

# Results of Meitec Group

- For the Fiscal Year ended March 31, 2010 -

May 13, 2010

I . Report of Meitec Group  
<Consolidated>

**<Consolidated Results for FY2010>**  
**- For the Fiscal Year ended March 31, 2010 -**

(Million of Yen)		Net Sales	Operating Income	Ordinary Income	Net Income
Consolidated	FY2010	53,776	(4,928)	(276)	(904)
	FY2009	79,898	9,280	9,260	4,303
	Change (%)	(32.7%)	-	-	-
Non-Consolidated	FY2010	41,319	(2,964)	822	53
	FY2009	60,457	8,807	9,294	2,998
	Change (%)	(31.7%)	-	(91.2%)	(98.2%)

<NOTE: Forecasts Fiscal Year Ending March 31, 2009>

(Million of Yen)		Net Sales	Operating Income	Ordinary Income	Net Income
Feb. 12, 2010 Revision	Consolidated	52,500	(5,800)	(800)	(1,200)
	Non-Consolidated	40,500	(3,500)	400	(200)

**Change of Scenario**  
**< Disclosed at Nov. 12, 2009 IR Meeting >**  
**- for the 2<sup>nd</sup> Quarter of FY Ending March 31, 2010 -**

**We have revised our recovery scenario set at beginning of the fiscal year.**

- In the beginning of the fiscal year, at the May 13, 2009 IR meeting (for FY ended 03/31/2009), company had announced a scenario that it anticipated the performance will turn to gradual recovery with April being a "bottom" of performance.
- On Nov. 12, 2009, company had revised its scenario to the gradual recovery with August being a "bottom" of performance.

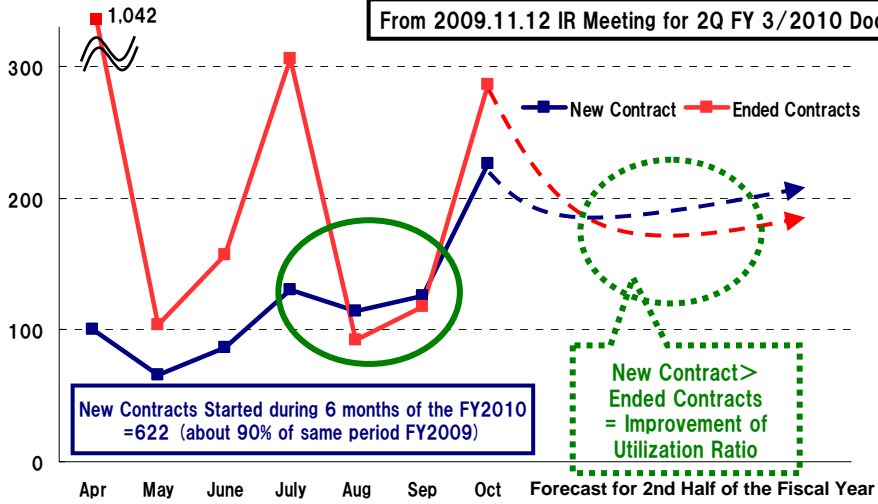
**< RESULT >**



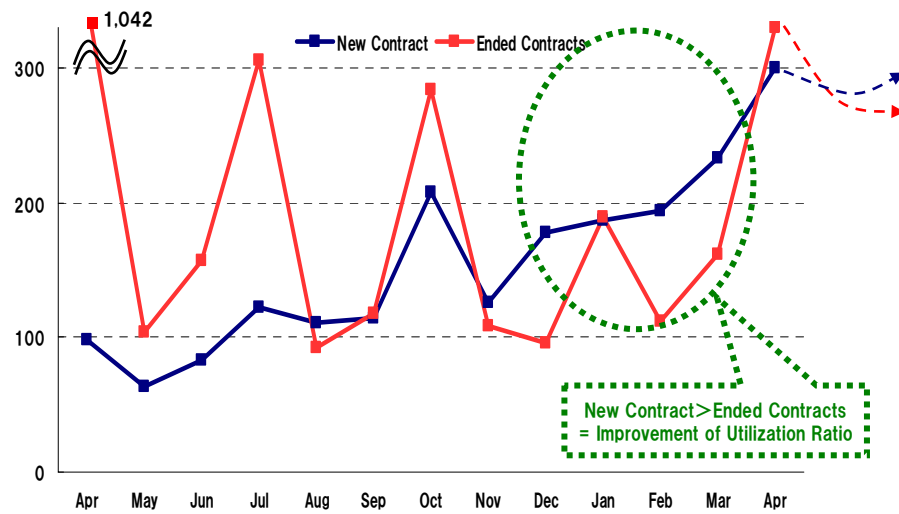
Performance recovered as we projected in the revised scenario

<Trend of New Contracts (Non-Consolidated)- For 6 Months Period of FY2010 ->  
 - Projected Scenario -

From 2009.11.12 IR Meeting for 2Q FY 3/2010 Doc.



<Trend of New Contracts (Non-Consolidated)>  
 - For 12 Months Period of FY2010 -



## &lt;Improvement from the “Bottom” &gt;

Non-Consolidated	For the Month of Aug. 2009 (Bottom)	For the Month of March 2010	Improvement
Utilization Ratio	67.1%	78.6%	+ 11.5
Working Hours	8.12h/day	8.86h/day	+ 0.74

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<Market Outline: 2<sup>nd</sup> Half of the FY Ended March 31, 2010>**1. Condition Surrounding Our Customer, Mfg. Industries**

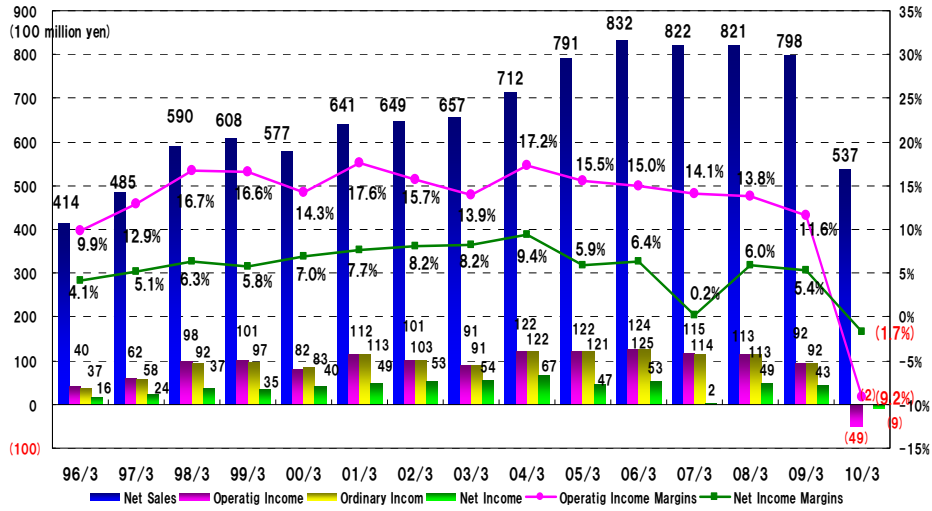
- Recovery of business of our main customers, major Japanese manufacturing industries, have been gradually but steady. But there is a gap depend on the companies or between the divisions within a company. Therefore, yet we have not seen a real strong recovery of entire manufacturing industries.
- Many of the customers are still in strong cost cutting position. Additionally, many of them are still continuing their reduction and termination of certain business.

**2. Outline of Our Core Business, Temporary Engineer Staffing Business**

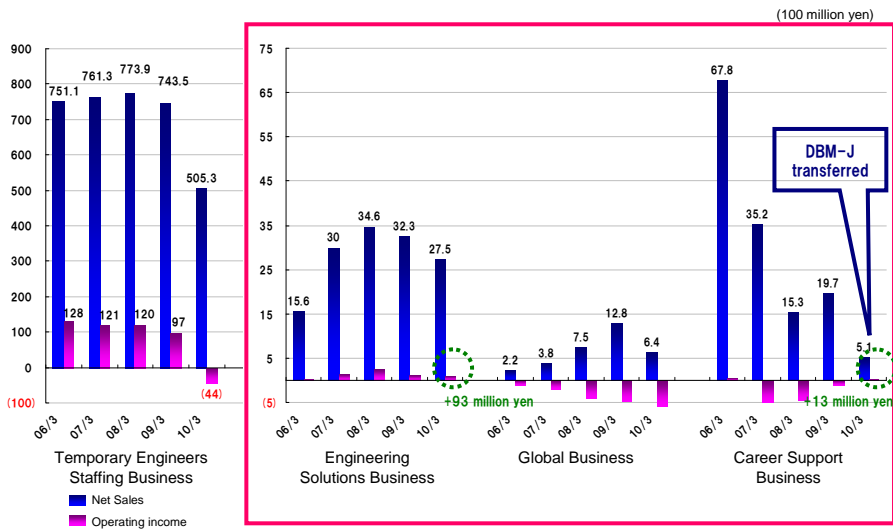
- The utilization ratio had gradually improved as we were able to obtain rebounding orders from customers who were in ahead in its recovery after October 2009.
- Working hours, at the same time, have improved above our projections.

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### < Consolidated Operating Results : FY2010 > - For the Fiscal Year ended March 31, 2010 -



### < Four Meitec Group's business domains Results for FY2010 > - For the Fiscal Year ended March 31, 2010 -



**<Meitec Group Results for FY2010>**  
**- For the Fiscal Year ended March 31, 2010 -**

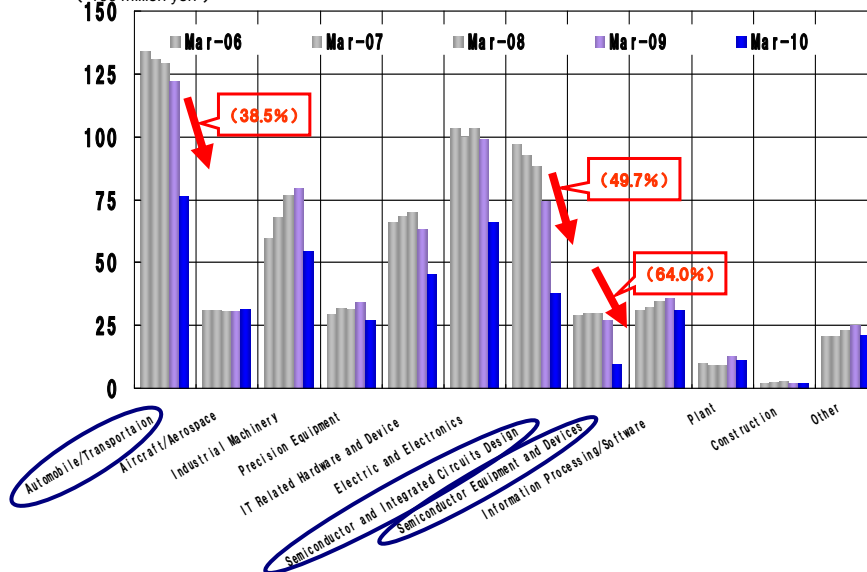
(Millions of Yen)		Net Sales	Operating Income	Ordinary Income	Net Income
Results for FY2010	Meitec	41,319	(2,964)	822	53
	Meitec Fielders	7,050	(1,461)	(618)	(933)
	Meitec Cast	2,267	(32)	(33)	(38)
	Meitec Experts	207	(4)	(3)	(4)
	Meitec CAE	1,167	152	152	84
	Apollo Giken Group	1,565	(51)	11	56
	Meitec Global Solutions	555	(432)	(158)	(161)
	Meitec Shanghai	25	(13)	(11)	(13)
	Meitec Dalian *1	25	(25)	(27)	(31)
	Meitec Guangzhou *1	1	(17)	(17)	(16)
	Meitec Xian	9	(26)	(25)	(37)
	Meitec Chengdu	6	(37)	(37)	(42)
	Meitec Shanghai HR	21	(17)	(18)	(18)
	Meitec Next	334	(14)	(12)	(14)
	all engineer.jp	13	(2)	(2)	(2)
BMOA *2	173	23	16	235	
Consolidated	53,776	(4,928)	(276)	(904)	

※Amounts for each company are non-consolidated basis

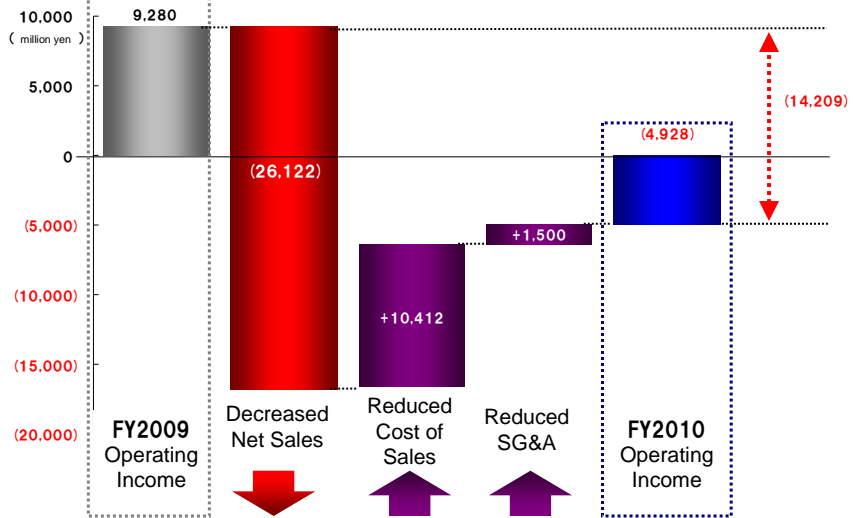
- \* 1. Vocational training business at Meitec Dalian and Meitec Guangzhou are currently suspended.
- \* 2. Include the result DBM-J for the month of April 2009. (DBM-J was sold to Tempstaff as of May 1, 2009.)

**<Comparison of Sales Trend by the Industrial Segments>**

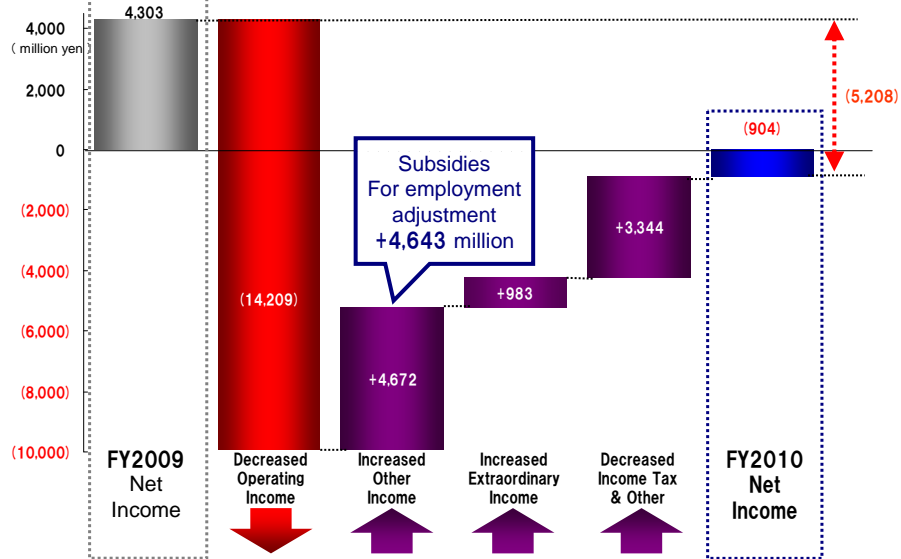
( 100 million yen )



**<Comparison of Consolidated Operating Income>**  
 - For the Fiscal Year ended March 31, 2010 -



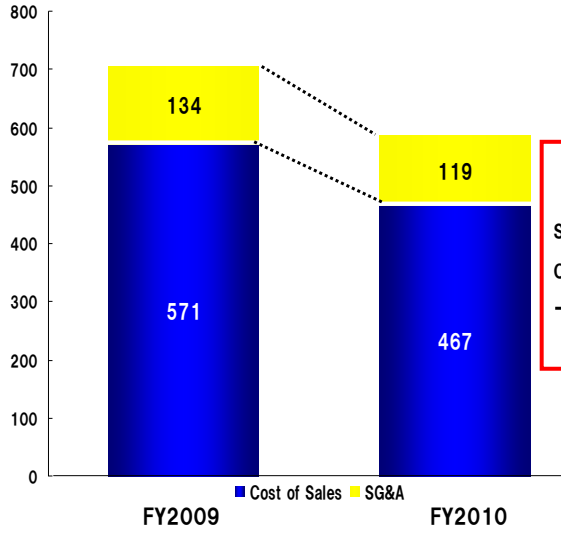
**<Comparison of Consolidated Net Income>**  
 - For the Fiscal Year ended March 31, 2010 -



**<Comparison of Consolidated Cost Structure>**

- For the Fiscal Year ended March 31, 2010 -

(100million yen)



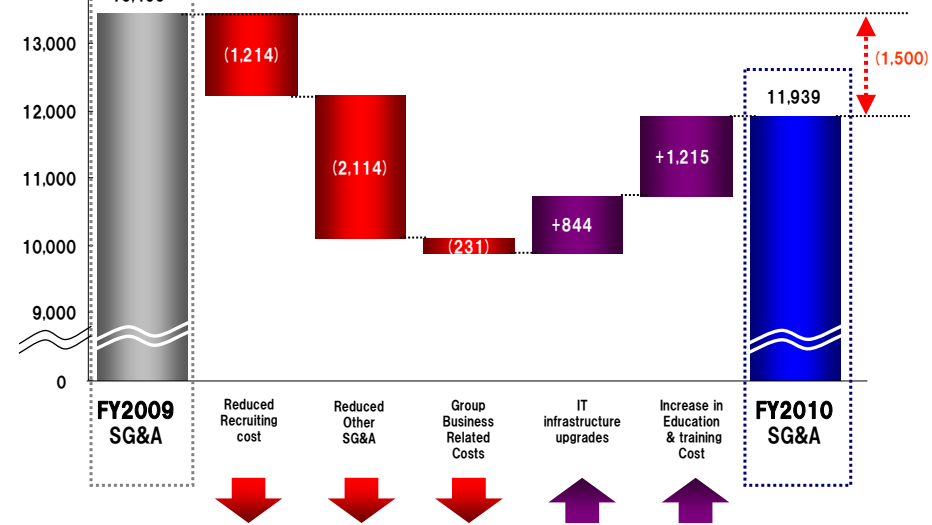
<Change>	
SG&A	(1.5 billion yen)
COST OF SALES	(10.4 billion yen)
<hr/>	
	(11.9 billion yen)

↓  
Main factor in the cost reduction was the performance relating pay system

**<Comparison of Consolidated SG&A>**

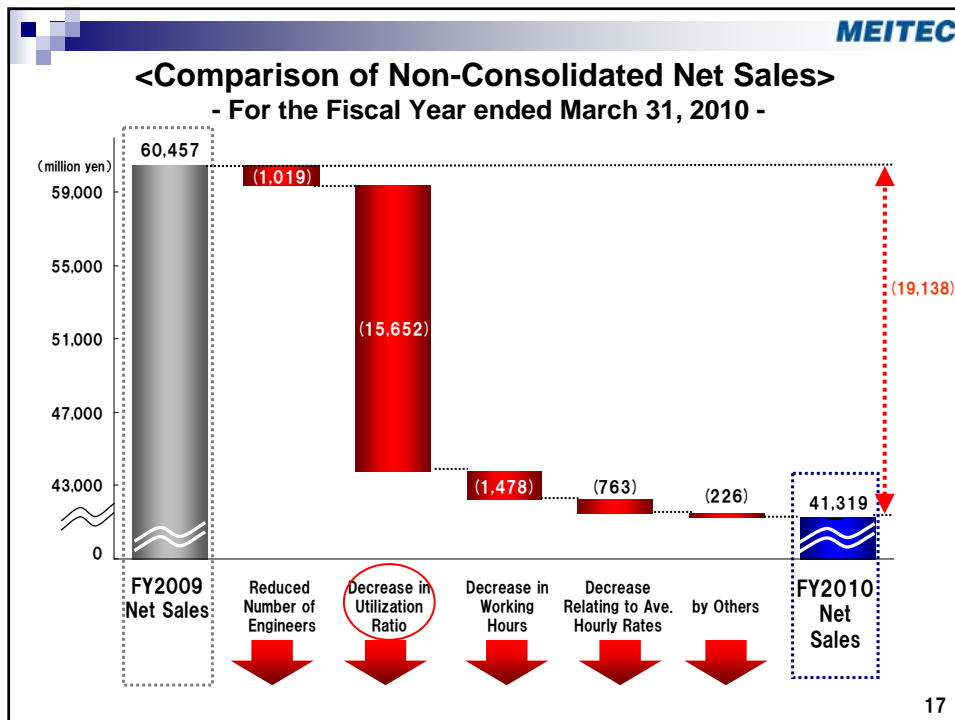
- For the Fiscal Year ended March 31, 2010 -

14,000 (million yen)

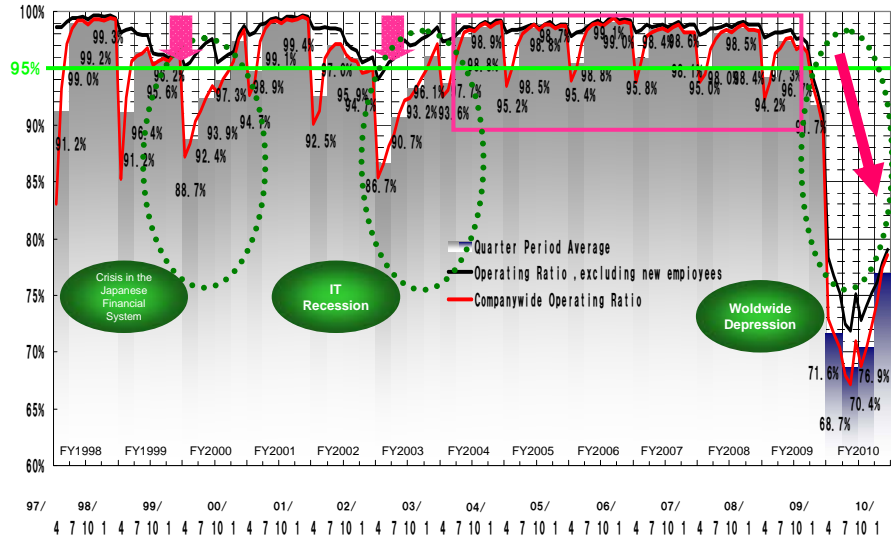




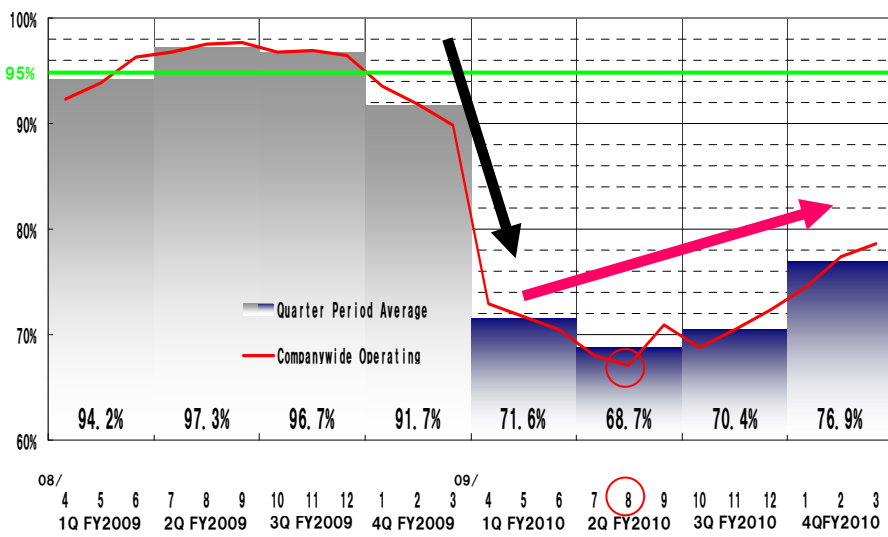
## II. Report of Meitec <Non-Consolidated>



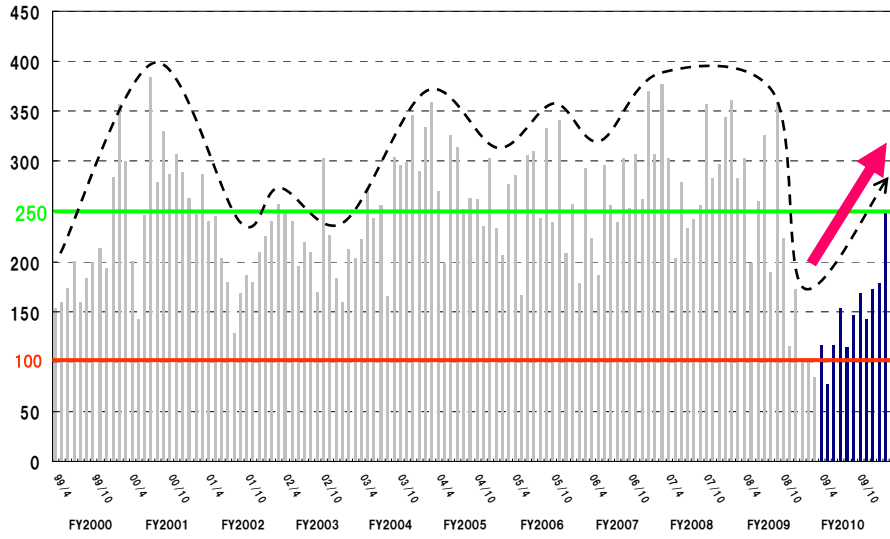
<Utilization Ratio (Non-Consolidated)>



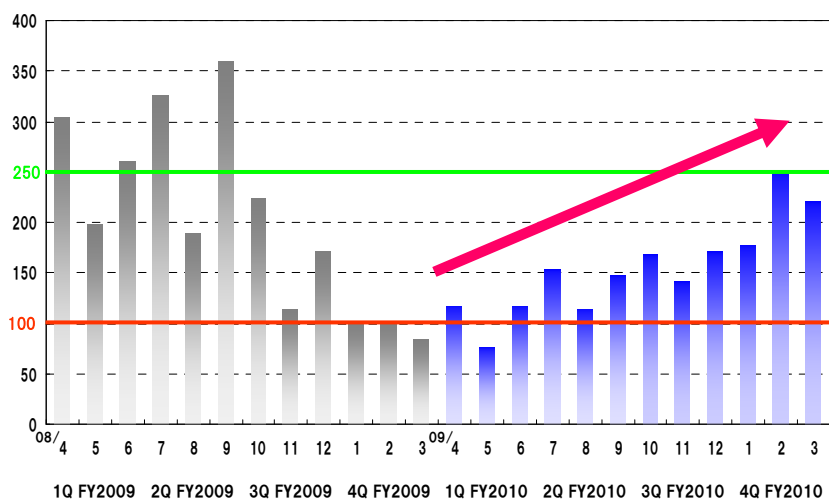
<Utilization Ratio (Non-Consolidated) Apr-2008 to Mar-2010>



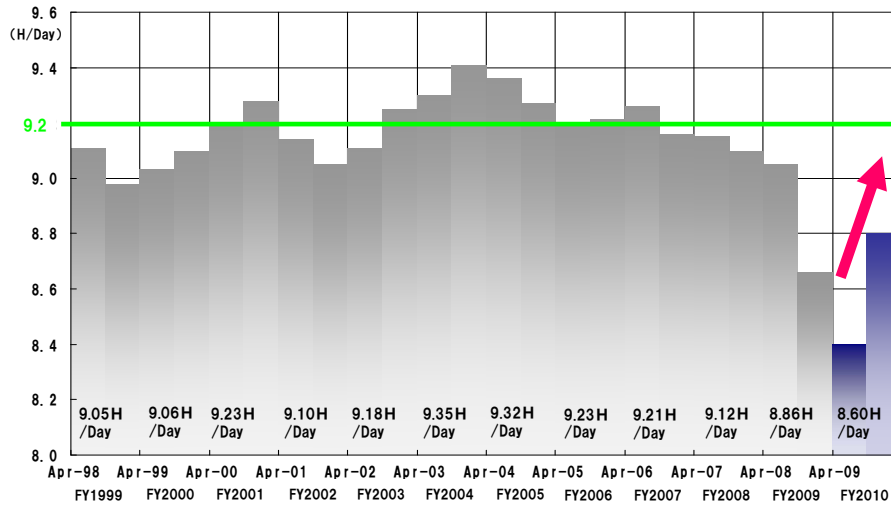
<Trend in New Orders by Month (Non-Consolidated)>



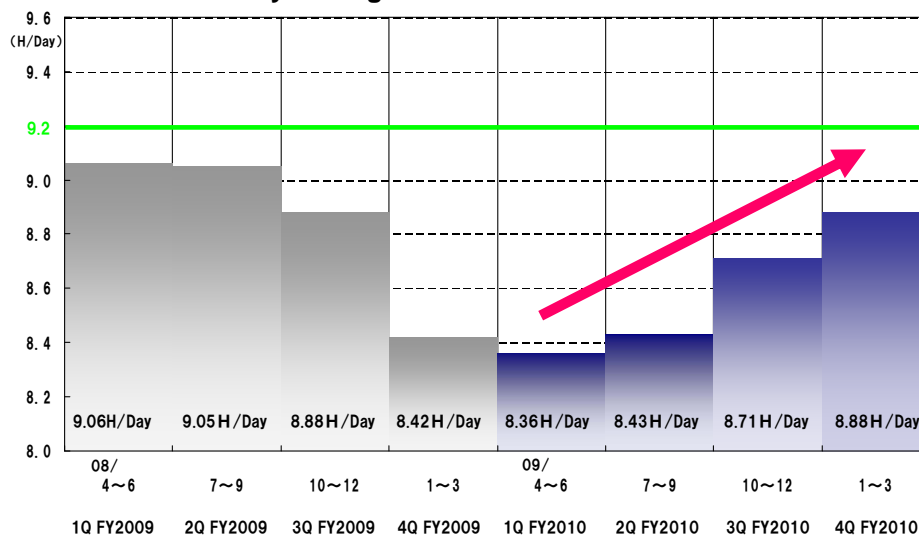
<Trend in New Orders by Month (Non-Consolidated) Apr-2008 to Mar-2010>



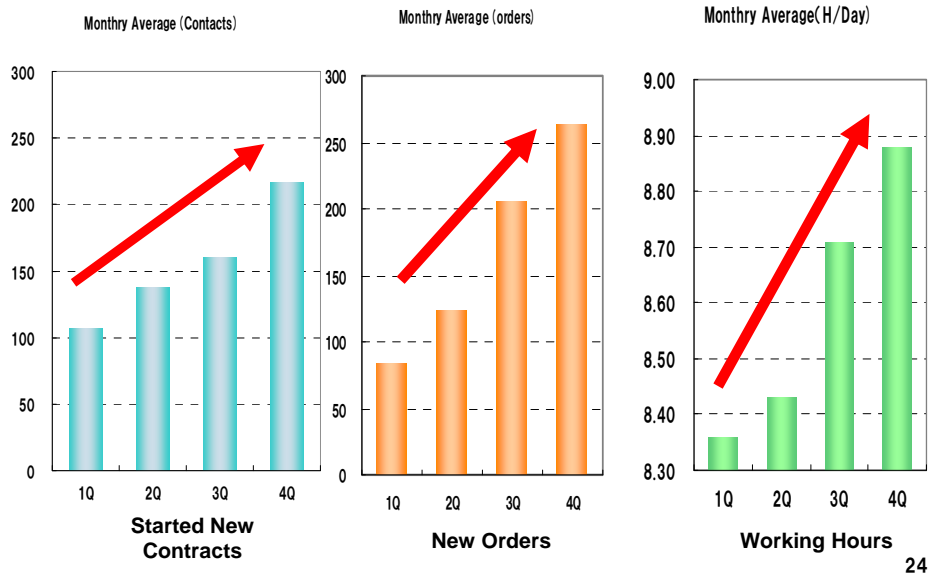
<Trend of Working Hours (Non-Consolidated)>  
 - Annual Average from April 1998 to March 2010-



<Trend of Working Hours (Non-Consolidated)>  
 - Quarterly Average from 1Q FY2009 to 4Q FY2010 -



<Comparison of New Orders, Started New Contracts and Working Hours>  
 - between 1Q and 4Q FY2010 -



### III. Performance Forecast

**<Management Policy and Target for FY ending March 31, 2011>**

1. Group Management Policy:  
“Achieving Self-supporting Corporate Continuation”  
→Build a system to realize corporate continuation without the government subsidies for the employment adjustment (Public Fund)
2. Group Management Target:  
“Achieving the Operating Profit for the Fiscal Year”  
→Achieving the consolidated and non-consolidated operating profit for the fiscal year

**Management Rationalization Measures( disclosed on Feb. 23, 2010):**  
**Total cost reduction of up to 2.88 billion yen.**

**<Assumption on the Market for the FY Ending March 31, 2011>**

1. Gradual recovery trend in the manufacturing industries will continue as it has been since the latter half of the previous fiscal year.
2. The utilization ratio of Meitec alone, accordingly, will gradually recover. But we would not anticipate rapid recovery.
3. Each group companies will gradually recover as Meitec.

## &lt; Forecasts ; Fiscal Year Ending March 31, 2011 &gt;

(Million of Yen)

		Net Sales	Operating Income	Ordinary Income	Net Income
Consolidated	Second Quarter FY2011 10/4-9	27,000	0	1,800	1,000
	Second Quarter FY2010 09/4-9	26,203	(3,248)	(850)	(1,214)
	Change (%)	3.0%	—	—	—
	FY2011	55,000	100	3,400	1,900
	FY2010	53,776	(4,928)	(276)	(904)
	Change (%)	2.3%	—	—	—
Non-consolidated	Second Quarter FY2011 10/4-9	21,000	0	1,500	800
	Second Quarter FY2010 09/4-9	20,097	(1,931)	109	31
	Change (%)	4.5%	—	1276.1%	2480.6%
	FY2011	43,000	0	2,800	1,600
	FY2010	41,319	(2,964)	822	53
	Change (%)	4.1%	—	240.6%	2918.9%

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## &lt; Note① to Forecast for FY ending 3/31/2011 &gt;

- Meitec Group has set its management policy for the fiscal year ending March 31, 2011 as "Achieving Self-supporting Corporate Continuation". Meitec Group have set its management target as "Achieving the Operating Profit for the Fiscal Year (consolidated, non-consolidated and for each companies). In order to achieve the management target, company will apply following management rationalizations measures under an agreement with employee union.
- Even if the performances of the company exceed beyond the current assumptions to realize the revenue above disclosed forecasts, operating profit might land at same level as it was forecasted. In such event, with additional discussions with the employee union, the amount of operating profit above forecast is planned to be given priority to be used to restore the bonus reduction.

## Management Rationalization Measures and its Expected Effects

(100 Millions of yen)	Expected Cost Reduction Effect (for year)	
	Consolidated	Non-consolidated
Reduction and return of director's compensations, Voluntary return of auditor's compensation	0.4	0.4
Payroll reduction for executive officers and (non-union) managers	1.9	1.6
Allowance and bonus reduction for general employee (union) member	26.5	16.5
TOTAL	28.8	18.5

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## <Note② to Forecast for FY ending 3/31/2011>

- Since the Meitec Group employs larger number of engineers on regular employee basis, we are planning to continue applying for the government subsidies for the employment adjustment. Above forecast include 3,200 million yen of income from the government grant.

(million yen)	FY2010 (Actual)	FY2011 (Forecast)
Meitec	3,466	2,750
Meitec Fielders	839	440
Meitec Global Solutions	275	0
Apollo Giken	61	10
Consolidated	4,643	3,200

**What is "Government Subsidies for Employment Adjustment (GSEA)"  
(From the Homepage of Ministry of Health, Labour and Welfare)**

The GSEA was established in 1981 for preventing increased unemployment. Through the subsidies, the Ministry of Labour supports employers who are obliged to downsize their business activities because of economic fluctuations, changes in the industrial structure, and for other economic reasons, but are making efforts to maintain employment levels via temporary suspension of business, education and training, or transferring employees to related companies.

\* Meitec Group is applying this government grants in purpose of supporting our educational training for un-assigned engineers

## <Forecasts for Meitec Group; Fiscal Year Ending March 31, 2011>

(million Yen)		Net Sales	Operating Income	Ordinary Income	Net Income
FY2011	Meitec	43,000	0	2,800	1,600
	Meitec Fielders	7,000	0	450	300
	Meitec Cast	2,400	5	5	0
	Meitec CAE	1,100	150	150	90
	Apollo Giken Group	1,700	50	60	50
	Meitec Global Solutions *1	200	10	10	10
	Meitec Shanghai	25	0	0	0
	Meitec Guangzhou *2	15	0	0	0
	Meitec Xian	10	(15)	(15)	(15)
	Meitec Chengdu	10	(25)	(25)	(25)
	Meitec Shanghai HR	60	0	0	0
	Meitec Next	300	0	0	0
	all engineer.jp	10	0	0	0

\*1: Meitec had integrated MGS's Bridge Engineer business by a company split on April 1, 2010.

\*2: Meitec Guangzhou had suspended their vocational training business and conducting only the human resource introduction business.

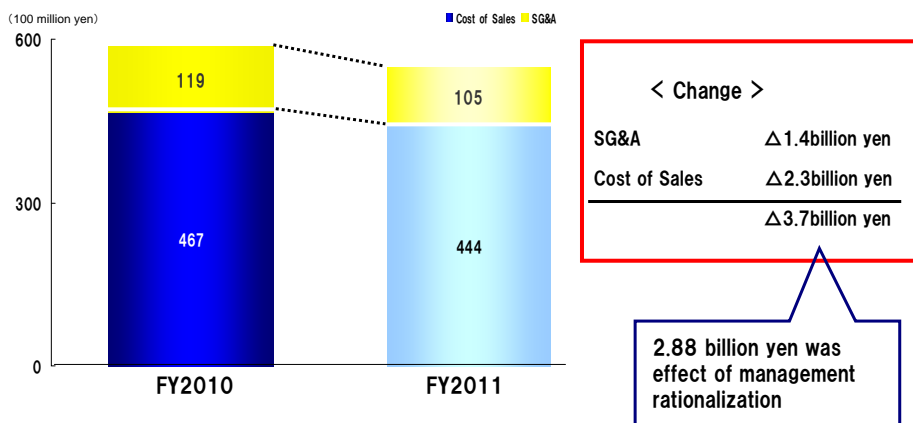


<Prerequisites of Performance Forecast>

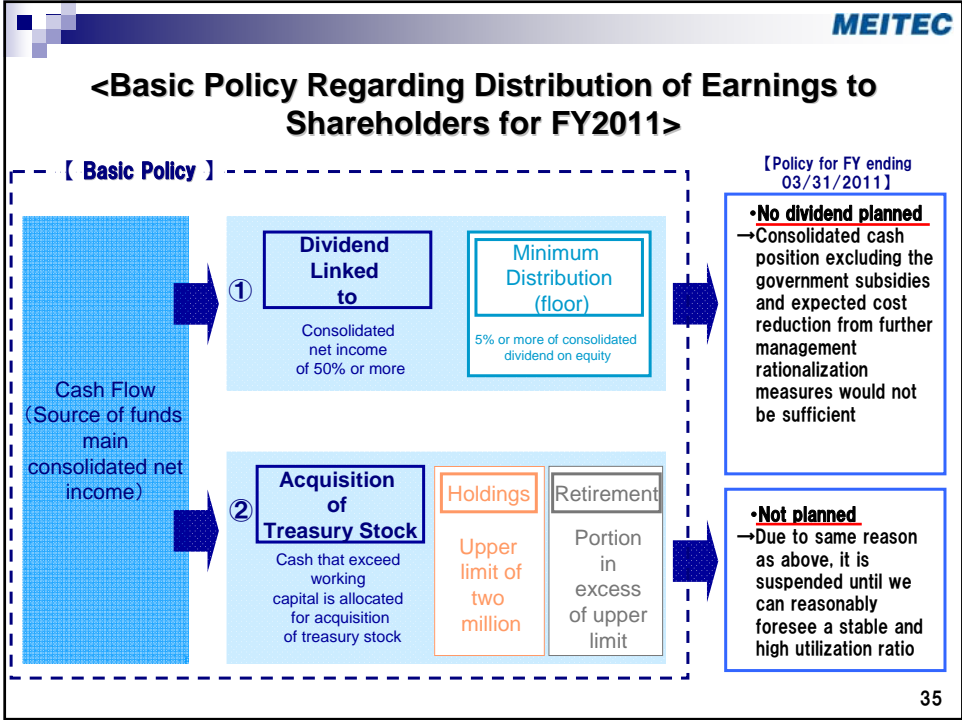
- (MT+MF) for FY2011 -

		MT	MF
Utilization ratio	1H FY2011	76.7%	77.1%
	2H FY2011	79.4%	80.8%
	FY2011	78.0%	78.9%
Operating Hours	1H FY2011	8.82h/day	8.89h/day
	2H FY2011	8.79h/day	8.85h/day
	FY2011	8.80h/day	8.87h/day

<Forecast of Consolidated Cost Structure For FY2011>



# IV. About Dividend



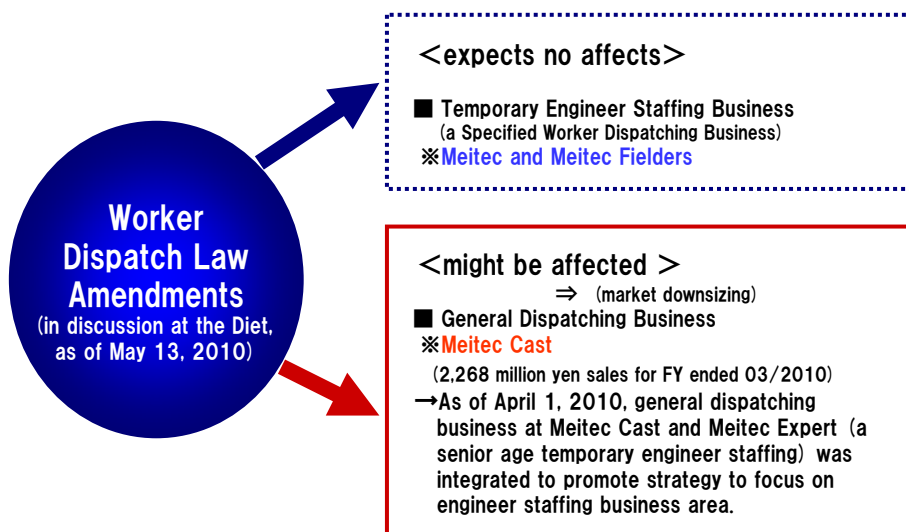
<Dividend Forecast for the Fiscal Year Ending March 31, 2011>

	First quarter dividends	Second quarter dividends	Third quarter dividends	Year-end dividends	Total
Forecast. Previous Fiscal Year ended march 31, 2011		0.00		0.00	0.00
Actual. Previous Fiscal Year ended march 31, 2010		24.50		0.00	24.50

• At this point, considering the government subsidies for the employment adjustment and expected reduction in expense from additional cost cut measures, company believes that our financial position for securing the necessary working capital for next fiscal year would not be sufficient. Therefore, to our regret, we are projecting not to issue the dividend for the fiscal year ending March 31, 2011.

• If the performances of the company exceed beyond the current assumptions to realize the revenue above disclosed forecasts during the fiscal year ending March 31, 2011, company plans to give priority to apply the amount of operating profit above forecast to restore the bonus reduction which to be applied to the general employee (union member). But if even after such restoration measure, we were able to achieve more operating profit beyond our forecast, we plan to consider execution of dividend pay which corresponds to the amount of such excess profit.

<About the Amendment of Worker Dispatch Law>



## <About Change of Strategy for Chinese Business>

### 1. Bridge Engineer Business

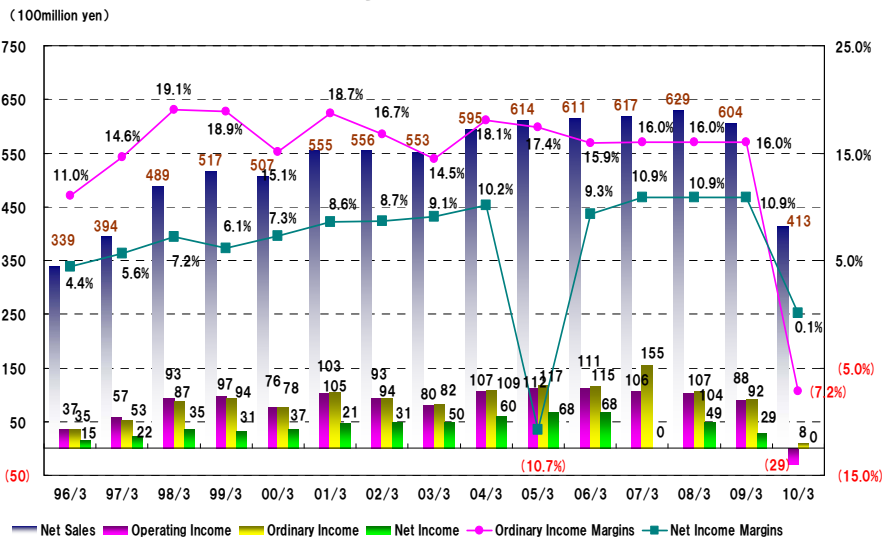
- As of April 1, 2010, it was integrated in to Meitec. (about 100 engineers)

### 2. Chinese local business

- Reduction of vocational training business locations to two from five locations.
- Turned to focus on introducing trained Chinese engineer to subsidiaries of Japanese manufactures located in China.
  - \* About 100 engineers introduced for FY ended 3/2010
  - \* Planned to introduce 200 engineers for FY ending 3/2011

**Sifting our Chinese business toward providing services to local Chinese companies**

## <Non-Consolidated Operating Results for the FY2010> - For the fiscal year ended March 31, 2010 -



## &lt;Core Business(Temporary engineers staffing business)Results FY2010&gt;

			MT+MF+ MGS+CAE	MT+MF +MGS	MT	MF	MGS	CAE
FY2010	Utilization Ratio	Actual	-	70.0%	71.9%	74.8%	26.6%	-
		FY2009	-	92.8%	95.0%	96.3%	43.6%	-
	Operating Hours	Actual	-	-	8.60h/day	8.66h/day	7.95h/day	-
		FY2009	-	-	8.86h/day	8.90h/day	8.54h/day	-
	Number of Engineers	Actual	7,324	7,237	5,765	1,360	112	87
		FY2009	7,612	7,533	5,788	1,414	331	79

Appendix-2

## &lt;Sales by the Industrial Segments (Non-Consolidated)&gt;

(Millions of yen)

Segment	FY2006	FY2007	FY2008	FY2009	FY2010			
	Nete Sales				Net Sales	Total Net Sales (%)	Change	Change (%)
Automobile/Transportation	13,432	13,083	12,927	12,408	7,629	18.5%	(4,779)	(38.5%)
Aircraft/Aerospace	3,090	3,086	3,056	3,029	3,156	7.6%	127	+4.2%
Industrial Machinery	5,982	6,814	7,695	7,988	5,464	13.2%	(2,524)	(31.6%)
Precision Equipment	2,963	3,194	3,151	3,411	2,711	6.6%	(700)	(20.5%)
IT Related Hardware and Devices	6,609	6,845	7,009	6,312	4,519	10.9%	(1,793)	(28.4%)
Electric and Electronics	10,333	9,993	10,324	9,860	6,624	16.0%	(3,236)	(32.8%)
Semiconductors and Integrated Circuits Design	9,680	9,274	8,834	7,459	3,750	9.1%	(3,709)	(49.7%)
Semiconductor Equipment and Devices	2,871	2,983	2,976	2,676	962	2.3%	(1,714)	(64.0%)
Information Processing/Software	3,105	3,227	3,467	3,510	3,100	7.5%	(410)	(11.7%)
Plant	999	937	936	1,274	1,118	2.7%	(156)	(12.2%)
Construction	260	261	274	190	179	0.4%	(11)	(5.5%)
Others	2,095	2,092	2,302	2,335	2,106	5.1%	(229)	(9.8%)
Total	61,425	61,795	62,956	60,457	41,319	100.0%	(19,138)	(31.7%)

Appendix-3

**<Top 10 Clients by Sales and Shares of Net Sales>  
(Non-consolidated)**

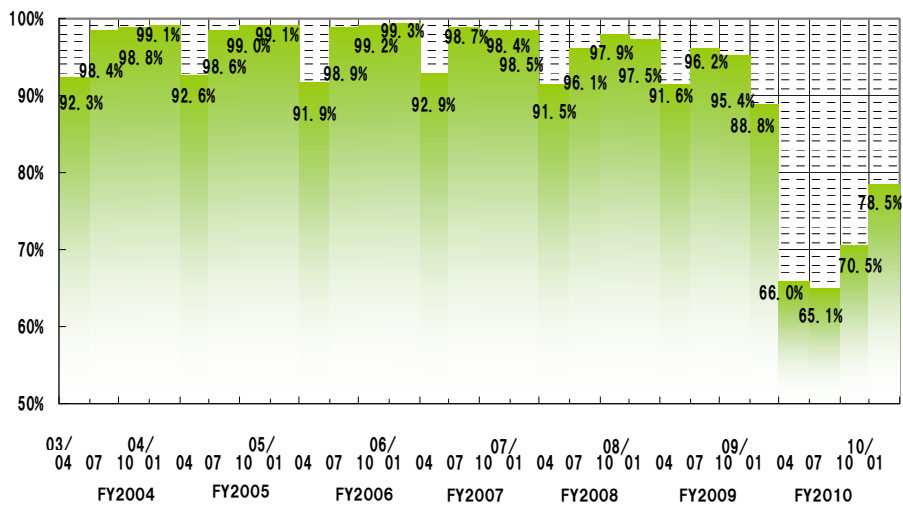
< Five years ago >

< Current > (million yen)

Fiscal year ended March 31,2005			Fiscal year ended March 31,2009			Fiscal year ended March 31,2010		
Companies Name			Companies Name			Companies Name		
1	Panasonic		1	Panasonic		1	Panasonic	
2	Sony Corp.		2	Canon Inc.		2	Mitsubishi Heavy	
3	Toyota Motor		3	Sony Corp.		3	Canon Inc.	
4	Canon Inc.		4	Mitsubishi Heavy		4	Sony Corp.	
5	Mitsubishi Heavy		5	Denso Corporation		5	Toyota Motor	
6	Seiko Epson		6	Nikon Corp.		6	Denso Corporation	
7	Nikon Corp.		7	Omron Corp.		7	Nikon Corp.	
8	Omron Corp.		8	Toyota Motor		8	Kawasaki Heavy	
9	Kawasaki Heavy		9	Seiko Epson		9	Seiko Epson	
10	Sony EMCS		10	Yazaki Parts		10	Omron Corp.	
Top 10 Total	21,909	35.9%	Top 10 Total	20,610	34.1%	Top 10 Total	14,826	35.9%
Top 20 Total	29,050	47.5%	Top 20 Total	27,096	44.8%	Top 20 Total	19,281	46.7%
Others	32,059	52.5%	Others	33,361	55.2%	Others	22,039	53.3%
Total	61,109	100.0%	Total	60,457	100.0%	Total	41,319	100.0%

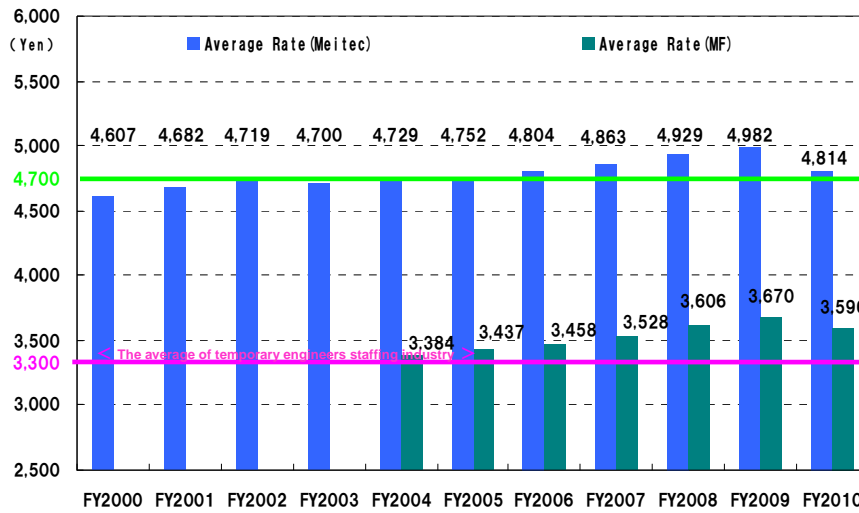
Appendix-4

**<Utilization Ratio (Meitec Fielders)>**

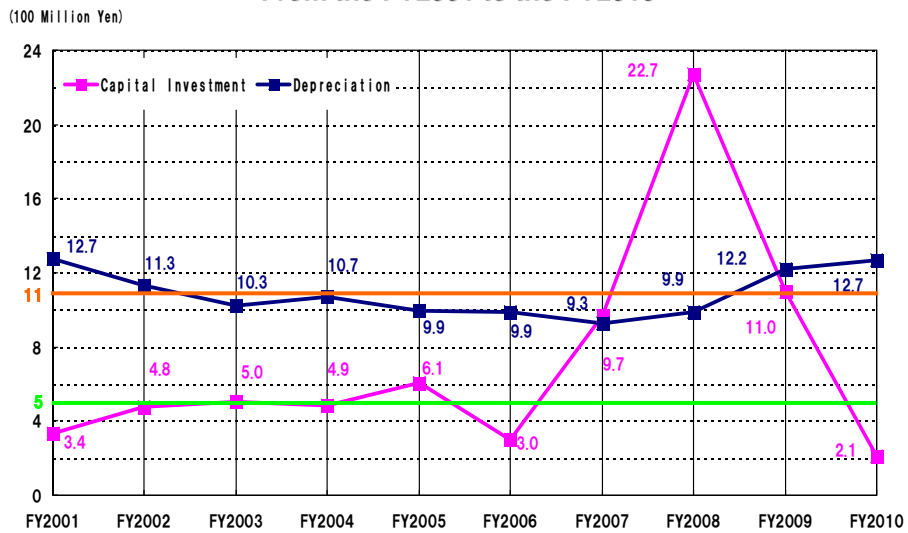


Appendix-5

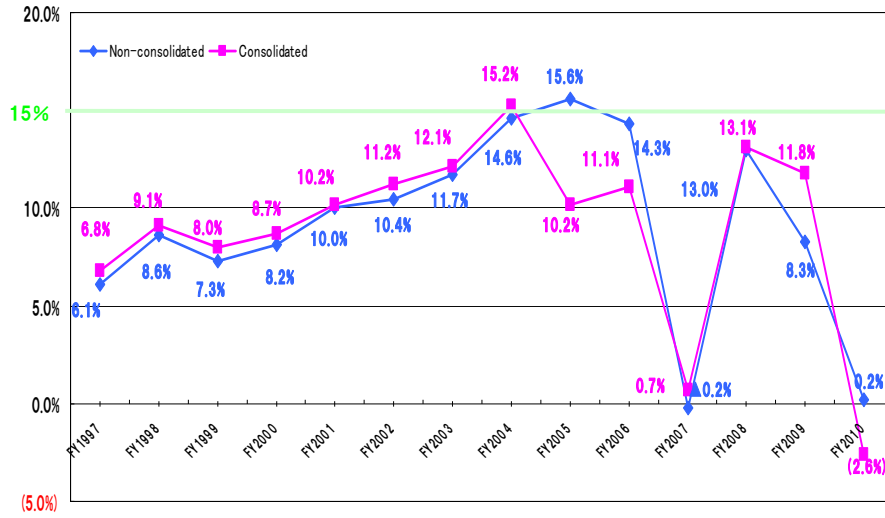
<Trend in Average Rate (Meitec, Meitec Fielders)>



<Capital Investments and Depreciations (Non-Consolidated)>  
- From the FY2001 to the FY2010 -

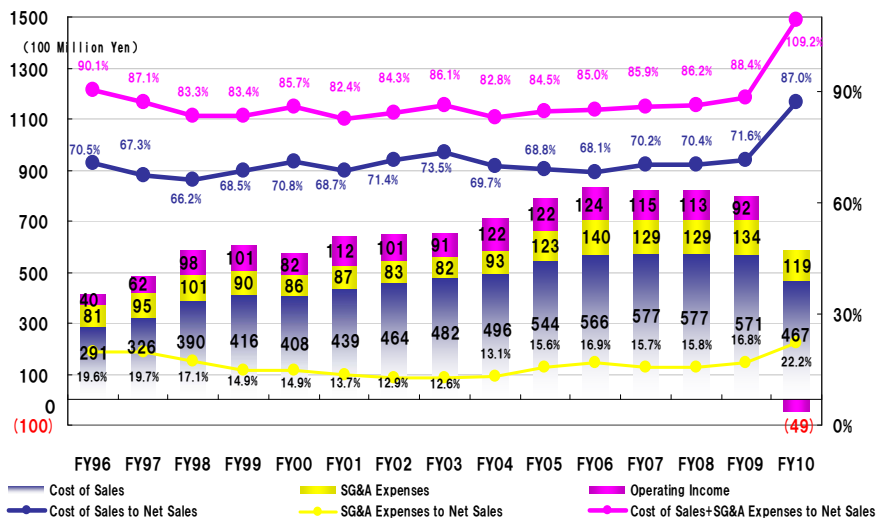


<Return on Equity (ROE) From the FY1997 to the FY2010>



Appendix-8

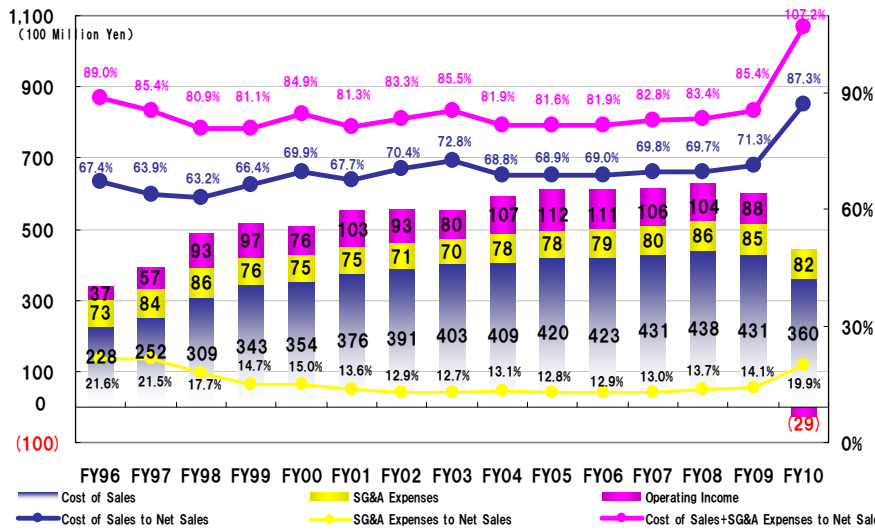
<Consolidated SG&A Expenses and Cost of Sales, and Their Ratio to the Sales>



Appendix-9



<Non-Consolidated SG&A Expenses and Cost of Sales, and Their Ratio to the Sales>



<Shareholders by Business Segments (Non-Consolidated)>

Shareholder Segment	(As of the Fiscal year ended March 31, 2010)			
	Shareholders	%	Shares Held	%
Banks	3	0.04%	1,137,401	3.24%
Trust Banks	23	0.33%	5,947,700	16.95%
Life and against loss insurance companies	27	0.38%	4,541,183	12.94%
Securities financing and other financial companies	3	0.04%	3,660	0.01%
Securities companies	30	0.42%	83,740	0.24%
Business concerns and other companies	119	1.69%	337,300	0.96%
Overseas companies and investors	145	2.05%	17,287,179	49.25%
Individuals and others	6,709	95.04%	5,761,837	16.41%
<b>Total</b>	<b>7,059</b>	<b>100.0%</b>	<b>35,100,000</b>	<b>100.0%</b>