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WORLD INTEC CO., LTD.**A Summary of the FY12/10 Business Results Meeting and Follow-up Interview**

On February 22, WORLD INTEC CO., LTD., hereinafter WORLD INTEC or the Company, held its FY12/10 business results meeting. The following is a summary of the meeting and the follow-up interview.

Summary of FY12/10 Consolidated Business Results

As seen in Table 1, net sales and incomes in fiscal 2010 exceeded the forecasted targets, and net sales also went beyond the last fiscal year. As for Manufacturing Temporary Placement/Contracting Business, the Company's core human resources services business, production of next-generation products such as solar cells and hybrid cars has been doing well, while the semiconductor and automotive industries have posted dramatic growth. Still, the increase in its contracted workforce fell short of expectations from Q3 to Q4. While this was due to a number of workers employed strategically at a worksite for a specific customer were not utilized due to reasons attributed to the client-manufacturer. These workers have now been transferred to another worksite, where their services are needed.

While operating income exceeded projections, it fell below that posted in the previous year. This was attributed to several factors, including the need to frontload investment to upgrade recruitment and human resource education programs as a result of growing demand from the manufacturing account of the Company's human resources services. Another contributing cost came from the launch of new businesses such as Electronics And Ecology Corporation, a repair service for such consumer electronics products as digital cameras; PC instruction school Advan Co., Ltd.; and WORLD RESIDENTIAL CO., LTD. and Nichimo Real Estate Co., Ltd., both of which primarily operate in metropolitan real estate deals and development.

A major change in WORLD INTEC's balance sheets was the launch of its real estate business. While on-market real estate projects rose to ¥3,829 million, the balance of interest-bearing debt rose to ¥4,158 million as a procurement fund, posting an increase of ¥2,988 million on a year-on-year basis. Cash flow generated by operating activities declined to ¥2,502 million on a y-o-y basis due to

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an increase in marketable real estate. As a result, free CF was ¥Δ3,151 million.

[Table 1] FY12/10 Consolidated Business Results Summary

(¥ million)	FY12/09		FY12/10			YoY Change	
	Actual	Ratio	Forecast	Actual	Ratio	Amount	Ratio
Sales	29,094	100.0%	31,700	32,109	100.0%	3,015	10.4%
Cost of Sales	23,565	81.0%	n.a.	26,238	81.7%	2,673	11.3%
SG&A	5,139	17.7%	n.a.	5,525	17.2%	386	7.5%
Operating Income	389	1.3%	280	344	1.1%	Δ 45	-11.5%
Subsidy Income	129	0.4%	n.a.	141	0.4%	12	9.3%
Ordinary Income	537	1.8%	400	487	1.5%	Δ 50	-9.3%
Income Taxes	261	0.9%	n.a.	319	1.0%	58	22.2%
<i>Effective Tax Rate</i>	<i>58.7%</i>		<i>n.a.</i>	<i>69.5%</i>			
Minority Interests in Incom	34	0.1%	n.a.	82	0.3%	48	141.2%
Net Income	149	0.5%	0	58	0.2%	Δ 91	-61.0%
EPS(Yen)	9.18		0.00	3.58			

Note: 1) Prepared by Trias Corp. with the data disclosed by WORLD INTEC CO., LTD.

2) Incorporates stock split of Jan. 1, 2010

Trends in Major Segments

In the Manufacturing Temporary Placement/Contracting Business segment, contract volume of smartphones and semiconductor-related products increased. This was especially true for electronic devices and automotive contracts, while food products and housing related contracts also did well. By placing greater emphasis on pre-hired worker education, the Company's retention rate improved and led to a recovery in its registered workforce. At the same time, the Taiwan subsidiary performed well: at its peak, more than 1,000 workers were registered, and some 700 continue operating at this time.

As for WORLD INTEC's technology oriented placement services, the pool of registered workers—which had bottomed out in March—picked up again, driven by an increase in the semiconductor field, and the operating rate has subsequently been recovering.

Furthermore, in response to growing demand for product design and development help for semiconductor equipment clients, WORLD INTEC upgraded its web-based recruitment system. As a result, the number of workers rose from 179 at the end of fiscal 2009 to 471 at the end of fiscal 2010.

Government contract volume grew through the Company's collaboration with GEOGRAPHIC INFORMATION OF KYUSHU, INC., a Group company engaging in systems integration business.

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As for R&D Placement Business, WORLD INTEC stepped up its recruitment of university graduates, including postgraduates, with degrees in organic chemistry and chemistry. The Company was aggressive in its recruitment effort, even as competitors were easing off their effort. This was due not only to the fact that the economy was recovering, but also because the high expectations that clients placed in WORLD INTEC. The Company plans to continue bolstering its recruitment effort of new university graduates in fiscal 2011.

[Table 2] FY12/10 Consolidated Business Results by Business Segment

(\$ million)		FY12/09 Actual	FY12/10		YoY Change	
			Forecast	Actual	Amount	Ratio
Manufacturing Temporary Placement/Contracting	Net sales	13,221	13,885	14,134	913	6.9%
	Operating income	775	627	704	△ 71	-9.1%
	Operating marg	5.9%	4.5%	5.0%		-0.9%
Technology Oriented Placement	Net sales	5,707	5,901	5,964	256	4.5%
	Operating income	357	328	369	12	3.4%
	Operating marg	6.3%	5.6%	6.2%		-0.1%
R&D Placement	Net sales	1,967	2,092	2,082	114	5.8%
	Operating income	137	128	131	△ 5	-4.1%
	Operating marg	7.0%	6.1%	6.3%		-0.7%
Marketing Sales Services	Net sales	996	1,766	1,828	831	83.5%
	Operating income	△ 95	△ 14	19	114	-
	Operating marg	--	--	1.0%		-
Information Technology & Telecommunication Services	Net sales	7,200	8,004	8,046	845	11.7%
	Operating income	141	166	165	23	16.6%
	Operating marg	2.0%	2.1%	2.1%		0.1%
Real Estate Business	Net sales	--	52	52	52	--
	Operating income	--	△ 135	△ 160	△ 160	--
	Operating marg	--	--	--		--
Total	Net sales	29,094	31,700	32,109	3,014	10.4%
	<i>Eliminations</i>	△ 926	△ 820	△ 884	42	-
	Operating income	389	280	344	△ 44	-11.5%
	Operating marg	1.3%	0.9%	1.1%		-0.2%

Note: Prepared by Trias Corp. with the data disclosed by WORLD INTEC CO., LTD.

Earnings Forecast for FY12/11

The earnings forecast for fiscal 2011 may be viewed in Table 3. While net sales and operating income grew compared to the previous quarter, it appears that ordinary income and net income will decline. As seen in Table 4, the degree of recovery in operating income is modest versus the recovery in sales, but a major factor for the profit constriction is due to the continued need to frontload investment (for recruitment and worker education) in manufacturing-related HR services, as well as to procure properties for the Company's real estate business.

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[Table 3] Summary of FY12/11 Consolidated Earning Forecast

(¥ million)	FY12/10		FY12/11 Forecast				YoY Change	
	Actual	Ratio	1H	2H	Full Year	Ratio	Amount	Ratio
Sales	32,109	100.0%	18,593	17,502	36,095	###	3,985	12.4%
Operating Income	344	1.1%	279	160	439	1.2%	94	27.2%
Ordinary Income	487	1.5%	307	158	465	1.3%	△ 22	-4.6%
Net Income	58	0.2%	178	△ 128	50	0.1%	△ 8	-14.0%
(EPS/YEN)	3.58		10.96	△ 7.88	3.08			

Note: 1) Prepared by Trias Corp. with the data disclosed by WORLD INTEC CO., LTD.

2) Incorporates stock split of Jan. 1, 2010

[Table 4] FY12/11 Forecast by Business Segment

(¥ million)		FY12/10	FY12/11 Forecast			YoY Change	
		Actual	1H	2H	Full Year	Amount	Ratio
Manufacturing Temporary Placement/Contractin g	Net sales	14,134	7,720	8,768	16,488	2,354	16.7%
	Operating income	704	235	532	767	63	8.9%
	Operating marg	5.0%	3.0%	6.1%	4.7%		-0.3%
Technology Oriented Placement	Net sales	5,964	2,988	3,106	6,094	130	2.2%
	Operating income	369	164	176	340	△ 29	-7.9%
	Operating marg	6.2%	5.5%	5.7%	5.6%		-0.6%
R&D Placement	Net sales	2,082	1,143	1,244	2,386	304	14.6%
	Operating income	131	102	117	219	88	67.2%
	Operating marg	6.3%	8.9%	9.4%	9.2%		2.9%
Marketing Sales Services	Net sales	1,828	1,378	1,019	2,397	569	31.1%
	Operating income	19	112	14	126	107	###
	Operating marg	1.0%	8.1%	1.4%	5.2%		4.1%
Information Technology & Telecommunication Services	Net sales	8,046	4,036	3,365	7,401	△ 645	-8.0%
	Operating income	165	120	100	220	55	33.3%
	Operating marg	2.1%	3.0%	3.0%	3.0%		0.9%
Real Estate Business	Net sales	52	1,329	0	1,330	1,277	--
	Operating income	△ 160	76	△ 425	△ 349	△ 189	--
	Operating marg	--	5.7%	--	--		--
Total	Net sales	32,109	18,593	17,502	36,095	3,985	12.4%
	<i>Eliminations</i>	△ 884	△ 444	△ 441	△ 884	0	--
	Operating income	344	365	73	439	94	27.2%
	Operating marg	1.1%	2.0%	0.4%	1.2%		0.1%

Note: 1) Prepared by Trias Corp. with the data disclosed by WORLD INTEC CO., LTD.

2) FY12/10 forecast announced on Feb. 22, 2010

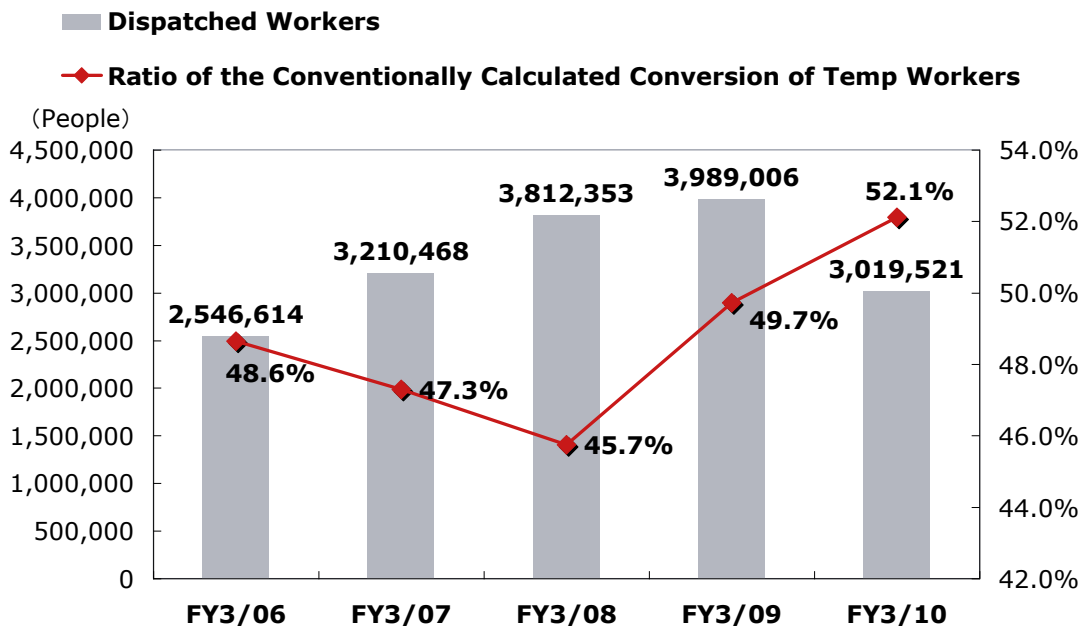
On December 2, 2010, WORLD INTEC announced its mid-term business plan for FY2011-2013, in which this fiscal year is positioned as a preparatory year for growth after FY2012. As for its real estate operation, which is positioned as a core new business venture, the market for condominiums in the Tokyo area is performing well. As such, the Company will carry out vertical startups of condos aimed for families, narrowing down targeted properties based on its proprietary expertise and experience. It is planning to roll out three to four lucrative properties in fiscal 2011.

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Changes in Operating Environment for Manufacturing-related HR Services and the Company's Initiatives

As seen in the chart below, according to a Health, Labor and Welfare Ministry Report on the labor placement market in fiscal 2009 (ending in March 2010), roughly 3.02 million workers were dispatched that year. While the market had been expected to expand on a medium-term basis, it had recorded a significant contraction, declining by 24.3% versus fiscal 2008. While one of the factors behind the market contraction is the looming possibility of stricter revisions to the Worker Dispatch Law, the ratio of the conventionally calculated conversion of temp workers (a statistic consisting of full- and part-time employees in the general temp worker placement business, as well as full-time employees in the dispatch business in specially designated fields) versus the total market soared after bottoming out in fiscal 2007. In addition, the number of dispatched workers in the manufacturing sector, which WORLD INTEC's Manufacturing Temporary Placement/Contracting Business covers, fell 54.5%, from 550,000 in fiscal 2008 to 250,000 in fiscal 2009.

[Chart 1] Ratio of Dispatched Workers to Conventionally Calculated Conversion of Temp Workers



Source : Prepared by Trias Corp. based on 2009 Health, Labor and Welfare Ministry Report

The revisions to the Worker Dispatch Law currently being examined are those that will mandate the conversion of temp workers to full-time employment after serving a specific number of years. Manufacturers have begun to respond to the possible amendment by throttling back their reliance on temp workers, and the dispatched labor market declined dramatically in fiscal 2009 as a result. On the other hand, as seen in Table 5, the market of full-time dispatched workers has exceeded

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930,000—of which more than 336,000 belong to the business field that WORLD INTEC covers. WORLD INTEC's registered workforce of its Manufacturing Temporary Placement/Contracting Business in fiscal 2010 was 6,901, or just 2% of the total market, meaning the Company has significant room to expand share.

[Table 5] World Intec's Business Segments and Related Labor Markets

World Intec Segments	Major business fields	FY2009 (No. of people)		
		Fulltime	Part-time	Total
	26 specialized work category	557,803	341,153	898,956
Technology Oriented Placement	Software development	85,830	9,052	94,882
	Equipment design	53,495	3,657	57,152
R&D Placement	R&D	30,824	9,934	40,758
Manufacturing Temporary Placement/Contracting	Manufacturing field	166,752	87,205	253,957
	Unlisted fields (liberalized category)	205,519	209,977	415,496
6,901 workers (actual FY2010)	Total	930,074	638,335	1,568,409

Source: Prepared by Trias Corp. based on 2009 Health, Labor and Welfare Ministry report

Following the Lehman Bros. collapse, the shakeout of the production outsourcing industry continued and many of the established outsourcing providers have seen their business plummet—and the core players have essentially reached a level of business parity. That has led to changes in the criteria client-makers have adopted in choosing outsourcing providers: the winners emerging from the shakeout are those that have instituted strict compliance and worker training/education regimes; built an optimal infrastructure to operate production outsourced contracting services; and boast the sound financial foundations to continue investing in the infrastructure.

WORLD INTEC is undertaking moves to upgrade management with the aim to improve the productivity of outsourced contracting worksites on the basis of better safety, productivity and quality control—and in doing so, to emerge as the leading brand for superior production outsourcing services. As part of this initiative, the Company is setting up a new human resources services unit. It has also established a management system that enables daily control over its Manufacturing Temporary Placement/Contracting, Technology Oriented Placement, and R&D Placement Business units. Meanwhile, it is concentrating its resources on winning client-makers who are producing strategic new applications with high-growth potential, including hybrid vehicles, smartphones, solar power systems, and lithium batteries. The Company has already posted some success in the solar power field, in which 410 of its contracted workers are serving as of December 2010. The original estimate was that 300 workers would be serving as of April 2011, but the number of registered workers in the field is surpassing expectations. The Company projects that its total registered workforce will grow to 7,335 by the end of fiscal 2011, with 70-80% of growth generated by workers dispatched to this strategic business category.

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Q&A Session

Q1: Elaborate on the details of WORLD INTEC's real estate operation and the profit ratio it will generate.

A1: While ¥3.8 billion in on-market real estate projects have been posted, a total of five properties—two in the first half of FY12/12, three in the second half—will have been procured from April to June 2010. Moreover, contracts to buy three to four additional properties are nearing conclusion. The goal is to create a portfolio of some 500 units that cost individually between ¥30 million to ¥40 million, which is considered the price range with least risk, by fiscal 2015. The Company is presenting participating in an urban renewal project for an older section of Tokyo. Profitability is projected to be around 12% at the start, but the target is 16%. The plan is to raise funds exclusively through indirect financing from three institutions—THE NISHI-NIPPON CITY BANK, LTD., The Yamaguchi Bank, Ltd. and The Bank of Fukuoka—and ¥20 billion has already been secured. 

Reference

● Key Financial Data and Business Results (Consolidated)

Key Stock Indicators (Consolidated)	
No. of Shares Issued	Dec. 10 #####
No. of Treasury Stock	Dec. 10 496,274
Market Value (¥million)	Apr. 13, 2011 3,430
BPS (¥)	Dec. 10 254.8
ROE (%) ※1	Dec. 10 1.4
ROA (%) ※2	Dec. 10 0.4
PER (times)	FY12/11 est. 66.6
PCFR(times) ※3	Dec. 10 19.7
PBR (times)	Dec. 10 0.8
Share Price (¥)	Apr. 13, 2011 205
Unit Share (shares)	Apr. 13, 2011 100
Average Daily Volume (shares) ※4	Apr. 13, 2011 131,255

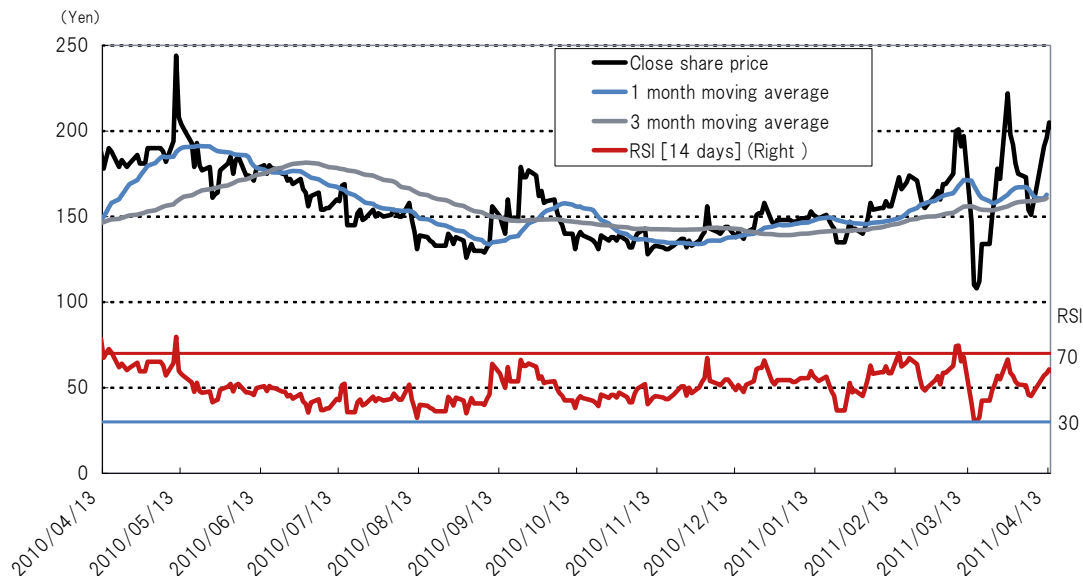
Key Financial Data (Consolidated)	
Total Assets (¥million)	Dec. 10 13,367
Shareholders' Equity (¥million)	Dec. 10 4,138
Interest-Bearing Debt (¥million)	Dec. 10 4,158
Equity Ratio (%)	Dec. 10 31.0
Ratio of Interest-Bearing Debt (%) ※5	Dec. 10 100.5
Free Cash Flows (¥million) ※6	Dec. 10 Δ 3,151

※1 ROE=Current Net Income÷Shareholders' Equity
 ※2 ROA=Current Net Income÷Total Assets
 ※3 PCFR=Market Value÷(Current Net Income+Depreciation)
 ※4 Average Daily Volume=Average Daily Volume for the last 12 months
 ※5 Ratio=Interest-Bearing Debts÷Shareholders' Equity
 ※6 Free Cash Flows=Operating CF+Investment CF

Consolidated (¥million)	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (¥)	Dividend per Share (¥)
FY12/07	46,497	1,345	1,772	741	13,363.08	1,300.00
FY12/08	48,767	1,089	1,278	192	3,485.05	1,300.00
FY12/09	29,094	389	537	149	2,753.48	1,300.00
FY12/10	32,109	344	487	58	3.58	4.50
FY12/11 1H fcst.	18,593	279	307	178	10.96	--
FY12/11 full year fcst.	36,095	439	465	50	3.08	4.50

Note: FY12/11 forecasts announced on Feb. 12, 2011.

● Stock Price Charts and RSI



Source: Prepared by Trias Corp. with Bloomberg data.

Note: RSI, Relative Strength Index, is the index representing the ratio of overbought or oversold share prices. In general, over 70 in RSI shows overbought share price range, while below 30 shows oversold share price range.

RSI=averaged share price appreciation for N days÷(averaged share price appreciation for N days+averaged share price decline for N days) x100

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