Consolidated Financial Results for the Third Quarter of 2018
(Nine Months Ended September 30, 2018)

[Japanese GAAP]

November 5, 2018

Company name: WORLD HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange, First Section
Stock code: 2429 URL: http://www.world-hd.co.jp
Representative: Eikichi Iida, Chairman and President
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Scheduled date of filing of Quarterly Report: November 13, 2018
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the First Nine Months of 2018 (January 1 to September 30, 2018)

(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	%
Nine months ended Sep. 30, 2018	101,906	21.7	4,383	29.0	4,357	29.1	2,636	16.8
Nine months ended Sep. 30, 2017	83,718	20.2	3,399	(47.8)	3,375	(47.7)	2,256	(38.7)

Note: Comprehensive income (millions of yen) Nine months ended Sep. 30, 2018: 2,659 (up 9.3%)
Nine months ended Sep. 30, 2017: 2,434 (down 34.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2018	156.73	154.17
Nine months ended Sep. 30, 2017	134.85	132.58

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2018	80,889	20,423	23.6	1,133.63
As of Dec. 31, 2017	80,039	19,140	22.3	1,059.91

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2018: 19,079 As of Dec. 31, 2017: 17,818

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2017	-	0.00	-	82.70	82.70
2018	-	0.00	-		
2018 (forecast)				82.80	82.80

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

3. Consolidated Forecast for 2018 (January 1 to December 31, 2018)

(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	145,137	14.1	7,288	3.2	7,083	1.1	4,635	0.5	275.73

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, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements" on page 10 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 Sep. 30, 2018:	16,951,300 shares	As of Dec. 31, 2017:	16,932,500 shares

2) Number of treasury shares at the end of the period

As of Sep. 30, 2018:	120,929 shares	As of Dec. 31, 2017:	120,846 shares

3) Average number of shares during the period

Nine months ended Sep. 30, 2018:	16,823,262 shares	Nine months ended Sep. 30, 2017:	16,734,465 shares

* 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

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company's management. 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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of 2018, concerns began to emerge about the sustainability of the ongoing economic recovery in Japan that began in 2012. Corporate earnings are still solid. However, business sentiment in Japan has clearly stopped improving due to worries about U.S.-China trade friction, rising prices of raw materials, damage caused by a series of natural disasters and other reasons. In addition, the labor shortage in Japan, which is also having a negative effect on the business climate, is becoming even more serious. The job openings-to-applicants ratio is remaining at the highest level in 44 years. As a result, the economic outlook continues to be unclear.

In the core Human Resources and Education Business, the entire industry is evolving to build a framework that reflects the severe labor shortage and amendments to the Labor Contracts Act and the Worker Dispatching Act. As the business climate changes, customers will become even more dependent on temporary staffing companies with sound internal systems for compliance and other activities.

The World Holdings Group continued to perform well in the first nine months of 2018 as sales and earnings were higher than in the same period of 2017.

Sales continued to increase in the core Human Resources and Education Business. This business is a one-stop source of comprehensive services that cover many categories of the manufacturing sector. Furthermore, this business has a team of well-trained people and a framework for moving these people to different assignments. By using these strengths, this business can quickly and accurately meet customers’ requirements. The result is steady sales growth by increasing our share of human resources and education services at each client company, raising rates for services, and renewing contracts. Additionally, due to the establishment of a sound employee training infrastructure, it is possible to recruit new workers from people with a broad range of backgrounds. Even people with no experience can be given the training needed to go on assignments. This capability means that this business can create jobs consistently even in Japan’s very challenging environment for recruiting people. In 2018, this business is continuing to make substantial investments in employee training in order to establish a new market position for World Holdings as a provider of highly skilled engineers. The goal is to build a base for continued growth.

The Real Estate Business is diversifying operations to cover more business sectors and regions in order to lower its reliance on real estate development activities, which generate sales for individual projects but are not a source of steady income. Building a powerful business framework that is not vulnerable to changes in real estate market conditions is the objective. By conducting integrated marketing activities for various business sectors and regions, this business was able to buy and sell properties with flexibility and excellent timing. Furthermore, a big increase in the number of properties sold in the renovation business, a source of steady income that the Real Estate Business is prioritizing, made a contribution to the growth of sales and earnings in this business.

In the Information and Telecommunications Business, where Japan’s mobile phone market has reached the saturation point, activities have started to set the stage for growth starting in 2019. The main initiative is enlarging the service area for corporate clients while retaining the strategy of establishing dominant positions in targeted market sectors.

In the first nine months of 2018, net sales increased 21.7% year on year to 101,906 million yen. Operating profit increased 29.0% to 4,383 million yen, ordinary profit increased 29.1% to 4,357 million yen, and profit attributable to owners of parent increased 16.8% to 2,636 million yen.

Results by business segment are described below.

Factory Staffing Business

Sales and earnings in this segment continued to increase, making a big contribution to the growth of consolidated results of operations. Logistics, machinery, and electrical and electronic products were the major areas of growth.

In the market for temporary staffing for logistics companies, where we have a dominant position, we used our exclusive operational expertise to start new operations as planned at large logistics bases. In the machinery and electrical and electronic products sectors, we continued to add new business locations and place our people in assignments. This growth was the result of our policy of concentrating on business with clients that have advanced technologies with excellent prospects for growth and sustainability as well as a sound understanding of the current labor market in Japan (the value of people and importance of compliance with laws and regulations).

This business is building a human resources platform, an innovative initiative with the aim of creating an organization of specialists with the same skills and knowledge of technologies. To accomplish this, there have been large investments this year for growth of human resources development programs (career advancement, organization building and other activities) for everyone at the World Holdings Group, including managers. By creating a team of highly motivated people, we aim to maintain the stability of temporary staffing operations and build a base for the steady growth of the value of our people and our organization.

Our Job Paper website for recruiting people uses an approach that reflects the viewpoints and needs of people looking for jobs. This website also has a real-time chart function that utilizes artificial intelligence. Currently, more than 60,000 people are registered on this website, making this a very stable platform for recruiting activities. We also have a broad range of other recruiting operations that include activities to hire foreign workers. By consistently meeting the requirements of customers and creating ideas for job creation that utilize the World Holdings theme of “two-way matching,” we continued to work on increasing our share of the human resources services purchased by our client companies.

As a result, sales were 35,880 million yen, up 22.3% year on year and segment profit increased 12.9% to 2,307 million yen.

Technology Staffing Business

Sales in this business continued to grow, mainly in the machinery, automobile, and information and telecommunication services sectors. Growth is backed by a stronger framework for training people resulting from growth-oriented investments in the past and by the ability to increase the number of people on assignments due to our programs for training talented engineers.

Operations have started as planned at the Production Engineering Center, a production technology training facility that we established in the first half of 2018. The center gives people practical training for processing, assembling and designing various parts. Providing this training resulted in an increasing number of people on assignments at client companies in the automobile and electromechanics sectors. In addition, we doubled the number of people undergoing training at our facility for system engineers that includes classes for Java and Python programming, LPIC and CCNA certification, and other subjects. The number of system engineers on assignments and sales in this category increased as a result.

In addition, we continue to make steady progress with increasing the breadth of the Technology Staffing Business. One example is services for construction engineers, a job category where demand in Japan is very strong. There was also steady growth of sales and earnings in the repair category, where we completed implementing structural reforms in 2017.

Establishing a framework for training people has made it possible to hire more people with no experience. Recruiting activities also include hiring foreign workers. As a result, we have a large and broad base of potential new employees that contributes to the stability of our recruiting activities. To maintain the resources needed for more growth, we will make more investments in training programs for the people needed for the stability of our operations.

Sales were 11,004 million yen, up 21.9% year on year and segment profit decreased 3.0% to 931 million yen.

R&D Staffing Business

Sales increased but earnings were down in this business. Temporary placements of research personnel continued to grow but the performance of clinical research outsourcing was impacted by structural reforms and the failure to receive a large contract.

In the research personnel sector, we recruited talented people by using our own branding and enlarged and upgraded our training programs for researcher employees. The resulting improvements in the technological knowledge, character and productivity of these people allowed us to raise our rates for research staffing services. In addition, we continued to expand joint research programs with university research institutes and increase synergies with other World Holdings Group businesses while increasing the breadth of sales activities. All these initiatives are giving us a sound base for growth in 2019 and afterward.

At DOT WORLD Co., Ltd., a clinical research outsourcing company, there was a brief downturn in earnings caused the failure to receive a large contract because the start of testing was postponed in the first half of 2018. This company continued making expenditures for training people and building a sound organization in order to be a reliable source of a comprehensive lineup of services for clinical development operations, which is this company’s core strength.

Sales were 5,019 million yen, up 6.7% year on year and segment profit decreased 13.0% to 380 million yen.

Sales & Marketing Staffing Business

This business continued business model reforms to establish a powerful foundation for growth starting in 2019. Building a new framework for performing outsourced work is one goal. Also, work is progressing on the establishment of a data center for more accurately determining the wishes of job applicants and placing people in the most suitable assignments with more speed and efficiency.

Sales were 2,665 million yen, down 40.1% year on year and segment loss was 90 million yen, compared with a segment profit of 195 million yen in the first nine months of 2017.

Real Estate Business

The renovation business performed very well as expansion of operations to new areas resulted in big increases in the number of properties purchased and sold compared with the same period of 2017. Due to the steady growth of recurring-revenue businesses, we were able to pursue opportunities for earning profits at development projects, which have high volatility. Overall, these activities produced growth in sales and earnings.

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

The real estate development business completed the sale of 123 condominium units and sold eight sites for business use, resulting in property sales of 17,563 million yen. Sales from real estate brokerage and other activities totaled 1,806 million yen. Residential Musashigaoka, a condominium building that we have developed this year, is almost sold out and we started closing procedures with buyers at the end of September.

In the renovation business, the number of residences sold increased by about 50% from one year earlier to 529 during the first nine months of 2018. Sales were 10,176 million yen.

The detached house business completed the sale of 184 custom-build houses and recorded sales of 4,510 million yen.

In the prefabricated house business, sales from rentals, sales and other activities totaled 1,183 million yen.

Sales were 35,238 million yen, up 28.8% year on year and segment profit increased 104.0% to 2,446 million yen.

Information and Telecommunications Business

Japan’s mobile telecommunications sector is undergoing a rapid realignment due to the maturity of this market. We continued to pursue a strategy of establishing a dominant presence for our mobile phone shops in order to benefit as one of the few remaining companies in this business. Sales increased as sales volume was higher primarily at shops that were added in 2017. However, earnings decreased because of up-front investments as recurring revenue at new shops is still minimal. We will continue to use scrap-and-build activities and possibly M&A deals as well to upgrade the shop network. We will also give shop personnel training so they can provide outstanding customer services and consultations. By using these people to provide services that differentiate us from competitors, we plan to become the mobile phone shop network that people choose first.

The cost-cutting solutions business, which serves small and midsize companies, continues to grow. In 2018, Kagoshima prefecture was added to the service area of this business. Also, we increased the types of products and services handled by call center operations with emphasis on activities that produce recurring revenue. We are making progress with establishing core client categories for call centers other than mobile telecommunications in order to create a base of operations that is not vulnerable to changes in the business climate of any particular market sector.

Sales were 9,424 million yen, up 42.4% year on year and segment loss of 1 million yen, compared with a segment profit of 86 million yen in the first nine months of 2017.

Others

At Advan Inc., which operates PC schools, the creative sector recorded solid sales and earnings. Advan continues to benefit from substantial synergies with the Human Resources and Education Business. Advan used these synergies primarily to expand training programs for system engineers in the Technology Staffing Business, making a contribution to improving the skills of people at all group companies.

Farm Co., Ltd. and its affiliate operate agricultural parks. In 2018, record-setting summer heat and other unfavorable weather, natural disasters, and other events had a negative impact on park attendance. However, we are continuing to update and improve facilities and take other actions for revitalizing these parks. The numerous actions taken since Farm joined the World Holdings Group are slowly beginning to produce results. Most significantly, the June 2018 opening of Sylvanian Park at Comorebi Ibaraido Forest in Ibaraki prefecture was an enormous success and was instrumental to an increase of about 50% in visitors to this park compared with the same period of 2017. Preparations are under way for more new attractions that are expected to further increase the number of visitors to Farm's agricultural parks in 2019 and afterward.

Sales were 2,674 million yen, up 20.1% year on year and there was a segment loss of 178 million yen, compared with a segment loss of 42 million yen in the first nine months of 2017.

(2) Explanation of Financial Position

Assets

Total assets increased 849 million yen from the end of 2017 to 80,889 million yen at the end of the third quarter of 2018. This was mainly due to a decrease of 611 million yen in cash and deposits and an increase of 1,738 million yen in real estate for sale in process.

Liabilities

Total liabilities decreased 433 million yen from the end of 2017 to 60,466 million yen. This was mainly due to an increase of 1,064 million yen in accounts payable-real estate, decreases of 744 million yen in income taxes payable and 573 million yen in long-term loans payable.

Net assets

Net assets increased 1,283 million yen from the end of 2017 to 20,423 million yen mainly due to a 1,242 million yen increase in retained earnings.

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

The Company maintains its full-year consolidated forecast that was announced in the "Consolidated Financial Results for 2017" on February 13, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	2017 (As of Dec. 31, 2017)	Third quarter of 2018 (As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	18,227	17,616
Notes and accounts receivable-trade	10,204	9,879
Merchandise and finished goods	889	1,195
Real estate for sale	12,324	12,463
Work in process	117	139
Real estate for sale in process	24,684	26,423
Deferred tax assets	416	423
Other	3,499	3,421
Allowance for doubtful accounts	(48)	(49)
Total current assets	70,315	71,513
Non-current assets		
Property, plant and equipment	4,707	5,031
Intangible assets		
Goodwill	1,552	1,103
Other	368	301
Total intangible assets	1,921	1,404
Investments and other assets		
Investment securities	821	598
Deferred tax assets	659	657
Lease and guarantee deposits	847	884
Other	845	875
Allowance for doubtful accounts	(77)	(77)
Total investments and other assets	3,094	2,938
Total non-current assets	9,724	9,375
Total assets	80,039	80,889
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,286	1,223
Accounts payable-real estate	1,187	2,252
Short-term loans payable	33,094	32,921
Accrued expenses	5,827	5,321
Income taxes payable	1,509	765
Accrued consumption taxes	1,323	1,102
Provision for bonuses	72	638
Provision for directors' bonuses	-	0
Other	4,874	5,013
Total current liabilities	49,175	49,239
Non-current liabilities		
Long-term loans payable	9,566	8,992
Provision for directors' retirement benefits	547	607
Net defined benefit liability	1,181	1,314
Other	428	312
Total non-current liabilities	11,724	11,226
Total liabilities	60,899	60,466

(Millions of yen)

	2017 (As of Dec. 31, 2017)	Third quarter of 2018 (As of Sep. 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	768	780
Capital surplus	949	962
Retained earnings	16,169	17,412
Treasury shares	(126)	(126)
Total shareholders' equity	17,761	19,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36	26
Foreign currency translation adjustment	11	7
Remeasurements of defined benefit plans	9	16
Total accumulated other comprehensive income	57	50
Subscription rights to shares	133	126
Non-controlling interests	1,187	1,217
Total net assets	19,140	20,423
Total liabilities and net assets	80,039	80,889

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

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

(Millions of yen)

	First nine months of 2017 (Jan. 1 – Sep. 30, 2017)	First nine months of 2018 (Jan. 1 – Sep. 30, 2018)
Net sales	83,718	101,906
Cost of sales	67,412	82,743
Gross profit	16,305	19,163
Selling, general and administrative expenses	12,906	14,779
Operating profit	3,399	4,383
Non-operating income		
Subsidy income	16	23
Other	183	130
Total non-operating income	200	153
Non-operating expenses		
Interest expenses	163	145
Other	60	33
Total non-operating expenses	224	179
Ordinary profit	3,375	4,357
Extraordinary income		
Gain on forgiveness of debts	330	-
Total extraordinary income	330	-
Extraordinary losses		
Impairment loss	-	11
Loss on valuation of shares of subsidiaries and associates	-	16
Loss on disaster	-	17
Total extraordinary losses	-	44
Profit before income taxes	3,706	4,312
Income taxes	1,306	1,644
Profit	2,399	2,668
Profit attributable to non-controlling interests	143	32
Profit attributable to owners of parent	2,256	2,636

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

(Millions of yen)

	First nine months of 2017 (Jan. 1 – Sep. 30, 2017)	First nine months of 2018 (Jan. 1 – Sep. 30, 2018)
Profit	2,399	2,668
Other comprehensive income		
Valuation difference on available-for-sale securities	7	(9)
Foreign currency translation adjustment	2	(6)
Remeasurements of defined benefit plans, net of tax	23	6
Total other comprehensive income	34	(9)
Comprehensive income	2,434	2,659
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,290	2,629
Comprehensive income attributable to non-controlling interests	143	29

(3) 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 four actions were not a change in a significant subsidiary.

SAIHI JOHO SERVICE CO., LTD. became a consolidated subsidiary in the first quarter of 2018 following the acquisition of its shares by the Company on February 28, 2018.

NIKKEN SERVICE CO., LTD., which was a consolidated subsidiary in 2017, is no longer included in the consolidated financial statements because this company was dissolved following its absorption and merger with consolidated subsidiary NIKKEN TECHNO CO., LTD. on January 1, 2018.

WORLD STAFFING CO., LTD., which was a non-consolidated subsidiary in 2017, is included in the consolidated financial statements starting in the first quarter of 2018 because of the increasing significance of this company.

Crowdeight co.,Ltd., which was a non-consolidated subsidiary in 2017, is included in the consolidated financial statements starting in the second quarter of 2018 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.

Segment Information

I. First nine months of 2017 (Jan. 1 – Sep. 30, 2017)

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	29,342	9,028	4,703	4,450	27,349	6,618	81,491	2,226	83,718	-	83,718
Inter-segment sales and transfers	0	359	-	381	12	6	760	56	816	(816)	-
Total	29,342	9,387	4,703	4,831	27,361	6,625	82,252	2,282	84,535	(816)	83,718
Segment profit (loss)	2,044	959	437	195	1,198	86	4,922	(42)	4,879	(1,479)	3,399

Notes: 1. "Others" represent businesses not included in reportable segments and include agricultural park business, outsourced government agency business, education and training business and the operation of personal computer schools and other services.

2. The -1,479 million yen adjustment to segment profit includes elimination for inter-segment transactions of -0 million yen, and -1,479 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 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 nine months of 2018 (Jan. 1 – Sep. 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	35,880	11,004	5,019	2,665	35,238	9,424	99,232	2,674	101,906	-	101,906
Inter-segment sales and transfers	0	352	-	80	12	12	458	70	529	(529)	-
Total	35,881	11,356	5,019	2,746	35,250	9,436	99,691	2,745	102,436	(529)	101,906
Segment profit (loss)	2,307	931	380	(90)	2,446	(1)	5,973	(178)	5,794	(1,411)	4,383

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 -1,411 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 38 million yen, and -1,450 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 profits (loss) are 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.