MEITEC

(Note)*This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.*

FASF MEMBERSHIP

Consolidated Financial Report
For the Three Months Ended June 30, 2015

July 28, 2015

Company Name: Meitec Corporation
Representative: Hideyo Kokubun
President, Group CEO
Code No.: 9744 TSE 1ST Section

[Fractions of one million yen are rounded down]

1. Consolidated Results for the 1st Quarter (April 1, 2015 to June 30, 2015)

(1) Consolidated operating results

(% is comparison to the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2015	20,780	9.3	2,290	45.0	2,285	43.7	1,404	60.2
Three months ended June 30, 2014	19,014	8.6	1,579	14.0	1,590	14.5	876	17.8

(Note)Comprehensive Income; Three months ended June 30, 2015: 1,461 million yen [59.1%]
Three months ended June 30, 2014: 918 million yen [22.7%]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2015	46.36	—
Three months ended June 30, 2014	28.68	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2015	60,599	36,996	61.0
As of March 31, 2015	65,098	37,565	57.6

Reference: Shareholders' Equity; as of June 30, 2015: 36,946 million yen
as of March 31, 2015: 37,516 million yen

2. Dividends

	Annual Dividends per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2015	—	44.00	—	67.00	111.00
FY ending March 31, 2016	—				
FY ending March 31, 2016 (Forecast)		54.50	—	61.50	116.00

(Note) Revision of dividends forecast from recent forecast: None
(Note) Details of year-end dividends for the year ended Mar. 31, 2015:
Regular dividends 91.00 yen, Commemorative dividends 20.00 yen (40th anniversary commemorative dividends)

3. Consolidated Forecasts for Fiscal Year ending March 31, 2016

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	
Six months ending September 30, 2015	41,800	6.4	4,300	7.7	4,300	7.2	3,300	—	108.96
FY ending March 31, 2016	86,000	4.7	9,800	2.7	9,800	1.6	7,000	91.3	231.14

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

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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) Changes in accounting policies, changes in accounting estimates, and restatements

i. Change in accounting policies :	Yes
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)	
1st quarter ended June 30, 2015:	32,200,000
FY ended March 31, 2015:	32,200,000
ii. Number of treasury shares at the fiscal year end	
1st quarter ended June 30, 2015:	1,914,871
FY ended March 31, 2015:	1,914,685
iii. Average number of shares outstanding during the period	
1st quarter ended June 30, 2015:	30,285,167
1st quarter ended June 30, 2014:	30,555,368

* 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)-1. Earnings Forecasts” under “1. Qualitative Information on the Consolidated Results for the 1st Quarter,” “(3) Explanation of Forecast Information Such as Consolidated Earnings Forecast, etc.”

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1. Qualitative Information on the Consolidated Results for the 1st Quarter

(1) Qualitative Information on the Consolidated Operating Results

Figure 1: Summary ; Consolidated Operating Results

(Millions of yen, rounded down)	1st Q FY ended June 30, 2014	1st Q FY ended June 30, 2015	YoY Amount	Change (%)
Net Sales	19,014	20,780	＋1,766	＋9.3%
Cost of Sales	14,350	15,487	＋1,137	＋7.9%
SG&A Expenses	3,084	3,002	(81)	(2.7)%
Operating Income	1,579	2,290	＋710	＋45.0%
Ordinary Income	1,590	2,285	＋695	＋43.7%
Income before income taxes	1,589	2,279	＋689	＋43.3%
Profit Attributable to Owners of Parent	876	1,404	＋527	＋60.2%

(1)-1. Consolidated Operating Results

During the three months from April 1, 2015 to June 30, 2015, the Japanese economy faced an uncertain outlook due to economic trends in emerging markets, debt issues in Europe and other factors. However, supported by the government's economic and fiscal policies, the economy recovered at a moderate pace due to factors such as growth in capital investment amid an improvement in corporate earnings.

Under these circumstances, many leading manufacturers, which are the major clients of the Company, continued steady investments in technological development looking to the next generation regardless of the business conditions. Thanks to a strong order environment, the number of engineers assigned to clients steadily increased.

As a result, consolidated net sales for the period under review increased ¥1,766 million, or 9.3%, from a year earlier to ¥20,780 million. Consolidated cost of sales rose ¥1,137 million, or 7.9%, from a year earlier to ¥15,487 million, chiefly because of higher labor costs due to an increase in the number of engineers as 474 new graduates joined us in April 2015 (MT: 299, MF: 175). Consolidated selling, general and administrative expenses declined ¥81 million, or 2.7%, from a year earlier to ¥3,002 million. Consolidated operating income increased ¥710 million, or 45.0%, from a year earlier to ¥2,290 million. Consolidated ordinary income rose ¥695 million, or 43.7%, from a year earlier to ¥2,285 million.

Profit attributable to owners of parent increased ¥527 million, or 60.2%, from a year earlier to ¥1,404 million. Effective from the first quarter under review, the Company has adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and other accounting standards. As a result, former “net income” is now shown as “profit attributable to owners of parent.”

(1)-2. Operating Results of Business Segments

Effective October 1, 2014, the Company merged with its consolidated subsidiary Meitec CAE. As a result, the operating results of Meitec CAE, which had been included in the Engineering Solutions Business segment, have been presented within the Temporary Staffing Business segment since the third quarter of the previous fiscal year.

Therefore for this item, to facilitate comparison with the same period of the previous fiscal year, figures for the same period of the previous fiscal year have been reclassified according to the segment after the said change.

Figure 2: Summary；Results of Three Business Segments

(Millions of yen, rounded down)		Meitec Group (Consolidated)	Temporary Staffing Business	Recruiting & Placement Business	Engineering Solutions Business	Eliminations / Corporate
Net Sales		20,780	20,067	368	405	(60)
	Component Ratio	100.0%	96.6%	1.8%	2.0%	(0.3%)
	YoY Amount	＋1,766	＋1,648	＋63	＋76	(22)
	%Change	＋9.3%	＋9.0%	＋21.0%	＋23.3%	—
Operating Income		2,290	2,145	129	13	3
	Component Ratio	100.0%	93.7%	5.6%	0.6%	0.1%
	YoY Amount	＋710	＋612	＋62	＋31	＋3
	%Change	＋45.0%	＋40.0%	＋93.9%	—	—

Figure 3: Meitec Group Temporary Engineer Staffing Business

		1st Q FY ended June 30, 2014	1st Q FY ended June 30, 2015
MT*1+MF*2+CAE*3	Period-End Engineering Staff[1]	7,939	8,343
MT*1+MF*2	Period-End Engineering Staff[1]	7,843	8,343
	Utilization ratio (Company-wide)	91.2%	93.7%
	Utilization ratio (Excluding new hires[2])	96.5%	98.0%
MT*1	Period-End Engineering Staff[1]	6,226	6,574
	Of which assigned to internal engineering projects[1]	58	46
	Utilization ratio (Company-wide)	91.5%	94.5%
	Utilization ratio (Excluding new hires[2])	96.2%	97.9%
	Working Hours	8.86h/day	8.82h/day
MF*2	Period-End Engineering Staff	1,617	1,769
	Utilization ratio (Company-wide)	90.0%	91.0%
	Utilization ratio (Excluding new hires[2])	97.9%	98.2%
	Working Hours	8.93h/day	8.91h/day
CAE*3	Period-End Engineering Staff [3]	96	—

*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 website for monthly and quarterly utilization ratio figures:
http://www.meitec.co.jp/e/ir/financial_performance.html

Note 3: On October 1, 2014, CAE engineers were integrated into Meitec.

(1)-2. Operating Results of Business Segments

(1)-2.i Temporary Staffing Business

Net sales in the Temporary Staffing Business segment for the period under review increased ¥1,648 million, or 9.0%, from a year earlier to ¥20,067 million. The reason for this increase was an increase in the number of engineers assigned to clients in the Temporary Staffing Business, which accounts for more than 90% of consolidated net sales, particularly in the professional staffing business for engineers, the core business of this segment. Operating income increased ¥612 million, or 40.0%, from a year earlier to ¥2,145 million.
The Company's non-consolidated utilization ratio (overall) was 94.5%, compared with 91.5% in the same period of the previous fiscal year, with newly graduated engineers assigned to clients largely in line with plan.
Also, working hours were steady at 8.82 hours/day (8.86 hours/day for the same period of the previous fiscal year).

(1)-2.ii Recruiting & Placement Business

The Recruiting & Placement Business segment operates job placement and information portal site businesses for engineers.
Net sales in the Recruiting & Placement Business increased ¥63 million, or 21.0%, from a year earlier to ¥368 million, and operating income increased ¥62 million, or 93.9%, to ¥129 million.
Meitec Next achieved sales and profit growth due to an increase in the number of job placements.

(1)-2.iii Engineering Solutions Business

The Engineering Solutions Business segment provides technology support services for printed-circuit boards.
Net sales in the Engineering Solutions Business for the period under review rose ¥76 million, or 23.3%, from a year earlier to ¥405 million, and operating income of ¥13 million was posted, compared with an operating loss of ¥18 million a year earlier.
Apollo Giken Group saw an increase in sales, and returned to operating profitability after recording an operating loss a year earlier.

Figure 4: Summary；Meitec Group Results

(Millions of Yen, rounded down)		Temporary Staffing Business				Recruiting & Placement Business			Engineering Solutions Business
		Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec NEXT	all engineer. jp	Meitec Shanghai HR, etc.	Apollo Giken Gr.
Net Sales		16,359	3,109	659	16	333	34	8	405
	YoY Amount	＋1,469	＋312	＋44	＋5	＋71	＋7	(5)	＋76
	YoY %	＋9.9%	＋11.2%	＋7.3%	＋49.5%	＋27.5%	＋28.0%	(42.8%)	＋23.3%
Operating Income		1,919	192	33	(5)	125	15	(14)	12
	YoY Amount	＋608	＋16	＋8	＋1	＋40	＋11	＋15	＋32
	YoY %	＋46.5%	＋9.4%	＋35.9%	—	＋47.2%	＋366.8%	—	—
Ordinary Income		2,395	193	32	(5)	125	15	(14)	12
	YoY Amount	＋663	＋16	＋8	＋1	＋40	＋11	＋15	＋31
	YoY %	＋38.3%	＋9.2%	＋34.2%	—	＋47.3%	＋317.4%	—	—
Net Income		1,636	120	21	(5)	84	13	(14)	8
	YoY Amount	＋504	＋14	＋6	＋1	＋29	＋9	＋15	＋31
	YoY %	＋44.6%	＋13.9%	＋43.1%	—	＋53.2%	＋301.1%	—	—

Note: On October 1, 2014, Meitec CAE, a consolidated subsidiary, was merged into Meitec. Consequently, for calculating YoY changes, Meitec's results for the first three months of the previous fiscal year do not include Meitec CAE's results.

(2) Qualitative Information on the Consolidated Financial Position

Figure 5: Overview of the Consolidated Financial Position

(millions of yen, rounded down)	FY ended March 31, 2015	1st Q FY ended June 30, 2015	YoY Amount	Change (%)
Total current assets	51,639	47,168	(4,471)	(8.7%)
Total noncurrent assets	13,458	13,431	(27)	(0.2%)
Total assets	65,098	60,599	(4,498)	(6.9%)
Total current liabilities	15,797	11,735	(4,061)	(25.7%)
Total noncurrent liabilities	11,735	11,867	+131	＋1.1%
Total liabilities	27,532	23,602	(3,929)	(14.3%)
Total shareholders' equity	39,619	38,994	(625)	(1.6%)
Total accumulated other comprehensive income	(2,103)	(2,048)	+55	―
Non-controlling interests	48	50	+1	＋3.7%
Total net assets	37,565	36,996	(568)	(1.5%)
Total liabilities and net assets	65,098	60,599	(4,498)	(6.9%)

(2)-1. Assets

Total consolidated assets at the end of the first quarter (June 30, 2015) decreased ¥4,498 million from March 31, 2015 to ¥60,599 million. This mainly reflected a decline of ¥4,471 million in current assets from the previous fiscal year-end due to a drop in cash and deposits.
The drop in cash and deposits was mainly due to the payment of bonuses and income taxes payable, along with year-end dividends for the previous fiscal year.

(2)-2. Liabilities

Total consolidated liabilities as of June 30, 2015 decreased ¥3,929 million from March 31, 2015 to ¥23,602 million. This mainly reflected a decrease of ¥4,061 million in current liabilities from the previous fiscal year-end.
The decrease in current liabilities was mainly due to a decrease in provision for bonuses after the payment of bonuses, and a decline in income taxes payable.

(2)-3. Net Assets

Total consolidated net assets as of June 30, 2015 decreased ¥568 million from March 31, 2015 to ¥36,996 million. This mainly reflected an increase in retained earnings due to business performance in the period under review, offset by declines in retained earnings for the payment of dividends and other factors.

(3) Explanation of Forecast Information Such as Consolidated Earnings Forecast, etc.

(3)-1. Earnings Forecasts

As the consolidated operating results for the three months ended June 30, 2015 were mostly in line with the initial earnings plan for the period, the full-year forecasts for the fiscal year ending March 31, 2016 have not been revised.

For details of these forecasts, please refer to the Consolidated Financial Report for the Fiscal Year ended March 31, 2015, released on May 12, 2015, 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.

For details of our basic policy regarding profit distribution, please refer to the Consolidated Financial Report for the Fiscal Year ended March 31, 2015, released on May 12, 2015, 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. Summary information (Notes)

(1) Application of special accounting for preparing quarterly consolidated financial statements

Tax expenses

Tax expenses are calculated by multiplying the income before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the income before income taxes for the fiscal year including the first quarter ended June 30, 2015.

(2) Changes in accounting policies, changes in accounting estimates, and restatements

Changes in accounting policies

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter under review, the Company adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013) and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013). As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the start of the first quarter under review, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period in which the business combination occurs. In addition, the presentation method for “net income” and other related items has been changed, and “minority interests” are now presented as “non-controlling interests.” To reflect these changes, the Company has restated its quarterly and full-year consolidated financial statements for the first three months of the previous fiscal year and the previous fiscal year.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of the standard commenced at the start of the first quarter under review and will continue going forward.

This change has no impact on profit and loss.

3. Consolidated Financial Statements

(1)Consolidated Balansce Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2015	The 1st Quarter ended Jun. 30, 2015
Assets		
Current assets		
Cash and deposits	34,773,112	30,349,841
Notes and accounts receivable - trade	12,858,068	12,440,274
Work in process	292,824	562,091
Other	3,718,562	3,818,703
Allowance for doubtful accounts	(2,950)	(2,764)
Total current assets	51,639,617	47,168,145
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,069,807	4,030,497
Other, net	3,138,039	3,141,664
Total property, plant and equipment	7,207,847	7,172,161
Intangible assets		
Other	701,060	730,539
Total intangible assets	701,060	730,539
Investments and other assets		
Other	5,576,671	5,555,734
Allowance for doubtful accounts	(26,875)	(26,832)
Total investments and other assets	5,549,796	5,528,901
Total non-current assets	13,458,703	13,431,603
Total assets	65,098,321	60,599,749
Liabilities		
Current liabilities		
Accounts payable - trade	145,185	109,248
Income taxes payable	2,189,512	836,410
Provision for directors' bonuses	80,509	28,483
Provision for bonuses	5,955,984	2,808,302
Provision for loss on liquidation of subsidiaries and associates	5,859	2,064
Other	7,420,394	7,951,418
Total current liabilities	15,797,445	11,735,928
Non-current liabilities		
Net defined benefit liability	11,709,194	11,843,294
Other	26,023	23,740
Total non-current liabilities	11,735,218	11,867,034
Total liabilities	27,532,663	23,602,963
Net assets		
Shareholders' equity		
Capital stock	16,825,881	16,825,881
Capital surplus	7,275,447	7,275,447
Retained earnings	20,488,993	19,863,915
Treasury shares	(4,970,365)	(4,971,115)
Total shareholders' equity	39,619,957	38,994,129
Accumulated other comprehensive income		
Revaluation reserve for land	(646,046)	(646,046)
Foreign currency translation adjustment	(579)	(1,123)
Remeasurements of defined benefit plans	(1,456,612)	(1,400,930)
Total accumulated other comprehensive income	(2,103,238)	(2,048,100)
Non-controlling interests	48,938	50,756
Total net assets	37,565,657	36,996,785
Total liabilities and net assets	65,098,321	60,599,749

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Thousands of Yen)

	The 1st Quarter ended Jun. 30, 2014	The 1st Quarter ended Jun. 30, 2015
Net sales	19,014,383	20,780,607
Cost of sales	14,350,485	15,487,845
Gross profit	4,663,897	5,292,761
Selling, general and administrative expenses	3,084,184	3,002,439
Operating income	1,579,712	2,290,321
Non-operating income		
Interest income	439	1,423
Dividend income	795	—
Rent income	2,046	1,090
Other	8,549	2,519
Total non-operating income	11,830	5,032
Non-operating expenses		
Commitment fee	1,140	951
Taxes and dues	—	5,611
Other	168	2,889
Total non-operating expenses	1,309	9,452
Ordinary income	1,590,234	2,285,902
Extraordinary losses		
Loss on retirement of non-current assets	331	0
Impairment loss	—	6,830
Other	—	4
Total extraordinary losses	331	6,834
Income before income taxes and minority interests	1,589,903	2,279,067
Income taxes	717,185	873,197
Profit	872,717	1,405,869
Profit (loss) attributable to non-controlling interests	(3,466)	1,832
Profit attributable to owners of parent	876,183	1,404,037

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	The 1st Quarter ended Jun. 30, 2014	The 1st Quarter ended Jun. 30, 2015
Profit	872,717	1,405,869
Other comprehensive income		
Valuation difference on available-for-sale securities	2,293	—
Foreign currency translation adjustment	(2,953)	(524)
Remeasurements of defined benefit plans, net of tax	45,979	55,682
Total other comprehensive income	45,319	55,157
Comprehensive income	918,036	1,461,027
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	921,628	1,459,175
Comprehensive income attributable to non-controlling interests	(3,592)	1,851

(3) Notes to Quaterly Financial Statements

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

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