



Consolidated Financial Results for the Second Quarter of 2019 (Six Months Ended June 30, 2019)

[Japanese GAAP]

August 5, 2019

Company name: WORLD HOLDINGS CO., LTD.

Listing: Tokyo Stock Exchange, First Section

Stock code: 2429

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Scheduled date of filing of Quarterly Report:

August 9, 2019

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Six Months of 2019 (January 1 to June 30, 2019)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jun. 30, 2019	66,827	3.8	2,529	26.2	2,529	26.4	1,685	56.2
Six months ended Jun. 30, 2018	64,379	13.2	2,005	(32.8)	2,001	(32.2)	1,079	(47.6)

Note: Comprehensive income (millions of yen)

Six months ended Jun. 30, 2019: 1,724 (up 52.3%)

Six months ended Jun. 30, 2018: 1,132 (down 49.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2019	100.10	99.00
Six months ended Jun. 30, 2018	64.15	63.08

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2019	82,076	22,644	26.0	1,265.70
As of Dec. 31, 2018	79,964	22,347	26.3	1,249.02

Reference: Shareholders' equity (millions of yen)

As of Jun. 30, 2019: 21,310

As of Dec. 31, 2018: 21,028

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2018	-	0.00	-	83.00	83.00
2019	-	0.00	-	-	-
2019 (forecast)	-	-	-	65.50	65.50

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for 2019 (January 1 to December 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	155,452	8.8	6,049	(17.9)	5,910	(19.7)	3,672	(21.0)	218.11

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 12 for further information.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Jun. 30, 2019:	16,957,600 shares	As of Dec. 31, 2018:	16,956,600 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	121,000 shares	As of Dec. 31, 2018:	120,929 shares
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3) Average number of shares during the period

Six months ended Jun. 30, 2019:	16,836,147 shares	Six months ended Jun. 30, 2018:	16,820,496 shares
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* The current financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company’s management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 5 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for quarterly financial results

The Company plans to hold a financial results meeting for institutional investors and analysts on Monday, August 19, 2019. Supplementary materials to be distributed at this event will be disclosed on the same day, using the Timely Disclosure network (TDnet), and available on the Company’s website.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of 2019, the worsening overseas economic climate caused by U.S.-China trade friction, slowing economic growth in China and other events continued to exert downward pressure on the Japanese economy, mainly in the manufacturing sector. In addition, Japan's labor market remained tight. The rising cost of labor caused by the chronic labor shortage as well as other factors are having a negative effect on business sentiment. Overall, the economic outlook is still uncertain.

First half sales and earnings were higher than one year earlier even as investments for future growth continued. Results of operations were in line with the 2019 business plan that reflects the current operating environment.

In the Human Resources and Education Business, a new competitive environment is emerging that is centered on innovations as well as the need for strict compliance with laws and regulations. In Japan, there are numerous new laws and amendments to existing laws concerning working style reforms, the temporary staffing business and foreign workers. Human resource companies as well as companies in other industries must take actions based on the establishment of legal frameworks concerning how people are employed and do their jobs. In the manufacturing sector, which is the primary source of demand for the services of this business, there was a downturn in some orders due to soft demand in the semiconductor and other IT categories caused by the overseas business climate. Despite this weakness, the Human Resources and Education Business made a big contribution to the growth of first half consolidated sales and earnings due to benefits of the strategy of making our brand more powerful (increasing the ability to attract people and clients) in order to differentiate us from competitors.

In the Real Estate Business, with the 2020 Tokyo Olympics only one year away, a variety of signs of an asset bubble are starting to appear prior to the 2020 peak of infrastructure projects, real estate investments, projects to accommodate foreign tourists and other activities. Residential properties are the main product of this business. In the Tokyo area, prices of condominiums have been consistently high because of the rising cost of land, labor and other items. The outlook for this market is still unclear mainly due to the declining supply of new condominiums and the decrease in the first-month contract rate. Although we retained a cautious stance regarding purchases and sales of properties, earnings were higher mainly because we increased sales activities and completed the closing of sales of some properties earlier than planned for strategic reasons.

In the Information and Telecommunications Business, the priority is implementing a regional strategy in order to benefit as one of the surviving companies as a major shift takes place in Japan's mobile phone sales market. During the first half, this business made changes to its organizational structure, developed store network, strengthened employee training activities, and took other actions.

Net sales increased 3.8% year on year to 66,827 million yen. Operating profit increased 26.2% to 2,529 million yen, ordinary profit increased 26.4% to 2,529 million yen, and profit attributable to owners of parent increased 56.2% to 1,685 million yen.

Results by business segment are described below.

Factory Staffing Business

Consistent growth in the core logistics category offset a decline in production at some client companies in the smartphone and semiconductor industries. The performance of this business also benefited from an increase in the number of subcontracting locations and progress with the training and placement of people for jobs requiring a high level of skills. We have been working on the establishment of a package of solutions for compliance with the same-work, same-pay requirement that will start in Japan in April 2020. These solutions are attracting an increasing number of inquiries from clients and, by enabling us to target latent demand, have led to the receipt of contracts for services in 2020 and afterward.

Training programs and a sound organization are the primary strengths that give this business a competitive edge. During the first half, there were training programs for highly skilled people for maintenance services and other jobs. We also performed training for people who can serve as leaders in order to broaden services provided to clients. We continued to increase the pool of prospective employees for assignments as the number of people

registered on our Job Paper website surpassed 68,000. In another move to maintain a sound infrastructure for recruiting people, we have a program for hiring the employees of our client companies.

As a result, sales were 23,913 million yen, up 2.5% year on year and segment profit decreased 18.3% to 1,137 million yen.

Technology Staffing Business

Sales and earnings in this business continued to increase. One reason is the success of the Creating the Ways We Live Academy, a training and skill development scheme that has been a key component of this business for some time. Quickly placing new college graduates in assignments and an increase in the number of large clients due to heightened sales activities also contributed to the first half performance of this business.

We upgraded manufacturing technology training and 3D-CAD training as part of our up-front investments for the expansion of training programs in this business. This training resulted in an increase in contracts in the automobile industry. In addition, programming training and infrastructure training contributed to an increase in contracts involving information and telecommunication services. The number of people recruited for this business continued to climb as the ability to provide education and training makes it possible to hire people with a broader range of skills, backgrounds and other characteristics.

Sales were 8,220 million yen, up 16.9% year on year and segment profit increased 28.1% to 774 million yen.

R&D Staffing Business

The research personnel sector performed well due to the increasing volume of business with current clients in the materials category and the biotechnology category, including synthetic chemicals, analysis and other activities. While implementing structural reforms, the clinical research outsourcing sector continued to capture orders for clinical trials for client companies.

Training programs in the research personnel sector included the use of joint research laboratories with partner universities in order to give people knowledge to fill positions requiring advanced skills. We also upgraded activities using external training programs, chiefly in order to give people a stronger commitment to hospitality. This business is hiring carefully chosen research personnel with outstanding skills in order to reinforce the World Holdings Group's ability to provide technical support to client companies.

Sales were 3,504 million yen, up 5.0% year on year, and segment profit increased 6.7% to 263 million yen.

Sales & Marketing Staffing Business

The volume of business increased in current business domains, such as high-volume sales, retail and call centers, and there were measures to enter other market sectors where the business can add significant value.

In April 2019, World Holdings and JTB Communication Design, Inc. established JW Solution Co., Ltd. The new company is now making preparations to start providing comprehensive human resource services to the hotel industry starting in the second half of 2019.

Sales were 1,695 million yen, down 8.2% year on year, and segment loss was 33 million yen, compared with a segment loss of 60 million yen one year earlier.

Real Estate Business

The real estate development business retained a cautious stance regarding property purchases and sales. Earnings were higher because this business increased sales activities and completed the closing of sales of some properties earlier than planned. In addition, there was an increase in earnings in the renovation business as measures aimed at the growth of this business continue.

The performance of each category of this segment was as follows.

The real estate development business sold 37 condominium units and five sites for business use, resulting in property sales of 6,441 million yen. Sales from real estate brokerage and other activities totaled 1,388 million yen.

In the renovation business, 365 residences were sold and sales were 7,369 million yen.

The detached house business completed the sale of 145 custom-build and other houses and recorded sales of 4,366 million yen.

In the prefabricated house business, sales from rentals, sales and other activities totaled 813 million yen.

Sales were 20,377 million yen, down 0.2% year on year and segment profit was 1,227 million yen, up 56.5%.

Information and Telecommunications Business

The mobile phone shop business has been closing and consolidating stores in order to establish a network of competitive and successful stores. There are now 43 directly operated stores backed by an organization that has undergone numerous reforms, an employee training program to give people extensive knowledge and customer service skills, and various forms of support for stores. The corporate solutions business, which we plan to continue to expand, established a call center to sell new products and took other actions to establish a more powerful sales framework in the second half of 2019.

Sales were 6,999 million yen, up 3.8% year on year, and segment profit was 48 million yen, down 33.4%.

Others

Farm Co., Ltd. and its affiliate operate agricultural parks. There were big increases in the number of visitors because of measures to attract more people at Blumen Hugei Farm in Shiga prefecture, which recently added an enormous athletic facility called Alps Gym, and Comorebi Ibaraido Forest in Ibaraki prefecture, which includes a Sylvanian Park. The revitalization of all parks is progressing and their profitability is improving. At Advan Inc., which mainly operates PC schools, the website production and other activities are performing well and there are activities to increase synergies with the Human Resources and Education Business. Advan is also playing a significant role in the training of engineers in the Technology Staffing Business.

Sales were 2,117 million yen, up 26.4% year on year, and there was a segment profit of 196 million yen, compared with a segment loss of 130 million yen one year earlier.

(2) Explanation of Financial Position

Assets

Total assets increased 2,112 million yen from the end of 2018 to 82,076 million yen at the end of the second quarter of 2019. This was mainly due to decreases of 3,299 million yen in cash and deposits, 760 million yen in notes and accounts receivable-trade and 306 million yen in goodwill, and increases of 4,509 million yen in real estate for sale and 2,319 million yen in real estate for sale in process.

Liabilities

Total liabilities increased 1,815 million yen from the end of 2018 to 59,432 million yen. This was mainly due to decreases of 568 million yen in accounts payable-real estate, 834 million yen in income taxes payable, 1,131 million yen in long-term loans payable and 497 million yen in provision for directors' retirement benefits, and an increase of 5,328 million yen in short-term loans payable.

Net assets

Net assets increased 296 million yen from the end of 2018 to 22,644 million yen mainly due to a 305 million yen increase in retained earnings.

Cash Flows

Cash and cash equivalents at the end of the first half of 2019 decreased 3,299 million yen from the end of 2018 to 15,525 million yen.

Cash flows from operating activities

Net cash used in operating activities was 5,129 million yen. Main positive factors include profit before income taxes of 2,596 million yen and income taxes refund of 847 million yen. Major negative factors include a 6,828 million yen increase in real estate for sale and income taxes paid of 1,701 million yen.

Cash flows from investing activities

Net cash used in investing activities was 980 million yen. Main negative factors include payments of 174 million yen for purchase of investments in non-consolidated subsidiary, 592 million yen for purchase of property, plant and equipment, and 118 million yen for purchase of intangible assets.

Cash flows from financing activities

Net cash provided by financing activities was 2,745 million yen. Main positive factors include a net increase of 3,551 million yen in short-term loans payable and proceeds of 2,535 million yen from long-term loans payable. Main negative factors include repayments of long-term loans payable of 1,887 million yen and cash dividends paid of 1,397 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The Company maintains its full-year consolidated forecasts that were announced in the “Consolidated Financial Results for 2018” on February 12, 2019.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	2018 (As of Dec. 31, 2018)	Second quarter of 2019 (As of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	18,825	15,525
Notes and accounts receivable-trade	11,252	10,491
Merchandise and finished goods	1,032	1,211
Real estate for sale	13,193	17,702
Work in process	129	63
Real estate for sale in process	21,124	23,444
Other	4,270	3,528
Allowance for doubtful accounts	(5)	(8)
Total current assets	69,823	71,958
Non-current assets		
Property, plant and equipment	5,439	5,686
Intangible assets		
Goodwill	1,046	739
Other	312	300
Total intangible assets	1,359	1,039
Investments and other assets		
Investment securities	442	540
Deferred tax assets	1,178	1,181
Lease and guarantee deposits	917	955
Other	878	788
Allowance for doubtful accounts	(74)	(74)
Total investments and other assets	3,342	3,391
Total non-current assets	10,140	10,117
Total assets	79,964	82,076
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,531	1,520
Accounts payable-real estate	1,818	1,249
Short-term loans payable	28,321	33,650
Accrued expenses	5,963	6,374
Income taxes payable	1,877	1,043
Accrued consumption taxes	1,217	856
Provision for bonuses	111	170
Provision for directors' bonuses	-	0
Other	5,290	4,642
Total current liabilities	46,130	49,508
Non-current liabilities		
Long-term loans payable	9,112	7,981
Provision for directors' retirement benefits	667	169
Net defined benefit liability	1,411	1,504
Other	293	268
Total non-current liabilities	11,485	9,923
Total liabilities	57,616	59,432

	(Millions of yen)	
	2018	Second quarter of 2019
	(As of Dec. 31, 2018)	(As of Jun. 30, 2019)
Net assets		
Shareholders' equity		
Capital stock	784	785
Capital surplus	965	951
Retained earnings	19,412	19,718
Treasury shares	(126)	(127)
Total shareholders' equity	21,036	21,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	(2)
Foreign currency translation adjustment	1	(2)
Remeasurements of defined benefit plans	(21)	(12)
Total accumulated other comprehensive income	(8)	(17)
Share acquisition rights	124	124
Non-controlling interests	1,195	1,209
Total net assets	22,347	22,644
Total liabilities and net assets	79,964	82,076

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Six-month Period)**

(Millions of yen)

	First six months of 2018 (Jan. 1 – Jun. 30, 2018)	First six months of 2019 (Jan. 1 – Jun. 30, 2019)
Net sales	64,379	66,827
Cost of sales	52,629	53,638
Gross profit	11,750	13,189
Selling, general and administrative expenses	9,744	10,659
Operating profit	2,005	2,529
Non-operating income		
Subsidy income	19	13
Income of support to investment in property and equipment	0	24
Other	101	102
Total non-operating income	121	140
Non-operating expenses		
Interest expenses	99	92
Loss on retirement of non-current assets	9	39
Other	17	7
Total non-operating expenses	125	140
Ordinary profit	2,001	2,529
Extraordinary income		
Casualty insurance income	-	22
Consumption taxes differential	-	60
Other	-	0
Total extraordinary income	-	83
Extraordinary losses		
Impairment loss	11	3
Loss on disaster	14	13
Total extraordinary losses	25	17
Profit before income taxes	1,975	2,596
Income taxes	832	861
Profit	1,143	1,734
Profit attributable to non-controlling interests	64	49
Profit attributable to owners of parent	1,079	1,685

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Six-month Period)

(Millions of yen)

	First six months of 2018 (Jan. 1 – Jun. 30, 2018)	First six months of 2019 (Jan. 1 – Jun. 30, 2019)
Profit	1,143	1,734
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(14)
Foreign currency translation adjustment	(8)	(4)
Remeasurements of defined benefit plans, net of tax	4	8
Total other comprehensive income	(11)	(10)
Comprehensive income	1,132	1,724
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,069	1,675
Comprehensive income attributable to non-controlling interests	62	48

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of 2018 (Jan. 1 – Jun. 30, 2018)	First six months of 2019 (Jan. 1 – Jun. 30, 2019)
Cash flows from operating activities		
Profit before income taxes	1,975	2,596
Depreciation	329	396
Impairment loss	11	3
Amortization of goodwill	348	306
Increase (decrease) in allowance for doubtful accounts	0	2
Increase (decrease) in provision for directors' retirement benefits	35	(497)
Increase (decrease) in net defined benefit liability	76	106
Interest and dividend income	(6)	(8)
Interest expenses	99	92
Loss on retirement of property, plant and equipment	9	39
Decrease (increase) in notes and accounts receivable-trade	(27)	758
Decrease (increase) in inventories	(403)	(185)
Decrease (increase) in real estate for sale	(62)	(6,828)
Increase (decrease) in notes and accounts payable-trade	(156)	(581)
Increase (decrease) in deposits received	81	-
Increase (decrease) in accrued expenses	488	410
Increase (decrease) in other current liabilities	(335)	(1,084)
Other, net	(1,223)	271
Subtotal	1,239	(4,201)
Interest and dividend income received	4	17
Interest expenses paid	(97)	(91)
Income taxes paid	(1,318)	(1,701)
Income taxes refund	1,301	847
Net cash provided by (used in) operating activities	1,129	(5,129)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	0	0
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	39	-
Purchase of investments in non-consolidated subsidiary	(70)	(174)
Purchase of property, plant and equipment	(504)	(592)
Purchase of intangible assets	(63)	(118)
Payments of loans receivable	(0)	(30)
Collection of loans receivable	1	0
Net decrease (increase) in lease and guarantee deposits	(17)	(39)
Other, net	(49)	(27)
Net cash provided by (used in) investing activities	(664)	(980)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(706)	3,551
Proceeds from long-term loans payable	2,139	2,535
Repayments of long-term loans payable	(1,340)	(1,887)
Repayments of lease obligations	(10)	(8)
Redemption of bonds	(262)	-
Proceeds from issuance of common shares	14	0
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,390)	(1,397)
Dividends paid to non-controlling interests	-	(48)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(18)	-
Net cash provided by (used in) financing activities	(1,575)	2,745

	(Millions of yen)	
	First six months of 2018 (Jan. 1 – Jun. 30, 2018)	First six months of 2019 (Jan. 1 – Jun. 30, 2019)
Effect of exchange rate change on cash and cash equivalents	(6)	(3)
Net increase (decrease) in cash and cash equivalents	(1,116)	(3,368)
Cash and cash equivalents at beginning of period	18,227	18,824
Increase in cash and cash equivalents from newly consolidated subsidiary	276	69
Cash and cash equivalents at end of period	17,387	15,525

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Significant Subsidiaries during the Period

Not applicable.

The following information is provided even though these two actions were not a change in a significant subsidiary.

HOEI HOME CO., LTD., which was a non-consolidated subsidiary in 2018, is included in the consolidated financial statements starting in the first quarter of 2019 because of the increasing significance of this company.

KITAYAMA REBEN CO., LTD., which was a non-consolidated subsidiary in 2018, is included in the consolidated financial statements starting in the first quarter of 2019 because of the increasing significance of this company.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

The tax expenses are calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year in which the quarter under review falls, and multiplying that rate by the profit before income taxes for the quarter under review. However, the Company uses legally stipulated effective tax rates to calculate tax expenses for cases in which using estimated tax rates gives a noticeably irrational result.

Additional Information

Application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.

Effective from the first quarter of 2019, the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Segment Information

I. First six months of 2018 (Jan. 1 – Jun. 30, 2018)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust- ments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Factory Staffing Business	Technology Staffing Business	R&D Staffing Business	Sales & Marketing Staffing Business	Real Estate Business	Information and Telecommuni- cations Business	Subtotal				
Net sales											
Sales to external customers	23,332	7,029	3,336	1,847	20,416	6,741	62,704	1,675	64,379	-	64,379
Inter-segment sales and transfers	-	233	-	46	7	9	296	43	340	(340)	-
Total	23,332	7,262	3,336	1,893	20,424	6,751	63,001	1,719	64,720	(340)	64,379
Segment profit (loss)	1,392	604	247	(60)	784	73	3,041	(130)	2,910	(905)	2,005

Notes: 1. "Others" represent businesses not included in reportable segments and include the operation and management of agricultural parks, the operation of personal computer schools, the production of websites and other services.

2. The -905 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 25 million yen, and -931 million yen in corporate expenses that cannot be allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

There is no significant change.

Significant gain on bargain purchase

Not applicable.

II. First six months of 2019 (Jan. 1 – Jun. 30, 2019)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust- ments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Factory Staffing Business	Technology Staffing Business	R&D Staffing Business	Sales & Marketing Staffing Business	Real Estate Business	Information and Telecommuni- -cations Business	Subtotal				
Net sales											
Sales to external customers	23,913	8,220	3,504	1,695	20,377	6,999	64,709	2,117	66,826	0	66,827
Inter-segment sales and transfers	-	226	-	49	8	6	291	64	355	(355)	-
Total	23,913	8,446	3,504	1,745	20,385	7,005	65,001	2,181	67,182	(354)	66,827
Segment profit (loss)	1,137	774	263	(33)	1,227	48	3,419	196	3,615	(1,086)	2,529

Notes: 1. "Others" represent businesses not included in reportable segments and include the operation and management of agricultural parks, the operation of personal computer schools, the production of websites and other services.

2. The -1,086 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 15 million yen, and -1,101 million yen in corporate expenses that cannot be allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

There is no significant change.

Significant gain on bargain purchase

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.