

Second Quarter FY2011 Financial Results



August 23, 2011
World Intec Co., Ltd.
JASDAQ (2429)

Agenda

1. Summary of Second Quarter Results for FY2011
2. Segment Highlights
3. FY2011 Business Forecasts (Effects of Earthquake, etc.)
4. Businesses and Future Business Strategy
5. Real Estate Business

1. Summary of Second Quarter Results for FY2011

Overview of FY2011 Second Quarter (1); Effect of Earthquake

■ Human resources-related business;

- Following the earthquake, production decline centered on Tohoku manufacturing business in March and April had direct impact on the factory business in the Tohoku and Kita-Kanto regions. Maintained sales budget but resulted in negative earnings compared with the budget. However, the production activities in the manufacturing business recovered rapidly in late May and in June, both sales and operating profit exceeded the budget. Sales and operating profit will be affected by electricity conservation but it is assumed that the production will continue to recover. Therefore, sales and profit are likely to be as originally planned.

■ Information technology & telecommunications /real estate/other businesses

- No effect of the earthquake on the information technology & telecommunications business because it covers the entire Kyushu
- Plans to launch sales of properties to be delivered in the next fiscal year mainly in Tokyo area from 3Q and no effect of the earthquake on the real estate business at present
- Purchasing business was affected by the decline in production of components in 2Q due to supply chain disruptions but is showing signs of recovery, and sales are expected to be as planned in 2H although energy conservation is likely to have an impact on sales

Overview of FY2011 Second Quarter (2); Results of Operations

■ 2Q highlights;

- Human resources outsourcing was affected by the earthquake but almost kept within the budget due to a recovery in production activities at an early stage.
- Posted ¥515 million, up 79% YoY on a consolidated operating income basis and ¥668 million on a consolidated ordinary income basis resulting from the sale profit in 1Q real estate business.

■ Consolidated sales;

- Overcome the effects of the earthquake and human resources outsourcing also grew 12.4% YoY

Posted consolidated sales of ¥18,726 million (up 20.2% YoY)

■ Consolidated operating income;

- Posted a consolidated operating income of ¥515 million (up 79.4% YoY).

Revisions to Results for the Six Months ended June 2011

- Offset a profit decline in the human resources outsourcing business resulting from the earthquake with the real estate business
- Revised profits upward as a result of reducing SG&A expenses

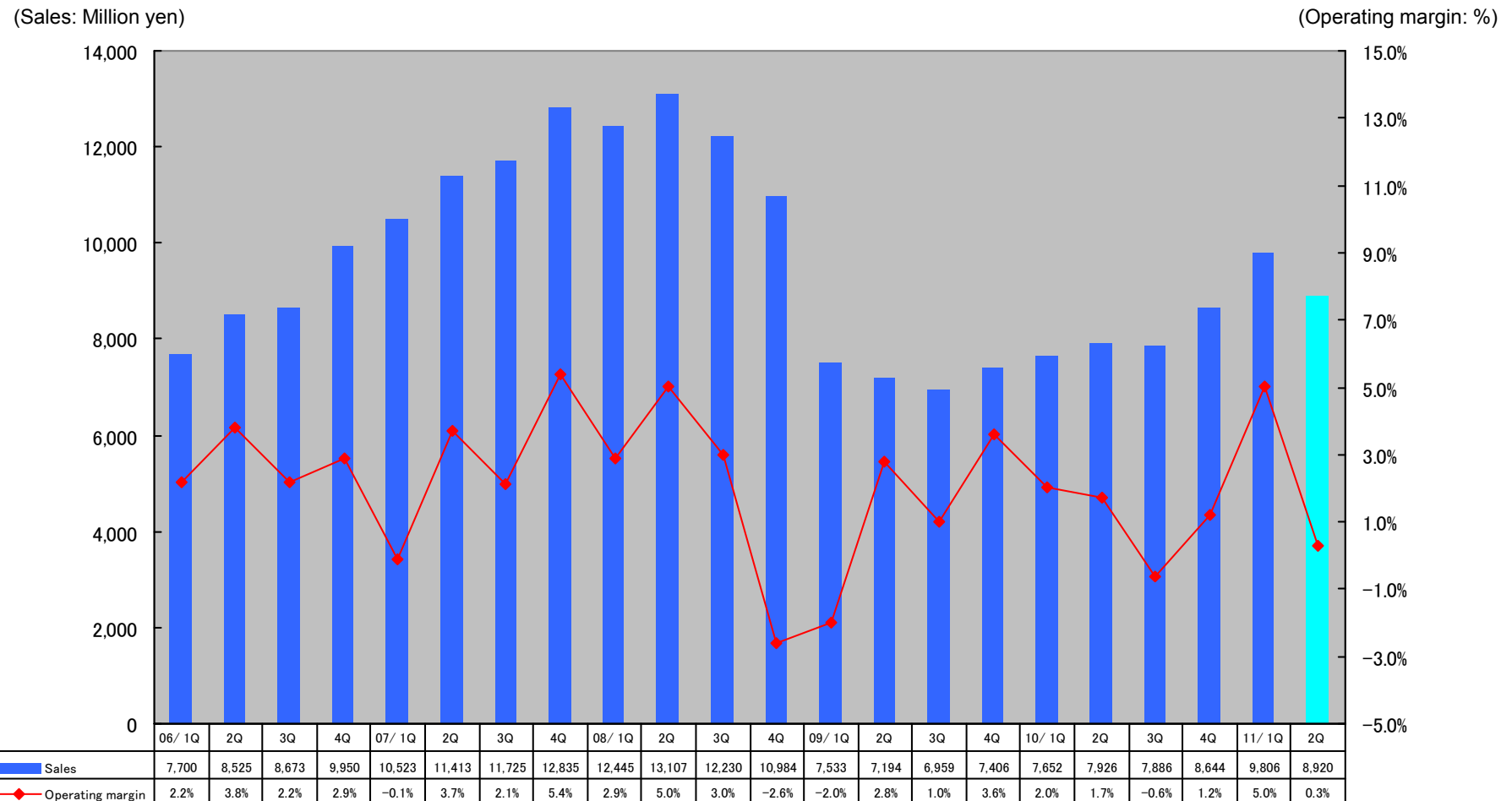
(Ref.: August 8, 2011 press release)

For the six Months ended June 2011 (million yen)	Net sales	Operating income	Ordinary income	Net income
Previous forecasts (A)	18,593	279	307	178
Revised forecasts (B)	18,726	515	668	364
Increase/decrease (B-A)	133	236	361	186
Pct. change (%)	0.7	84.7	117.9	104.5
Ref. Previous results (2Q ended Jun. 2010)	15,578	287	340	132

For the year ending December 2011 (million yen)	Net sales	Operating income	Ordinary income	Net income
Previous forecasts (A)	36,095	439	465	50
	No change from the initial full-year results announcement (must identify the recovery in production)			
Ref. Previous results (year ended Dec. 2010)	32,109	344	487	58

Consolidated Business Results

- January and February savings were used up due to the earthquake in March but 1Q sales and operating margin increased for selling real estate for sales. In 2Q, the performance was affected by the earthquake until around April-May but now it is kept within the budget due to a rapid recovery in June.



Consolidated Financial Summary for the Second Quarter FY2011 (YoY)

Sales

- 11.5% growth YoY even excluding sales of ¥1.35 billion in the real estate business up to 2Q

Operating income

- An operating income of ¥238 million in the real estate business up to 2Q offset increase in cost of sales due to strategic investment. Continued to successfully cut SG&A expenses

Ordinary income

- Posted non-operating income mainly for subsidies

Net income

- Increase in operating income

(Consolidated) (Million yen)	FY12/10 2Q (Jan.-Jun.) actual	FY12/11 2Q (Jan.-Jun.) actual	YoY	
			Change	Pct. change
Sales	15,578	18,726	3,148	20.2%
Operating income	287	515	228	79.4%
Operating margin	1.8%	2.8%	-	-
Ordinary income	340	668	328	96.3%
Ordinary income margin	2.2%	3.6%	-	-
Net income	132	364	231	175.0%
Net income margin	0.8%	1.9%	-	-

Consolidated Financial Summary for the Second Quarter of FY2011(vs. Forecast)

Sales

- Information technology & telecommunications business covered the effect of earthquake

Operating profit

- Measures for cutting cost of sales and SG&A expenses were successful

Ordinary income

- Subsidies in non-operating income contributed

Net income

- Due to increases in operating income

(Consolidated) (Million yen)	FY12/10 2Q (Jan.-Jun.) forecast	FY12/11 2Q (Jan.-Jun.) actual	YoY	
			Change	Pct. change
Sales	18,593	18,726	133	0.7%
Operating profit	279	515	236	84.7%
Operating margin	1.5%	2.8%	-	-
Ordinary income	307	668	361	117.9%
Ordinary income margin	1.7%	3.6%	-	-
Net income	178	364	186	104.5%
Net income margin	1.0%	1.9%	-	-

Second Quarter of 2011 BS/CF

(Million yen)

	End of Dec. '10	FY12/11 2Q	Change %	Comments
Current assets	11,505	13,937	21.1%	
Cash and deposits	3,162	3,410	7.8%	
Notes&accounts receivable-	3,571	3,884	8.8%	
Real estate for sale in proce	3,829	5,868	53.3%	Real estate development
Others	942	775	-17.7%	
Fixed assets	1,861	1,941	4.3%	
Tangible fixed assets	682	660	-3.2%	
Intangible fixed assets	121	175	44.6%	
Investments, other ass	1,057	1,105	4.5%	
Total assets	13,367	15,878	18.8%	
Current liabilities	6,445	9,252	43.6%	
Notes&accounts payable	496	741	49.4%	
Short-term debt	2,397	4,763	98.7%	Real estate purchase fund
Accrued expenses	2,212	2,517	13.8%	Due to increases in clients and employees
Accrued income tax	305	225	-26.2%	
Others	1,035	1,006	-2.8%	
Fixed liabilities	2,077	1,483	-28.6%	
Long-term debt	1,761	1,130	-35.8%	
Total net assets	4,843	5,143	6.2%	
Shareholders' equity ratio%	31.0%	27.9%	-	
Total liabilities& equity	13,367	15,878	18.8%	

(Million yen)

	FY12/10 2Q	FY12/11 2Q
Operating cash flow	714	-1,236
Investing cash flow	-187	-179
Free cash flow	527	-1,415
Financing cash flow	-476	1,664
Cash&cash equivalents at end of year	3,557	3,414

【Operating cash flow】 Δ¥1,236mn

Income before income taxes ¥569mn

Increase in real estate for sale Δ¥1,991mn

【Investing cash flow】 Δ¥179mn

Acquisition of tangible fixed assets Δ¥50mn

Acquisition/sale of investment securities
Δ¥50mn

Loan Δ¥91mn

【Financing cash flow】 ¥1,664mn

Increase of short-term debt ¥2,469mn

Decrease of long-term debt Δ¥734mn

Dividends paid Δ¥72mn

2. Segment Highlights (Effects of Earthquake, etc.)

World Intec Group (13 Consolidated Subsidiaries)

GEOGRAPHIC INFORMATION OF KYUSHU, INC.

《Software development business》

- Map information sales
- Software development, disabled persons' employment support

Electronics And Ecology Co., Ltd.

《Repair business》《Human resources-related business》

- Repair service
- Dispatch service
- Contract work

World Residential Co., Ltd. Nichimo Real Estate Co., Ltd.

《Real estate business》

- Condo sales
- Condo Management business
- Real estate consulting business
- Contract business

E-SUPPORT 3 others

《Information technology & telecommunications business》

- OA equipment sales
- Mobile phone sales
- Call center



Advan Co., Ltd. 2 others

《Education business》

- PC school operations
- Software sales
- Website production

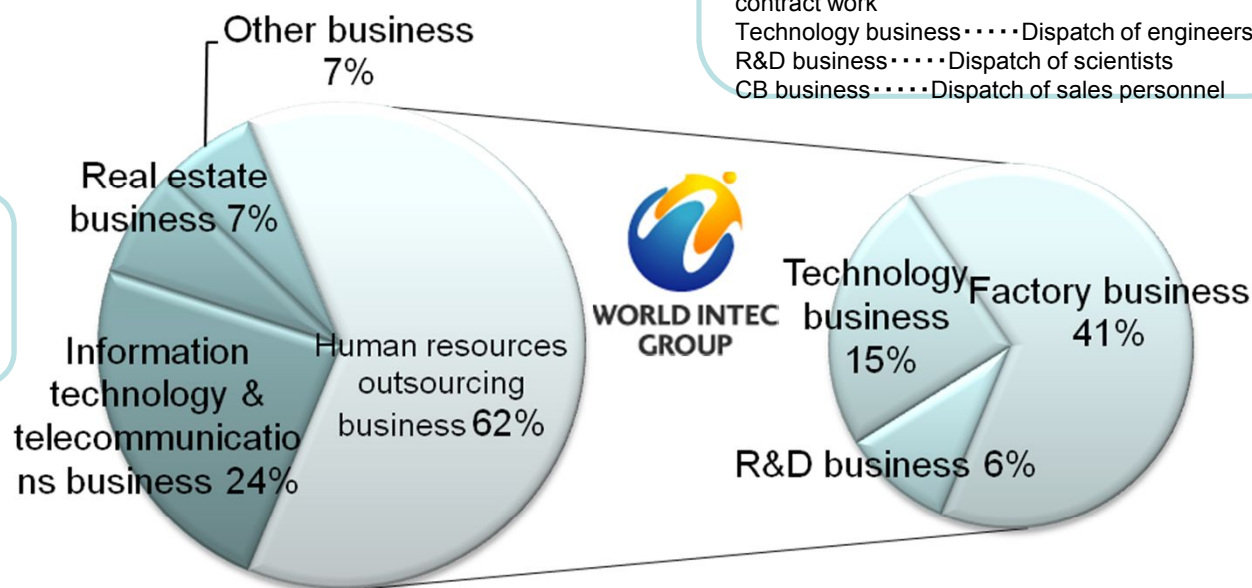


World Intec Co., Ltd.

《Human resources-related business》

《Purchasing business》

- Factory business.....Dispatch of manufacturers, contract work
- Technology business.....Dispatch of engineers
- R&D business.....Dispatch of scientists
- CB business.....Dispatch of sales personnel



WORLDEXPERTS Inc.

《Human resources-related business》

《Consulting business》

- Dispatch of telemarketers
- Education consulting



WORLD INTEC TAIWAN CO., LTD.

《Human resources-related business》

- Dispatch of manufacturers
- Staff agency

FY12/11 2Q

Consolidated sales ¥18,726 million

Business Summary by Segment

(Million yen)		FY12/10 2Q (Jan.-Jun.) actual	FY12/11 (Jan.-Jun.) 2Q actual	YoY	
				Change	Pct. change
Factory business	Net sales	6,578	7,687	1,109	16.9%
	Operating income	377	341	△36	△9.6%
	Operating margin	5.7%	4.4%	—	—
Technology business	Net sales	2,900	2,855	△44	△1.6%
	Operating income	135	203	67	50.1%
	Operating margin	4.7%	7.1%	—	—
R&D business	Net sales	1,007	1,157	150	14.9%
	Operating income	50	108	57	115.2%
	Operating margin	5.0%	9.3%	—	—
Information technology & telecommunications business	Net sales	3,984	4,434	450	11.3%
	Operating income	121	66	△54	△45.1%
	Operating margin	3.0%	1.4%	—	—
Real estate business	Net sales	—	1,350	1,350	—
	Operating income	—	238	238	—
	Operating margin	—	17.6%	—	—
Other businesses (FY12/10=various services)	Net sales	1,108	1,240	132	11.9%
	Operating income	22	21	△1	△4.1%
	Operating margin	2.0%	1.6%	—	—
Total	Net sales	15,578	18,805	3,148	20.2%
	Elimination or corporate	△420	△79	—	—
	Operating income	287	515	228	79.4%
	Operating margin	1.8%	2.8%	—	—

Effect of the Great East Japan Earthquake (1)

Direct damage from damaged production factories and facilities

Small

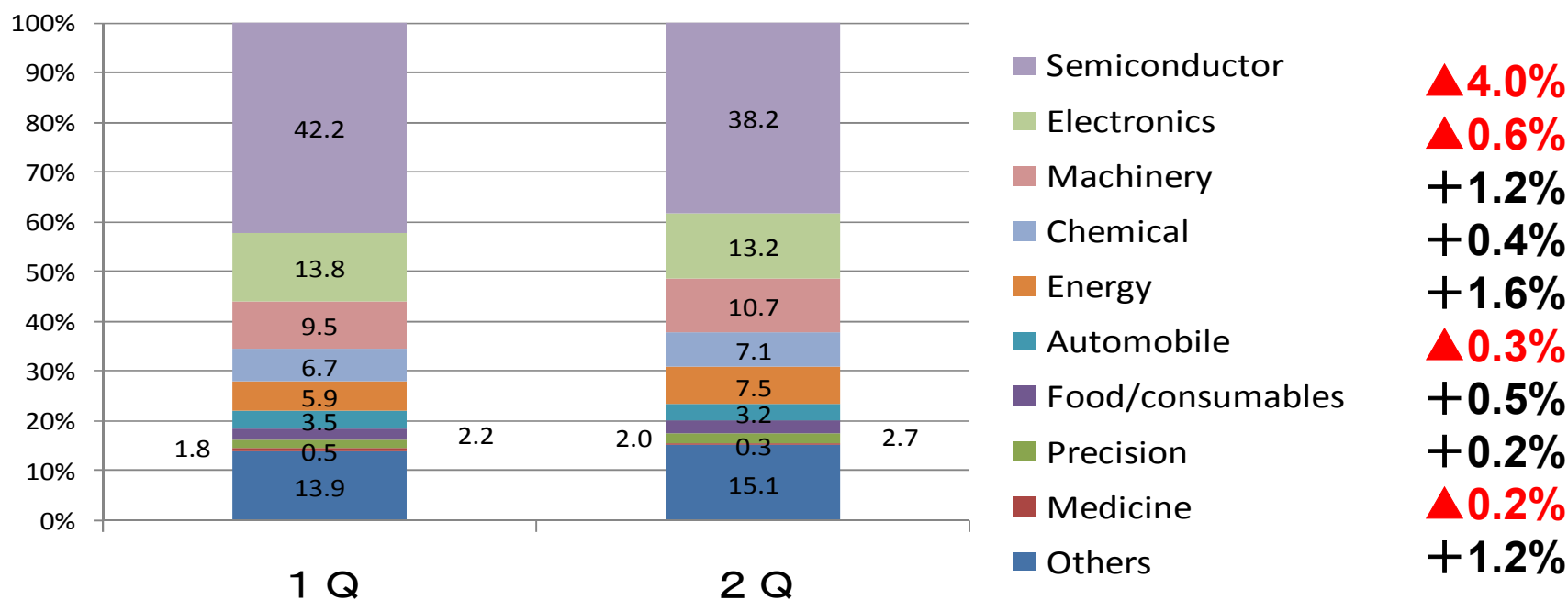
Indirect damage from supply chain disruptions

Notable in the semiconductor field

Indirect damage from power shortages and planned outages

Unknown

Changes in pct. of shares by category in Jan-Mar and Apr-Jun Overall sales up ¥57 million



Effect of the Great East Japan Earthquake (2)

Mar. – Jun. No. of companies that have suspended operations and loss on sales by region

Region	No. of companies suspended operations (monthly)			
	Mar	Apr	May	Jun
Tohoku	40	26	7	3
Kanto	116	4	1	0
Tokai	0	3	2	0
Kansai	2	2	1	1
Chugoku/Shikoku	17	11	2	0
Kyushu	18	15	7	0
Total	193	61	20	4

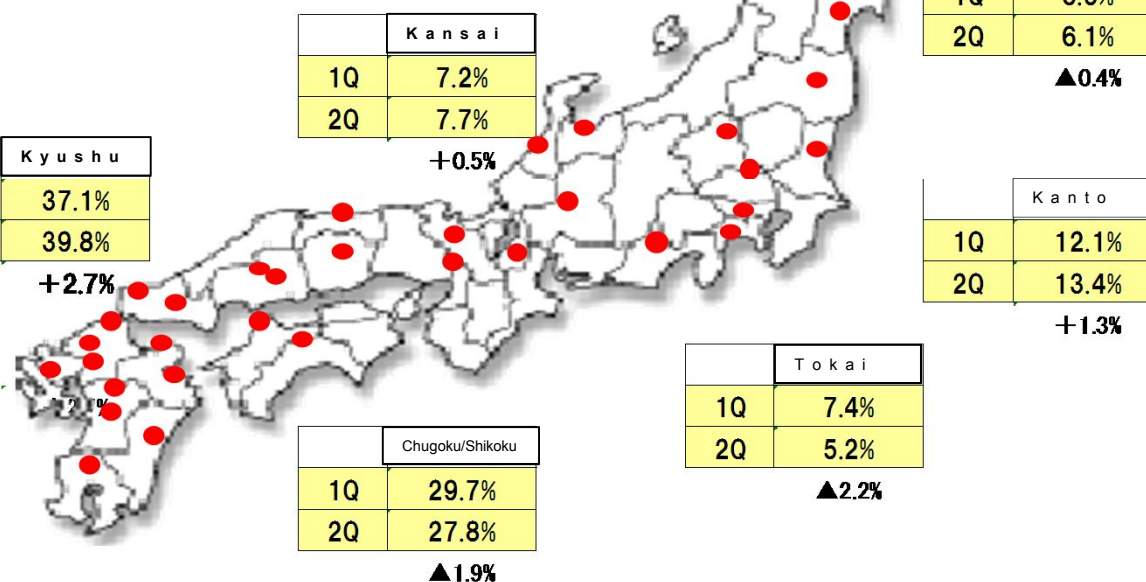
Region	Loss on sales (million yen)				
	Mar	Apr	May	Jun	Total
Tohoku	47	43	7	10	107
Kanto	53	16	14	0	83
Tokai	0	1	1	0	2
Kansai	1	1	0	0	2
Chugoku/Shikoku	15	11	1	0	27
Kyushu	50	40	9	1	100
Total	166	112	32	11	321

Loss on sales due to earthquake in 1H

¥321 million

In 1H
 Cancellations due to earthquake 6 companies, 103 people
 Decrease in personnel due to earthquake 2 companies, 17 people
 Monthly sales of ¥33mn

Region	Cancellation		Personnel cut		Monthly impact
	Companies	Personnel	Companies	Personnel	
Tohoku	3	66	2	17	236,000,000
Kanto	0	0	0	0	0
Tokai	1	5	0	0	1,500,000
Kansai	0	0	0	0	0
Chugoku/Shikoku	2	32	0	0	8,300,000
Kyushu	0	0	0	0	0
Total	6	103	2	17	33,400,000



Changes in pct. of shares by region in Jan-Mar and Apr-Jun

3. FY2011 Business Forecasts

Summary of FY2011 Consolidated Business Forecasts

- Made a conservative estimate of the situation of a full-scale recovery due to power saving effect
- Incur sales promotion expenses due to launch of real estate business after 3Q

(Consolidated) (Million yen)	FY12/10 actual	FY12/11 1H actual	FY12/11 2H forecast as of Feb. 14 (note 1)	FY12/11 forecast as of Feb. 14 (note 1)	YoY	
					Change	Pct. change
Net sales	32,109	18,726	17,502	36,095	3,985	12.4%
Operating income	344	515	160	439	94	27.2%
Operating margin	1.1%	2.8%	0.9%	1.2%	—	—
Ordinary income	487	668	158	465	△22	△4.6%
Ordinary income margin	1.5%	3.6%	0.9%	1.3%	—	—
Net income	58	364	△128	50	△8	△14.0%
Net income margin	0.2%	1.9%	△0.7%	0.1%	—	—

(Note) The forecasts for FY12/11 2H and FY12/11 were announced on February 14 and revisions to the forecasts for the above actual results have not been made. The 2H and FY12/11 forecasts are subject to change depending on the situation of 3Q.

Summary of FY2011 Business Forecasts by Segment

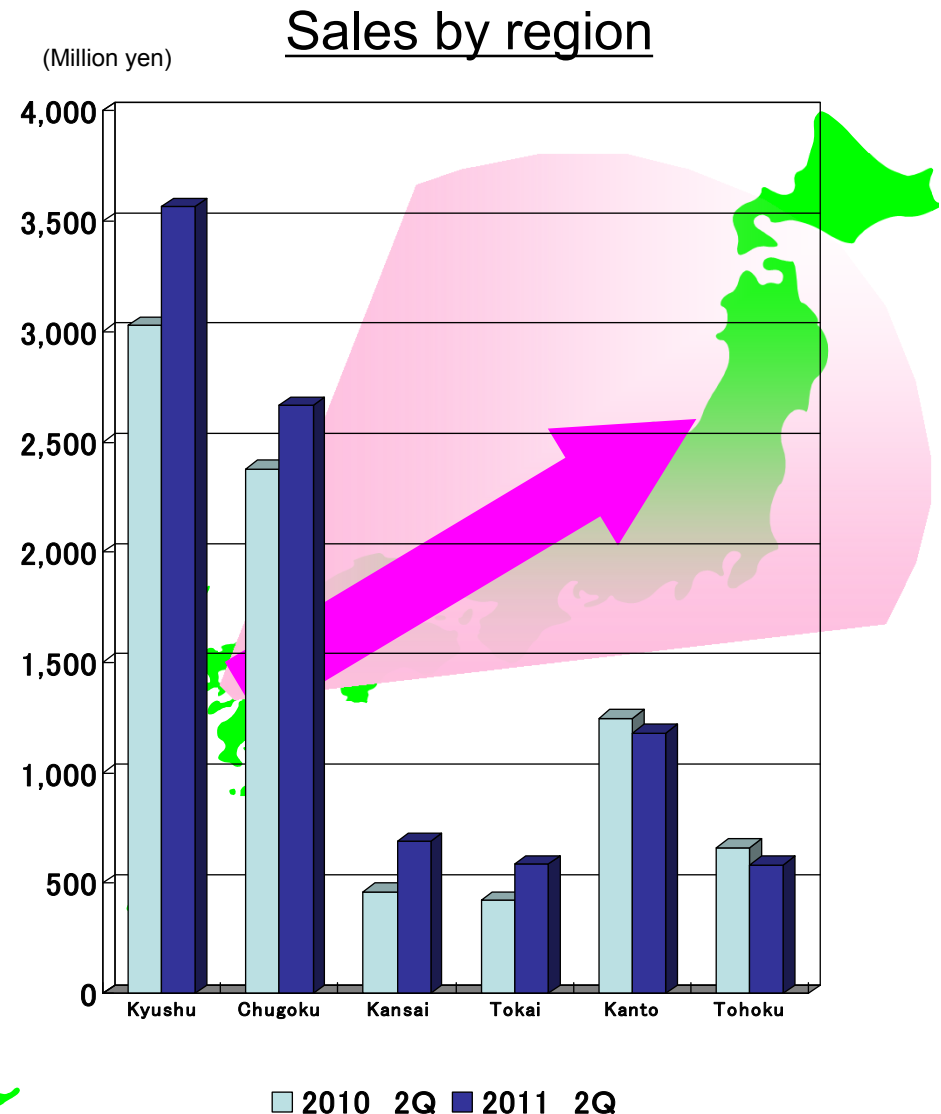
(Million yen)		FY12/10 actual	FY12/11 1H actual	FY12/11 2H forecast as of Feb. 14	FY12/11 forecast as of Feb. 14	YoY	
						Change	Pct. change
Factory business	Net sales	14,134	7,687	8,768	16,488	2,354	16.7%
	Operating income	704	341	582	767	63	8.9%
	Operating margin	5.0%	4.4%	6.6%	4.7%	—	—
Technology business	Net sales	5,964	2,855	3,106	6,094	130	2.2%
	Operating income	369	203	186	340	△29	△7.9%
	Operating margin	6.2%	7.1%	6.0%	5.6%	—	—
R&D business	Net sales	2,082	1,157	1,244	2,386	304	14.6%
	Operating income	131	108	127	219	88	67.2%
	Operating margin	6.3%	9.3%	10.2%	9.2%	—	—
Information technology & telecommunications business	Net sales	8,046	4,434	3,365	7,401	△645	△8.0%
	Operating income	165	66	100	220	55	33.3%
	Operating margin	2.1%	1.4%	3.0%	3.0%	—	—
Real estate business	Net sales	52	1,350	0	1,330	1,277	—
	Operating income	△160	238	△425	△349	△189	—
	Operating margin	△308%	17.6%	—	△26.3%	—	—
Other businesses (FY12/10=various services)	Net sales	1,828	1,240	1,019	2,397	569	31.1%
	Operating income	19	21	16	126	107	563.2%
	Operating margin	1.0%	1.6%	1.6%	5.2%	—	—
Total	Net sales	32,109	18,805	17,502	36,095	3,985	12.4%
	Elimination or corporate	△884	△79	△426	△884	0	—
	Operating income	344	515	160	439	94	27.2%
	Operating margin	1.1%	2.8%	0.9%	1.2%	—	—

4. Businesses and Future Strategy



Human Resources Outsourcing Business; Larger Share!!

- Larger share in the factory business
 - Cultivate new next-generation product companies including environmental energy field, solar panel and smartphones
- Rise in the no. of workers and operating rates of technology/R&D
 - Research assistants entering temporary staffing business
 - Higher unit price due to skill improvement
 - Expansion of scale by stepping up recruitment
- Focus on compliance and acquisition of employment promotion business in cooperation with the government and social contribution



Human Resources Outsourcing Business; Factory Business

- Focus on regional marketing strategy to expand share
- Aim to expand shares of companies handling viable products related to earthquake disaster reconstruction and **next-generation new energy** represented by solar power
- Focusing on compliance in Kyushu and cooperation with the government are World Intec's strengths that can lead to larger market share in each region
 - Entrusted with "Gambaro Fukushima! "Kizuna" zukuri Oen Jigyo" in 3 areas
- No. of workers increased in accordance with the supply chain recovery and production increase in Kyushu area

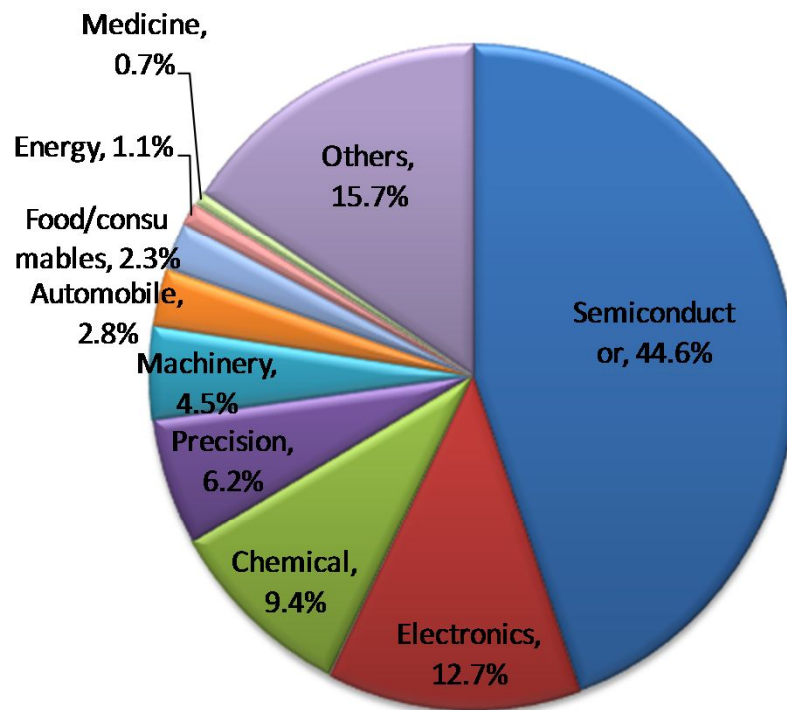
Enrollment	January	February	March	April	May	June
Factory	3,977	4,120	4,150	4,132	4,129	4,174
Special contract	705	686	595	526	529	512
Total	4,682	4,806	4,745	4,658	4,658	4,686

Human Resources Outsourcing Business; Factory Business

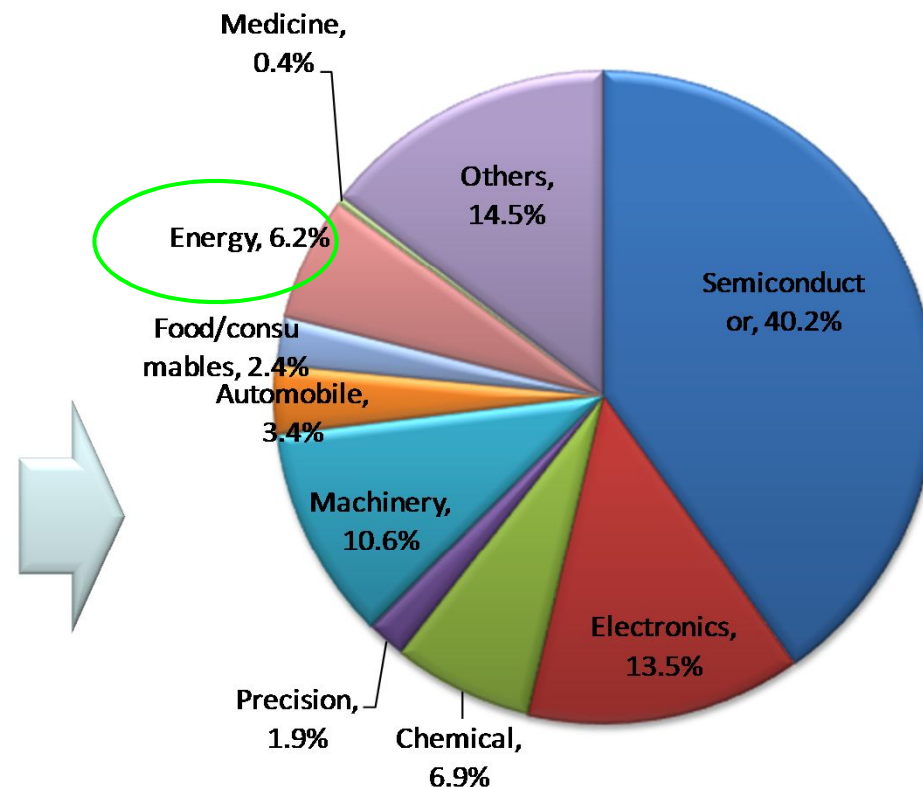
Factory business

- Successful in environmental energy field, such as solar panel, and in the field of machinery

《Pct. of sales (FY10 Jan.-Jun. actual)》



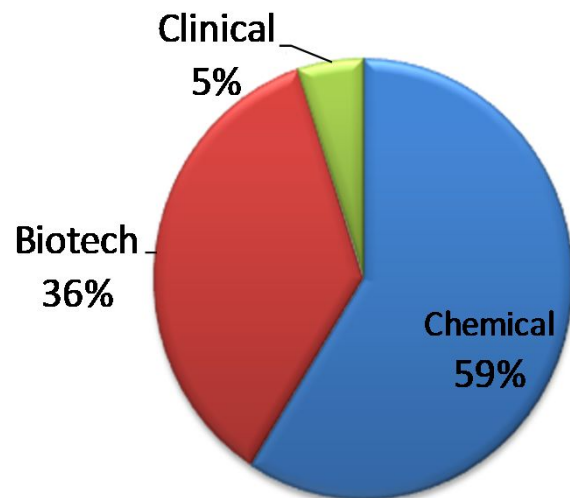
《Pct. of sales (FY11 Jan.-Jun. actual)》



Human Resources Outsourcing Business; R&D Business

- Increase in orders in biotechnology, chemical and clinical fields
- Aim to raise profit margin by boosting operating rate
- A full-scale entry into the research assistant dispatching business
- Less affected by the earthquake and orders in medical and chemical fields are strong. Operating rate is rising as a result of taking the courage to recruit new graduates and increase staffing due to early personnel training

Enrollment	January	February	March	April	May	June
R&D	397	403	416	445	449	449
Operating rate	96.2%	96.0%	79.6%	90.0%	91.7%	92.6%



While increasing the entire volume within the next 2 years, aim for:

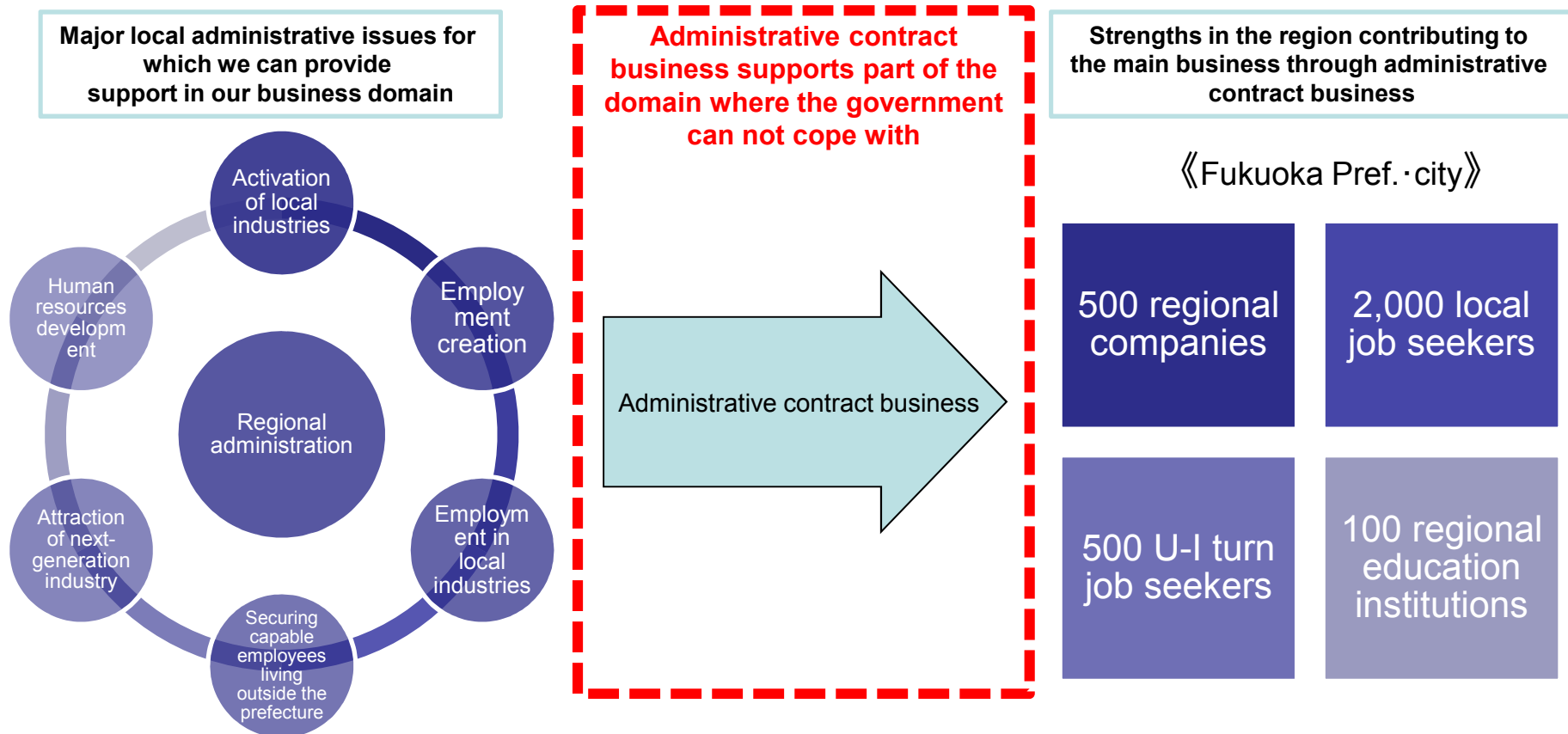
Chemical 40%
Biotech 40%
Clinical 20%

by strengthening marketing in the biotech and clinical fields

Administrative Contract Business

《Purpose of administrative contract business》

Increases in business with regional companies, local employees, recruitment of technical students, technical U-I turn employments



Establishment of an overwhelming strength of operating base using administrative business

Now promoting contract assistance business in disaster areas including Fukushima Pref. using these experiences and achievements

Overseas Operations

Human resources-related business

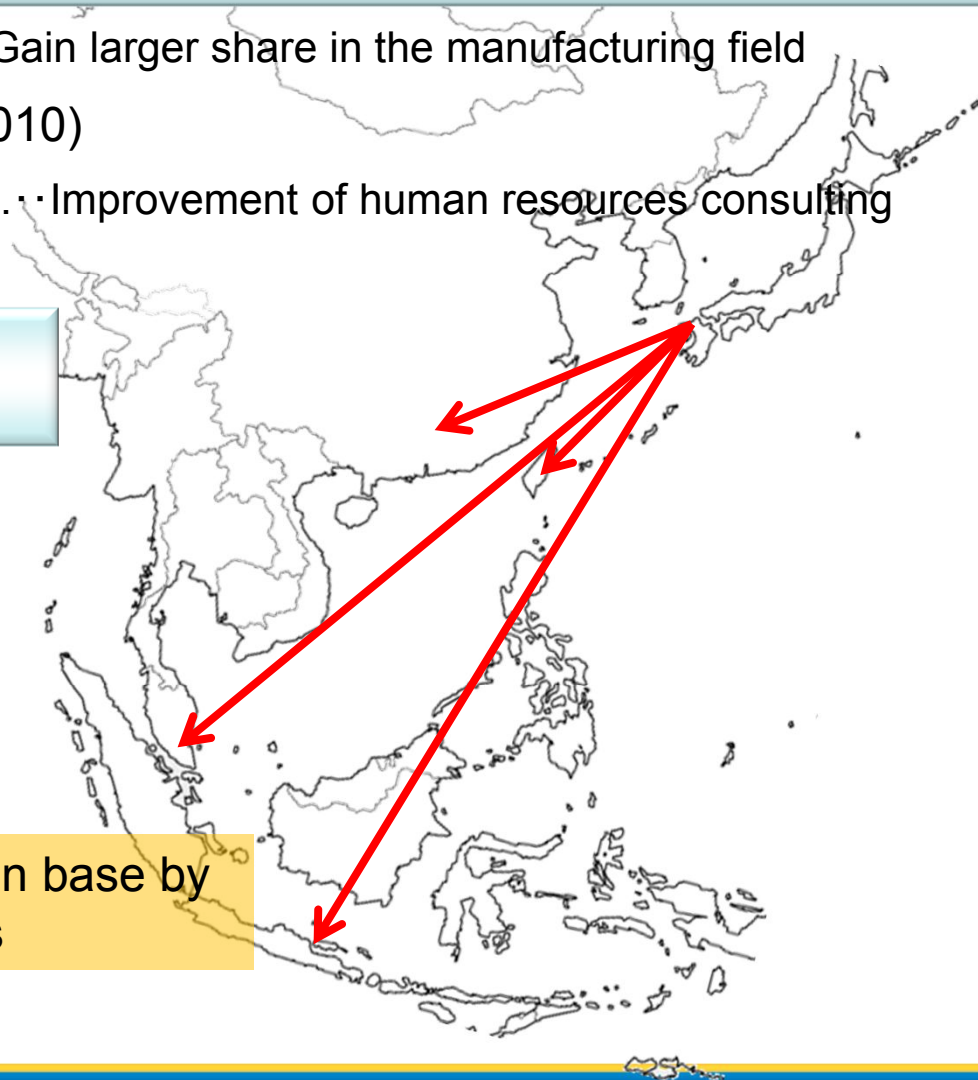
- WORLD INTEC TAIWAN CO., LTD. · · Gain larger share in the manufacturing field (637 workers at the end of June 2010)
- WORLD INTEC SHANGHAI CO., LTD. · · Improvement of human resources consulting business

Purchasing business

《Equipment component sales performance》

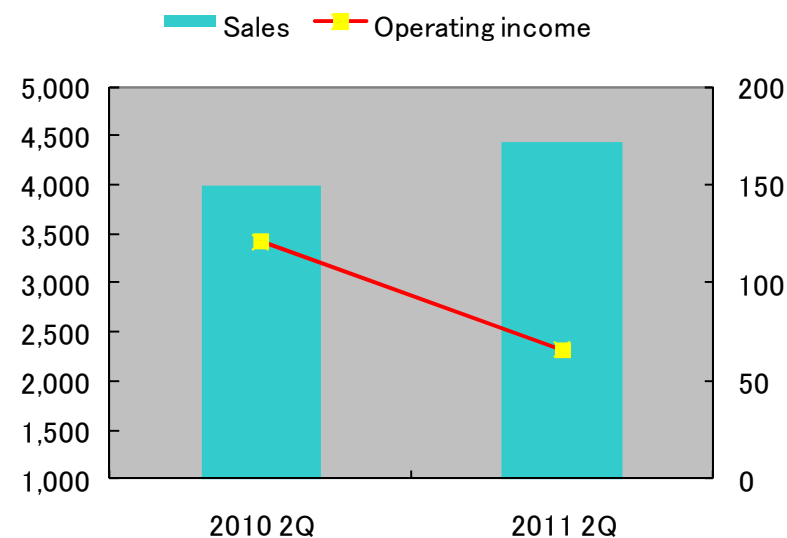
- China
- Singapore
- Indonesia

Further expand overseas production base by purchasing equipment components



Information Technology & Telecommunications Business;

- Operated by a consolidated subsidiary e-support group
 - Kyushu's largest seller of mobile phones
(**au**, **SoftBank**)
 - Smartphone sales are strong
- Now raising the profitability of telemarketing business for corporations



5. Real Estate Business

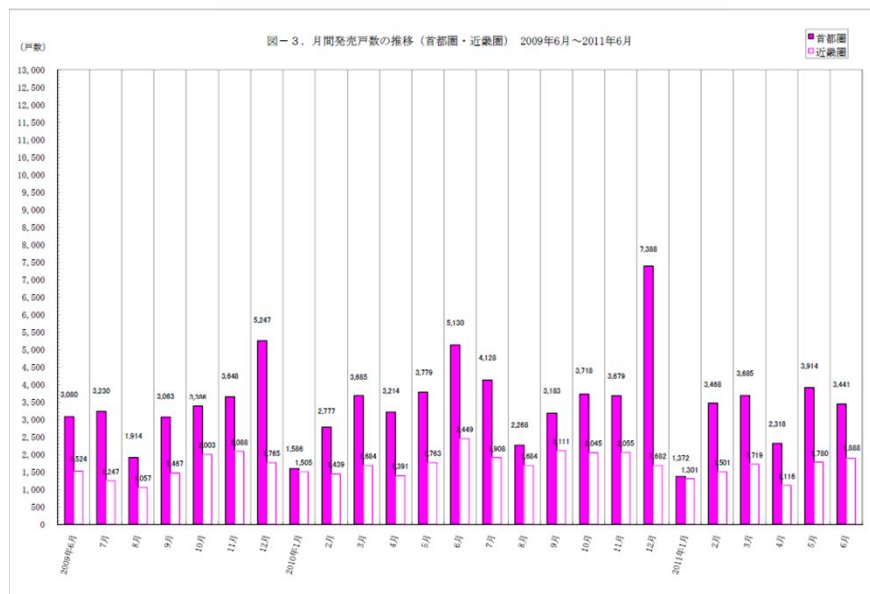
Real Estate Business (1); Macroenvironment

- After hitting bottom in 2009 that followed the Lehman Shock, Japan was heading for recovery in 2010 and 2011 but because of the Great East Japan Earthquake, the number of condominiums sold in Tokyo area was 18,198 units, down 10% YoY in the 1st half of 2011. The contract ratio in the 1st half remained high at 79.5%.

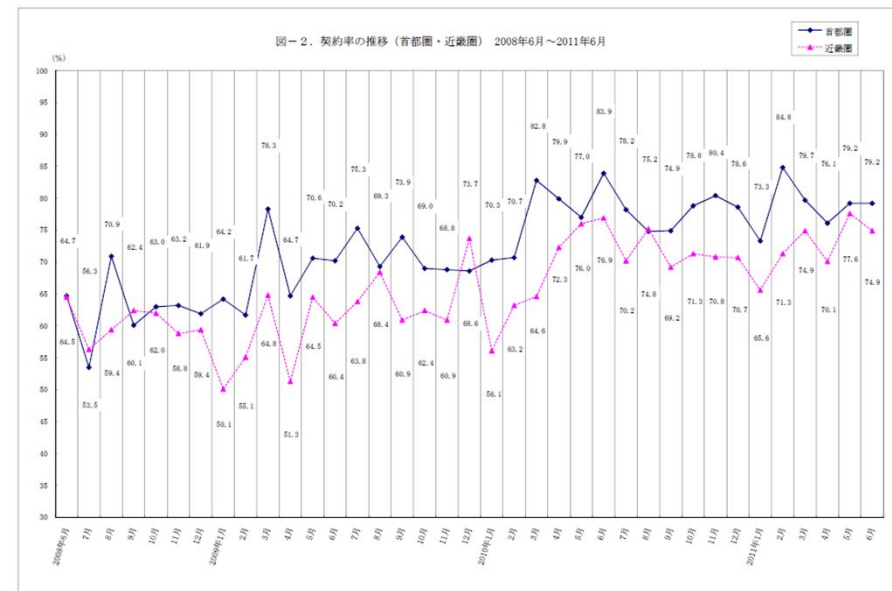
(Real Estate Economic Institute)

- With strong demand from the Generation Y and the earthquake, interests in location, low-rise, safety and security are rising.

No. of condominiums sold per month



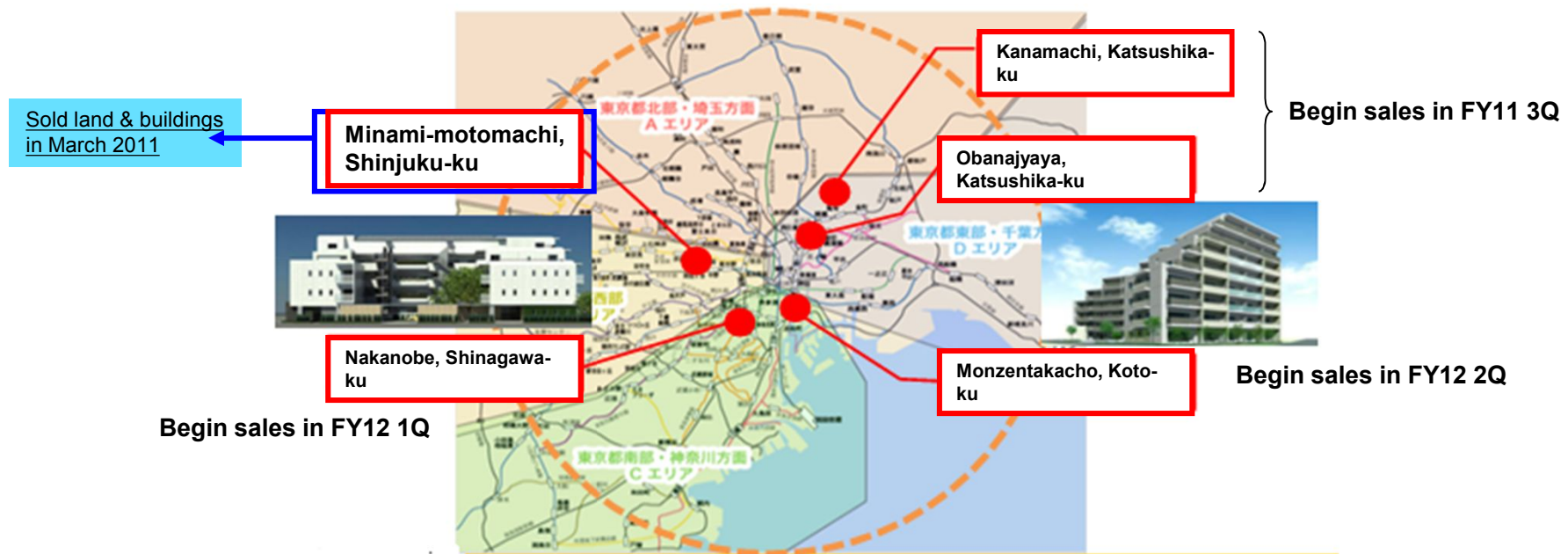
Condominium contract ratio



(Source: Apr. 14, 2011 Real Estate Economic Institute Co., Ltd. report)

Real Estate Business (2); Residential Series

- Plan sales of 2 buildings in fiscal 2011 (post sales in fiscal 2012)
 - Obanajyaya: Begin sales in FY11 3Q 67 units (Katsushika-ku, Keisei line)
 - Kanamachi: Begin sales in FY11 3Q 44 units (Katsushika-ku, Keisei line & JR)
 - Ebaranakanobu: Begin sales in FY12 1Q 42 units (Shinagawa-ku, Tokyu)
 - Monzennakacho: Begin sales in FY12 2Q 24 units (Koto-ku, Tokyo Metro)



Real Estate Business (3); Residential Series

- A series focused on safety, security, energy saving and convenience
- Retained horizontal strength resistant to earthquake 1.1 times (usually 1.0 times)

※ Compared with the required retained horizontal strength presented in Article 82-3 of the Building Standards Law Enforcement

【Obanajyaya appearance (rendering)】



Can cook rice in an emergency



参考イメージ

Portaloo



参考イメージ

Drinking water refinery in an emergency



参考イメージ

Security camera/EV monitor



参考イメージ

Motion sensor



参考イメージ

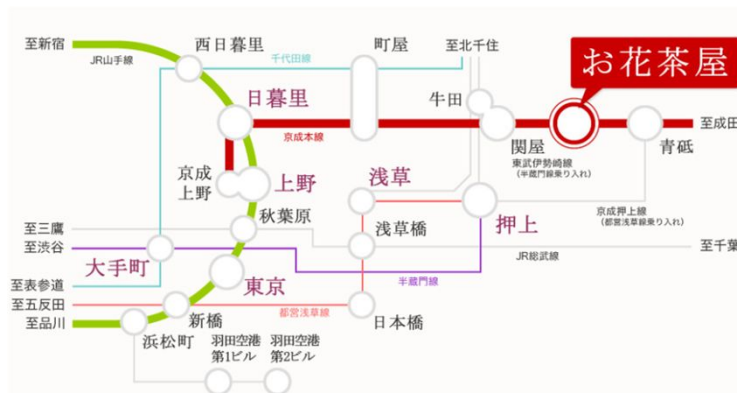
Wall door



参考イメージ



参考イメージ



Real Estate Business (3); Residential Series



【Kanamachi appearance (rendering)】



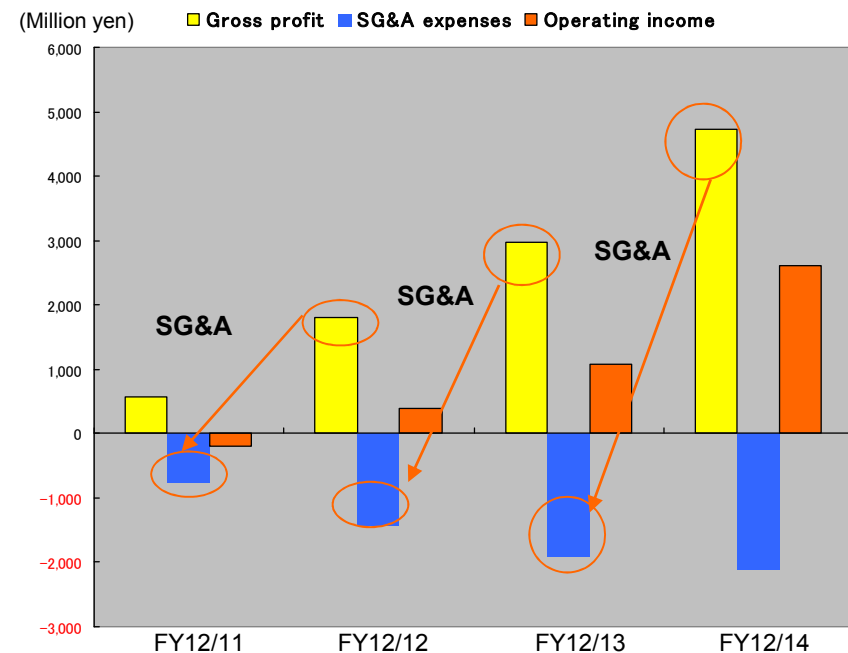
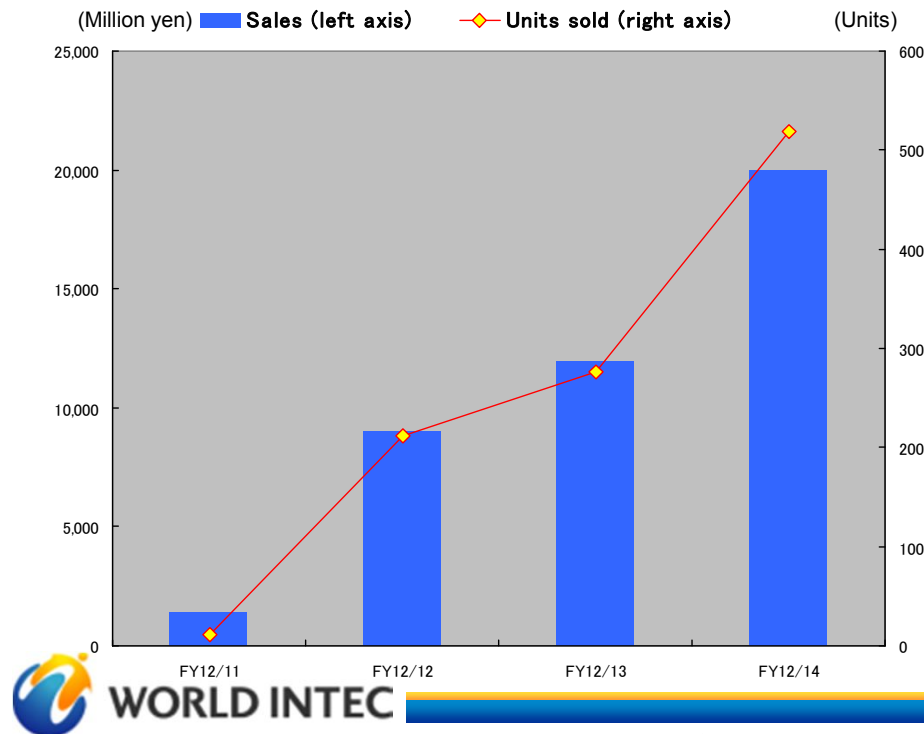
【Ebaranakanobu appearance (rendering)】



【Monzennakacho appearance (rendering)】

Real Estate Business (4); Earnings Plan

- Establish a system to supply 500 units of condominiums for ¥20 billion in December 2014
(the company has 1% share in Tokyo)
- Post sales promotion expenses based on the conservative accounting policy
 - Because of posting sales promotion expenses for condominiums to be delivered in the next fiscal year ahead of schedule, profit margin can be controlled up to FY12/14 but after posting ¥20 billion, steadily post an operating margin of 12%



Corporate Profile: As of end of June 2011

- Established : February 1993 (Head office: Kita-Kyushu)
- Listing : JASDAQ February 2005 (code: 2429)
- Representative : Eikichi Iida
- Capital : ¥699.13 million
- Activities : Human resources outsourcing business (factory, technology, R&D, etc.), information technology & telecommunications business, real estate business, etc.
- No. of locations: 66 locations nationwide
- No. of employees: 7,931 (consolidated) 6,731 (non-consolidated)
- Outstanding shares: 16,769,100 shares
- No. of shareholders: 2,423 (as of end of June 2011)

	Name of shareholders (end of June 2011)	No. of shares owned	Shareholding ratio
1	IIDA Soken	4,500,000	27.66%
2	Eikichi Iida	3,361,500	20.66%
3	Yamaguchi Bank	709,200	4.36%
4	Nanko Abe	635,200	3.90%
5	Osaka Securities Financing Co., Ltd.	499,000	3.07%
6	The Nishi-Nippon City Bank, Ltd.	300,000	1.84%
7	The Chase Manhattan Bank NA London SL Omnibus Account	253,800	1.56%
8	Mitsui Mining & Smelting Co., Ltd.	225,000	1.38%
9	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	180,000	1.11%
10	JP Morgan Chase Bank 380084	152,700	0.94%

※Shareholding ratios are calculated by deducting treasury stock (496,351 shares)

For more information

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