

Business Results for Fiscal Year 2007 ended December 31, 2007

February 19, 2008

WORLD INTEC CO., LTD.



WORLD INTEC
JASDAQ(2429)

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ended December 31, 2007
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Business Results Summary of Fiscal Year 2007 ended December 31, 2007

Consolidated Business Results Summary of FY12/07 (Versus Revised Forecast / Year-on-Year)

Net Sales

Increased 33.4% YoY / 15th consecutive fiscal year of growth

Operating Income

Increased 37.5% YoY

Ordinary Income

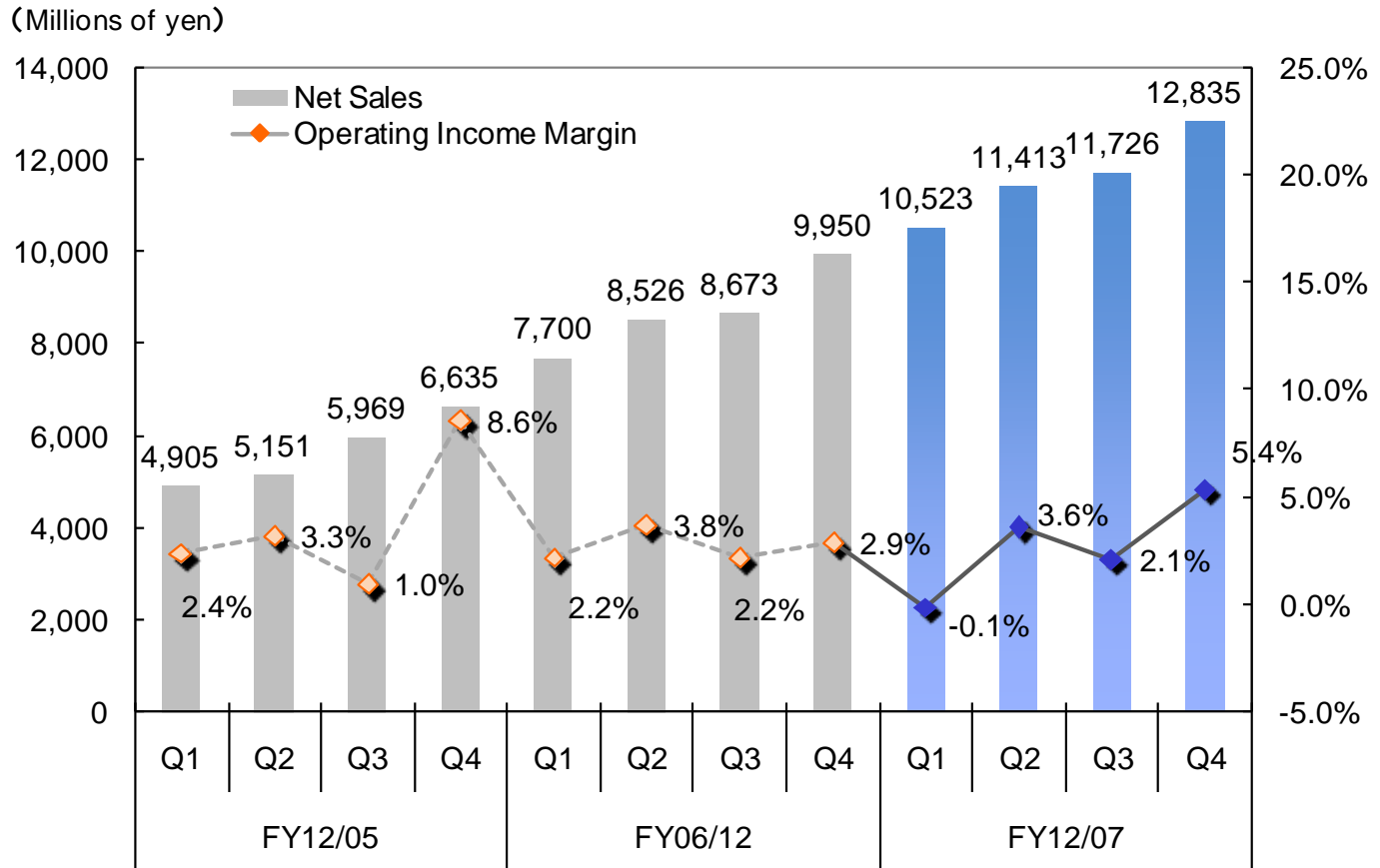
Increased 51.2% YoY / 5th consecutive fiscal year of growth

Consolidated statements of income summary (Millions of yen)	FY12/06	FY12/07	FY12/07	vs Revised Forecast		Year-on-Year	
	Actual	Revised Forecast	Actual	Value	Ratio	Value	Ratio
Net sales	34,850	47,082	46,497	(584)	-1.2%	11,646	33.4%
Operating income	978	1,379	1,345	(33)	-2.5%	366	37.5%
Operating income margin	2.8%	2.9%	2.9%				
Ordinary income	1,172	1,716	1,772	56	3.3%	600	51.2%
Ordinary income margin	3.4%	3.6%	3.8%				
Net income	418	798	741	(56)	-7.0%	323	77.1%
Net income margin	1.2%	1.7%	1.6%				

Consolidated Net Sales and Operating Income Margin

(FY12/05 - FY12/07)

- A significant decline in cost of sales in FY07/4Q keys major improvement in operating income margin



Business Results Summary for FY12/07 by Business Segment (Versus Revised Forecast / Year-on-Year)

By business segment (Millions of yen)		FY12/06	FY12/07	FY12/07	vs Revised Forecast		Year-on-Year Change	
		Actual	Revised Forecast	Actual	Value	Ratio	Value	Ratio
Manufacturing Temporary Placement/Contracting	Net Sales	24,248	31,048	29,974	(1,073)	-3.5%	5,725	23.6%
	Operating income	1,525	1,911	1,959	569	-	447	367.3%
	Operating income margin	6.3%	6.2%	6.5%				
Technology Oriented Placement	Net Sales	4,074	7,000	7,069	69	1.0%	2,994	73.5%
	Operating income	228	424	402	(21)	-5.2%	173	76.0%
	Operating income margin	5.6%	6.1%	5.7%				
R&D Placement	Net Sales	1,227	1,600	1,576	(23)	-1.5%	348	28.4%
	Operating income	123	152	167	15	10.4%	44	36.1%
	Operating income margin	10.0%	9.5%	10.6%				
Information Technology & Telecommunications Services	Net Sales	4,544	6,069	6,852	783	12.9%	2,308	50.8%
	Operating income	124	(15)	(90)	(75)	-	(215)	-
	Operating income margin	2.7%	-0.2%	-1.3%				
Marketing Sales Services	Net Sales	754	1,365	1,024	(340)	-25.0%	269	35.7%
	Operating income	(106)	(83)	(150)	(67)	-	(44)	-
	Operating income margin	-14.1%	-6.1%	-14.7%				
Total	Net Sales	34,850	47,082	46,497	(584)	-1.2%	11,646	33.4%
	Elimination	(917)	(1,010)	(942)	68	-	(25)	-
	Operating income	978	1,379	1,345	(33)	-2.5%	366	37.5%
	Operating income margin	2.8%	2.9%	2.9%				

Summary of Consolidated Balance Sheets

Consolidated balance sheets (Millions of yen)	FY12/06 Actual	FY12/07 Actual	yoy chg Value	
Total assets	9,637	12,022	2,385	
Current assets	8,228	10,214	1,986	
Cash and cash equivalents	3,610	4,194	584	
Notes and accounts receivable	4,166	5,149	983	
Inventories	112	309	197	
Other	339	560	220	
Fixed assets	1,409	1,808	399	
Property and equipment	282	569	286	← Increase due to acquisition of property and other assets to expand outlet network of Information Technology & Telecommunications Services
Intangible fixed assets	348	336	(12)	
Investments and other assets	778	902	124	
Total liabilities	5,837	7,528	1,690	
Current liabilities	5,740	6,904	1,164	
Notes and accounts payable	219	503	284	← Increase in payables due to outlet network expansion of Information Technology & Telecommunications Services
Short-term borrowings	820	609	(210)	
Accrued expenses	3,406	3,502	96	
Income taxes payable	316	726	409	
Consumption taxes payable	521	668	146	
Other	456	894	437	
Long-term liabilities	97	623	526	
Long-term debt	0	495	495	← Transferred from short-term borrowings to long-term debt
Reserve for retirement benefits	81	110	29	
Other	15	17	2	
Total net assets	3,800	4,494	694	
Common stock	696	696	0	
Capital surplus	859	859	0	
Retained earnings	1,854	2,520	666	
Minority interests	387	489	101	
Total liabilities and net assets	9,637	12,022	2,385	

Summary of Consolidated Statements of Cash Flows

Consolidated statements of cash flows (Millions of yen)	FY12/06 Actual	FY12/07 Actual	yoy chg Value
Net cash provided by operating activities	988	1,081	92
Income before income taxes and others	1,133	1,762	629
Depreciation	69	134	64
Decrease in notes and accounts receivable	(1,215)	(987)	228
Decrease in inventories	(48)	(197)	(148)
Increase/decrease in purchase liabilities	(46)	284	330
Increase/decrease in accrued expenses	972	101	(871)
Increase/decrease in consumption taxes payable	203	141	(62)
Bonus payment to directors	(12)	0	12
Other	584	378	(205)
Income taxes paid	(664)	(536)	127
Net cash used in investing activities	(202)	(576)	(374)
Bank placement for time deposits	(3)	(42)	(39)
Expenditure for purchase of property, plant and equipment	(204)	(435)	(231)
Expenditure for purchase of investment securities	(110)	—	110
Net increase/decrease in deposits and guarantee	91	(56)	(148)
Other	23	(42)	(66)
Net cash provided by financing activities	(312)	142	455
Net increase/decrease in short-term borrowings	(310)	(720)	(410)
Increase in long-term debt	—	1,300	1,300
Repayment of long-term debt	(12)	(294)	(282)
Other	9	(142)	(151)
Effect of exchange rate changes on cash and cash equivalent	1	(4)	(6)
Increase/decrease in cash and cash equivalents	475	642	167
Cash and cash equivalents at beginning of year	3,092	3,568	475
Decrease in cash and cash equivalents due to exclusion from consolidation	—	(57)	(57)
Cash and cash equivalents at end of year	3,568	4,152	584

← Increase due to outlet network expansion of Information Technology & Telecommunications Services

← Transfer from short-term borrowings to long-term debt due to interest-rate movement considerations

Business Forecast for FY 2008 ending December 31, 2008

Consolidated Business Forecast Outline for FY12/08

- Since 2007, due to a series of incidences—including noncompliance violations of the Worker Dispatch Law—that we were unable to project or foresee, the impact on our business results is expected to be significant. We intend to further reinforce our previously instituted regulatory compliance policy, while concurrently select and focus on strategic business lines.

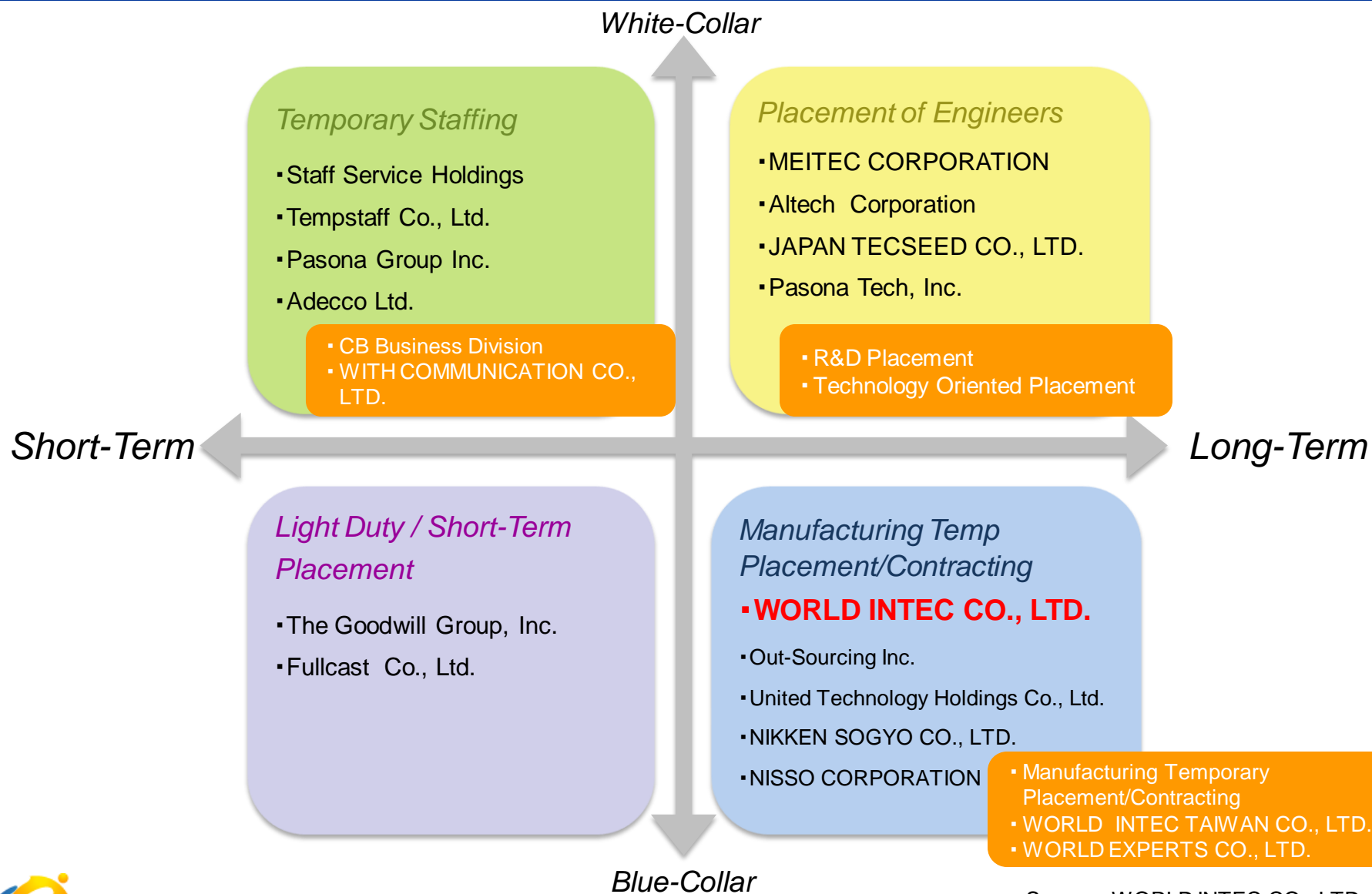
Consolidated statements of income summary (Millions of yen)	FY12/07	FY12/08	vs FY12/07	
	Actual	Forecast	Value	Ratio
Net sales	46,497	51,075	4,578	9.8%
Operating income	1,345	2,075	730	54.3%
Operating income margin	2.9%	4.1%		
Ordinary income	1,772	2,222	450	25.4%
Ordinary income margin	3.8%	4.4%		
Net income	741	1,083	341	46.0%
Net income margin	1.6%	2.1%		

Business Forecast Outline for FY 12/08 by Business Segment

By business segment		FY12/07	FY12/08	Year-on-Year Change	
(Millions of yen)		Actual	Forecast	Value	Ratio
Manufacturing Temporary Placement/Contracting	Net Sales	29,974	32,761	2,787	9.3%
	Operating income	1,959	2,534	574	29.3%
	Operating income margin	6.5%	7.7%		
Technology Oriented Placement	Net Sales	7,069	8,048	978	13.8%
	Operating income	402	478	76	19.0%
	Operating income margin	5.7%	5.9%		
R&D Placement	Net Sales	1,576	2,100	523	33.2%
	Operating income	167	171	4	2.4%
	Operating income margin	10.6%	8.2%		
Information Technology & Telecommunications Services	Net Sales	6,852	7,018	165	2.4%
	Operating income	(90)	146	237	-
	Operating income margin	-1.3%	2.1%		
Marketing Sales Services	Net Sales	1,024	1,147	123	12.0%
	Operating income	(150)	34	184	-
	Operating income margin	-14.7%	3.0%		
Total	Net Sales	46,497	51,075	4,578	9.8%
	Elimination	(942)	(1,289)	387	41.0%
	Operating income	1,345	2,075	730	54.3%
	Operating income margin	2.9%	4.1%		

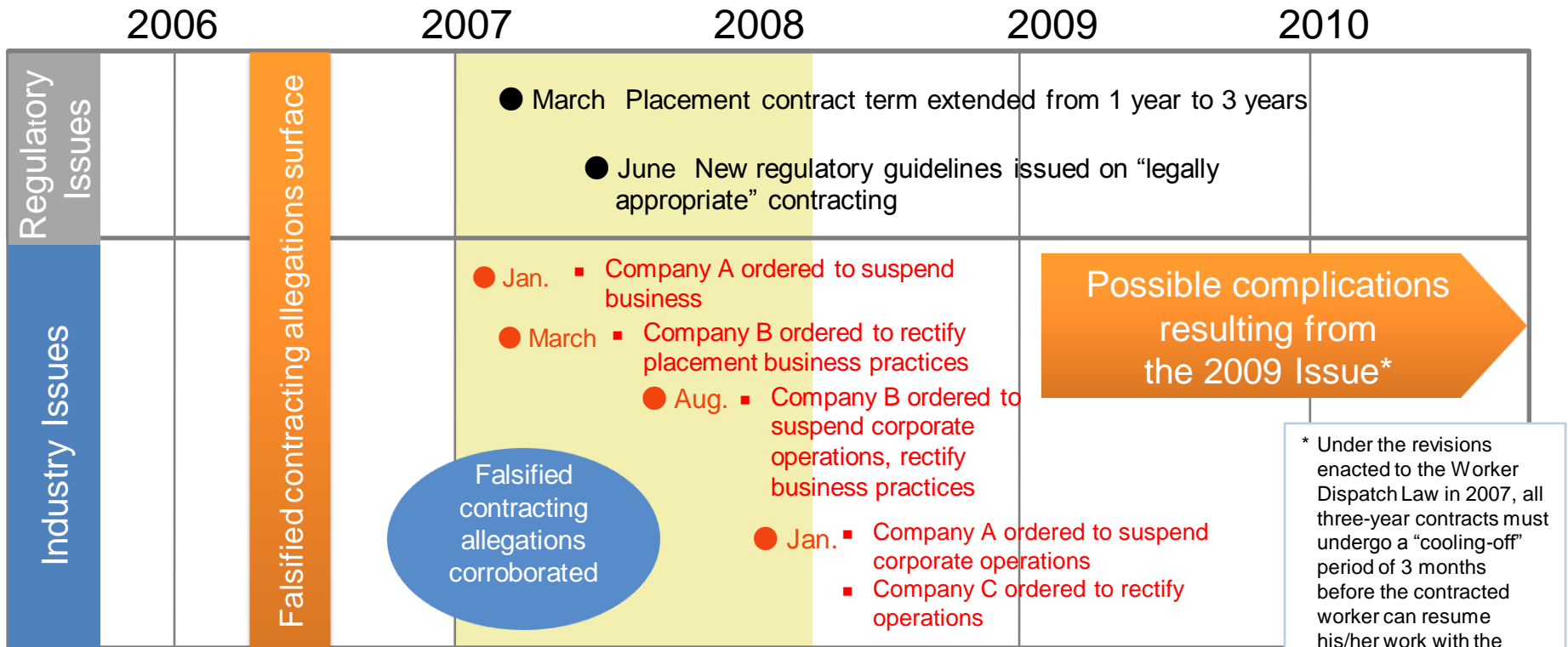
Operating Environment and Business Outlook

Industry Sub-Segments



Source: WORLD INTEC CO., LTD.

Recent Developments in the Placement Service Industry and Their Impact



* Under the revisions enacted to the Worker Dispatch Law in 2007, all three-year contracts must undergo a “cooling-off” period of 3 months before the contracted worker can resume his/her work with the same client-manufacturer. This clause could possibly instigate a mass discontinuation of outsourced workers in 2009.

We are working with client manufacturers by conducting joint study sessions to enhance understanding of the latest government guidelines, and are reviewing our contractual relationship with those clients that find it difficult to comply with regulations. **We project the manufacturing outsourcing industry will undergo a major reorganization** in the near future as clients opt to employ workers directly and become more stringent when selecting an outsourcing company.

Changes in Business Environment and Key Issues

Business Environment

Mid- and Long-Term Structural Issues

- Declining birthrate and rapidly aging population
- Contracting skilled worker pool
- Legal reforms reshaping industry and practices
- Falsified contracting incidents, etc.

Emerging Issues Post-2007

- Loss of social confidence due to regulators' frequent disciplinary action
- Facilitates new strategies and responses by client manufacturers

Ongoing Initiatives

Reinforcing compliance
Developing "cast" members*

Improving retention ratio
Developing managers

* Our employees are not simple temp-staff workers, but rather members of a professional "cast" with specific and vital roles to perform

Initiatives Responding to Changes in Business Environment

"Compliance as Power" + "Power to Add Greater Value"
+ "Power to Focus Locally"



“Compliance as Power”

Business Environment

- Industry-wide restructuring
- Client-manufacturers more discerning of outsourcing firms
- Client-manufacturers driving market contraction through direct employment, other moves

Polarization of compliance awareness among client-manufacturers

Our Core Initiatives

- Reinforce compliance in the business transaction process through *UKE-OI* (manufacturing contracting) statements and develop “work-to-rule” transaction framework for each client-manufacturer
- Make adjustments through surveys of individual client-manufacturer to better meet their needs
- Auditing Office conducts audits on a quarterly basis and provides appropriate counsel
- Review business relationship with client-manufacturers with substandard understanding of regulatory compliance



“Power to Add Greater Value”

Initiatives to Enhance Service Value

Human Resource Development Initiatives

- Develop drive of “cast” members who, in turn, operate in contracting sites with high degree of on-site expertise and professionalism
- Facilitate transition from “work-to-rule” contracting sites to contracting sites to generate profit within “appropriate” levels
- Create a corporate culture that reinforces employee identification and improves the retention ratio of quality “cast” members

For “Casts”

- Publish special in-house newsletter for “cast” members
- Support group activities
- Provide English conversation classes
- Adopted management promotion system to support career advancement of researchers and engineers
- Hold engineering conferences, seminars
- Offer skill-set development programs at in-house training facility

For “Managers”

- Provide Registered Safe Technician (RST) training
- Establish Statement of Manufacturing Contracting and in-house certification system
- Conduct follow-up seminars by visiting lecturers, experts
- Adopted leadership training program to develop next generation of director-class managers

Additional Initiatives

- **“UKE-OI (Manufacturing Contracting) Meister” System:** Program for trainers to develop quality “cast” members that can operate contracting sites
- **UKE-OI Facilitator Development:** Training for quality “cast” members that operate contracting sites
- Incentives to create a corporate culture that enhances employee identification and retention

“Power to Focus Locally”

Initiatives for Regions With High Business Compatibility

- Collaborative venture with Nishinippon Institute of Technology
 - Comprehensive human resource development alliance aiming to train highly skilled, technical workers

Industry-government-academia alliance in Kyushu area

- Collaborative ventures with national ministries, local government agencies

Kyushu as Overseas Springboard

- Gateway to China and other Asia countries
 - Launched WORLD INTECH TAIWAN CO., LTD., the fastest growing outsourcing placement company in Taiwan in a rapidly developing market
 - Entered into a business tie-up with a directly managed company of the Chinese government located in Yāntái City
 - Launched recruitment center in South Korea
 - Ramped up overseas trainee program

Newly Launched Projects with Government in Kyushu Area

Ministry of Health, Labor and Welfare (Fukuoka Labor Bureau)

- Certification of *UKE-OI* Statement
- Discussion and promotion of placement, recruiting and contracting business compliance issues
- Active engagement in “*UI-Turn*” initiative* of Fukuoka prefectural government



* The initiative seeks to lure skilled workers in other areas, particularly those working in Japan's large metropolitan centers, to Fukuoka

Ministry of Education, Culture, Sports, Science and Technology (Kyushu Economic Research Center)

- Cooperate and coordinate with Kyushu-based economic research effort

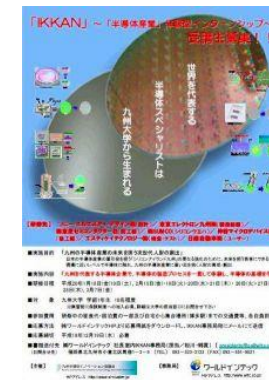
Ministry of Economy, Trade and Industry (Kyushu Bureau of Economy, Trade and Industry)

- Participated in development of new economic rejuvenation initiative for Kyushu
- Active participant in university-sponsored business conferences

Ministry of Economy, Trade and Industry (Kyushu Semiconductor Industries & Technology Innovation Association)

- Developed and launched semiconductor fabrication internship program, or “*IKKAN*”
- Provides human resources support to Kyushu Semiconductor Industries & Technology Innovation Association member-firms to meet their semiconductor fabrication needs

Poster for “*UI-Turn*” Fair*



Poster for “*IKKAN*” initiative**

** This internship initiative targets first- and second-year university students majoring in science and technology

Collaborative Ventures with Local Government and Universities in Kyushu Area

Fukuoka Prefecture

- Engaged in automobile industry-oriented human resources development and employment support programs
- Engaged in human resources development program for **Fukuoka Institute of System LSI Design Industry**



Kitakyushu City

- Joint project for attracting companies to the region, development of strategic employment for industries, development of executives in Asian countries

Kitakyushu Foundation for the Advancement of Industry Science and Technology

- Project for developing human resources for advanced semiconductor technology
- Project for developing human resources for semiconductor industry

Kitakyushu Foundation for the Advancement of Industry Science and Technology Car Electronics Center

- Project coordinating researches in car electronics technology field among universities and private companies
- Coordination project among government, industry and academia for human resources development of car electronics technology field



Universities

Nishinippon Institute of Technology

- Developing human resources for automobile manufacturing sites (Established jointly with Human Resource Development Center for Advanced Industries)

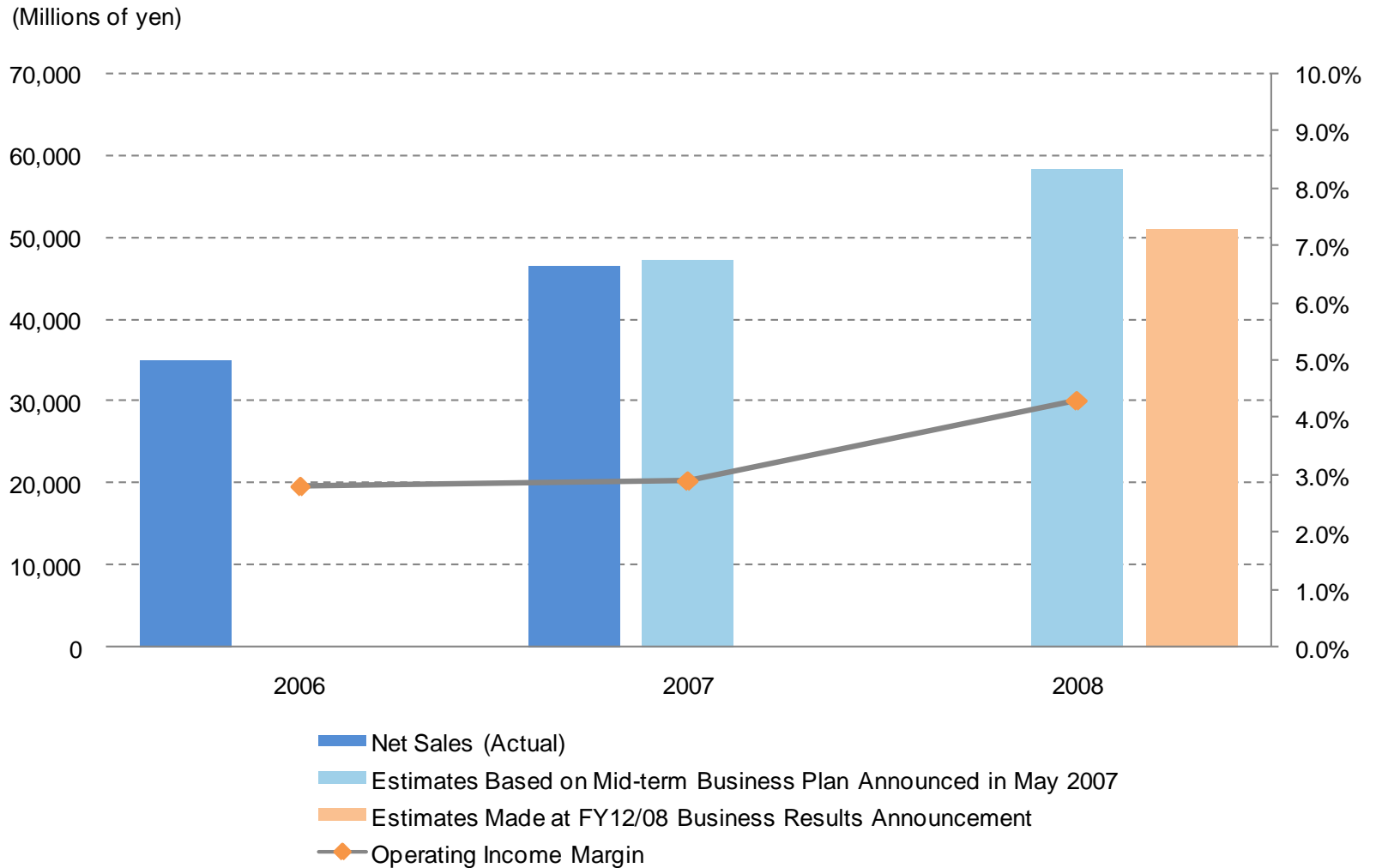
Faculty of Engineering, Kyushu University

- Developing human resources for semiconductor industry



WORLD INTEC

Future Outlook





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