

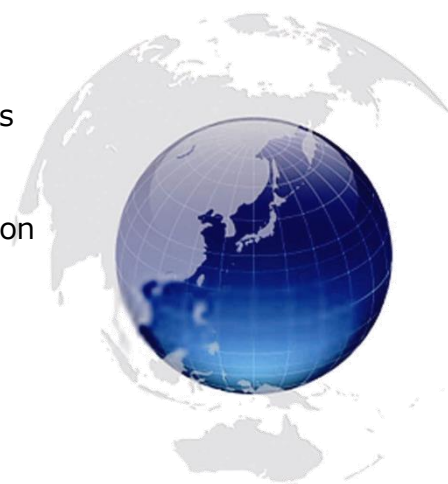
FACTBOOK

(Securities Code: 2427 / TSE 1st Section)

OUTSOURCING Inc.

For the six months ended June 30, 2014

- P1-8 Corporate Profile / Group Overview
- P9 Consolidated Balance Sheet
- P10 Consolidated Statement of Income
- P11-12 Consolidated Statement of Cash Flows
- P13-14 Information by Operating Segment and Region
- P15 Other Information (Number of Workers / Recruitment Unit Price)
- P16 Consolidated Profitability Indicators
- P17 Consolidated Efficiency Indicators
- P18 Consolidated Stability and Financial Indicators
- P19 Stock Information
- P20 Stock Price Indicators / Stock Price Information



Out-Sourcing!
Inc.

Corporate Profile (as of June 30, 2014)

Company Name	OUTSOURCING Inc.
URL	http://www.outsourcing.co.jp/en/
Head Office	5F Marunouchi Trust Tower Main Bldg., 1-8-3 Marunouchi, Chiyoda-ku, Tokyo, 100-0005 Japan
Capital	¥534,867 thousand
Established	January 1997
Representative	Haruhiko Doi, Chairman & CEO
Main Business	Manufacturing Outsourcing Business, Engineering Outsourcing Business, Administrative Outsourcing Business, Recruitment and Placement Business, Overseas Business
Number of Branches	58 sales offices, including 12 recruitment centers
Total Employees (Group)	20,481

Group Overview (as of June 30, 2014)

By directing our expertise, creativity and innovative solutions to meet rapid changes in the business environment and facilitate productivity enhancements in shop-floor manufacturing (monozukuri), OUTSOURCING aims to contribute to the building of a brighter, prosperous society.

OUTSOURCING GROUP

Domestic Companies Group : 18

Recruitment and Placement Business	Administrative Outsourcing Business	Manufacturing Outsourcing Business	Engineering Outsourcing Business				Other Business
			After-sales Maintenance	Construction & Plant-related	IT-related	Engineering & Others	
OUTSOURCING				DAISEI ENGINEERING	OUTSOURCING TECHNOLOGY		
ORJ					Computer System Laboratory	enable	
		BROTHERS			INS・Solution	RPM	
		Sanshin Electric			Thinketh Bank	TryAngle	
		Nihon Shomu			NexM Communications	ASTRON	
		Asia Institute of Manufacturing*				OS.SEMITEC	
						ELZEX	
		*Equity method affiliate					

Overseas Companies Group : 22

Locally incorporated entities in China, Hong Kong, Singapore, Indonesia, Thailand, Vietnam, Australia, Malaysia, India, U.S.A.

Operating Segments

As a partner to nationwide manufacturing industries, we provide technical skills to leading manufacturers through optimal and high value-added staff.

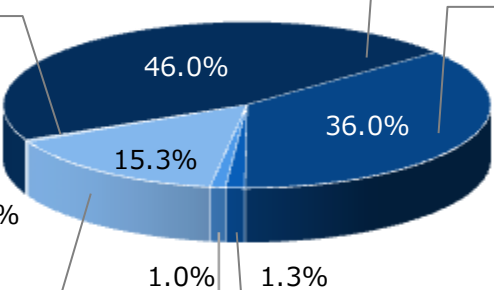
FY12/13 Consolidated Net Sales
¥47,384 million

Other Business

Through Group subsidiary enable Inc., this business focuses on development, manufacture and sales of high performance auto parts for racing.

Overseas Business

Through Group subsidiary OS International Co., Ltd., this business reinforces our staffing network by working together with our Group subsidiaries in Asian countries, establishing the Company as the sole Japanese provider of package contracting service from volume production to R&D engineering. We continue to drive and strengthen our response to the needs of Japanese makers continuing to shift production offshore to high growth emerging economies.



Manufacturing Outsourcing Business

Through outsourced contracting and temporary placement, this business provides service meeting the outsourcing needs of makers in the manufacturing process.

Engineering Outsourcing Business

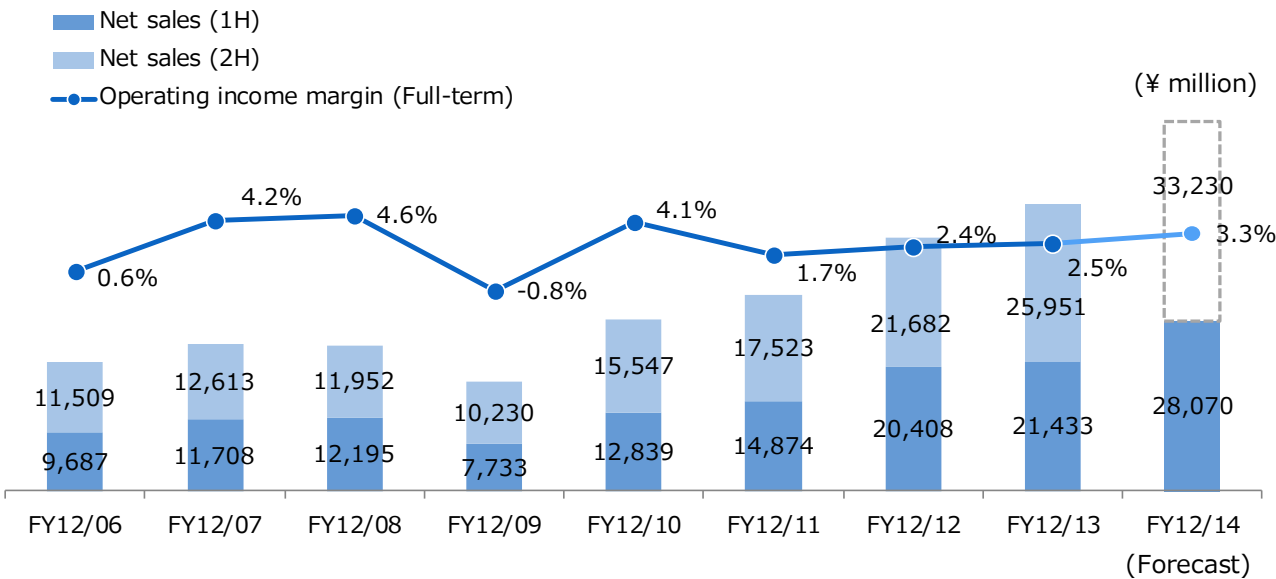
Through dealing with makers in wide-ranging fields including home electronics, medical equipment, semiconductors, software etc, this business provides outsourced contracting and temporary placement service for the design/development, testing and evaluation phases with high level technology and know-how.

Administrative Outsourcing Business

Through Group subsidiary ORJ INC., this business handles administrative operations from hiring of seasonal workers on behalf of makers to post-hiring labor management and company housing management as a package service.

Recruitment and Placement Business

Through Group subsidiary ORJ INC., this business leverages many years of accumulated know-how and our nationwide hiring network, single handedly undertaking issues from recruitment plans to recruiting and interviews, a service making referrals and securing staff.



OUTSOURCING Group Expansion Corporate History

Domestic Business Overseas Business

- Jan. 1997 ● **OUTSOURCING Inc.** was founded in Shizuoka City, Shizuoka Pref. as a provider of outsourcing services for production processes
- Mar. 2005 ● Launched **enable Inc.**, an outsourcing service provider specializing in transport equipment industry
- May 2006 ● **Acquired Sankei Co., Ltd. as a wholly owned subsidiary (name changed to MOLTI, Ltd. in June 2007)**
- Aug. 2008 ● Acquired **Yasutomo Ltd.**, an outsourcing service provider specializing in the construction equipment industry, as a wholly owned subsidiary
- Mar. 2009 ●
 - Acquired **FREE WORK CO., LTD.**, with acquisition leading to purchases of **SUCCESS STAFF CO., LTD.**, **MISTRAL SERVICE CO., LTD.** and **DAISEI ENGINEERING Co., Ltd.** as subsidiaries
 - Entered into business and capital partnership with **TECHNOSMILE, INC.** (tie-up was dissolved in March 2011)
- Jun. 2009 ● **Acquired FULLCAST CENTRAL CO., LTD. as a subsidiary (name changed to OUTSOURCING CENTRAL Co., Ltd. in July 2009)**
- Aug. 2009 ●
 - Consolidated subsidiary **SUCCESS STAFF CO., LTD.** into **OUTSOURCING Group**
 - Acquired a part of engineering temp-staff business from **AIXEX alpha Co., Ltd.**
 - Acquired **RPM Co., Ltd.** and **TryAngle Co., Ltd.** as wholly owned subsidiaries specializing in pharmaceutical and chemical products and medical equipment
- Nov. 2009 ● Acquired **Seishow Co., Ltd.**, a service provider specializing in temp-staff and outsourced contracting services in the R&D and engineering fields, as a subsidiary
- Dec. 2009 ● Launched **ELZEX Inc.**, a service provider specializing in contracted product development services in the machinery, electronics and software fields
- Jul. 2010 ●
 - Consolidated subsidiary **MOLTI, Ltd.** into **OUTSOURCING Group**
 - Subsidiary **enable Inc.** merges with subsidiaries **Out Sourcing Central Inc.** and **Yasutomo Ltd.**, changed commercial registry to **Out Sourcing Central Inc.**
- Aug. 2010 ● Launched **Out-Sourcing China, Inc.** in Shanghai; subsidiary specializes in providing a broad range of engineering and production outsourcing services, including R&D and product testing and evaluation, while also offering consultancy services to train and recruit local talent for Japanese transplant companies
- Sep. 2010 ● Acquired **NISSO SERVICE, Inc.**, an outsourcing service provider specializing in the automotive engineering and development fields, as well as production and packaging operations for automotive and electronic components fields
- Oct. 2010 ● Launched **OS.SEMITEC Inc.** as a production outsourcing contract provider specializing in product design, development, prototype testing and manufacturing processes
- Apr. 2011 ●
 - Subsidiary **Seishow Co., Ltd.** changes commercially registered name to **OUTSOURCING TECHNOLOGY Inc.**
 - Launched **OS (THAILAND) CO., LTD.** to consolidate local production outsourcing service operations
- Jul. 2011 ● Launched **PT. OS ENGINEERING & CONSULTANT INDONESIA**, a consultancy on local manufacturing and management operations, as a service hub for the entire ASEAN region
- Sep. 2011 ● Launched **GIM Inc.**, an information technology engineering service provider specializing in outsourced contracting services for the data systems development field and systems engineering placement services, as a subsidiary
- Nov. 2011 ● Launched **OS International Co., Ltd.** as a subsidiary to oversee 10 subsidiaries and affiliated companies in seven countries and tasked with cross-border human resources services and support services for Japanese companies seeking to enter foreign markets
- Dec. 2011 ● Launched **OS VIETNAM CO., LTD.** to provide outsourcing services primarily for the transport equipment, electric and electronics fields
- Jan. 2012 ● Acquired **Aska Creation Co., Ltd.** as a subsidiary to provide systems engineering services specifically for the IT and telecommunications fields
- Feb. 2012 ● Subsidiary **GIM Inc.** changes commercial registry name to **Out-Sourcing System Consulting Inc.**
- May 2012 ● Subsidiary **NISSO SERVICE Inc.** is consolidated into the **OUTSOURCING Group** following the reorganization of the Group's transport equipment operations and **Out Sourcing Central Inc.** changes commercially registered name to **enable Inc.**
- Jul. 2012 ● Acquired **Grayscale Co., Ltd.** as a wholly owned subsidiary
- Jan. 2013 ●
 - Subsidiary **Grayscale Co., Ltd.** consolidated into subsidiary **Out-Sourcing System Consulting Inc.**
 - Acquired majority shares in **Computer System Laboratory (CSL)**; **CSL** becomes a Group subsidiary
- Sep. 2013 ● Absorbed **Asuka Creation Co., Ltd.** consolidated into subsidiary **Out-Sourcing System Consulting Inc.**
- Oct. 2013 ● Acquired **Sanshin Electric Co., Ltd.** and **SANSHIN (MALAYSIA) SDN.BHD** as wholly owned subsidiaries and expand into the Malaysia market
- Jan. 2014 ● Acquired **ALP CONSULTING LIMITED**, **DATACORE TECHNOLOGIES PRIVATE LIMITED** and **DATACORE TECHNOLOGIES INC** as subsidiaries
- Apr. 2014 ●
 - Subsidiary **Out-Sourcing System Consulting Inc.** consolidated into subsidiary **OUTSOURCING TECHNOLOGY Inc.**
 - Subsidiary **OUTSOURCING TECHNOLOGY Inc.** acquired **Thinketh Bank Co., Ltd.**, which operates IT schools, as a subsidiary
- May 2014 ● Subsidiary **OUTSOURCING TECHNOLOGY Inc.** acquired **NexM Communications Inc.** as a subsidiary

Domestic Business Locations

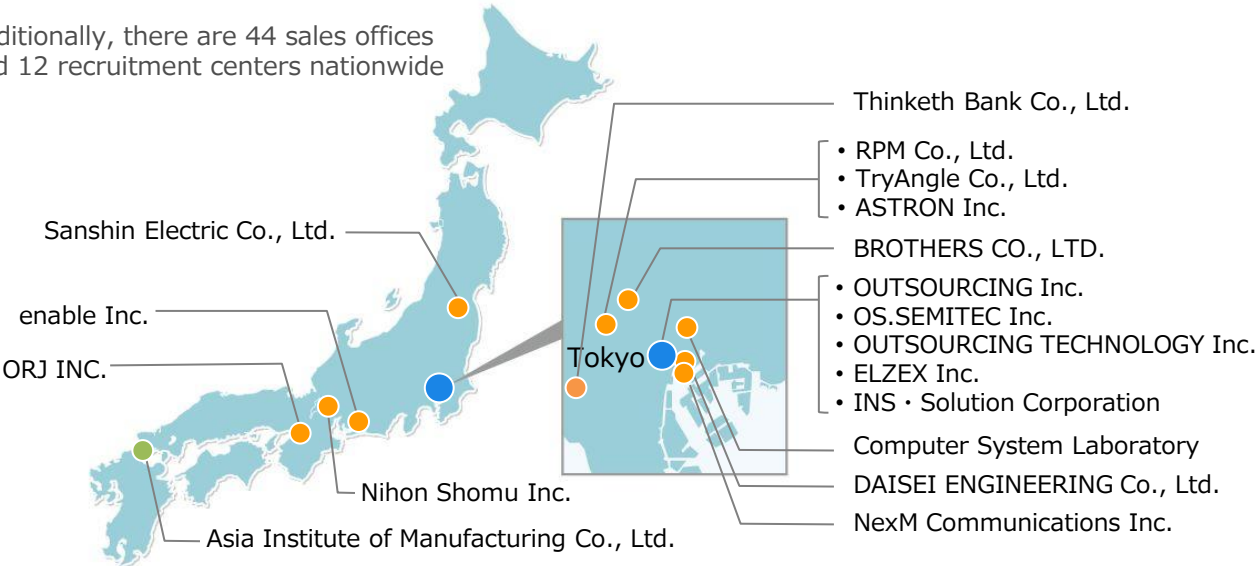
(as of June 30,2014)

Domestic Companies Group : 18

Domestic Companies Group

● **OUTSOURCING Inc.** ● **Consolidated Subsidiaries** ● **Equity Method Affiliate**

Additionally, there are 44 sales offices and 12 recruitment centers nationwide



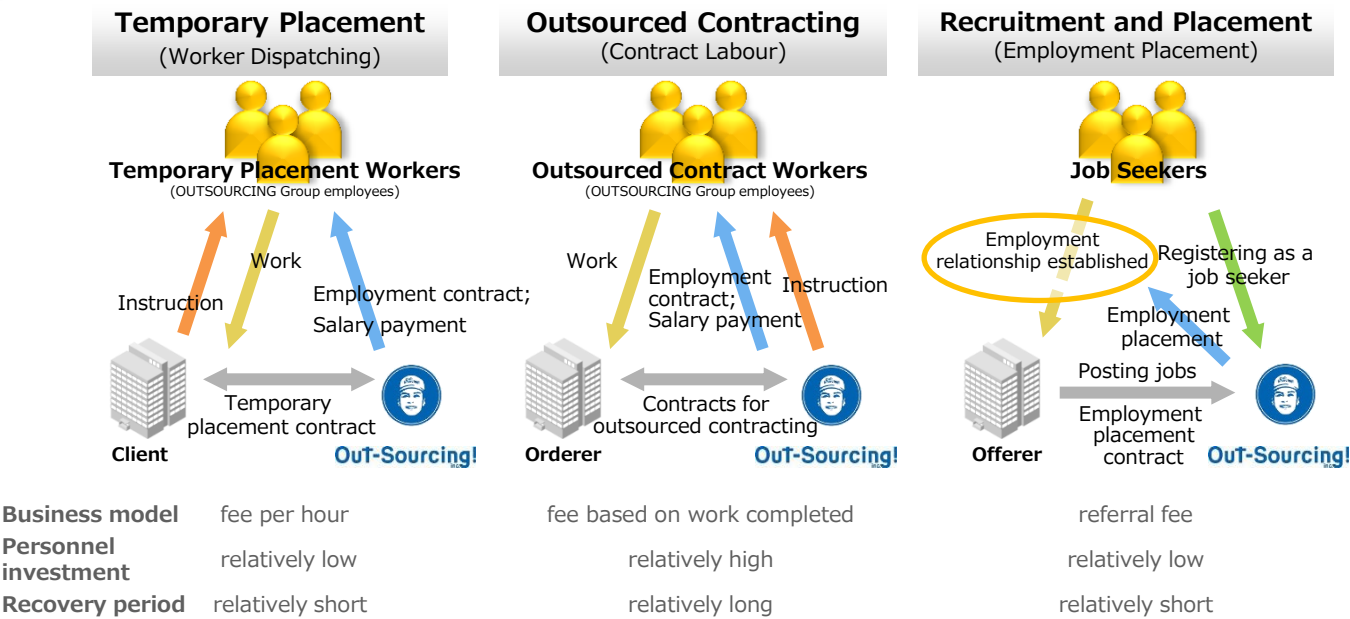
Overseas Business Locations

Overseas Companies Group : 22

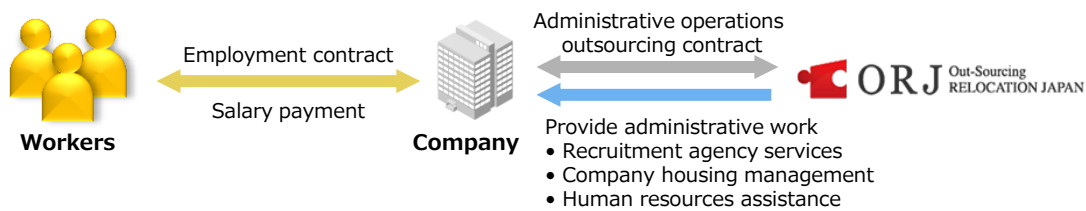


- **Japan**
 - OS International Co., Ltd.
- **China**
 - Out-Sourcing China, Inc.
 - Gray (Dalian) Information Technology Co., Ltd.
 - FARO RECRUITMENT (CHINA) CO.,LTD.
 - Faro Business Consulting (Dalian) Co., Ltd.
 - FARO RECRUITMENT (HONG KONG) CO., LIMITED
- **Thailand**
 - OS (THAILAND) CO., LTD.
 - OS Recruitment (Thailand) Co., Ltd.
 - J.A.R. Service Co., Ltd.
 - P-ONE SUBCONTRACT CO., LTD.
- **Indonesia**
 - PT. OS ENGINEERING & CONSULTANT INDONESIA
 - PT. OS SERVICE INDONESIA
 - PT. SELNAJAYA PRIMA
- **Vietnam**
 - OS VIETNAM CO., LTD.
 - OS POWER VIETNAM CO., LTD.
 - Faith Root Recruitment Vietnam Joint Stock Company
- **Singapore**
 - FARO RECRUITMENT (SINGAPORE) PTE. LTD.
- **Australia**
 - STAFF SOLUTIONS AUSTRALIA PTY LTD
- **Malaysia**
 - SANSHIN (MALAYSIA) SDN. BHD.
- **India**
 - ALP CONSULTING LIMITED
 - DATACORE TECHNOLOGIES PRIVATE LIMITED
- **U.S.A.**
 - DATACORE TECHNOLOGIES INC

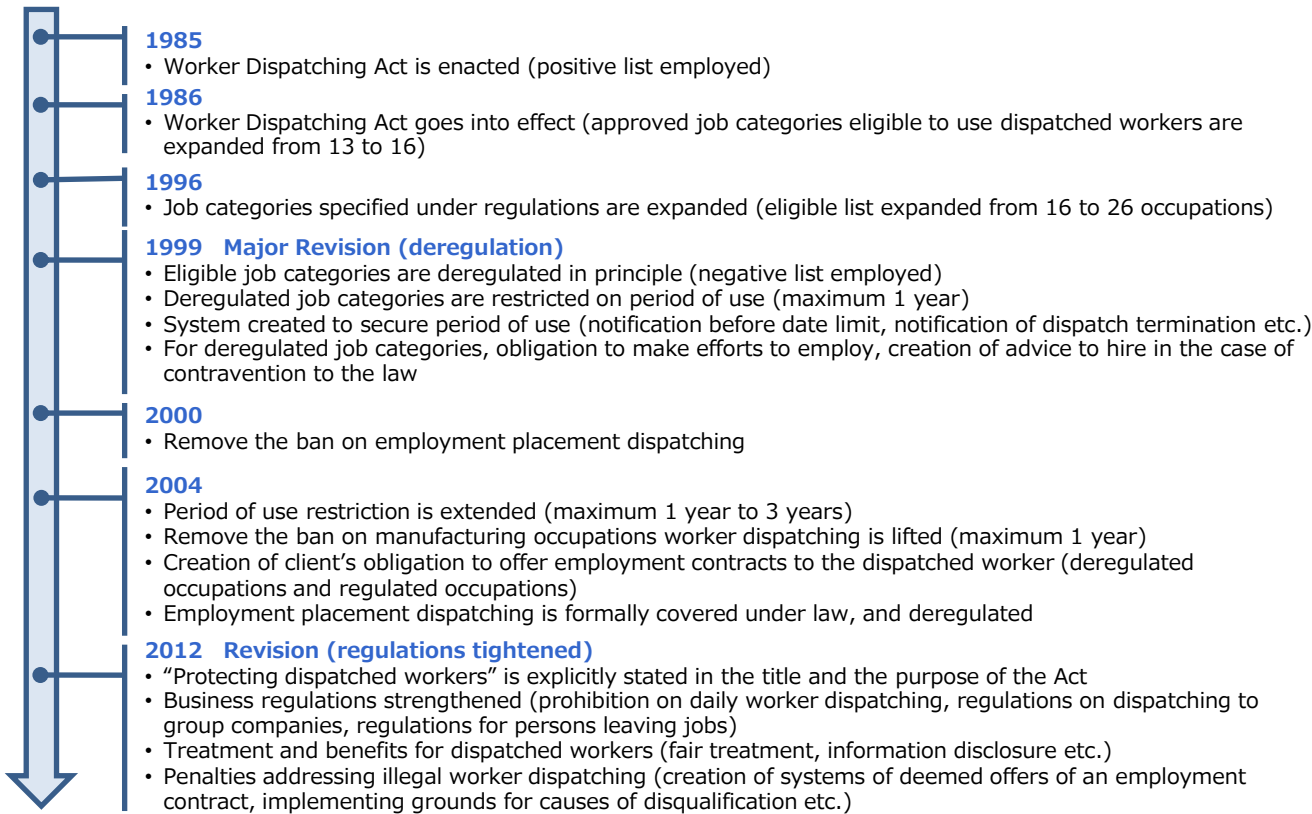
Major Hiring Formats for Our Domestic Outsourcing Business



Administrative Operations



Revisions to the Worker Dispatching Act



[Management Philosophy]

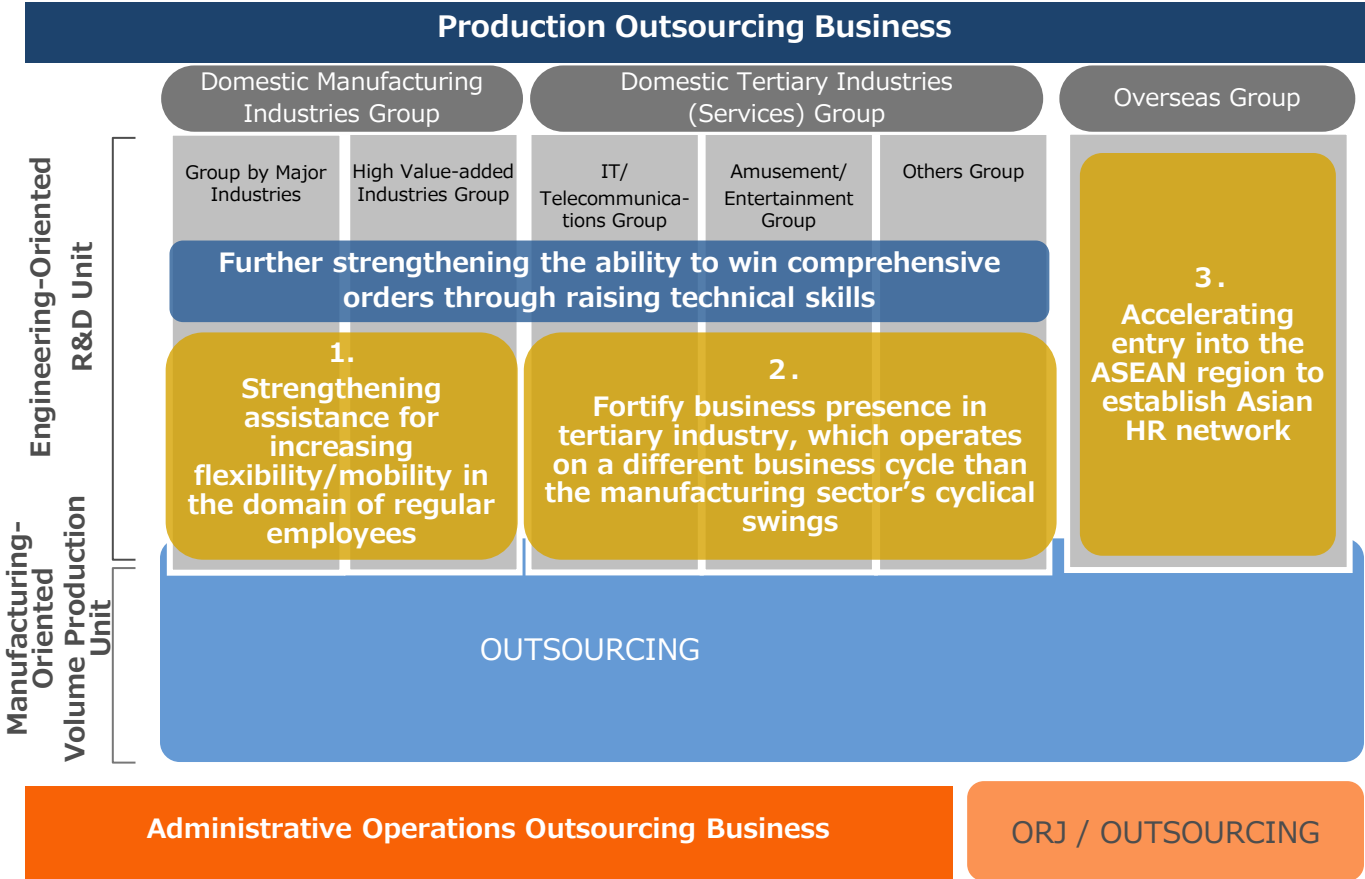
Through collection of our wisdom and original ideas with respect to the rapidly changing economic environment, by contributing to raising the efficiency of production, we will contribute to the development of manufacturing Japan, and realization of a bright and prosperous society.

Vision 2014: Vector to the Top
Vector to Ascendancy

- Earn the highest customer satisfaction ratings in the industry
- Then become the first choice among job seekers
- And emerge as the undisputed leader in production outsourcing services



Toward raising manufacturing Japan’s production efficiency
— Vision 2014 Growth Strategy



Group Strategy Toward Becoming No.1 in the Industry

1. Strengthening assistance for increasing flexibility/mobility in the domain of regular employees (developing new business domains)

Temporary Placement Business of On-Site Building Supervisors

With growing demand for redevelopment including disaster restoration and earthquake reinforcement work, the shortage of construction-related personnel is becoming more pronounced. In order to effectively utilize maker early retirement workers, together with design and maintenance personnel, the Company is leveraging its nationwide hiring network to secure as many as possible registered workers with qualifications, supplying staffing.

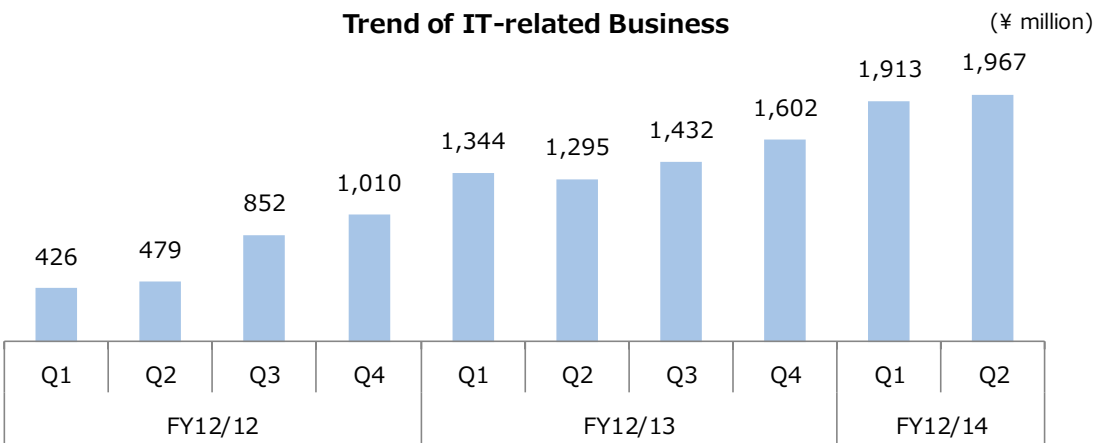
Electrical Appliance After-sales Maintenance Service Business

A variety of electrical appliances, including foreign-made appliances, is widely spread throughout society, and demand for maintenance and repair work is ever present and growing. There are high expectations for leveraging early retirees of electrical and electronics makers which can be put to work immediately.

2. Fortify business presence in tertiary industry (service sectors)

IT/Telecommunications-related Infrastructure and Network Construction and Installation Outsourcing Business

With office relocations becoming quite active and the volume of data handled growing, a shortage of engineers in this field is becoming pronounced. Since there are a large number of personnel possessing the necessary skill set in this field amongst maker early retirees, there is expectation for leveraging this group which can transfer into this field and be put to work immediately.



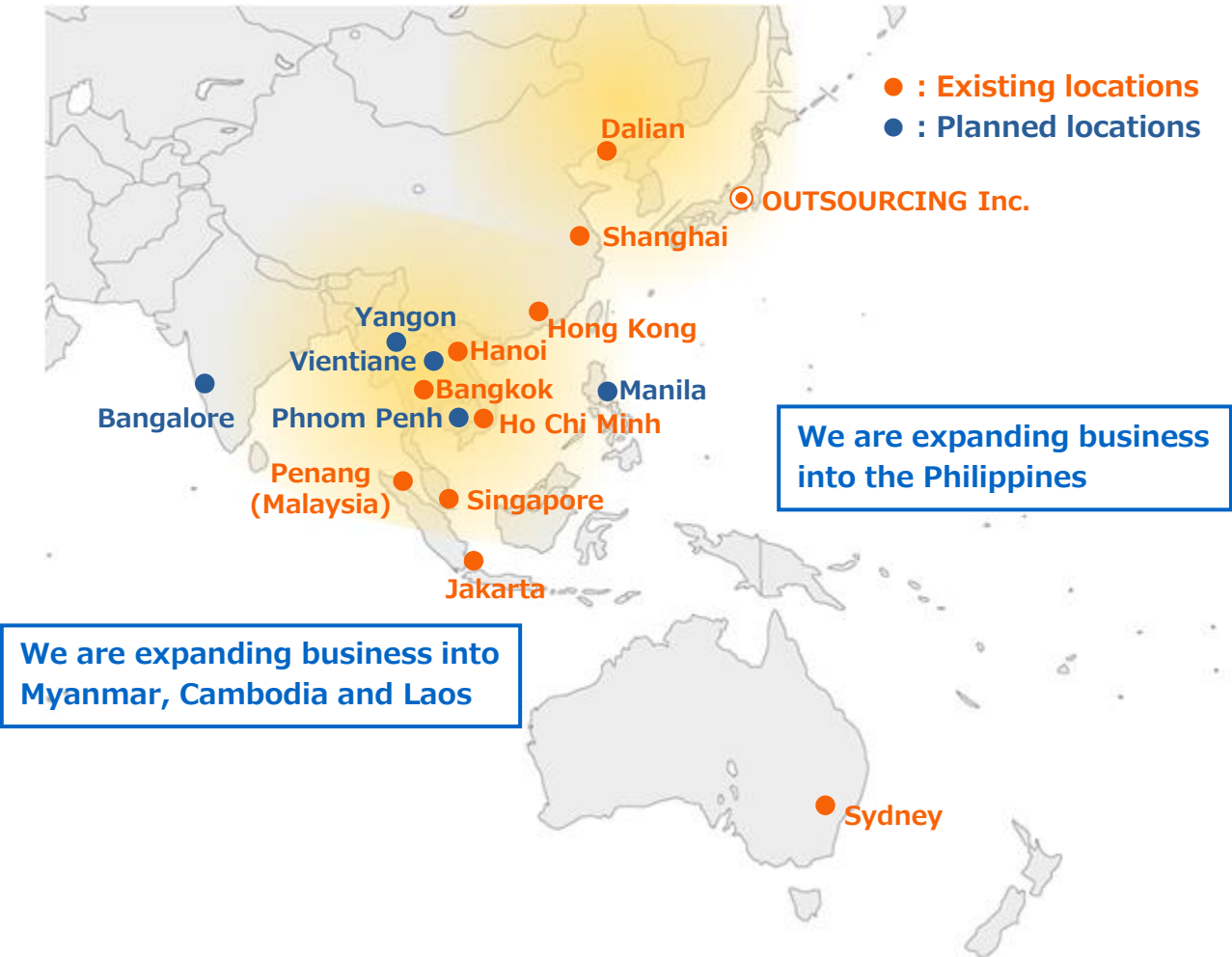
3. Strengthening globalization strategy

Primarily in the ASEAN region, we are accelerating promotion of the following businesses:

- Fully localized temporary placement, and recruitment and placement services
- Mechanical design, software development and other outsourced contracting services
- Temporary placement, and recruitment and placement services for Japanese senior citizens
- Recruitment and placement services for foreign nationals for employment in Japan

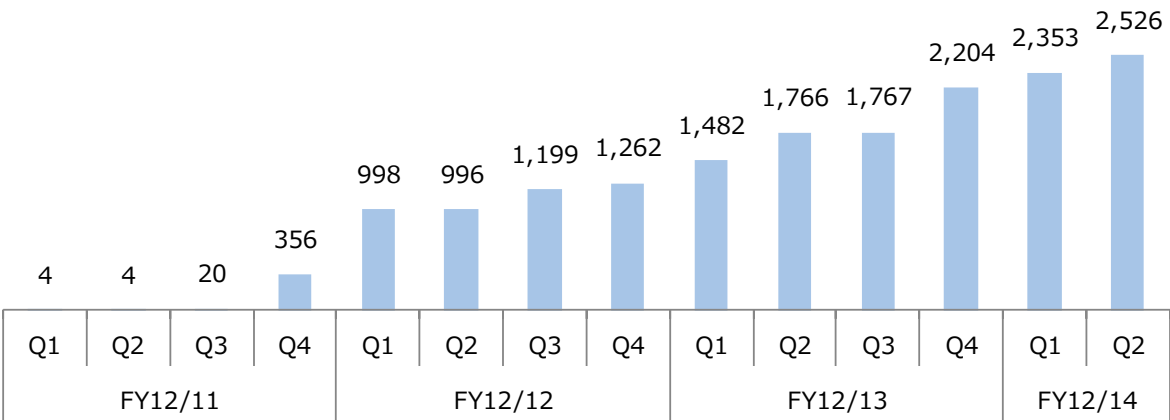
Global Expansion of the OUTSOURCING Group

We provide one-stop solutions to meet clients’ diverse staffing needs through building our Asia staffing network



Trend of Overseas Business

(¥ million)



Consolidated Balance Sheet

As of June 30, 2014

(¥ thousand)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Assets					
Total assets	9,502,163	10,465,812	13,527,049	17,114,373	22,091,324
Current assets	5,766,032	6,809,122	9,340,068	10,946,984	15,461,826
Cash and deposits	1,425,626	1,723,011	3,106,918	4,402,164	6,060,138
Notes and accounts receivable - trade	3,531,631	4,168,752	5,090,074	5,341,239	7,258,823
Work in process	65,141	27,192	82,377	82,654	331,978
Raw materials and supplies	63,290	54,326	63,514	83,174	449,399
Other	684,591	843,623	1,023,051	1,068,132	1,400,341
Allowance for doubtful accounts	(4,248)	(7,784)	(25,867)	(30,381)	(38,856)
Non-current assets	3,732,928	3,654,097	4,184,997	6,167,389	6,629,498
Property, plant and equipment	2,153,580	2,015,852	2,097,163	2,053,145	2,132,896
Buildings and structures, net	1,238,096	1,174,122	1,178,399	1,146,466	1,222,975
Other, net	915,484	841,729	918,763	906,678	909,920
Intangible assets	590,331	657,690	907,214	1,872,442	2,153,975
Goodwill	468,077	564,852	803,364	1,406,466	1,629,411
Other	122,253	92,838	103,850	465,975	524,563
Investments and other assets	989,017	980,554	1,180,620	2,241,801	2,342,626
Other	-	-	-	2,242,899	-
Allowance for doubtful accounts	-	-	-	(1,097)	-
Deferred assets	3,203	2,593	1,982	-	-

(¥ thousand)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Liabilities					
Total liabilities	6,651,227	7,036,372	9,944,368	12,444,333	15,947,156
Current liabilities	4,691,668	5,377,482	7,129,036	9,302,652	12,039,203
Notes and accounts payable - trade	64,798	17,933	77,377	243,505	652,228
Short-term loans payable	1,496,848	1,592,159	2,234,400	3,729,809	4,749,375
Accounts payable - other	1,746,219	2,041,103	3,127,508	3,434,792	3,935,850
Income taxes payable	283,155	283,309	179,891	245,270	543,398
Provision for bonuses	-	84,214	39,339	60,547	57,124
Provision	42,148	-	-	-	-
Other	1,058,498	1,358,763	1,470,519	1,588,726	2,101,225
Non-current liabilities	1,959,558	1,658,890	2,815,332	3,141,680	3,907,953
Bonds payable	205,500	137,000	96,000	60,000	70,000
Long-term loans payable	980,989	685,722	1,874,770	1,907,528	2,115,215
Provision for retirement benefits	-	364,556	380,003	513,553	767,614
Provision	88,912	-	-	-	-
Negative goodwill	598,271	392,492	255,438	117,209	3,394
Asset retirement obligations	-	-	-	-	292,338
Other	85,885	79,119	209,120	543,389	659,392

Net assets					
Total net assets	2,850,936	3,429,440	3,582,680	4,670,040	6,144,167
Shareholders' equity	2,754,086	3,251,371	3,335,037	3,918,393	5,212,836
Capital stock	483,735	485,202	485,443	492,194	534,867
Capital surplus	879,905	881,373	881,614	888,365	931,038
Retained earnings	1,781,539	2,275,890	2,359,073	2,928,927	4,138,024
Treasury shares	(391,094)	(391,094)	(391,094)	(391,094)	(391,094)
Accumulated other comprehensive income	1,740	2,603	21,127	165,690	299,395
Valuation difference on available-for-sale securities	1,740	4,200	352	17,521	19,436
Deferred gains or losses on hedges	-	-	-	-	(13)
Foreign currency translation adjustment	-	(1,596)	20,775	148,169	279,972
Subscription rights to shares	49,379	73,897	108,709	127,059	99,159
Minority interests	45,731	101,567	117,806	458,897	532,777
Total liabilities and net assets	9,502,163	10,465,812	13,527,049	17,114,373	22,091,324

Consolidated Statement of Income

For the six months ended June 30, 2014

(¥ thousand)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Net sales	12,839,708	14,874,595	20,408,116	21,433,078	28,070,264
Cost of sales	10,294,535	11,844,990	16,371,052	17,497,349	22,549,209
Gross profit	2,545,173	3,029,605	4,037,064	3,935,728	5,521,054
Selling, general and administrative expenses	2,288,192	2,821,470	3,787,160	3,934,645	4,807,668
Operating income	256,981	208,134	249,903	1,082	713,386
Non-operating income	311,179	255,836	338,551	350,951	288,424
Interest income	2,406	1,902	2,945	7,713	26,477
Dividend income	177	56	2,506	8,091	7,851
Real estate rent	137,331	154,127	204,045	200,084	165,494
Amortization of negative goodwill	77,404	70,562	69,165	69,168	46,164
Share of profit of entities accounted for using equity method	-	-	25,103	2,477	-
Subsidy income	68,118	-	-	-	-
Other	25,741	29,187	34,785	63,415	42,436
Non-operating expenses	188,435	182,978	279,248	313,360	241,860
Interest expenses	21,080	13,069	17,068	24,117	32,071
Rent cost of real estate	146,314	164,496	230,275	198,869	159,928
Share of loss of entities accounted for using equity method	14,085	788	-	-	1,025
Termination charge for point program	-	-	-	68,885	-
Other	6,954	4,623	31,904	21,488	48,834
Ordinary income	379,725	280,992	309,206	38,672	759,950
Extraordinary income	31,144	4,962	16,507	93,081	58,724
Gain on sales of non-current assets	42	4,962	1,163	478	39,398
Gain on sales of shares of subsidiaries	31,101	-	-	-	-
Gain on sales of investment securities	-	-	-	14,118	19,326
Gain on bargain purchase	-	-	15,344	78,484	-
Surrender value of insurance	-	-	-	-	-
Extraordinary losses	58,620	79,086	115,366	-	5,892
Loss on sales and retirement of non-current assets	-	14,833	6,184	-	5,892
Loss on sales of shares of subsidiaries and associates	-	10,023	-	-	-
Impairment loss	15,590	-	39,221	-	-
Loss on disaster	-	37,197	-	-	-
Office transfer expenses	4,475	-	69,960	-	-
Provision for office transfer expenses	38,554	-	-	-	-
Settlement package	-	11,200	-	-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	5,832	-	-	-
Income before income taxes	352,249	206,868	210,347	131,753	812,782
Income taxes - current	260,184	263,761	186,852	204,333	475,177
Income taxes - deferred	(62,328)	(69,578)	55,119	(147,309)	(43,292)
Total income taxes	197,856	194,182	241,972	57,023	431,885
Income (loss) before minority interests	-	12,685	(31,624)	74,730	380,897
Minority interests in income (loss)	(7,888)	2,064	(8,016)	44,859	5,626
Net income (loss)	162,281	10,621	(23,607)	29,870	375,270

Consolidated Statement of Cash Flows

For the six months ended June 30, 2014

(¥ thousand)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Cash flows from operating activities					
Net cash provided by (used in) operating activities	433,887	84,286	561,729	840,504	980,377
Income before income taxes	352,249	206,868	210,347	131,753	812,782
Depreciation	114,303	116,052	145,020	156,069	162,419
Loss on disaster	-	37,197	-	-	-
Settlement package	-	11,200	-	-	-
Impairment loss	15,590	-	39,221	-	-
Gain on bargain purchase	-	-	(15,344)	(78,484)	-
Amortization of goodwill	60,044	80,664	118,260	188,267	242,059
Amortization of negative goodwill	(77,404)	(70,562)	(69,165)	(69,168)	(46,164)
Increase (decrease) in allowance for doubtful accounts	(262)	(194)	(2,192)	3,600	(1,426)
Increase (decrease) in provision for bonuses	(20,455)	1,081	(52,812)	(11,166)	(3,337)
Increase (decrease) in provision for retirement benefits	6,587	(1,206)	(37,334)	13,786	(39,185)
Interest and dividend income	(2,584)	(1,959)	(5,452)	(15,804)	(34,329)
Interest expenses	21,080	13,069	17,068	24,117	32,071
Increase (decrease) in provision for office transfer expenses	38,554	-	-	-	-
Share of (profit) loss of entities accounted for using equity method	14,085	788	(25,103)	(2,477)	1,025
Loss (gain) on sales and retirement of non-current assets	-	9,871	5,021	(478)	(33,505)
Loss (gain) on sales of investment securities	-	-	-	(14,118)	(19,326)
Loss (gain) on sales of shares of subsidiaries and associates	-	10,023	-	-	-
Loss (gain) on sales of shares of subsidiaries	(31,101)	-	-	-	-
Decrease (increase) in notes and accounts receivable - trade	(486,691)	13,728	(62,996)	265,770	(589,510)
Decrease (increase) in inventories	8,067	(2,964)	(6,045)	1,913	(216,173)
Increase (decrease) in notes and accounts payable - trade	520,856	759,142	793,875	573,524	1,031,396
Increase (decrease) in accrued consumption taxes	194,190	(48,734)	4,274	(174,220)	336,088
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	5,832	-	-	-
Other, net	(215,663)	(365,268)	(318,748)	(115,613)	(329,508)
Subtotal	511,447	774,630	737,894	877,271	1,305,376
Interest and dividend income received	9,332	1,971	5,425	15,796	34,329
Interest expenses paid	(21,518)	(13,948)	(17,241)	(24,685)	(31,862)
Payments for loss on disaster	-	(34,856)	-	-	-
Settlement package paid	-	(11,200)	-	-	-
Income taxes paid	(65,374)	(684,700)	(177,818)	(96,183)	(340,552)
Income taxes refund	-	52,391	13,469	68,305	13,086

Consolidated Statement of Cash Flows

For the six months ended June 30, 2014

(¥ thousand)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Cash flows from investing activities					
Net cash provided by (used in) investing activities	269,615	252,577	(445,023)	(714,436)	(506,155)
Payments into time deposits	(77,069)	(73,100)	(64,471)	(77,622)	(156,273)
Proceeds from withdrawal of time deposits	463,817	50,000	80,279	71,664	94,530
Purchase of property, plant and equipment	(41,657)	(36,331)	(105,403)	(163,461)	(181,254)
Purchase of intangible assets	(7,039)	(12,480)	(19,674)	(31,963)	(47,309)
Payments for retirement of property, plant and equipment	-	(8,297)	-	-	-
Proceeds from sales of property, plant and equipment	785	-	2,823	815	40,312
Purchase of investment securities	-	(180)	(172)	(248)	(259)
Proceeds from sales of investment securities	-	-	-	415,619	80,030
Proceeds from sales of shares of subsidiaries and associates	-	6,000	-	-	-
Purchase of shares of subsidiaries and associates	-	-	(10,087)	(9,000)	-
Purchase of shares of subsidiaries	(8,943)	-	-	(79,059)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,902)	(39,786)	(195,850)	(975,859)	(377,751)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	43,071	-	-	53,728	6,883
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	380,000	-	-	-
Payments for transfer of business	-	(10,000)	-	(8,879)	-
Payments of loans receivable	(240)	(25,577)	(5,785)	(2,988)	(24,152)
Collection of loans receivable	7,654	8,930	35,175	933	2,086
Payments for lease and guarantee deposits	(151,913)	(56,210)	(231,044)	(24,240)	(56,226)
Proceeds from collection of lease and guarantee deposits	43,331	57,992	68,784	30,014	46,318
Purchase of insurance funds	(2,068)	(1,599)	(1,560)	(4,977)	(1,321)
Proceeds from cancellation of insurance funds	2,539	13,216	1,923	91,088	71,692
Other, net	2,249	-	39	-	(3,459)
Cash flows from financing activities					
Net cash provided by (used in) financing activities	(951,616)	(367,419)	729,306	705,059	(447,964)
Net increase (decrease) in short-term loans payable	(628,100)	(71,588)	216,643	795,216	178,430
Proceeds from long-term loans payable	326,545	300,000	1,000,000	500,000	-
Repayments of long-term loans payable	(327,526)	(458,218)	(312,215)	(312,376)	(484,303)
Redemption of bonds	(41,750)	(41,750)	(61,750)	(149,600)	(40,000)
Proceeds from issuance of common shares	-	2,572	-	13,501	40,175
Purchase of treasury shares	(172,391)	-	-	-	-
Cash dividends paid	(95,890)	(103,230)	(112,062)	(115,484)	(116,354)
Proceeds from share issuance to minority shareholders	-	6,766	4,068	-	-
Cash dividends paid to minority shareholders	-	(1,534)	(2,111)	(2,310)	(1,226)
Other, net	(12,503)	(437)	(3,265)	(23,888)	(24,685)
Effect of exchange rate change on cash and cash equivalents	-	(931)	9,884	101,985	(44,358)
Net increase (decrease) in cash and cash equivalents	(248,113)	(31,487)	855,897	933,112	(18,100)
Cash and cash equivalents at beginning of period	1,634,534	1,713,488	2,166,060	3,248,330	4,520,185
Cash and cash equivalents at end of period	1,386,421	1,682,001	3,021,958	4,181,443	4,502,085

Information by Operating Segment and Region

For the six months ended June 30, 2014

(¥ thousand)	FY12/12 1H	FY12/13 1H	FY12/14 1H
Net sales by new operating segment			
Manufacturing Outsourcing Business	12,303,341	9,867,413	12,049,348
Composition ratio	60.3%	46.0%	42.9%
Foods	866,775	753,268	793,390
Composition ratio	4.2%	3.5%	2.8%
Electrical & Electronics	2,516,214	2,015,339	3,075,411
Composition ratio	12.3%	9.4%	11.0%
Transport Equipment	4,254,949	2,888,107	3,962,839
Composition ratio	20.8%	13.5%	14.1%
Pharm. & Chemicals	1,732,725	1,786,265	1,947,401
Composition ratio	8.5%	8.3%	6.9%
Metals & Construction Materials	1,903,487	1,318,224	1,083,036
Composition ratio	9.3%	6.2%	3.9%
Others	1,029,189	1,106,208	1,187,266
Composition ratio	5.0%	5.1%	4.2%
Engineering Outsourcing Business	5,470,522	7,767,150	10,381,240
Composition ratio	26.8%	36.2%	37.0%
Electrical & Electronics	1,159,307	1,084,646	1,449,982
Composition ratio	5.7%	5.1%	5.2%
Transport Equipment	1,974,077	2,301,355	3,187,680
Composition ratio	9.7%	10.7%	11.3%
Pharm. & Chemicals	358,085	408,626	423,037
Composition ratio	1.8%	1.9%	1.5%
Metals & Construction Materials	13,984	4,792	46,437
Composition ratio	0.1%	0.0%	0.2%
IT-related	905,760	2,639,868	3,880,866
Composition ratio	4.4%	12.3%	13.8%
Construction & Plant-related	-	165,849	279,189
Composition ratio	-	0.8%	1.0%
After-sales Maintenance	-	86,389	160,704
Composition ratio	-	0.4%	0.6%
Others	1,059,306	1,075,622	953,341
Composition ratio	5.2%	5.0%	3.4%
Administrative Outsourcing Business	302,485	319,203	289,736
Composition ratio	1.5%	1.5%	1.0%
Recruitment and Placement Business	258,256	137,347	370,219
Composition ratio	1.3%	0.7%	1.3%
Overseas Business	1,994,449	3,248,206	4,879,822
Composition ratio	9.8%	15.2%	17.4%
Other Business	79,060	93,757	99,896
Composition ratio	0.4%	0.4%	0.4%
Total	20,408,116	21,433,078	28,070,264
Composition ratio	100.0%	100.0%	100.0%

(¥ thousand)	FY12/12 1H	FY12/13 1H	FY12/14 1H
Net sales by region			
Japan	18,413,667	18,184,871	23,190,441
Composition ratio	90.2%	84.8%	82.6%
Asia/Oceania (excl. Japan)	1,994,449	3,248,206	4,879,822
Composition ratio	9.8%	15.2%	17.4%
Total	20,408,116	21,433,078	28,070,264
Composition ratio	100.0%	100.0%	100.0%

[Reference] Information by Old Operating Segment and Region

For the six months ended June 30, 2012

(¥ thousand)	FY12/08 1H	FY12/09 1H	FY12/10 1H	FY12/11 1H	FY12/12 1H
Net sales by old operating segment					
Production Outsourcing Business	12,050,874	7,463,575	12,265,655	14,385,000	19,768,313
Composition ratio	98.8%	96.5%	95.5%	96.7%	96.9%
Electrical Equipment	3,503,145	2,075,665	3,828,747	4,416,639	3,703,382
Composition ratio	28.7%	26.8%	29.8%	29.7%	18.1%
Foods	2,950,549	1,918,004	989,583	930,586	868,826
Composition ratio	24.2%	24.8%	7.7%	6.3%	4.3%
Transport Equipment	2,822,865	733,521	3,053,342	4,616,989	6,245,724
Composition ratio	23.1%	9.5%	23.8%	31.0%	30.6%
Chemicals and Medicals	1,573,288	1,660,155	1,993,208	2,161,822	2,093,287
Composition ratio	12.9%	21.5%	15.5%	14.5%	10.3%
IT	-	-	-	-	1,005,074
Composition ratio	-	-	-	-	4.9%
Metals	376,783	172,884	132,697	186,354	1,919,399
Composition ratio	3.1%	2.2%	1.0%	1.3%	9.4%
Other	824,241	903,339	2,268,072	2,072,605	3,932,618
Composition ratio	6.8%	11.7%	17.7%	13.9%	19.3%
Administrative Operations Outsourcing Business	-	43,960	241,947	419,574	560,742
Composition ratio	-	0.6%	1.9%	2.8%	2.7%
Nursing-care Business	-	135,987	227,013	-	-
Composition ratio	-	1.7%	1.8%	-	-
Other Business	144,441	89,931	105,091	70,020	79,060
Composition ratio	1.2%	1.2%	0.8%	0.5%	0.4%
Total	12,195,315	7,733,455	12,839,708	14,874,595	20,408,116
Composition ratio	100.0%	100.0%	100.0%	100.0%	100.0%

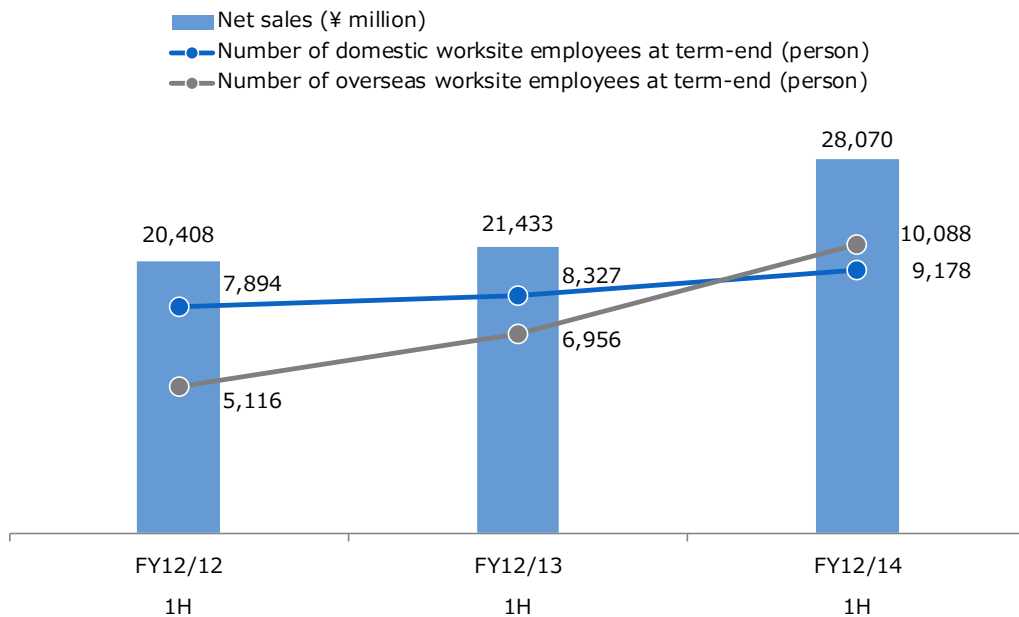
(¥ thousand)	FY12/08 1H	FY12/09 1H	FY12/10 1H	FY12/11 1H	FY12/12 1H
Net sales by region					
Hokkaido, Tohoku and Kanto	3,084,190	2,023,539	4,280,499	4,479,942	6,186,789
Composition ratio	25.3%	26.2%	33.3%	30.1%	30.3%
Tokai	6,227,387	3,676,261	5,677,211	6,423,477	7,997,382
Composition ratio	51.1%	47.5%	44.2%	43.2%	39.2%
Hokuriku and Koushinetsu	828,513	362,265	158,775	555,358	523,105
Composition ratio	6.8%	4.7%	1.2%	3.7%	2.6%
Kinki, Chugoku, and Kyushu	2,055,223	1,671,387	2,723,221	3,415,815	3,706,428
Composition ratio	16.8%	21.6%	21.2%	23.0%	18.1%
Overseas	-	-	-	-	1,994,409
Composition ratio	-	-	-	-	9.8%
Total	12,195,315	7,733,455	12,839,708	14,874,595	20,408,116
Composition ratio	100.0%	100.0%	100.0%	100.0%	100.0%

Other Information (Number of Workers / Recruitment Unit Price)

(person)	FY12/12 1H	FY12/13 1H	FY12/14 1H
Number of worksite employees at term-end			
Consolidated	13,010	15,283	19,266
Domestic	7,894	8,327	9,178
Manufacturing Outsourcing Business	6,229	5,969	6,213
Engineering Outsourcing Business	1,597	2,282	2,893
Administrative Outsourcing Business	68	76	72
Overseas	5,116	6,956	10,088
Number of outsourcing administrative workers at term-end			
Administrative Outsourcing Business	1,690	2,179	2,018
Number of placed workers			
Recruitment and Placement Business	1,206	806	1,455

Note: the number of worksite employees includes temporary placement employees.

1H FY12/12 includes the results of equity method affiliate PT. SELNAJAYA PRIMA.



	FY12/12 1H	FY12/13 1H	FY12/14 1H
Recruitment efficiency			
Manufacturing Outsourcing Business			
Number of worksite employees at term-end	6,229	5,969	6,213
Recruitment unit price (¥/worker)	48,932	41,660	73,276
Engineering Outsourcing Business			
Number of worksite employees at term-end	1,597	2,282	2,893
Recruitment unit price (¥/worker)	262,166	257,892	241,758
Utilization rate	96.8%	96.3%	96.8%
Recruitment and Placement Business			
Number of placed workers	1,206	806	1,455
Recruitment unit price (¥/worker)	133,235	92,196	116,930

Consolidated Profitability Indicators

(¥ million)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Net sales	12,839	14,874	20,408	21,433	28,070
Gross profit	2,545	3,029	4,037	3,935	5,521
SG&A expenses	2,288	2,821	3,787	3,934	4,807
Operating income	256	208	249	1	713
Ordinary income	379	280	309	38	759
Net income	162	10	(23)	29	375

(%)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Gross profit on sales ratio	19.8	20.4	19.8	18.4	19.7
SG&A expenses ratio	17.8	19.0	18.6	18.4	17.1
Operating income margin	2.0	1.4	1.2	0.0	2.5
Ordinary income margin	3.0	1.9	1.5	0.2	2.7
Net income margin	1.3	0.1	-0.1	0.1	1.3

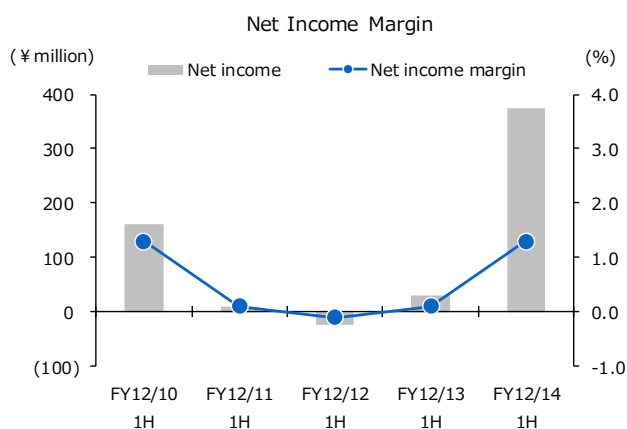
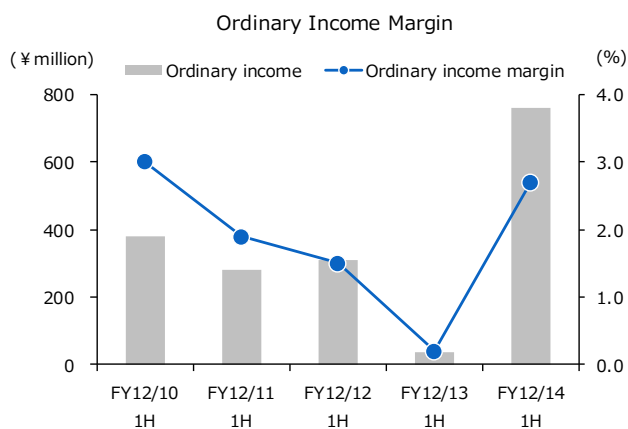
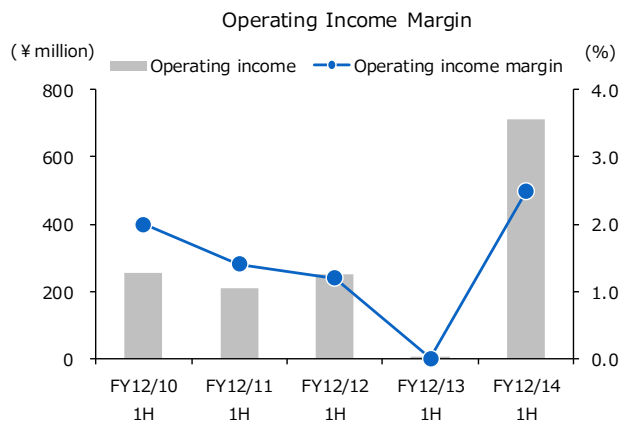
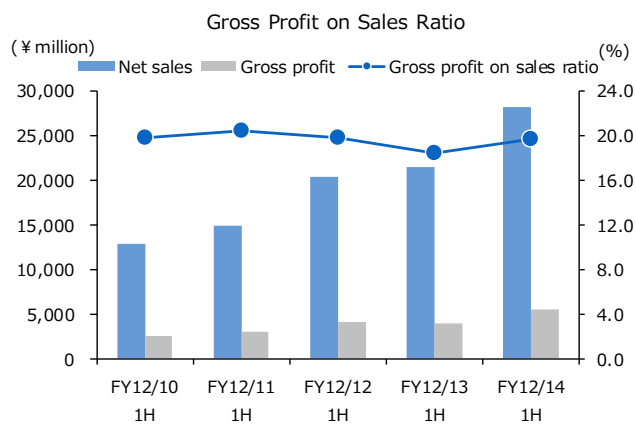
Gross profit on sales ratio=Gross profit/Net sales

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

Operating income margin=Operating income/Net sales

Ordinary income margin=Ordinary income/Net sales

Net income margin=Net income/Net sales



Consolidated Efficiency Indicators

(times)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Total assets turnover	2.7	2.8	3.2	2.8	2.6
Non-current assets turnover	6.9	8.0	10.0	8.1	8.7
Current assets turnover	4.5	4.3	4.7	4.2	3.8

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

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

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

(¥ million)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Net sales per employee	26	23	22	22	23
Operating income per employee	+0	+0	+0	+0	+0
Ordinary income per employee	+0	+0	+0	+0	+0
Net income per employee	+0	+0	-0	+0	+0

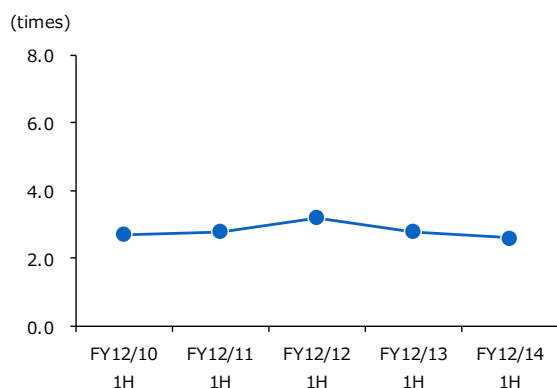
Net sales per employee=Net sales/Number of consolidated internal staff

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

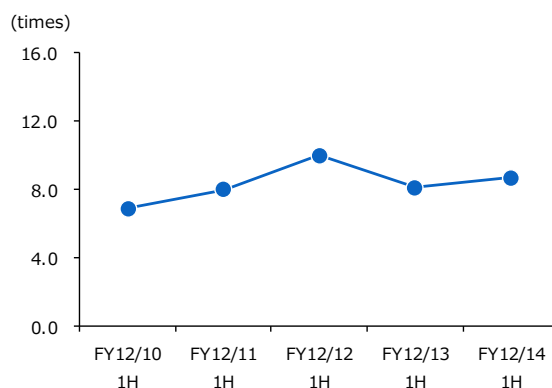
Ordinary income per employee=Ordinary income/Number of consolidated internal staff

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

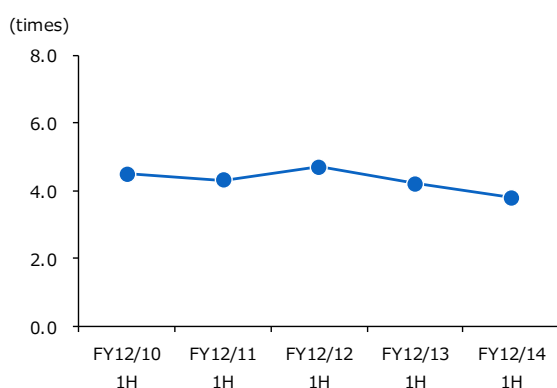
Total Assets Turnover



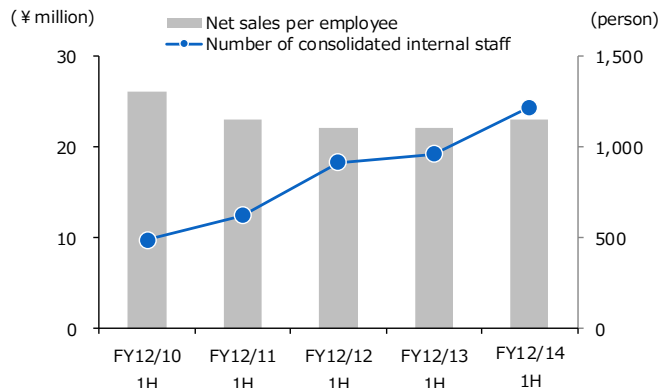
Non-current Assets Turnover



Current Assets Turnover



Net Sales per Employee



Consolidated Stability and Financial Indicators

(¥ million)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Equity	2,755	3,253	3,356	4,084	5,512
Total assets	9,502	10,465	13,527	17,114	22,091
Non-current assets	3,732	3,654	4,184	6,167	6,629
Current assets	5,766	6,809	9,340	10,946	15,461
Current liabilities	4,691	5,377	7,129	9,302	12,039
Interest-bearing debt	2,831	2,533	4,402	5,954	7,126

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

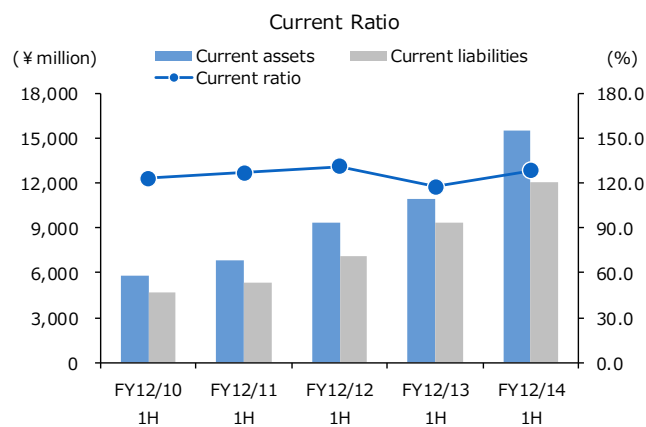
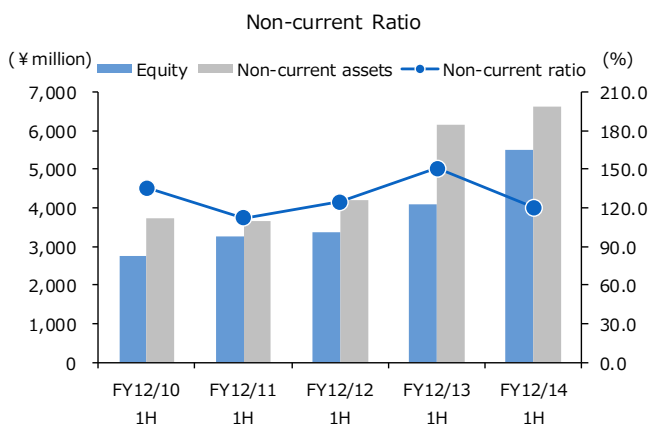
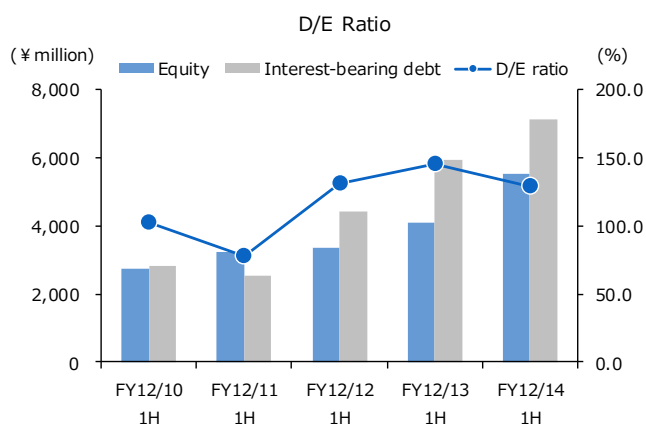
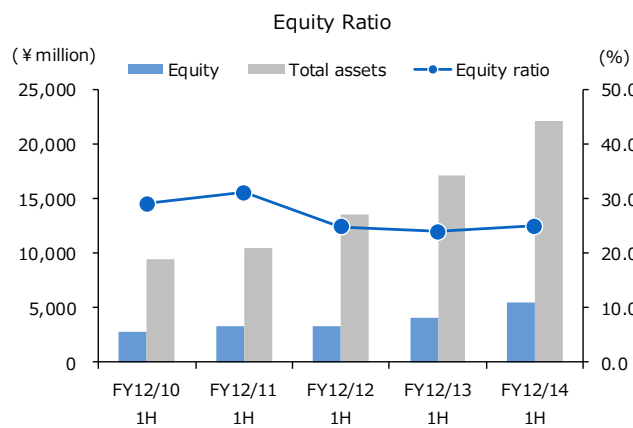
(%)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Equity ratio	29.0	31.1	24.8	23.9	25.0
D/E ratio	102.7	77.9	131.2	145.8	129.3
Non-current ratio	135.5	112.3	124.7	151.0	120.3
Current ratio	122.9	126.6	131.0	117.7	128.4

Equity ratio=Equity/Total assets

D/E ratio=Interest-bearing debt/Equity

Non-current ratio=Non-current assets/Equity

Current ratio=Current assets/Current liabilities



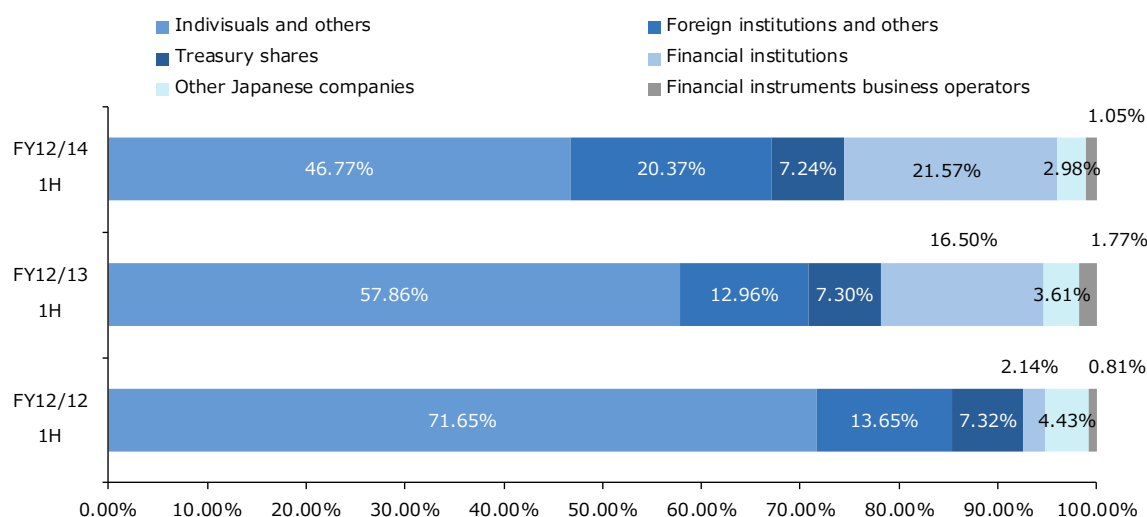
Major Shareholders

As of June 30, 2014

Top 10 Shareholders	Number of Shares	Shareholding Ratio
Haruhiko Doi	3,747,700	23.83%
Japan Trustee Services Bank, Ltd. (Trust account)	1,463,700	9.31%
Masahiko Dorin	999,000	6.35%
The Master Trust Bank of Japan, Ltd. (Trust account)	783,200	4.98%
Goldman Sachs International	424,705	2.70%
The Bank of New York Mellon 140030	389,000	2.47%
Chiharu Doi	310,000	1.97%
Yoshiki Sano	300,000	1.91%
AI Corporation	300,000	1.91%
Deutsche Bank AG London PB Non Treaty Clients 613	290,800	1.85%

Note : In addition to the shareholders listed above, OUTSOURCING holds 1,139,500 shares in treasury shares.

Breakdown by Type of Shareholders



Per Share Indicators

(¥)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
Share price at term-end	32,100	483	302	681	1,457
Net income per share	1,113.46	0.73	(1.63)	2.06	25.77
Net income per share (fully diluted)	1,109.42	0.73	-	2.03	25.22
Net assets per share	19,131.30	225.55	232.57	282.30	377.84
Dividend per share	-	-	-	5.00	8.00

Note: Share splits (1 to 100) in November 2010

Stock Price / Other Indicators

(times)	FY12/10 1H	FY12/11 1H	FY12/12 1H	FY12/13 1H	FY12/14 1H
PER	28.8	661.6	-	330.6	56.5
PBR	1.7	2.1	1.3	2.4	3.9

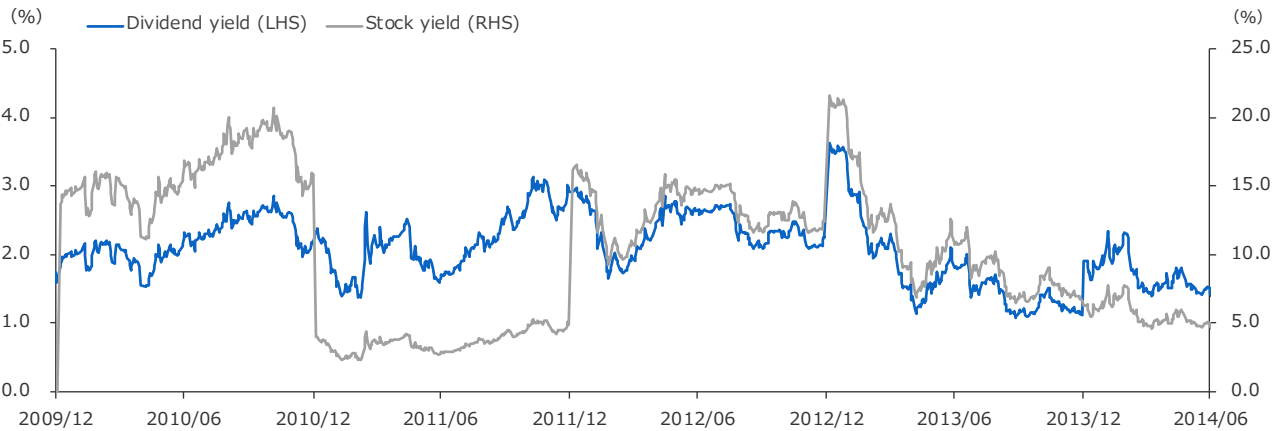
(reference)

(%)	FY12/10 Full-term	FY12/11 Full-term	FY12/12 Full-term	FY12/13 Full-term	FY12/14 Full-term
ROE	24.6	5.8	17.0	23.8	-
ROA	7.6	1.7	5.0	6.6	-
Dividend on net asset	3.4	3.4	2.8	4.0	-

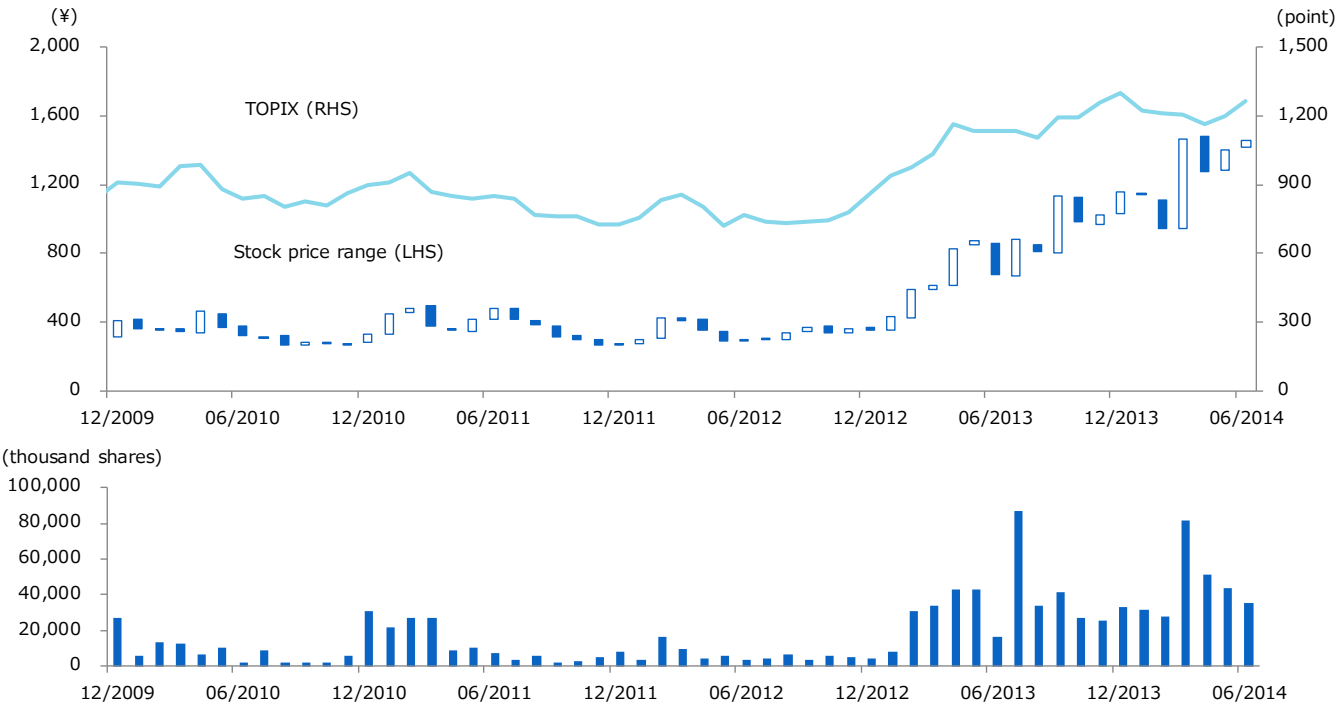
ROE=Net income/Average equity

ROA=Net income/Average total assets

Stock Yield / Dividend Yield



Stock Price Range / Trading Volume





Contact

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