

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



Financial Results for the 2nd Quarter of Fiscal Year Ending December 31, 2015

August 2015

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Consolidated Financial Results for Q2 FY12/15



Consolidated Financial Results for Q2 FY12/15

Consolidated Financial Results Summary

(¥ million)	FY12/14 Q2 YTD Actual		FY12/15 Q2 YTD Actual		YoY Changes	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Ratio
Net sales	28,070	100.0%	36,022	100.0%	7,952	28.3%
Cost of sales	22,549	80.3%	28,947	80.4%	6,398	28.4%
Gross profit	5,521	19.7%	7,074	19.6%	1,553	28.1%
SG&A expenses	4,807	17.1%	6,136	17.0%	1,329	27.6%
Operating income	713	2.5%	937	2.6%	224	31.5%
Non-operating income	288	1.0%	266	0.7%	(22)	-7.8%
Non-operating expenses	241	0.9%	200	0.6%	(41)	-17.1%
Ordinary income	759	2.7%	1,003	2.8%	243	32.0%
Extraordinary income	58	0.2%	39	0.1%	(18)	-32.3%
Extraordinary losses	5	0.0%	0	0.0%	△ 5	-94.3%
Net income	375	1.3%	488	1.4%	113	30.3%

Consolidated Financial Results for Q2 FY12/15

- Financial Results Highlights for 1H FY12/15 ※red: negative factors, black: positive factors

Net Sales **¥36,022 million (+28.3% YoY)**

- Engineering Outsourcing Business grew favorably for IT-related, civil engineering and construction-related, and mechanical and electrical-related.
- Manufacturing Outsourcing Business expanded sharply mainly for transport equipment helped by some moves to return production to Japan.
- Recruiting and Placing Business* and Administrative Outsourcing Business posted declines due to growing demand for dispatching as a result of legal and regulatory revision.

Operating Income **¥937 million (+31.5% YoY)**

- One-off expenses of ¥260 million occurred in Q1 due to booking consulting fees associated with plans to transition to IFRS accounting, start-up expenses for the special subsidiary for employment of persons with disabilities, and financial advisory contract fees.
- Goodwill amortization expense was ¥179 million in Q1 and ¥181 million in Q2.
- Both the gross profit margin and amount of gross profit increased on favorable growth of domestic business

Ordinary Income **¥1,003 million (+32.0% YoY)**

- Aiming at raising efficiency of insurance etc. for the Group, a refund occurred.

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

Consolidated Financial Results for Q2 FY12/15

Consolidated Financial Results (Quarterly Trends)

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

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

Consolidated Financial Results for Q2 FY12/15

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

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

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

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

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

Consolidated Financial Results for Q2 FY12/15

Summary of Consolidated Balance Sheet

(¥ million)	FY12/14 End		FY12/15 Q2 End		YoY Changes
	Amount	Composition Ratio	Amount	Composition Ratio	Amount
Current assets	17,065	70.7%	19,565	71.4%	2,500
(Cash and deposits)	6,671	27.6%	7,411	27.0%	739
(Notes and accounts receivable - trade)	8,257	34.2%	9,544	34.8%	1,286
(Inventories)	823	3.4%	906	3.3%	83
Non-current assets	7,067	29.3%	7,852	28.6%	785
Property, plant and equipment	2,415	10.0%	2,402	8.8%	(13)
Intangible assets	2,294	9.5%	3,092	11.3%	798
Investments and other assets	2,358	9.8%	2,358	8.6%	0
Total assets	24,132	100.0%	27,418	100.0%	3,285
Current liabilities	12,967	53.7%	11,755	42.9%	(1,211)
(Notes and accounts payable - trade)	752	3.1%	740	2.7%	(11)
(Short-term loans payable)	4,666	19.3%	2,316	8.4%	(2,349)
(Accounts payable - other)	3,800	15.7%	5,380	19.6%	1,580
Non-current liabilities	3,596	14.9%	4,168	15.2%	571
(Bonds payable)	30	0.1%	50	0.2%	20
(Long-term loans payable)	1,763	7.3%	2,347	8.6%	584
Total liabilities	16,563	68.6%	15,923	58.1%	(639)
Shareholders' equity	6,219	25.8%	10,244	37.4%	4,024
Capital stock	613	2.5%	1,720	6.3%	1,107
Capital surplus	1,009	4.2%	3,420	12.5%	2,411
Retained earnings	4,988	20.7%	5,102	18.6%	114
Treasury shares	(391)	-1.6%	-	-	(391)
Accumulated other comprehensive income	663	2.7%	528	1.9%	(134)
Subscription rights to shares	43	0.2%	58	0.2%	14
Minority interests	643	2.7%	663	2.4%	20
Net assets	7,569	31.4%	11,495	41.9%	3,925
Total liabilities and net assets	24,132	100.0%	27,418	100.0%	3,285

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

Intangible assets:
Larger goodwill on acquiring subsidiaries' share

Short-term loans payable:
Repayment from fund-raising associated with the exercise of subscription rights to shares

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

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

Consolidated Financial Results for Q2 FY12/15

□ Summary of Consolidated Statements of Cash Flows

(¥ million)	FY12/14 1H	FY12/15 1H	YoY Changes
	Amount	Amount	Amount
Income (loss) before income taxes	812	1,042	229
Depreciation	162	197	35
Amortization of goodwill	242	360	118
Amortization of negative goodwill	(46)	(0)	46
Decrease (increase) in notes and accounts receivable - trade	(589)	(826)	(237)
Increase (decrease) in notes and accounts payable - trade	1,031	1,464	433
Other, net	(632)	(1,422)	(789)
Net cash provided by (used in) operating activities	980	816	(163)
Net cash provided by (used in) investing activities	(506)	(1,546)	(1,039)
Increase (decrease) in loans payable	(345)	(2,097)	(1,751)
Cash dividends paid	(116)	(400)	(284)
Other, net	14	3,878	3,864
Net cash provided by (used in) financing activities	(447)	1,380	1,828
Cash and cash equivalents at end of period	4,502	5,304	802

Operating cash flows:
Declined due to corporate tax and consumption tax expenditures etc.

Investing cash flows:
Declined due to the increase of purchase of shares of subsidiaries

Financing cash flows:
Increased from issuance of shares resulting from exercise of subscription rights to shares

Production Outsourcing Industry Entering a Period of Transition



- 1 . Revised Worker Dispatching Act
- 2 . Conversion of Business Risks from Dramatic Changes of the Recruitment Environment

Production Outsourcing Industry Entering a Period of Transition

1. Revised Worker Dispatching Act

- Employment stabilization measures for dispatch workers on completion of the dispatch period
 - *Mandatory for dispatching firms after dispatch exceeds 3 years, required to make efforts from 1 to less than 3 years
 - ①Request for direct employment by the dispatch client ②Offering a new dispatch client ③Indefinite-term employment at the dispatch firm ④Other measures required for continuous stable employment
- Continuous dispatch possible without term restriction as a regular employee (indefinite-term employees) of the dispatch firm
 - *Under current act, manufacturing jobs are limited to a maximum 3 years
- For dispatch firms, planned education and training for dispatch workers and career consulting for those who desire it become mandatory
- Specified worker dispatching undertaking (notification system) is abolished, and all worker dispatching undertaking comes under an approval system
- Abolition of the “26 specialized occupations” that had no term restrictions until now
 - *Fixed-term dispatch employees are limited to a maximum of 3 years at the same workplace, indefinite-term dispatch employees have no term restriction

(excerpts part of the summary)

**The Revised Worker Dispatching Act contains a message that
expects the dispatching industry to become an industry
responsible for stable employment in Japan**

Production Outsourcing Industry Entering a Period of Transition

2. Conversion of Business Risks from Dramatic Changes of the Recruitment Environment

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

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

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

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

Blue type = benefit Red type = demerit

Past =
Labor market was abundant

It was easy to recruit fixed-term contract employees, and risk of recruiting expenses was lower than risk of having fixed personnel expenses.

Present =
Labor market is tight

Risk of recruiting expenses for fixed-term contract employees expanding is higher than risk of having fixed personnel expenses.

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

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

Note: Dispatch is a contract format between a maker (dispatch client firm) and a dispatching firm, and is not an employment format for the dispatching firm. Employment format between a dispatching firm and a worker is either a fixed-term employment contract or an indefinite-term employment contract.

Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees



1 . PEO Scheme

- (1) Summary of PEO
- (2) Staff Procurement that does not Rely on Recruitment Media
- (3) Positive Factors from the Act Revision
- (4) View with Respect to Hedging Risks that Occur from the PEO Scheme

2 . Expansion of Engineering Outsourcing Business

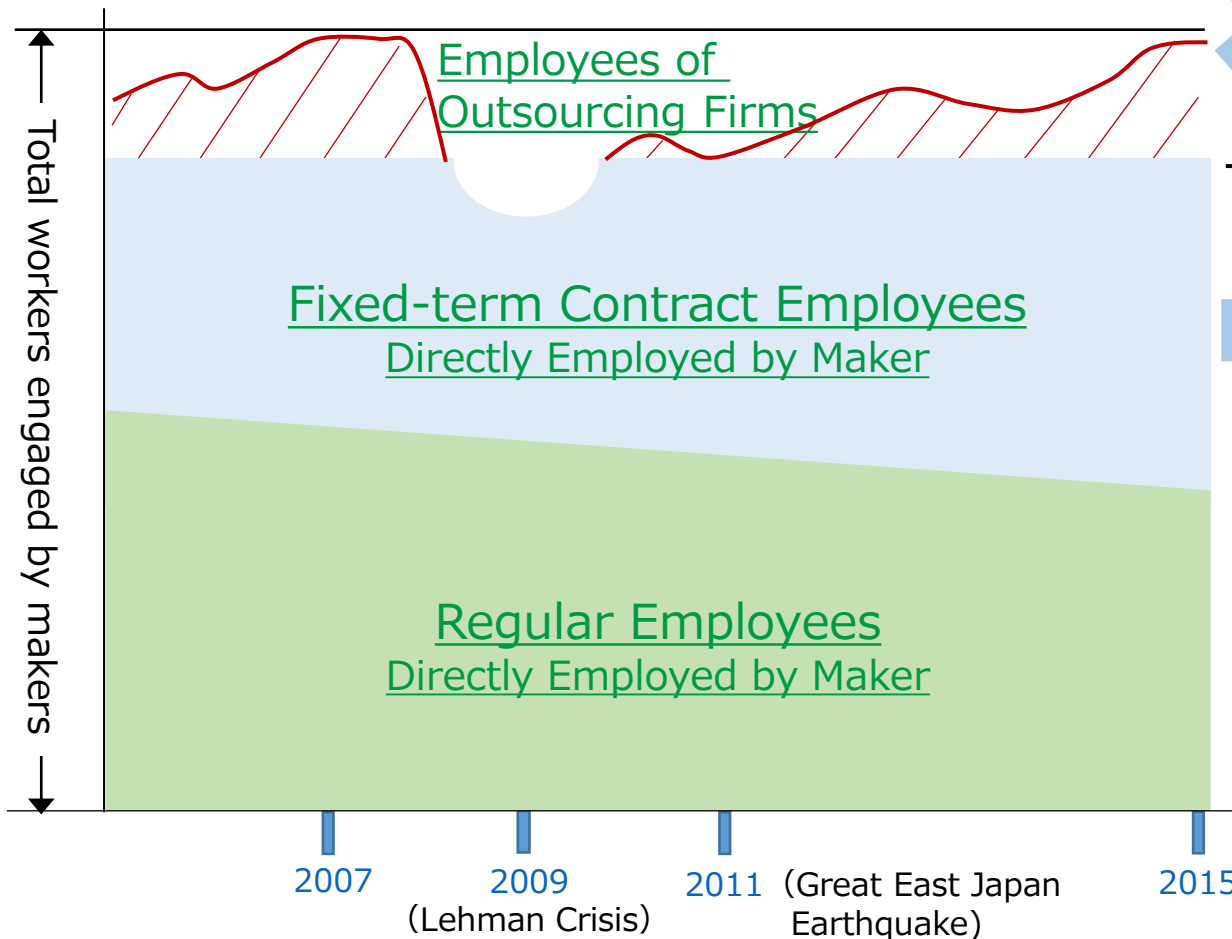
- (1) Career Change from the Field of Production
- (2) IT-related Engineering Outsourcing Business
- (3) Civil Engineering and Construction-related Engineering Outsourcing Business

Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees

1. PEO Scheme

(1) Summary of PEO

■ Composition of production personnel for major automobile makers (general image)



Area for adjusting month to month production fluctuation

*Since dispatch can't be used beyond 3 years, it addresses the area for fluctuation in short cycles

The Company is breaking away from this business domain.

Area equipped to handle future potential transfer of production overseas and risks such as the Lehman Crisis

*Fixed-term employees directly employed by makers are used to address the area for fluctuation in long-term cycles

The Company shifts to this business domain.

Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees

1 . PEO Scheme

(1) Summary of PEO

Differing uses for fixed-term employees directly employed by makers and dispatch

[Directly employed fixed-term employees]

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

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

[Dispatch]

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

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

- Fixed-term employees directly employed by makers that had raised efficiency through long-term employment were restricted to 5 years continuous use under the Revised Labor Contract Act of 2013.
- For dispatch employees employed as regular employees of dispatching firms, use with no term restriction is possible under the Revised Worker Dispatching Act of 2015.

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

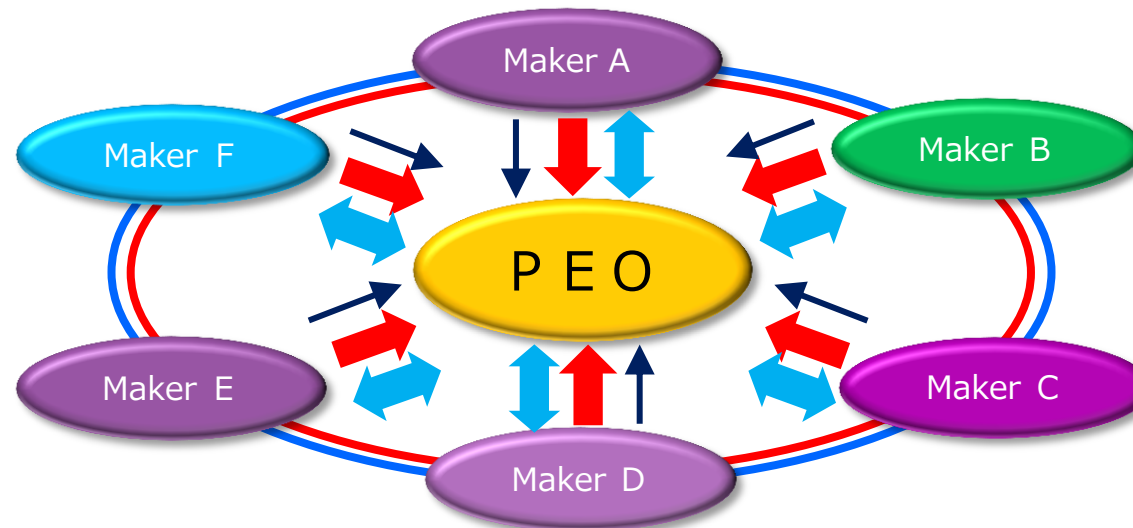
Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees

1. PEO Scheme

(1) Summary of PEO

【Flow of the PEO Scheme】

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



Under the Company's initiative, establish an employment safety net with the agreement of makers

Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees

1. PEO Scheme

(2) Staff Procurement that does not Rely on Recruitment Media

With the cooperation of makers, conducted pre-recruitment interviews etc. prior to the expiration of fixed-term employment with makers

【Q2 FY12/15 Recruitment Plan and Actual Results (including new graduates)】

Manufacturing Outsourcing	FY12/15 Q2 YTD Plan	FY12/15 Q2 YTD Actual
Number recruited through PEO	875	895
Number recruited through media	2,489	2,523
Recruitment unit price (¥/worker)	82,393	77,678

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

Restraining recruiting expense which continues to soar

Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees

1. PEO Scheme

(3) Positive Factors from the Act Revision

FY12/14-End Actual	Q2 FY12/15-End Actual	FY12/15-End Initial Plan	<u>Large potential for an upward revision</u>
Participating makers 87 Workers at sites 1,025	Participating makers 104 Workers at sites 1,861	Participating makers 150 Workers at sites 2,700	

Current participating makers in PEO are mainly electronics makers which have short product cycles and are not confronted with legal risk from the 3-year limit on using dispatch

With the Revised Worker Dispatching Act, automobile makers which have long product cycles and face legal risk from the 3-year limit on using dispatch will join in unison

Needs for PEO are accelerating due to a revision to the Worker Dispatching Act, and initial plans are expected to be sharply exceeded.

Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees

1. PEO Scheme

(4) View with Respect to Hedging Risks that Occur from the PEO Scheme

- Composition of production personnel for major automobile makers (general image)



The Company's business domain until now

Domain targeted for entry under the PEO scheme

- Contract unit price ... roughly 30% up from the business domain until now
- Contract period ... long-term contracts over 1 year
*business domain until now was 3-6 month contracts
- Risk of personnel expenses becoming fixed ... annual voluntary retirement rate averages 12-13%
*Virtually the same level as the rate of production cuts at the time of the Lehman Crisis

Extension of contracts with makers (to over 1 year),
increase in contract unit prices and voluntary retirement rate
hedge the risk of employment of regular employees

2. Expansion of Engineering Outsourcing Business

(1) Career Change from the Field of Production

Recruitment unit price of engineers
(mid-career recruiting)

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

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

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

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

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

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

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

Accelerating entry into the IT and civil engineering and construction industries which are growth industries with a shortage of engineers

Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees

2. Expansion of Engineering Outsourcing Business

(2) IT-related Engineering Outsourcing Business

Career change from general workers

- KEN School jointly developed in cooperation with client telecommunications carriers an IT-related development program
- Planning to commence online classes through video on demand (VOD) from the Q4 FY12/15



View of a school classroom

Recruiting of engineers without relying on recruitment media

Changing enrollment from makers (case in Q1 FY2015)

The Company takes on consignment outsourcing of jobs after transferring enrollment to the Company from maker infrastructure IT divisions

Foreign engineers

Established a recruitment system for the Group overseas, and already several dozen engineers have come to Japan from mainly China and Vietnam.

Q2 FY12/14-End
Workers at site

788

Q2 FY12/15-End
Workers at site

1,017

FY12/15-End
Initial Plan

1,149

Shifting from Dispatch Utilizing Fixed-term Employees to Dispatch Utilizing Regular Employees

2. Expansion of Engineering Outsourcing Business

(3) Civil Engineering and Construction-related Engineering Outsourcing Business

Career change from general workers

- KEN School jointly developed in cooperation with veterans from major general contractors a practical education program, fostering development of engineers immediately able to go into action meeting client needs
- Introduced a program for obtaining qualification as a construction managing engineer which requires long-term on-site experience



View of a seminar for new graduates

Recruiting of engineers without relying on recruitment media

Foreign engineers

From FY12/15, commencing an original course in partnership with the building construction-related public/national university in Vietnam, recruiting several dozen talented foreign engineers per year capable of functioning in global markets

Q2 FY12/14-End
Workers at site

82

Q2 FY12/15-End
Workers at site

548

FY12/15-End
Initial Plan

617

Targeting to become number 1 in the industry for outsourcing
civil engineering and building construction-related engineers

Business Development Shifting from Japan Where Population is Declining to Overseas Business



- 1 . Strategy for Entering the European Market
- 2 . Strategy for Entering the Pacific Rim
- 3 . Foreigner Technical Intern Training Program

1 . Strategy for Entering the European Market

[Globalization of financial system IT-related business]

- Already developing financial system IT-related outsourcing business in Singapore and Hong Kong which have large financial markets
- Completed M&A of a financial system IT-related outsourcing business firm in Australia
- Currently exploring similar M&A prospective deals in the UK and Belgium

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

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

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

2. Strategy for Entering the Pacific Rim

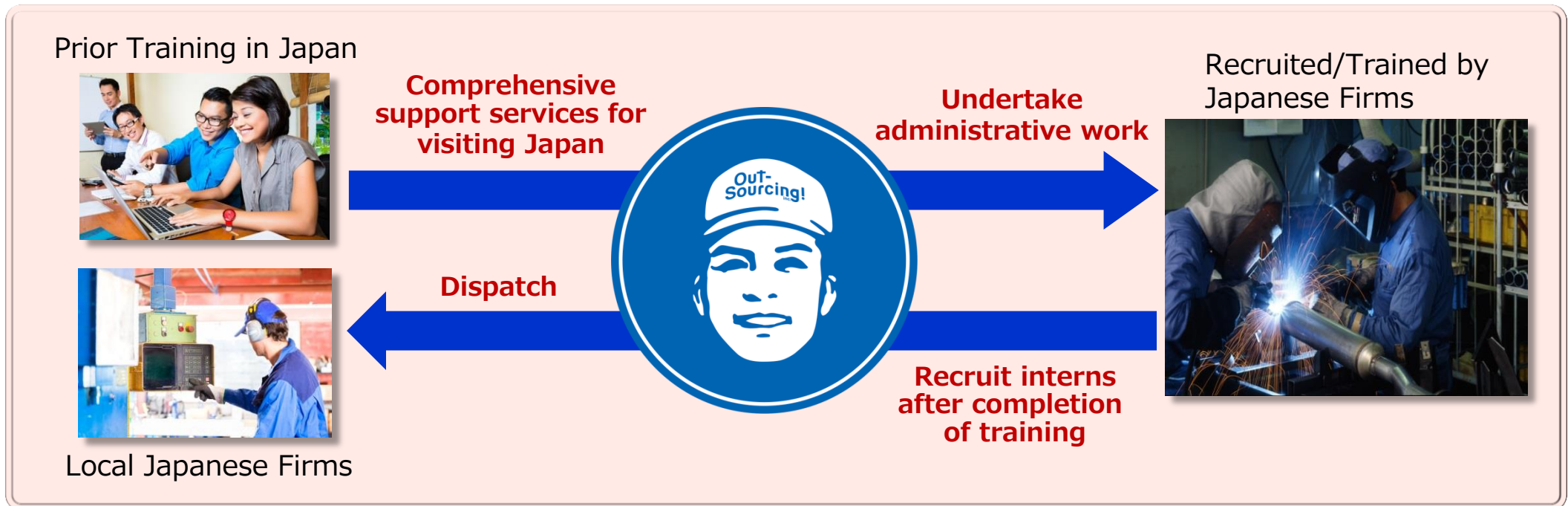
[Global development of business within US military bases]

- Won orders for outsourcing business related to operation etc. of each facility from the Okinawa Kadena Air Base
- Already expecting to win orders from domestic US military bases in Iwakuni, Yokota, Yokosuka and Zama
- At the same time expanding business at Pacific Rim key US military bases in the US (California, Alaska, Hawaii, Guam), Australia and Korea

Targeting to develop outsourcing business within US military bases into one of the Company's main businesses by FY2018

Business Development Shifting from Japan Where Population is Declining to Overseas Business

3. Foreigner Technical Intern Training Program



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

■ Actual number of seconded interns at the end of Q2 FY12/15 **413**

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

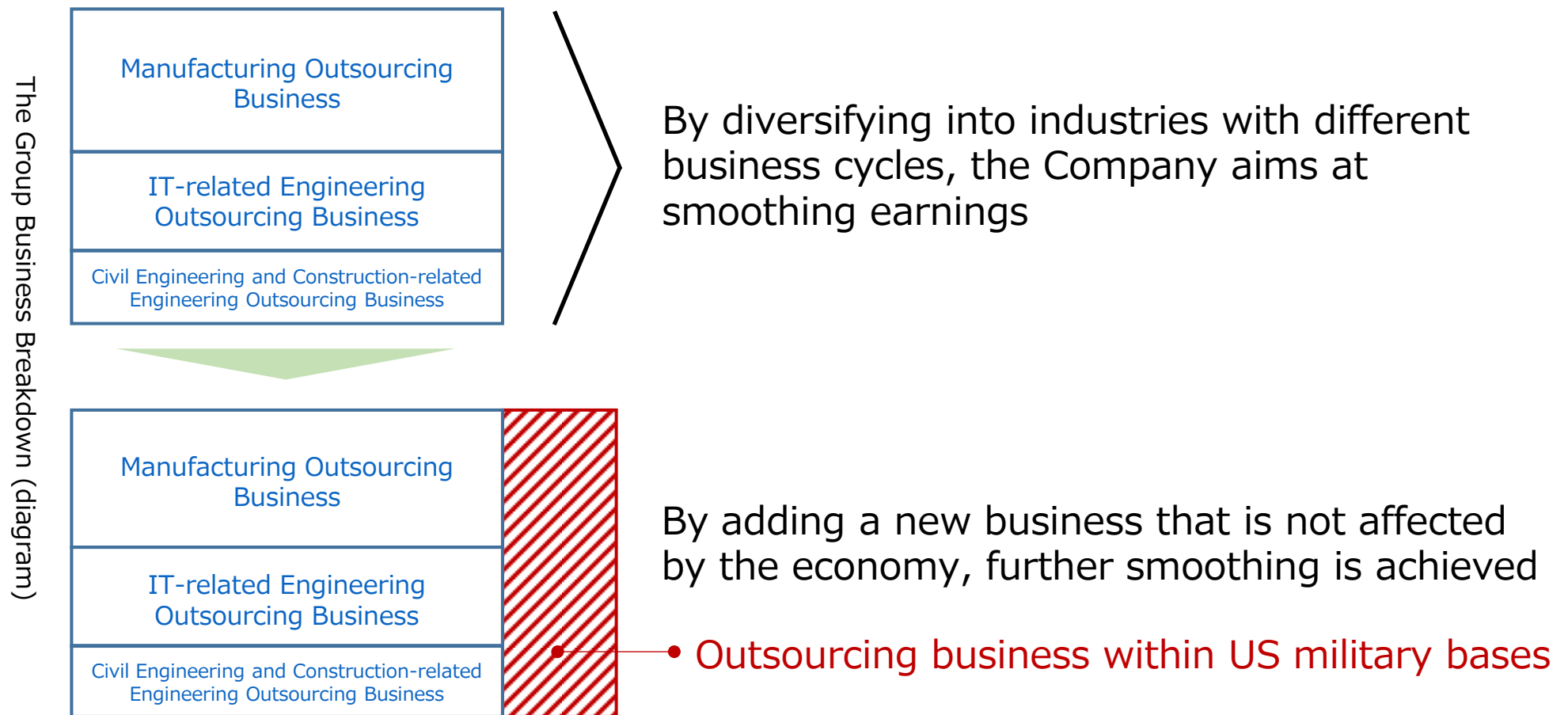
Smoothing Earnings through Industry Diversification



Smoothing Earnings through Industry Diversification

The Group earnings = Because of the nature of outsourcing business, clients, when faced with economic volatility, natural disasters etc., prioritize reduction / contract cancelation of staff service providers, with high volatility of earnings from changes in the environment

The challenge is to move into businesses less susceptible to changes in the environment, and increase the ratio of those businesses



Consolidated Financial Forecasts for FY12/15



Consolidated Financial Forecasts for FY12/15

Consolidated Financial Forecasts Summary

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

Consolidated Financial Forecasts for FY12/15

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

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

Consolidated Financial Forecasts for FY12/15

Financial Forecasts by Operating Segment (Quarterly Trends)

(¥ million)		FY12/14 Actual				FY12/15			
						Actual		Forecasts	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Engineering Outsourcing Business	Net sales	5,095	5,285	5,696	5,958	7,166	7,599	7,216	7,361
	Operating income	293	201	455	473	421	528	506	781
	No. of worksite employees at term-end	2,688	2,893	2,954	3,271	3,918	4,285	4,212	4,367
Manufacturing Outsourcing Business	Net sales	5,967	6,081	6,500	6,928	6,970	7,060	7,102	7,248
	Operating income	52	143	103	285	50	138	271	335
	No. of worksite employees at term-end	6,197	6,213	6,607	6,732	6,660	6,935	7,856	7,891
Administrative Outsourcing Business	Net sales	147	142	151	160	137	133	160	178
	Operating income	10	30	18	31	14	16	17	24
	No. of outsourcing administrative workers at term-end	2,102	2,018	2,140	2,092	2,151	1,730	2,716	2,791
Recruiting and Placing Business	Net sales	159	210	188	221	167	174	213	195
	Operating income	77	90	96	89	66	75	67	55
	No. of placed workers	690	765	744	683	594	600	800	728
Overseas Business	Net sales	2,353	2,526	2,658	2,808	3,210	3,324	4,039	4,357
	Operating income	(7)	42	18	34	(63)	43	182	220
	No. of worksite employees at term-end (Production Outsourcing Business)	6,924	7,545	8,412	7,554	7,677	8,417	12,185	12,671
	No. of worksite employees at term-end (Other Business)	2,222	2,543	2,694	2,871	3,417	3,083	2,883	2,894
Other Business	Net sales	63	36	36	41	42	35	104	127
	Operating income	6	(2)	(0)	1	3	4	2	(1)
Adjustments	Operating income	(123)	(102)	(159)	(151)	(177)	(185)	(98)	(91)
Total	Net sales	13,788	14,281	15,232	16,118	17,694	18,327	18,834	19,466
	Operating income	309	404	532	764	314	622	947	1,323

Domestic Recruitment Plan for FY12/15

Annual and Semi-Annual Trends

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

Quarterly Trends

		FY12/14				FY12/15			
		Actual				Actual		Plan	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Engineering and Others	No. of workers recruited (persons)	164	381	312	426	325	748	339	271
	Recruitment unit price (¥/worker)	324,323	206,218	199,247	178,667	350,935	131,396	246,841	296,679
Dispatching and Contracting*	No. of workers recruited (persons)	1,270	1,622	1,838	1,519	1,531	1,887	1,731	1,532
	Recruitment unit price (¥/worker)	75,486	71,546	66,892	61,398	91,251	66,665	64,635	58,877
Recruiting and Placing*	No. of workers recruited (persons)	651	761	744	683	594	600	800	728
	Recruitment unit price (¥/worker)	133,644	102,632	113,849	118,689	131,552	111,977	115,275	103,615

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

References



Net Sales Breakdown by Industry for FY12/15

Quarterly Trends

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

Net Sales Ratio by Industry for FY12/15

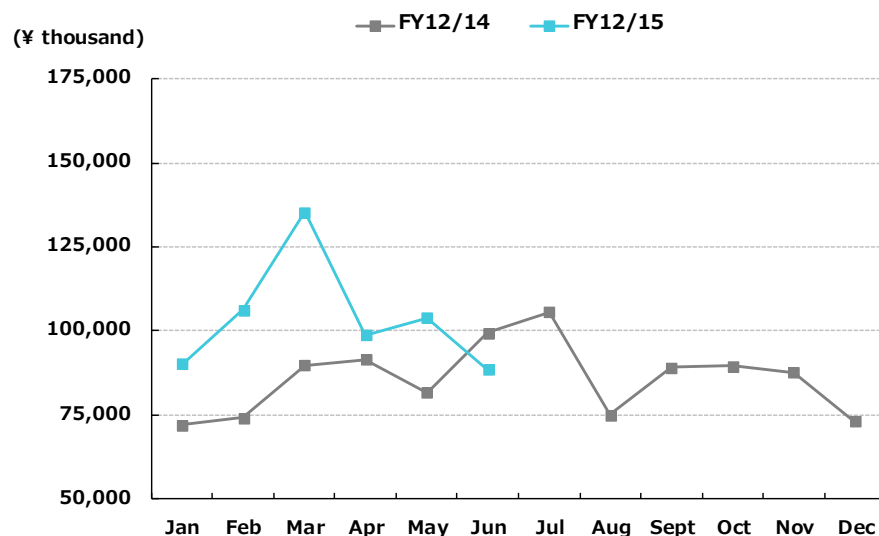
Quarterly Trends

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

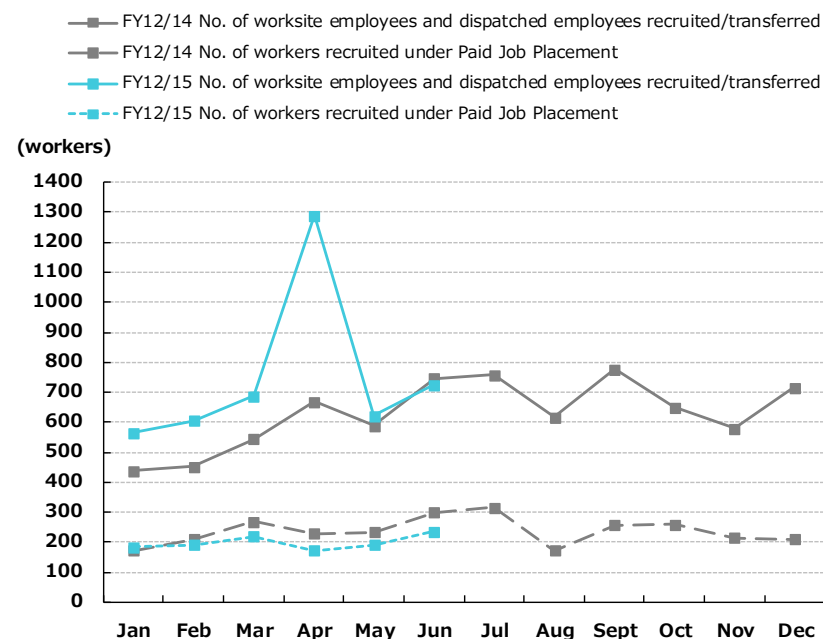
Trends in Recruited Number of Workers and Recruiting Expenses

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

Monthly Recruiting Expenses



No. of Worksite Employees and Dispatched Employees Recruited/transferred



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

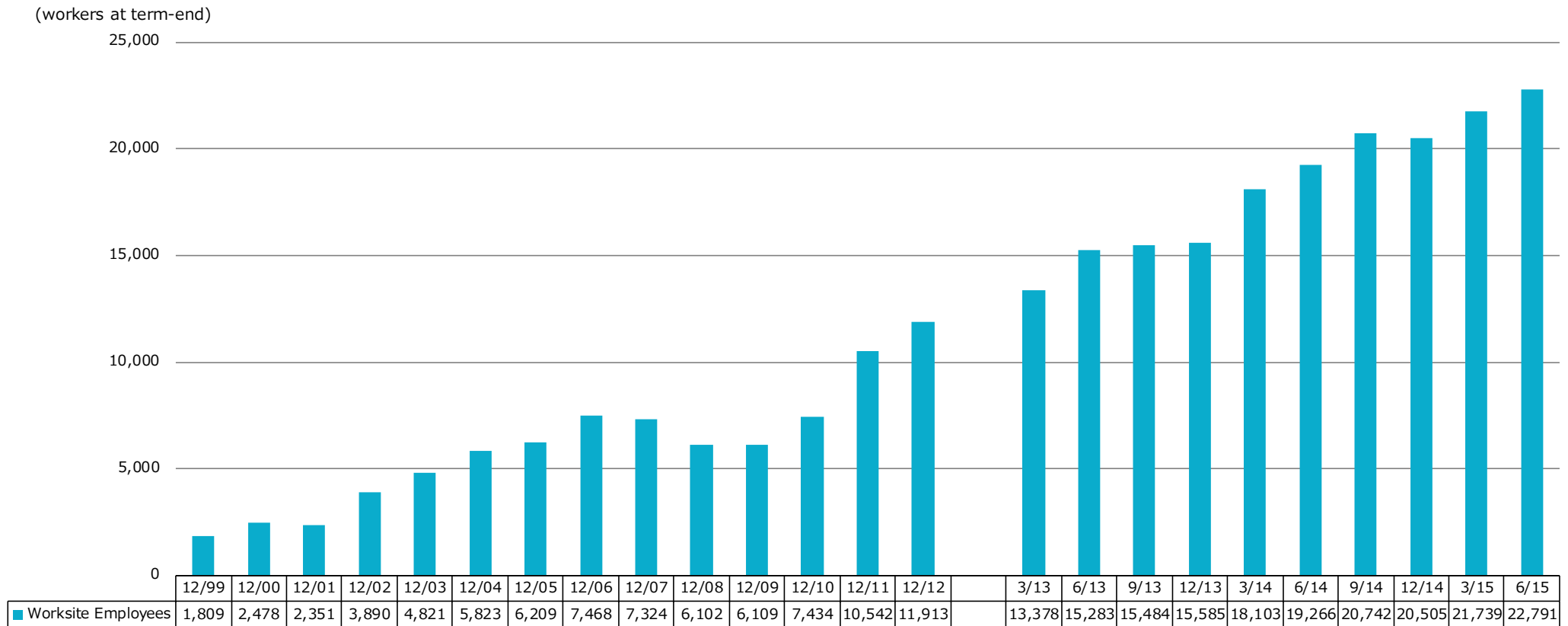
FY12/15		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
■	No. of worksite employees and dispatched employees recruited/transferred	565	604	687	1,289	622	724						
-■-	No. of workers recruited under Paid Job Placement	183	192	219	173	192	235						
■	Recruiting expenses (¥ thousand)	90,149	106,324	135,429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

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

Changes in Number of Worksite Employees and Dispatched Workers

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

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



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

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.

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