

New Medium-Term Business Plan Set–Becoming the No. 1 Player in the Manufacturing Outsourcing Services Industry in Asia

The Nippon Manufacturing Services (nms) Group is proud to announce that it has completed drawing up a new medium-term business plan, which begins this fiscal year and run through fiscal year ending March 2014.

1. New Medium-Term Business Plan

In the medium-term business plan announced on May 17, 2010, the Group adopted the business strategy concept "neo EMS" and is working to not simply expand its human resource business in Japan but to take the lead among competitors in the industry, the Group providing contract manufacturing services and dispatching manufacturing workers, in globally introducing high-added-value services that others cannot provide. In the medium term, the Group aims to precisely meet the detailed "Monozukuri (manufacturing) needs demanded by Japanese manufacturers and continue to provide its manufacturing outsourcing services, which have won praise in Japan, in East Asia including China, ASEAN countries such as Vietnam and Malaysia, and regions that Japanese manufacturers have set up operations.

After announcing the medium-term business plan, nms Group took the following steps, such as obtaining approvals and licenses and integrating management, in order to strengthen its business foundation both in Japan and overseas.

Date	Description
July 2010	<ul style="list-style-type: none"> • Turned the EMS manufacturer SHIMA Electronic Industry Co., Ltd. ("SHIMA Electronic Industry"), into a subsidiary– <ul style="list-style-type: none"> – Expanded its capabilities in the mounting field and secured manufacturing bases in China and Malaysia
Aug. 2010	<ul style="list-style-type: none"> • Established NMS International Vietnam Company Limited and launched contract manufacturing operations <ul style="list-style-type: none"> – Obtained a business license for in-plant contract manufacturing, the first for a Japanese-affiliated company in Vietnam
Dec. 2010	<ul style="list-style-type: none"> • Established 北京中基衆合國際技術服務有限公司 ("中基衆合") in China <ul style="list-style-type: none"> – Obtained the approval and license for labor dispatch services, the first for a Japanese-affiliated company in China • Labor, Economy, and Domestic Labor Dispatch Services Committee* of the China Labor Association *nms subsidiary was selected as its member <ul style="list-style-type: none"> – 北京日華材創國際技術服務有限公司 ("日華材創"), an nms subsidiary, was selected as a member of the committee that is examining the creation of Chinese labor laws and Mr. Zhang, the general manager of the subsidiary, was appointed the vice chair of the committee
July 2011	<ul style="list-style-type: none"> • Integrated management with the EMS company TKR Corporation ("TKR") <ul style="list-style-type: none"> – Strengthened design and development operations; module assembly, including for substrate mounting; and ODM/OEM operations – Obtained one manufacturing base in China and two in Malaysia
Sep. 2011	<ul style="list-style-type: none"> • Established 中基衆合無錫分公司 (branch office) in the city of Wuxi located in East China

* Under the direct jurisdiction of the Ministry of Human Resources and Social Security, which is equivalent to the Japanese Ministry of Health, Labour and Welfare, the Labor, Economy, and Domestic Labor Dispatch Services Committee of the China Labor Association examines standards for the dispatched labor industry and related laws and regulations in China.

Through the above measures, the Group has expanded its lineup of services that fall under the business strategy concept “neo EMS” adopted by the Group. The Group has also grown and broadened its range of services on account of the medium-term business plan set in May 2010 and created this new medium-term business plan.

2. nms Group’s Vision

**Aim to become the No. 1 player
in the manufacturing outsourcing services industry in Asia**
Expand business 3-fold compared to fiscal year ended March 2011
Raise overseas sales, particular those from China, to 52% of total sales

As Japanese manufacturers move their production bases overseas for various reasons including the rapid appreciation of the yen, decline in Japan’s wage competitiveness, development of emerging countries in Asia, and power supply problems following the Great East Japan Earthquake, there will likely be greater demand for manufacturing outsourcing services overseas, particularly in emerging markets.

In China, nms Group possesses two manufacturing bases as well as the Group is the first Japanese-affiliated company to acquire the license for labor dispatch services. Making use of these advantages, the Group will expand its business through the following efforts: more rapidly expanding its business of dispatching manufacturing workers in China, which has a large human resource market; and developing its contract manufacturing business that the Group can demonstrate its manufacturing (“Monozukuri”) prowess in. The Group has set a sales target of 8.5 billion yen in China for fiscal year ending March 2014. In Vietnam, meanwhile, the Group has also launched contract manufacturing operations. nms Group will precisely read the outsourcing needs of the various Japanese-affiliated manufacturers and expand its business.

Meanwhile, within the Japanese outsourcing market, business will be limited to fields such as responding to domestic demand and repairs as manufacturers move production bases overseas. Improving the quality of nms Group’s services and establishing a competitive advantage by using the manufacturing (“Monozukuri”) prowess of SHIMA Electronic Industry and TKR, nms Group will secure profits to use as the source of funds for overseas business.

In this way, the Group will build a manufacturing and human resource supply system both within Japan and overseas in order to promptly respond to needs for manufacturing outsourcing services both in Japan and overseas and will strive to be the No. 1 player in the manufacturing outsourcing services industry in Asia.

3. Numerical Targets

(Million yen)

	FY ended March 2011 (actual)	FY ending March 2012 (forecast)	FY ending March 2013 (target)	FY ending March 2014 (target)
Net sales	20,675	35,000	52,000	65,000
Growth in net sales compared to FY ended March 2011	—	169.3%	251.5%	314.4%
Operating income	602	750	1,000	1,800
Overseas sales as % of total net sales	35.5%	45.5%	46.0%	52.1%

<Notes on forecasts for the business performance>

The forecasts for the business performance described in this document were calculated based on

the judgments and assumptions in accordance with information currently available and include various uncertainties. Therefore, actual business performance may differ from the forecasts given in this document.

**Inquiries regarding this press release should be directed to:
Nippon Manufacturing Service Corporation
PR and IR Group, Administration Department, Corporate Division, Headquarters
TEL: +81-3-5333-1711 / FAX: +81-3-5333-1712 / E-mail: k_yanase@n-ms.co.jp**