



July 29, 2016

To Whom It May Concern

Company Name: OUTSOURCING Inc.  
Representative: Haruhiko Doi  
Chairman and CEO  
(First Section of TSE, Securities Code 2427)  
Contact: Kazuhiko Suzuki  
Executive Vice President and  
Executive General Manager  
in charge of Business  
Management Division  
Phone: +81-3-3286-4888

**Notice Regarding Acquisition of Shares of Allen Lane Consultancy Limited,  
ALL Holdco 2016 Limited and Liberata UK Limited and Borrowing of Funds**

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces that the Board of Directors, at its meeting held on July 29, 2016, resolved to increase its capital in OUTSOURCING UK Limited, making it a subsidiary, and to have OUTSOURCING UK Limited acquire the shares of Allen Lane Consultancy Limited (hereinafter “ALC”), ALL Holdco 2016 Limited (hereinafter “ALL Holdco”) and Liberata UK Limited (hereinafter “Liberata”).

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 to improve the production efficiency of manufacturers. This business is susceptible to client makers’ manufacturing cycles and therefore highly volatile, and in order to accommodate this volatility, until recently, the Group utilized a model of recruiting fixed-term contract workers on a volume basis. However, as the number of workers was largely affected by business size and the the model ensued a cutback in workers once their contracts expired, the Group had to constantly acquire orders for additional workers, and continue recruiting and assigning workers on a volume basis in order to increase its revenues.

In the recent labor market, it has become difficult to recruit fixed-term contract workers on a volume basis, and the Group has subsequently shifted its recruiting model to the PEO scheme which is based on the hiring of permanent workers, lengthening contract terms and raising unit prices to reduce risks associated with recruiting permanent employee-ism—i.e., higher fixed costs. And in order to hedge against the risk of another potential crisis as significant as the collapse of Lehman Brothers, the Group aims to drive significant growth while achieving revenue leveling that is less vulnerable to volatility risks by enhancing its businesses in sectors with different business cycles from the manufacturing sector, as well as by making forays into businesses less susceptible to economic trends and changes in its operating environment.

Since the Group acquired the shares of the JBW Group (hereafter “JBW”) on April 1, 2016, the Group set as a benchmark the outsourcing of public services business in the UK market, and in order to develop that business, has been searching for the right M&A opportunity. Due to the impact of the recent Brexit decision, the economic situation of the U.K. may appear relatively unstable. However, demand for outsourcing of

public services business remains firm, and could be characterized as a very low volatility business. Moreover, a public offering regarding a major new framework (order opportunity) is underway for the second half of 2016.

At the same time, ALC is a specialized accountant-operated outsourcing service provider, engaging in contract work of high-end operations for a wide range of public services, including accounting, account settlement, business process improvement and project management for its respective clients. The Company is winning orders on the strength of its quality product that is on par with the so-called Big 4 public accounting firms, and continues to generate a very high level of profit margins.

With some 1,400 employees, Liberata provides BPO (Business Processing Outsourcing) services to the central and local government agencies of the U.K. and boasts a nationwide network of offices. BPO operations service contracts typically run from eight to 10 years and are characterized as a low volatility business.

Both companies retain a strong presence in the public services outsourcing business and can be expected to create substantive synergies with JBW which was acquired in April.

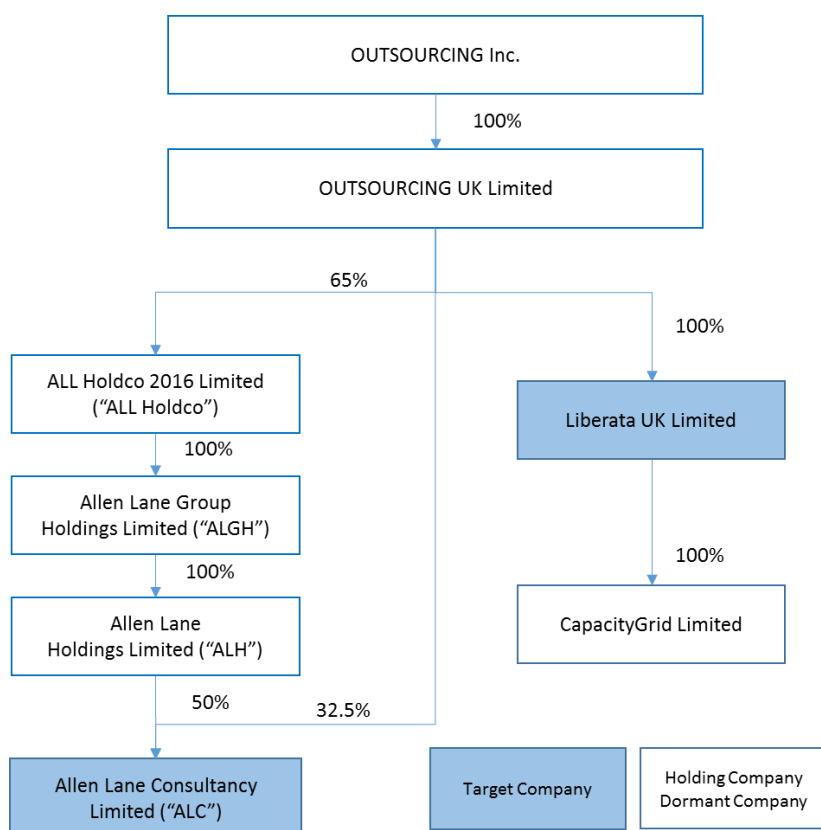
Strengthening the aforementioned three-company/two-group structure in the area of public services outsourcing in the U.K. will unquestionably lead to an increase in sales and profits, significantly raising name recognition as well.

By further leveraging the Company's presence in the public services outsourcing business in the U.K., it is developing a business that is less susceptible to the impact of changes in the economy and operating environment. In addition, by coordinating closely with NTRINSIC HOLDINGS LIMITED Group, another Company subsidiary, that is already engaged in developing its IT business in the U.K., the Company is strengthening its business foundation in the country. Also, with a view toward developing these businesses in other countries, starting from Commonwealth countries with relatively similar systems to the U.K. such as Australia, the Group aims to accelerate its dual goals of business stabilization and growth.

## 2. Method of Transfer

Through OUTSOURCING UK Limited which was established on July 15, 2016, the Company will acquire 32.5% of ALC shares from Altegra Solutions LLP. The Company will concurrently acquire 65% of the shares held by ALL Holdco 2016 Limited. Also, the Company will acquire 100% of Liberata UK Limited shares from Ardbid Limited, making it a wholly-owned subsidiary.

[Post-Acquisition Overview]



### 3. Regarding the Borrowing of Funds

This acquisition transaction is scheduled for cash settlement, and as shown below, the required funds will be borrowed.

It should be noted that regarding repayment of the Loan ①, in anticipation of stable earnings of ALC and Liberta, repayment is scheduled to be made from the free cash flow of the said companies. As for the Loan ②, considering the cash flow of the Group as a whole, part of the repayment is expected to be refinanced.

	Loan ①	Loan ②
(1) Use of Funds	Payment for acquisition of shares in ALC and Liberata	Payment for increasing capital in OUTSOURCING UK Limited
(2) Loan Amount	GBP45 million	JPY6,159 million
(3) Lender	Sumitomo Mitsui Banking Corporation Europe Ltd	Sumitomo Mitsui Banking Corporation
(4) Loan Period	Five years	Six months
(5) Interest Rate	LIBOR +2.5%	TIBOR +0.5%

Note: Conversion rate is GBP 1 = JPY138.00

### 4. Outline of the Tier-1 Subsidiary of OUTSOURCING Inc. that will Acquire Shares

(1) Company Name	OUTSOURCING UK LIMITED
(2) Head Office	12b Beehive 3, Lingfield Point, Darlington, Durham, United Kingdom, DL1 1YN
(3) Name and Title of Representative	Masaki Motegi, Director

(4)	Major Business	Holding company
(5)	Capital Stock	GBP 1 (As of July 29, 2016, increased its capital to GBP44 million and made it a subsidiary)
(6)	Established	July 15, 2016

5. Outline of the Company that will become a Tier-2 Subsidiaries of OUTSOURCING Inc.

① Liberata UK Limited

(1)	Company Name	LIBERATA UK LIMITED		
(2)	Head Office	1st Floor, 100 Wood Street, London, United Kingdom EC2V 7AN		
(3)	Name and Title of Representative	Martin Trainer, Director Charles Bruin, Director Robert Price, Director Dermot Joyce, Director		
(4)	Major Business	BPO services		
(5)	Capital Stock	GBP 2,000,000		
(6)	Established	December 22, 1975		
(7)	Major Shareholders, % owned	Ardbid Limited (100%)		
(8)	Relationship between OUTSOURCING Inc. and Liberata UK Limited	Capital Relationship	None	
		Personnel Relationship	None	
		Business Relationship	None	
(9) Financial Results and Positions for the Past Three Fiscal Years (Unit: GBP)				
Fiscal Year		December 2013 (unaudited)	December 2014 (unaudited)	December 2015 (unaudited)
Net Assets		4,487,000	4,096,000	4,098,000
Total Assets		18,409,000	20,981,000	17,598,000
Net Assets Per Share		1.12	1.02	1.02
Net Sales		81,144,000	75,187,000	69,278,000
Operating Income		7,206,000	4,698,000	4,022,000
Income Before Income Taxes		7,016,000	7,350,000	1,000,000
Net Income		6,083,000	7,774,000	2,002,000
Net Income Per Share		1.52	1.94	0.50
Dividends Per Share		-	-	-

② ALL Holdco 2016 Limited

(1)	Company Name	ALL HOLDCO 2016 LIMITED
(2)	Head Office	Acre House, 11-15 William Road, London, United Kingdom NW1 3ER
(3)	Name and Title of Representative	Ben Lane, Director James Allen, Director

	Roberta Lane, Director Louise Allen, Director			
(4)	Major Business	Holding comapny		
(5)	Capital Stock	GBP 100		
(6)	Established	June 30, 2016		
(7)	Major Shareholders, % owned	Ben Lane (32.5%) James Allen (32.5%) Roberta Lane (17.5%) Louise Allen (17.5%)		
(8)	Relationship between OUTSOURCING Inc. and ALL Holdco 2016 Limited	Capital Relationship	None	
		Personnel Relationship	None	
		Business Relationship	None	
(9) Financial Results and Positions for the Past Three Fiscal Years (Unit: GBP)				
Fiscal Year				May 2016 (unaudited)
Net Assets		-	-	100
Total Assets		-	-	100
Net Assets Per Share		-	-	1
Net Sales		-	-	-
Operating Income		-	-	-
Income Before Income Taxes		-	-	-
Net Income		-	-	-
Net Income Per Share		-	-	-
Dividends Per Share		-	-	-

6. Outline of the Company that will become Tier-3 Subsidiaries of OUTSOURCING Inc.

① Allen Lane Group Holdings Limited

(1) Company Name	ALLEN LANE GROUP HOLDINGS LIMITED		
(2) Head Office	Acre House 11-15 William Road, London, United Kingdom NW1 3ER		
(3) Name and Title of Representative	Ben Lane, Director James Allen, Director Roberta Lane, Director Louise Allen, Director		
(4) Major Business	Holding company		
(5) Capital Stock	GBP 8		
(6) Established	March 11, 2016		
(7) Major Shareholders, % owned	ALL Holdco 2016 Limited (100%)		
(8) Relationship between	Capital	None	

OUTSOURCING Inc. and Allen Lane Group Holdings Limited	Relationship			
	Personnel Relationship	None		
	Business Relationship	None		
(9) Financial Results and Positions for the Past Three Fiscal Years (Unit: GBP)				
Fiscal Year				May 2016 (unaudited)
Net Assets	-	-		8
Total Assets	-	-		8
Net Assets Per Share	-	-		1
Net Sales	-	-		-
Operating Income	-	-		-
Income Before Income Taxes	-	-		-
Net Income	-	-		-
Net Income Per Share	-	-		-
Dividends Per Share	-	-		-

② CapacityGrid Limited

CapacityGrid Limited

(1)	Company Name	CapacityGrid Limited		
(2)	Head Office	1st Floor, 100 Wood Street, London, United Kingdom EC2V 7AN		
(3)	Name and Title of Representative	Dermot Joyce, Director Martin Trainer, Director Charles Bruin, Director		
(4)	Major Business	Contract labour-based BPO services for small-sized, short-term projects		
(5)	Capital Stock	GBP 1,000		
(6)	Established	July 17, 2014		
(7)	Major Shareholders, % owned	Liberata UK Limited (100%)		
(8)	Relationship between OUTSOURCING Inc. and CapacityGrid Limited	Capital Relationship	None	
		Personnel Relationship	None	
		Business Relationship	None	
(9) Financial Results and Positions for the Past Three Fiscal Years (Unit: GBP)				
Fiscal Year			December 2014 (unaudited)	December 2015 (unaudited)
Net Assets		-	1,000	1,000
Total Assets		-	1,000	1,000
Net Assets Per Share		-	1	1
Net Sales		-	-	-

Operating Income	-	-	-
Income Before Income Taxes	-	-	-
Net Income	-	-	-
Net Income Per Share	-	-	-
Dividends Per Share	-	-	-

7. Outline of the Company that will become a Tier-4 Subsidiary of OUTSOURCING Inc.

Allen Lane Holdings Limited

(1)	Company Name	ALLEN LANE HOLDINGS LIMITED	
(2)	Head Office	Acre House 11-15 William Road, London, United Kingdom NW1 3ER	
(3)	Name and Title of Representative	Ben Lane, Director James Allen, Director Roberta Lane, Director Louise Allen, Director	
(4)	Major Business	Holding company	
(5)	Capital Stock	GBP100	
(6)	Established	January 28, 2008	
(7)	Major Shareholders, % owned	Allen Lane Group Holdings Limited (100%)	
(8)	Relationship between OUTSOURCING Inc. and Allen Lane Holdings Limited	Capital Relationship	None
		Personnel Relationship	None
		Business Relationship	None
(9)	Financial Results and Positions for the Past Three Fiscal Years (Unit: GBP)		
Fiscal Year			May 2016 (unaudited)
Net Assets		-	1,739
Total Assets		-	4,000
Net Assets Per Share		-	17.39
Net Sales		-	-
Operating Income		-	-
Income Before Income Taxes		-	-
Net Income		-	-
Net Income Per Share		-	-
Dividends Per Share		-	-

8. Outline of the Company that will become a Tier-5 Subsidiary of OUTSOURCING Inc.

① Allen Lane Consultancy Limited

(1)	Company Name	ALLEN LANE CONSULTANCY LIMITED
-----	--------------	--------------------------------

(2)	Head Office	Acre House 11-15 William Road, London, United Kingdom NW1 3ER		
(3)	Name and Title of Representative	Ben Lane, Director James Allen, Director Douglas Ingram, Director Benjamin Kupsch, Director		
(4)	Major Business	Financial and business consultancy services		
(5)	Capital Stock	GBP 100		
(6)	Established	February 8, 2013		
(7)	Major Shareholders, % owned	Allen Lane Holdings Limited (50%) Altegra Solutions LLP (50%)		
(8)	Relationship between OUTSOURCING Inc. and Allen Lane Consultancy Limited	Capital Relationship	None	
		Personnel Relationship	None	
		Business Relationship	None	
(9) Financial Results and Positions for the Past Three Fiscal Years (Unit: GBP)				
Fiscal Year		May 2014	May 2015	May 2016 (unaudited)
Net Assets		(38,234)	(54,104)	(153,191)
Total Assets		1,377,940	2,510,070	2,659,798
Net Assets Per Share		(382.34)	(541.04)	(153.19)
Net Sales		5,884,927	16,873,818	16,412,776
Operating Income		(36,775)	0	(53,392)
Income Before Income Taxes		(36,775)	0	(53,407)
Net Income		(38,334)	(15,870)	(99,722)
Net Income Per Share		(383.34)	(158.70)	(99.72)
Dividends Per Share		NA	NA	NA

\*As for the fiscal years shown above, the company paid roughly 50 % of net sales as expenses to its group companies, however, the expenses will not accrue in the future.

#### 9. Outline of the Parties from which Shares will be Acquired

(1)	Name	Ben Lane
(2)	Address	London, England
(3)	Relationship between OUTSOURCING Inc. and Concerned Individual	There are no capital, personnel and business relationships between the Company, including its related individuals and affiliates, and the concerned individual.

(1)	Name	James Allen
(2)	Address	London, England
(3)	Relationship between OUTSOURCING Inc. and	There are no capital, personnel and business relationships between the Company, including its related individuals and affiliates, and the concerned



Concerned Individual	individual.
----------------------	-------------

①Altegra Solutions LLP

(1)	Company Name	ALTEGRA SOLUTIONS LLP	
(2)	Head Office	C/O William Sturges LLP, Burwood House, 14-16 Caxton Street, London, United Kingdom SW1H 0QY	
(3)	Name and Title of Representative	Douglas Ingram	
(4)	Major Business	Financial consultancy services	
(5)	Capital Stock	GBP 100	
(6)	Established	April 23, 2013	
(7)	Net Assets	GBP 83,533 (as of March 31, 2015, unaudited)	
(8)	Total Assets	GBP 1,609,684 (as of March 31, 2015, unaudited)	
(9)	Major Shareholders, % owned	Benjamin Kupsch (50%) Douglas Ingram (50%)	
(10)	Relationship between OUTSOURCING Inc. and Altegra Solutions LLP	Capital Relationship	None
		Personnel Relationship	None
		Business Relationship	None
		Related Party Relationship	None

②Ardbid Limited

(1)	Company Name	Ardbid Limited	
(2)	Head Office	1st Floor, 100 Wood Street, London, United Kingdom EC2V 7AN	
(3)	Name and Title of Representative	Dermot Joyce Martin Trainer James Woolley Peter Yendell	
(4)	Major Business	Holding company	
(5)	Capital Stock	GBP 10,000,000	
(6)	Established	November 3, 2010	
(7)	Net Assets	GBP 6,078,000	
(8)	Total Assets	GBP 104,641,000	
(9)	Major Shareholders, % owned	Ardvarna Investment Capital Limited (100%)	
(10)	Relationship between OUTSOURCING Inc. and Ardbid Limited	Capital Relationship	None
		Personnel Relationship	None
		Business Relationship	None
		Related Party Relationship	None

#### 10. Number of Shares to be Acquired, Acquisition Price and Ownership Before and After the Acquisition

(1) Number of Shares Owned Before Acquisition	ALL Holdco 2016 Limited: Number of shares 0 Number of voting rights 0 Ratio of voting rights owned 0% Allen Lane Consultancy Limited: Number of shares 0 Number of voting rights 0 Ratio of voting rights owned 0% Liberata UK Limited: Number of shares 0 Number of voting rights 0 Ratio of voting rights owned 0%
(2) Number of Shares to be Acquired	ALL Holdco 2016 Limited: Number of shares 65 Number of voting rights 65 Ratio of voting rights owned 65% Allen Lane Consultancy Limited: Number of shares 325 Number of voting rights 325 Ratio of voting rights owned 32.5% Liberata UK Limited: Number of shares 4,000,000 Number of voting rights 4,000,000 Ratio of voting rights owned 100%
(3) Acquisition Price	Acquisition of common shares and stake of three companies above (estimated amount) JPY12,000 million Advisory fees and others (estimated amount) JPY 460 million TOTAL (estimated amount) JPY12,460 million
(4) Number of Shares Owned After Acquisition	ALL Holdco 2016 Limited Number of shares 65 Number of voting rights 65 Ratio of voting rights owned 65% Allen Lane Consultancy Limited: Number of shares 325 Number of voting rights 325 Ratio of voting rights owned 32.5% Liberata UK Limited: Number of shares 4,000,000 Number of voting rights 4,000,000 Ratio of voting rights owned 100%

Note: Conversion rate is GBP 1 = JPY138.00

#### 11. Schedule

(1) Date of Board of	July 29, 2016
----------------------	---------------

Directors Resolution	
(2) Date of Agreement	August 1, 2016
(3) Date of Shares Transfer	August 1, 2016

#### 12. Future Outlook

The impact of this matter on consolidated financial results for this fiscal year is under study. If any matters to be disclosed develop, the Company will promptly make proper announcements.