



April 28, 2016

To Whom It May Concern

Company Name: OUTSOURCING Inc.
Representative: Haruhiko Doi
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(First Section of TSE, Securities Code 2427)
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Notice Regarding Acquisition of Shares of SYMPHONY HRS SDN. BHD., Malaysia

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces that the Board of Directors, at its meeting held on April 28, 2016, resolved to acquire 60% of the issued shares of SYMPHONY HRS SDN. BHD. (hereinafter “SYMPHONY HRS”), making it a subsidiary.

By acquiring SYMPHONY HRS as a subsidiary, SYMPHONY HR SOLUTIONS INDIA PRIVATE LIMITED, Symphony HRS Japan K.K. and SYMBPO EUROPE LIMITED, all of which are subsidiaries of SYMPHONY HRS, will also become sub-subsidiaries of the Company.

Particulars

1. Purpose of the Acquisition of Shares

The primary growth driver of OUTSOURCING Group (hereinafter the “Group”) has been its core business of production outsourcing which aims to improve and enhance the production efficiency of manufacturers. However, this business is susceptible to client makers’ business cycles, and is therefore highly volatile.

Although the Group has been responding to additional workforce requirements by volume recruitment and placement of fixed-term contract workers, it has become difficult in the recent labor market to recruit such workers on a volume basis, and the Company has subsequently shifted its recruiting model to the PEO scheme that is based on the hiring of permanent workers as well as provisions for longer contract terms and raising higher unit prices to reduce risks associated with recruiting permanent employee-ism—i.e., higher fixed costs—in a highly volatile market.

The Group has also rolled out “Vision 2017: Vector to the New Paradigm,” its Medium-Term Business Plan, to hedge against the risk of changes in the macro environment as impactful as the Lehman crisis. Through this initiative, the Company is moving into sectors with business cycles that differ from manufacturing while making changes in its operating environment, thereby aiming to achieve revenue leveling as it continues to generate significant growth. This plan has borne fruit in the launch of the

domestic outsourcing services in the previous fiscal year targeting convenience stores and US military base facilities, as well as the launch of services this fiscal year aimed at local public organizations in Australia and public debt collection services in the United Kingdom.

The Group is thus focusing on human resource outsourcing solutions of payroll accounting services (hereinafter “payroll services”) in Asia region as an upcoming of objective. The payroll service market is widely accepted and is already well established in Europe and North America, where it is estimated that 70% of the payroll accounting operation is outsourced. Meanwhile, the current payroll outsourcing rate is said to be relatively low in Asia region, including Japan, and payroll services are gaining attention as a promising growth market due to increasing demand in outsourcing. In response to this trend, the Group is expanding its payroll services currently handling 27,000 workers mainly in the Asia region.

At the same time, SYMPHONY HRS offers overwhelming strategic differentiation from competitors as it handles payroll accounting operation in 19 different countries, providing service support for some 90,000 employees based in the Asian bases of global conglomerates, a client base that includes a German large manufacture of luxury automobiles and an auto parts maker, a US major investment bank and a precision machinery manufacturer. The acquisition investment to purchase the company will be processed within fiscal 2016. Projected to contribute to more than 20% of the Group's consolidated operating income rate, the acquired company can be expected to drive steady growth for the future.

By making SYMPHONY HRS the Company's subsidiary, the Group aims to strengthen the payroll business base in the Asia region, where the market is expected to grow, not only through cooperation among the Group's affiliated businesses, but also through strategic proposals of payroll services for over 10,000 clients in other business fields, while also pursuing initiatives to both stabilize and expand its businesses.

2. Outline of the Company that will Become a Subsidiary of OUTSOURCING Inc.

① SYMPHONY HRS

(1)	Company Name	SYMPHONY HRS SDN. BHD.	
(2)	Head Office	Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46,47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	
(3)	Name and Title of Representative	John Gerard Cantillon, Chief Executive Officer	
(4)	Major Businesses	Payroll Services	
(5)	Capital Stock	MYR13,333,333	
(6)	Established	January 12, 2011	
(7)	Major Shareholder, % owned	HR GROUP MANAGEMENT LTD (100%)	
(8)	Relationship between OUTSOURCING Inc. and SYMPHONY HRS	Capital Relationship	None
		Personnel Relationship	None

	Business Relationship	None	
(9) Consolidated Financial Results and Positions for the Past Three Fiscal Years (Unit: Thousands of MYR)			
Fiscal Year	December 2012	December 2013	March 2015
Net Assets	31,207	31,549	28,565
Total Assets	48,477	41,408	33,849
Net Assets Per Share (Unit: MYR)	3.6	2.3	2.1
Net Sales	86,675	75,111	29,664
Operating Income	3,819	(1,342)	(2,360)
Ordinary Income	3,949	(1,358)	(2,172)
Net Income	3,964	505	(2,836)
Net Income Per Share (Unit: MYR)	0.2	0.0	(0.2)
Dividends Per Share (Unit: MYR)	-	-	-

Reference rate: MYR1.00 = JPY28.80

Note: SYMPHONY HRS has changed the end of its fiscal term to March 31 from December 31. For this reason, the fiscal year ending March 2015 is irregularly 15 months as a transition period. Also, because of the partial change in processing of sales from gross to net starting from the fiscal year ending March 2015, a significant decrease can be seen in Net Sales. However, the number of employees has increased.

3. Outline of the Companies that will Become Sub-subsidiaries of OUTSOURCING Inc.

① Symphony HRS Japan K.K.

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(1)	Company Name	Symphony HRS Japan K.K.		
(2)	Head Office	4F, Daiwa Akasaka Bldg., 2-14-15 Akasaka, Minato-ku, Tokyo, Japan		
(3)	Name and Title of Representative	Hiroe Nagamori, Chief Executive Officer		
(4)	Major Businesses	Payroll and Accounting Services Provision of Public Welfare Business Process Outsourcing Services including Computer Data Process Services		
(5)	Capital Stock	JPY1,000,000		
(6)	Established	July 9, 2013		
(7)	Major Shareholder, % owned	SYMPHONY HRS (100%)		
(8)	Relationship between OUTSOURCING Inc. and Symphony HRS Japan K.K.	Capital Relationship	None	
		Personnel Relationship	None	
		Business Relationship	None	
(9)	Financial Results and Positions for the Past Three Fiscal Years (Unit: Thousands of JPY)			
Fiscal Year		December 2013	December 2014	December 2015

Net Assets	460	(35,938)	(53,554)
Total Assets	1,000	8,783	3,568
Net Assets Per Share	23.0	(1,796.9)	(2,677.7)
Net Sales	0	15,863	47,154
Operating Income	(510)	(36,281)	(18,212)
Ordinary Income	(510)	(36,281)	(17,598)
Net Income	(539)	(36,398)	(17,668)
Net Income Per Share	(26.9)	(1,819.9)	(883.4)
Dividends Per Share	-	-	-

Note: Because the relevant sub-subsidiary was established in July 2013, its term of fiscal 2013 started on July 9, 2013 and ended on December 31, 2013.

② SYMPHONY HR SOLUTIONS INDIA PRIVATE LIMITED

SYMPHONY HR SOLUTIONS INDIA PRIVATE LIMITED				
(1)	Company Name	SYMPHONY HR SOLUTIONS INDIA PRIVATE LIMITED		
(2)	Head Office	No L 127, 4th Main, 14th Cross 6th Sector, HSR Layout, Bangalore 560102, Karnataka, INDIA		
(3)	Name and Title of Representative	John Gerard Cantillon, Director		
(4)	Major Businesses	Payroll Services and HR Consultancy		
(5)	Capital Stock	INR100,000		
(6)	Established	February 7, 2014		
(7)	Major Shareholder, % owned	SYMPHONY HRS (99.99%)		
(8)	Relationship between OUTSOURCING Inc. and SYMPHONY HR SOLUTIONS INDIA PRIVATE LIMITED	Capital Relationship	None	
		Personnel Relationship	None	
		Business Relationship	None	
(9) Financial Results and Positions for the Past Three Fiscal Years (Unit: Thousands of INR)				
Fiscal Year		December 2013	December 2014	December 2015
Net Assets		-	-	1,045
Total Assets		-	-	3,295
Net Assets Per Share		-	-	104.5
Net Sales		-	-	11,394
Operating Income		-	-	1,486
Ordinary Income		-	-	1,486
Net Income		-	-	945
Net Income Per Share		-	-	94.5

Dividends Per Share	-	-	-
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Reference rate: INR1.00=JPY1.70

③ SYMBPO EUROPE LIMITED

(1)	Company Name	SYMBPO EUROPE LIMITED		
(2)	Head Office	21 Bedford Square London, United Kingdom		
(3)	Name and Title of Representative	Joanne Chan Wei Ling, Director		
(4)	Major Businesses	Outsourcing Consulting		
(5)	Capital Stock	GBP1		
(6)	Established	September 1, 2010		
(7)	Major Shareholder, % owned	SYMPHONY HRS (100%)		
(8)	Relationship between OUTSOURCING Inc. and SYMBPO EUROPE LIMITED	Capital Relationship	None	
		Personnel Relationship	None	
		Business Relationship	None	
(9) Financial Results and Positions for the Past Three Fiscal Years (Unit: Thousands of GBP)				
Fiscal Year		December 2012	December 2013	December 2014
Net Assets		(277)	(260)	(228)
Total Assets		240	160	39
Net Assets Per Share		(277.0)	(260.0)	(228.0)
Net Sales		488	349	541
Operating Income		10	16	32
Net Income		10	16	32
Net Income Per Share		10.0	16.0	32.0
Dividends Per Share		-	-	-

Reference rate: GBP1.00=JPY161.92

4. Outline of the Parties from which Shares will be Acquired

(1) Company Name	HR GROUP MANAGEMENT LTD
(2) Head Office	Geneva Place, Waterfront Drive, P.O. BOX 3469, Road Town, Tortola, British Virgin Islands, United Kingdom
(3) Name and Title of Representative	Joanne Chan Wei Ling, Director
(4) Major Businesses	Consulting Services, etc.
(5) Capital Stock	USD1

(6)	Established	March 11, 2011	
(7)	Net Assets	N/A	
(8)	Total Assets	N/A	
(9)	Major Shareholder, % owned	Joanne Chan Wei Ling (100%)	
(10)	Relationship between OUTSOURCING Inc. and HR GROUP MANAGEMENT LTD	Capital Relationship	None
		Personnel Relationship	None
		Business Relationship	None
		Related Party Relationship	None

5. Number of Shares to be Acquired, and Ownership Before and After the Acquisition

(1)	Number of Shares Owned Before Acquisition	SYMPHONY HRS Number of shares 0 Number of voting rights 0 Ratio of voting rights owned 0%	
(2)	Number of Shares to be Acquired	SYMPHONY HRS Number of shares 8,000,000 Number of voting rights 8,000,000 Ratio of voting rights owned 60%	
(3)	Acquisition Price	Acquisition of SYMPHONY HRS common shares and stake (estimated amount) JPY1,555 million Advisory fees (estimated amount) JPY 80 million TOTAL (estimated amount) JPY1,635 million	
(4)	Number of Shares Owned After Acquisition	SYMPHONY HRS Number of shares 8,000,000 Number of voting rights 8,000,000 Ratio of voting rights owned 60%	

Note: Conversion rate is MYR1.00 = JPY28.80

6. Schedule

(1)	Date of Board of Directors Resolution	April 28, 2016
(2)	Date of Agreement	April 28, 2016
(3)	Date of Shares Transfer	April 28, 2016

7. Future Outlook

The impact of this acquisition of shares on the Group's consolidated financial forecasts for the fiscal year ending December 31, 2016 is included in the "Notice Regarding Revision of Consolidated Financial Forecasts" announced today (April 28, 2016).