

# Business Results for Fiscal Year 2008 ended December 31, 2008

---

February 20, 2009  
WORLD INTEC CO.,LTD.

1. Business Results Summary of Fiscal Year 2008  
ended December 31, 2008
2. Business Forecast for Fiscal Year 2008  
ending December 31, 2008
3. Changes in External Business Environment
4. Outlook and Strategy

---

# Business Results Summary of Fiscal Year 2008 ended December 31, 2008

# Consolidated Business Results Summary of FY12/08 (Versus Year-on-Year)

## Net Sales

Increased for seven consecutive fiscal years but posted a sharp decline this quarter (4Q/FY08)

## Operating Income

Adversely impacted by widespread reduction in workforce

## Ordinary Income

Declined sharply resulting from decreases in operating income and facility support subsidy

## Net Income

Hit by one-time write-off of ¥216 million

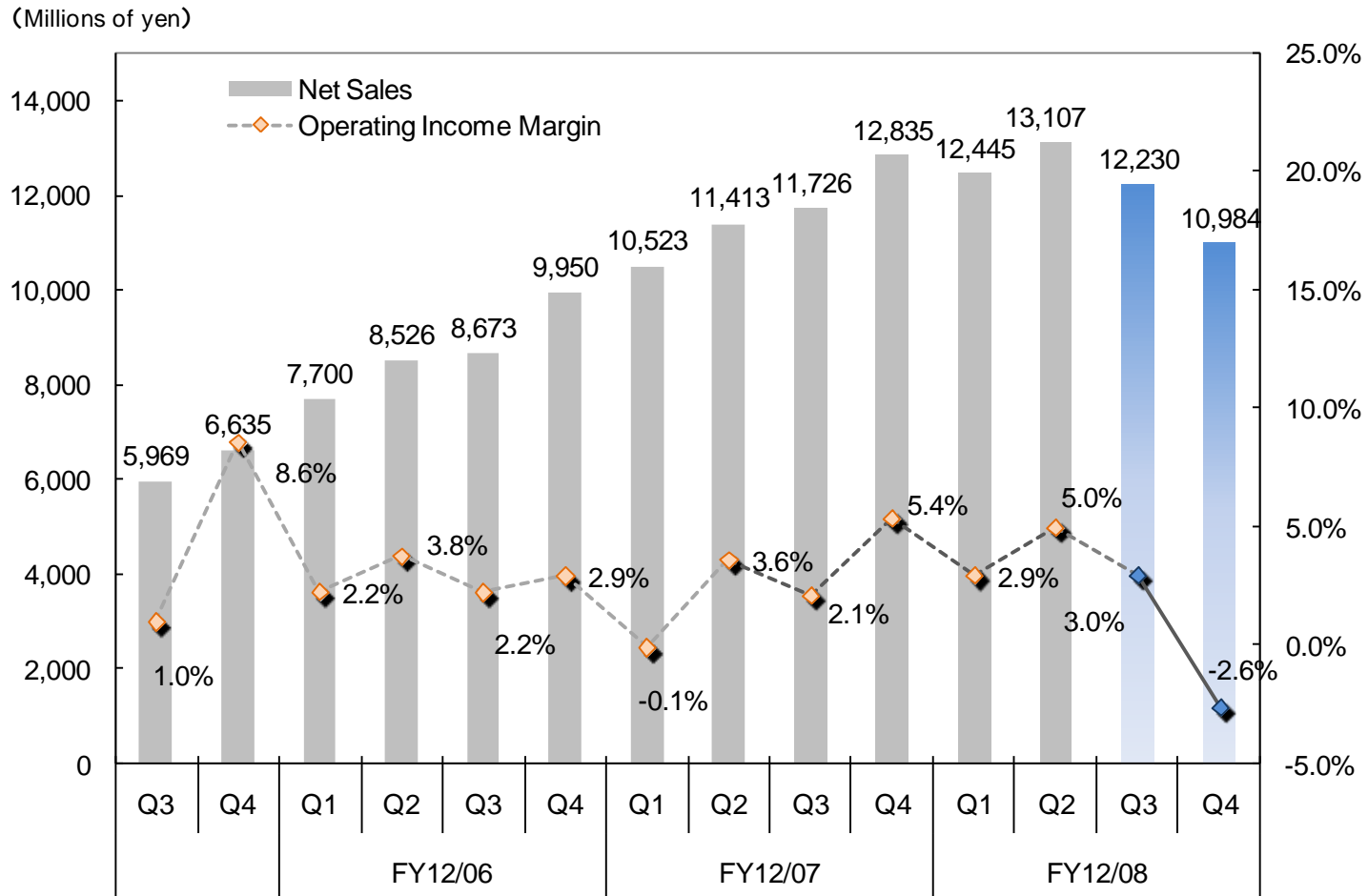
Consolidated (Millions of yen)	FY12/07	FY12/08	Year-on-Year Change	
	Actual	Actual	Value	Ratio
Net sales	<b>46,497</b>	<b>48,767</b>	<b>2,269</b>	4.9%
Operating income	<b>1,345</b>	<b>1,089</b>	<b>(255)</b>	-19.0%
Operating income margin	2.9%	2.2%		
Ordinary income	<b>1,772</b>	<b>1,278</b>	<b>(493)</b>	-27.9%
Ordinary income margin	3.8%	2.6%		
Net income	<b>741</b>	<b>192</b>	<b>(549)</b>	-74.1%
Net income margin	1.6%	0.4%		



**WORLD INTEC**

# Consolidated Net Sales and Operating Income Margin (FY12/05 2HF - FY12/08)

- The sharp decline in net sales was due to the global recession.
- Operating income suffered from incidental expenses triggered by workforce reduction.



# Business Results Summary for FY12/08 by Business Segment (Versus Year-on-Year)

By business segment		FY12/07	FY12/08	Year-on-Year Change	
	(Millions of yen)	Actual	Actual	Value	Ratio
Manufacturing Temporary Placement/Contracting	Net Sales	29,974	29,380	(594)	-2.0%
	Operating income	1,959	1,920	(39)	-2.0%
	Operating income margin	6.5%	6.5%		
Technology Oriented Placement	Net Sales	7,069	8,021	965	13.5%
	Operating income	402	468	66	16.6%
	Operating income margin	5.7%	5.8%		
R&D Placement	Net Sales	1,576	1,905	328	20.9%
	Operating income	167	139	(28)	-16.8%
	Operating income margin	10.6%	7.3%		
Information Technology & Telecommunications Services	Net Sales	6,852	8,202	1,349	19.7%
	Operating income	(90)	178	269	-
	Operating income margin	-1.3%	2.2%		
Marketing Sales Services	Net Sales	1,024	1,257	233	22.8%
	Operating income	(150)	(132)	18	-
	Operating income margin	-14.7%	-10.5%		
Total	Net Sales	46,497	48,767	2,284	4.9%
	Elimination	(942)	(1,485)	(542)	-
	Operating income	1,345	1,089	(255)	-19.0%
	Operating income margin	2.9%	2.2%		



# Summary of Consolidated Balance Sheets

Consolidated (Millions of yen)	FY12/07 Actual	FY12/08 Actual	Year-on-Year Change Value
<b>Total assets</b>	<b>12,022</b>	<b>11,676</b>	<b>(345)</b>
Total current assets	10,214	9,225	(989)
Cash and deposits	4,194	3,749	(445)
Trade notes and accounts receivable	5,149	4,144	(1,004)
Inventories	309	546	236
Others	560	784	224
Total fixed assets	1,808	2,451	643
Total property and equipment	569	759	189
Total intangible assets	336	239	(96)
Total investments and other assets	902	1,452	549
<b>Total liabilities</b>	<b>7,528</b>	<b>6,978</b>	<b>(549)</b>
Total current liabilities	6,904	6,086	(818)
Trade notes and accounts payable	503	425	(77)
Short-term bank loans	609	651	41
Accrued expenses	3,502	3,135	(366)
Income taxes payable	726	220	(506)
Accrued consumption taxes	668	525	(142)
Others	894	1,126	232
Total long-term liabilities	623	892	269
Long-term debt	495	654	159
Liability for retirement benefits	110	216	105
Accrued retirement benefits for directors and corporate auditors	17	19	1
Others	-	2	2
<b>Total equity</b>	<b>4,494</b>	<b>4,698</b>	<b>203</b>
Common stock	696	697	0
Capital surplus	859	860	0
Retained earnings	2,520	2,641	120
Treasury stock	(70)	(70)	0
Valuation, translation adjustments and other	(1)	(27)	(26)
Minority interests	489	597	108
<b>Total liabilities and equity</b>	<b>12,022</b>	<b>11,676</b>	<b>(345)</b>

Principal cause of major upward/downward fluctuations due to depressed net sales resulting from shrinking contracted workforce



# Summary of Consolidated Statements of Cash Flows

Consolidated (Millions of yen)	FY12/07 Actual	FY12/08 Actual	Year-on-Year Change Value
<b>Cash flows from operating activities</b>	<b>1,081</b>	<b>556</b>	<b>(524)</b>
Income before income taxes and minority interests	1,762	973	(788)
Depreciation	134	168	33
Increase/Decrease in trade accounts receivable	(987)	992	1,980
Increase/Decrease in inventories	(197)	(151)	46
Increase/Decrease in trade accounts payable	284	(77)	(361)
Increase/Decrease in accrued expenses	101	(355)	(456)
Increase/Decrease in accrued consumption taxes	141	(130)	(272)
Others	384	334	(50)
Interest and dividend income	5	10	5
Interests paid	(11)	(20)	(8)
Income taxes paid	(536)	(1,188)	(651)
<b>Cash flows from investing activities</b>	<b>(576)</b>	<b>(742)</b>	<b>(165)</b>
Payments into time deposits	(42)	(42)	0
Purchase of property and equipment	(435)	(121)	314
Purchases of investment securities	—	(594)	(594)
Net increase/Decrease in guarantee deposits	(56)	17	74
Others	(42)	(2)	40
<b>Cash flows from financing activities</b>	<b>142</b>	<b>(225)</b>	<b>(368)</b>
Increase/Decrease in short-term bank loans	(720)	35	755
Proceeds from long-term bank loans	1,300	350	(950)
Repayments of long-term bank loans	(294)	(539)	(244)
Others	(142)	(70)	71
Effect of exchange rate changes on cash and cash equivalents	(4)	(23)	(18)
<b>Increase/Decrease in cash and cash equivalents</b>	<b>642</b>	<b>(435)</b>	<b>(1,078)</b>
Cash and cash equivalents, beginning of year	3,568	4,152	584
Decrease in cash and cash equivalents	(57)	—	57
<b>Cash and cash equivalents, end of year</b>	<b>4,152</b>	<b>3,717</b>	<b>(435)</b>

Principal cause of major upward/downward fluctuations due to depressed net sales resulting from shrinking contracted workforce

Expenses from acquisition of PcAssist Corporation shares



---

# Business Forecast for FY 2009 ending December 31, 2009

# Consolidated Business Forecast Outline for FY12/09

- Seize industry shakeout as an opportunity to accelerate adoption of outsourced contracting at manufacturing sites

At the same time, work to enhance employee education/training and promote job creation and employment stability through partnerships with the government and companies—our core competence

Consolidated (Millions of yen)	FY12/08 Actual	FY12/09 Forecast	Year-on-Year Change	
			Value	Ratio
Net sales	<b>48,767</b>	<b>31,600</b>	<b>(17,167)</b>	-35.2%
Operating income	<b>1,089</b>	<b>220</b>	<b>(869)</b>	-79.8%
Operating income margin	2.2%	0.7%		0.0%
Ordinary income	<b>1,278</b>	<b>200</b>	<b>(1,078)</b>	-84.4%
Ordinary income margin	2.6%	0.6%		
Net income	<b>192</b>	<b>30</b>	<b>(162)</b>	-84.4%
Net income margin	0.4%	0.1%		

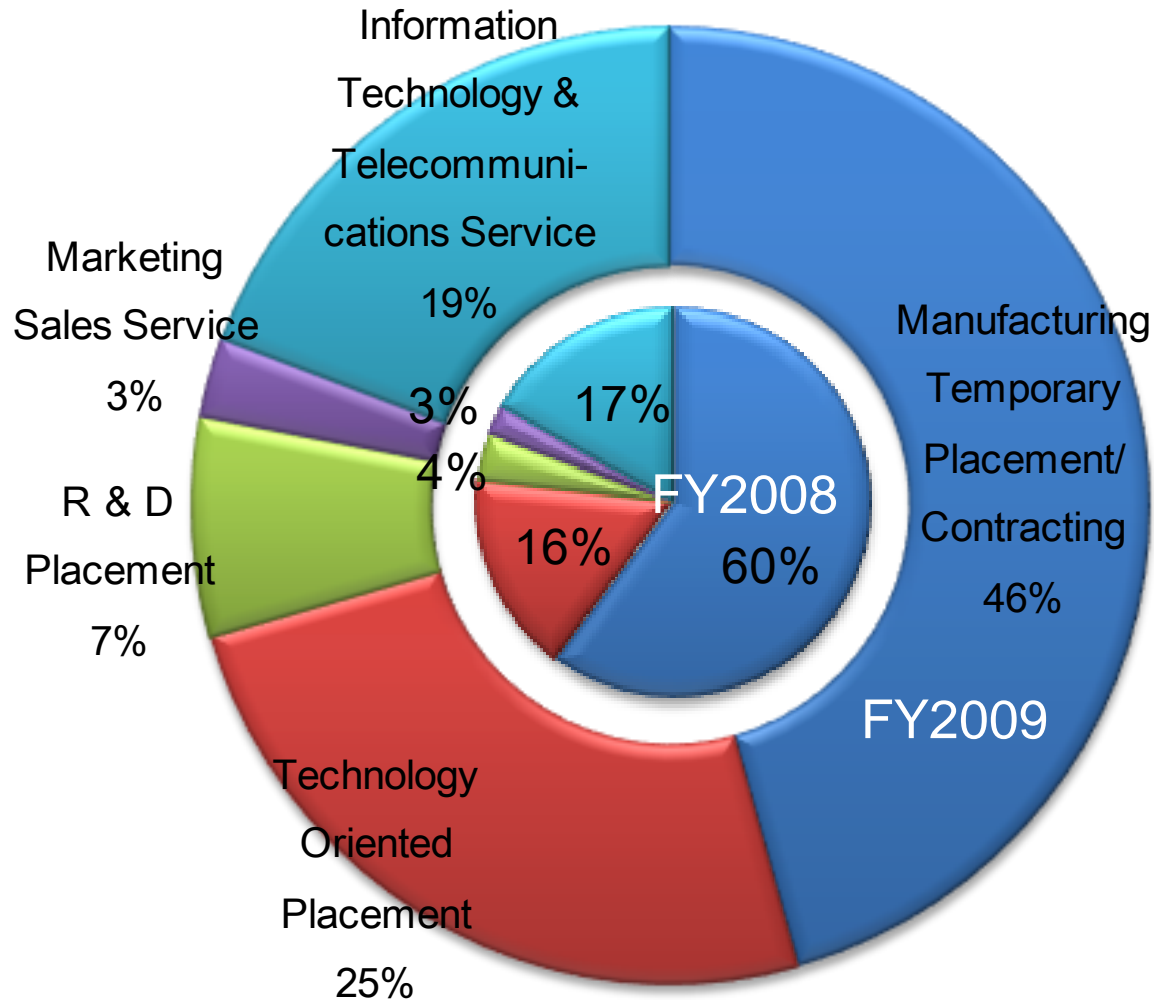
# Business Forecast Outline for FY12/09 by Business Segment

By business segment		FY12/08	FY12/09	Year-on-Year Change	
	(Millions of yen)	Actual	Forecast	Value	Ratio
Manufacturing Temporary Placement/Contracting	Net Sales	29,380	14,200	(15,180)	-51.7%
	Operating income	1,920	439	(1,520)	-77.1%
	Operating income margin	6.5%	3.1%		
Technology Oriented Placement	Net Sales	8,021	8,000	(21)	-0.3%
	Operating income	468	380	(88)	-18.8%
	Operating income margin	5.8%	4.8%		
R&D Placement	Net Sales	1,905	2,400	495	26.0%
	Operating income	139	226	87	62.6%
	Operating income margin	7.3%	9.4%		
Information Technology & Telecommunications Services	Net Sales	8,202	6,000	(2,202)	-26.8%
	Operating income	178	122	(56)	-31.5%
	Operating income margin	2.2%	2.0%		
Marketing Sales Services	Net Sales	1,257	1,000	(257)	-20.4%
	Operating income	(132)	53	185	-
	Operating income margin	-10.5%	5.3%		
Total	Net Sales	48,767	31,600	(17,167)	-35.2%
	Elimination	(1,485)	(1,000)	485	-
	Operating income	1,089	220	(869)	-79.8%
	Operating income margin	2.2%	0.7%		



# Year-On-Year Business Segment Shift (FY2008/09)

Segment ratios undergo shift from changes in manufacturing environment .



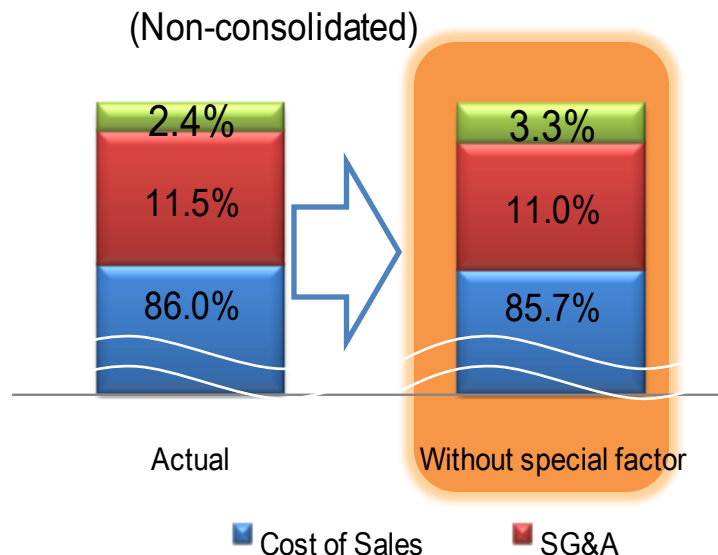
# Impact on Operating and Net Incomes

- Although one-time, non-consolidated write-off affects consolidated results, negative impact from workforce reduction a temporary phenomenon

- Operating Income---Approx. ¥350 million in one-time, non-consolidated expense

Expenses (dormitory boarding fees, etc.) arising from workforce reduction

【Projected cost of sales structure without one-time expense】



Temporary shift in income structure impacts consolidated results

- Net Income---One-time, non-consolidated expense of approx. ¥216 million

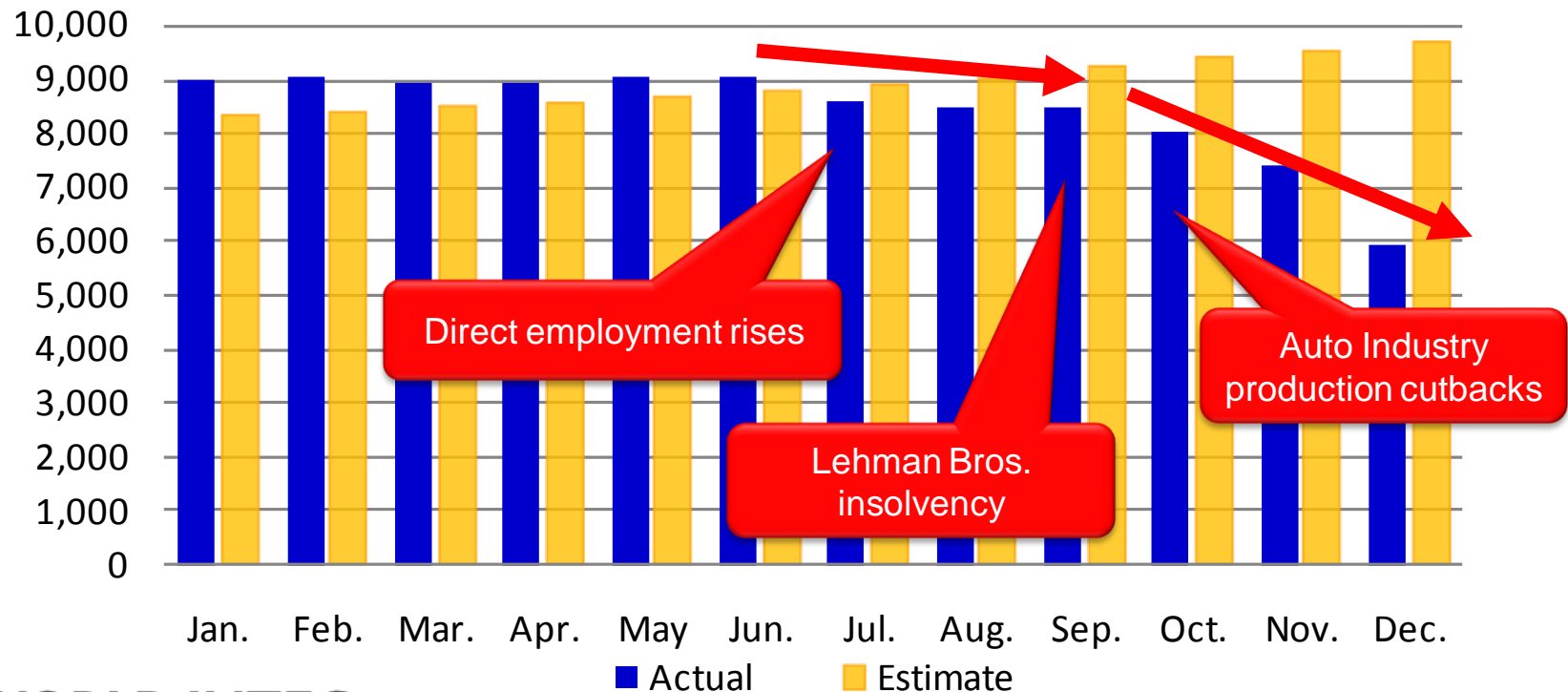
Incidental expenses associated with workforce reductions, including employee compensation for unused annual paid vacation time and temporary leave due to production scale back or shutdown

---

# Changes in External Business Environment

## Contracted Workforce in Manufacturing Temporary Placement/ Contracting Business in 2008 (Non-Consolidated)

- Jan.-Jun. Strong performance carried over since 2007, exceeding in-house projection
- Jul.-Sep. More manufacturers switch to direct employment in response to 2009 Issue
- Oct.-Dec. Global recession spurs production cutbacks. Seasonal, temporary and contract workers let go as workforce trimmed



# Outsourced Contracting to Net Sales Ratio

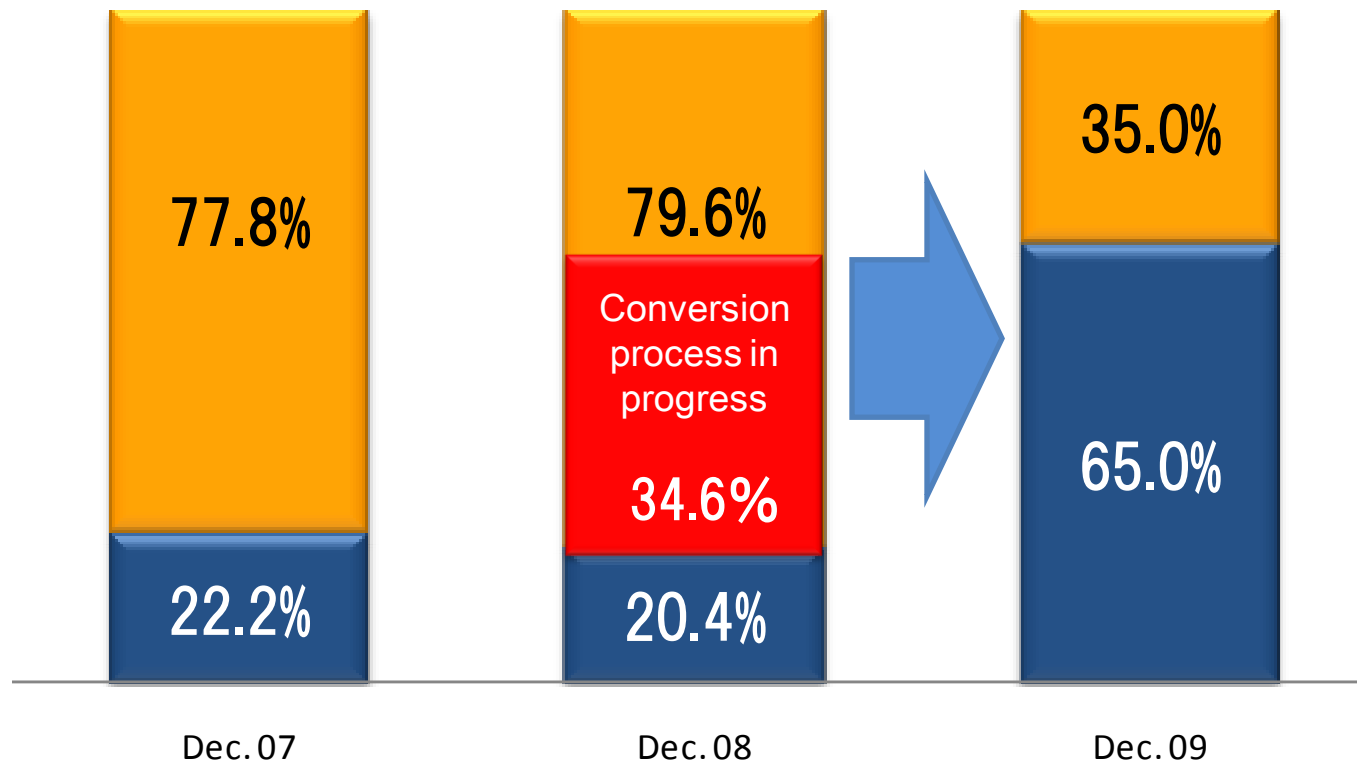
Outsourced contracting sites declines corresponds with that of temporary worker dispatching sites.

However, process of converting 65% of contracts with existing clients to outsourced contracting contracts by this fiscal year's end is underway.

【UKEOI (Manufacturing Outsourced Contracting) Statements】



■ Outsourced Contracting ■ Temporary Placement

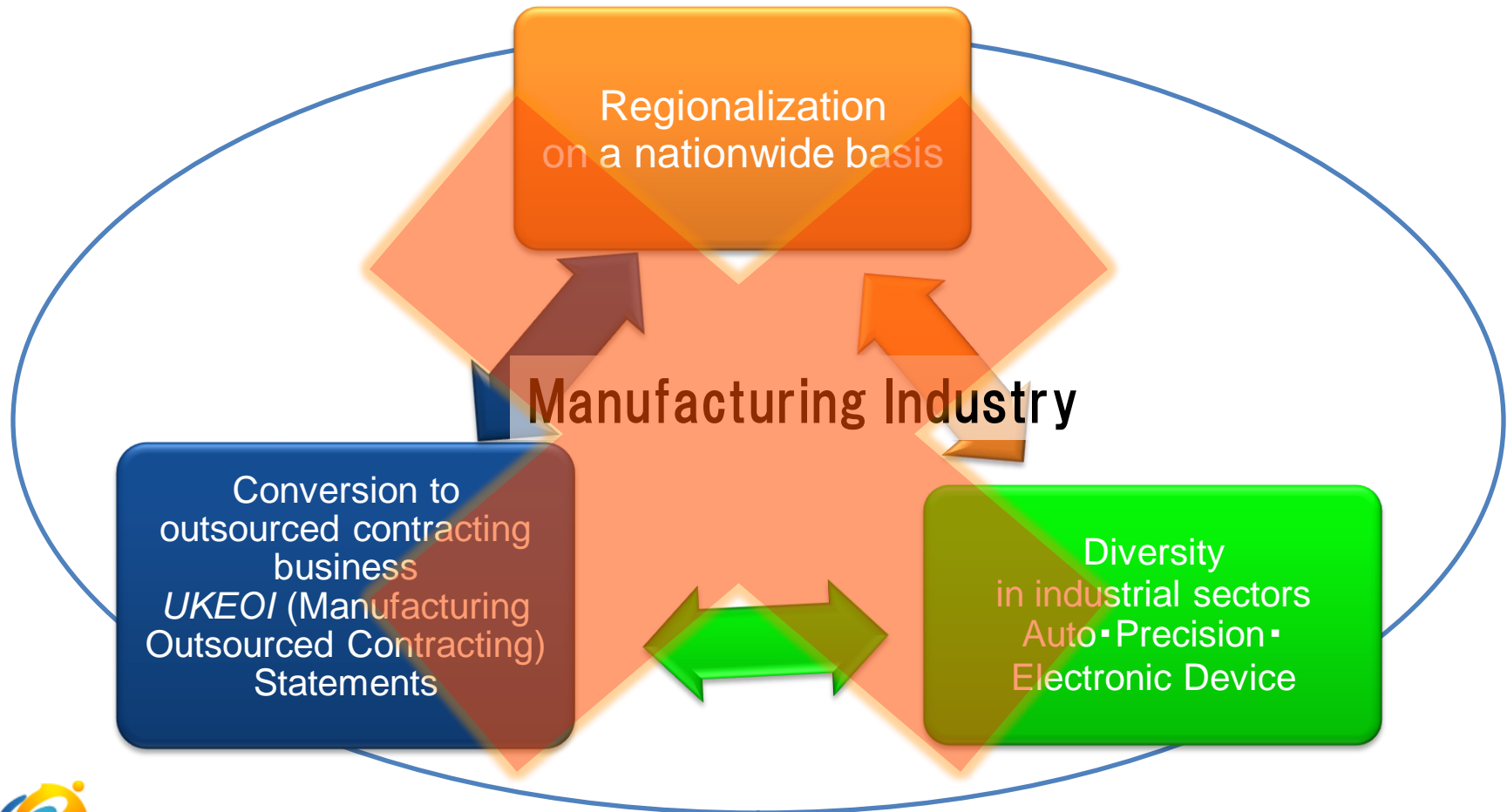


**WORLD INTEC**



# Conclusion

While we have hedged against business volatility risks by becoming more diverse in terms of regionalization and industrial sector, and by expediting the conversion to outsourced contracting, these measures were not enough to cope with the sharp decline in business volume that struck the manufacturing industry as a whole.



---

# Outlook and Strategy

# Projected Changes in Workforce and GDP

GDP forecast sees economic recovery likely in 2010, with re-engineering of production methodologies inevitable.

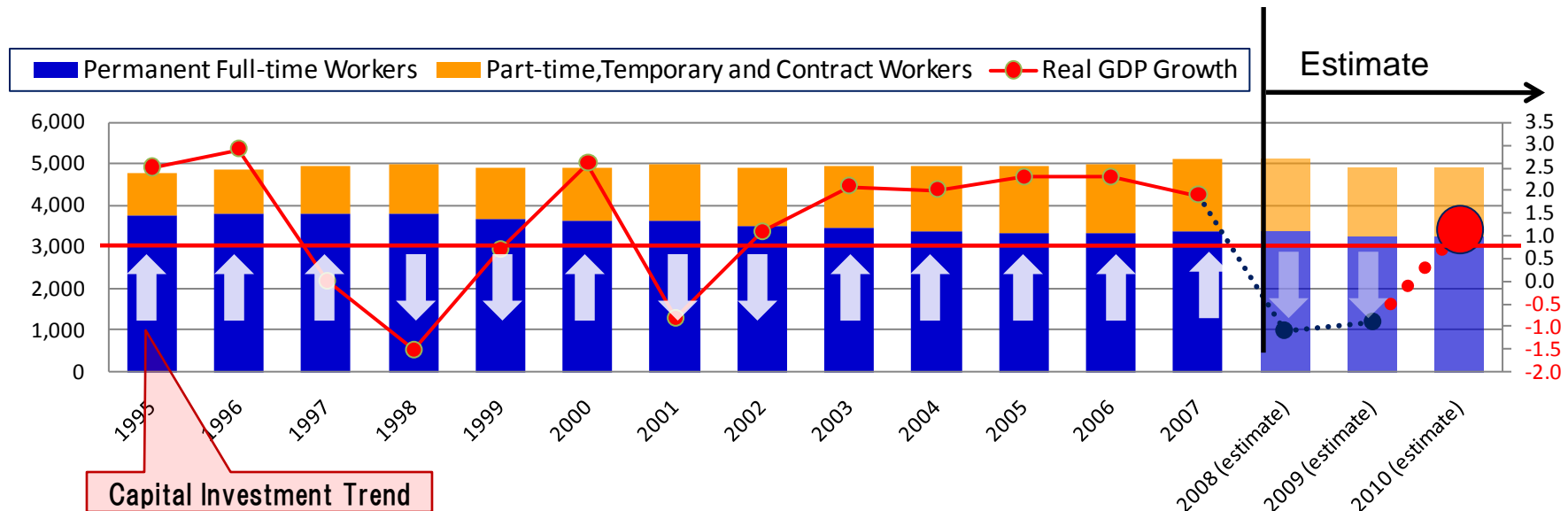
1995

Ratio of permanent workers  
79.1% (37.79 million people)  
Ratio of non-permanent workers  
20.9% (10.01 million people)

2008

Ratio of permanent workers  
66.0% (33.71 million people)  
Ratio of non-permanent workers  
34.0% (17.37 million people)

Reshuffling of 7 million workers and capital investment to ensure productivity and cost performance



Source: Derived from Ministry of Health, Labor and Welfare report, *Transition and Trends of the Labor Economy*, and annual real growth rates announced by Cabinet Office



WORLD INTEC

# Possible Future Risks and Opportunities

## Labor market risks since the end of 2008 and possible future risks

### Order Inflows

- Temporary increase in termination of temporary worker dispatching and outsourced contracting contracts due to reduction in permanent-hire workforce

### Management

- Temporary increase in cash outflow arising from smaller contracted workforce (employee compensation for unused annual paid vacation time; temporary leave due to production cutbacks; dormitory expenses and other factors)
- Less income due to net sales decline = higher SG&A ratio

### Operating Environment

- Possibility of regulatory changes impacting outsourcing industry



# Possible Future Risks and Opportunities

## Potential Opportunities

### Order Inflows

- Demand for outsourcing agencies with a stable pool of contracted workers is expected to rise significantly after the current period of workforce reductions as manufacturers look to ensure viable production levels.
- While the total volume of demand will fall, demand and business volume for those agencies who can handle the increased order inflow will grow.
- Opportunities to secure contracts with manufacturers that have in the past refrained from using our services will improve.
- Rather than relying on direct employment, which bears considerable risks for employers, or long-term temporary hires, clients will shift orders to agencies that provide outsourcing and outsourced contracting services, services that are expected to develop and expand even further in the future.

### Recruitment

- Agencies that offer flexible career environments to suit the lifestyle needs and wants of contracted workers, thereby allowing them opportunities to choose and draw up clearer future plans, will secure the most applicants.



Due to a sharp decline in net sales, our SG&A ratio has increased significantly. **This is also true for our competitors.** We are thus now committed to enhancing our capacity not only to meet the numerous challenges ahead, but to invest in business opportunities that will undoubtedly rise in the years to come.

The following initiatives will be adopted to ensure success:



# Reasons for Continued Outsourced Contracting Growth

- The only way to secure viable workforce without being subject to the legal restrictions imposed by the Worker Dispatch Law
- Our *UKEOI* (Manufacturing Outsourced Contracting) Statements assures us competitive superiority with regards to the issue of regulatory compliance.

## Industry

- Outsourced contracting provides stability in terms of sales, profits and operational flexibility

## Manufacturers

- Enables fully compliant production systems to avoid restrictions on the dispatching period imposed under the Worker Dispatching Law
- Curtails production costs
- Enables flexible responses to production changes

## Employees

- Offer flexible career environments to suit the lifestyle needs and wants of contracted workers

# Reasons for Continued Outsourced Contracting Growth

## Superiority of Outsourced Contracting

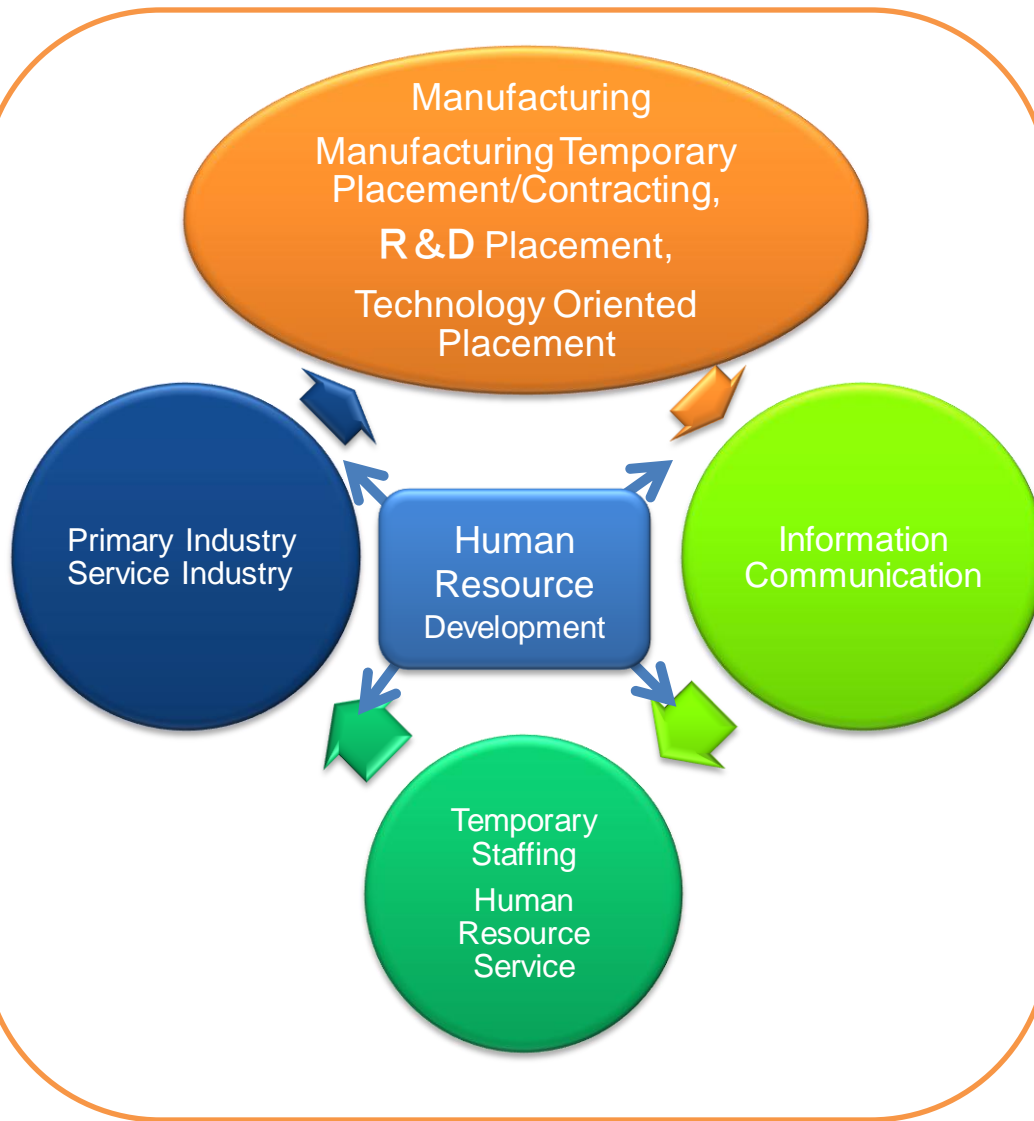
		Contract Term	Cost	Adjustments	Recruitment	Administration	Risks
Direct employment	Permanent workers	Unlimited	High	In-house	Maker	Maker	Costs become fixed
	Seasonal workers	3 years max.	Average	In-house	Maker	Maker	Limited to 3 years
	Part-time workers	Unlimited	Low	In-house	Maker	Maker	Equal pay for equal work for part-time and permanent workers
Temp staff at manufacturing sites		3 years max.	Average	Temp staff agency (adjusting to # of workers)	Temp staff agency	Temp staff agency	Retention difficult
Outsourced contracting		Unlimited	Low	Outsourcing agency (adjusting to production volume)	Outsourcing agency	Outsourcing agency	Startup time longer



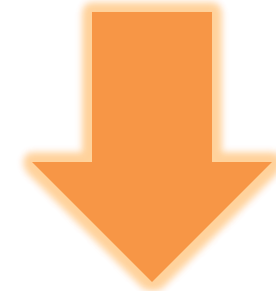
Outsourced contracting is the most stable format for client-manufacturers, contracted workers and WORLD INTEC.



# A Human Resources Service for Clients and Workers (Our Group Strategy)



Our aim is to pioneer new labor markets by enhancing employee training through our partnerships with educational institutions (the government as well as other companies, including our affiliates) and developing individuals capable of excelling in fields other than their original field of expertise.



A human resources services  
for clients and workers



# Contact Information

---

WORLD INTEC CO., LTD.

Hiroshi Kudo (Mr.)

Corporate Spokesperson

Corporate Management Office

TEL                   +81-3-3516-1122

E-MAIL             irinfo@witc.co.jp

URL                  <http://www.witc.co.jp/>

A cautionary note on forward-looking statements:

This material contains forward-looking statements on the Company and its future business performance. The forecasts are developed from a broad base of information collected and collated by the Company as of the day the business results are announced. Actual results, however, may differ materially from those projected. Neither the Company nor provider of the information contained herein may be held liable or responsible for any loss or damages resulting from investment decisions based on the content of this presentation.



**WORLD INTEC**