English Translation

October 31, 2006

Meitec Corporation

Meitec Revises Forecast in Conjunction with Extraordinary Loss

Meitec Corporation has decided to record as an extraordinary loss a charge for the impairment of goodwill for consolidated subsidiary Drake Beam Morin-Japan, Inc. The loss will be recognized in the first half of the fiscal year ending in March 2007. Due to this loss, Meitec is revising as follows the forecasts announced on August 22, 2006 for operating results in the fiscal year ending in March 2007.

1. Revised forecasts for the interim period ending September 30, 2006 (April 1, 2006 - September 30, 2006)

<Consolidated>

	Revenues	Operating Income	Ordinary Income	Net Income
Previous forecast(A)	42,000	5,850	5,850	2,300
Revised forecast(B)	42,000	5,850	5,850	-2,000
Difference（B－A）	0	0	0	-4,300
% difference	0	0	0	-
Results for fiscal year ended March 31, 2006	40,723	5,935	5,996	3,250

<Non-Consolidated>

	Revenues	Operating Income	Ordinary Income	Net Income
Previous forecast(A)	30,700	5,250	9,700	-3,250
Revised forecast(B)	30,700	5,250	9,700	-2,720
Difference（B－A）	0	0	0	530
% difference	0	0	0	-
Results for fiscal year ended March 31, 2006	30,365	5,378	5,729	3,422

2. Revised forecasts for the fiscal year ending March 31, 2006 (April 1, 2006 – March 31, 2006)

<Consolidated>

	Revenues	Operating Income	Ordinary Income	Net Income
Previous forecast(A)	83,800	12,000	12,000	5,700
Revised forecast(B)	83,800	12,000	12,000	1,400
Difference（B－A）	0	0	0	-4,300
% difference	0	0	0	-75.4
Results for fiscal year ended March 31, 2006	83,223	12,485	12,562	5,302

<Non-Consolidated>

	Revenues	Operating Income	Ordinary Income	Net Income
Previous forecast(A)	61,800	10,650	15,650	500
Revised forecast(B)	61,800	10,650	15,650	1,030
Difference（B－A）	0	0	0	530
% difference	0	0	0	106.0
Results for fiscal year ended March 31, 2006	61,425	11,131	11,556	6,820

3. Reasons for Forecast Revisions

(Consolidated) Effect of Impairment of Goodwill for Drake Beam Morin-Japan

On August 21, 2006, Meitec consolidated subsidiary Drake Beam Morin-Japan sold U.S. subsidiary Novations Group Inc. After consulting with its independent accountants, Meitec conducted an impairment test. (Every fiscal year, the extra earnings power of Meitec Group Companies are evaluated. In the current fiscal year, another test was performed in the first half due to the sale of Novations Group.) Based on the results of this test, Meitec has decided to recognize an impairment charge of ¥4,292 million for the goodwill of Drake Beam Morin-Japan and to treat this expense as an extraordinary loss.

Following the recognition of this impairment charge, Meitec's consolidated balance sheet included goodwill of ¥647 million for Drake Beam Morin-Japan.

March 31, 2006 DBM-Japan goodwill (1)	¥4,939 million
First half of the fiscal year ending in March 2007 DBM-Japan goodwill amortization (2)	¥74 million
September 30, 2006 DBM-Japan goodwill (3)*	¥572 million
Goodwill impairment charge for FY07 first half (1) – (2) – (3)	¥4,292 million

*Item (3) is based on the present value of the extra earnings power of DBM-Japan over the past five years.

<u>(Non-Consolidated) Revision in Valuation of Stock of Drake Beam Morin-Japan</u>

Based on the results of the impairment test applied to Drake Beam Morin-Japan, Meitec lowered the valuation loss on stock of a Drake Beam Morin-Japan subsidiary from the ¥10,426 million that was announced on August 22, 2006 to ¥9,896 million.

DBM-Japan stock valuation loss announced August 22, 2006 (1)	¥10,426 million
DBM-Japan stock valuation loss announced October 31, 2006 (2)	¥9,896 million
Reduction in DBM-Japan stock valuation loss (1) – (2)	¥530 million

4. Dividends for the Interim Period and End of Fiscal Year Ending March 31, 2007

Dividends for the Interim Period and End of Fiscal Year Ending March 31, 2007 with regard to factors relating to the downward revision of consolidated net income, as its effect on consolidated cash flow is minor, annual dividend for the fiscal year ending March 31, 2007 will remain the same as the previously forecasted 89 yen per share (interim period: 44 yen, fiscal year end: 45 yen).

Note: This forecast is based on information that was available on the announcement date. Actual operating results may differ from these forecasts for a variety of reasons.