



## Business Results for the Fiscal Year Ended December 31, 2012

OUTSOURCING Inc.

(Securities Code: 2427 / TSE 2nd Section)

February 2013



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## Consolidated Financial Summary for FY12/12



# Consolidated Financial Summary for FY12/12

(¥ million)	FY12/11 Actual		FY12/12				Year-on-Year	
			Forecast (as of Oct 29, 2012)		Actual		Change	
	Amount	Weighting	Amount	Weighting	Amount	Weighting	Amount	Ratio
<b>Net sales</b>	<b>32,397</b>	<b>100.0%</b>	<b>42,270</b>	<b>100.0%</b>	<b>42,090</b>	<b>100.0%</b>	<b>9,693</b>	<b>29.9%</b>
Cost of sales	25,658	79.2%	-	-	33,618	79.9%	7,960	31.0%
<b>Gross profit on sales</b>	<b>6,738</b>	<b>20.8%</b>	-	-	<b>8,472</b>	<b>20.1%</b>	<b>1,734</b>	<b>25.7%</b>
SG&A expenses	6,175	19.1%	-	-	7,471	17.8%	1,296	21.0%
<b>Operating income</b>	<b>563</b>	<b>1.7%</b>	<b>1,015</b>	<b>2.4%</b>	<b>1,000</b>	<b>2.4%</b>	<b>437</b>	<b>77.6%</b>
Non-operating income	541	1.7%	-	-	708	1.7%	167	30.9%
Non-operating expenses	401	1.2%	-	-	554	1.3%	153	38.2%
<b>Ordinary income</b>	<b>702</b>	<b>2.2%</b>	<b>1,135</b>	<b>2.7%</b>	<b>1,153</b>	<b>2.7%</b>	<b>451</b>	<b>64.2%</b>
Extraordinary income	18	0.1%	-	-	16	0.0%	(2)	-11.1%
Extraordinary loss	157	0.5%	-	-	175	0.4%	18	11.5%
<b>Net income</b>	<b>194</b>	<b>0.6%</b>	<b>535</b>	<b>1.3%</b>	<b>641</b>	<b>1.5%</b>	<b>447</b>	<b>229.8%</b>

# Consolidated Financial Highlights for FY12/12

## **Net Sales** ¥42,090 million (YoY increase 29.9%)

- ❑ The weight of electronics & semiconductors related declined in 1H due to the recession, but the weight rose in 2H from demand related to reorganization.
- ❑ The weight of transport equipment related declined in 2H due to normal seasonal production increases in the autumn disappearing due to the Senkaku Islands issue.
- ❑ In normal years 2H tends to have over 20% higher sales than 1H, but this year was flat half-on-half.
- ❑ Overseas sales expansion

## **Operating Income** ¥1,000 million (YoY increase 77.6%)

- ❑ One time charges of relocation of the head office to Tokyo and listing related expenses were roughly ¥300 million.
- ❑ Efficiency declined due to the effect of rising volatility of maker production plans.

## **Net Income** ¥641 million (YoY increase 229.8%)

- ❑ We tightened our standards for booking expenses and conservatively front-loaded a portion of goodwill amortization.

# Consolidated Business Results by Quarter

(¥ million)	FY12/11 Actual				FY12/12			
	1Q	2Q	3Q	4Q	Actual 1Q	Actual 2Q	Actual 3Q	Actual 4Q
Net sales	7,501	7,372	7,958	9,566	10,179	10,228	10,719	10,962
Gross profit on sales	1,457	1,572	1,582	2,127	1,932	2,104	2,131	2,304
Gross profit on sales margin	19.4%	21.3%	19.9%	22.2%	19.0%	20.6%	19.9%	21.0%
SG&A expenses	1,366	1,454	1,648	1,707	1,880	1,906	1,844	1,840
SG&A expenses ratio	18.2%	19.7%	20.7%	17.8%	18.5%	18.6%	17.2%	16.8%
Operating income	90	117	(65)	421	52	197	286	463
Operating income margin	1.2%	1.6%	-0.8%	4.4%	0.5%	1.9%	2.7%	4.2%
Ordinary income	132	148	(22)	444	70	238	321	523
Ordinary income margin	1.8%	2.0%	-0.3%	4.6%	0.7%	2.3%	3.0%	4.8%
Net income	(24)	34	(35)	219	(9)	(14)	228	436
Net income margin	-0.3%	0.5%	-0.4%	2.3%	-0.1%	-0.1%	2.1%	4.0%

Year-on-Year Change	FY12/11 Actual				FY12/12			
	1Q	2Q	3Q	4Q	Actual 1Q	Actual 2Q	Actual 3Q	Actual 4Q
Net sales	-7.8%	-1.7%	7.9%	20.2%	6.4%	0.5%	4.8%	2.3%
Gross profit on sales	-21.2%	7.9%	0.6%	34.5%	-9.2%	8.9%	1.3%	8.1%
SG&A expenses	4.4%	6.4%	13.3%	3.6%	10.1%	1.4%	-3.3%	-0.2%
Operating income	-83.3%	30.0%	—	—	-87.6%	278.8%	45.2%	61.9%
Ordinary income	-77.2%	12.1%	—	—	-84.2%	240.0%	34.9%	62.9%
Net income	—	—	—	—	—	—	—	91.2%

# Quarterly Financial Results by Segment

(¥ million)		FY12/11				FY12/12			
		Actual 1Q	Actual 2Q	Actual 3Q	Actual 4Q	Actual 1Q	Actual 2Q	Actual 3Q	Actual 4Q
Production Outsourcing Business	Number of contract workers	6,780	6,893	7,667	8,271	7,879	7,826	7,689	7,452
	Net sales	7,368	7,230	7,816	9,010	8,984	9,074	9,376	9,556
	Operating income	51	62	(106)	344	55	188	196	339
Administrative Operations Outsourcing Business	Number of outsourced administrative workers	4,409	4,682	4,636	6,273	8,500	5,070	5,879	6,467
	Net sales	97	104	103	140	189	112	161	168
	Operating income	52	51	79	59	62	40	94	64
Recruitment Agency Services Outsourcing	Workers hired through ORJ	618	513	1,079	928	512	694	498	511
	Net sales	116	102	231	219	115	144	93	86
	Operating income	30	29	16	75	18	48	14	56
Overseas Outsourcing Business	Net sales	4	6	20	356	998	996	1,200	1,261
	Operating income	(4)	(10)	(16)	(24)	(36)	(38)	24	13
Other Business	Net sales	36	33	33	34	43	35	36	37
	Operating income	0	(2)	0	2	2	2	3	0
Internal Transfer	Net sales	(121)	(104)	(246)	(196)	(150)	(136)	(148)	(147)
Eliminations	Operating income	(39)	(13)	(38)	(35)	(50)	(43)	(46)	(9)
Total	Net sales	7,501	7,372	7,958	9,564	10,179	10,228	10,719	10,962
	Operating income	90	117	(65)	421	52	197	286	463

# Half Year Financial Results by Segment

(¥ million)		FY12/11 Actual			FY12/12 Actual		
		1H	2H	Full Year	1H	2H	Full Year
Production Outsourcing Business	Number of contract workers	6,893	8,271	8,271	7,826	7,452	7,452
	Net sales	14,598	16,826	31,424	18,058	18,932	36,990
	Operating income	113	238	351	243	535	778
Administrative Operations Outsourcing Business	Number of outsourced administrative workers	4,682	6,273	6,273	5,070	6,467	6,467
	Net sales	201	243	444	301	329	630
	Operating income	103	138	241	101	158	259
Recruitment Agency Services Outsourcing	Workers hired through ORJ	1,131	2,007	3,138	1,206	1,009	2,215
	Net sales	218	450	668	259	179	438
	Operating income	59	91	150	67	70	137
Overseas Outsourcing Business	Net sales	10	376	386	1,994	2,462	4,456
	Operating income	(14)	(40)	(54)	(74)	36	(38)
Other Business	Net sales	69	67	136	78	74	152
	Operating income	(2)	2	0	4	3	8
Internal Transfer	Net sales	(225)	(442)	(667)	(286)	(295)	(581)
Eliminations	Operating income	(52)	(73)	(125)	(93)	(55)	(148)
Total	Net sales	14,873	17,522	32,395	20,408	21,682	42,090
	Operating income	207	356	563	249	750	1,000



# Quarterly Financial Results by Business Domain

(¥ million)	FY12/11 Actual				FY12/12 Actual			
	1Q	2Q	3Q	4Q	Actual 1Q	Actual 2Q	Actual 3Q	Actual 4Q
<b>Production OS Business</b>	<b>7,251</b>	<b>7,133</b>	<b>7,590</b>	<b>9,172</b>	<b>9,832</b>	<b>9,936</b>	<b>10,455</b>	<b>10,671</b>
Foods	440	490	515	561	441	427	480	505
Electrical & Electronics	2,159	2,257	2,194	2,058	1,757	1,945	2,009	2,069
Transport Equipment	2,511	2,105	2,714	3,274	3,199	3,046	2,936	2,772
Pharm. & Chemicals	1,016	1,145	947	1,066	1,041	1,051	1,094	1,208
Metals & Construction Materials	84	102	183	467	1,004	915	948	871
IT-related	—	—	—	—	481	523	882	1,068
Others	1,040	1,032	1,034	1,749	1,905	2,026	2,104	2,174

(Composition)	FY12/11 Actual				FY12/12 Actual			
	1Q	2Q	3Q	4Q	Actual 1Q	Actual 2Q	Actual 3Q	Actual 4Q
<b>Production OS Business</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Foods	6.1%	6.9%	6.8%	6.1%	4.5%	4.3%	4.6%	4.7%
Electrical & Electronics	29.8%	31.6%	28.9%	22.4%	17.9%	19.6%	19.2%	19.4%
Transport Equipment	34.6%	29.5%	35.8%	35.7%	32.5%	30.7%	28.1%	26.0%
Pharm. & Chemicals	14.0%	16.1%	12.5%	11.6%	10.6%	10.6%	10.5%	11.3%
Metals & Construction Materials	1.2%	1.4%	2.4%	5.1%	10.2%	9.2%	9.1%	8.2%
IT-related	—	—	—	—	4.9%	5.3%	8.4%	10.0%
Others	14.3%	14.5%	13.6%	19.1%	19.4%	20.4%	20.1%	20.4%

# Summary of FY12/12 Consolidated Balance Sheets

(¥ million)	FY12/11		FY12/12		YoY Change
	Amount	Weighting	Amount	Weighting	Amount
Current assets	<b>7,933</b>	<b>66.5%</b>	<b>9,431</b>	<b>68.0%</b>	<b>1,498</b>
(Cash and deposits)	2,264	19.0%	3,363	24.3%	1,099
(Notes and accounts receivable-trade)	4,900	41.1%	5,232	37.7%	332
(Inventories)	139	1.2%	132	1.0%	(7)
Fixed assets	<b>3,985</b>	<b>33.4%</b>	<b>4,433</b>	<b>32.0%</b>	<b>448</b>
Property, plant and equipment	2,046	17.2%	2,008	14.5%	(38)
Intangible assets	861	7.2%	1,372	9.9%	511
Investments and other assets	1,078	9.0%	1,051	7.6%	(27)
<b>Total assets</b>	<b>11,921</b>	<b>100.0%</b>	<b>13,866</b>	<b>100.0%</b>	<b>1,945</b>
Current liabilities	<b>5,943</b>	<b>49.9%</b>	<b>6,875</b>	<b>49.6%</b>	<b>932</b>
(Notes and accounts payable-trade)	49	0.4%	208	1.5%	159
(Short-term loans payable)	1,280	10.7%	2,020	14.6%	740
(Accounts payable-other)	2,338	19.6%	2,341	16.9%	3
Non-current liabilities	<b>2,307</b>	<b>19.4%</b>	<b>2,478</b>	<b>17.9%</b>	<b>171</b>
(Bonds payable and long-term loans payable)	1,351	11.3%	1,582	11.4%	231
<b>Total liabilities</b>	<b>8,251</b>	<b>69.2%</b>	<b>9,354</b>	<b>67.5%</b>	<b>1,103</b>
Shareholders' equity	<b>3,445</b>	<b>28.9%</b>	<b>4,008</b>	<b>28.9%</b>	<b>563</b>
Capital stock	485	4.1%	485	3.5%	0
Capital surplus	881	7.4%	881	6.4%	0
Retained earnings	2,469	20.7%	3,032	21.9%	563
Treasury stocks	(391)	-3.3%	(391)	-2.8%	0
Valuation and translation adjustments	<b>(4)</b>	<b>0.0%</b>	<b>78</b>	<b>0.6%</b>	<b>82</b>
Subscription rights to shares	<b>91</b>	<b>0.8%</b>	<b>103</b>	<b>0.7%</b>	<b>12</b>
Minority interests	<b>138</b>	<b>1.2%</b>	<b>321</b>	<b>2.3%</b>	<b>183</b>
Total net assets	<b>3,670</b>	<b>30.8%</b>	<b>4,511</b>	<b>32.5%</b>	<b>841</b>
<b>Total liabilities and net assets</b>	<b>11,921</b>	<b>100.0%</b>	<b>13,866</b>	<b>100.0%</b>	<b>1,945</b>

Cash and deposits and accounts receivable increased from business scale expansion and acquisition of subsidiary shares

Amortization of goodwill increased from acquisition of subsidiary shares

Loans increased from increased working capital

Loans increased from M&A strategy

Increased from net income

# Summary of FY12/12 Cash Flow Statement

(¥ million)	FY12/11 Full Year Amount	FY12/12 Full Year Amount	YoY Change Amount
Income (loss) before income taxes	563	995	432
Depreciation and amortization	271	320	49
Amortization of goodwill	168	330	162
Amortization of negative goodwill	(138)	(138)	0
Increase (decrease) in notes and accounts receivable-trade	(222)	151	373
Decrease (increase) in notes and accounts payable-trade	491	(234)	(725)
Others	(721)	(362)	359
<b>Net cash provided by (used in) operating activities</b>	<b>412</b>	<b>1,062</b>	<b>650</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(274)</b>	<b>(755)</b>	<b>(481)</b>
Increase (decrease) in loans	501	921	420
Cash dividends paid	(103)	(115)	(12)
Others	(79)	(109)	(30)
<b>Net cash provided by (used in) financing activities</b>	<b>319</b>	<b>697</b>	<b>378</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,166</b>	<b>3,248</b>	<b>1,082</b>

Increased from the increase in income before income taxes as well as the decline in the amount paid of income taxes payable

Declined from the purchase of shares of subsidiaries

Increased from loans for M&A strategy

## Operating Environment for FY12/13



## The environment related to this industry and its impacts

- Rise in production volatility from declining value added of "Made in Japan"
  - Decline of efficiency of production outsourcing firms to handle fluctuations
  - Rise of earnings volatility of production outsourcing firms
  - Maker manufacturing employees leaving manufacturing industry
- Ongoing growth of emerging markets including ASEAN
  - Production shifting offshore is progressing, and forming a sustainable growth strategy is not possible on domestic projects alone
- Impact of policy including revised laws
  - New demand in order to comply with all types of labor law revisions
  - Expectations for a recovery of domestic production for the wide-reaching automobile industry, house makers etc from economic stimulus measures

## Driving Core Strategy for FY12/13



## Core Strategy for FY12/13 in Response to Operating Environment

- Aiming at becoming No.1 in the production outsourcing industry
  1. Raise efficiency to respond to rising production volatility
  2. Expand business in new fields separate from production and the busy/slack cycle
  3. Strengthen globalization strategy
  4. Expand market share from group solutions that comply with law revisions and government policy

# Driving Core Strategy for FY12/13

## 1. Raise efficiency to respond to rising production volatility

### (1) Raise efficiency of basic strategy

The era when "Made in Japan" had high value-added, and production was stable



Raise efficiency through productivity, sharply raising as much as possible the lot of outsourcing business locations and reducing the number of client projects

The present, where value added of "Made in Japan" declined, and production volatility is intense



Raise efficiency through liquidity, reducing the lot of outsourcing business locations and increasing the number of client projects

245 transacting companies as of the end of FY12/12  
(manufacturing mass production division)



**Target 350 companies in FY12/13**



## 1. Raise efficiency to respond to rising production volatility

### (2) Raise the efficiency of hiring cost

- Improve the stability of the workforce through making nationwide employees capable of relocating permanent employees, use the internet, and strengthen branding
- Make efficient use of highly skilled excess workers of reconstruction makers
- Improve cost awareness through changing hiring indicators and setting numerical targets

Note: For normal manufacturing temporary placement, monthly sales per head of ¥300,000 x 16% GPM = ¥48,000 requires staying a minimum of 2 months in order get back hiring cost.



Raising hiring efficiency	2012 Actual	2013 Target
(old) previous method of calculating hiring cost per head	49,443	44,701
ratio of staying 2 months	65.9%	70.8%
(new) hiring cost per head of staying 2 months	75,027	63,141

## 1. **Raise efficiency to respond to rising production volatility**

### (3) Raising the efficiency of labor management employees

- Improve the stability of the workforce through raising communication skills with worksite employees
- Increase share and achieve reasonable price hikes through improving negotiating skills with clients
- Decrease worker accidents and labor disputes and reduce statutory welfare benefits expense through raising awareness of labor and insurance related laws



**Increase share through on-site capabilities and reduce large expense items in the P/L**

## 2. Expand business in new fields separate from production and the busy/slack cycle

- Necessity

- Makers implementing business reorganization

Early retirees exceed the sense of shortage by domestic manufacturers, making outplacement difficult

- Early retirees of makers implementing business reorganization

Return to manufacturing jobs is estimated at roughly 60%, and workers are leaving manufacturing

- OUTSOURCING Group

Advantage of having a wide range of industries for placement when making proposals to makers undergoing reconstruction and averting volatility risk to earnings

### Conditions for entering a new field

- ◆ Separate from production and the busy/slack cycle
- ◆ Possible to utilize maker excess workers
- ◆ Structural shortage of engineers emerges

## 2. Expand business in new fields separate from production and the busy/slack cycle

### (1) Building construction work supervisor temporary placement business

- Favorable growth is continuing for urban redevelopment and policies of the new administration from disaster reconstruction and earthquake-proofing work, and personnel with qualifications must be stationed on each worksite, however general contractors can not keep these personnel as regular employees due to fixed work periods for each site.



- Maker early retirees are being efficiently utilized along with design and maintenance work
- We are securing many registrations through its nationwide hiring network which is the company's management resource.



**Targeting sales of ¥900 million for FY12/13**

Note: 2012 non-residential building starts totalled roughly 200,000 (Ministry of Land, Infrastructure, Transport and Tourism, released January 31, 2013)  
Building starts are expected to increase further in 2013.

### 2. **Expand business in new fields separate from production and the busy/slack cycle**

(2) IT and telecommunications related infrastructure, network formation and installation outsourcing business

- Demand is increasing from the earthquake-proofing issue for transfers and increased data traffic, however engineering graduates are declining due to the declining population.



There are many possessing these skills amongst maker early retirees, and are being efficiently utilized as an immediate resource



**Targeting sales of ¥6.3 billion in FY12/13**

### 2. **Expand business in new fields separate from production and the busy/slack cycle**

#### (3) Electric appliance after-service work

- A variety of products including overseas products are becoming widespread, and there is constant demand for repair work irrespective of seasonality or the business cycle, however there is a shortage of capacity to meet this demand due to the decline of individual electric appliance shops.



Utilizing early retirees of electric appliance and electronics makers which have an abundance of immediate resources.



**Targeting sales of ¥1.0 billion in FY12/13**

### 3. Strengthen globalization strategy

- Expanding from the 6 major ASEAN countries to 9 countries

- Current situation

Acquired licenses from the 6 major ASEAN countries, implementing a globalization strategy that emphasizes the culture and business practices of each location.

Board members include former politicians and bureaucrats, as well as former managers of Japanese and local large manufacturers, creating an impact for strengthening business development and improving control of the Overseas Group.



**Targeting sales of ¥7.3 billion in FY12/13**



**Expanding the number of countries to 9 from the 6 major ASEAN countries to include Malaysia, Myanmar and the Philippines, aiming to secure a majority of consolidated profits from overseas business at an early stage.**

### 4. **Expand market share from group solutions that comply with law revisions and government policy**

- (1) Strategy to expand share from new demand for temporary placement needs
  - There were many terminations of temporary placement contracts from the prolonged recession, Senkaku Islands issue etc, and since 3 months is deemed as a cooling off period, the number of makers considering restarting temporary placement to meet rising production from economic stimulus is increasing.
  - From April 1, 2013, the Revised Labor Contract Law goes into effect which stipulates "Prohibition of unfair terms of employment for the reason of limited term employment contracts", and some makers are switching from using seasonal workers to using temporary placement.



**Demand for manufacturing temporary placement is expected to grow in FY2013**

Note: Efficiency declines at medium and small-scale providers are severe due to price competition and intensifying volatility, and many are ignoring compliance to secure earnings.

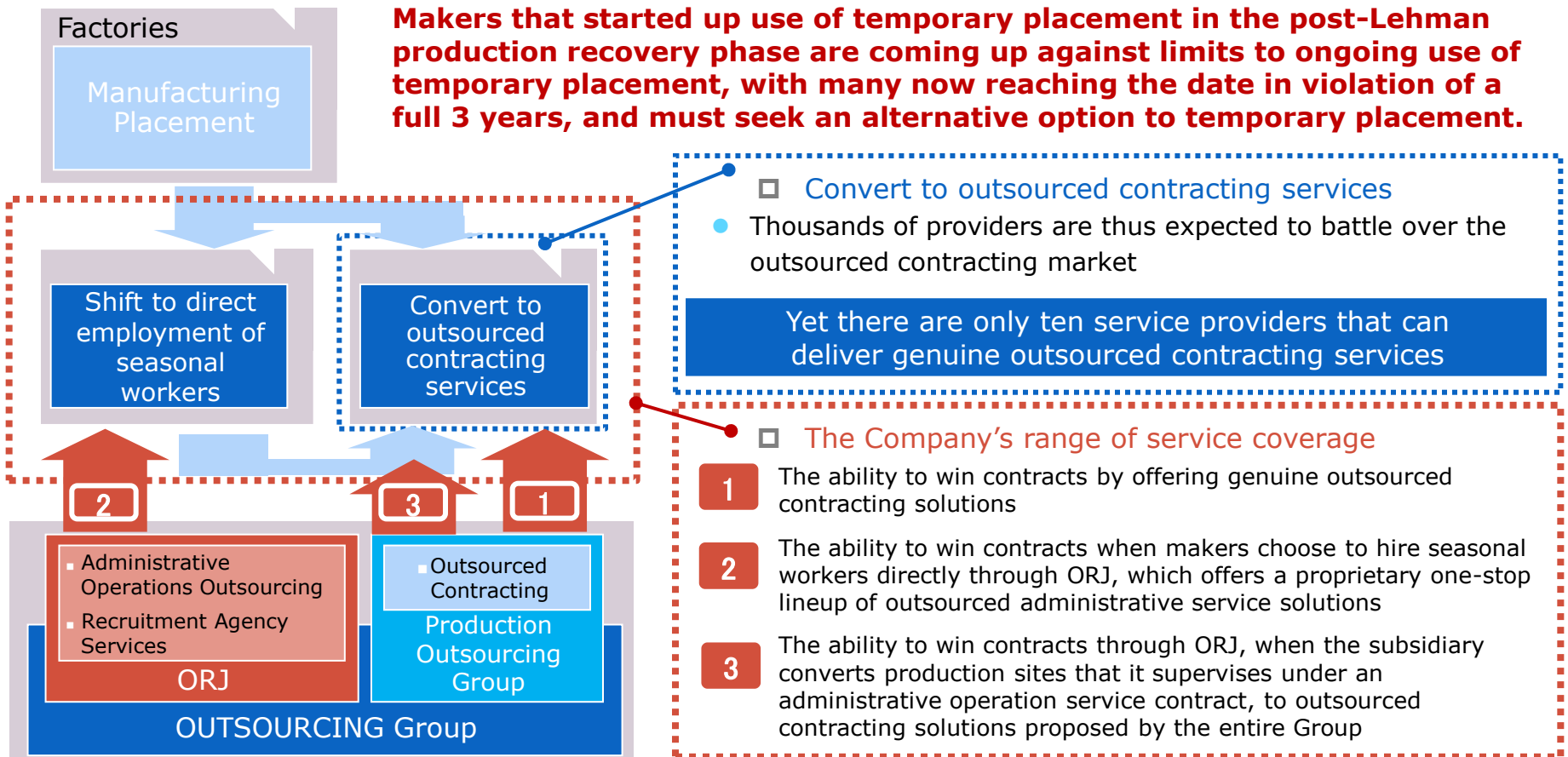
Examples: Suspicion of unpaid overtime by a mid-tier provider in Kansai (Nov-2012), and a business improvement order stemming from unauthorized temporary placement (Jan-2013).

Precise response to more sophisticated demands by makers for compliance guarantees, outsourced contracting-type operations etc.



## 4. Expand market share from group solutions that comply with law revisions and government policy

### (2) Strategy to expand share related to the "Year 2013" issue

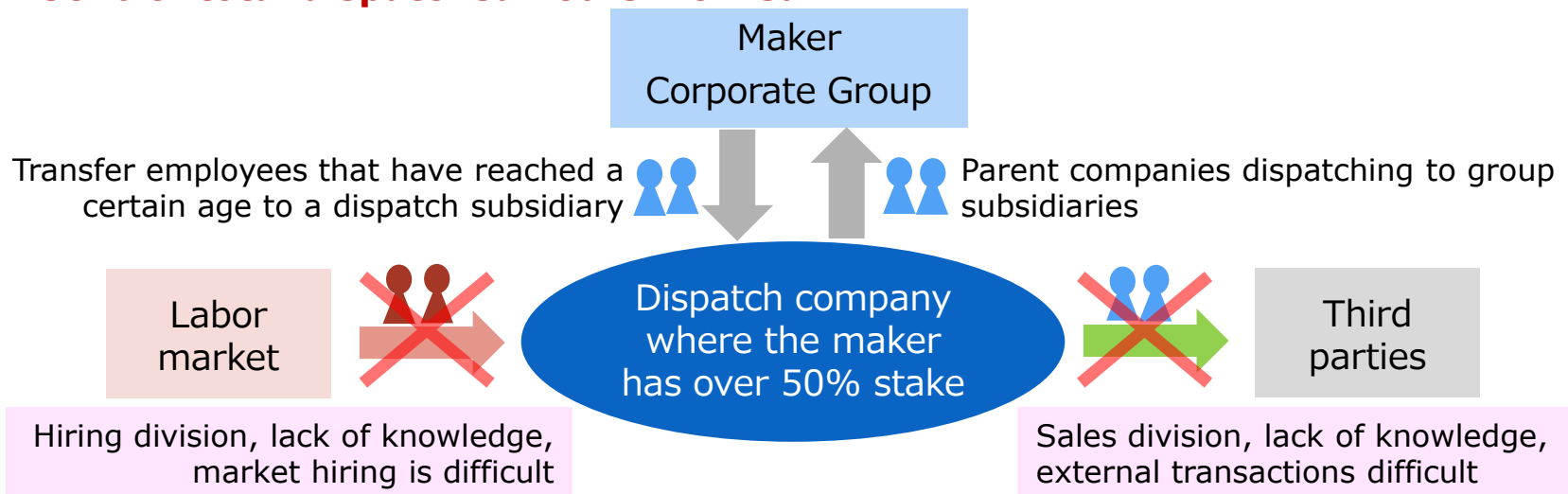


Targeting a share of 10% by 2014, through Outsourcing Group's unique solutions for makers reaching the date in violation of manufacturing temporary placement.

## 4. Expand market share from group solutions that comply with law revisions and government policy

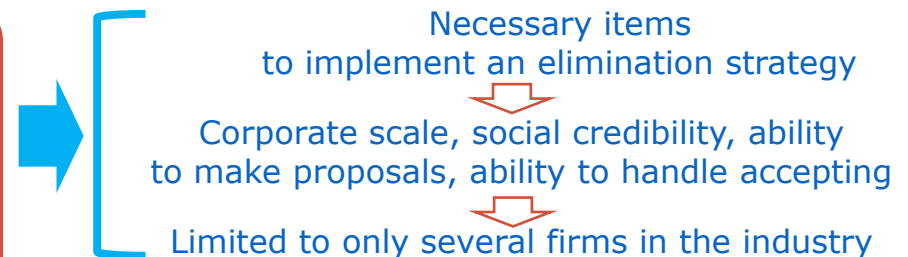
### (3) Response to prohibition of exclusive dispatching

**The Revised Worker Dispatch Law (went into effect October 1, 2012) prohibits exclusive dispatching defined as dispatching between group firms in excess of 80% of total dispatched hours worked.**



### Partner dispatch firm required to eliminate exclusive dispatching

- ◆ Sell off exclusive dispatching subsidiary to an external dispatch firm
- ◆ Through a capital tie-up with the partner, a third party according to the capital ratio is introduced



## 4. Expand market share from group solutions that comply with law revisions and government policy

### (3) Response to prohibition of exclusive dispatching

#### □ Acquired shares of Computer System Laboratory on January 31, 2013

##### Company Profile

(1) Company	Computer System Laboratory	
(2) Head Office	1-1-12 Yanagibashi, Taito-ku, Tokyo	
(3) Representative	Takehisa Kai, CEO	
(4) Main Business	Contracted software development business, and development and sales of software	
(5) Capitalization	¥100 million	
(6) Established	April 12, 1971	
(7) Major Shareholder and Shareholding Ratio	•Ant Bridge No.3 Venture Capital Secondary Investment Limited partnership	56.6%
	•NEC Infrontia Corporation	33.3%

##### Status of Shares Transfer

(1) Number of Shares Owned Before Transfer	0 share (Number of Voting Rights: 0 units) (Voting Rights Holding Ratio: 0%)	
(2) Number of Shares Aquired	•Ant Bridge No.3 Venture Capital Secondary Investment Limited partnership	122,358 shares
	•NEC Infrontia Corporation	52,596 shares
(3) Aquisition Price	Common stock of Computer System Laboratry	¥970million
	Advisory fee and other expenses	¥27million
	Total (estimated amount)	¥997million
(4) Number of Shares Owned After Transfer	174,954 shares (Number of Voting Rights: 174,954 units) (Voting Rights Holding Ratio: 80.9%)	

P/L (¥ million)	FY2/12
Net Sales	1,682
Operating Income	31
Ordinary income	92

View prohibition of exclusive dispatching as a major business opportunity, with the number of projects now in double-digits

## Financial Forecasts for FY12/13



# Summary of FY12/13 Consolidated Forecast

(¥ million)	FY12/12		FY12/13						Year-on-Year	
	Full-Year Actual		1H Forecast		2H Forecast		Full-Year Forecast		Change	
	Amount	Weighting	Amount	Weighting	Amount	Weighting	Amount	Weighting	Amount	Ratio
Net sales	42,090	100.0%	22,330	100.0%	27,670	100.0%	50,000	100.0%	7,910	18.8%
Cost of sales	33,618	79.9%	-	-	-	-	-	-	-	-
Gross profit on sales	8,472	20.1%	-	-	-	-	-	-	-	-
SG&A expenses	7,471	17.8%	-	-	-	-	-	-	-	-
Operating income	1,000	2.4%	265	1.2%	1,255	4.5%	1,520	3.0%	520	52.0%
Non-operating income	708	1.7%	-	-	-	-	-	-	-	-
Non-operating expenses	554	1.3%	-	-	-	-	-	-	-	-
Ordinary income	1,153	2.7%	300	1.3%	1,290	4.7%	1,590	3.2%	437	37.9%
Extraordinary income	16	0.0%	-	-	-	-	-	-	-	-
Extraordinary loss	175	0.4%	-	-	-	-	-	-	-	-
Net income	641	1.5%	155	0.7%	845	3.1%	1,000	2.0%	359	56.0%




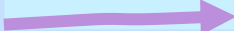


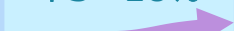
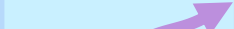
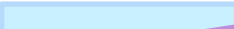
# Quarterly Forecast by Business Segment

(¥ million)		FY12/12 Actual Full-Year	FY12/13 Forecast				
			1Q	2Q	3Q	4Q	Full-Year
Production Outsourcing Business	Number of contract workers	7,452	7,502	8,530	9,472	9,825	9,825
	Net sales	36,990	8,669	9,889	10,996	12,044	41,598
	Operating income	778	(87)	196	287	622	1,018
Administrative Operations Outsourcing Business	Number of outsourced administrative workers	6,467	6,300	8,700	11,400	13,200	13,200
	Net sales	630	183	263	337	378	1,161
	Operating income	259	24	64	100	117	305
Recruitment Agency Services Outsourcing	Workers hired through ORJ	2,215	350	462	547	389	1,748
	Net sales	438	49	64	76	59	248
	Operating income	137	15	20	23	19	77
Overseas Outsourcing Business	Net sales	4,456	1,504	1,835	1,910	2,001	7,250
	Operating income	(38)	33	75	73	89	270
Other Business	Net sales	152	47	47	47	49	190
	Operating income	8	4	3	3	4	14
Internal Transfer	Net sales	(581)	(98)	(122)	(127)	(102)	(449)
Eliminations	Operating income	(148)	(43)	(43)	(43)	(43)	(172)
Total	Net sales	42,090	10,354	11,976	13,240	14,430	50,000
	Operating income	1,000	(52)	317	445	810	1,520

# Half Year Forecast by Business Segment

(¥ million)		FY12/12 Actual			FY12/13 Forecast		
		1H	2H	Full-Year	1H	2H	Full-Year
Production Outsourcing Business	Number of contract workers	7,826	7,452	7,452	8,530	9,825	9,825
	Net sales	18,058	18,932	36,990	18,558	23,040	41,598
	Operating income	243	535	778	109	909	1,018
Administrative Operations Outsourcing Business	Number of outsourced administrative workers	5,070	6,467	6,467	8,700	13,200	13,200
	Net sales	301	329	630	446	715	1,161
	Operating income	101	158	259	88	217	305
Recruitment Agency Services Outsourcing	Workers hired through ORJ	1,206	1,009	2,215	812	936	1,748
	Net sales	259	179	438	113	135	248
	Operating income	67	70	137	35	42	77
Overseas Outsourcing Business	Net sales	1,994	2,462	4,456	3,339	3,911	7,250
	Operating income	(74)	36	(38)	108	162	270
Other Business	Net sales	78	74	152	94	96	190
	Operating income	4	3	8	7	7	14
Internal Transfer	Net sales	(286)	(295)	(581)	(220)	(229)	(449)
Eliminations	Operating income	(93)	(55)	(148)	(86)	(86)	(172)
Total	Net sales	20,408	21,682	42,090	22,330	27,670	50,000
	Operating income	249	750	1,000	265	1,255	1,520

# New Orders Forecast by Industry

Industry	Trend	Outsourcing demand estimates
Foods	+0~5% 	Demand to be flat since the sector has low impact from the business cycle
Electrical and Electronics	+15~20% 	Current trend is poor, but orders expected for increased production of new products in the 2H
Transport Equipment	+25~30% 	Overseas is firm, and demand is expected to become brisk ahead of the consumption tax hike
Chemicals & Pharmaceuticals	+0~5% 	Deregulation is supportive, but demand is flat due to production shifting overseas
Metals & Building Materials	+20~30% 	Disaster reconstruction, disaster provision, economic stimulus, and front-loaded buying ahead of the consumption tax hike are boosting demand growth
IT-related	+20~30% 	Demand growing from disaster provision relocation, system upgrades and reinforcement
Others	+5~10% 	Domestic racing industry is flat, but commercial cars are favorable and business is growing
Building Construction Supervision		Demand growing from brisk conditions in the building industry
After-Service Maintenance		Brisk demand from increasing repairs for electric appliance white goods and digital consumer electronics



## Recruitment Plan for FY12/13



# Domestic Recruitment, Actual and Forecast

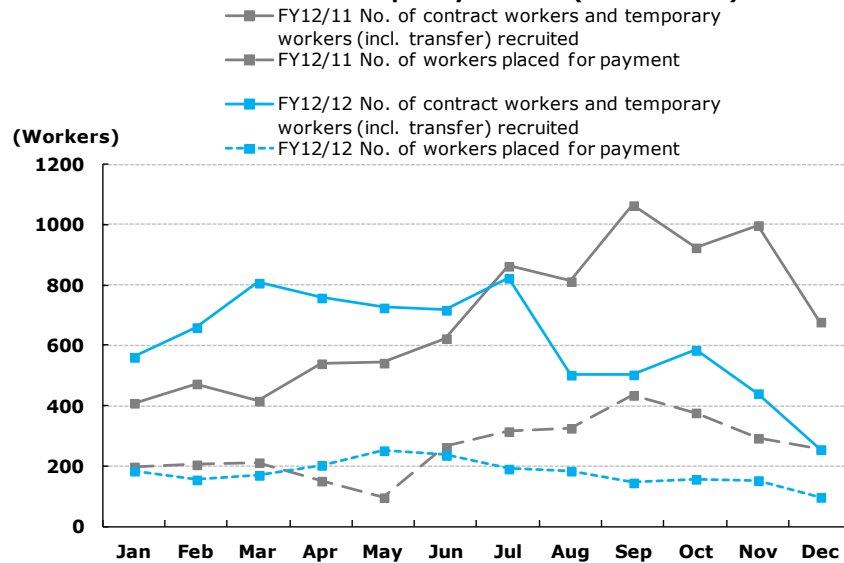
		FY12/12	FY12/13						
		Actual	1Q	2Q	1H	3Q	4Q	2H	Full-Year
Contract and Temporary Workers	<b>No. of workers recruited</b>	<b>6,789</b>	<b>948</b>	<b>1,672</b>	<b>2,620</b>	<b>1,818</b>	<b>1,070</b>	<b>2,888</b>	<b>5,508</b>
	Recruitment unit price(yen/worker)	49,443	48,000	45,000	46,085	44,000	42,500	43,444	44,701
	Ratio of staying after 2 months	65.9%	69.0%	70.5%	70.0%	71.0%	72.5%	71.6%	70.8%
	Hiring cost for staying workers	75,027	69,565	63,830	65,877	61,972	58,621	60,714	63,141
Fee-charging employment agency	<b>No. of workers recruited</b>	<b>2,139</b>	<b>350</b>	<b>462</b>	<b>812</b>	<b>547</b>	<b>389</b>	<b>936</b>	<b>1,748</b>
	Recruitment unit price(yen/worker)	109,807	120,000	113,000	116,017	106,000	100,000	103,506	109,318
Engineers and others	<b>No. of workers recruited</b>	<b>578</b>	<b>258</b>	<b>373</b>	<b>631</b>	<b>306</b>	<b>292</b>	<b>598</b>	<b>1,229</b>
	Recruitment unit price(yen/worker)	226,998	316,547	211,823	254,642	221,761	210,993	216,503	236,085

## References

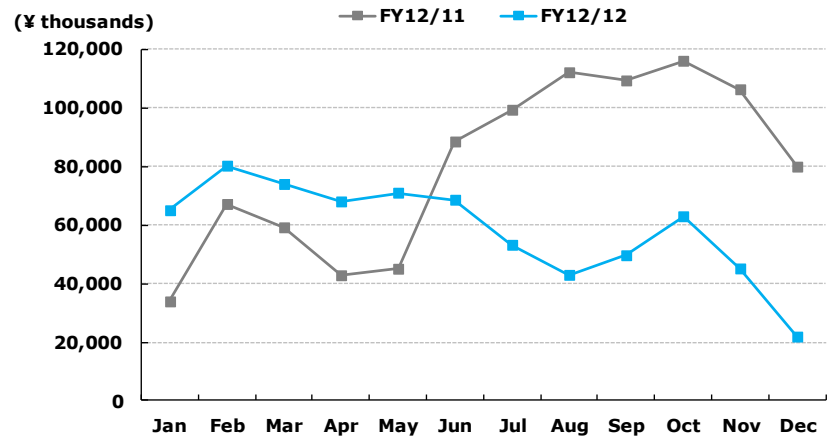


# Monthly Trend in Recruited Worker Number and Recruitment Costs (Consolidated)

**No. of contract workers and temporary workers (incl. transfer) recruited**

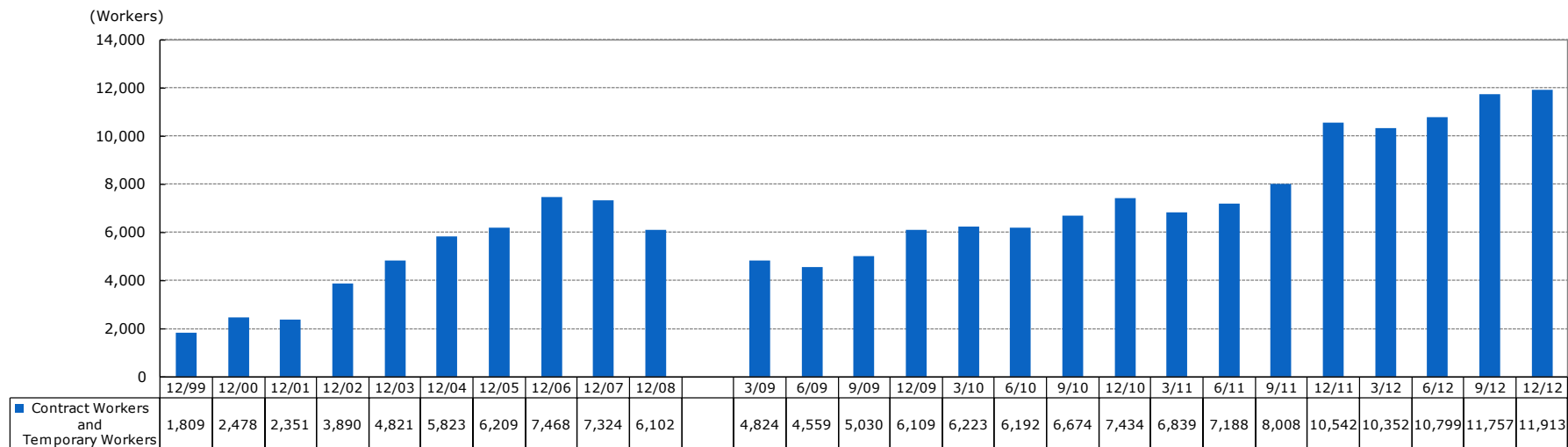


**Monthly recruitment expenses**



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
FY12/12	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
No. of contract workers and temporary workers (incl. transfer) recruited	562	661	808	759	726	718	824	503	504	585	442	256
No. of workers placed for payment	185	156	171	204	253	237	192	185	146	158	154	98
Recruitment expenses (¥ thousand)	64,961	80,186	73,931	67,971	70,958	68,551	53,157	42,894	49,588	62,902	45,079	21,809

# Quarterly Changes in Number of Contact and Temporary Workers (Consolidated)



※ Contract workers are those working at clients' manufacture's worksites.

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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