

FY2015 Second Quarter Financial Results



August 18, 2015 (Tue.)
WORLD HOLDINGS CO., LTD.
JASDAQ (2429)

Intensive Measures in 2015 and Their Progress



Human resources and education businesses

Shared measures

Investment concentrated on recruitment

Factory business

Expansion of the distribution sector

Rationalization of contract conditions, etc.

Creation of new employment opportunities

Technology business

Expansion of the business field

Personnel development

Further investment in the repair section

R&D business

To receive more orders for clinical trials from companies

Expansion of the PV business

To receive more orders for clinical researches

Sales & marketing business

Expansion of the business field

Optimal utilization of registered personnel

Internal expansion of dispersed transactions

Real estate business

Further distribution of portfolios

Start of the sale of the first real estate in the Kinki region

Nationwide promotion

Information and telecommunications businesses

Differentiation from competitors

To stop depending on the sale of cell phones

To sell more cell phones



- I. Summary of FY2015 Second Quarter Financial Results**
- II. FY2015 Business Forecasts**
- III. Future Activities**
- IV. Shareholder Returns**

I. Summary of FY2015 Second Quarter Financial Results



Second Quarter Summary



- Sales, operating income, ordinary income, and net income reached the record high.
- The operating income, ordinary income, and net income for the first half of 2015 exceed those for the full-year results for 2014.
- Sales have been increasing for 6 consecutive terms since the 2nd quarter of 2010, while profits have been growing for 3 consecutive terms since the 2nd quarter of 2013.

Unit : Million yen, %

	FY2014/2Q actual	FY2014 actual	FY2015/2Q actual	YoY		FY2015 Forecast for 2Q (cumulative)*	2Q cumulative forecast Pct. Change
				Change	Pct. Change		
Net sales	34,023	68,829	52,866	18,842	55.4	52,268	1.1
Operating income	1,824	3,748	4,484	2,659	145.8	3,689	21.6
Ordinary income	1,795	3,722	4,464	2,668	148.6	3,659	22.0
Net income	976	1,992	3,106	2,130	218.3	2,579	20.4

*Announced on May 7, 2015

Sales by Business Segment



- Significant increase in sales and profit for human resources and education business and real estate business.

Unit: Million yen, %			FY2014/2Q actual *	FY2015/2Q actual	YoY		FY2015 Forecast for 2Q (cumulative) **	Progress rate towards FY2015 cumulative forecast
					Change	Pct. Change		
Human resources and education business	Factory business	Net sales	11,744	13,210	1,466	12.5	13,385	46.2
		Segment income	915	925	10	1.1	1,016	42.2
		Profit margin	7.8%	7.0%	—	—	7.6%	—
	Technology business	Net sales	4,149	4,648	499	12.0	4,547	50.2
		Segment income	291	512	220	75.6	368	66.6
		Profit margin	7.0%	11.0%	—	—	8.1%	—
	R&D business	Net sales	1,960	2,271	311	15.9	2,292	46.8
		Segment income	32	265	232	724.5	221	59.2
		Profit margin	1.6%	11.7%	—	—	9.6%	—
	Sales & Marketing business	Net sales	1,212	1,743	530	43.8	1,746	42.5
		Segment income	19	95	75	389.9	27	56.4
		Profit margin	1.6%	5.5%	—	—	1.6%	—
	Others	Net sales	312	221	(91)	(29)	278	34.8
		Segment income	20	6	(13)	(67)	3	35.3
		Profit margin	6.5%	3.0%	—	—	1.4%	—
Real estate business	Real estate business	Net sales	7,252	24,235	16,983	234.2	23,434	82.7
Segment income		815	3,372	2,557	313.7	2,820	131.9	
Profit margin		11.2%	13.9%	—	—	12.0%	—	
Information & telecommunications business	Information & telecommunications business	Net sales	7,391	6,535	(856)	(12)	6,585	59.5
Segment income		235	(22)	(258)	—	△38	—	
Profit margin		3.2%	—	—	—	—	—	
Total			34,023	52,866	18,842	55	52,268	60
			(505)	(670)	—	—	(729)	—
Operating income			1,824	4,484	2,659	145.8	3,689	95.4
Operating margin			5.4%	8.5%	—	—	—	—

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

** Announced on May 7, 2015

Factory Business

<< Sales composition by business segment and the number of staff >>

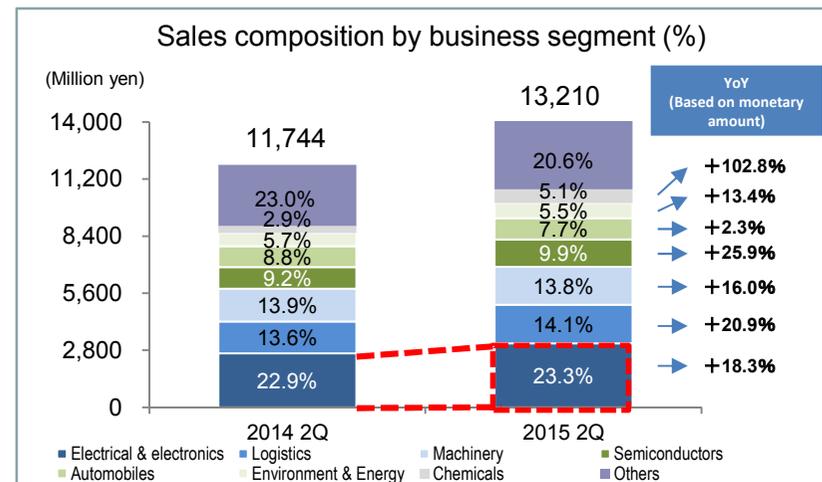
- The brand as a top company attracted various requests from various enterprises, and so sales have been healthy.
- The electric, electronic, and semiconductor segments have been growing, thanks to the favorable performance of smartphone-related businesses.

Factory

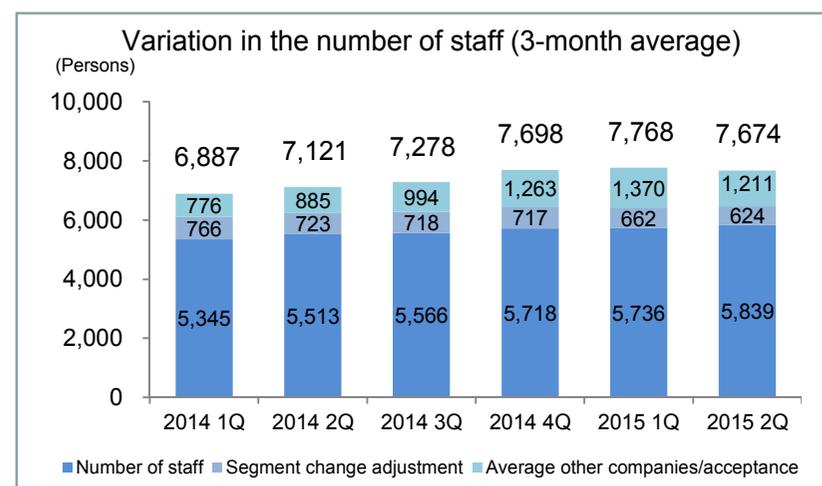
- Customer situation The number of customers is increasing steadily. (up 8.3% from the same period of the previous year)
- No. of back orders: over 1,000
- Ratio of undertaking: over 50%
- Recruitment situation ... The number of workers has increased, but it is still not sufficient. The number of workers registered via “JOB PAPER (<http://www.jobpaper.net/>)” has steadily increased.

Logistics section

- Customer situation Thanks to the 2-year accumulation of know-how and experience, the needs for long-term contracts increased in the distribution field, where short-term contracts have been dominant. This section is growing steadily as the second pillar in the factory business.



* 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

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

Technology Business

<< Sales composition by business segment and the number of staff >>

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

Design and development

・Customer situation: Through negotiations, we increased business partners with favorable conditions (improving costs)

・Recruitment situation: The job vacancies for new graduates increased (about 3 times from the same period of the previous year)

Production technology

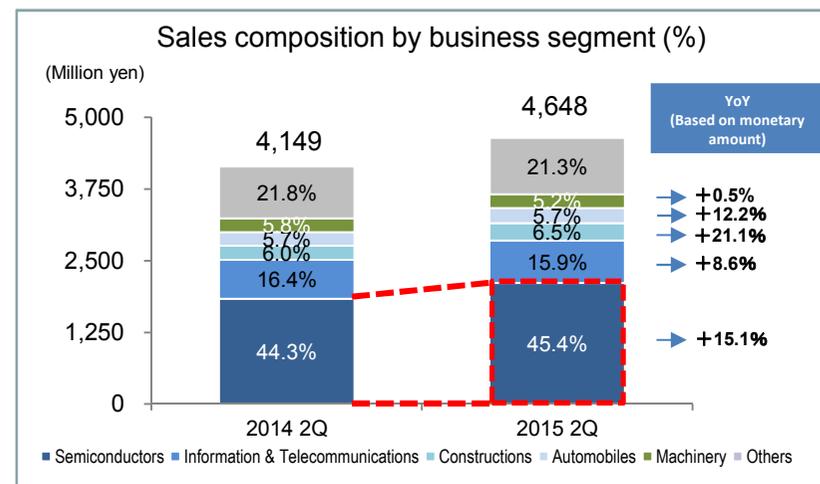
・Customer situation: In cooperation with the factory section, we increased clients mainly in the semiconductor field.

・Recruitment situation: The number of employees increased steadily (up 128 from the same period of the previous year).

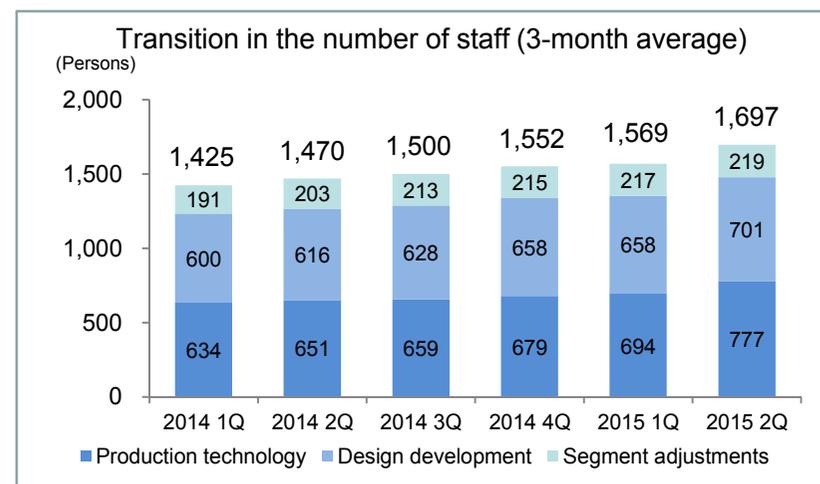
Repair section

・Customer situation: In cooperation with the distribution section, we increased business partners.

・Expansion of target fields: By brushing up the skills of engineers, we diversified the products we can repair.



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



* The number of staff is a three-month average.

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

R&D Business

<< Sales composition by business segment and the number of staff >>

- We actively engage in recruitment activities targeted at not only new graduates, but also those who once joined other companies, but resigned soon.
- The performance of DOT International has been healthy, as it has received orders from the beginning of the term.

R&D

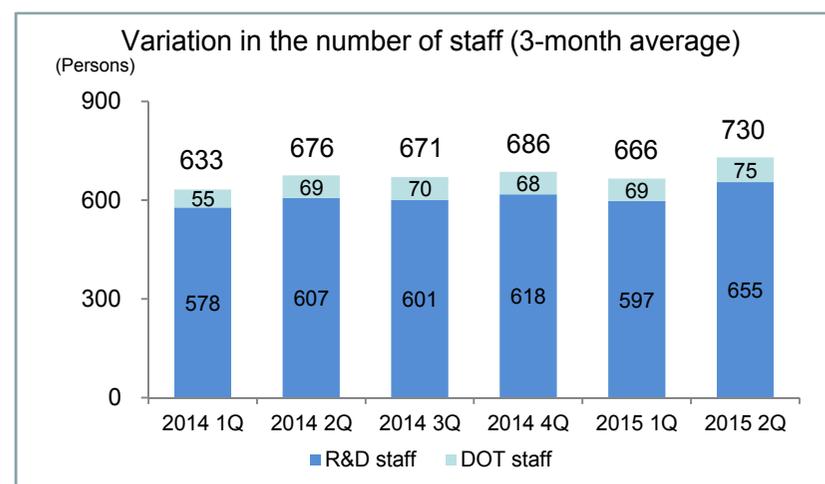
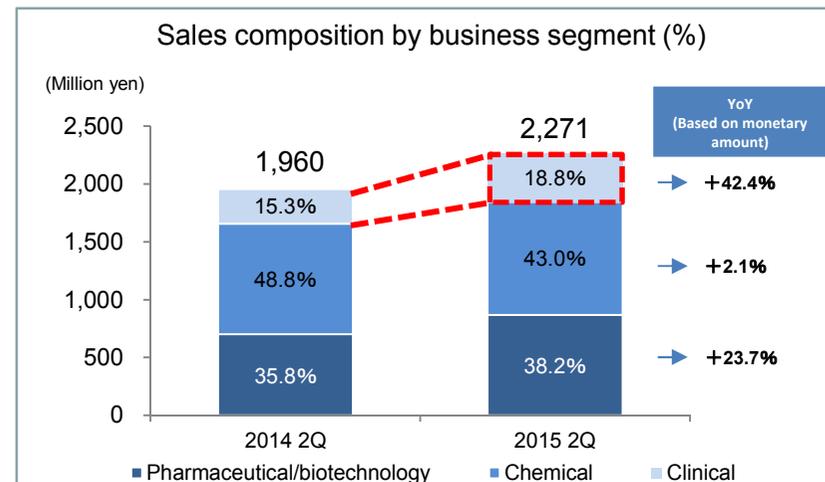
・Customer situation: To assign workers to more organizations for training. Also for PV*, we increased business partners based on collaboration.

・Recruitment situation: Opened the website exclusively for recruiting R&D personnel: “RD JOB PAPER (<http://www.witc.co.jp/rd-jobpaper/>),” on Jun. 12, in order to expand the population and promote collaborative recruitment. The number of new graduates employed increased considerably (up 160% from the same period of the previous year).

DOT

・Customer situation: We have undertaken clinical trials for large companies since the beginning of the term. The number of entrusted clinical researches is increasing (up about 20 times from last year).

・Business tie-up: Expanded the resources through the business tie-up with Clinical Trust Co., Ltd., dispelling the greatest concern. By receiving orders collaboratively, we can deal with large-scale transactions.



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

* PV=Abbreviation of Pharmacovigilance

To appropriately and swiftly collect and analyze safety information, such as the side effects of pharmaceutical products.

Sales and Marketing Business

<< Sales composition by business segment and the number of staff >>

- CB (dispatching sales staff) business: Significant profit improvement
- OCS (dispatching operators to places such as call centers) business: Its performance has been healthy since the launch of this business last year.

CB

・Customer situation: We targeted not only brands, but also mass retailers, etc.

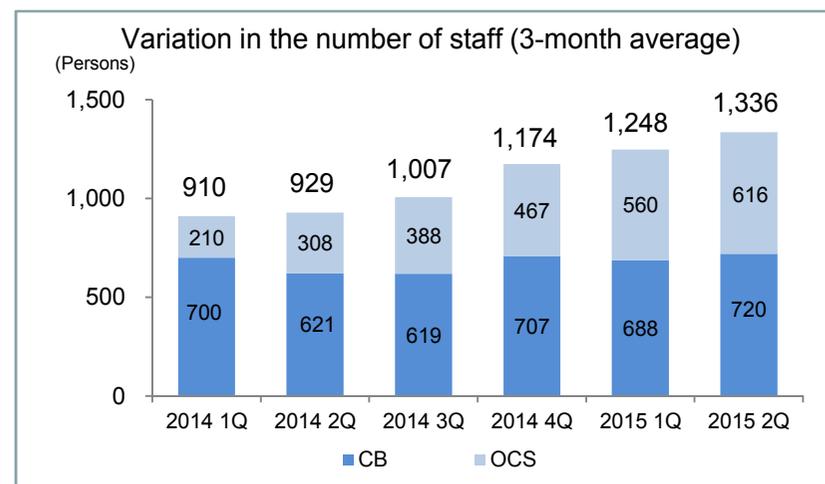
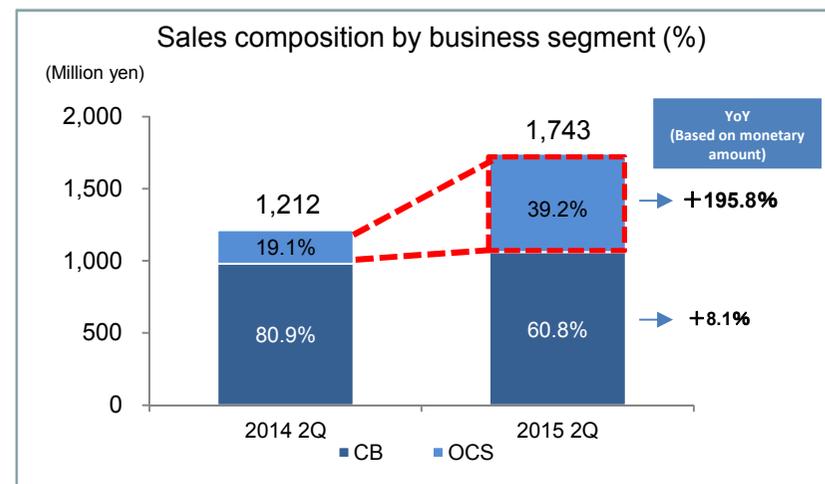
・Recruitment situation: As customers have changed, employment opportunities are increasing.

OCS

・Customer situation: Customers are increasing steadily. (The number of transactions increased 120% from the same period of the previous year.)

・Recruitment situation: Both the number of registrations and the number of recruitments have been healthy.

・System development: We are increasing and training proper staff who can deal with large projects.



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

Real Estate Business

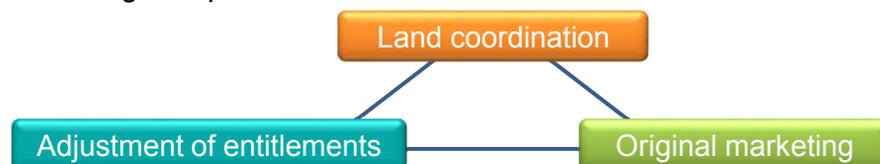
<< Sales and sales composition by business segment, the numbers of units supplied and to be transferred >>

- The sale of apartments has been healthy in both the Tokyo Metropolitan Area and the Tohoku region. In addition, the real estate developed by our company, etc., contributed.
- The renovation business by Mikuni Sangyo Co., Ltd., which joined our corporate group in this term, has been healthy.

Situation of activities

- ・Procurement: 13 pieces of real estate (9 pieces in the Tokyo Metropolitan Area, 3 pieces in the Tohoku region, and 1 piece in the Kansai region)
- ・Supply: 33 units (33 units in the Kansai region)
- ・Transfer: Apartments: 275.9 units (93.9 units in the Tokyo Metropolitan Area, 182 units in the Tohoku region)
 Lot sale: 1 lot (in the Tokyo Metropolitan Area)
 Brokerage: 15 pieces (5 pieces in the Tokyo Metropolitan Area, 10 pieces in the Tohoku region)
 Land: 6 pieces (in the Tokyo Metropolitan Area)

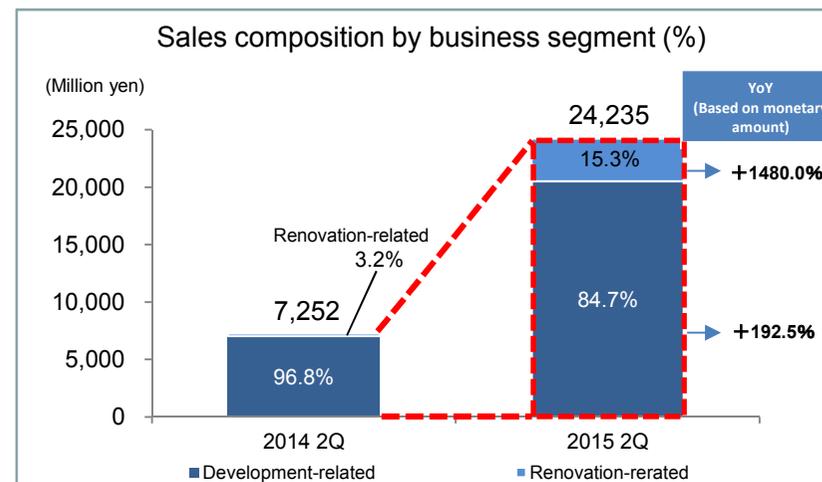
【Advantages in procurement】



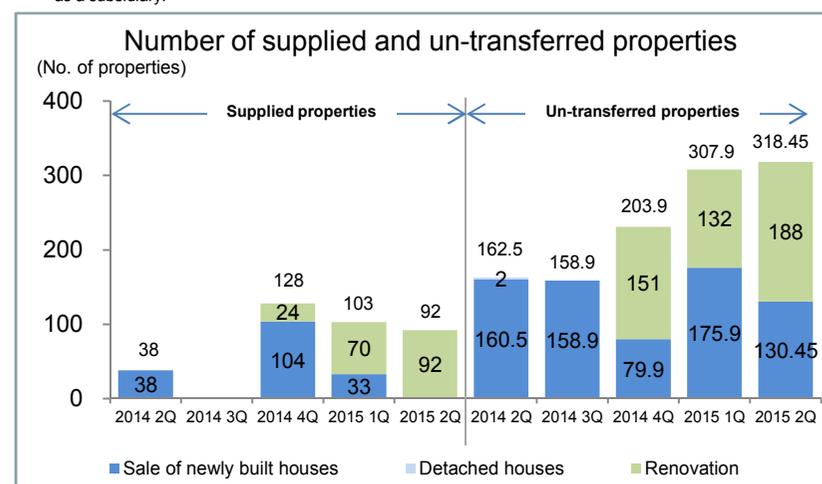
M&A

(announced on Aug. 6)

- ・Prefabricated house business: production and sale of prefabricated houses
- ・Entry to the rental business field: rental of prefabricated houses



* 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.

Information & Telecommunications Business

<<Variations in sales and the number of stores>>

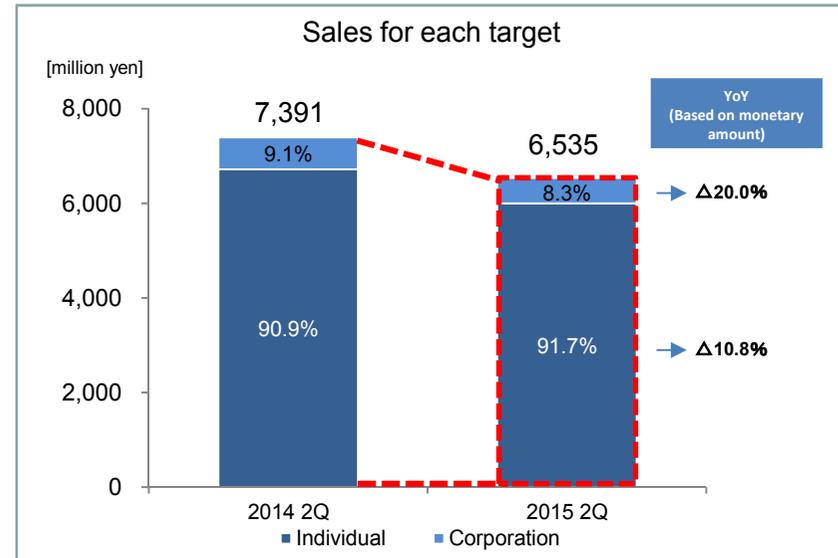
- We actively conduct scrapping & building, and develop stores liked by carriers and customers.
- We cultivate new needs with the original shop “Window for Cell Phones.”

For individuals

- Cell phone shops: To enhance scrapping & building
To close unprofitable shops
- Development of new business models (Window for Cell Phones)
Two shops opened in Mar. and one shop opened in Apr.
 - Provision of information on how to utilize cell phones
 - Purchase and sale of used cell phones
 - Planning of the sale of products of MVNO*

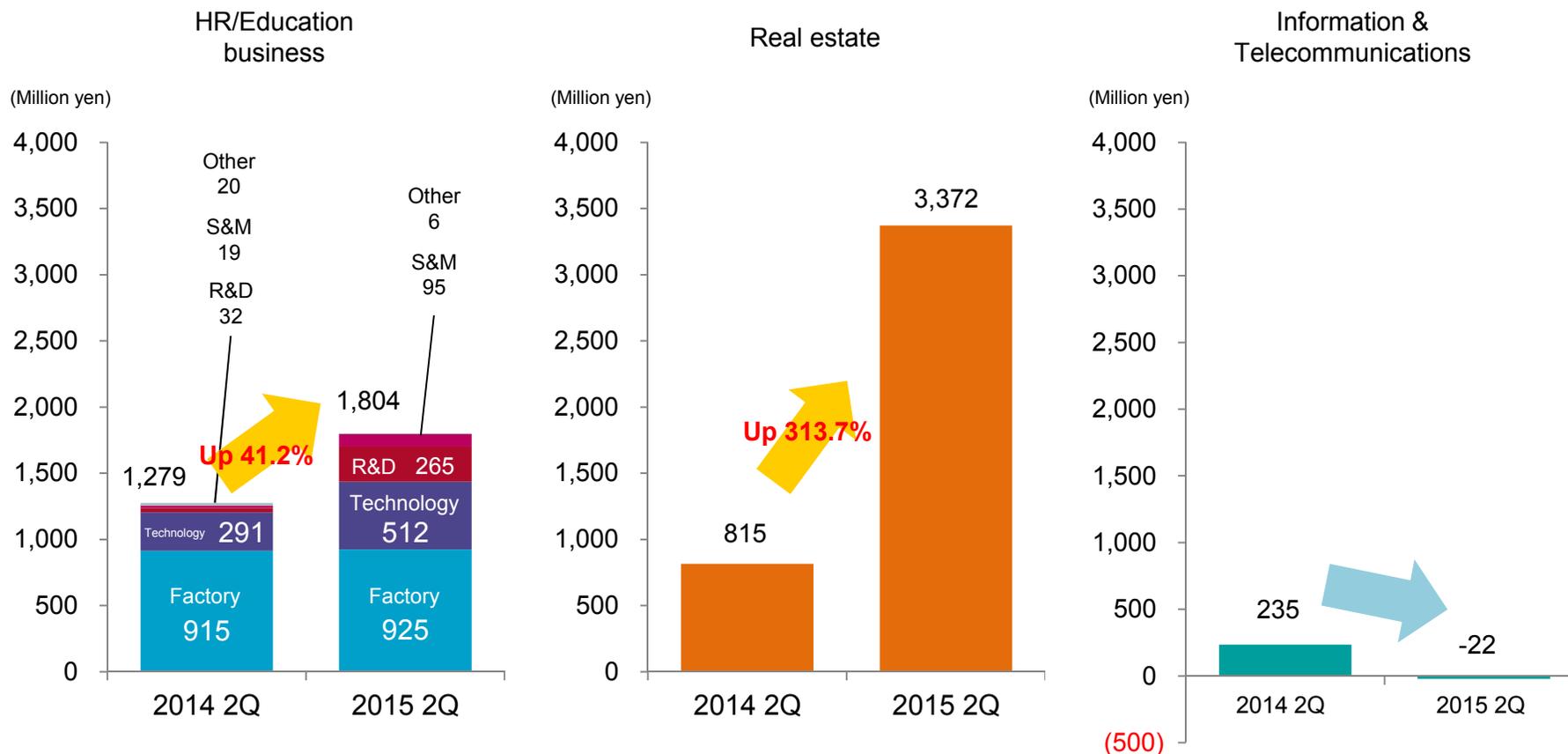
For corporations

- We enhanced the sale of LEDs, OA devices, etc. to corporations.
The sales volume of LEDs increased 364% from the same period of the previous year.
- Market environment: Fluorescent and incandescent lamps are to be discontinued in 2017. All lamps will be replaced by LEDs.



※MVNO=Abbreviation of Mobile Virtual Network Operator
Operators that rent the lines for mobile communications, and offer their services as their brands.

Changes in Operating Income by Segment



Units less than one million yen rounded down

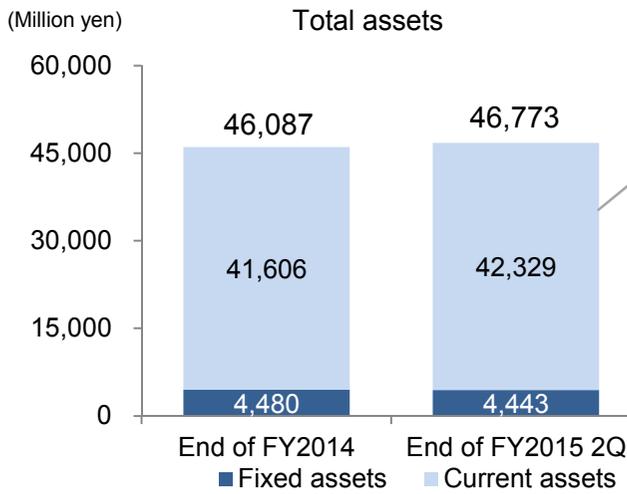
S&M: Sales and Marketing

* In association with segment change, the results for the 2Q for FY 2014 was rearranged based on the new standard.

Financial Condition B/S

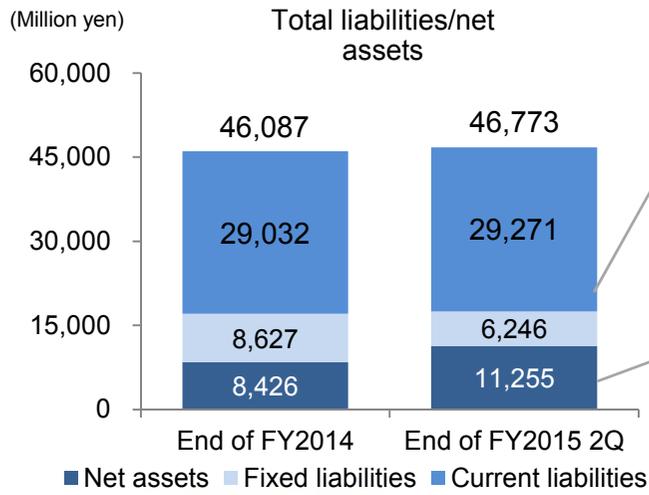


- The real estate for sale in process decreased, because of the completion and sale of real estate.



Current assets 42,329(+723)

- Increase in cash and deposits: 2,572 million yen
- Increase in notes receivable and accounts receivable due to sales growth: 537 million yen
- Decrease of real estate for sale in process: 3,098 million yen



Liabilities 35,518(-2,142)

- Decrease in accounts payable for realty businesses: 830 million yen
- Increase in short-term debt: 2,118 million yen
- Increase in long-term debt: 2,493 million yen

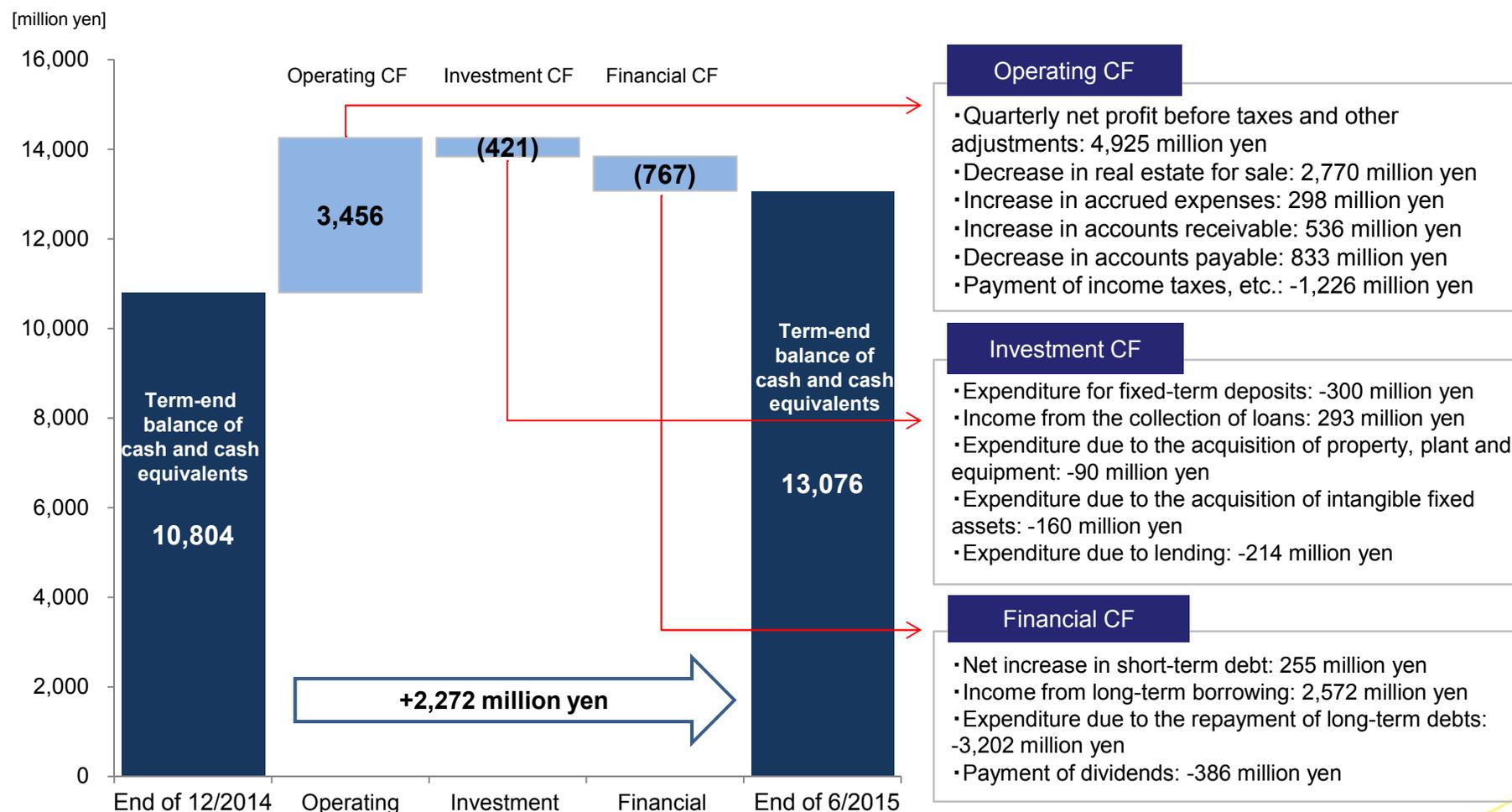
Net assets 11,255(+2,828)

- Increase in retained earnings: 2,712 million yen



Cash flows

- Operating CF increased by 3,456 million yen, investment CF decreased by 421 million yen, and financial CF dropped by 767 million yen.





II. FY2015 Business Forecasts

Summary of FY2015 Business Forecasts



- Both operating income and ordinary income will significantly exceed the original forecast.
- Both sales and each profit will mark the record high.

Unit: Million yen, %	FY2014 Actual	FY2015 Forecast *	Change from forecast	
			Change	Pct. Change
Net sales	68,829	87,752	18,922	27.5
Operating income	3,748	4,700	951	25.4
Ordinary income	3,722	4,624	901	24.2
Net income	1,992	3,445	1,453	73.0
EPS (yen)	118.5	206.21	87.7	–
Dividend per share (yen)	23.7	41.3	17.6	–

* Announced on May 7, 2015

Business Forecasts by Segment



Unit: Million yen, %			FY2014 Actual	FY2015 Forecast *	Change from forecast	
					Change	Pct. Change
Human Resources and Education business	Factory business	Net sales	24,928	28,597	3,668	14.7
		Segment income	1,918	2,196	277	14.5
		Profit margin	7.7%	7.7%	—	—
	Technology business	Net sales	8,430	9,260	830	9.8
		Segment income	699	769	70	10.1
		Profit margin	8.3%	8.3%	—	—
	R&D business	Net sales	4,062	4,850	787	19.4
		Segment income	159	447	287	179.9
		Profit margin	3.9%	9.2%	—	—
	Sales & Marketing business	Net sales	2,679	4,100	1,420	53.0
		Segment income	72	169	96	131.6
		Profit margin	2.7%	4.1%	—	—
	Other	Net sales	574	636	61	10.7
		Segment income	18	18	0	2.8
		Profit margin	3.2%	2.9%	—	—
Real Estate business	Net sales	15,545	29,321	13,775	88.6	
	Segment income	1,869	2,557	687	36.8	
	Profit margin	12.0%	8.7%	—	—	
Information & Telecommunications business	Net sales	12,608	10,987	(1621)	(13)	
	Segment income	172	2	(170)	(99)	
	Profit margin	1.4%	0.0%	—	—	
Total	Net sales	68,829	87,752	18,922	27.5	
	Elimination or corporate	(1,162)	(1,459)	—	—	
	Operating income	3,748	4,700	951	25.4	
	Operating margin	5.4%	5.4%	—	—	

* Announced on May 7, 2015

III. Future Activities

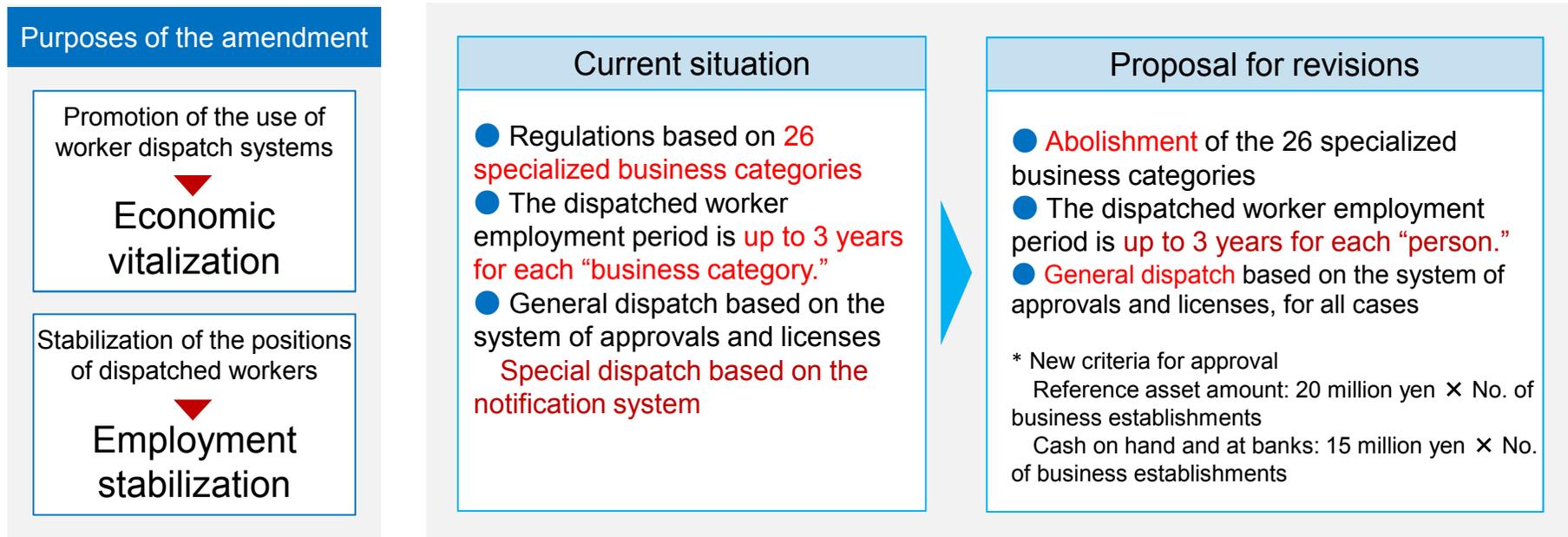


1. Industrial and Market Trends (1) Environment Surrounding “Human Resources and Education Businesses”



Amendment to “the Worker Dispatch Law” *

* A bill for partially amending the law for securing the appropriate operation of worker dispatch business and protecting dispatched workers, etc.



Competitions are getting fierce, energizing the market.

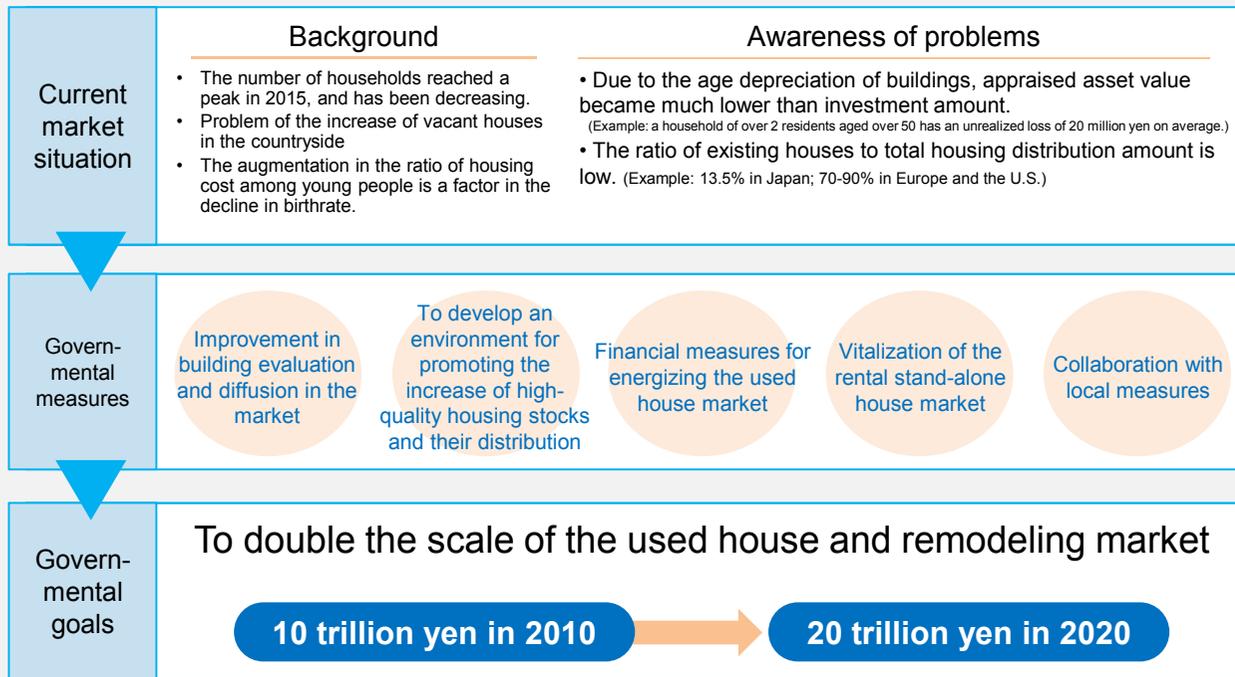
Favorable effects on our company

As a leading company in the business field, we make efforts to improve the value of the field of human resources by engaging in our business activities while being deeply aware of the social impact of our businesses..

1. Industrial and Market Trends (2) Environment Surrounding the “Real Estate Business”



Ministry of Land, Infrastructure, Transport and Tourism: Round table for energizing the used housing market



Market trend in the Tokyo Metropolitan Area



The age in which the technology for avoiding risks to the maximum degree will cause gaps in competitiveness

Favorable impact on our company

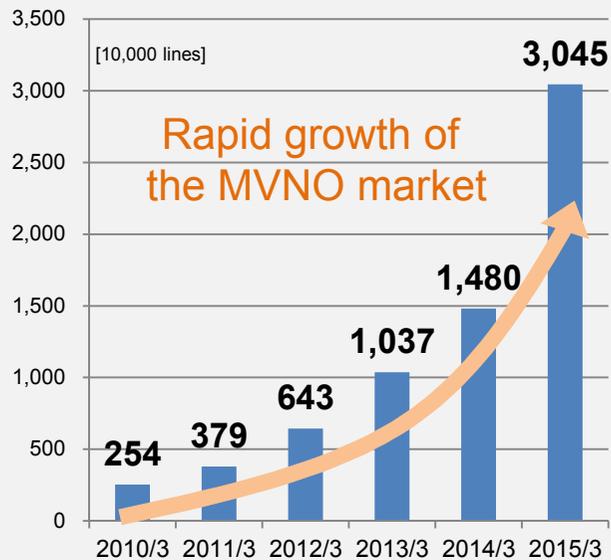
1. Industrial and Market Trends (3) Environment Surrounding “Information and Telecommunications Businesses”



- **Decrease in the sales of cell phones at shops**

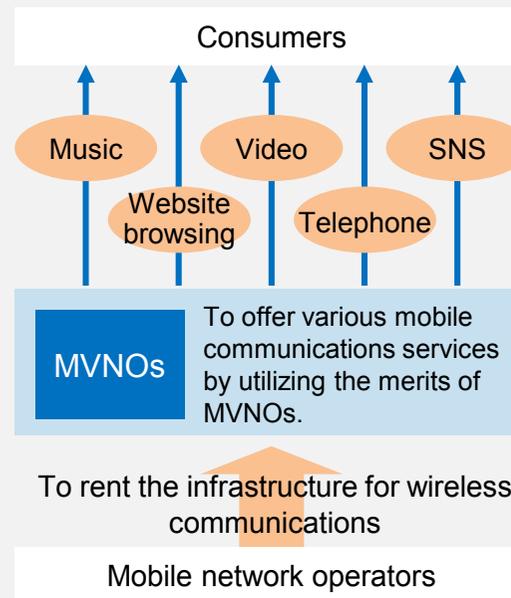
As the demand for smartphones has been already satisfied, sales are sluggish, and the sales of low-cost smartphones are growing. The sales promotion budget of carriers has been revised. (Reduction in cashback amount)

- **Outline and major advantages of MVNO**



Source: “Variation in the scale of the Japanese MVNO market” by MM Research Institute

【Outline of MVNO】



※MVNO: Mobile Virtual Network Operator

Major advantages of MVNO

- Price competitiveness (attractive charging system)
- Diversity of services (a broad range of options)
 - Data communications-related
 - Telephone-related
- MNP (mobile number portability) system available

Further growth due to the start of “SIM Free” on May 1, 2015

* The Ministry of Internal Affairs and Communications enacted the “Guidelines for SIM-unlocking.”

New business chances

2. Outline of the Midterm Managerial Plan (2014-2016)



Goal
Term ending Dec. 2016

We aim to become a corporate group that can achieve sales of over 100 billion yen.

Basic strategies

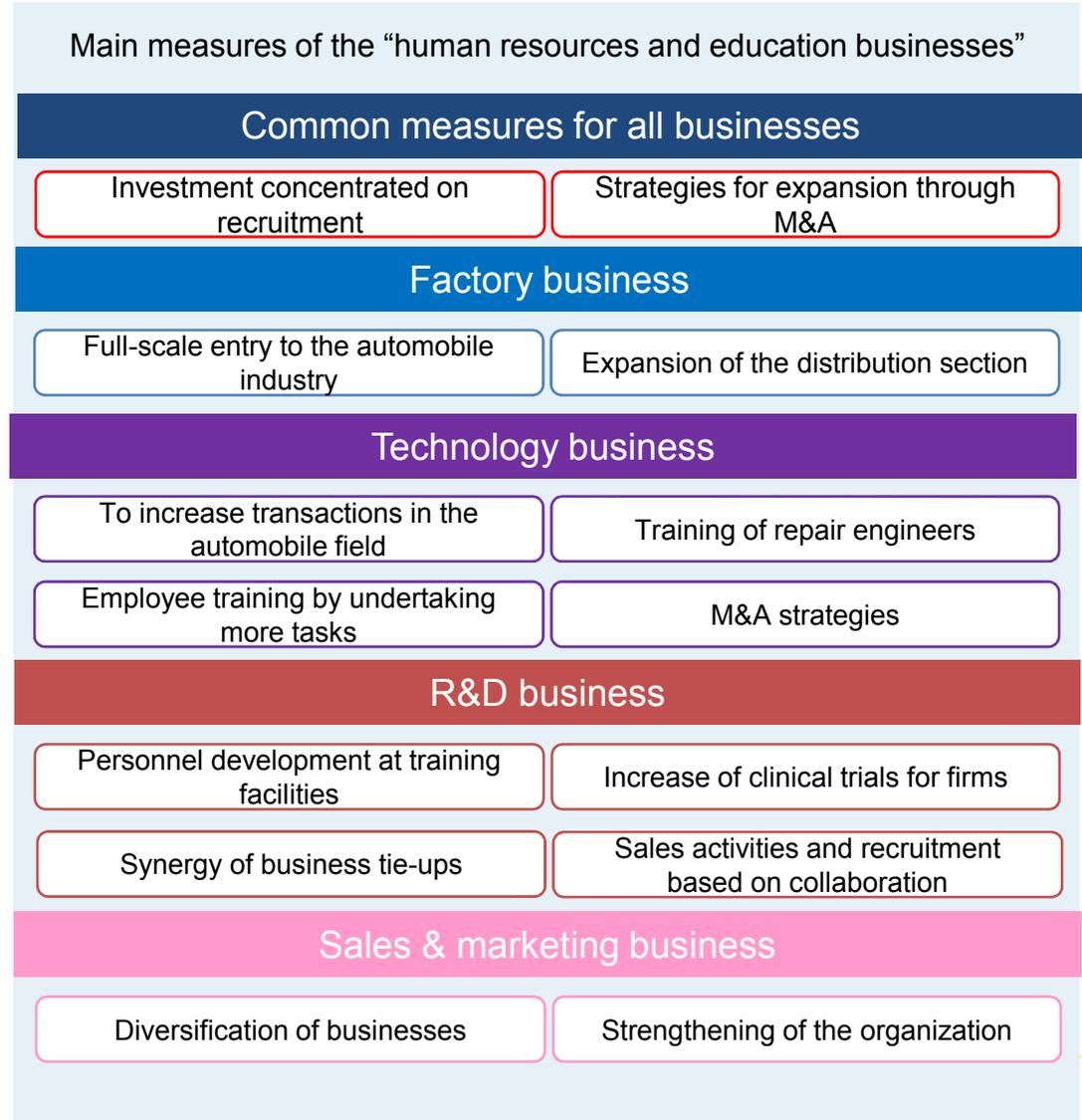
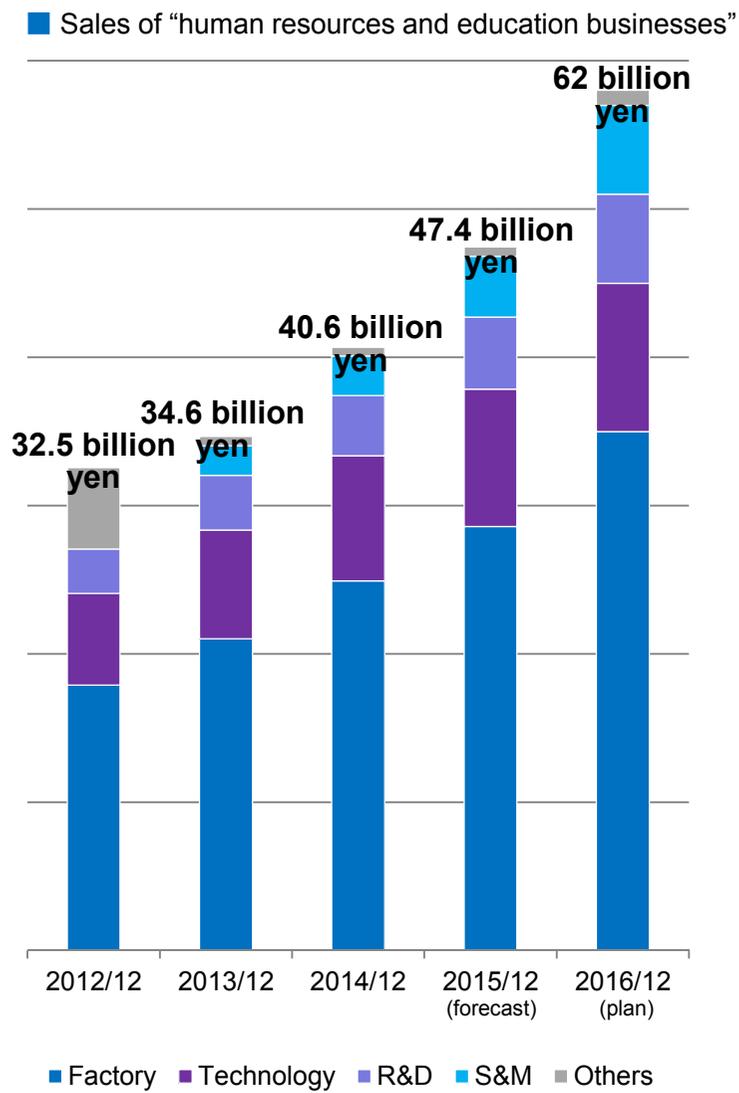
- To inject managerial resources to promising fields
- To increase profits rather than sales
- To pursue cooperation and synergy in our corporate group

Midterm managerial plan

	12/2014 (Results)	12/2015 (forecast)	12/2016 (Goals for the last fiscal year)
Sales	68.8 billion yen	87.7 billion yen	100 billion yen
Operating income	3.7 billion yen	4.7 billion yen	5 billion yen
ROE	30.3%	28.5%	20.0%
Capital-to-asset ratio	16.1%	23.0%	Over 25.0%
Payout ratio	20.0%	20.0%	Over 20.0%

We aim to develop an optimal portfolio for improving growth potential and profitability further.

3. Strategies for Each Segment (1) Human Resources and Education Businesses

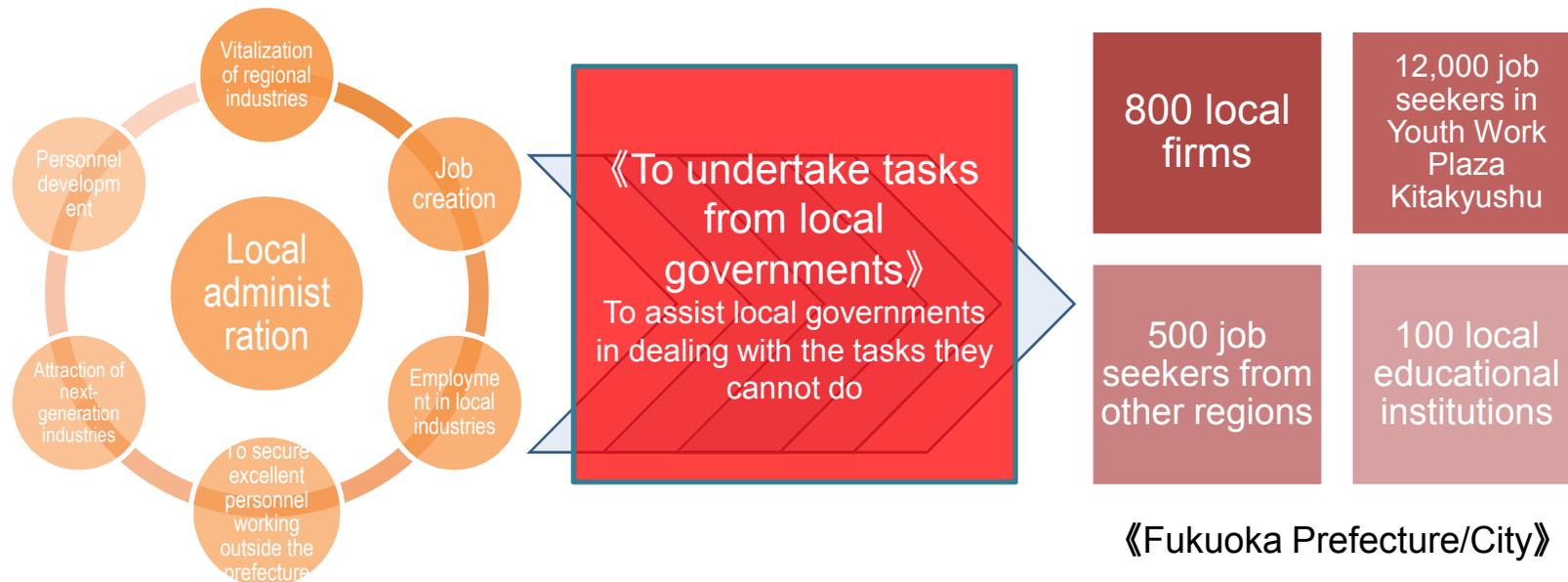


3. Strategies for Each Segment (1) Human Resources and Education Businesses



To undertake tasks from local governments, from the viewpoint of social contribution

Primary objective is to increase the transactions among local firms, local employees, the employment of graduates from engineering school, the employment of engineers relocating from other regions, etc. to establish the local foundation while contributing to local community by undertaking tasks from local governments.



Major missions of local governments that can be supported in our business field

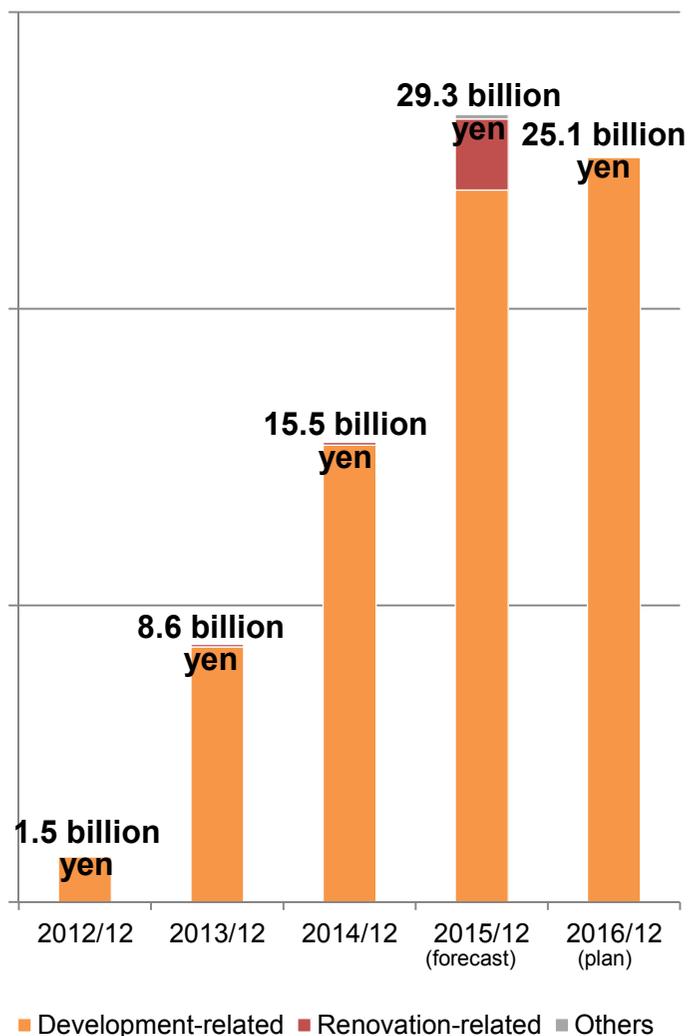


Advantages in regions where the projects entrusted by local governments contribute to our business.

By utilizing these experiences and achievements, we have been entrusted with the project for employing the victims of the disaster in Fukushima Prefecture.
 The total number of employed workers from fiscal 2011 to fiscal 2015 is **13,459** (as of the end of Jun. 2015)

3. Strategies for Each Segment (2) Real Estate Business

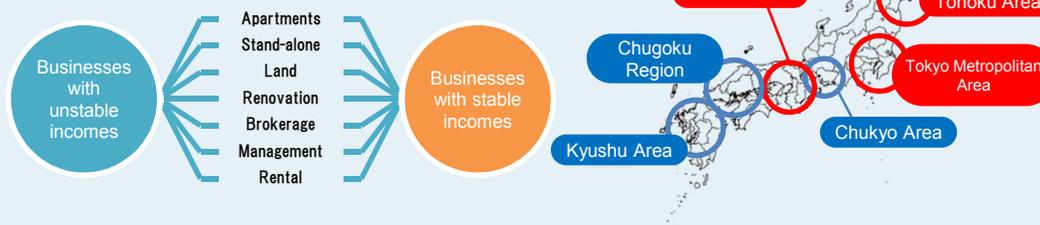
■ Sales of “real estate business”



Main measures of the “real estate business”

Common strategies

- Nationwide operation: Concentrated on the areas where the economic power of citizens is strong
- Synergy and fusion between businesses with unstable and stable incomes



Development-related

Securing of appropriate business land

Appropriate commercialization

Renovation-related

Customer targeting

Renovated houses

Topics

Strengthening of businesses with stable incomes through M&A

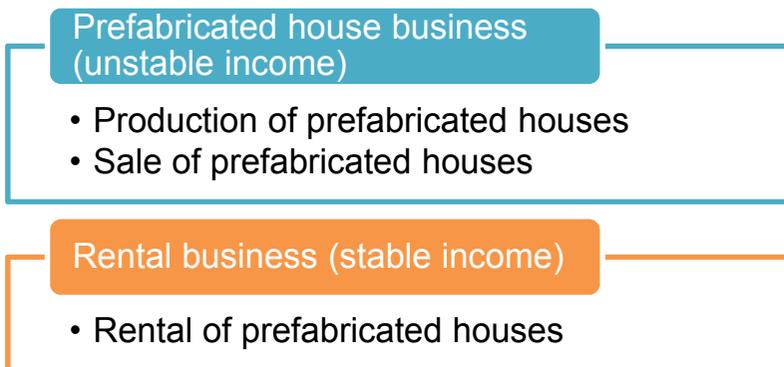
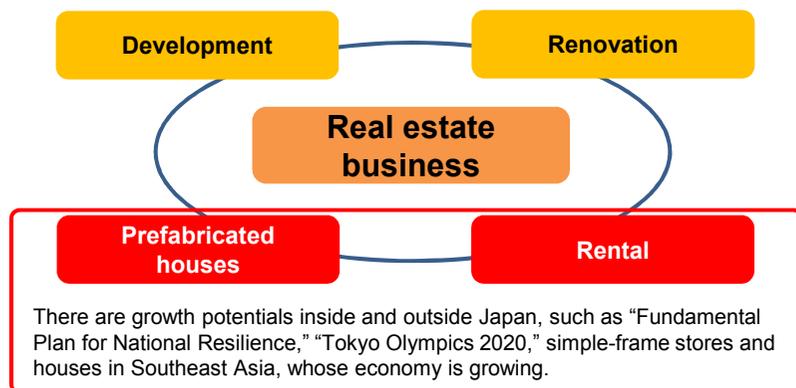
Overseas business operation

3. Strategies for Each Segment (2) Real Estate Business

Acquisition of the shares of Ohmachi Co., Ltd. and Unitex Corporation

In order to make inroads into the “rental business” field for expanding our real estate business domain, we will acquire the shares of Ohmachi Co., Ltd., which has the 27-year experience of the prefabricated house business, and Unitex Corporation, which carries out rental businesses. We will meet the growing demand for infrastructure, including the “Olympic demand.”

《Expansion of our business field》



● Outline of Ohmachi Co., Ltd.

Business contents	Production and sale of prefabricated houses
Date of establishment	Nov. 4, 2008 (The prefabricated house business began in Aug. 1988.)

● Outline of Unitex Corporation

Business contents	Rental of prefabricated houses Sale of used prefabricated houses
Date of establishment	Aug. 29, 2001

Our products

The size of these prefabricated houses can be doubled or tripled at the time of installation. The folding method was adopted for easy installation. There are no competitors that adopted this kind of folding method, and so we have advantages in the aspect of transportation cost, too.

SP-2
Double-size house
(5.5 tsubo)



SP-3
Triple-size house
(8.2 tsubo)



SP-2W
Double-size house
(5.5 tsubo)

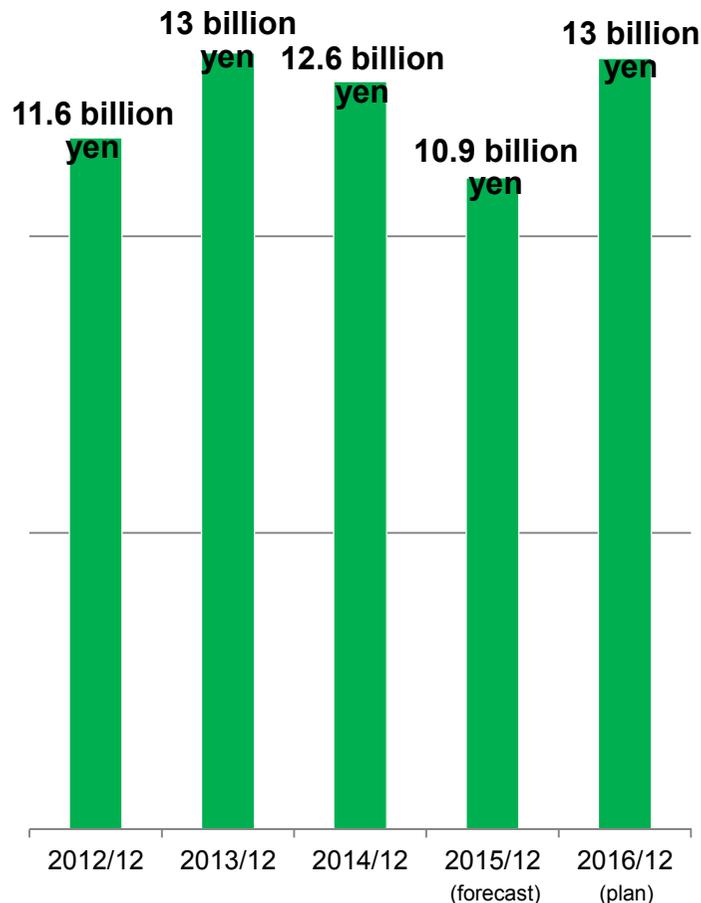


SP-3W
Triple-size house
(8.2 tsubo)



3. Strategies for Each Segment (3) Information and Telecommunications Businesses

■ Sales of “information and telecommunications businesses”



■ Information and telecommunications

Main measures of “information and telecommunications businesses”

- To accelerate scrapping & building, and increase the number of excellent shops.
- To enrich the original shop “Window for Cell Phones”
 - To handle low-cost SIM (entry to the MVNO market)
 - To purchase and sell used cell phones
 - To repair cell phones
 - To give lectures about cell phone operation, collecting fees.
- To strengthen the businesses targeted at corporations
 - To enhance the sales activities for LEDs, copiers, and cell phones

ケータイの窓口

Window for solving any troubles about smartphones and cell phones

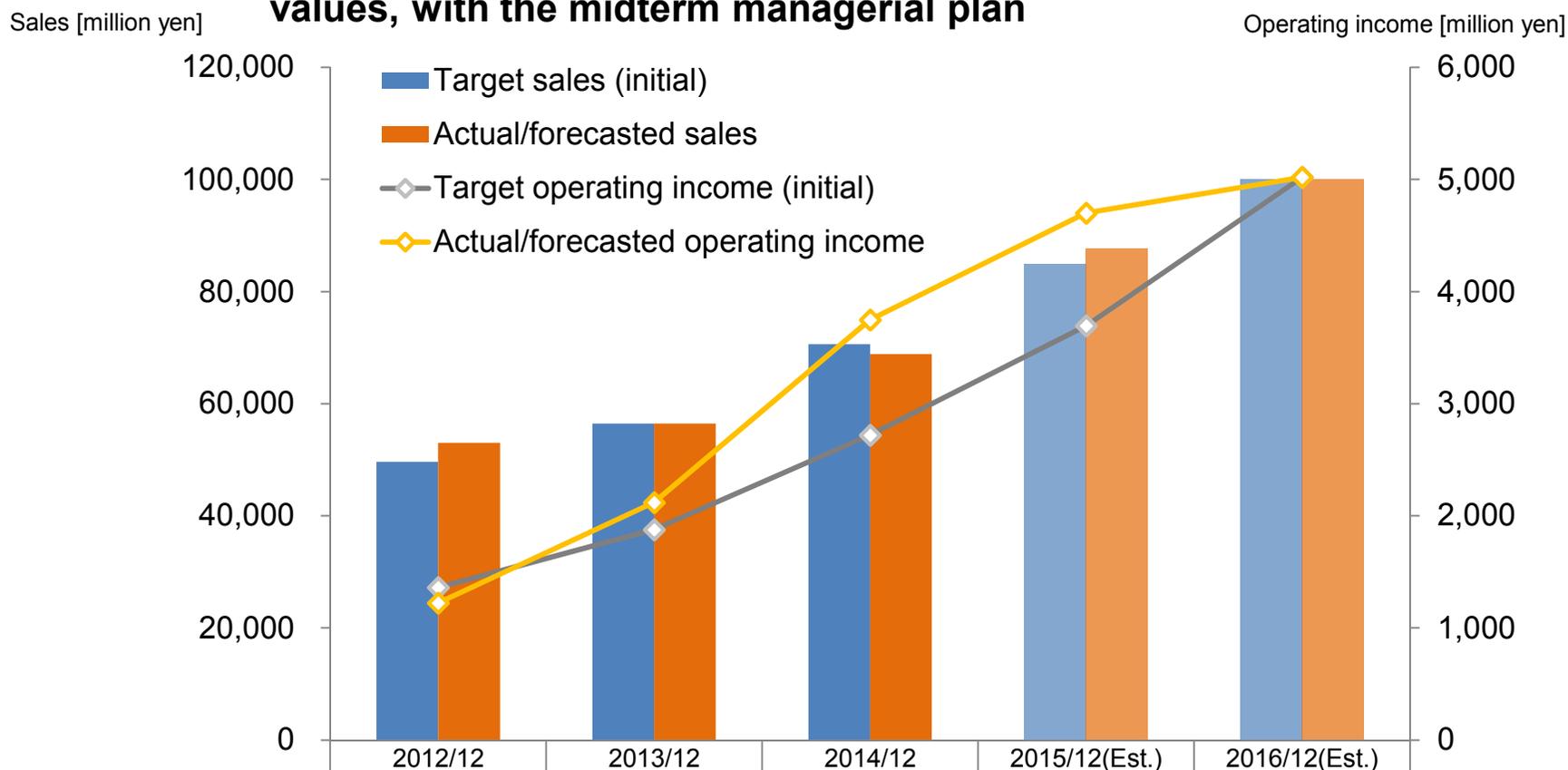
- Accessories of cell phones
- Purchase and sale of used cell phones
- Repair of cell phones
- Maintenance
- Rental of cell phones
- Lectures about cell phone operation





4. Progress of the Midterm Managerial Plan

Variation in sales and profits, including estimated values, with the midterm managerial plan



	2012/12	2013/12	2014/12	2015/12(Est.)	2016/12(Est.)
Target sales (initial)	49,611	56,461	70,583	84,940	100,100
Actual/forecasted sales	53,007	56,450	68,829	87,752	100,100
Target operating income (initial)	1,361	1,878	2,720	3,695	5,019
Actual/forecasted operating income	1,223	2,120	3,748	4,700	5,019

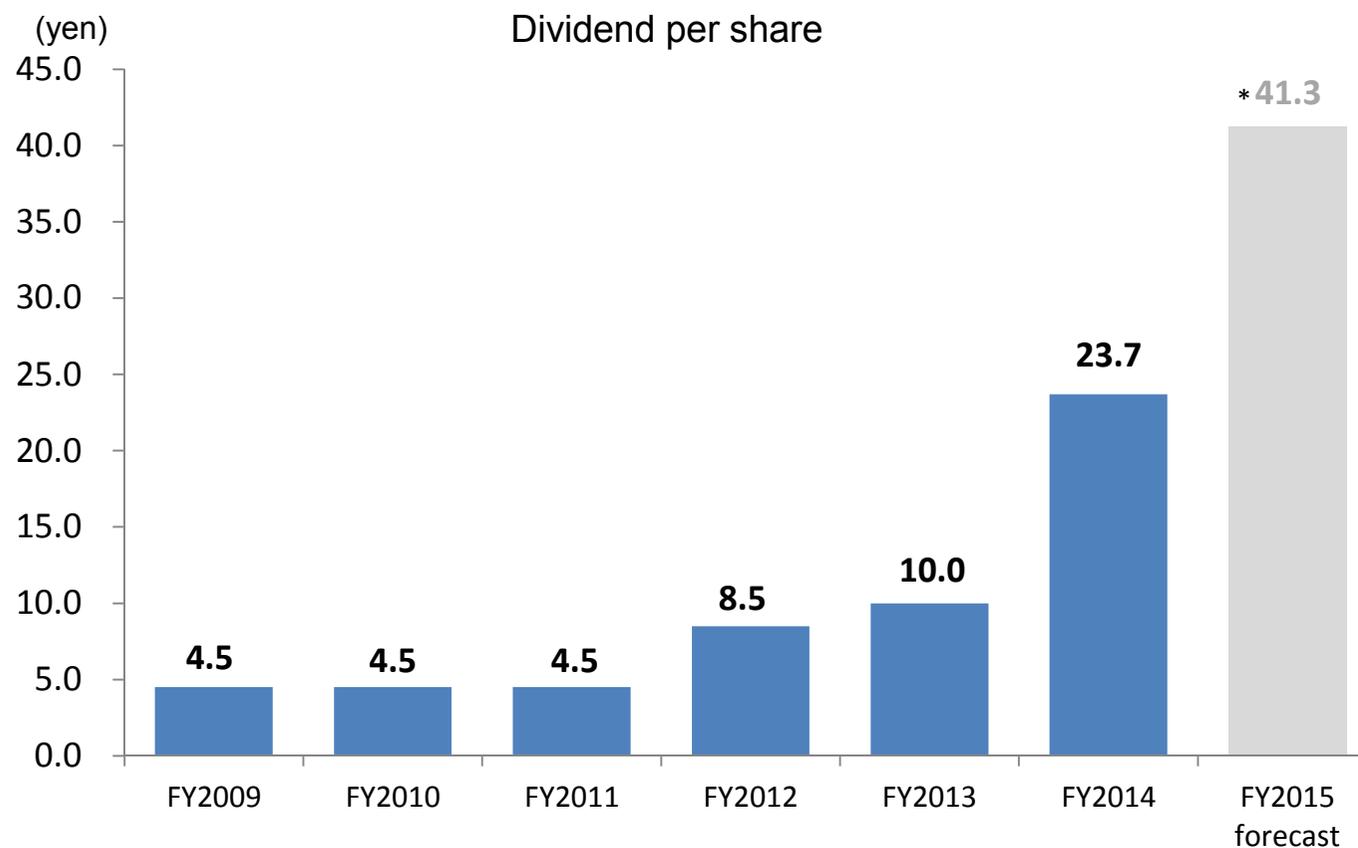
* Target sales (initial), target operating income (initial): Initial target values announced on Aug. 6, 2012
 Actual and forecasted sales and operating incomes: The values for 12/2012 to 12/2014 are results, while the values for 12/2015 and 12/2016 are the latest forecasts.

IV. 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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