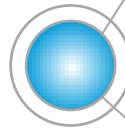


FACTBOOK

(2427)
OUTSOURCING Inc.

For the Six Months Ended June 30, 2010

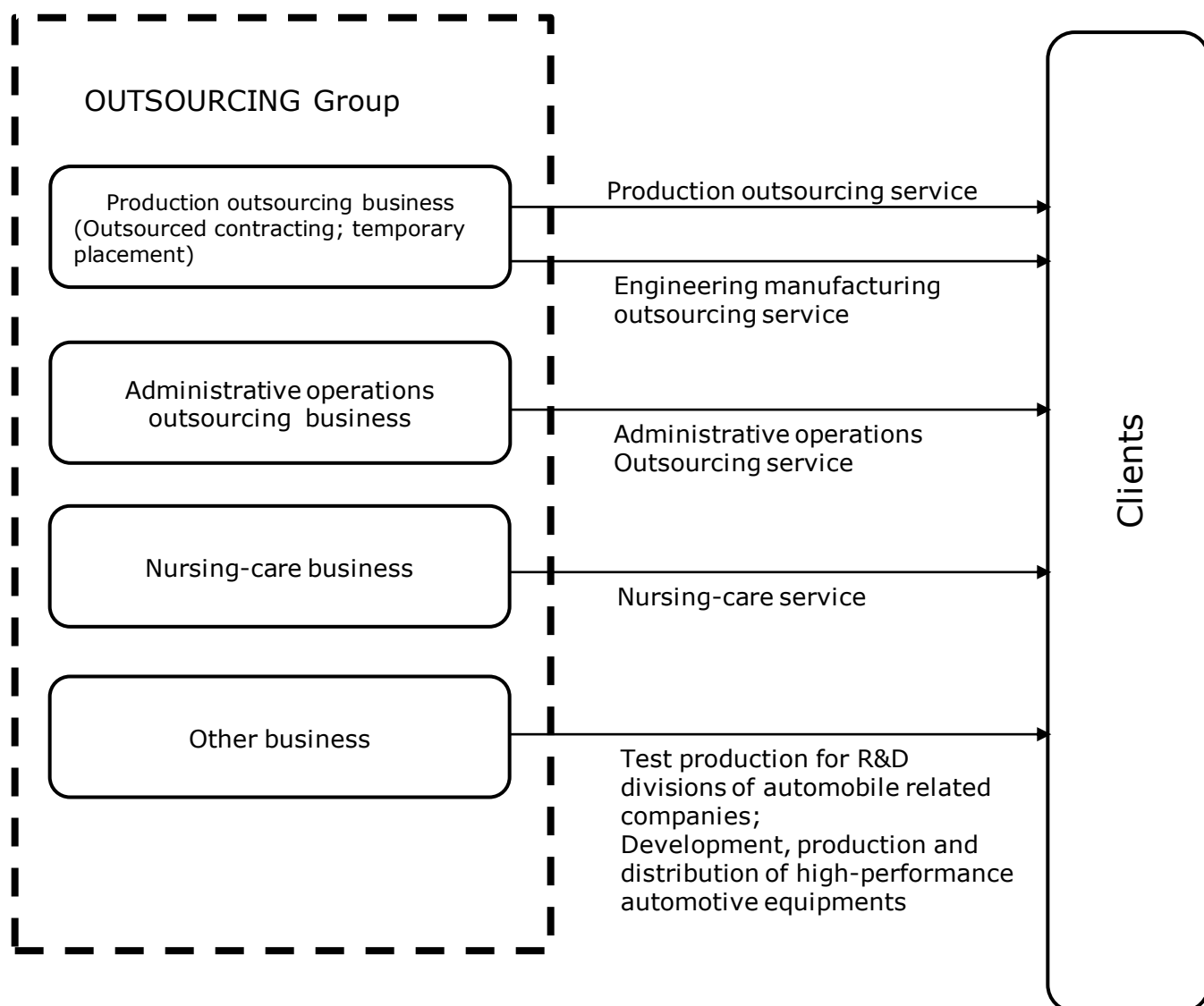


Out-Sourcing!
inc.

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Company Name	OUTSOURCING, Inc.
URL	http://www.outsourcing.co.jp
Head Office	Aoi Tower 19F 17-1 Kouya-machi, Aoi-ku, Shizuoka-city, Shizuoka 420-0852 Japan
Capital	¥483.735 million (as of June 30, 2010)
Established	January, 1997
Representative	Haruhiko Doi, Chairman & CEO Yohta Maruoka, President & COO
Main Business	Production outsourcing services
Number of Branches	34 sales offices, including 5 recruitment centers (as of June 30, 2010)
Total Employees	6,680 (consolidated, as of June 30, 2010)



Consolidated Balance Sheets

OUTSOURCING Inc. and subsidiaries
as of June 30, 2006-2010

(¥Thousand)	6/06	6/07	6/08	6/09	6/10
Assets					
Total assets	5,121,396	5,175,895	5,854,731	7,049,105	9,502,163
Current assets	3,313,944	3,641,176	4,291,544	3,973,849	5,766,032
Cash and deposits	650,626	544,329	865,185	1,298,542	1,425,626
Notes and accounts receivable-trade	2,339,713	2,713,539	2,854,261	1,963,157	3,531,631
Inventories	78,749	94,859	79,783	-	-
Work in process	-	-	-	-	65,141
Raw materials and supplies	-	-	-	84,257	63,290
Other	246,839	290,205	495,702	631,215	684,591
Allowance for doubtful accounts	△ 1,984	△ 1,756	△ 3,389	△ 3,322	△ 4,248
Noncurrent assets	1,804,850	1,534,336	1,563,186	3,071,442	3,732,928
Property, plant and equipment	868,606	824,525	917,260	2,150,885	2,153,580
Buildings and structures	587,146	549,463	521,663	893,603	1,238,096
Other	281,459	275,062	395,596	1,257,281	915,484
Intangible assets	466,196	378,783	311,206	199,434	590,331
Consolidation goodwill	227,924	-	-	-	-
Goodwill	-	181,631	135,338	32,857	468,077
Other	238,272	197,152	175,868	166,577	122,253
Investments and other assets	470,046	331,027	334,720	721,122	989,017
Investment securities	235,795	133,261	113,552	-	-
Lease and guarantee deposits	195,551	149,404	174,556	-	-
Other	38,917	49,070	46,610	-	-
Allowance for doubtful accounts	△ 217	△ 709	-	-	-
Deferred assets	2,602	382	-	-	3,203
Liabilities					
Total liabilities	3,426,262	3,443,341	3,375,155	4,268,938	6,651,227
Current liabilities	2,759,757	2,897,504	2,924,399	2,505,587	4,691,668
Notes and accounts payable-trade	27,860	21,015	14,887	8,867	64,798
Short-term loans payable	638,831	177,148	344,516	690,296	1,496,848
Accounts payable-other	1,539,252	1,760,475	1,754,213	1,268,513	1,746,219
Accrued expenses	153,158	289,784	149,353	-	-
Income taxes payable	40,059	215,109	256,788	41,837	283,155
Accrued consumption taxes	143,208	222,850	190,553	-	-
Deposits received	197,245	196,120	196,955	-	-
Provision for bonuses	4,623	-	-	-	-
Provision	-	-	-	32,547	42,148
Other	15,518	15,000	17,131	463,525	1,058,498
Noncurrent liabilities	666,504	545,836	450,755	1,763,351	1,959,558
Bonds payable	77,500	62,500	47,500	251,500	205,500
Long-term loans payable	524,620	371,043	301,527	621,912	980,989
Provision for retirement benefits	14,141	18,791	24,376	-	-
Provision	-	-	-	50,947	88,912
Negative goodwill	-	-	-	721,131	598,271
Other	50,243	93,502	77,352	117,859	85,885
Net assets					
Total net assets	1,695,133	1,732,554	2,479,575	2,780,166	2,850,936
Shareholders' equity	1,693,087	1,728,313	2,373,063	2,664,585	2,754,086
Capital stock	460,915	472,525	479,815	479,995	483,735
Capital surplus	571,715	583,325	590,615	876,165	879,905
Retained earnings	660,457	1,041,554	1,671,724	1,527,128	1,781,539
Treasury stock	-	△ 369,090	△ 369,090	△ 218,703	△ 391,094
Valuation and translation adjustments	△ 2,161	2,028	△ 1,088	△ 6,731	1,740
Valuation difference on available-for-sale securities	△ 2,161	2,028	△ 1,088	△ 6,731	1,740
Subscription rights to shares	-	1,514	12,388	38,688	49,379
Minority interests	4,208	697	95,211	83,624	45,731
Total liabilities and net assets	5,121,396	5,175,895	5,854,731	7,049,105	9,502,163

Consolidated Statements of Income

OUTSOURCING Inc. and subsidiaries

for the six months ended June 30, 2006-2010

(¥Thousand)	6/06	6/07	6/08	6/09	6/10
Net sales	9,687,401	11,708,539	12,195,315	7,733,455	12,839,708
Cost of sales	8,229,033	9,644,414	9,961,696	6,557,789	10,294,535
Gross profit	1,458,367	2,064,125	2,233,619	1,175,666	2,545,173
Selling, general and administrative expenses	1,629,597	1,678,446	1,705,554	1,550,245	2,288,192
Operating income	△ 171,229	385,678	528,064	△ 374,578	256,981
Non-operating income	8,315	3,742	30,608	82,863	311,179
Interest income	3,717	2,883	2,376	2,813	2,406
Dividends income	-	-	-	117	177
Real estate rent	-	-	-	-	137,331
Amortization of negative goodwill	-	-	-	29,076	77,404
Equity in earnings of affiliates	-	-	-	7,269	-
Subsidy income	-	-	-	31,412	68,118
Reversal of consumption taxes	-	-	21,963	-	-
Insurance income	-	-	5,101	-	-
Interest on refund	1,664	-	-	-	-
Foreign exchange gains	3	-	-	-	-
Other	2,929	858	1,167	12,174	25,741
Non-operating expenses	7,711	12,290	6,125	14,888	188,435
Interest expenses	5,972	8,394	5,845	12,162	21,080
Cost of real estate rent	-	-	-	-	146,314
Equity in losses of affiliates	-	-	-	-	14,085
Other	1,739	3,895	279	2,725	6,954
Ordinary income	△ 170,626	337,129	552,547	△ 306,603	379,725
Extraordinary income	44,169	1,162	-	75	31,144
Gain on sales of noncurrent assets	2,070	143	-	-	42
Gain on sales of subsidiaries' stocks	-	-	-	-	31,101
Surrender value of insurance	42,098	1,019	-	75	-
Extraordinary loss	7,223	1,435	45	205,081	58,620
Impairment loss	-	-	-	204,329	15,590
Office transfer expenses	-	-	-	-	4,475
Provision for office transfer expenses	-	-	-	-	38,554
Loss on sales and retirement of noncurrent assets	7,223	1,435	45	752	-
Income before income taxes	△ 133,680	376,856	552,502	△ 511,609	352,249
Income taxes-current	27,045	200,960	240,027	22,833	260,184
Income taxes-deferred	△ 18,086	△ 32,319	△ 23,321	△ 83,397	△ 62,328
Total income taxes	8,959	168,640	216,705	△ 60,564	197,856
Minority interests in income	△ 29,594	1,495	24,364	△ 49,065	△ 7,888
Net income	△ 113,044	206,720	311,431	△ 401,980	162,281

Consolidated Statements of Cash Flows

OUTSOURCING Inc. and subsidiaries

for the six months ended June 30, 2006-2010

(¥Thousand)	6/06	6/07	6/08	6/09	6/10
Cash flows provided by (used in) operating activities					
Net cash provided by (used in) operating activities	△ 66,555	666,587	88,064	△ 86,745	433,887
Income before income taxes	△ 133,680	376,856	552,502	△ 511,609	352,249
Depreciation and amortization	115,882	84,999	76,641	91,480	114,303
Impairment loss	-	-	-	204,329	15,590
Amortization of consolidation goodwill	3,541	-	-	-	-
Amortization of goodwill	-	23,146	23,146	40,469	60,044
Amortization of negative goodwill	-	-	-	△ 29,076	77,404
Increase (decrease) in allowance for doubtful accounts	919	162	1,506	△ 815	△ 262
Increase (decrease) in provision for bonuses	4,623	-	-	△ 14,229	△ 20,455
Increase (decrease) in provision for retirement benefits	1,308	3,105	3,341	4,123	6,587
Interest and dividends income	△ 3,717	△ 2,883	△ 2,376	△ 2,930	△ 2,584
Interest expenses	5,972	8,394	5,845	12,162	21,080
Increase (decrease) in provision for office transfer expenses	-	-	-	-	38,554
Loss (gain) on sales and retirement of noncurrent assets	7,223	1,435	-	752	-
Loss (gain) on sales of noncurrent assets	△ 2,070	△ 143	-	-	-
Equity in (earnings) losses of affiliates	-	-	-	△ 7,269	14,085
Loss (gain) on sales of subsidiaries' stocks	-	-	-	-	△ 31,101
Surrender value of insurance	△ 42,098	△ 1,019	-	-	-
Decrease (increase) in notes and accounts receivable-trade	△ 206,345	△ 106,897	△ 26,885	1,106,678	△ 486,691
Decrease (increase) in inventories	△ 2,920	△ 16,628	△ 2,464	△ 2,128	8,067
Increase (decrease) in notes and accounts payable-trade	72,511	118,898	24,286	△ 368,794	520,856
Increase (decrease) in accrued consumption taxes	△ 33,288	△ 2,455	△ 123,855	△ 163,368	194,190
Other	136,551	262,197	△ 59,361	△ 179,012	△ 215,663
Subtotal	△ 75,587	749,169	472,327	180,759	511,447
Interest and dividends income received	3,228	3,563	2,397	3,028	9,332
Interest expenses paid	△ 6,583	△ 7,948	△ 6,713	△ 14,122	△ 21,518
Income taxes refund	12,386	-	-	8,403	-
Income taxes paid	-	△ 78,195	△ 370,947	△ 264,814	△ 65,374
Cash flows provided by (used in) investing activities					
Net cash provided by (used in) investing activities	△ 410,310	48,244	△ 148,656	△ 321,894	269,615
Payments into time deposits	△ 72,051	△ 58,898	△ 80,300	△ 73,337	△ 77,069
Proceeds from withdrawal of time deposits	64,000	116,300	24,000	54,900	463,817
Purchase of property, plant and equipment	△ 351,504	△ 86,712	△ 58,967	△ 349,349	△ 41,657
Proceeds from sales of property, plant and equipment	4,202	493	-	-	785
Purchase of intangible assets	△ 86,970	△ 6,015	△ 19,934	△ 1,111	△ 7,039
Purchase of investment securities	△ 183	△ 214	-	-	-
Proceeds from sales of investment securities	100,000	100,000	-	-	-
Purchase of stocks of subsidiaries and affiliates	-	-	-	△ 129,500	-
Payments of loans receivable	-	-	△ 4,925	△ 3,300	△ 240
Collection of loans receivable	20,730	599	4,889	6,990	7,654
Payments for lease and guarantee deposits	△ 40,886	△ 19,061	△ 27,036	△ 38,362	△ 151,913
Proceeds from collection of lease and guarantee deposits	17,041	22,183	15,790	62,239	43,331
Purchase of insurance funds	△ 101	△ 1,297	△ 1,164	△ 3,645	△ 2,068
Proceeds from cancellation of insurance funds	50,808	2,398	-	75	2,539
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△ 133,489	-	-	-	△ 4,902
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	23,606	-	-	152,731	43,071
Purchase of investments in subsidiaries	-	-	-	-	△ 8,943
Other	△ 5,512	△ 21,530	△ 1,278	△ 223	2,249
Cash flows provided by (used in) financing activities					
Net cash provided by (used in) financing activities	693,932	△ 783,497	36,606	20,836	△ 951,616
Increase (decrease) in short-term loans payable	470,723	△ 465,000	145,000	130,000	△ 628,100
Proceeds from long-term loans payable	350,000	-	-	80,000	326,545
Repayment of long-term loans payable	△ 81,461	△ 163,727	△ 37,920	△ 92,637	△ 327,526
Redemption of bonds	△ 7,500	△ 7,500	-	△ 7,500	△ 41,750
Proceeds from issuance of common stock	-	6,120	10,440	-	-
Purchase of treasury stock	-	△ 161,263	-	-	△ 172,391
Cash dividends paid	△ 37,830	△ 36,365	△ 58,242	△ 72,437	△ 95,890
Other	-	44,238	△ 15,170	△ 16,588	△ 12,503
Net increase (decrease) in cash and cash equivalents	217,067	△ 68,665	△ 23,985	△ 387,803	△ 248,113
Cash and cash equivalents, beginning of term	412,908	589,345	792,321	591,797	1,634,534
Increase in cash and cash equivalents resulting from merger	-	-	-	848,923	-
Cash and cash equivalents, end of term	629,975	520,679	768,335	1,052,918	1,386,421

Information by Segment

OUTSOURCING Inc. and subsidiaries

for the six months ended June 30, 2006-2010

(¥Thousand)	6/06	6/07	6/08	6/09	6/10
Production outsourcing business	9,602,657	11,595,590	12,050,874	7,456,000	12,265,655
Composition ratio	99.1%	99.1%	98.8%	96.4%	95.5%
Electric equipment	1,961,610	3,171,737	3,503,145	2,075,000	3,828,747
Composition ratio	20.2%	27.1%	28.7%	26.8%	29.8%
Foods	3,081,327	3,265,969	2,950,549	1,918,000	989,583
Composition ratio	31.8%	27.9%	24.2%	24.8%	7.7%
Transport equipment	1,375,085	1,979,944	2,822,865	726,000	3,053,342
Composition ratio	14.2%	16.9%	23.1%	9.4%	23.8%
Chemicals and medicals	897,854	1,273,504	1,573,288	1,660,000	1,993,208
Composition ratio	9.3%	10.9%	12.9%	21.5%	15.5%
Metals	476,978	455,612	376,783	172,000	132,697
Composition ratio	4.9%	3.9%	3.1%	2.2%	1.0%
Other	1,809,801	1,448,820	824,241	903,000	2,268,072
Composition ratio	18.7%	12.3%	6.8%	11.7%	17.7%
Administrative operations outsourcing	-	-	-	36,000	241,947
Composition ratio	-	-	-	0.5%	1.9%
Nurcing-care business	-	-	-	100,000	227,013
Composition ratio	-	-	-	1.3%	1.8%
Other business	84,744	112,949	144,441	139,000	105,091
Composition ratio	0.9%	1.0%	1.2%	1.8%	0.8%
Total	9,687,401	11,708,539	12,195,315	7,733,000	12,839,708
Composition ratio	100.0%	100.0%	100.0%	100.0%	100.0%

(¥Thousand)	6/06	6/07	6/08	6/09	6/10
Net Sales by Region					
Hokkaido, Tohoku and Kanto	2,641,999	2,990,920	3,084,190	2,023,000	4,280,499
Composition ratio	27.3%	25.5%	25.3%	26.2%	33.3%
Tokai	4,913,559	5,757,895	6,227,387	3,676,000	5,677,210
Composition ratio	50.7%	49.2%	51.1%	47.5%	44.2%
Hokuriku and Kou-shinetsu	1,123,644	912,401	828,513	362,000	158,775
Composition ratio	11.6%	7.8%	6.8%	4.7%	1.2%
Kinki, Chugoku, and Kyushu	1,008,197	2,047,322	2,055,223	1,671,000	2,723,220
Composition ratio	10.4%	17.5%	16.8%	21.6%	21.2%
Total	9,687,401	11,708,539	12,195,315	7,733,000	12,839,708
Composition ratio	100.0%	100.0%	100.0%	100.0%	100.0%

Consolidated Profitability Indicators

OUTSOURCING Inc. and subsidiaries

for the six months ended June 30, 2006-2010

(¥ Million)	6/06	6/07	6/08	6/09	6/10
Net sales	9,687	11,708	12,195	7,733	12,839
Cost of sales	8,229	9,644	9,961	6,557	10,294
Selling, general and administrative expenses	1,629	1,678	1,705	1,550	2,288
Operating income	△ 171	385	528	△ 374	256
Net income	△ 113	206	311	△ 401	162

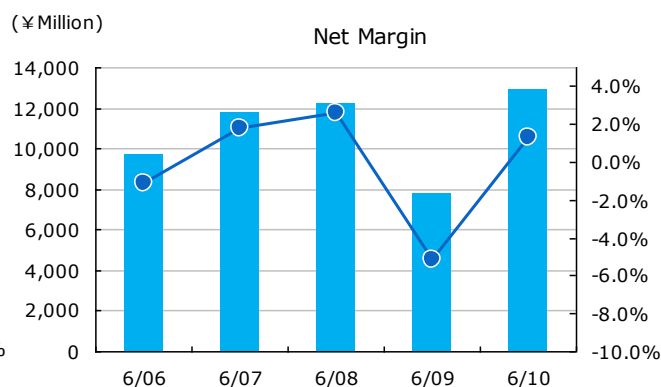
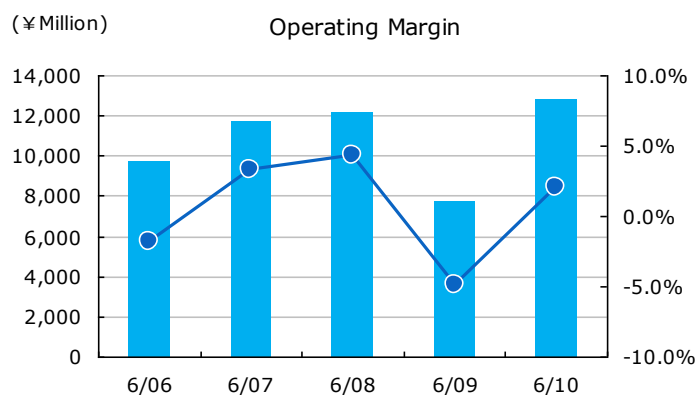
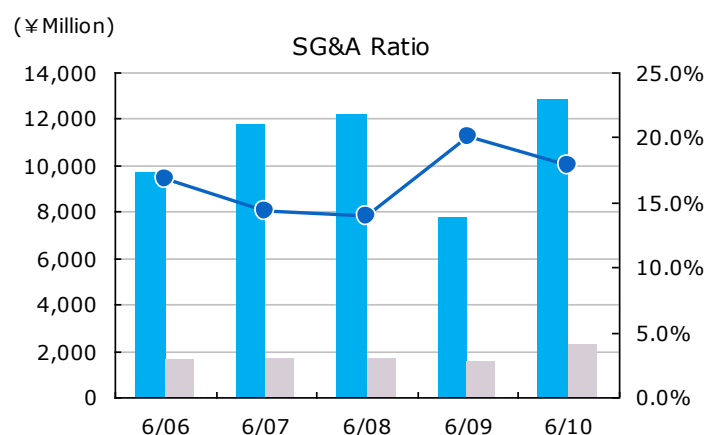
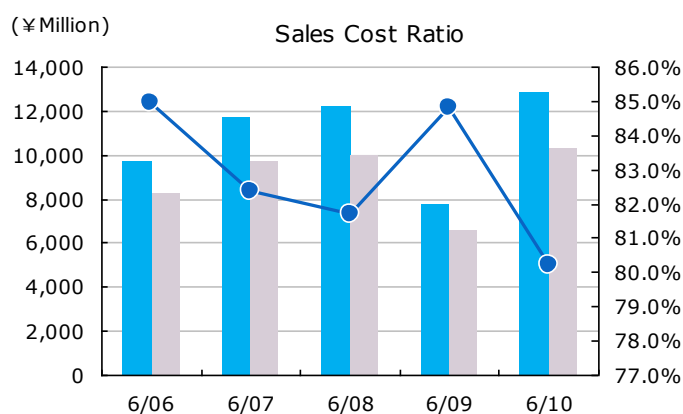
(%)	6/06	6/07	6/08	6/09	6/10
Sales Cost Ratio	84.9%	82.4%	81.7%	84.8%	80.2%
SG&A Ratio	16.8%	14.3%	14.0%	20.0%	17.8%
Operating Margin	-1.8%	3.3%	4.3%	-4.8%	2.0%
Net Margin	-1.2%	1.8%	2.6%	-5.2%	1.3%

Sales Cost Ratio=Cost of sales/Net sales

SG&A Ratio=SG&A/Net sales

Operating Margin=Operating income/Net sales

Net Margin=Net/Net sales



Consolidated Efficiency Indicators

OUTSOURCING Inc. and subsidiaries

for the six months ended June 30, 2006-2010

(Times)	6/06	6/07	6/08	6/09	6/10
Total asset turnover	4.43	4.48	4.24	2.36	2.72
Fixed asset turnover	13.83	14.73	15.56	5.86	6.94

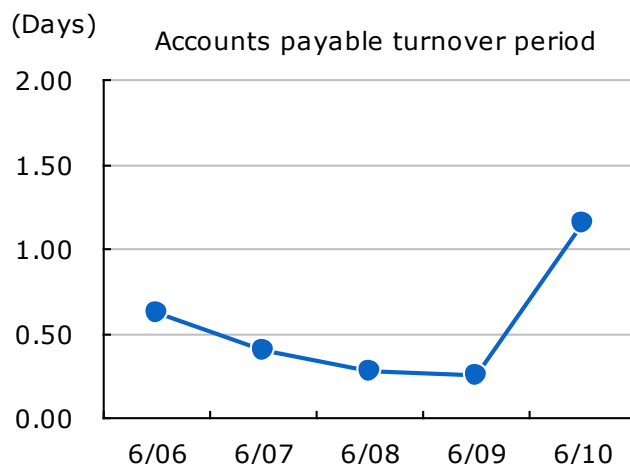
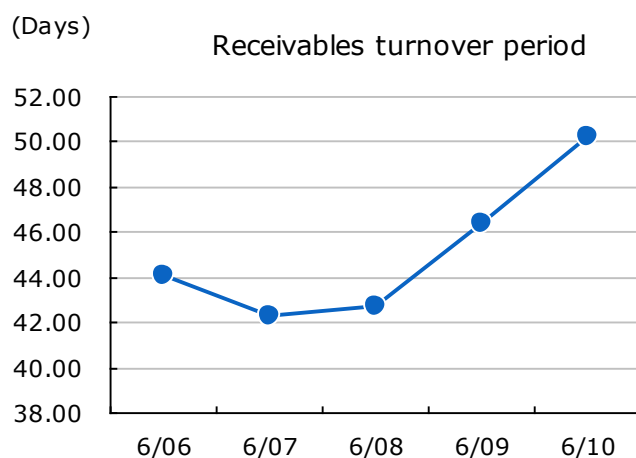
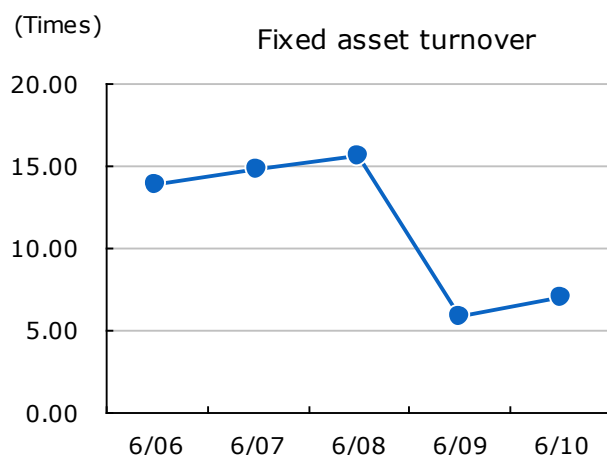
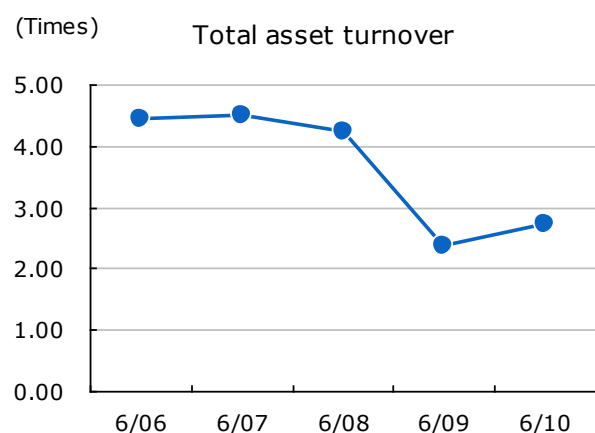
(Days)	6/06	6/07	6/08	6/09	6/10
Receivables turnover period	44.08	42.30	42.71	46.33	50.20
Accounts payable turnover period	0.62	0.40	0.27	0.25	1.15

Total Asset Turnover=Net sales/Average total assets×2

Fixed Asset Turnover=Net sales/Average noncurrent assets×2

Receivables Turnover Period=Notes and accounts receivable/Net sales×365/2

Accounts Payable Turnover Period=Tradenotes and accounts payable/Cost of sales×365/2



Consolidated Stability Indicators

OUTSOURCING Inc. and subsidiaries

for the six months ended June 30, 2006-2010

(¥ Million)	6/06	6/07	6/08	6/09	6/10
Equity	1,690	1,730	2,371	2,657	2,755
Interest-bearing debt	1,240	610	693	1,563	2,683
Noncurrent assets	1,804	1,534	1,563	3,071	3,732
Current assets	3,313	3,641	4,291	3,973	5,766
Current liabilities	2,759	2,897	2,924	2,505	4,691

(%)	6/06	6/07	6/08	6/09	6/10
Equity ratio	33.0%	33.4%	40.5%	37.7%	29.0%
D/E ratio	73.4%	35.3%	29.2%	58.8%	97.4%
Fixed ratio	106.7%	88.7%	65.9%	115.6%	135.5%
Current ratio	120.1%	125.7%	146.7%	158.6%	122.9%

Equity ratio=Equity/Total assets

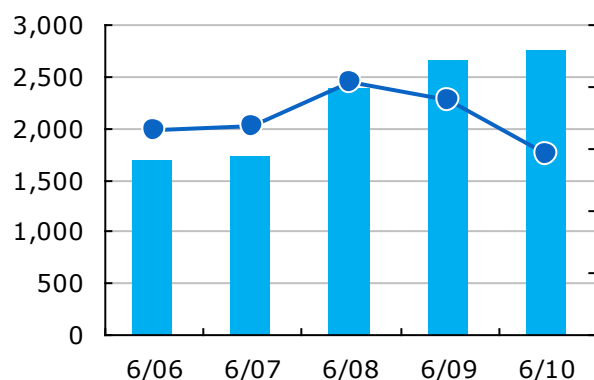
D/E ratio=Interest-bearing debt/Equity

Fixed ratio=Fixed assets/Equity

Current ratio=Current assets/Current liabilities

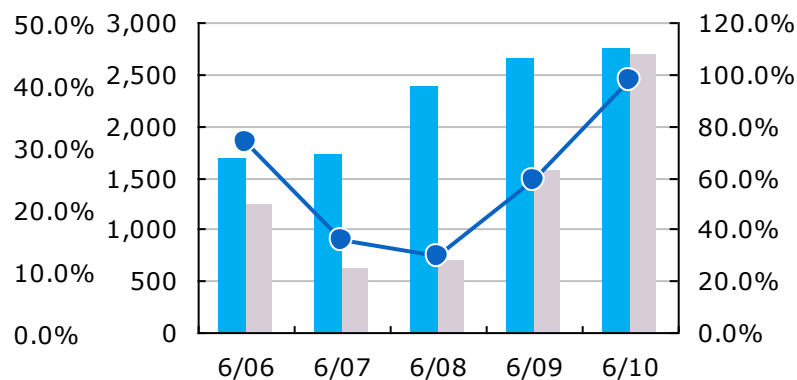
(¥ Million)

Equity ratio



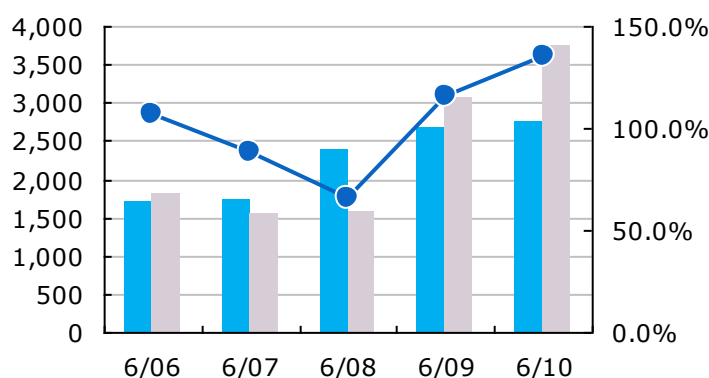
(¥ Million)

D/E ratio



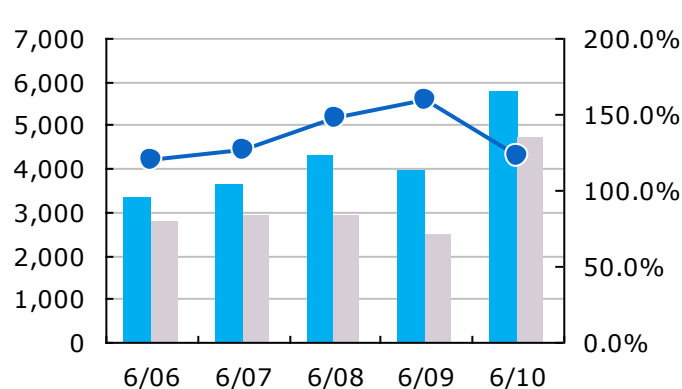
(¥ Million)

Fixed ratio



(¥ Million)

Current ratio



Stock Information

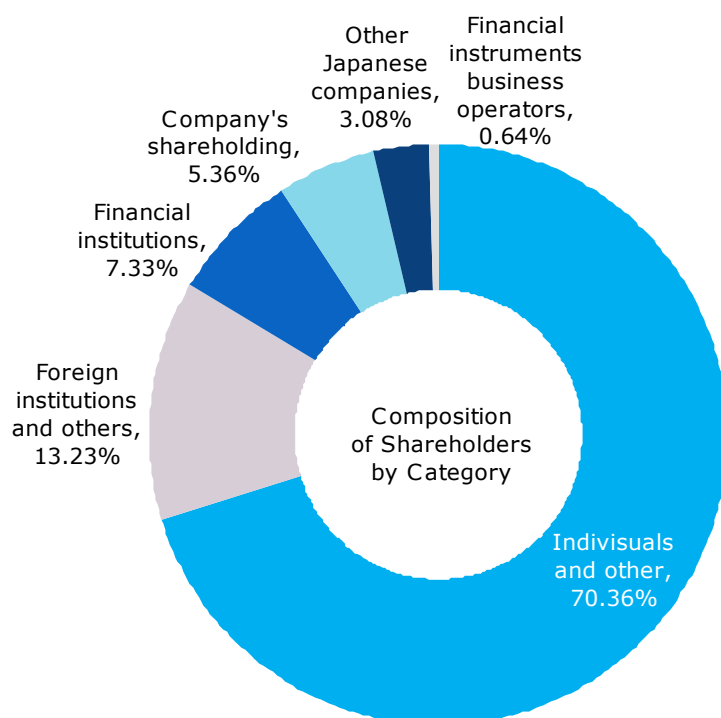
OUTSOURCING Inc. and subsidiaries

for the six months ended June 30, 2006-2010

(¥)	6/06	6/07	6/08	6/09	6/10
Share price at term-end	53,800	49,000	76,800	41,000	32,100
Net income per share	△ 896.46	1,734.29	2,626.58	△ 2,940.53	1,113.46
Net income per share (fully diluted)	-	1,722.35	2,615.64	-	1,109.42
Net assets per share	13,442.77	14,645.29	19,939.26	17,908.01	19,131.30

As of June 30, 2010

Major Shareholders (Top 10)	Number of Shares (Shares)	Shareholding Ratio(%)
Haruhiko, Doi	37,477	24.10%
Masahiko, Dorin	15,000	9.64%
Outsourcing Inc.	11,395	7.33%
Japan Master Trust Bank.Ltd.	5,381	3.46%
Miki Sano	5,000	3.21%
Melon Bank ABN Amuro Grobal Custody NV	4,050	2.60%
The Chase Manhattan Bank NA London SL Omunibus Account	4,012	2.58%
Chiharu, Doi	3,100	1.99%
Naoki, Dorin	3,000	1.92%
Yuuki, Dorin	3,000	1.92%
AI Corporation	3,000	1.92%



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