition scheme



### III Establish an ASEAN-based East Asian HR network

- Business synergies of the OUTSOURCING Group through the acquisition of OSI



While domestic HR service providers are struggling to achieve profitability for their foreign operations, the Company's Group of overseas companies has already established a profit structure through intra-Group synergies

### III Establish an ASEAN-based East Asian HR network

- China strategy (based in Shanghai)
  - ▣ Provide one-stop outsourcing services for product development offshore through collaboration between OSSC and OUTSOURCING Shanghai

#### ▣ Services provided by OSSC

- Services include business operations consultations, decisions on core systems definition, as well as basic design and development provided by a corps of highly trained and expert IT engineers



#### ▣ Services provided by OS Shanghai

- Services include detailed design functions to manufacturing, testing, operation and maintenance through low-cost engineering

- ▣ In response to the shortfall in engineers caused by growing demand in the IT and telecom markets, OSSC collaborated with OS Shanghai to train and develop engineers, thereby providing client-makers low-cost, yet advanced technology expertise
- ▣ Requests for offshore systems development from client-makers has generally led to numerous complaints as a result of quality degradation and timetable delays because service providers must maintain two windows for customers—one in Japan and the other overseas. However, by collaborating development within its Group, OUTSOURCING has managed to integrate this customer interface to just one, combining domestic and foreign input, dramatically reducing the number of complaints

The Company has won a growing number of contracts for its one-stop service lineup for low-cost, high-tech offerings as client-makers have shifted production overseas and offshore demand has expanded

### III Establish an ASEAN-based East Asian HR network

- The Company's Group of foreign companies following the acquisition of OSI
  - The goal is to become a group of 18 foreign companies employing a staff of 4,000-plus, thereby becoming the leading Japanese company in the newly emerging economies of Asia

Production Outsourcing Services		Overseas Group of Companies					
		China	Thailand	Indonesia	Viet Nam	Singapore	Australia
White-Collar	Holding Company: OS International Co., Ltd. (OSI)						
	Hong Kong	Bangkok*		Hanoi	Singapore	Sydney	
	Shanghai						
Blue-Collar	Dalian	Bangkok*					
			Jakarta*				
	Shanghai	Bangkok		Hanoi			
		Bangkok	Jakarta				
		Amata	Jakarta				



● White-Collar Operations  
● Blue-Collar Operations

\*Affiliates

## Driving Core Strategy for FY12/12

- I Gain market share by securing special reconstruction contracts
- II Expand presence in tertiary sector, including R&D contracts
- III Establish an ASEAN-based East Asian HR network
- IV Raise living standards for contract workers



## IV Raise living standards for contract workers

### ● Strategic social security benefits through T-Point Program\*

#### □ Earning T-Points (Select Examples)

- Points earned from length of worker contract
- Points earned from length of contracted project
- Points earned from acquiring preferred qualifications
- Points earned from superior performance reviews

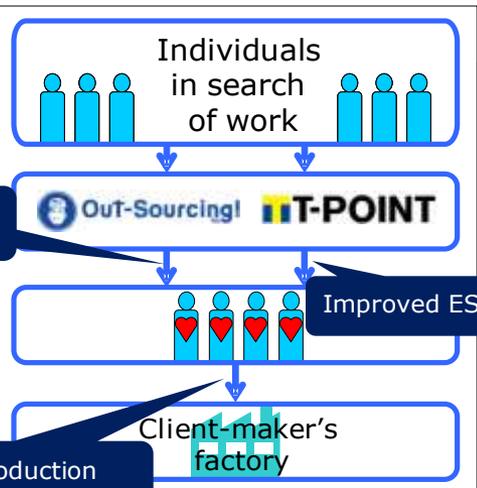
\* The T-Point program is the nation's largest shared point service available at 40 thousand outlets of 80 enterprises nationwide, which contracted workers can use to enhance their quality of life.

By providing contracted workers with this strategic social welfare benefit service, the Company believes it will contribute to their work morale and improve their standard of living, elevating worker satisfaction.

#### ■ OUTSOURCING's T CARD



Stable jobs  
Skill development



The goal is to create an upward spiral, whereby the proficiency in skill sets and work related expertise of contracted workers achieved through better retention rates leads to an increase in gross profit from higher production efficiency, and that, in turn, makes it possible for additional investment to improve standards of living

## IV Raise living standards for contract workers

### ● FY12/12 domestic manufacturing sector recruitment plan

	Jan.	Feb.	Mar.	Apr.	May	Jun.
Number of applicants	3,528	4,039	4,514	4,338	4,176	4,626
Number of workers recruited	871	1,004	1,180	1,194	1,152	1,300
· Number of temps/production outsourcing contract workers recruited	673	766	871	872	856	1,013
· Number of fee-based employment contract workers recruited	198	238	309	322	296	287
Recruitment expenses (¥ thousand)	57,247	66,953	80,115	77,879	72,440	76,628
· Per capita recruitment expenses (¥)	65,726	66,687	67,894	65,225	62,882	58,944

	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Number of applicants	4,345	4,020	4,567	5,378	4,367	3,511	<b>51,411</b>
Number of workers recruited	1,316	1,212	1,390	1,663	1,405	1,163	<b>14,850</b>
· Number of temps/production outsourcing contract workers recruited	1,007	913	1,025	1,293	1,040	833	<b>11,162</b>
· Number of fee-based employment contract workers recruited	309	299	365	370	365	330	<b>3,688</b>
Recruitment expenses (¥ thousand)	74,581	68,596	79,173	83,142	73,176	62,492	<b>872,422</b>
· Per capita recruitment expenses (¥)	56,672	56,597	56,959	49,995	52,083	53,733	<b>58,749</b>

¶ Develop recruitment program based on projected contracts won in fiscal 2012

# Financial Forecasts for FY12/12



# Summary of FY12/12 Consolidated Forecast

(¥ million)	FY12/11		FY12/12 Forecast						Year-on-Year	
	Full-Year Actual		1H		2H		Full-year Fcst		Change	
	Amount	Weighting	Amount	Weighting	Amount	Weighting	Amount	Weighting	Amount	Weighting
<b>Net sales</b>	<b>32,397</b>	<b>100.0%</b>	<b>21,180</b>	<b>100.0%</b>	<b>25,290</b>	<b>100.0%</b>	<b>46,470</b>	<b>100.0%</b>	<b>14,082</b>	<b>43.5%</b>
Cost of sales	25,658	79.2%	16,909	79.8%	19,717	78.0%	36,627	78.8%	-	-
<b>Gross profit on sales</b>	<b>6,738</b>	<b>20.8%</b>	<b>4,279</b>	<b>20.2%</b>	<b>5,572</b>	<b>22.0%</b>	<b>9,852</b>	<b>21.2%</b>	-	-
SG&A expenses	6,175	19.1%	4,042	19.1%	4,145	16.4%	8,188	17.6%	-	-
<b>Operating income</b>	<b>563</b>	<b>1.7%</b>	<b>235</b>	<b>1.1%</b>	<b>1,425</b>	<b>5.6%</b>	<b>1,660</b>	<b>3.6%</b>	<b>1,101</b>	<b>195.6%</b>
Non-operatng income	541	1.7%	273	1.3%	266	1.1%	539	1.2%	-	-
Non-operating expenses	401	1.2%	229	1.1%	222	0.9%	451	1.0%	-	-
<b>Ordinary income</b>	<b>702</b>	<b>2.2%</b>	<b>280</b>	<b>1.3%</b>	<b>1,470</b>	<b>5.8%</b>	<b>1,750</b>	<b>3.8%</b>	<b>1,049</b>	<b>149.4%</b>
Extraordinary income	18	0.1%	0	0.0%	0	0.0%	0	0.0%	-	-
Extraordinary loss	157	0.5%	104	0.5%	97	0.4%	201	0.4%	-	-
<b>Net income</b>	<b>194</b>	<b>0.6%</b>	<b>65</b>	<b>0.3%</b>	<b>810</b>	<b>3.2%</b>	<b>875</b>	<b>1.9%</b>	<b>683</b>	<b>352.1%</b>

Note: Does not include the business results of Asuka Creation Co., Ltd., which was acquired in January 2012

# Quarterly Forecast by Business Segment

(¥ million)		FY12/11 Actual Full Year	FY12/12 Forecast				Full Year
			Q1	Q2	Q3	Q4	
Production Outsourcing Business	Number of contract workers at the end of the quarter*	13,020	13,802	15,338	16,894	18,845	18,845
	Domestic group of companies	8,361	8,796	9,384	10,171	10,951	10,951
	Overseas group of companies	4,659	5,006	5,954	6,723	7,894	7,894
	Net sales	31,146	10,070	10,880	11,775	13,235	45,960
	Domestic group of companies	30,771	9,045	9,760	10,545	11,880	41,230
	Overseas group of companies	375	1,025	1,120	1,230	1,355	4,730
	Operating income	295	(7)	190	407	913	1,503
	Domestic group of companies	370	8	185	367	823	1,383
Overseas group of companies	(75)	(15)	5	40	90	120	
Administrative Operations Outsourcing Business	Number of workers hired through ORJ	3,051	745	905	973	1,065	3,688
	Net sales	1,113	265	300	325	345	1,235
	Operating income	391	65	93	101	108	367
Others	Net sales	137	45	45	40	50	180
	Operating income	0	2	2	2	4	10
Eliminations	Net sales	(669)	(205)	(220)	(230)	(250)	(905)
Eliminations/ Corporate	Operating income	(125)	(55)	(55)	(55)	(55)	(220)
Total	Net sales	32,397	10,175	11,005	11,910	13,380	46,470
	Operating income	563	5	230	455	970	1,660

\* Includes workforce, actual and forecast, of Indonesia-based PT. SELNAJAYA, an equity method affiliate

# Quarterly Forecast for Major Group Subsidiaries

(¥ million)		FY12/11 Actual Full Year	FY12/12 Forecast				Full Year	
			Q1	Q2	Q3	Q4		
OUTSOURCING Inc.	Net sales	17,849	4,935	5,155	5,460	5,900	21,450	
	Operating income	249	(15)	50	170	355	560	
Transport Equipment Group								
OUTSOURCING CENTRAL Inc.	Net sales	5,996	1,890	1,980	2,235	2,710	8,815	
NISSO SERVICE, Inc.	Operating income	112	30	65	85	235	415	
Electrical & Electronics Group								
OUTSOURCING TECHNOLOGY CO., LTD.	Net sales	5,003	1,290	1,440	1,530	1,730	5,990	
ELZEX Group (*1)	Operating income	76	5	45	50	115	215	
IT & Telecommunications Group (*2)								
OS System Consulting	Net sales	272	210	250	280	330	1,070	
STS Co., Ltd.	Operating income	(14)	0	0	10	15	25	
Pharmaceutical & Chemicals Group (*2)								
TryAngle Co., Ltd.	Net sales	571	160	265	265	330	1,020	
RPM Co., Ltd.	Operating income	(54)	(5)	5	15	30	45	
ORJ Group (*3)	Net sales	2,643	775	900	1,025	1,140	3,840	
	Operating income	374	55	105	130	170	460	
Overseas Group of Companies (*4)	Net sales	375	1,025	1,120	1,230	1,355	4,730	
	Operating income	(75)	(15)	5	40	90	120	
Others (*5)	Net sales	357	95	115	115	135	460	
	Operating income	20	5	10	10	15	40	
Eliminations		Net sales	(669)	(205)	(220)	(230)	(250)	(905)
Eliminations/Corporate		Operating income	(125)	(55)	(55)	(55)	(55)	(220)
Total	Net sales	32,397	10,175	11,005	11,910	13,380	46,470	
	Operating income	563	5	230	455	970	1,660	

\*1 Includes REVSONIC-ES Inc. and ASTRON, Inc., a subsidiary of our subsidiary

\*2 Does not include the business results of Asuka Creation Co., Ltd., which was acquired in January 2012

\*3 Includes OS SEMITEC Inc., a subsidiary of our subsidiary

\*4 OS International Group of companies is comprised of 11 firms, in addition to one local corporation in China, one in Indonesia, one in Vietnam, and three in Thailand

\*5 DAISEI ENGINEERING Co., Ltd.

# FY12/12 Financial Forecast by Business Domain

(¥ million)		
Domestic Manufacturing Domain (Manufacturing Placement and Outsourced Contracting)	Net sales	27,325
	Operating income	795
Domestic Engineering Domain (Engineer Placement and Contracting)	Net sales	13,905
	Operating income	588
Overseas Field	Net sales	4,730
	Operating income	120
Administrative Operations	Net sales	1,415
	Operating income	377
Eliminations	Net sales	(905)
Eliminations/Corporate	Operating income	(220)
Other Businesses	Net sales	46,470
	Operating income	1,660

¶ The number of contracted workers projected for fiscal 2012 is 18,845, up 5,825 from the 13,020 under contract at the end of fiscal 2011

# Mid-Term Management Plan: Strategy to Achieve FY12/12 Numerical Targets



# Strategy to Bridge Gap between Mid-Term Target Figures and FY12/12 Financial Forecast

- While the Company has issued its FY12/12 forecast, it does not include the projected outcomes of its outsourced contracting strategy to address the so-called 2012 Issue or its M&A strategy. In addition, the forecast has in recent years been influenced by risk factors that could not be extrapolated. It should thus be noted that the main objective is to achieve that stated in the Mid-Term Management Plan's numerical targets.

(¥ million)	FY12/12		
	Mid-Term Management Plan Numerical Target as of April 27, 2011	Financial Forecast as of February 10, 2012	Difference
Net Sales	<b>52,000</b>	46,470	<b>(5,530)</b>
Operating Income	<b>2,500</b>	1,660	<b>(840)</b>

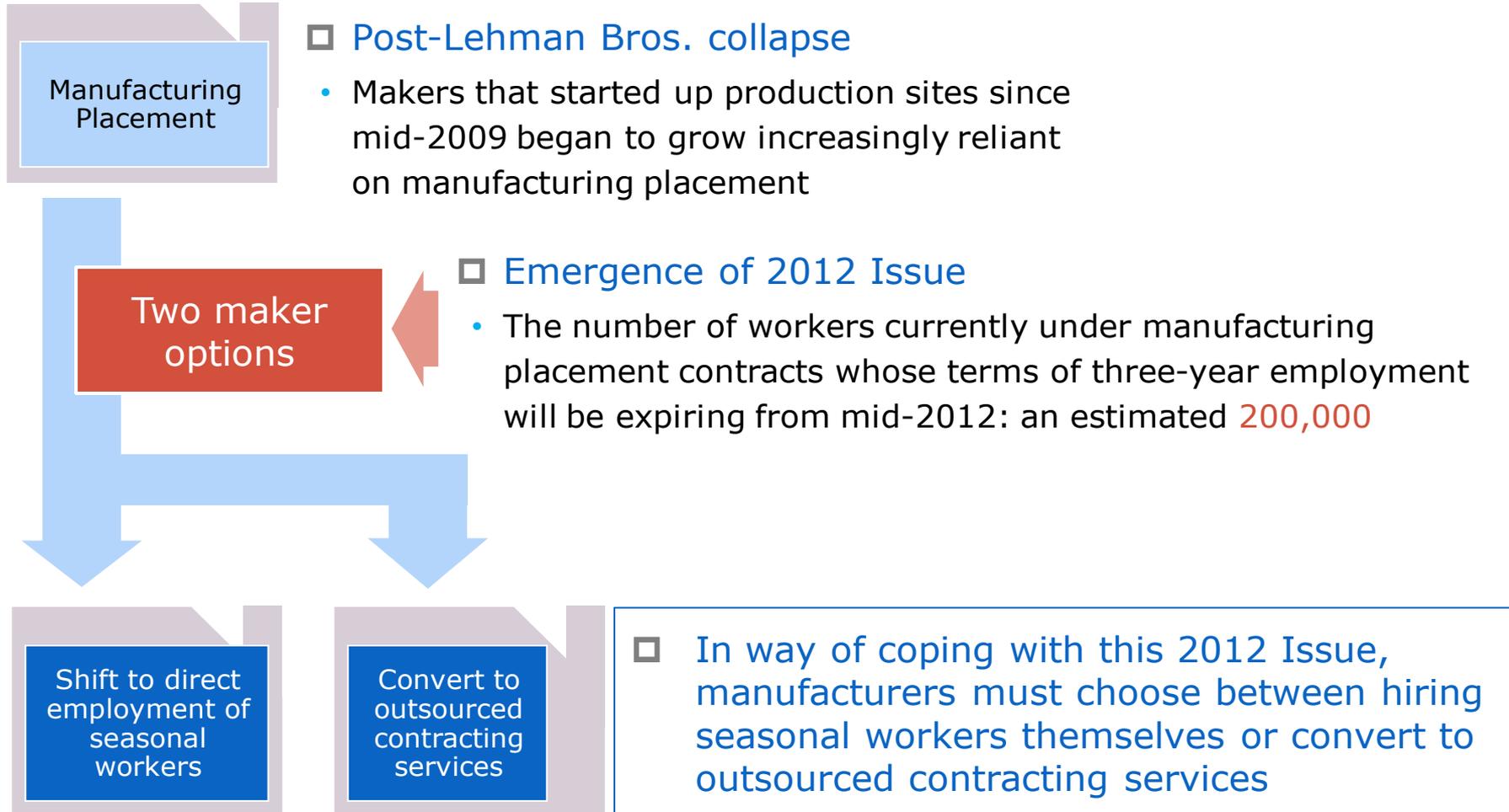
## □ Strategies to bridge the gap

- 1) Strategy to expand the Company's share of the outsourced contracting service market
- 2) M&A strategy that aims to acquire additional business resources

# 1) Strategy to expand the Company's share of the outsourced contracting service market

- HR options available to manufacturers at their production sites as a result of the emerging 2012 Issue

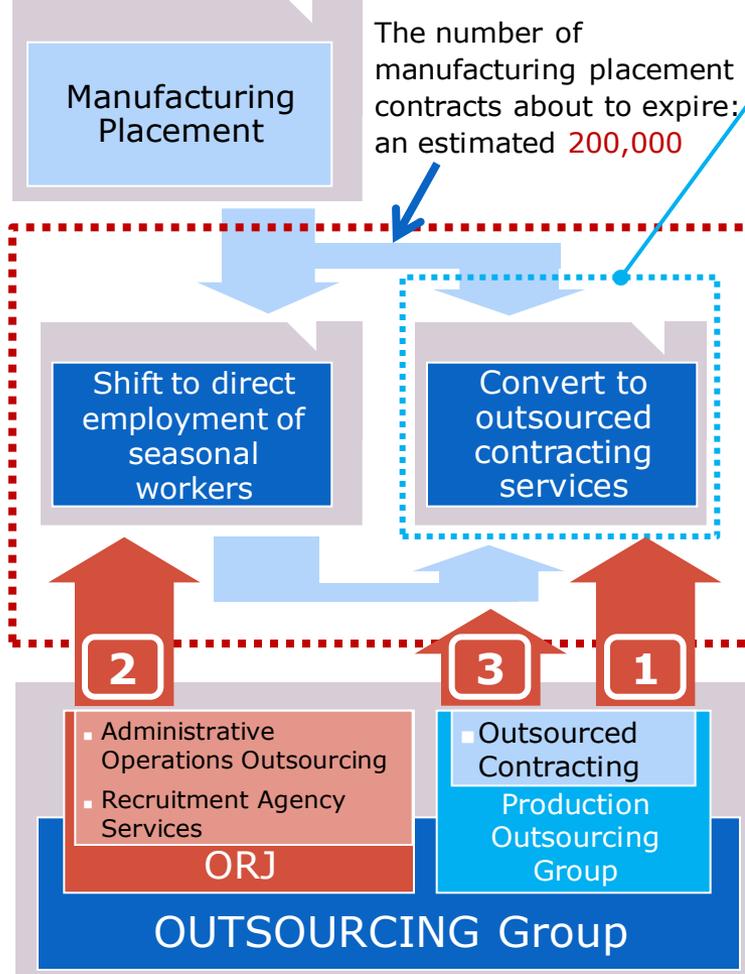
## ■ Production sites (factories)



# 1) Strategy to gain share in the outsourced contracting service market

- **OUTSOURCING Group's strengths in winning contracts from makers seeking to cope with the 2012 Issue**

## ■ Production sites (factories)



## ■ Convert to outsourced contracting services

- Rival service providers are only able to offer makers one of the two HR options—outsourced contracting services
- Thousands of providers are thus expected to battle over the outsourced contracting market

Yet there are only ten service providers that can deliver genuine outsourced contracting services

## ■ The Company's range of service coverage

- 1 The ability to win contracts by offering genuine outsourced contracting solutions
- 2 The ability to win contracts when makers choose to hire seasonal workers directly through ORJ, which offers a proprietary one-stop lineup of outsourced administrative service solutions
- 3 The ability to win contracts through ORJ, when the subsidiary converts production sites that it supervises under an administrative operation service contract, to outsourced contracting solutions proposed by the entire Group

The aim: from 2012 to 2014, capture 10% of production sites that must shift away from manufacturing placement contracts or be found violating the law

## 2) M&A strategy to acquire business resources

### □ Business resources required in Japan

- Advanced, high-tech expertise in growth markets
- Highly skilled, experienced engineers



### □ Efficacy of M&A strategy

- Acquire the technologies and expertise, as well as engineers, the Company needs through its acquisition of target companies



M&A is the optimal solution in order to meet the rapidly advancing and diversifying needs of manufacturers, enabling the Company to respond in a more productive manner at a faster pace

### □ Acquire business resources required for foreign operations

- Acquire licenses, the primary bottleneck in starting up local operations
- Hire qualified local personnel in order to begin recruitment of local workers



### □ Efficacy of M&A strategy

- Allows the Company to acquire both business licenses and qualified staff locally

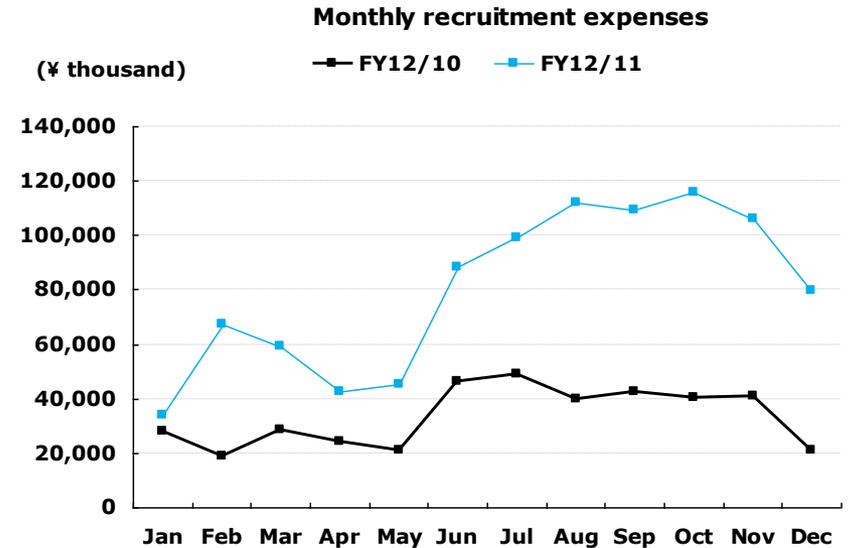
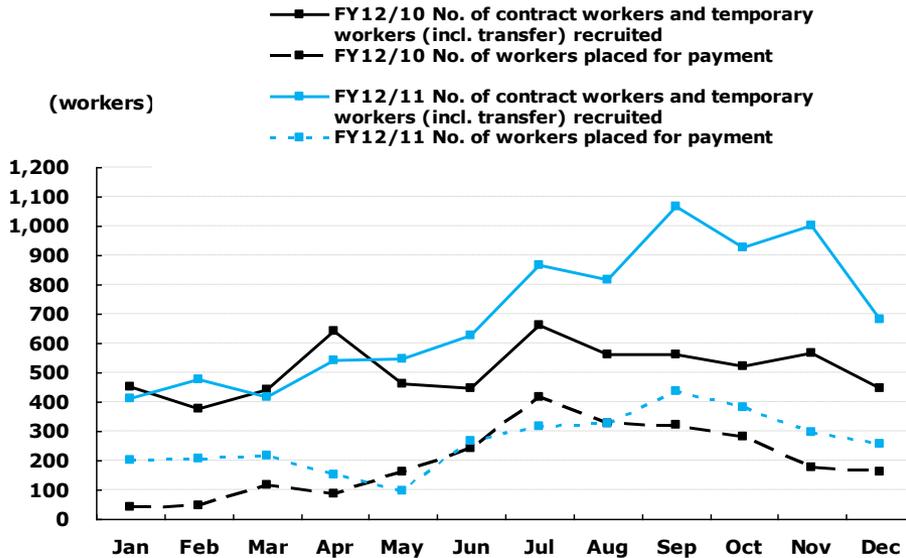


OUTSOURCING's fiscal 2012 forecast does not include the dividends to be accrued from its outsourced contracting market share and M&A strategies. Rather, it expects these strategic dividends to act as drivers in achieving the fiscal 2014 target figures specified in its Mid-Term Management Plan

## References



# Monthly Trend in Recruited Worker Number and Recruitment Costs (Consolidated)

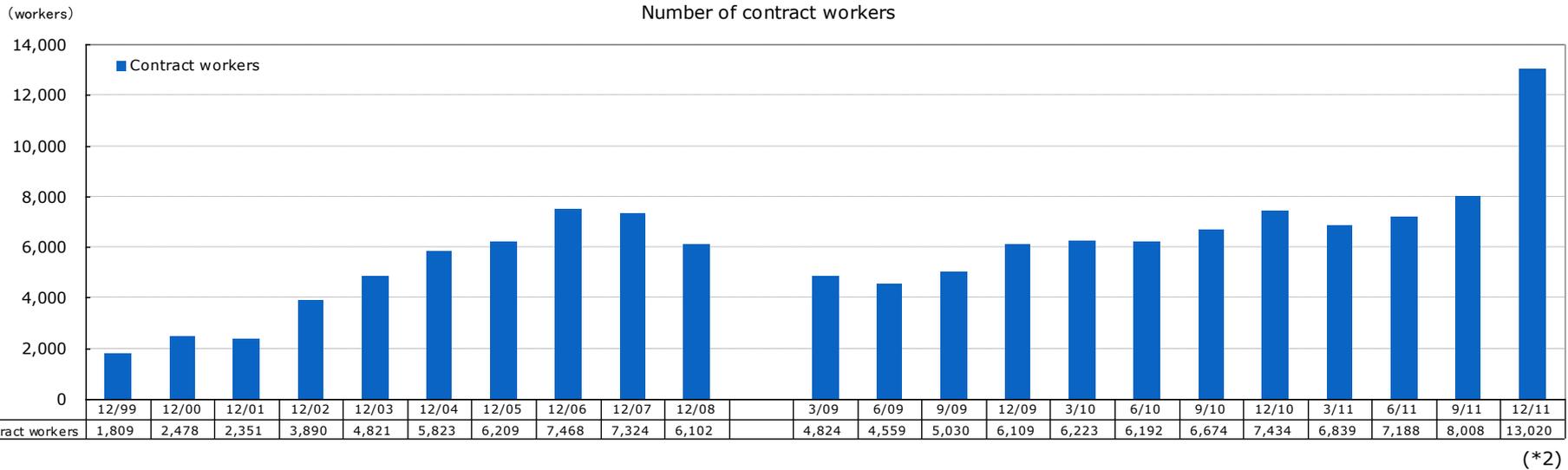


FY12/10	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
—■— No. of contract workers and temporary workers (incl. transfer) recruited	448	376	439	640	461	447	658	558	560	519	564	447
-■- No. of workers placed for payment	41	46	114	86	160	239	416	327	319	278	173	162
—■— Recruitment expenses (¥ thousand)	27,761	18,582	28,684	24,423	20,745	46,365	49,184	39,945	42,586	40,628	41,046	20,917

FY12/11	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
—■— No. of contract workers and temporary workers (incl. transfer) recruited	410	474	417	541	543	624	864	813	1065	925	999	679
-■- No. of workers placed for payment	199	206	213	152	97	264	316	327	436	378	294	256
—■— Recruitment expenses (¥ thousand)	33,824	67,098	59,132	42,750	44,983	88,441	99,281	112,087	109,294	116,009	106,275	79,859

# Quarterly Changes in Number of Contract Workers (Consolidated)



\*1 Contract workers are those working at clients' manufacturer's worksites, including currently active temp workers.

\*2 Includes 2,478 contract workers of Indonesia-based PT.SELNAJAYA, an equity method affiliate

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 differ materially from those projected.

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