



## Consolidated Financial Report For the Nine Months Ended December 31, 2013

February 4, 2014

Company Name: Meitec Corporation  
Representative: Kosuke Nishimoto  
President, Group CEO  
Code No.: 9744 TSE 1<sup>ST</sup> Section

### 1. Consolidated Results for the 3<sup>rd</sup> Quarter (April 1, 2013 to December 31, 2013)

#### (1) Consolidated operating results

(Fractions of one million yen are rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2013	55,071	5.2	5,265	1.6	5,293	0.9	3,195	1.7
Nine months ended December 31, 2012	52,339	6.8	5,182	21.9	5,245	21.9	3,142	59.3

(Note) Comprehensive Income; as of 3<sup>rd</sup> quarter ended December 31, 2013: 3,214 million yen [2.7%]  
as of 3<sup>rd</sup> quarter ended December 31, 2012: 3,131 million yen [61.5%]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2013	102.72	—
Nine months ended December 31, 2012	96.60	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2013	56,740	36,699	64.6
As of March 31, 2013	58,002	38,422	66.1

Reference: Shareholders' Equity; as of December 31, 2013: 36,639 million yen  
as of March 31, 2012: 38,360 million yen

### 2. Dividends

(Record date)	Annual Dividends per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2013	—	30.00	—	69.00	99.00
FY ending March 31, 2014	—	31.50	—		
FY ending March 31, 2014 (Forecast)				40.50	72.00

(Note) Revision of dividends forecast from recent forecast: None

### 3. Consolidated Forecasts for Fiscal Year ending March 31, 2014

(% is comparison to the same period of previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	
FY ending March 31, 2014	73,500	4.5	6,400	0.7	6,400	(0.4)	4,000	(33.3)	129.10

(Note) Revision of performance forecast from recent forecast: None

**Notes to Financial Statements**

- (1) Significant changes involving subsidiaries during the term: None  
(Changes in specific subsidiaries that affected the scope of consolidation)
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial Statements: Yes
- (3) Change in accounting principle, procedure and presentation method for preparing the consolidated financial statements
- |  |      |
|--|------|
| i. Change in accounting principle :    | None |
| ii. Changes not relating to i. :       | None |
| iii. Changes in accounting estimates : | None |
| iv. Restatements :                     | None |
- (4) Number of shares issued (common stock)
- |   |            |
|---|------------|
| i. Number of shares issued at the fiscal year end (including treasury shares) |            |
| 3 <sup>rd</sup> quarter ended December 31, 2013:                              | 33,000,000 |
| FY ended March 31, 2013:  | 33,000,000 |
| ii. Number of treasury shares at the fiscal year end                          |            |
| 3 <sup>rd</sup> quarter ended December 31, 2013:                              | 2,444,261  |
| FY ended March 31, 2013:  | 1,802,520  |
| iii. Average number of shares outstanding during the period                   |            |
| 3 <sup>rd</sup> quarter ended December 31, 2013:                              | 31,107,518 |
| 3 <sup>rd</sup> quarter ended December 31, 2012:                              | 32,535,862 |

**\* Indication of quarterly review procedure implementation status**

At the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act, have not been completed.

**\* Advice relating to appropriate use of financial forecasts and other relevant information**

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable, and it is not intended to promise its achievement. Actual results may therefore differ materially from these statements for various reasons. For cautionary notes concerning assumptions for earnings forecasts and use of earning forecasts, please refer to “(3)Explanation on Forecast Information such as Consolidated Earnings Forecast, etc.” under “1. Qualitative Information on the Consolidated Results for the 3rd Quarter”.

## 1. Qualitative Information on the Consolidated Results for the 3<sup>rd</sup> Quarter

### (1) Explanation on Operating Results

Figure 1: Summary ; Consolidated Operating Results

(Millions of yen, rounded down)	3 <sup>rd</sup> Q FY ended Dec.31, 2012	3 <sup>rd</sup> Q FY ended Dec.31, 2013	YoY Amount	Change(%)
Net Sales	52,339	55,071	+2,731	+5.2
Cost of Sales	37,985	40,472	+2,486	+6.5
SG&A Expenses	9,171	9,333	+162	+1.8
Operating Income	5,182	5,265	+82	+1.6
Ordinary Income	5,245	5,293	+47	+0.9
Income before income taxes	5,091	5,271	+179	+3.5
Net Income	3,142	3,195	+52	+1.7

Figure 2: Summary ; Results of Four Business Domains

(Millions of yen, rounded down)	Meitec Group (Consolidated)					
	Temporary Staffing Business	Engineering Solutions Business	Global Business	Recruiting & Placement Business	Eliminations / Corporate	
Net Sales	55,071	52,747	1,871	65	681	(294)
Component Ratio	100	95.8	3.4	0.1	1.2	(0.5)
YoY Amount	+2,731	+2,605	(43)	+8	+149	+12
%Change	+5.2	+5.2	(2.3)	+15.1	+28.0	—
Operating Income	5,265	5,064	36	(70)	221	13
Component Ratio	100	96.2	0.7	(1.3)	4.2	0.3
YoY Amount	+82	+49	(36)	(33)	+93	+9
%Change	+1.6	+1.0	(50.3)	—	+72.9	+239.6

Figure 3: Summary ; Meitec Group Results

(millions of yen, rounded down)		Net Sales		Operating Income		Ordinary Income		Net Income	
			YoY Amount		YoY Amount		YoY Amount		YoY Amount
Temporary Staffing Business	Meitec	43,316	+1,777	4,302	(52)	4,708	+64	2,958	+161
	Meitec Fielders	7,832	+834	690	+108	691	+107	428	+66
	Meitec Cast	1,845	+17	85	+14	85	+12	53	+7
	Meitec EX	7	—	(25)	—	(25)	—	(25)	—
Engineering Solutions Business	Meitec CAE	797	+12	70	(28)	70	(28)	43	(15)
	Apollo Giken Gr.	1,073	(55)	(34)	(11)	(37)	(18)	(26)	(37)
Global Business	Meitec Shanghai	—	(0)	(10)	(3)	(10)	(3)	(10)	(3)
	Meitec Xian	11	+3	(19)	(6)	(20)	(7)	(20)	(7)
	Meitec Chengdu	8	+1	(17)	(5)	(17)	(5)	(17)	(5)
	Meitec Shanghai HR	36	+1	(19)	(10)	(19)	(11)	(19)	(11)
Recruiting & Placement Business	Meitec Next	653	+124	237	+78	237	+78	160	+13
	all engineer.jp	31	+25	(15)	+13	(16)	+12	(16)	+12

Figure 4: Meitec Group Temporary Engineer Staffing Business

		3rd Q FY ended December 31, 2012	3rd Q FY ended December 31, 2013
MT <sup>*1</sup> +MF <sup>*2</sup> +CAE <sup>*3</sup>	Period-End Engineering Staff <sup>1</sup>	6,936	7,409
MT <sup>*1</sup> +MF <sup>*2</sup>	Period-End Engineering Staff <sup>1</sup>	6,857	7,318
	Utilization ratio (Company-wide)	94.7%	94.0%
	Utilization ratio(Excluding new hires <sup>2</sup> )	96.6%	96.7%
MT <sup>*1</sup>	Period-End Engineering Staff <sup>1</sup>	5,548	5,871
	Of which assigned to internal engineering projects <sup>1</sup>	58	58
	Utilization ratio (Company-wide)	95.1%	93.9%
	Utilization ratio(Excluding new hires <sup>2</sup> )	96.4%	96.3%
	Working Hours	8.86h/day	8.90h/day
MF <sup>*2</sup>	Period-End Engineering Staff	1,309	1,447
	Utilization ratio (Company-wide)	93.0%	94.1%
	Utilization ratio(Excluding new hires <sup>2</sup> )	97.4%	98.2%
	Working Hours	8.89h/day	8.98h/day
CAE <sup>*3</sup>	Period-End Engineering Staff	79	91

\*1 : Meitec Corporation    \*2 : Meitec Fielders,Inc    \*3 : Meitec CAE Corporation

Note 1: Number of engineers for Meitec does not include engineers who are assigned to our internal engineering projects and lecturer for internal training.

Note 2: Engineers who never been assigned to job are excluded.

See the Meitec homepage for monthly and quarterly utilization ratio figures:

[http://www.meitec.co.jp/ir/financial\\_performance.html](http://www.meitec.co.jp/ir/financial_performance.html)

### (1)-1. Consolidated Operating Results

During the nine months from April 1, 2013 to December 31, 2013, although a moderate recovery of the Japanese economy was seen, the future of the world economy remained uncertain due to the slowdown in economic growth in emerging markets.

Under such circumstances, many leading manufacturers, which are the major customers of the Company, continued steady investments in technological development looking to the next generation despite the business conditions. Thanks to a strong order environment, our utilization ratio during the third quarter, from October to December, steadily increased.

As a result, consolidated net sales for the period under review increased ¥2,731 million, or 5.2%, from a year earlier to ¥55,071 million. Consolidated cost of sales rose ¥2,486 million, or 6.5%, from a year earlier to ¥40,472 million. Consolidated selling, general and administrative expenses rose ¥162 million, or 1.8%, from a year earlier to ¥9,333 million. Consolidated operating income increased ¥82 million, or 1.6%, from a year earlier to ¥5,265 million. Consolidated ordinary income increased ¥47 million, or 0.9%, to ¥5,293 million and consolidated net income advanced ¥52 million, or 1.7%, to ¥3,195 million.

### (1)-2. Operating Results of Business Domains

#### (1)-2.i Temporary Staffing Business

Net sales in the Temporary Staffing Business segment for the period under review increased ¥2,605 million, or 5.2%, from a year earlier to ¥52,747 million. The major reason for this increase was an increase in the number of engineers assigned to customers via reinforcing sales activities in the Temporary Staffing Business, which accounts for more than 90% of consolidated net sales, particularly in temporary engineer staffing, the core business of this segment. Operating income increased ¥49 million, or 1.0%, from a year earlier to ¥5,064 million.

The Company's non-consolidated average utilization ratio (overall) was 93.9%, a slight decline from 95.1% a year earlier. A major reason for this decline was the hiring of 379 newly graduated engineers in April of this year, an increase of 159 over the previous year. The assignment of those newly graduated engineers was completed in the first half, roughly as planned. Also, working hours were steady at 8.90 hours/day (8.86 hours/day for the same period of the previous fiscal year).

#### (1)-2.ii Engineering Solutions Business

In the Engineering Solutions Business, the Company provides engineering services related to analytical technologies, prototype production, casting/metal mold production and technology support for printed-circuit boards.

Net sales in the Engineering Solutions Business for the period under review fell ¥43 million, or 2.3%, from a year earlier to ¥1,871 million, and operating income declined ¥36 million, or 50.3%, to ¥36 million.

Sales increased at Meitec CAE from a year earlier, but profits decreased due to a deterioration in cost of sales ratio. The Apollo Giken Group posted an operating loss due to a decrease in orders received.

#### (1)-2.iii Global Business

The Global Business engages in job placement and vocational training for students to supply human resources for Japanese manufacturers that operate in the coastal areas of China.

Net sales in the Global Business for the period under review increased ¥8 million, or 15.1%, from a year earlier to ¥65 million, and an operating loss of ¥70 million was posted compared with a loss of ¥36 million a year earlier.

In light of such circumstances, we plan to withdraw our vocational training business (Xian, Chengdu) as part of a review of the Group's business strategy. The job placement business (Shanghai) will be continued. We plan to release details in our financial report for the fiscal year ending March 31, 2014.

#### (1)-2.iv Recruiting & Placement Business

The Recruiting & Placement Business involves the job placement and an information portal site business intended for engineers.

Net sales in the Recruiting & Placement Business advanced ¥149 million, or 28.0%, from a year earlier to ¥681 million, and operating income increased ¥93 million, or 72.9%, to ¥221 million.

Meitec Next achieved sales and profit growth due to an increasing number of job placements.

## (2) Explanation on Financial Position

Figure 5: Overview of the Consolidated Financial Position

(millions of yen, rounded down)	FY ended March 31, 2013	3rd Q FY ended December 31, 2013		
			YoY Amount	Change(%)
Total current assets	41,802	41,073	(728)	(1.7)
Total noncurrent assets	16,199	15,667	(532)	(3.3)
Total assets	58,002	56,740	(1,261)	(2.2)
Total current liabilities	9,683	9,610	(73)	(0.8)
Total noncurrent liabilities	9,895	10,431	+535	+5.4
Total liabilities	19,579	20,041	+461	+2.4
Total shareholders' equity	39,264	37,521	(1,742)	(4.4)
Valuation and translation adjustments	(903)	(882)	+21	—
Minority interests	61	59	(1)	(3.1)
Total net assets	38,422	36,699	(1,723)	(4.5)
Total liabilities and net assets	58,002	56,740	(1,261)	(2.2)

### (2)-1. Assets

Total consolidated assets at the end of the third quarter (December 31, 2013) decreased ¥1,261 million from March 31, 2013, to ¥56,740 million. This is primarily attributable to a year-on-year decline of ¥728 million in current assets.

The main reason for the decrease in current assets is the posting of income taxes receivable.

### (2)-2. Liabilities

Total consolidated liabilities at the end of the third quarter (December 31, 2013) increased ¥461 million from March 31, 2013, to ¥20,041 million. This mainly reflects a year-on-year increase of ¥535 million in noncurrent liabilities.

The main reason for the increase in noncurrent liabilities is an increase in the provision for retirement benefits.

### (2)-3. Net Assets

Total consolidated net assets at the end of the third quarter (December 31, 2013) decreased ¥1,723 million from March 31, 2013, to ¥36,699 million. This result was chiefly due to a decrease in shareholders' equity associated with the acquisition of treasury stock.

### (3) Explanation on Forecast Information such as Consolidated Earnings Forecast, etc.

#### (3)-1. Earnings Forecasts

Because the consolidated operating results for the period under review were mostly as planned, the earnings forecasts for the fiscal year ending March 31, 2014 have not been revised.

For details of these forecasts, please refer to the Company's Financial Highlights for the Consolidated Financial Report for the Six Months Ended September 30, 2013, released on November 7, 2013, and the IR presentation materials on the Company's website.

#### (3)-2. Dividend Forecasts

No revision has been made to the most recent dividend forecasts because the earnings forecasts for the fiscal year have not been revised as mentioned above.

Concerning our basic policy regarding profit distribution, please refer to the Company's Financial Highlights for the Fiscal Year Ended March 31, 2013, released on May 9, 2013, and the IR presentation materials on the Company's website.

Note: Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Actual results may therefore differ materially from these statements for various reasons.

Some important factors that might have an effect on business performance pertain to Business Risks stated in the Company's annual securities report and other information already released, but factors influencing business performance are not limited to those released.

## 2. Matters Concerning Summary Information (Notes)

### Adoption of special accounting treatment for preparing quarterly consolidated financial Statements

#### Computation of tax expenses

After application of tax effect accounting to income before income taxes for the fiscal year ending March 31, 2014, which includes the 3rd quarter under review, we estimate a reasonable tax rate and multiply income before income taxes by that rate.

### 3. Consolidated Financial statements

#### (1) Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2013	The 3rd Quarter ended Dec. 31, 2013
Assets		
Current assets		
Cash and deposits	26,592,997	26,501,485
Notes and accounts receivable-trade	10,887,556	10,350,463
Work in process	286,234	649,539
Other	4,046,287	3,588,530
Allowance for doubtful accounts	(10,670)	(16,575)
Total current assets	41,802,406	41,073,442
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,858,455	6,676,883
Other, net	4,050,101	3,988,884
Total property, plant and equipment	10,908,556	10,665,768
Intangible assets		
Other	1,027,245	759,387
Total intangible assets	1,027,245	759,387
Investments and other assets		
Other	4,287,677	4,267,093
Allowance for doubtful accounts	(23,709)	(25,147)
Total investments and other assets	4,263,967	4,241,946
Total noncurrent assets	16,199,770	15,667,102
Total assets	58,002,176	56,740,545



(Thousands of Yen)

	Fiscal year ended March 31, 2013	The 3rd Quarter ended Dec. 31, 2013
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	104,196	78,095
Income taxes payable	296,558	1,653,728
Provision for directors' bonuses	125,644	63,839
Provision for bonuses	4,662,319	2,470,366
Other	4,495,035	5,344,003
Total current liabilities	<u>9,683,754</u>	<u>9,610,033</u>
Noncurrent liabilities		
Provision for retirement benefits	9,843,318	10,382,149
Other	52,505	48,934
Total noncurrent liabilities	<u>9,895,824</u>	<u>10,431,084</u>
Total liabilities	<u>19,579,578</u>	<u>20,041,117</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,825,881	16,825,881
Capital surplus	9,299,905	9,299,907
Retained earnings	17,425,800	17,485,718
Treasury stock	(4,287,298)	(6,089,517)
Total shareholders' equity	<u>39,264,288</u>	<u>37,521,990</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,378	8,058
Revaluation reserve for land	(878,313)	(878,313)
Foreign currency translation adjustment	(31,401)	(12,013)
Total accumulated other comprehensive income	<u>(903,336)</u>	<u>(882,267)</u>
Minority interests	61,645	59,704
Total net assets	<u>38,422,597</u>	<u>36,699,427</u>
Total liabilities and net assets	<u>58,002,176</u>	<u>56,740,545</u>

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income)

(Thousands of Yen)

	The 3rd Quarter ended Dec. 31, 2012	The 3rd Quarter ended Dec. 31, 2013
Net sales	52,339,721	55,071,717
Cost of sales	37,985,441	40,472,083
Gross profit	14,354,280	14,599,634
Selling, general and administrative expenses	9,171,403	9,333,991
Operating income	5,182,876	5,265,642
Non-operating income		
Interest income	4,269	3,989
Dividends income	5,009	1,323
Interest on refund	—	18,383
Other	77,316	15,705
Total non-operating income	86,595	39,401
Non-operating expenses		
Commitment fee	4,031	3,593
Foreign exchange losses	2,803	4,152
Other	16,853	3,970
Total non-operating expenses	23,688	11,716
Ordinary income	5,245,783	5,293,328
Extraordinary income		
Gain on sales of investment securities	10,695	397
Settlement received	47,873	—
Total extraordinary income	58,569	397
Extraordinary loss		
Loss on retirement of noncurrent assets	6,706	17,174
Impairment loss	202,406	5,137
Loss on sales of noncurrent assets	43	—
Other	3,337	—
Total extraordinary losses	212,494	22,312
Income before income taxes and minority interests	5,091,858	5,271,413
Income taxes	1,946,357	2,079,178
Income before minority interests	3,145,500	3,192,235
Minority interests in income (loss)	2,593	(3,012)
Net income	3,142,907	3,195,247

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	The 3rd Quarter ended Dec. 31, 2012	The 3rd Quarter ended Dec. 31, 2013
Income before minority interests	3,145,500	3,192,235
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,513)	1,680
Foreign currency translation adjustment	209	20,460
Total other comprehensive income	(14,304)	22,141
Comprehensive income	3,131,196	3,214,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,127,138	3,216,316
Comprehensive income attributable to minority interests	4,057	(1,940)

(3) Notes to Quaterly Financial Statements

(3)-1 Notes to Financial Statements Regarding Going Concern: None

(3)-2 Significant changes in shareholders' equity: None