May 10, 2007

Consolidated /Non-consolidated Results for the fiscal year ended March 31, 2007

Meitec Corporation

Consolidated

1. Results for Fiscal year Ended March 31, 2007

(1)Statements of Income

	Net sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	82,229	-1.2	11,581	-7.2	11,487	-8.6	295	-94.4
FY2006	83,223	5.2	12,485	1.6	12,562	3.1	5,302	12.6

	Net Income per Share	Diluted Net Income	Return on Equity	Return on Assets	Operating Income per Revenues
	Yen	Yen	%	%	%
FY2007	8.20	8.20	0.7	18.4	14.1
FY2006	138.93	138.91	11.1	18.5	15.0

(2)Financial Statements

	Total Assets	Equity	Equity Ratio	Equity per Share
	Million yen	Million yen	%	Yen
FY2007	57,479	38,683	66.9	1,092.80
FY2006	67.185	46.668	69.5	1,274.10

(3)Statements of Cash Flows

	Activities Investing	Activities Financing	Activities Cash and Cash	Equivalents
	Million yen	Million yen	Million yen	Million yen
FY2007	6,010	-955	-8,366	13,977
FY2006	9,393	-877	-8,133	17,275

2. Statements of Dividend

Dividend	Dividend per Share (yen)			Dividend paid (million yen)	Dividend payout ratio (%)	Dibidend on equity (%)
	First half	second half	year			
FY2007	44.00	45.00	89.00	3,161	1,085.7	7.4
FY2006	44.00	46.50	90.50	3,393	65.1	7.1
FY2008(forecast)	35.50	35.50	71.00		50.0	

3. Forecasts for Fiscal Year Ending March 31, 2007

	Net sales		Operating Income		Ordinary Income		Net Income		Net Income per shaae
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
FY2008 interim	40,500	-3.6	5,000	-15.7	5,000	-15.1	2,500	-	71.05
FY2008	84,000	2.2	11,000	-5.0	11,000	-4.2	5,000	1,593.4	142.10

Non-Consolidated

1. Results for Fiscal year Ended March 31, 2007

(1)Statements of Income

	Net sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	61,795	0.6	10,621	-4.6	15,500	34.1	-83	-
FY2006	61,425	0.5	11,131	-0.8	11,556	-1.3	6,820	-0.5

	Net Income per Share	Diluted Net Income
	Yen	Yen
FY2007	-2.33	-
FY2006	179.94	179.92

(2)Financial Statements

	Total Assets	Equity	Equity Ratio	Equity per Share
	Million yen	Million yen	%	Yen
FY2007	58,912	38,620	65.6	1,097.61
FY2006	69,726	47,262	67.8	1,290.69

Operating Results and Financial Status

1. Analysis of Results

During the subject fiscal year, the domestic economy of Japan retained its strength from the previous fiscal year, despite such concerns as lackluster personal spending and a lack of transparency regarding the future direction of the U.S. and Chinese economies, both of which are strongly tied to Japan's economy. In particular, in the manufacturing industry—which includes the majority of Meitec's primary clients—there was sustained investment in development and facilities for strategic fields, though there were differences between companies.

In this market environment, as an overview of the four businesses of the Meitec Group, the mainstay temporary engineering staffing business recorded an increase in revenue but decrease in earnings, the engineering solutions business rises in both revenue and earnings, while the global business posted rising revenue and falling earnings.

The career support business posted declines in both revenue and earnings, due mainly to the sale of the Novations Group Inc., the U.S. subsidiary of the Company's consolidated subsidiary Drake Beam Morin-Japan, Inc. (DBM-J). Net income for the subject fiscal year declined as a result of a ¥673 million loss on sale of overseas business following the sale of Novations Group Inc., the U.S. subsidiary of the Company's subsidiary DBM-J; a ¥4,292 million extraordinary loss for impairment of goodwill in DBM-J; and a ¥671 million reversal of deferred tax assets made in consideration of the potential recovery of deferred tax assets related to revaluation of land.

The outsourcing business—which accounted for 92% of consolidated net sales—recorded an increase in revenue for the seventh consecutive fiscal year, rising 1.3% from the previous fiscal year to ¥75,987 million. Operating income, however, declined 5.2% to ¥12,112 million as a result of expanded recruitment and facilities, as well as a rise in selling, general and administrative expenses for business expansion. The core business of temporary engineers staffing, which accounted for 88% of consolidated sales, was able to make up for the decline in revenue caused by a corporate separation of the CAE business during the subject fiscal period (to form Meitec CAE Corporation), achieving a 0.6% increase in revenue. The main reasons for this were a sustained high utilization rate, and rise in contract rates. Also, Meitec Fielders recorded a 3.5% rise in revenue mainly by focusing on mid-career recruitment to increase the number of utilized personnel. By business segment in the temporary engineers staffing business, sales in the four areas of industrial machinery, precision equipment, IT-related hardware and devices, and semiconductors equipment and devices rose year on year. The registered-style temporary staffing business run by Meitec Cast achieved a 3.7% rise in earnings stemming from efforts conducted in cooperation with the Company and Meitec Fielders to strengthen sales to our main clients in the manufacturing industry. However, earnings (operating income) declined 19.6% due to an increase in SG&A expenses arising from anticipatory investment for a change in the corporate name, establishment of offices and strengthening of the sales structure, implemented for the purpose of business expansion. Meitec Experts, which provides staffing of senior technicians (general outsourcing), despite having just been launched in April 2006, is expected to make a substantial contribution to consolidated revenue and earnings from the next fiscal year.

The engineering solutions business primarily serves Meitec Group clients (the manufacturing industry) with temporary engineers who are placed in key positions to conduct such design and development activities as fabrication of prototype models and printed circuit boards. Engineering solutions companies 3D Tec and IMS each achieved increased revenues by expanding the scope of their services and enhancing marketing efforts. Apollo Giken which was added to the Meitec Group in October 2005 and handles the printed circuit board business along with IMS, achieved profitability during the subject period after running a deficit through the previous fiscal year. Meitec CAE, which was spun off from Meitec in April 2006, is also off to a strong start, achieving profitability (operating income) for the subject fiscal period.

Global business also recorded rising revenues. This was due mainly to full-scale operations of the bridge engineer business (staffing business to place Chinese engineers trained at facilities in China in positions in Japan), in which the number of placements rose from 30 the previous fiscal year to 86 during the subject fiscal year. However, this business posted an operating loss as a result of prime costs and SG&A expenses recorded as prior investment costs to train bridge engineers.

The career support business is comprised of the outplacement business and the human resources business.

The Group's main outplacement business company DBM-J again recorded a decline in revenue from the previous fiscal period, due to the impact of shrinkage in the outplacement market. However, the firm did manage to narrow its operating loss through the introduction of a performance-based personnel system, along with efforts to reduce SG&A expenses that included integration and closure of business offices. Also, the sale of Novations Group Inc., in August 2006 significantly lessened the subsidiary's downside risk. Meitec Next Corporation, established in July 2006, in

October launched its human resources business specializing in engineers, and is expected to make a full-scale contribution to consolidated earnings from the next fiscal year.
As a result of this business development, consolidated net sales decreased 1.2% from the previous fiscal year to ¥82,229 million. In terms of profitability, operating income decreased 7.2% to ¥11,581 million, ordinary income decreased 8.6% to ¥11,487 million, with a net income decreased 94.4% to ¥295 million. Return on equity (ROE) was down 10.4 percentage points to 0.7% compared with the previous fiscal year.

Performance according to business segment was as follows.
Net sales of the Outsoucing business was ¥75,987 million, with operating income of ¥12,112 million. Net sales of the Engineering Solutions business was ¥2,438 million, and the operating income was ¥140 million.
Net sales of the Global business amounted to ¥290 million, with an operating loss of ¥201 million. Net sales of the Career Support business was ¥3,513 million, with an operating loss of ¥503 million. Because of a change in business segments from the subject fiscal year, no year-on-year comparisons have been made.

Performance according to business location was as follows.
Net sales in Japan rose 2.1% to ¥80,640 million, and operating income decreased 6.2% to ¥11,777 million. Net sales in North America decreased 63.5% to ¥1,536 million, with an operating loss of ¥66 million (compared to net income the previous fiscal year of ¥241 million). Net sales in China rose 32.5% to ¥52 million, with an operating loss that increased 233.6% to ¥129 million.

On a non-consolidated basis, net sales rose 0.6% to ¥61,795 million. In terms of profitability, operating income decreased 4.6% to ¥10,621 million, ordinary income rose 34.1% to ¥15,500 million, with a net loss of ¥83 million (compared to net income the previous fiscal year of ¥6,820 million). ROE was negative 0.2% (compared with the previous fiscal year of 14.3%).

(Reference 1)
Performance of temporary engineers staffing business with Meitec Group

			Average of Utilization Ratio	
			During FY 2006	During FY 2007
Meitec + Meitec Fielders + Meitec Global Solutions	Utilization Ratio (Total)	%	97.9	97.3
	Utilization Ratio (Excluding New Engineers)	%	98.9	98.6
	The number of Engineer *	-	7,090	7,226
Meitec	Utilization Ratio (Total)	%	98.1	97.7
	Utilization Ratio (Excluding New Engineers)	%	98.9	98.7
	The number of Engineer *	-	5,755	5,776
Meitec Fielders	Utilization Ratio (Total)	%	97.3	97.1
	Utilization Ratio (Excluding New Engineers)	%	99.3	99.0
	The number of Engineer *	-	1,305	1,334
Meitec Global Solutions	Utilization Ratio (Total)	%	32.6	53.9
	Utilization Ratio (Excluding New Engineers)	%	46.4	63.4
	The number of Engineer *	-	30	116
Meitec CAE	Utilization Ratio (Total)		-	-
	Utilization Ratio (Excluding New Engineers)		-	-
	The number of Engineer *		-	49

*Engineers who work at the company's internal sections are excluded from Number of Engineers. (29 engineers as of March 31, 2007)

(Reference 2)

Results of Drake Beam Morin-Japan, Inc. and its subsidiaries for the Fiscal Year ending March 31, 2007

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
DBM-J	1,981	-23.0	-147	-31.7	-108	117.5	-738	-71.6
NGI Group	1,536	-63.5	-66	-	-111	-	-76	-83.8
Consolidated	3,518	-48.2	-214	-	-242	337.1	-1,025	-47.3

* Drake Beam Morin - Japan Group : Drake Beam Morin - Japan, Novations Group Inc., Novations Group, Inc.

(Reference 3)

Forecasts for the Fiscal Year ending March 31, 2008 : Non-consolidated and Group Companies.

	Net Sales	Operating Income	Ordinary Income	Net Income
	million yen	million yen	million yen	million yen
Meitec	63,000	10,200	10,500	4,800
Meitec Fielders	11,300	1,100	1,100	600
Meitec Cast	4,200	200	200	100
Meitec Experts	200	-25	-25	-25
3D Tec	740	60	60	35
IMS	500	0	0	0
Apollo Giken Group	1,650	25	25	15
Meitec CAE	630	65	65	40
Meitec Global Solutions	1,030	30	30	30
Meitec Shanghai	80	15	15	15
Meitec Dalian	60	0	0	0
Meitec Guangzhou	50	-10	-10	-10
Meitec Zhejiang	40	0	0	0
Meitec Xian	20	-10	-10	-10
DBM-Japan	1,650	0	0	-20
Meitec Next	340	-220	-220	-220
Consolidated	84,000	11,000	11,000	5,000

(Reference 4)

Presuppositions for the Performance Forecasts

	FY2008		
	Meitec	Meitec Fielders	Meitec Global Solutions
Utilization ratio	97.3%	95.8%	70.9%
Operating Hours	9.18h/day	9.26 h/day	9.18 h/day
Number of New graduate Engineers	213	118	-
Number of Mid-Career Engineers	350	200	130(*)
Turnover Ratio	6.7%	8.6%	2.0%
Rate Revision	1.8%	3.0%	3.0%
	FY2007		
	Meitec	Meitec Fielders	Meitec Global Solutions
Utilization ratio	97.6%	97.1%	53.2%
Operating Hours	9.22 h/day	9.36 h/day	8.94 h/day
Number of New graduate Engineers	282	167	-
Number of Mid-Career Engineers	151	98	85(*)
Turnover Ratio	6.9%	10.7%	0.0%
Rate Revision	1.8%	3.0%	-

* Per annum increase in number of MGS's engineers

2. Analysis of Financial Status

(1) Status of Asset, Liabilities and Net Assets

Assets

Total assets on a consolidated basis at the end of the fiscal year under review amounted to ¥57,479 million. Current assets were down to ¥35,564 million, a decrease of ¥3,562 million compared with the end of the previous fiscal year. Although business results (operating income and ordinary income) remained at high levels, the decline in current assets mainly reflected a net reduction in cash and cash equivalents of ¥3,197 million arising from payment for acquisition of treasury stock (¥5,107 million), payment of dividends (¥3,275 million), and payment of income taxes (¥7,322 million), along with a ¥377 million decrease in inventories.

Fixed assets totaled ¥21,914 million, a decrease of ¥6,143 million compared with the end of the previous fiscal year. This mainly reflected a ¥1,119 million decrease in goodwill (business rights) in Novations Group, Inc. stemming from the sale of overseas business (Novations Group, Inc.), a ¥4,382 million decrease in goodwill (consolidation goodwill) in DBM-J, and a ¥629 million reversal of deferred tax assets related to revaluation of land.

Liabilities

Total liabilities on a consolidated basis at the end of the fiscal year under review amounted to ¥18,795 million. Current liabilities totaled ¥12,559 million, a decrease of ¥2,261 million compared with the end of the previous fiscal year. This mainly reflected a ¥1,974 million decline in the income taxes payable stemming from payments and reserves accumulated during the fiscal year under review. Long-term liabilities totaled ¥6,236 million, an increase of ¥731 million compared with the end of the previous fiscal year. This mainly reflected a ¥746 million rise in reserves for retirement benefits.

Net Assets

Net assets on a consolidated basis at the end of the fiscal year under review totaled ¥38,683 million, a decrease of ¥7,984 million compared with the end of the previous fiscal year. This mainly reflected an ¥8,380 million decrease in retained earnings in accordance with business results and dividends paid.

(2) Status of Cash Flow

Cash Flows from Operating Activities

Net cash provided by operating activities during the fiscal year under review totaled ¥6,010 million (down 36.0% from the previous fiscal year). This mainly reflected a ¥3,038 million increase in income taxes-paid to ¥7,322 million (up 71.8% year on year).

Cash Flows from Investing Activities

Net cash used in investing activities during the fiscal year under review totaled ¥955 million (up 8.9% from the previous fiscal year). Despite ¥207 million in proceeds from the sale of overseas business stemming from the sale of Novations Group, Inc., the rise mainly reflected a ¥742 million increase in acquisition of intangible fixed assets related to the building of a core IT system.

Cash Flows from Financing Activities

Net cash used in financing activities during the fiscal year under review totaled ¥8,366 million (up 2.8% from the previous fiscal year). This mainly reflected ¥3,275 million in dividends paid, up ¥432 million (up 15.2% from the previous fiscal year).

As a result of the above factors, the change in cash and cash equivalents was a net decrease of ¥3,303 million, down ¥3,717 million from an increase in the previous fiscal year of ¥414 million. Cash and cash equivalents at the end of the the fiscal year under review decreased ¥3,298 million from a year earlier, for a total of ¥13,977 million.

Forecast for the fiscal year ending March 31, 2008

Cash flows from operating activities

Despite a severe business environment, by promoting its consolidated management plan, “Global Vision 21,” Meitec expects an increase in cash flow provided by operating activities and income before income taxes and minority interests will increase as our projected increase in profit.

	2003	2004	2005	2006	2007
Capital adequacy ratio (Shareholders' equity / total assets)	75.9%	70.1%	71.7%	69.5%	66.9%
Capital adequacy ratio based on market value (Market capitalization / total assets)	175.9%	228.4%	209.1	212.2%	234.3%
Debt repayment (years) (Interest-bearing debt / net cash provided by operating activities	0.0years	0.0years	0.0years	0.0years	-
Interest-coverage ratio (Net cash provided by operating activities / interest payments)	1,268.9	46,870.8	3,718,648.6	3,407.8	26,799.9

Notes

1. All figures are based on the consolidated financial statements.
2. Cash flow uses net cash provided by operating activities, and interest-bearing debt includes all debt on which interest is paid on the balance sheet.

3. Dividend Policy

Meitec returns profits to shareholders through cash dividends and retirement of stock. In addition, Meitec maintains a basic policy of providing returns to shareholders based on its operating performance. The dividend payout ratio was set at more than 30% of consolidated net income beginning in the fiscal year ended March 31, 2001. Moreover, it has been decided that from the interim period currently under review, the dividend payout ratio shall be equivalent to 50% or more of consolidated net income unless there is a need for large-scale capital for investment in the successive half-year period.

The Company retires shares as a means of improving capital efficiency, linked to the Group’s cash management. Specifically, when the Company’s cash position at the end of the fiscal year exceeds the amount of capital deemed necessary for operation of the Meitec Group (two months of monthly revenue), retained earnings in excess of this amount are designated as funds for retirement of shares during the following fiscal year. The retirement of shares is conducted in two stages, with each comprising half the designated amount used to retire shares when no investments with substantial capital demand are planned during the succeeding fiscal half-year.

Internal reserves serve not only to strengthen the Company's financial position, but also to fund investments in training facilities, information systems and improvement of the quality of services provided to customers, as well as to fund the investments required for increasing the value added in our core business, where we are expanding our business domain through alliances with other firms. These investments are directed at increasing the Company's earnings, and are therefore in the best interests of shareholders.

4. Risks related our business

Factors with the potential to have a significant influence on the decisions of investors are as follows.

Risks related to compliance

The Meitec Group's main business of outsourcing principally involves the dispatch of workers, and the conclusion of worker dispatch contracts with clients in accordance with the Worker Dispatch Law. Accordingly, the majority of the Group's business is subject to provisions of the Worker Dispatch Law, with which the Group must comply.

As part of its compliance measures, the Group has formulated a Charter of Employee Behavior, and promotes its practice throughout the Group.

Violations of laws or other forms of disregard for compliance would lead to a loss of the Company's social trust, and would necessarily threaten the survival of the Company.

The Meitec Group, as the leading companies in its industry, has continued to pursue activities to educate and enlighten mainly its clients, such as conducting a compliance campaign to promote a proper understanding of the Worker Dispatch Law, working to deepen understanding of compliance focused on the Worker Dispatch Law.

Also, in February 2007 Meitec participated in the establishment of the Nippon Engineering Outsourcing Association (NEOA), a limited-liability intermediary corporation that focuses on compliance within the industry.

Risks related to corporate governance

Actions contrary to social ethics, such as the leak of customer information or falsification of disclosure documents, would result in a loss of social credibility for the Company or other kind of harm, and necessarily threaten the Company's survival.

The Meitec Group, which has many employees, and is engaged in the outsourcing business where close customer contact is routine, recognizes these risks.

To contribute to sustainable and continued shareholder earnings, in its dealings with society as a social entity, the Group believes it is necessary to conduct a sound and highly transparent business in compliance with laws and regulations, and in accordance with social ethics.

Meitec, from the standpoint of placing importance on the interests of shareholders, has adopted as its basic principle of corporate governance the continual strengthening of a management structure that employs checks on management decision-making and can resolve problems. It is addressing these risks through such measures as the establishment of a Corporate Social Responsibility (CSR) Office as its department with responsibility for internal control, which has formulated a Charter of Employee Behavior, and oversees corporate social responsibility.

Risks related directly to our main business

With the globalization of competition and the slowdown in economic growth, cost pressure from clients grows stronger with each passing year.

Meitec counters this cost pressure by satisfying the quality requirements of its clients. To satisfy these quality requirements, Meitec proactively implements a number of measures, including enhancing technical skill levels through such measures as strengthening the education system and implementing an internal technical certification system; optimizing the qualitative balance of supply and demand and increasing speed through the Best Matching System (a system that uses IT to improve the matching of individual client needs with the proper engineer); increasing the trustworthiness of the company through the formulation of the Charter of Employee Behavior and other measures; optimizing the client cost balance through rotation of engineers; and creating added value through service content strategies.

Cost pressures on the entire Meitec Group are countered through operational cooperation with Group subsidiaries, including Meitec Fielders and Meitec Cast.

Problem Recognition and Counter Measures (Risk Management)

The Meitec Group believes that an organization needs to have risk management functions to protect its organization. In the current era of change, however, we recognize that the largest risk of all is to not take risks.

In addition, the Meitec Group has clearly defined the latent risks with respect to the foundations for the survival of the Group, namely, risks related to compliance, risks related to corporate governance, and risks related directly to our main business, and is taking a judicious approach in countering them. For other risks, the Group is establishing management structures to proactively manage risk.

Status of the Corporate Group

The Meitec Group consists of the Company (Meitec Corporation) and 16 subsidiaries engaged in the staffing business, engineering solutions business, global business, and career support business.

The staffing business consists of a full lineup of temporary staff businesses centered on the engineering staff business.

The engineering solutions business consists of a service content business centered on supplemental operations (analysis, fabrication of prototypes, printed circuit board design, etc.) for the manufacturing industry, the main clients of the Meitec Group.

The global business consists of training for overseas engineers, and supplying personnel to the Japanese manufacturing industry (both in Japan and overseas), the main client of the Meitec Group.

The career support business consists of career assistance for personnel in outplacement support services and human resources business.

Staffing Business

1) Meitec Corporation handles the engineering staff business, the core business of the group.
2) MEITEC FIELDERS INC. handles the middle-range engineering staff business that the Company does not cover, and in a double brand strategy handles a portion of the Group's core business.
3) Meitec Cast Inc. handles the registration-type temporary staff business mainly for the manufacturing industry, the main clients of the Meitec Group.
4) MEITEC EXPERTS CORPORATION handles the registration-type temporary staff business specializing in senior staff.

   Notes:
   1. MEITEC EXPERTS CORPORATION was established as a wholly owned subsidiary on April 3, 2006.
   2. Japan Cast Inc. changed its corporate name to Meitec Cast Inc. on October 1, 2006.

Engineering Solutions Business

1) Three D Tec Inc. handles the engineering solutions business specializing in three-dimensional CAD design technology related to prototype molds and other assemblies.
2) Information Management System Co., Ltd., Apollo Giken Co., Ltd., and Meitec Shanghai handle the engineering solutions business centered on printed circuit board design.
3) Meitec CAE Corporation handles the engineering solutions business specializing mainly in analysis-related technologies.

   Note:

Meitec CAE Corporation was established as a wholly owned subsidiary on April 1, 2006, by means of a simple separation of the analysis EC business of Meitec Corporation.

Global Business

1) Meitec Global Solutions Inc. mainly handles the personnel supply business for the global business in Japan.
2) Meitec Shanghai mainly handles the personnel supply business for the global business in China.
3) MEITEC Dalian TechnoCenter Co., Ltd., MEITEC Guangzhou TechnoCenter Co., Ltd., ZHEJIANG MI High Technology Co., Ltd., and MEITEC Xian TechnoCenter Co., Ltd. handle the personnel training business for the global business in China.

Notes:

1. MEITEC Xian TechnoCenter Co., Ltd. was established as a wholly owned subsidiary on October 2, 2006.
2. ZHEJIANG MI High Technology Co., Ltd. was made a consolidated subsidiary (voting rights ratio: 66.0%) on October 9, 2006, through acceptance and approval of a capital increase.
3. MEITEC Dalian TechnoCenter Co., Ltd. became a wholly owned subsidiary on January 9, 2007, through acquisition of minority interests.

Career Support Business

1) DBM-J handles the outplacement business.
2) Meitec Next Corporation handles the human resources business.

Note:

Meitec Next Corporation was established as a wholly owned subsidiary on July 3, 2006.

Management Policy

Basic Management Policy

The Meitec Group's basic management policy is to realize mutual growth and prosperity for shareholders, customers and employees by providing outsourcing services, while contributing to the development of an advanced information society. As the leading group of companies in this industry, we have adopted the following policies to ensure that we grow in step with society.

1)Shareholder Satisfaction:
The Meitec Group shall try to maximize the value of the Company to benefit its shareholders.
2)Customer Satisfaction:
The Meitec Group shall become a strategic partner for its clients and achieve business advancement together, by sharing such management resources as engineers and information.
3)Employee Satisfaction:
The Meitec Group shall support the efforts of each and every employee for their advancement in market value and their careers.

The Meitec Group is focusing its business operations primarily on the manufacturing industries, which allows the maximum utilization of Group's management resources and the fullest expression of the Group's strengths. At the same time, by advancing according to Group strategy, we plan to expand our business into the fields peripheral to our core business of engineering outsourcing.

Management Goals

In the interests of shareholders, Meitec pursues a management policy of increasing its earnings and improving its capital efficiency. Accordingly, the Company has set a firm goal of keeping ROE above 10%. Meitec's Gloval Vision 21 consolidated management plan, which will be implemented in fiscal 2004, will establish an ROE goal of 15%.

Long-Term Management Strategy

In response to the era of consolidated management, Meitec inaugurated its Meitec Gloval Vision 21 consolidated management plan in fiscal 2004. This plan had the objective of stimulating the expansion and development of the Meitec Group.

The overall strategy of the Meitec Group (consisting of Meitec, Meitec Fielders, Meitec Cast, Meitec Experts (Established as of April 2006)Three D Tec, Information Management System, Meitec Global Solutions, Drake Beam Morin-Japan, Meitec Next (Established as of July 2006) Meitec Shanghai, Zhejiang Mi High Technology, and MEITEC Dalian TechnoCenter, Apollo Giken, Meitec CAE(Established as of April 2006) is oriented toward strengthening its position at the top of the engineering outsourcing industry. To achieve this, the strategy calls for the building of a business structure that provides complete design and development outsourcing, orchestrating the combined strengths of the Group companies to meet the needs of the manufacturing industries in domestic and overseas for high-level engineering development, as well as a variety of mid- to low-level technical functions.

In Global Vision 21, the entire Group will continue to expand businesses centered on the strength of the Meitec brand, which we have built up in the engineering outsourcing industry. As the primary goal of our Global Vision 21 plan, we aim to become a 100-billion-yen group by the end of the period ending March 31, 2008. We will expand activities around the periphery of the engineering outsourcing business, specifically in the following four areas: (1)the full-line temporary staffing business; (4)the engineering solutions business;(3)the global business and;(4)the Career Support business. The Meitec Group consists of the following subsidiaries, charged with carrying out the four aforementioned business vectors.

Full-line temporary staffing business: Meitec Fielders and Meitec Cast
Engineering solutions business: 3D Tec IMS and Apollo Giken
Global business: Meitec Global Solutions, Meitec Shanghai, Mi High Technology, and MEITEC Dalian
Career Support business: Meitec Next and DBM Japan

Our strategy is for the entire Group to grow as each Group company makes effective use of its strengths and coordinates efforts. This “gateway strategy” of orchestrating entire Group resources and services is the optimal method to supply the needs of our primary customers in the manufacturing industries.

At the same time that we are aiming to expand into a 100 billion yen group, the Meitec Group also plans to serves as a “second personnel department” and “second technology department” to the whole manufacturing sector, by providing total personnel and technology service solutions.

Issues Facing the Company

Currently, the most important issue that the Meitec Group needs to address in its mainstay outsourcing business is strengthening and expanding recruiting. A particularly significant issue is missed opportunities for growth resulting from the inability to fill requests, since Meitec has more than 1,000 orders and its engineers are working at over 98% capacity. Over the short term, therefore, Meitec and Meitec Fielders will focus on strategies for increasing recruitment of new graduates and mid-career employees.

The problem of how to increase the number of employees through recruitment, of course, is not a short-term issue. Considering the problem of a dwindling birthrate combined with an aging population—which is already becoming evident in the labor market—we believe it to be a long-term issue. We are therefore building a scheme for increasing the number of employees through strategies besides recruitment of young people. Specifically, we are exploring the issue of establishing a Group-wide system for boosting the number of employees, utilizing Group businesses such as the outplacement and outsourcing businesses that handle mismatched personnel from client companies, the bridge engineer business using Chinese engineers, and the senior outsourcing business that develops employment opportunities for seniors.

The globalization of business and the growth of information technology (IT) have created a situation in which companies, in all aspects of their management, are faced with great difficulty in succeeding amid the severe competition of global markets. The Meitec Group is no exception, although we regard ourselves as the engineering outsourcing industry’s leading company. The Company must stay one step ahead of the market. At the same time, in this era of consolidated management, we need to promote a strategy of increasing the enterprise value of the entire Group, and particularly, of Meitec itself.

Accordingly, the most vital issues facing the Company are increasing the market value of the temporary engineering staff business as our core operation, deploying the combined strengths of the Group companies to further boost earnings by enhancing the market value of the entire Group's business, and expanding Meitec's enterprise value.
At the same time, we recognize the issues of strengthening the governance and internal control functions of the entire Group, and laying a foundation for sustainable growth.
Several concrete issues bear on our ability to achieve stable growth in the Company's earning capacity. These include the implementation of an in-house training system that conforms to market requirements, the building of a sales force that responds promptly to customer needs, and the institution of a system that flexibly controls costs linked with performance. On the financial side, the Company will continue to improve capital efficiency by disposing of idle assets, a cash management system, commitment line contract - bank loan assurance agreement and retire treasury stock.
As the implementation of our new consolidated management plan, Global Vision 21, progresses, we will be instituting concrete measures and countermeasures to deal with these issues.