

# Business Results for Fiscal Year Ended December 31, 2009

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February 19, 2010  
WORLD INTEC CO., LTD.



JASDAQ(2429)

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# Introduction: Change in Management

## Chairman and CEO

Eikichi Iida (former Chairman, President and CEO)

Now tasked with:

- Accelerating management decision-making within the Group
- Managing overall Group
- Developing new business opportunities to achieve Group growth



## President, COO

Toshihiko Kanno (former Director)

Now tasked with:

- Accelerating operational decision-making
- Achieving greater growth for operating businesses

# Business Results Summary for Fiscal Year Ended December 31, 2009

# Consolidated Business Results Summary for FY12/09 (Year-on-Year)

## Net Sales

On gradual recovery curve despite effects from global recession

## Operating Income

Emergency countermeasures cut SG&A costs  
(nonconsolidated reduction: ¥1.9 billion)

## Ordinary Income

¥129 million in non-operating income posted  
(resulting from government employment subsidy)

## Net Income

¥99 million extraordinary loss posted  
(from valuation of investment securities)

(Consolidated) (¥Million)	FY12/08 Actual	FY12/09 Actual	Year-on-Year Change	
			Amount	Ratio
Net Sales	48,767	29,094	△19,672	△40.3%
Operating Income	1,089	389	△699	△64.2%
Operating Margin	2.2%	1.3%	—	—
Ordinary Income	1,278	537	△740	△57.9%
Ordinary Margin	2.6%	1.8%	—	—
Net Income	192	149	△43	△22.4%
Net Margin	0.4%	0.5%	—	—



# Consolidated Business Results Summary for FY12/09 (vs. Forecast)

## Net Sales

Forecast exceeded due to sales growth in Manufacturing Temporary Placement/Contracting and Information Technology & Telecommunications Services Businesses

## Operating Income

Forecast exceeded due to net sales growth and adoption of emergency countermeasures

## Ordinary Income

Forecast exceeded due to government employment subsidy

## Net Income

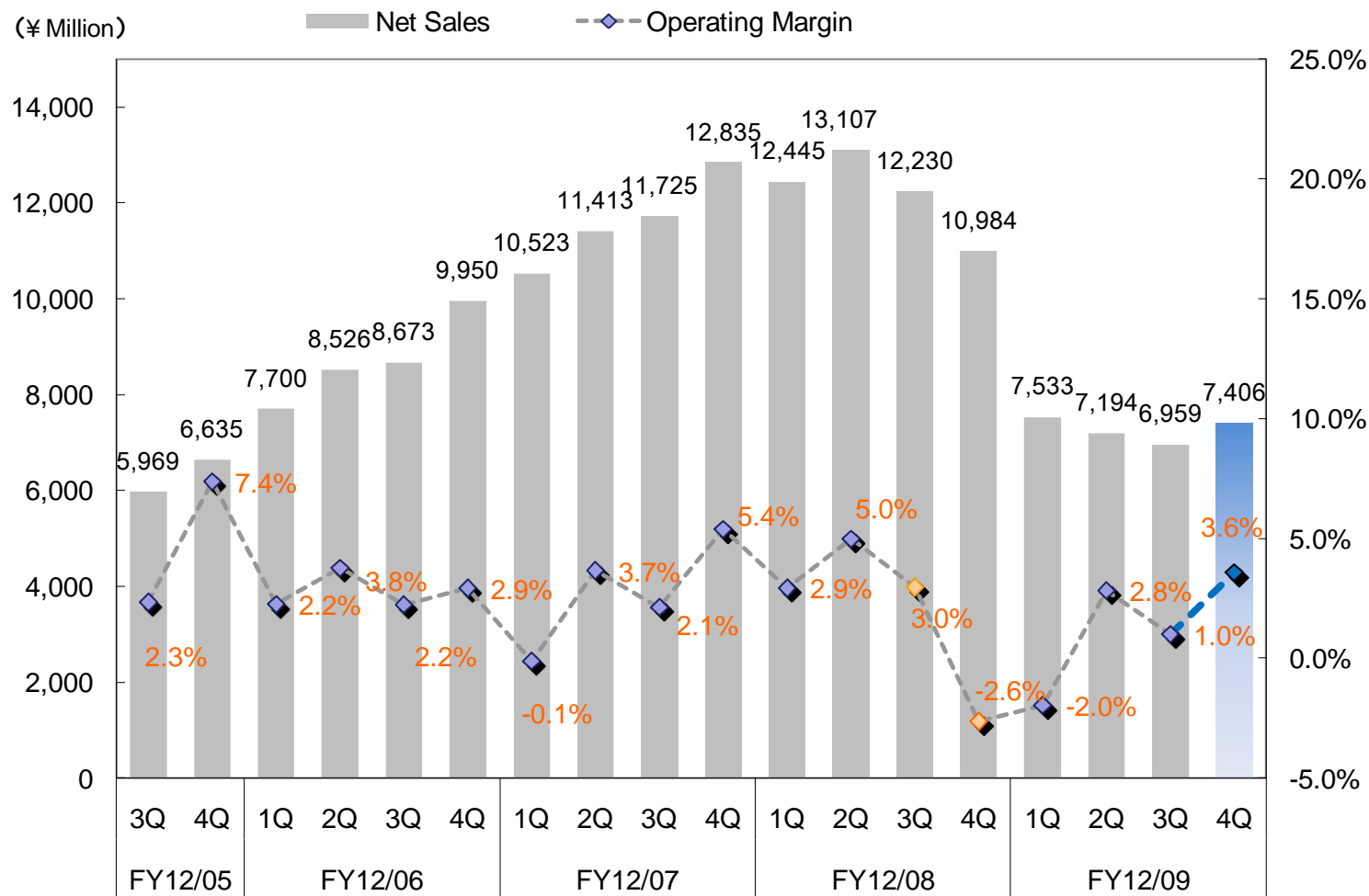
Increase due to higher operating income

(Consolidated) (¥Million)	FY12/09 Forecast	FY12/09 Actual	vs. Forecast	
			Amount	Ratio
Net Sales	28,300	29,094	794	2.8%
Operating Income	340	389	49	14.7%
Operation Margin	1.2%	1.3%	—	—
Ordinary Income	360	537	177	49.4%
Ordinary Margin	1.3%	1.8%	—	—
Net Income	50	149	99	198.6%
Net Margin	0.2%	0.5%	—	—



# Consolidated Net Sales and Operating Margin (3Q FY12/05 – 4Q FY12/09)

- Gradual recovery of net sales; operating income also improving due to adopted emergency countermeasures



# Business Results Summary by Segment (Year-on-Year)

(¥Million)		FY12/08 Actual	FY12/09 Actual	Year-on-Year Change	
				Amount	Ratio
Manufacturing Temporary Placement/Contracting	Net Sales	29,380	13,221	△16,158	△55.0%
	Operating Income	1,920	775	△1,144	△59.6%
	Operating Margin	6.5%	5.9%	—	—
Technology Oriented Placement	Net Sales	8,021	5,707	△2,313	△28.8%
	Operating Income	468	357	△111	△23.8%
	Operating Margin	5.8%	6.3%	—	—
R&D Placement	Net Sales	1,905	1,967	62	3.3%
	Operating Income	139	137	△2	△1.8%
	Operating Margin	7.3%	7.0%	—	—
Information Technology & Telecommunications Services	Net Sales	8,202	7,200	△1,002	△12.2%
	Operating Income	178	141	△36	△20.3%
	Operating Margin	2.2%	2.0%	—	—
Marketing Sales Services	Net Sales	1,257	996	△260	△20.7%
	Operating Income	△132	△95	37	—
	Operating Margin	△10.5%	△9.5%	—	—
Total	Net Sales	48,767	29,094	△19,672	△40.3%
	Elimination	△1,485	△926	559	—
	Operating Income	1,089	389	△699	△64.2%
	Operating Margin	2.2%	1.3%	—	—



# Business Results Summary by Segment (vs. Forecast)

(¥Million)		FY12/09 Forecast	FY12/09 Actual	vs. Forecast	
				Amount	Ratio
Manufacturing Temporary Placement/Contracting	Net Sales	12,403	13,221	818	6.5%
	Operating Income	576	775	199	34.5%
	Operating Margin	4.6%	5.9%	—	—
Technology Oriented Placement	Net Sales	6,052	5,707	△345	△5.7%
	Operating Income	383	357	△26	△6.7%
	Operating Margin	6.3%	6.3%	—	—
R&D Placement	Net Sales	2,112	1,967	△145	△6.8%
	Operating Income	192	137	△55	△28.6%
	Operating Margin	9.1%	7.0%	—	—
Information Technology & Telecommunications Services	Net Sales	6,726	7,200	474	7.0%
	Operating Income	206	141	△65	△31.5%
	Operating Margin	3.1%	2.0%	—	—
Marketing Sales Services	Net Sales	1,007	996	△11	△1.0%
	Operating Income	△47	△95	△48	—
	Operating Margin	△4.7%	△9.5%	—	—
Total	Net Sales	28,300	29,094	795	2.8%
	Elimination	△970	△926	44	—
	Operating Income	340	389	49	14.4%
	Operating Margin	1.2%	1.3%	—	—

# Summary of Consolidated Balance Sheets

(Consolidated) (¥Million)	FY12/08 Actual	FY12/09 Actual	Year-on-Year Change Amount	
<b>Total assets</b>	<b>11,676</b>	<b>9,497</b>	<b>△2,179</b>	
<b>Current assets</b>	<b>9,225</b>	<b>7,750</b>	<b>△1,474</b>	
Cash and deposits	3,749	3,582	△166	
Notes and accounts receivable-trade	4,144	3,062	△1,081	Impacted by reduced number
Inventories	546	544	△2	of employees
Others	784	560	△224	
<b>Noncurrent assets</b>	<b>2,451</b>	<b>1,747</b>	<b>△704</b>	
Property, plant and equipment	759	662	△96	
Intangible assets	239	146	△92	
Investments and other assets	1,452	937	△514	¥311 million in PcAssist Corporation shares as investment securities transferred
<b>Total liabilities</b>	<b>6,978</b>	<b>4,719</b>	<b>△2,259</b>	
<b>Current liabilities</b>	<b>6,086</b>	<b>4,196</b>	<b>△1,889</b>	
Notes and accounts payable-trade	425	471	46	
Short-term loans payable	651	907	255	
Accrued expenses	3,135	1,806	△1,329	Impacted by reduced number
Income taxes payable	220	113	△107	of employees
Accrued consumption taxes	525	173	△352	
Others	1,126	725	△401	
<b>Noncurrent liabilities</b>	<b>892</b>	<b>522</b>	<b>△370</b>	
Long-term loans payable	654	262	△392	
Provision for retirement benefits	216	226	10	
Provision for directors' retirement benefits	19	22	3	
Others	2	10	8	
<b>Total net assets</b>	<b>4,698</b>	<b>4,778</b>	<b>80</b>	
Capital stock	697	697	0	
Capital surplus	860	860	0	
Retained earnings	2,641	2,719	77	
Treasury stock	△70	△100	△30	
Valuation and translation adjustments	△27	△23	3	
Minority interests	597	626	29	
<b>Total liabilities and net assets</b>	<b>11,676</b>	<b>9,497</b>	<b>△2,179</b>	

# Summary of Consolidated Cash Flows

(Consolidated) (¥Million)	FY12/08 Actual	FY12/09 Actual	Year-on-Year Change Amount	
Cash flows provided by (used in) operating activities	556	△361	△917	
Income before income taxes	973	445	△528	
Depreciation and amortization	168	129	△39	
Decrease (increase) in notes and accounts receivable-trade	992	1,079	87	
Decrease (increase) in inventories	△151	2	153	
Increase (decrease) in notes and accounts payable-trade	△77	46	123	
Increase (decrease) in accrued expenses	△355	△1,332	△977	Impacted by reduced number
Increase (decrease) in accrued consumption taxes	△130	△361	△231	of employees
Others	334	131	△202	
Interest and dividends income received	10	6	△4	
Interest expenses paid	△20	△24	△4	
Income taxes paid	△1,188	△482	706	
Cash flows provided by (used in) investing activities	△742	379	1,122	
Purchase of short-term investment securities	△410	△64	346	
Proceeds from sales of short-term investment securities	311	164	△147	
Purchase of property, plant and equipment	△121	△38	83	
Purchase of investment securities	△594	△2	591	Acquired shares of PcAssist
Proceeds from sales of investment securities	—	311	311	Corporation in fiscal 2008
Net increase (decrease) of deposits and compensation	17	74	56	Sold shares of PcAssist Corporation
Others	54	△64	△118	
Cash flows provided by (used in) financing activities	△225	△229	△3	
Net increase (decrease) in short-term loans payable	35	369	334	Increase due to transfer from current
Proceeds from long-term loans payable	350	400	50	portion of long-term loans payable
Repayment of long-term loans payable	△539	△906	△366	to short-term loans payable
Others	△70	△92	△21	Increase due to transfer from current
Effect of exchange rate change on cash and cash equivalents	△23	3	27	portion of long-term loans payable
Net increase (decrease) in cash and cash equivalents	△435	△206	228	to short-term loans payable
Cash and cash equivalents, beginning of term	4,152	3,717	△435	
Cash and cash equivalents, end of term	3,717	3,510	△206	

- Decline in operating income following sharp plunge in demand corrected from 2Q.
- Key to rebound strength lies in sound management and its willingness to make investments necessary for business growth.

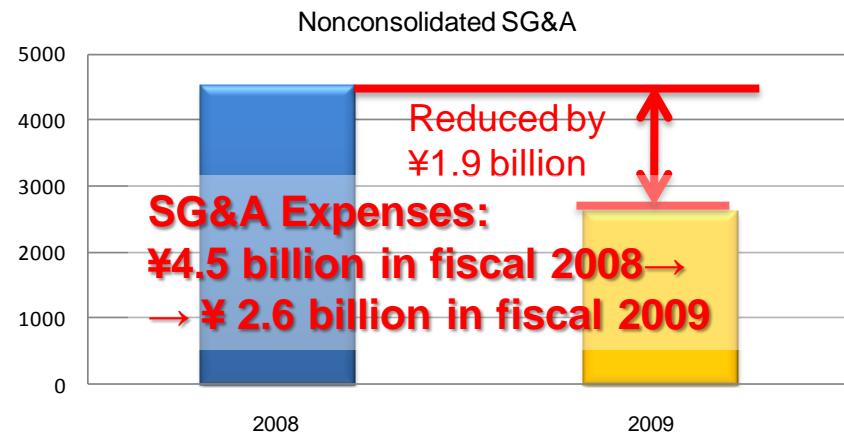
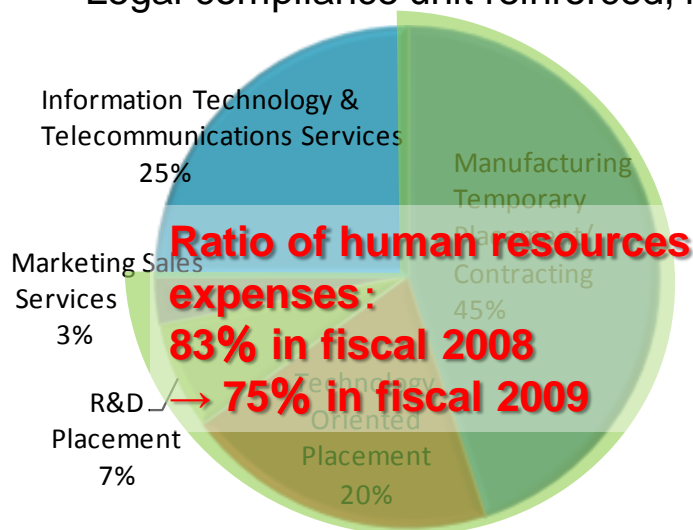
Nonconsolidated net sales and operating income



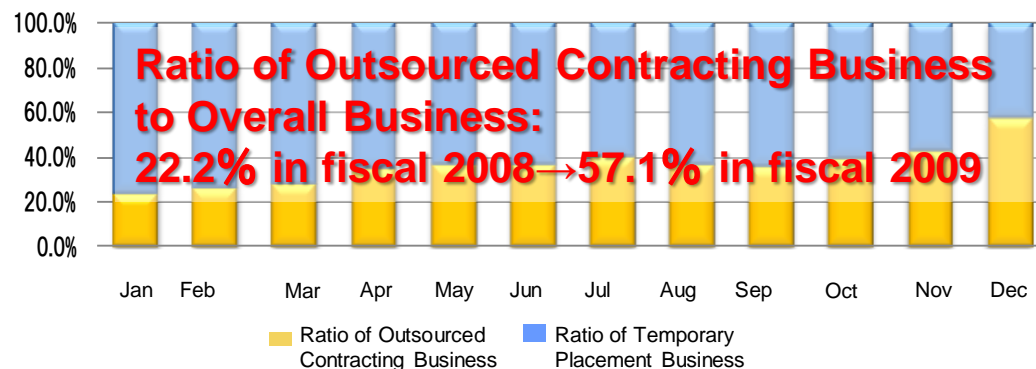
# Summary of FY12/09 Consolidated Business Results

## [Achievements]

- Emergency countermeasures reduced expenses
- Breakeven point lowered
- Promotion of manufacturing outsourced contracting secures stable client base
- Legal compliance unit reinforced, integrated



## Ratio of Outsourced Contracting Business



## [Challenges]

- Expected amendment of Worker Dispatch Law
- Contraction of human resources market for manufacturing sector
- Further commonality of sales, general and administration employees



# Earnings Forecast for Fiscal Year Ending December 31, 2010

# General Forecast for FY12/10 Consolidated Earnings

- Two key issues: Imminent amendment to Worker Dispatch Law and ways to promote clients' conversion to outsourced contracting
- Look for ways to develop new markets while trying not to become overwhelmed by the contraction of existing markets

(Consolidated) (¥Million)	FY12/09 Actual	FY12/10 Forecast	Year-on-Year Change	
			Amount	Ratio
Net Sales	29,094	31,300	2,205	7.6 %
Operating Income	389	690	300	77.0 %
Operating Margin	1.3%	2.2%	—	—
Ordinary Income	537	700	162	30.1 %
Ordinary Margin	1.8%	2.2%	—	—
Net Income	149	240	90	60.8 %
Net Margin	0.5%	0.8%	—	—

# Earnings Forecast Summary by Business Segment

(¥Million)		FY12/09 Actual	FY12/10 Forecast	Year-on-Year Change	
				Amount	Ratio
Manufacturing Temporary Placement/Contracting	Net Sales	13,221	15,200	1,979	15.0%
	Operating Income	775	890	115	14.8%
	Operating Margin	5.9%	5.9%	—	—
Technology Oriented Placement	Net Sales	5,707	6,000	293	5.1 %
	Operating Income	357	440	83	23.2 %
	Operating Margin	6.3%	7.3%	—	—
R&D Placement	Net Sales	1,967	2,200	233	11.8 %
	Operating Income	137	200	63	46.0 %
	Operating Margin	7.0%	9.1%	—	—
Information Technology & Telecommunications Services	Net Sales	7,200	6,600	△600	△8.3 %
	Operating Income	141	120	△ 21	△14.9 %
	Operating Margin	2.0%	1.8%	—	—
Marketing Sales Services	Net Sales	996	1,300	304	30.5 %
	Operating Income	△95	0	95	—
	Operating Margin	△9.5%	0.2%	—	—
Total	Net Sales	29,094	31,300	2,206	7.6 %
	Elimination	△926	△960	△34	—
	Operating Income	389	690	301	77.0 %
	Operating Margin	1.3%	2.2%	—	—

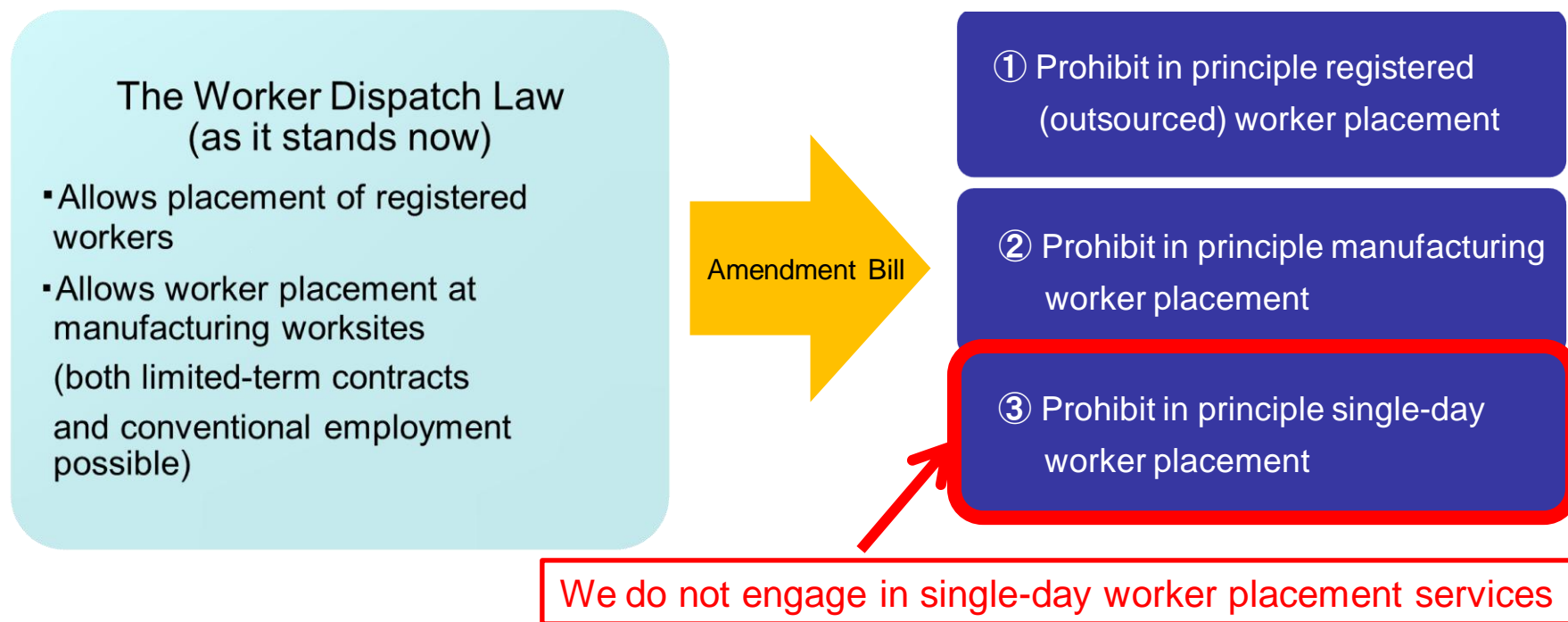




# Projected Changes in Business Environment in 2010

## Summary of amendment as related to manufacturing outsourcing business

Revisions that should be incorporated into the proposed bill (as of December 28, 2009)



### [Reference] 9 Recommendations from Labor Policy Committee Report

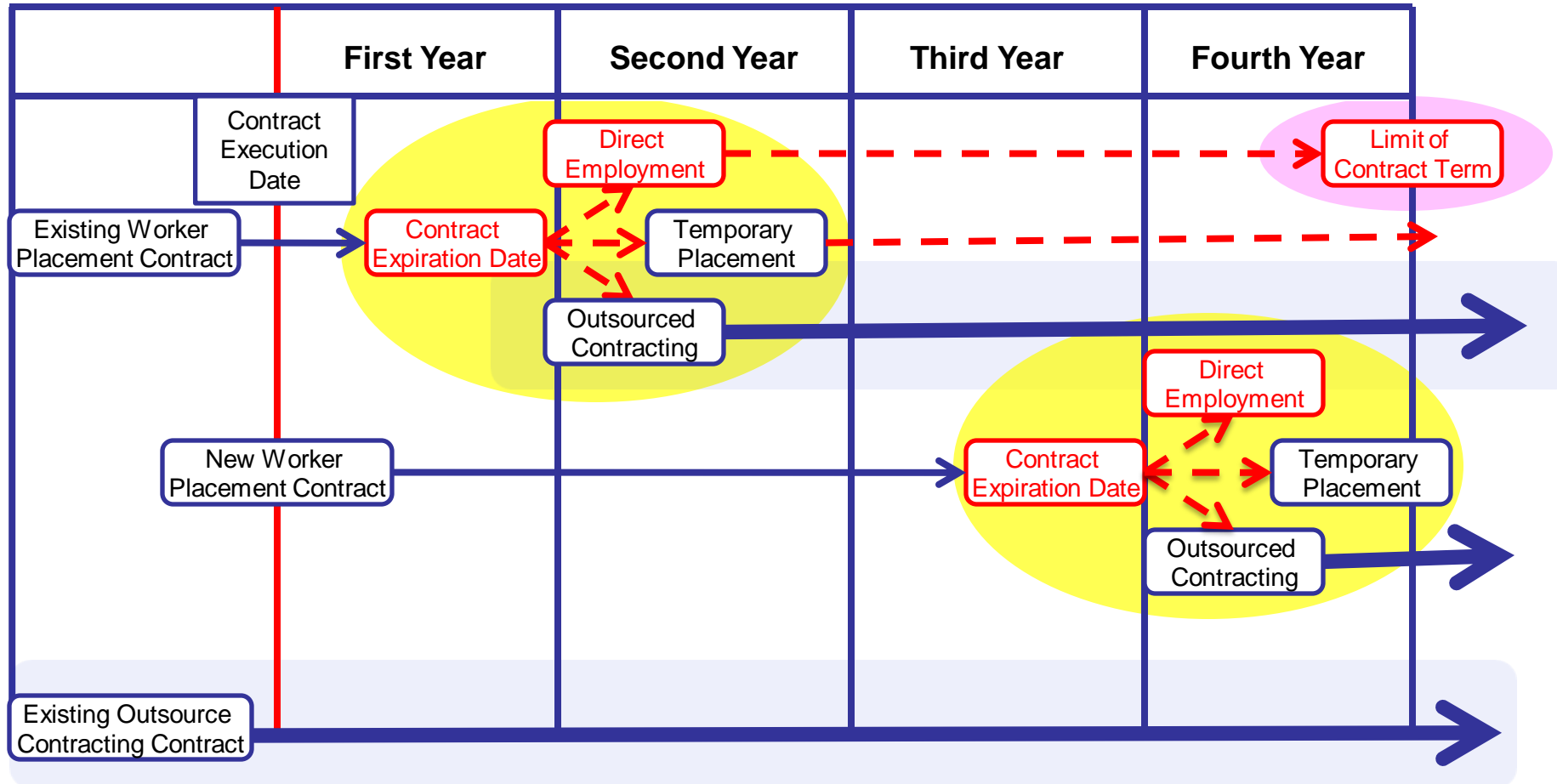
- |   |   |   |
|---|---|---|
| 1. Prohibit in principle registered (outsourced) worker placement | 4. Equal work, equal pay principle                                      | 7. Amend title and objective of Worker Dispatch Law |
| 2. Prohibit in principle manufacturing worker placement           | 5. Public disclosure of outsourcing provider's margin per placed worker | 8. Effective date                                   |
| 3. Prohibit in principle single-day worker placement              | 6. Promotion of direct employment in case of illegal worker placement   | 9. Provisional measures, etc.                       |

# Worker Dispatch Law Amendment: Conclusion

Item	Coverage	Labor Policy Committee Report (Issued December 28, 2009)
Registered worker placement prohibited in principle	Effective Date	Within 3 years of announcement. Additional 2 years allowed for certain work
	Exception	26 operations requiring high level of expertise; placement for permanent workers taking maternity leave; placement of senior citizens; temp-to-perm placement
Manufacturing worker placement prohibited in principle	Effective Date	Within 3 years of announcement
	Exception	Worker placement with conventional employment contract
Single-day worker placement prohibited in principle	Effective Date	Within 6 months of announcement
	Exception	18 operations, including interpreter services
Upgrade onsite responsibilities of placed workers	Effective Date	Labor Policy Committee to continue examining issue
	Exception	
Legal responses to illegal worker placement	Effective Date	Within 6 months of announcement
	Exception	Incorporate clause that holds the company at which the illegally placed worker is assigned, has in essence hired the worker directly and thus extend the rights and protection entitled to the directly employed
Sanctions	Effective Date	Labor Policy Committee to continue examining issue
	Exception	



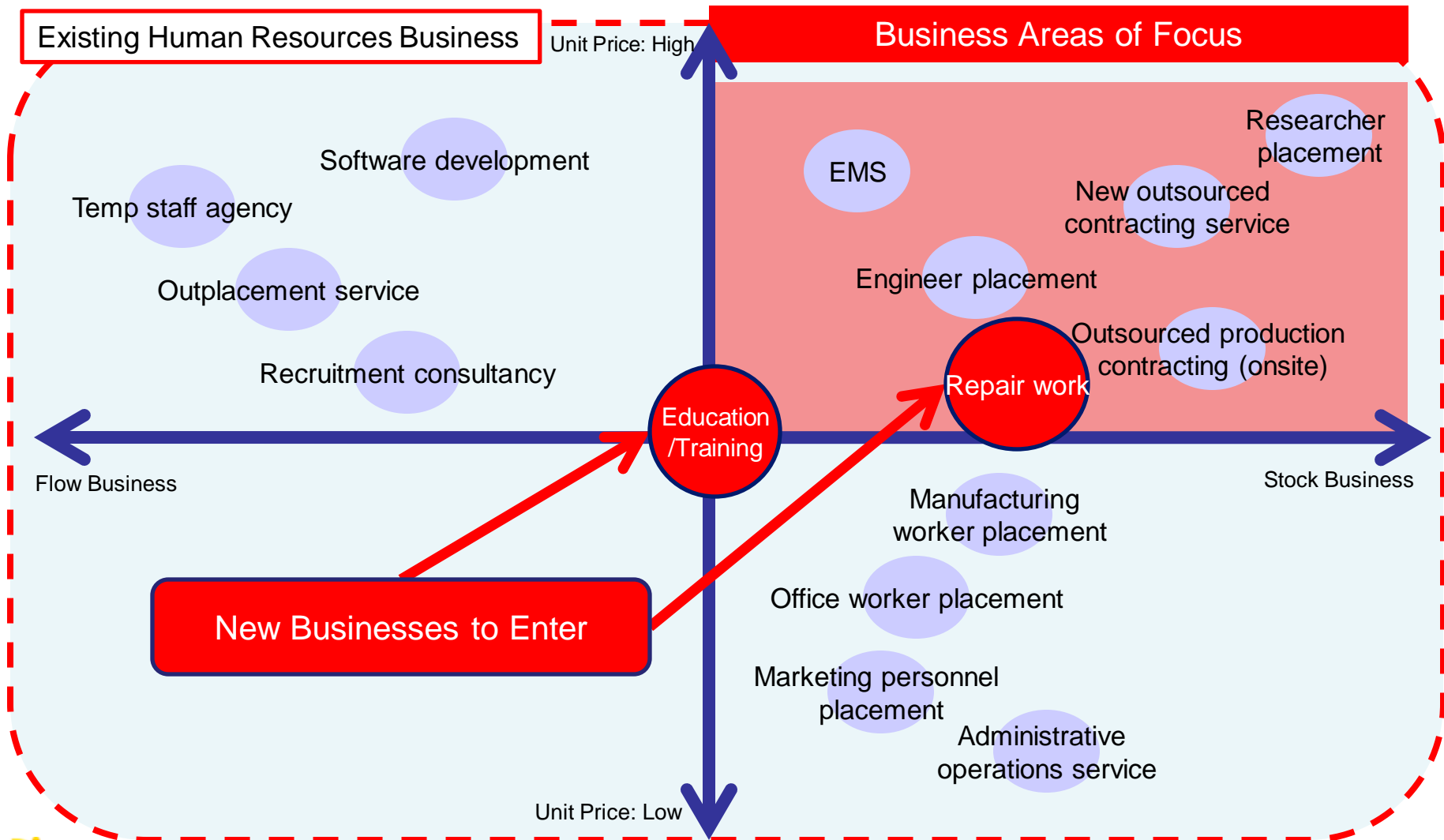
## Why Outsourced Production Contracting is Key to Sustainable Success



# Future Business Strategy

# Future Business Strategy: Short-Term Business Plan

Concentrate on areas in which our business resources may be exploited to the fullest



# Future Strategy for Manufacturing Temporary Placement/Contracting Business

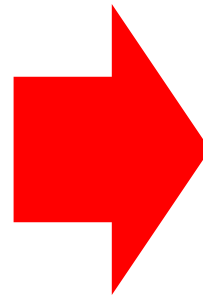
By rolling out a new outsourced contracting plan, we intend to spur greater growth from a manufacturing worker placement market that is undergoing contraction

## Basic outsourced contracting plan

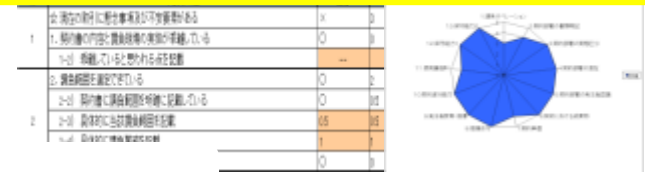
- ① Detailed study on operations related to manufacturing worker placement contract
- ② Formulate outsourced contracting plan that complies with Labor Department standards
- ③ Design contract specifications for manufacturer's production lines slated for conversion to outsourced contracting contract

### Targets

Production processes, lines and units not yet operating under outsourced contracting



Our outsourced contracting design expertise  
Superior compatibility with Labor Department standards  
Can redesign outsourced contracting plans to meet a client-manufacturer's specifications



## Our new outsourced contracting plan

Secure outsourced contracting contracts in R&D domains that require a high level of expertise, enabling us to offer a new service lineup exploiting our outsourced contracting expertise

### Targets

Quality assurance

Evaluation/analysis

Inspection/analysis

Facility maintenance

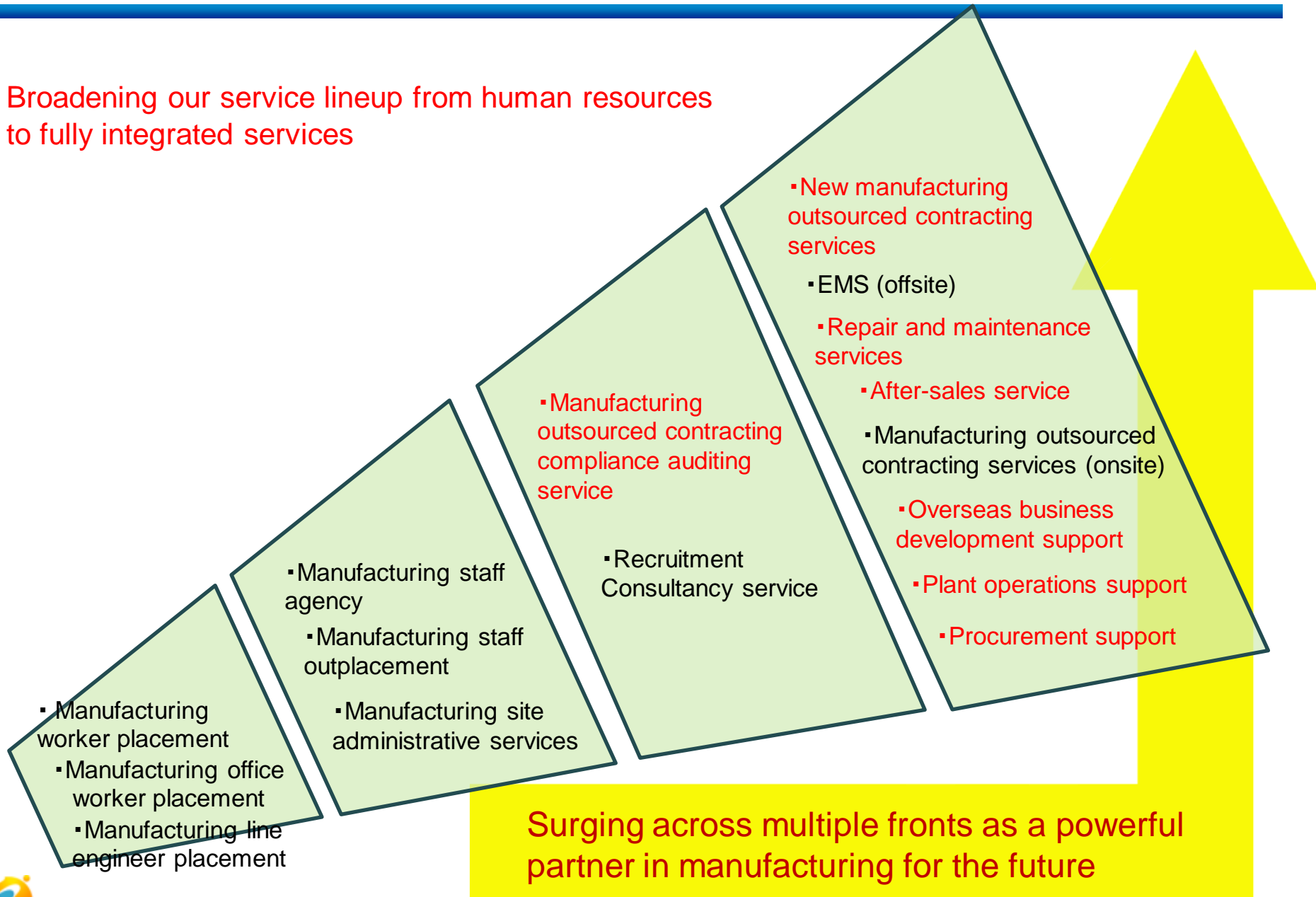
Design



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# Future Strategy for Manufacturing Temporary Placement/Contracting Business

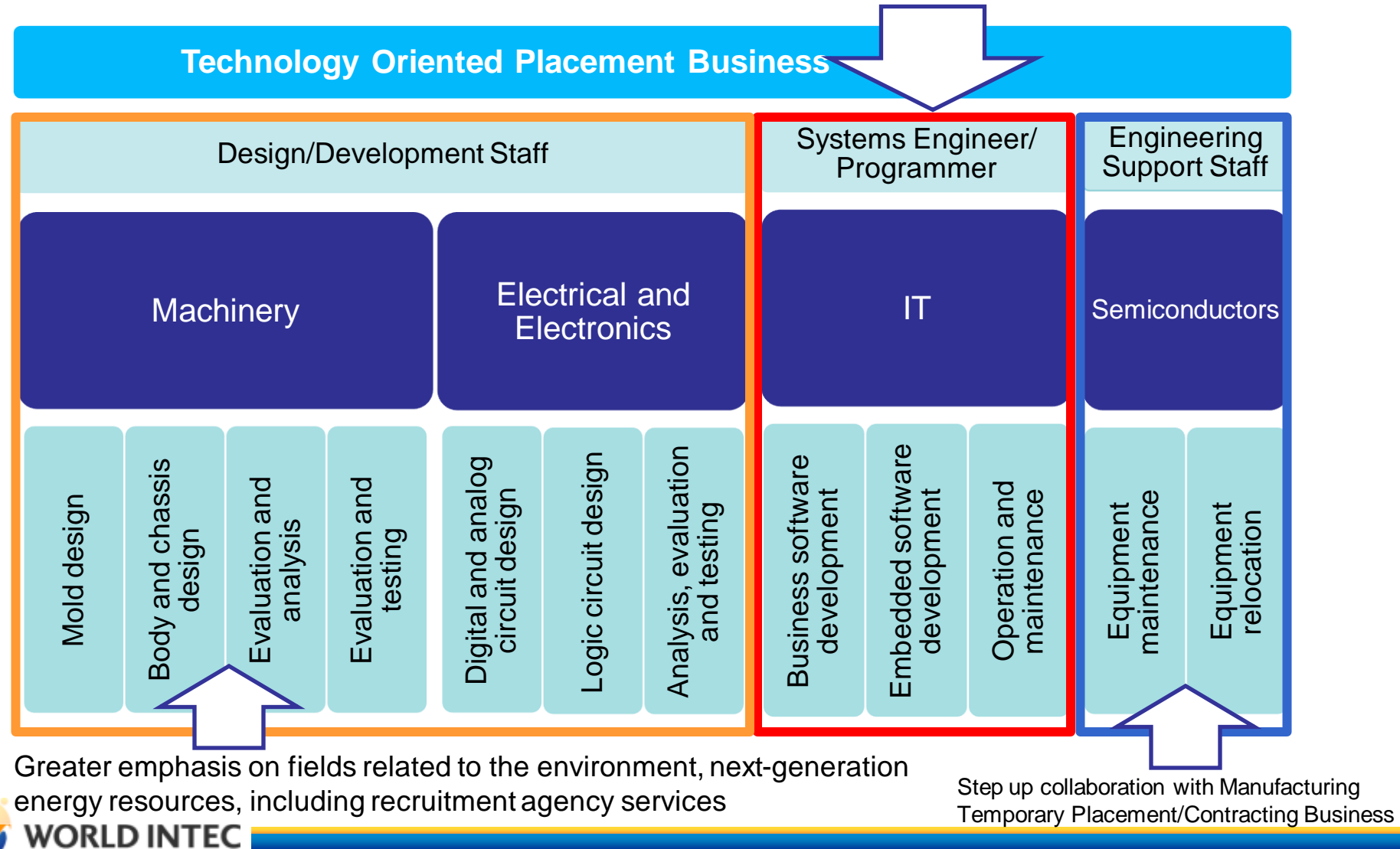
Broadening our service lineup from human resources to fully integrated services





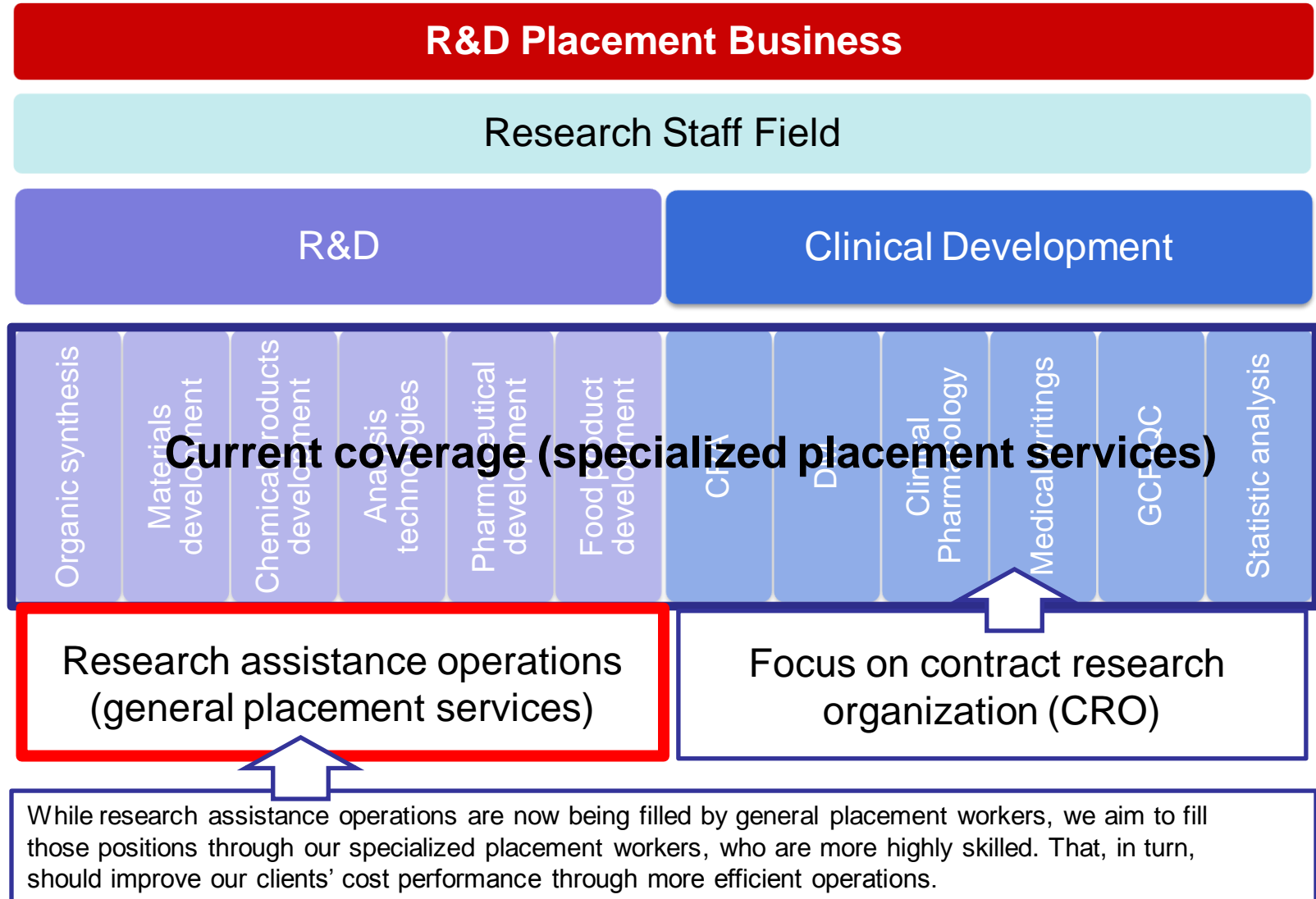
# Future Business Strategy: Technology Oriented Placement Business

Through our coalition with SI Development Center and GEOGRAPHIC INFORMATION OF KYUSHU, INC., we aim to reinforce our field of contracting services beyond the scope of that provided by our competitors. We will also expand our domain of engineering placement services that includes in-house training and education initiatives.



# Future Business Strategy: R&D Placement Business

Branch out to the field of general placement services by leveraging our strength in specialized placement services



# Future Business Strategy: Marketing Sales Services Business

Branch out from our specialized marketing/sales field in the apparel industry, to a variety of other fields

## Our Service-Oriented Business

General Placement Services

New Business Fields

Officer staff

Marketing staff

Sales staff

Amusement industry staff

Customer service staff

Nursing care staff

Clerical work

Secretarial staff

Reception staff

Marketing/sales staff

Telemarketing staff

Apparel industry staff

Volume discount store staff

Service staff

Wining and dining

Reception staff

Distribution service staff

Home-care worker

Clinical nurse

Repair work business

Education/training business

Fields to be expanded

Fields to be expanded



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To invest in marketing/sales prioritizing expansion of stock assets

## Information Technology & Telecommunications Services

Corporate Sales

TM Business

Retail Outlet Sales

Corporate  
mobile phone  
sales

Land-line  
subscription  
sales

Fiber-optic  
line sales

ISP

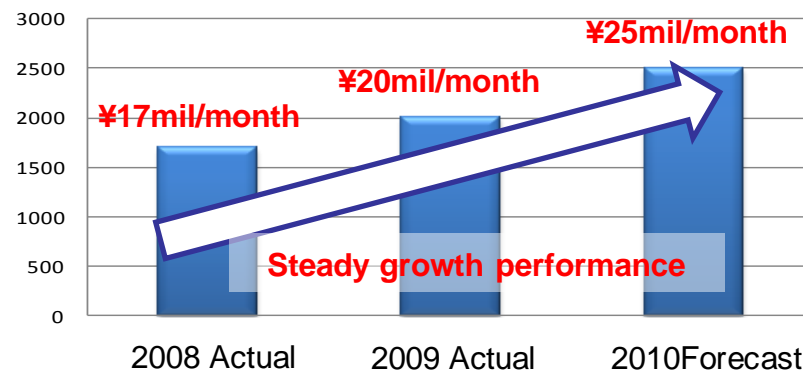
Private-user  
mobile phone  
sales

Corporate  
mobile phone  
sales

▪ Reinforcing direct sales

▪ Expanding retail outlet network

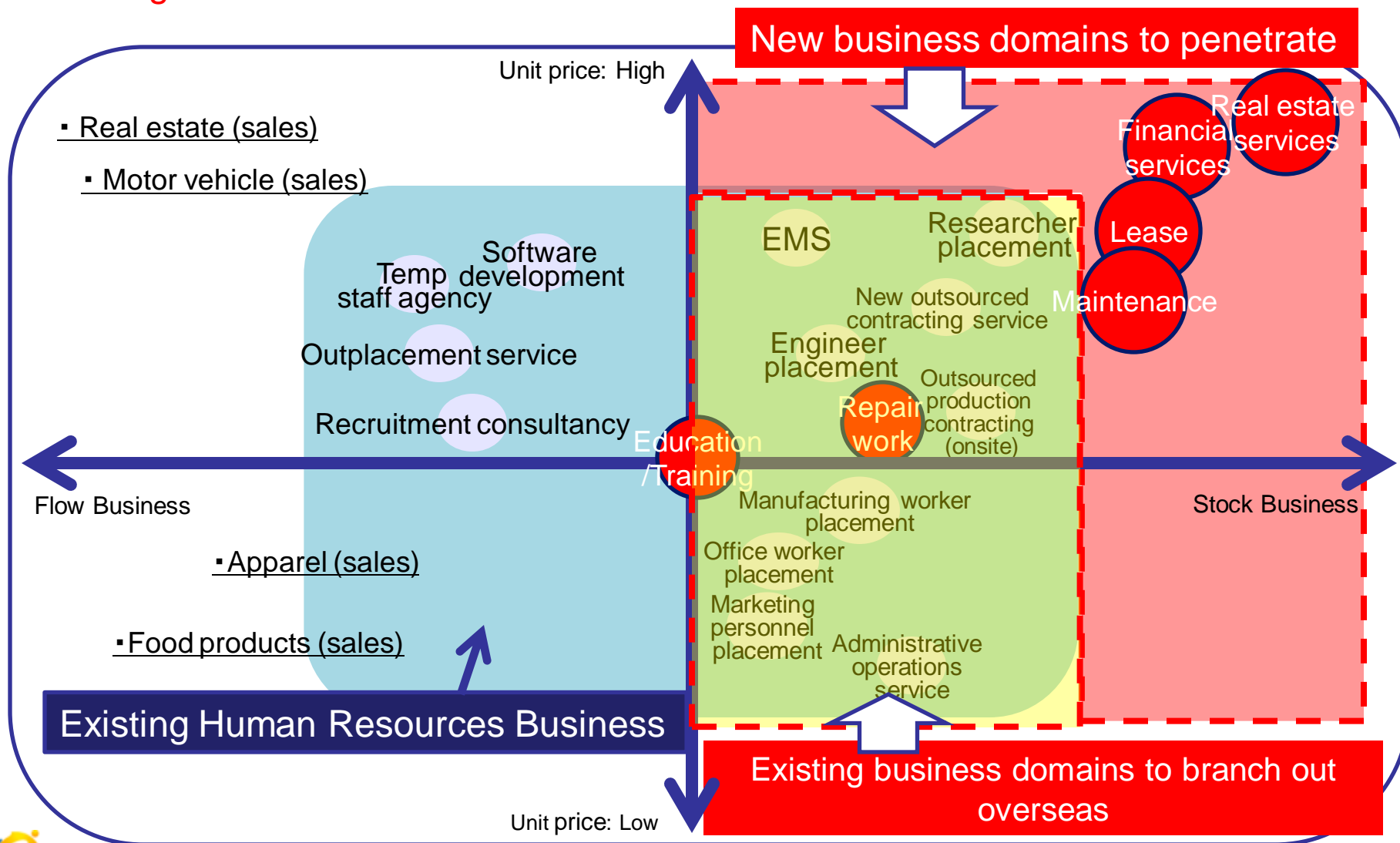
▪ Steady revenue  
▪ Stock asset expansion



# Future Group Strategy

# Future Group Strategy: Mid- to Long-term Business Plan

Branch out into Asian markets with existing business resources, in addition to creating new business domains as well



# Future Group Strategy: Entering New Business Domain (Repair Work Business)



## ELECTRONICS & ECOLOGY

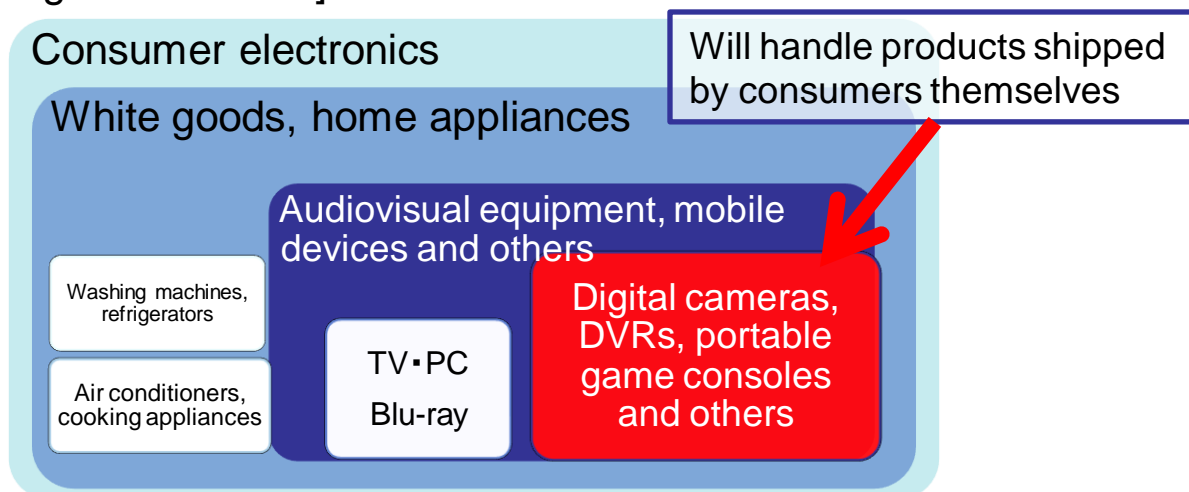
### [Objective]

Build up technical expertise and human resource training bases to respond to demand for growing digital product market

### [Business Outline]

Contracting to repair precision instruments—including digital cameras, watches and printers—at repair facilities, and placing workers there

### [Range of Products]



Company Name: ELECTRONICS & ECOLOGY CO., LTD.

Established: December 1, 2009

Capital: ¥50 million

Shareholders: 80% WORLDINTEC CO., LTD., 20% Touzai Corp.



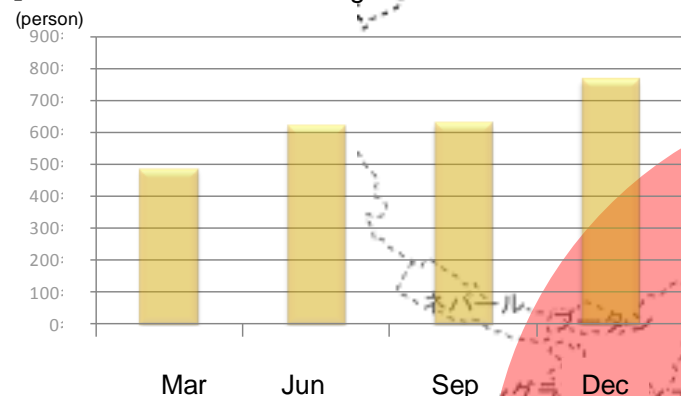
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# Future Group Strategy: Overseas Strategy

Expand coverage in Asia, where we already have a business base

Fiscal 2009: Net sales of ¥700 million (Taiwan, China and Singapore)

[ No. of trainees/workers registered in Taiwan in 2009 ]



[Existing Services]

- Worker training services
- Human resources development consultancy
- Human resources development services
- Trading company

Ratio of overseas sales projected to grow 5-fold in 4 years

2009 2010 2011 2012

Japan Overseas





**Powerful partner of business opportunities**

- Global/Asian growth strategy linked with domestic businesses
- Global human resource development strategy
- Strategic joint ventures

**Operating environment poses stiff challenges for management**

# Contact Information

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