

FY2015 First Quarter Financial Results



May 7, 2015
WORLD HOLDINGS CO., LTD.
JASDAQ (2429)

Intensive Measures in 2015 and Their Progress

Human Resources and Education Business

- Strengthen recruitment strategies
- Strengthen the logistics division
- Invest in DOT International
- Invest in the repairs division

• China: Expand enrollment through strengthened outsourcing with Engma Intec

- Enhancement of recruitment by broadcasting TV commercials nationwide
- Popularization of the brand of "JOB PAPER," our original website for recruitment
 - ⇒ To increase registered and recruited personnel
- To increase transactions of the logistics division
 - ⇒ The repairs and OCS divisions (light duties) will join, expanding our business.
- DOT International will be in the black.
 - ① Net sales posted from the beginning of the term
 - ② Business tie-up for clinical trial monitoring, to increase net sales
- The repairs division will enter the BtoB field where qualifications are required
 - All workers attend the lectures for acquiring skills. ⇒ Preparation for streamlining the manufacturing process during a busy season
- Engma Intec is receiving many orders.
 - 1Q: While the number of registered workers is 150, it has received orders for over 400 workers. Within this year: orders for over 2,000 workers

Real Estate Business

- The first real estate in Kinki Area
- Stable business administration with flow business and fee business

• Indonesia: Operation of the service apartment business for expatriate employees of Japanese firms and the development business

- Start of sale of the first real estate in Kinki Area
 - The sale of Residential Toyonaka Sone began on Mar. 21, before the Golden Week competition.
- The flow business has been going well from the aspects of both procurement and sale.
 - (1) Sale of apartments: 9 apartment buildings procured; 64.5 apartments in the Tokyo Metropolitan Area and 164 apartments in Tohoku Area sold
 - (2) Renovation: 82 units sold (over 40% of annual sales volume)
- The fee business has been going well.
- Establishment of a local corporation in Indonesia
 - P.T.WORLD DEVELOPMENT INDONESIA was established in Jakarta on Mar. 20.

Information & Telecommunications Business

- Further strengthen scrap-and-build efforts (Establishment of new forms of mobile phone stores)
- Expand through the entire Kyushu region through M&A strategy

- Promotion of demolition of unprofitable stores (3 directly managed stores and 2 agency stores)
- 3 stores will start new businesses. Of these, 2 stores start operation in Mar. and 1 store in Apr.

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- I. Summary of FY2015 First Quarter Financial Results**
 - II. Trends by Business Segment**
 - III. FY2015 Business Forecasts**

I. Summary of FY2015 First Quarter Financial Results



FY2015 First Quarter Summary

- Net sales, operating income, ordinary income, and net income all reached the record high.
- Net sales and profit for Human resources & education business showed steady growth. Real estate business grew significantly.
- Net sales and profit increases were more than expected. (Modification of forecasts announced on May 7)

	FY2014/1Q actual	FY2015/1Q actual	YoY		FY2015 Forecast for 1Q&2Q (cumulative)*	1Q&2Q cumulative forecast Pct. Change	Progress rate towards 1Q&2Q cumulative forecast
			Change	Pct. Change			
Net sales	17,236	31,212	13,975	81.1	52,268	9.2	59.7
Operating income	1,080	2,819	1,739	161.0	3,689	35.6	76.4
Ordinary income	1,057	2,803	1,745	165.0	3,659	37.2	76.6
Net income	650	1,895	1,244	191.3	2,579	66.7	73.5

*Announced on May 7, 2015

Note: From this term, the impact of new consolidation of Mikuni Sangyo Co., Ltd. and World Mikuni Co., Ltd. is about 1,800 million yen for net sales and about 100 million yen for operating income.

Trends by Business Segment

• Significant increase in net sales and profit for real estate business.

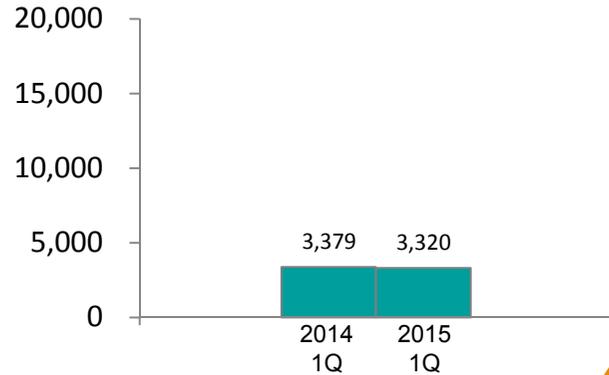
Unit: Million yen, %			FY2014/1Q actual *	FY2015/1Q actual	YoY		FY2015 Forecast for 1Q&2Q (cumulative) **	Progress rate towards 1Q&2Q cumulative forecast
					Change	Pct. Change		
Human resources & education business	Factory business	Net sales	5,665	6,649	983	17.4	13,385	1.9
		Segment income	420	490	69	66.3	1,016	24.5
		Profit margin	7.4%	7.4%	—	—	7.6%	—
	Technology business	Net sales	2,071	2,290	219	10.6	4,547	—
		Segment income	163	271	108	66.3	368	—
		Profit margin	7.9%	11.8%	—	—	8.1%	—
	R&D business	Net sales	1,010	1,151	141	14.0	2,292	—
		Segment income	66	188	122	184.9	221	—
		Profit margin	6.6%	16.4%	—	—	9.6%	—
	Sales & Marketing business	Net sales	599	823	223	37.3	1,746	—
		Segment income	9	39	29	311.8	27	—
		Profit margin	1.6%	4.8%	—	—	1.6%	—
Others	Net sales	139	111	Δ27	Δ 20.0	278	—	
	Segment income	5	3	Δ1	Δ 28.3	3	—	
	Profit margin	4.0%	3.6%	—	—	1.4%	—	
Real estate business	Real estate business	Net sales	4,371	16,864	12,493	285.8	23,434	21.6
		Segment income	629	2,215	1,586	252.2	2,820	51.0
		Profit margin	14.4%	13.1%	—	—	12.0%	—
Information & telecommunications business	Information & telecommunications business	Net sales	3,379	3,320	Δ58	Δ 1.7	6,585	Δ0.3
		Segment income	58	Δ35	Δ94	Δ 161.3	Δ38	Δ122.2
		Profit margin	1.7%	—	—	—	Δ0.6%	—
Total	Net sales		17,236	31,212	13,975	81.1	52,268	9.2
	Elimination or corporate		Δ272	Δ353	Δ81	—	Δ729	—
	Operating income		1,080	2,819	1,739	161.0	3,689	35.6
	Operating margin		6.3%	9.0%	—	—	7.1%	—

* In association with segment change, the results for the 1Q for FY 2014 was rearranged based on the new standard.

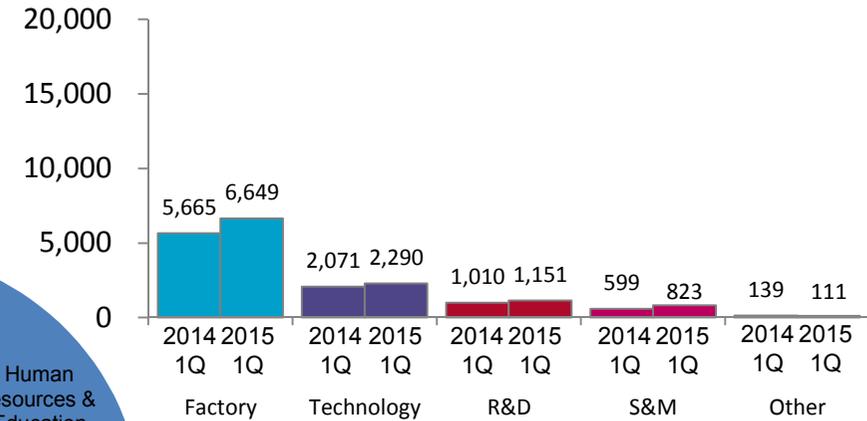
**Announced on May 7, 2015

Change in Net Sales by Segment

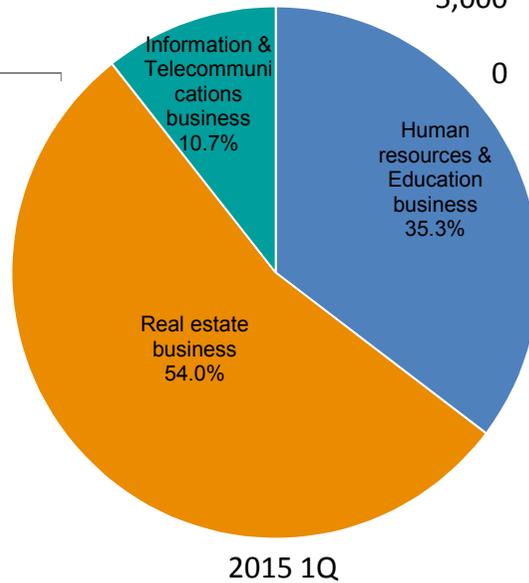
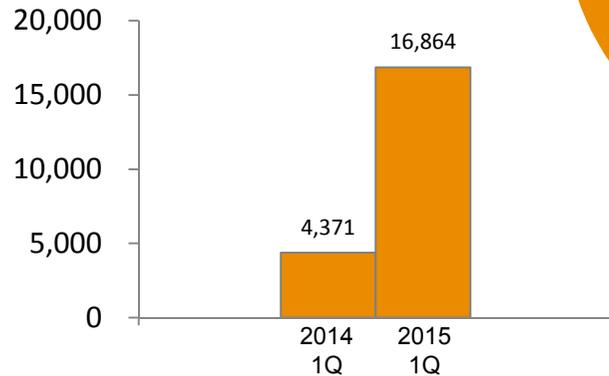
(Million yen) Information & Telecommunications



(Million yen) Human resources & education business



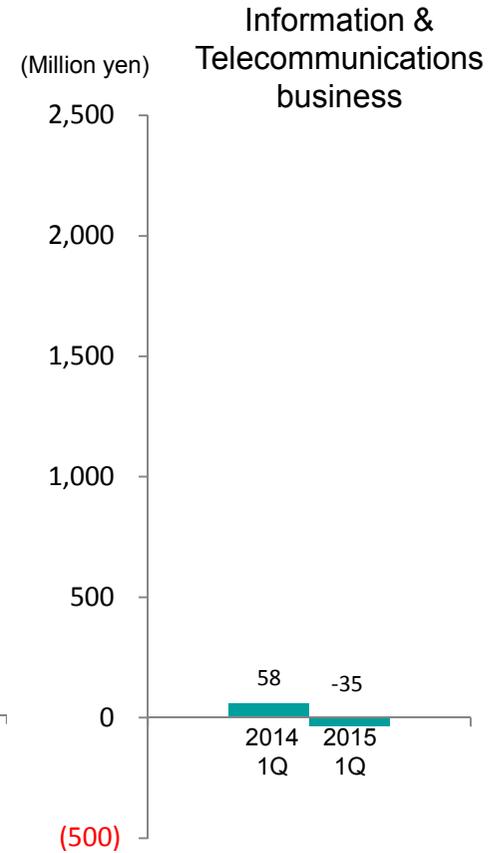
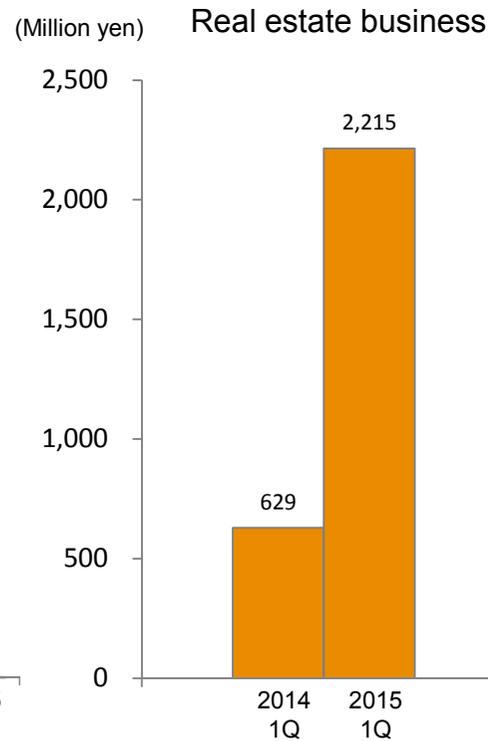
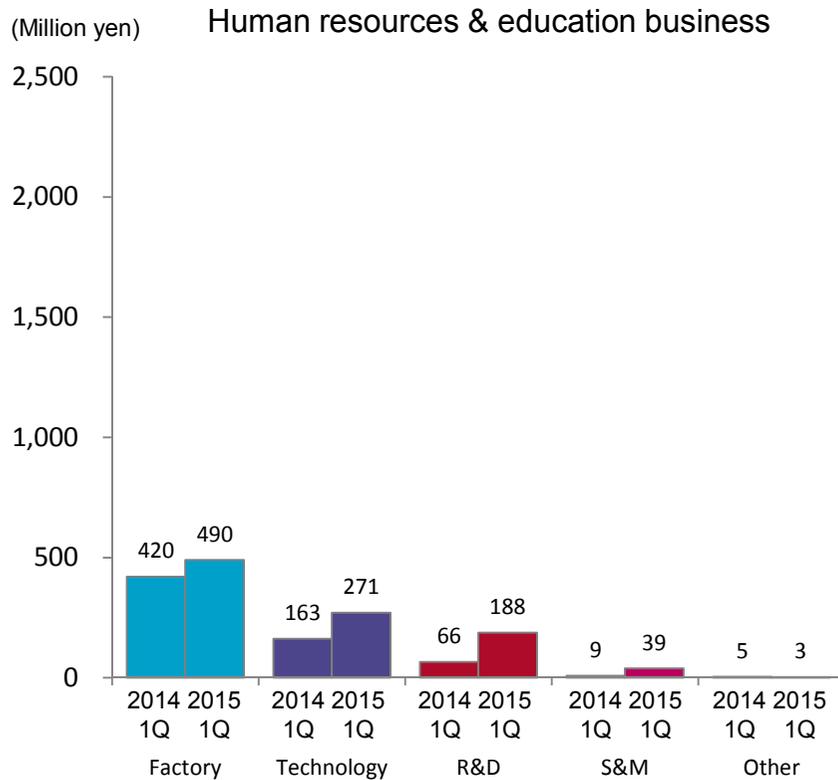
(Million yen) Real estate business



Units less than one million yen rounded down
S&M: Sales and Marketing

* In association with segment change, the results for the 1Q for FY 2014 was rearranged based on the new standard.

Changes in Operating Income by Segment

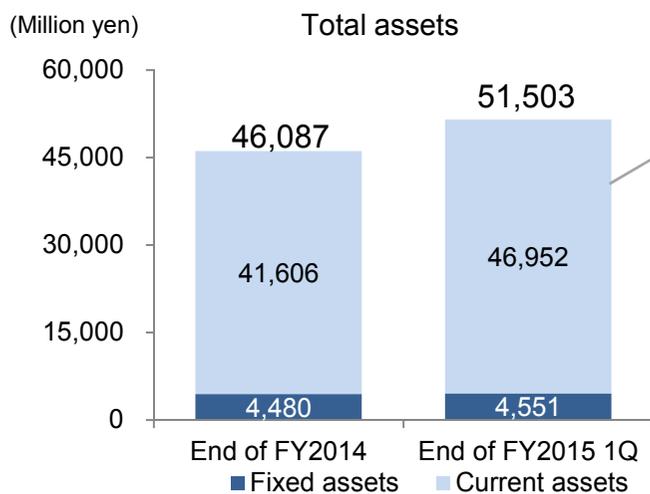


Units less than one million yen rounded down
S&M: Sales and Marketing

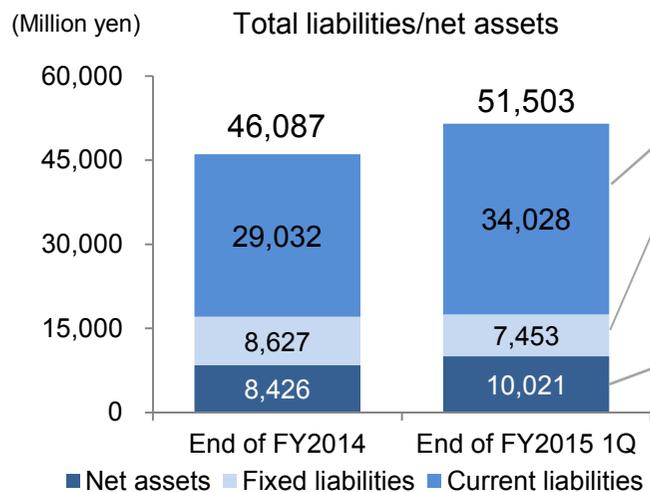
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Financial Condition B/S

• Short-term debt payable that was obtained as funds to purchase real-estate properties to be held for resale increased.



Current assets	46,952 (+5,346)
• Cash and deposits	14,595 (+3,801)
• Notes and accounts receivable	9,310 (+3,427)



Liabilities	41,482 (+3,822)
• Short-term debt	19,401 (+3,512)

Net assets	10,021 (+1,594)
• Retained earnings	7,450 (+1,501)

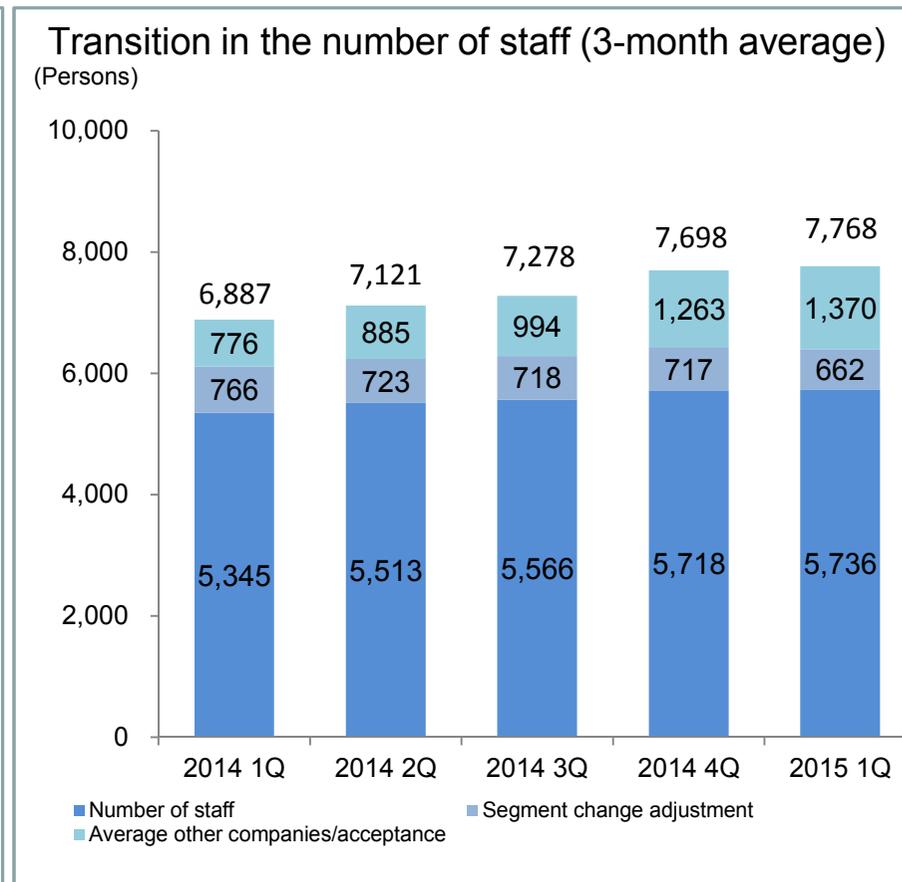
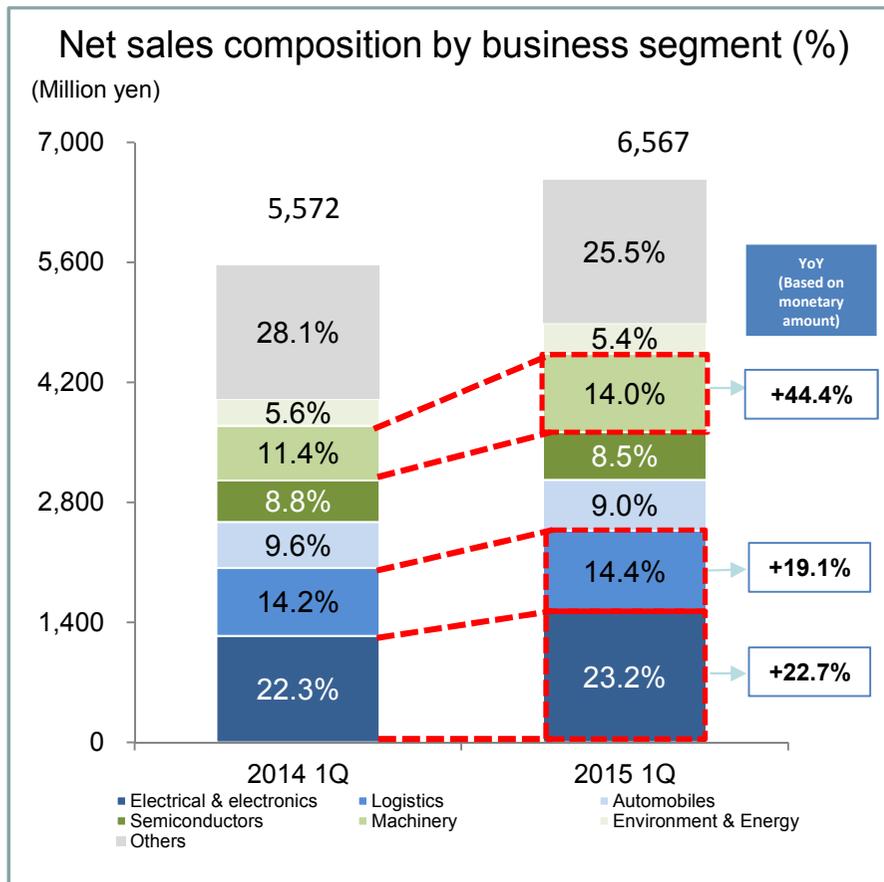
II. Trends by Business Segment



Factory Business

<< Net sales composition by business segment and the number of staff >>

- Electrical & electronics and Logistics fields related to liquid-crystal and smartphone grew.
- Machinery field that began in the previous term continued make a huge contribution to net sales.



* The graph indicates domestic sales excluding Taiwan

* The number of staff is a three-month average, external staff members accepted from other companies are included

* The number of staff includes only staff members who are engaged in on-site operational work.

Factory Business

<<New activities>>

- Promotion of recruitment with the nationwide broadcasting of TV commercials
⇒ To popularize the brand of “JOB PAPER,” our original website for recruitment

“JOB PAPER”

(1) Produces a database of information on job seekers who applied for registration and got registered, to streamline recruitment processes.

(2) Regularly distributes the information on job opportunities to those who want it by email.

● JOB PAPER
“Working Style Supporter” edition, and another version.
(Aired from Thursday, April 2)

• Broadcasting schedule
Broadcasting began on Thursday, April 2, 2015.
Aired nationwide in “LIVE 2015 Sport!” 23:50-24:10 on Mon. to Thu. and 24:18-24:50 on Fri.
* Two versions of TV commercials are aired alternately. (“Mon., Wed., Fri.” and “Tue., Thu.”)
* Some regions excluded

TV commercials from Apr. 2

Popularization of the brand

Our original recruitment website “JOB PAPER”

To register more workers and increase recruitment

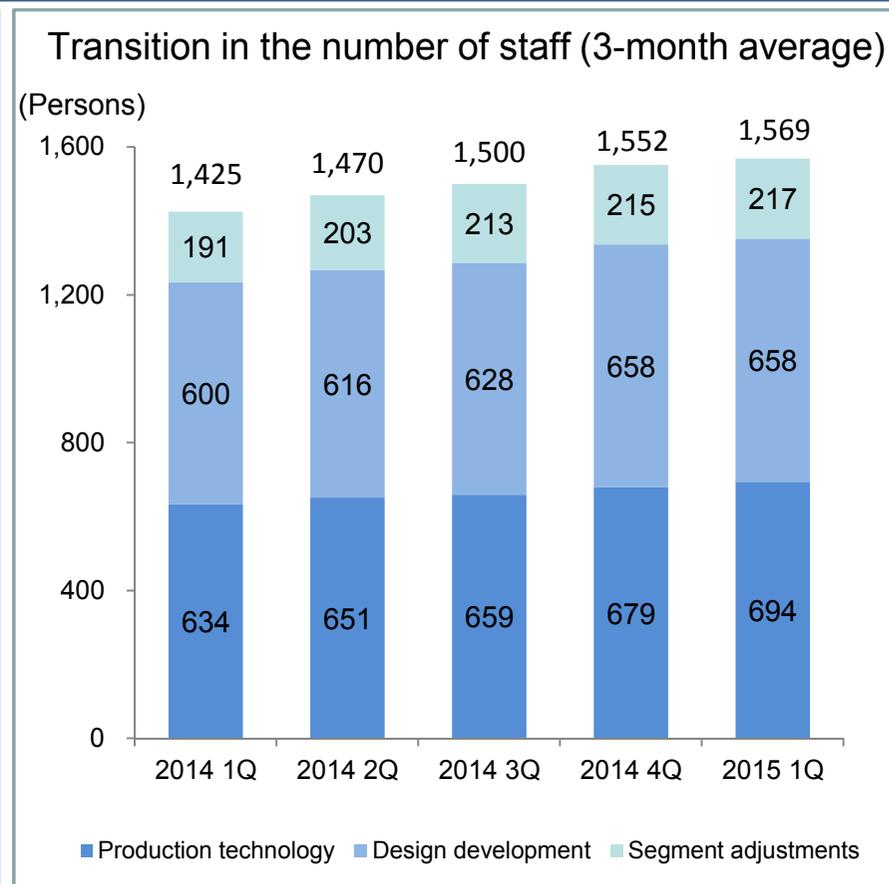
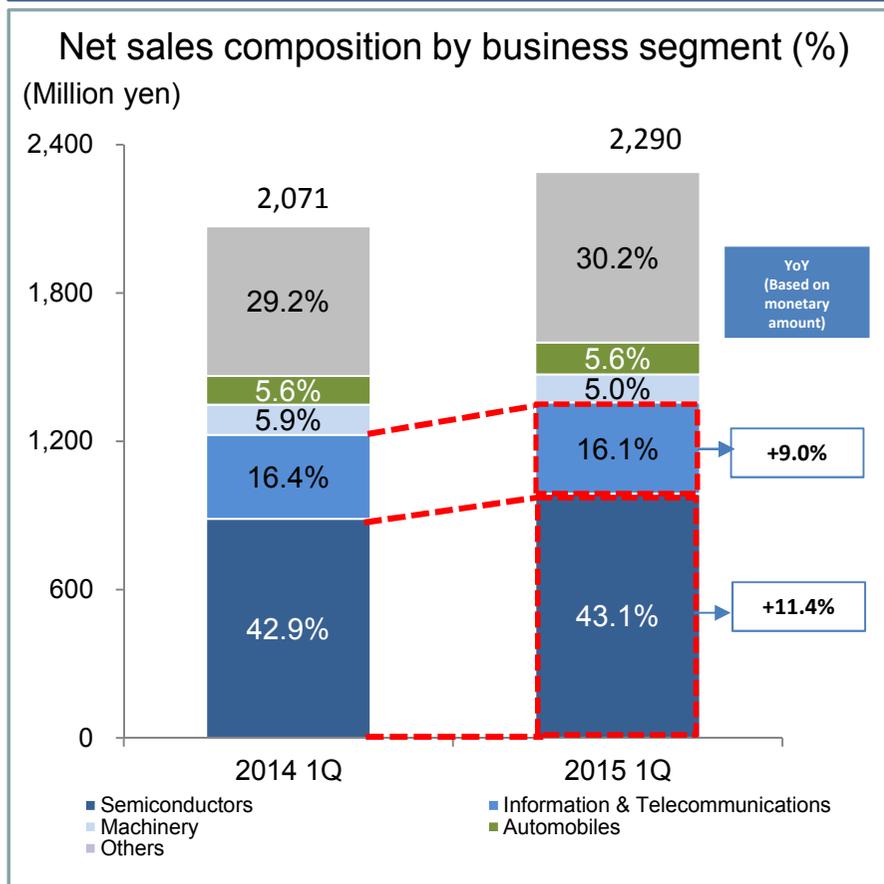
Promotion of recruitment

(1) Stable stock of registered workers
(2) Reduction of recruitment cost

Technology Business

<< Net sales composition by business segment and the number of staff >>

- Information & Telecommunications Service (design development engineering) field showed growth.
- Semiconductors (manufacturing technology engineering) field grew rapidly.



* Retroactive adjustments have been made for segment changes in the graph.

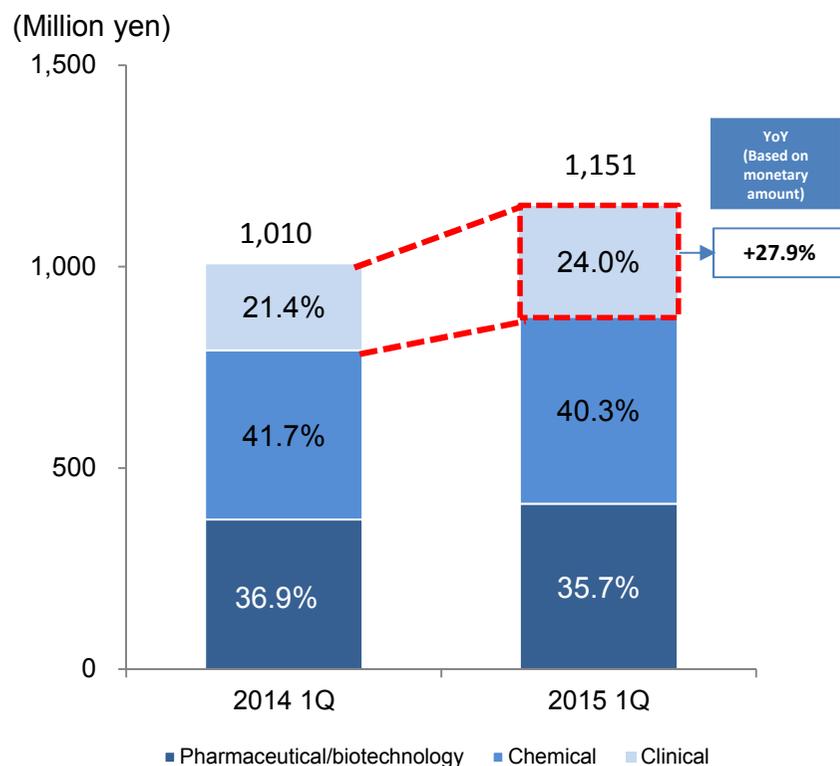
* The number of staff is a three-month average
* The number of staff includes only staff members who are engaged in on-site operational work.

R&D Business

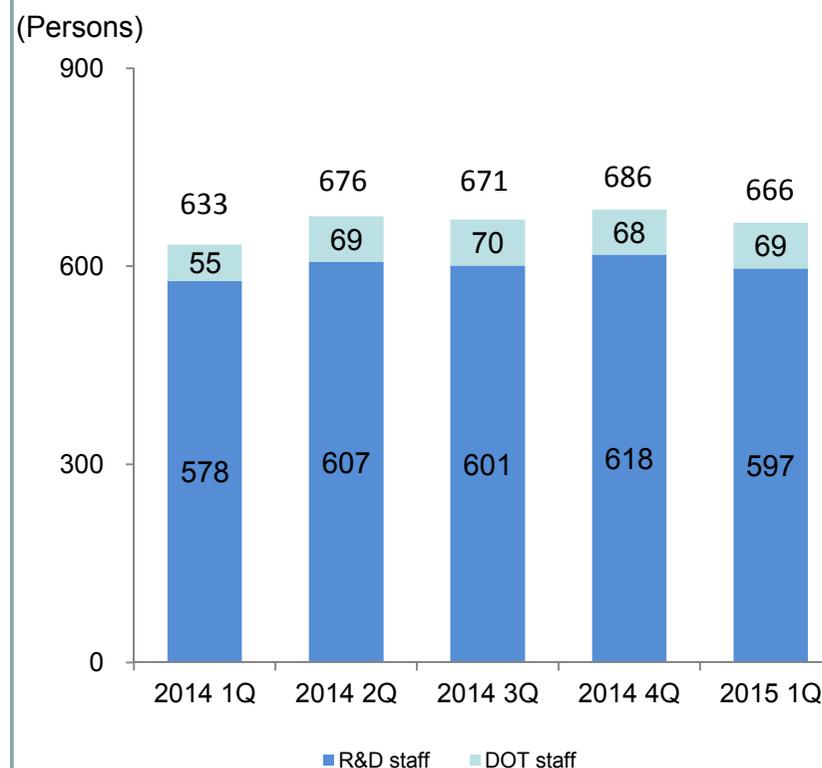
<< Net sales composition by business segment and the number of staff >>

- Worker dispatching business (R&D): PV department that deals with safety information management of pharmaceuticals in the new field showed good start-up.
- Clinical test entrusted business [DOT International Co., Ltd.]
 ⇒ Net sales were recognized from the 1st quarter. Business collaboration agreement for clinical trial monitoring was concluded to increase net sales.

Net sales composition by business segment (%)



Transition in the number of staff (3-month average)



* The number of staff is a three-month average

* The number of staff includes only staff members who are engaged in on-site operational work.

R&D Business

<<New activities>>

- Business tie-up for clinical trial monitoring between DOT International Co., Ltd. and Clinical Trust Co., Ltd.
- ⇒ Expanding the scale of the contract research organization (CRO) to obtain large-scale business transactions

<Background>

In 1994, the contract research organization (CRO) was established, and the tasks that had been conducted by pharmaceutical companies were outsourced one after another. At present, the ratio of outsourcing is about 20%, and is estimated to increase by 6-7% per year.



<Business tie-up for clinical trial monitoring>

Business tie-up for monitoring with the purpose of expanding the businesses in the CRO field

<Effects>

- Development of the CRA system with more than 150 staff from the two companies
- Stabilization of employment and management by flexibly adapting to the un-busy and busy periods
- Improvement in the quality of personnel and business operation through entrusted project management, CRA education/training, and the unification of the procedures for standard monitoring tasks, etc.

<Future>

It is possible to undertake larger projects through the unification of the points of contact for undertaking monitoring tasks.

Profile of Clinical Trust Co., Ltd.

Date of establishment: Dec. 14, 2005

Location of the headquarters: 4th floor of MT Bldg., 3-14-10 Mita, Minato-ku, Tokyo

Capital: 50 million yen

Business tie-up for clinical trial monitoring

CRA system with more than 150 staff from the two companies



Unification of the points of contact for undertaking monitoring tasks

Entrusted project management, CRA education/training, and the unification of the procedures for standard monitoring tasks, etc.



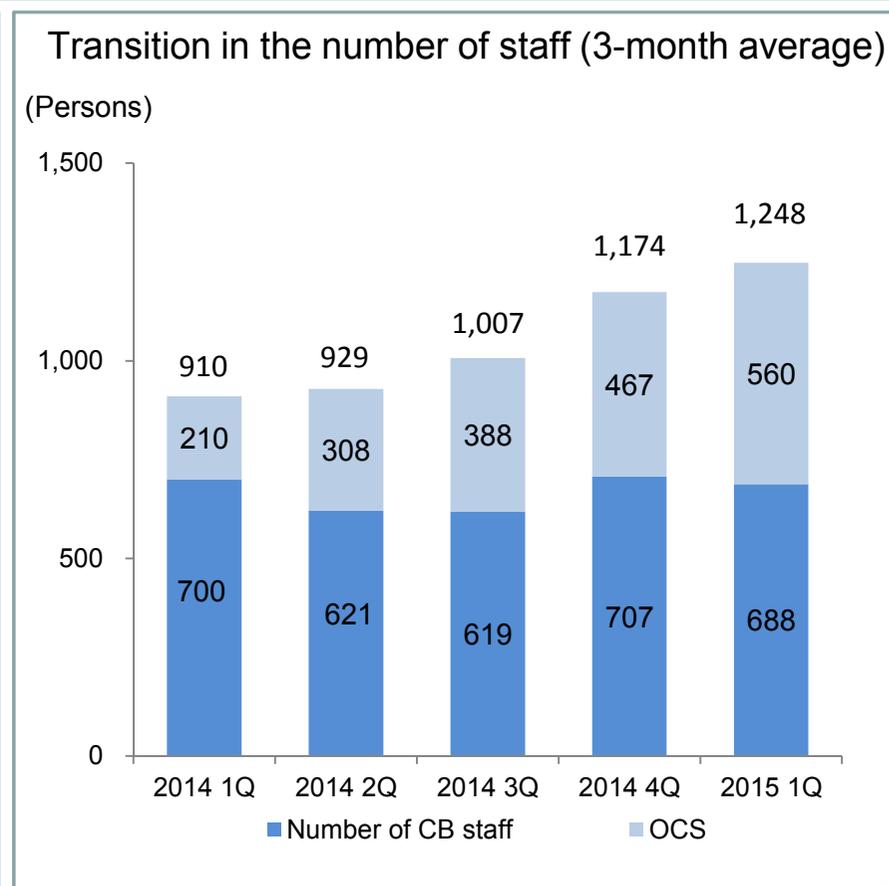
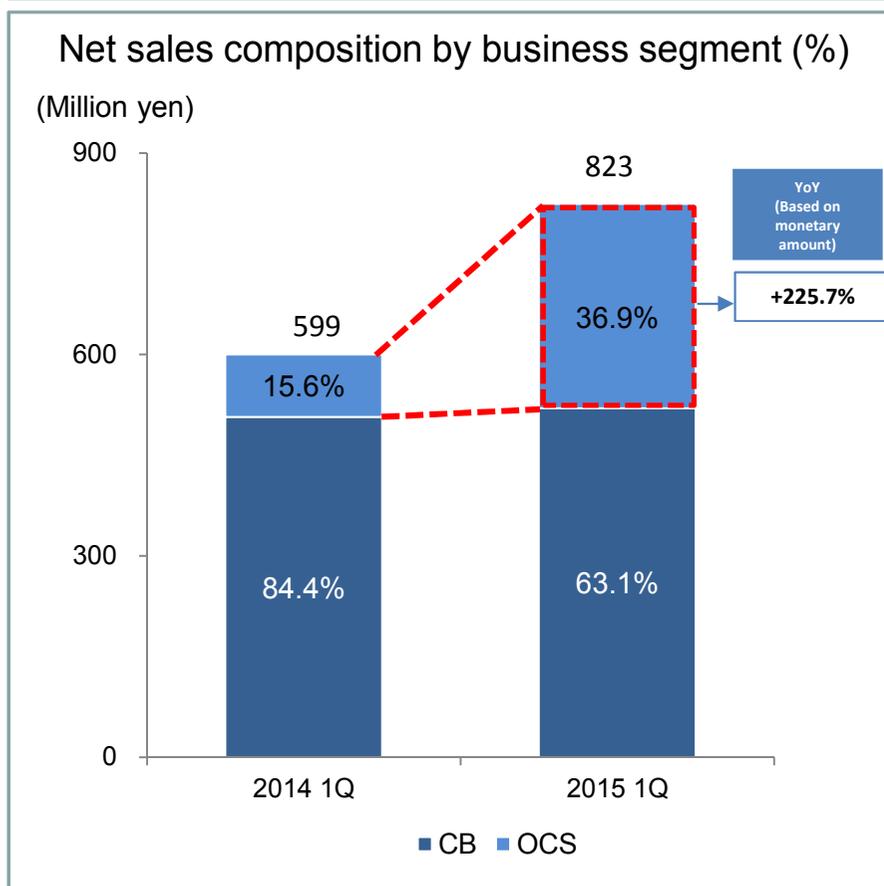
To receive orders for large-scale projects

- Maintenance of stable management and employment
- Improvement in the quality of personnel and business operation
- Provision of flexible, meticulous services

Sales and Marketing Business

<< Net sales composition by business segment and the number of staff >>

- CB (dispatching sales staff) business: Significant profit improvement
- OCS (dispatching operators to place such as call centers) business
 - ⇒ As a result of proactive actions to receive orders for large-scale projects, net sales increased, surplus achieved, and the number of staff significantly increased.



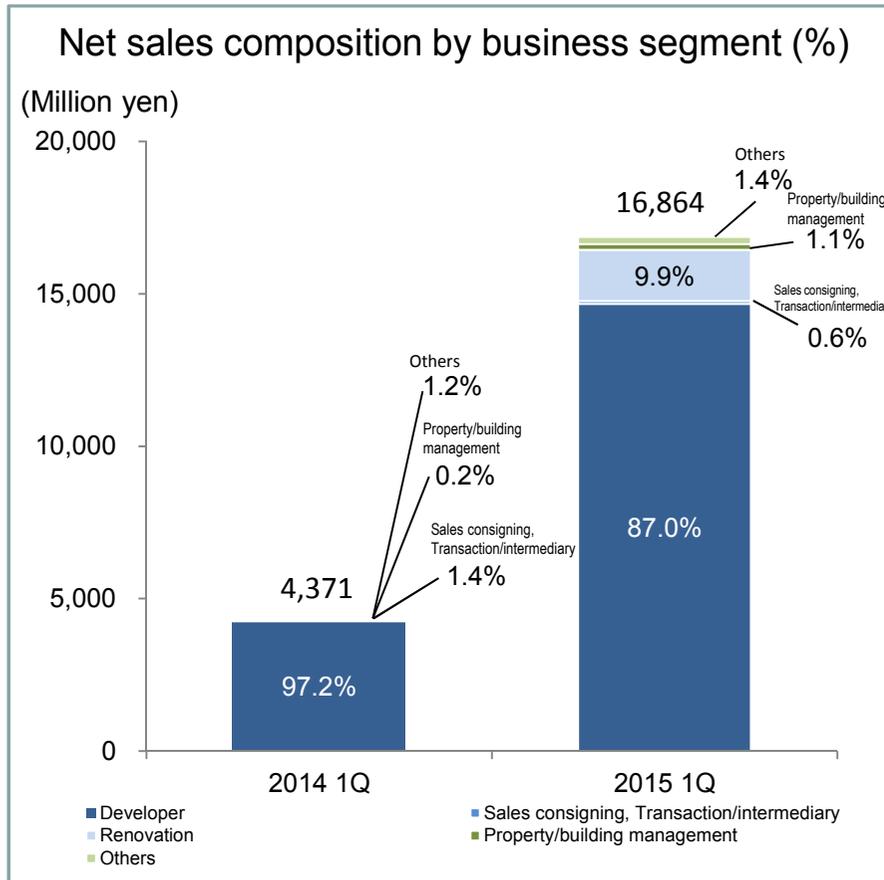
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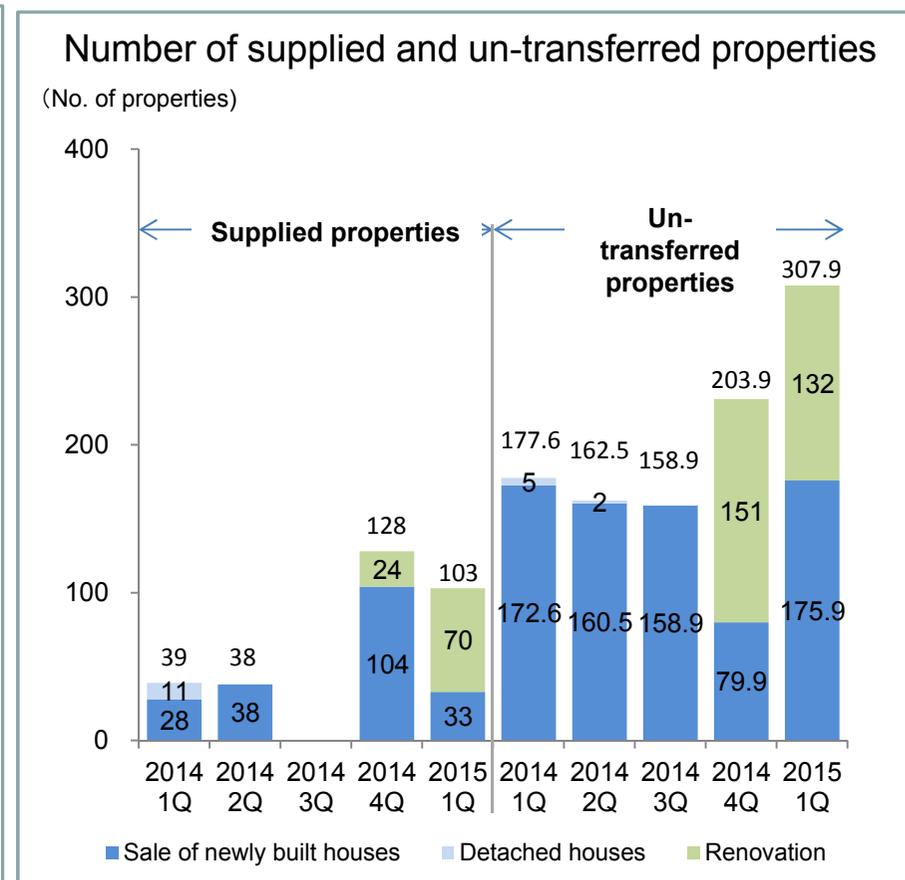
Real Estate Business

<<Status of activities>>

- Profitability of newly built condominiums has improved. Great accomplishment was also made for self-developed properties, other than condominiums.
- Renovation field contributed by making Mikuni Sangyo Co., Ltd. a subsidiary.



* Renovation is newly included from the 4Q of FY 2014, in association with acquiring Mikuni Sangyo Co., Ltd. as a subsidiary.



* The supplied properties were included at the time when their sales began. The un-transferred properties include the already-contracted ones. For JV projects, proportionally distributed number was used.

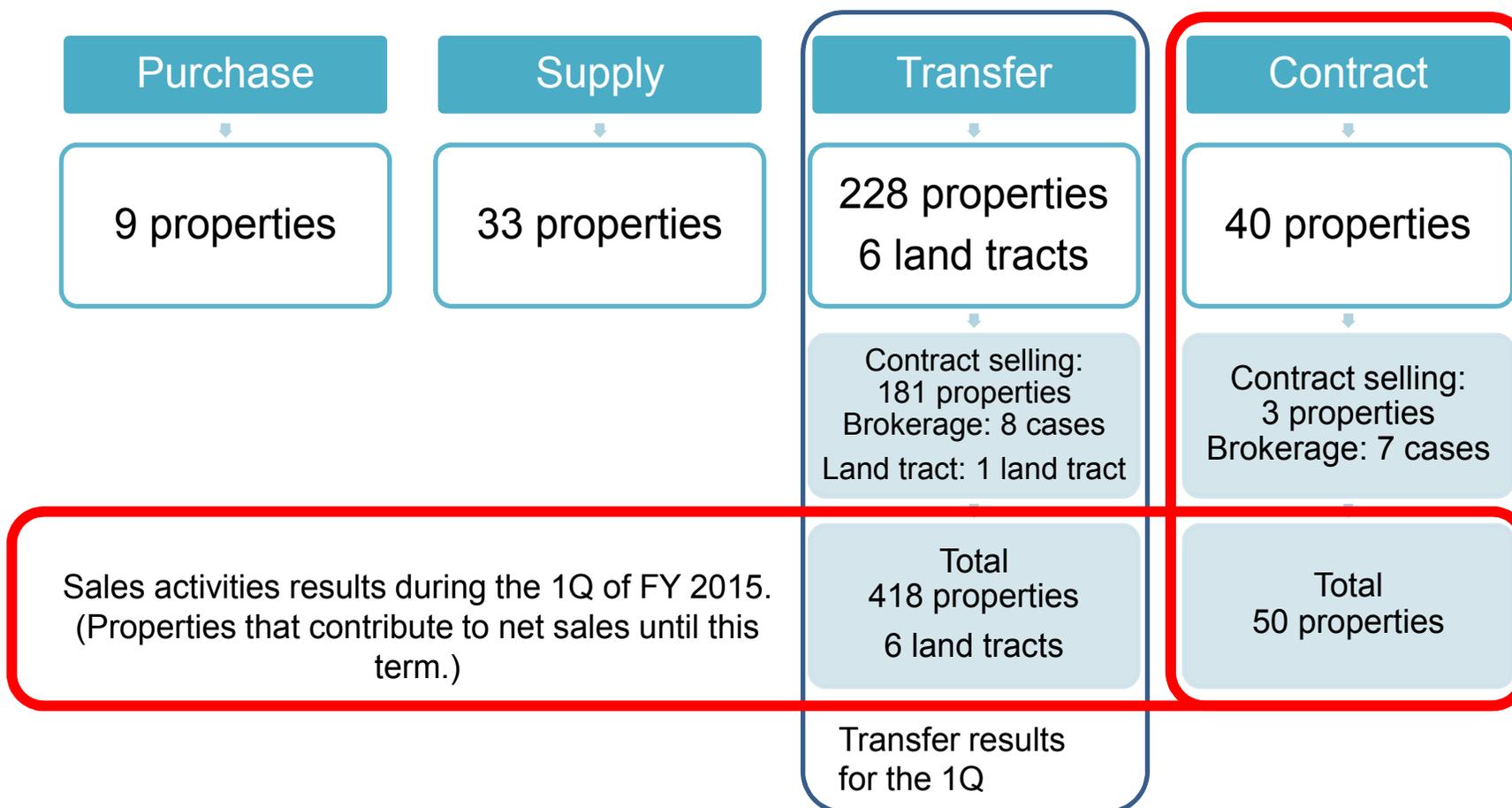
Renovation is newly included from the 4Q of FY2014, in association with acquiring Mikuni Sangyo Co., Ltd. as a subsidiary.

Real Estate Business



<<Status of activities>>

• The number of transferred properties owned by the Company doubled from last year, due to steady business in the Metropolitan area and Tohoku area.



Real Estate Business

<<New activities>>

- Establishment of a local corporation in Indonesia: “PT.WORLD DEVELOPMENT INDONESIA”
⇒ Operation of service apartment business for Japanese firms and expatriate employees from Japan

<Background>

- (1) The largest market in ASEAN, which is growing at a remarkable pace
- (2) Shortage of accommodation and residential facilities for the expatriate employees of Japanese firms, as an increasing number of Japanese firms enter the market. (The demand is very strong, as the long commuting hours caused by chronic traffic jam irritate the expatriate employees.)
- (3) The 4th largest population in the world (249 million people), and strong domestic demand. Average economic growth rate exceeds 6%. Every year, 8 to 9 million people join the middle-income or wealthy groups.
- (4) Expansion of the housing market in Indonesia, due to the increase in income



<Business contents>

- (1) Planning, development, and operation of accommodation and residential facilities, including service apartments, for Japanese firms
- (2) Planning, development, and subdivision of houses for Indonesian people

Appearance of occupied Midplaza 2 Building



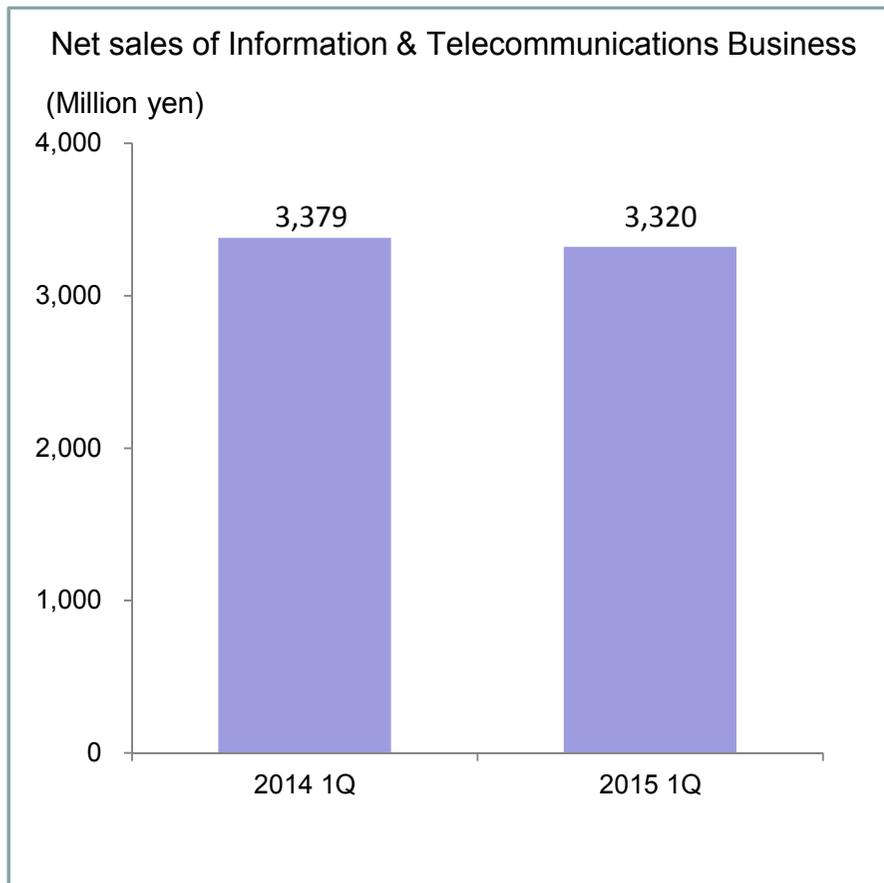
Corporate profile

Corporate name	PT.WORLD DEVELOPMENT INDONESIA
Date of establishment	Mar. 2015
Location	Midplaza2 Building, 16th Floor, Jl. Jend. Sudirman Kav.10-11, Jakarta 10220, Indonesia
Capital	US\$500,000 Authorized capital: US\$2,000,000
Shareholders and shareholding ratios	World Residential Co., Ltd.: 70% World iCity Co., Ltd.: 30%
Business purpose	Real Estate Business (Development and operation of service apartments, etc.)
Representative	Representative director and president: Minoru Sohara

Information & Telecommunications Business

<<Status of activities>>

• Advancement of “scrapping and building” through aggressive investment:
 Closure of 5 unprofitable stores, and beginning of 2 stores for a new business called “Window for Mobile Phones”.



- Strengthening scrapping and building (establishment of new forms of mobile phone stores)
 ⇒ Closure of unprofitable stores (3 directly managed stores, 2 agent stores)

	Dec.2014	Mar.2015	Change	
Directly managed	67	66	Δ1	Closure of 5 unprofitable stores: 2 of them were changed to “Window for Mobile Phones”.
Agent	78	76	Δ2	

- As a challenge to a new business model, 2 stores for a new business called “Window for Mobile Phones” began in March (1 store will open in April.)



Ⅲ. FY2015 Business Forecasts



Summary of FY2015 Business Forecasts

Both operating income and ordinary income will significantly exceed the original forecast.
 Both net sales and each profit is expected to mark the record high.
 Net sales and profit increases were more than expected. (Modification of forecasts announced on May 7)

Unit: Million yen, %	FY2014 Actual	FY2015 forecast before revision *	FY2015 forecast after revision **	Change from forecast		YoY	
				Change	Pct. Change	Change	Pct. Change
Net sales	68,829	85,677	87,752	2,075	2.4	18,922	27.5
Operating income	3,748	3,761	4,700	938	25.0	951	25.4
Ordinary income	3,722	3,652	4,624	971	26.6	901	24.2
Net income	1,992	2,127	3,445	1,318	62.0	1,453	73.0
EPS (yen)	118.5	126.50	206.21	79.7	-	87.7	-
Dividend per share (yen)	23.7	25.30	41.30	16.0	-	17.6	-

*Announced on February 12, 2015

** Announced on May 7, 2015

Business Forecasts by Segment

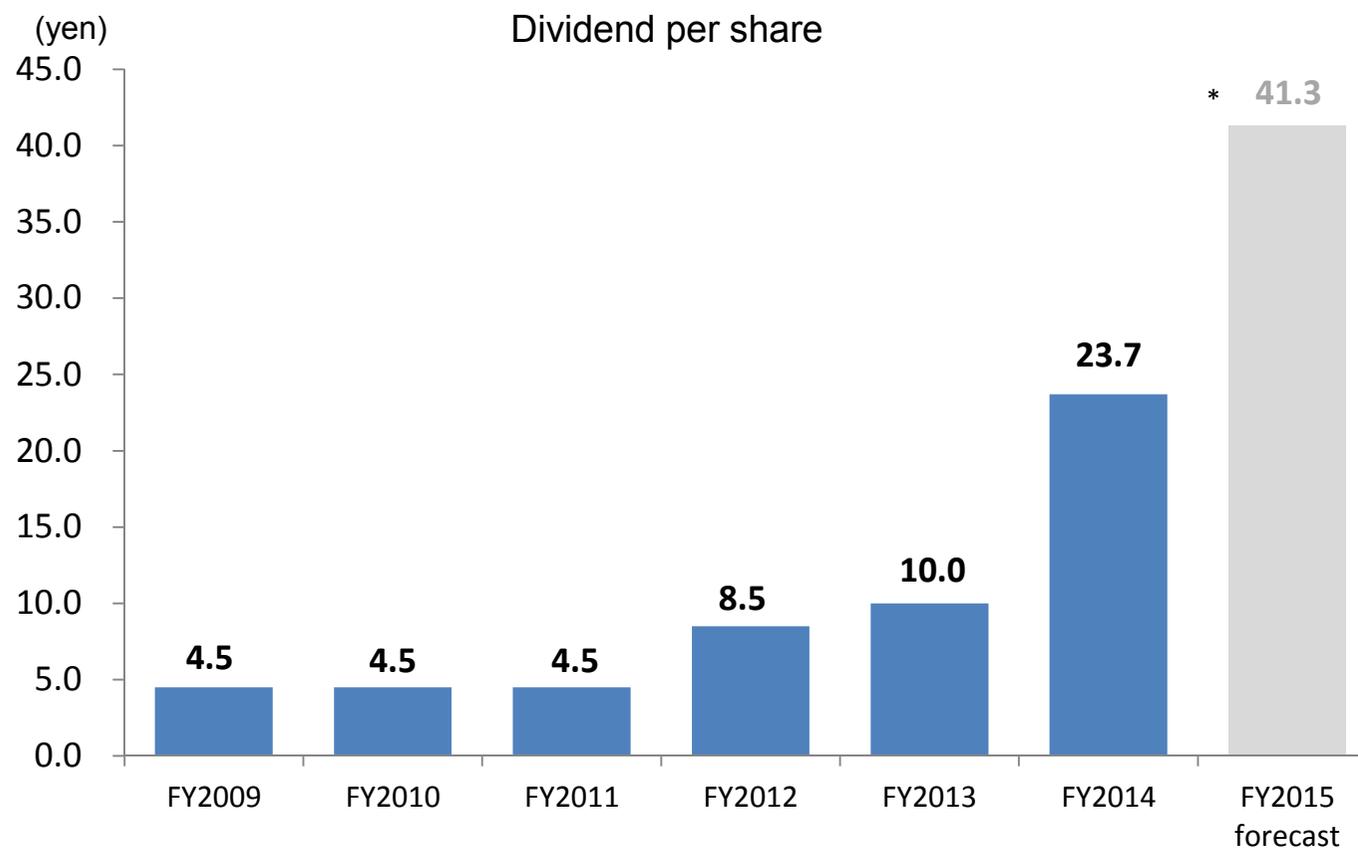
Unit: Million yen, %			FY2014 Actual	FY2015 forecast before revision *	FY2015 forecast after revision **	Change from forecast		YoY	
						Change	Pct. Change	Change	Pct. Change
Human Resources and Education business	Factory business	Net sales	24,928	28,347	28,597	250	0.9	3,668	14.7
		Segment income	1,918	1,996	2,196	200	10.0	277	14.5
		Profit margin	7.7%	7.0%	7.7%	—	—	—	—
	Technology business	Net sales	8,430	9,260	9,260	—	—	830	9.9
		Segment income	699	769	769	—	—	70	10.1
		Profit margin	8.3%	8.3%	8.3%	—	—	—	—
	R&D business	Net sales	4,062	4,850	4,850	—	—	787	19.4
		Segment income	159	447	447	—	—	287	179.9
		Profit margin	3.9%	9.2%	9.2%	—	—	—	—
	Sales & Marketing business	Net sales	2,679	4,100	4,100	—	—	1,420	53.0
		Segment income	72	169	169	—	—	96	131.7
		Profit margin	2.7%	4.1%	4.1%	—	—	—	—
Other	Net sales	574	636	636	—	—	61	10.7	
	Segment income	18	18	18	—	—	0	2.8	
	Profit margin	3.2%	3.0%	3.0%	—	—	—	—	
Real Estate business	Real estate business	Net sales	15,545	26,482	29,321	2,838	10.7	13,775	88.6
		Segment income	1,869	1,660	2,557	896	54.0	687	36.8
		Profit margin	12.0%	6.3%	8.7%	—	—	—	—
Information & Telecommuni- cations business	Information & Telecommunicatoin business	Net sales	12,608	12,000	10,987	△1,013	△ 8.4	△1,621	△ 12.9
		Segment income	172	170	2	△168	△ 98.8	△170	△ 98.8
		Profit margin	1.4%	1.4%	0.0%	—	—	—	—
Total	Net sales	68,829	85,677	87,752	2,075	2.4	18,922	27.5	
	Elimination or corporate	△1,162	△1,470	△1,459	11	—	—	—	
	Operating income	3,748	3,761	4,700	938	25.0	951	25.4	
	Operating margin	5.4%	4.4%	5.4%	—	—	—	—	

*Announced on February 12, 2015

** Announced on May 7, 2015

Shareholder Returns

Maintaining dividend increase in line with profit growth



*Announced on May 7, 2015

*The forecast and dividend estimates are based on the information that the Company currently has and a certain assumption that is considered reasonable. There is a possibility that the actual results may largely differ based on various factors.

For more information

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