Results for the Fiscal Year Ended March 31, 2013

May 9, 2013

Meitec Group

Ⅰ. Report of Meitec Group <Consolidated>

MEITEC

<Consolidated Results for FY2012>

- For the Fiscal Year ended March 31, 2013 -

(Millions of Yen)

		Net Sales	Operating Income	Ordinary Income	Net Income
Consolidated	FY2012	70,330	6,354	6,427	5,993
	FY2011	66,955	5,450	5,531	2,827
	Change(%)	5.0%	16.6%	16.2%	112.0%
Non-Consolidated	FY2012	55,822	5,402	5,698	6,056
	FY2011	53,188	4,613	4,988	2,590
	Change(%)	5.0%	17.1%	14.2%	133.8%

※ For the FY 2012, decline in tax expenses due to dissolution of a subsidiary（BMOA）is included in the net income.

＜NOTE: Past Forecasts for the Fiscal Year Ended March 31, 2013＞ (Million of Yen)

		Net Sales	Operating Income	Ordinary Income	Net Income
Revision of Forecast Consolidated Performances	Nov. 08, 2012	70,300	6,000	6,100	5,800
	May. 10, 2012	69,500	5,500	5,500	5,500

This table is a summary of our consolidated results for the fiscal year ended March 31, 2013. In the fiscal year under review, we attained sales and profit growth year on year on both a consolidated and non-consolidated basis. On a consolidated basis, we posted net sales of ¥70,330 million, a growth of 5.0% from a year earlier, operating income of ¥6,354 million, a growth of 16.6%, ordinary income of ¥6,427 million, a growth of 16.2%, and net income of ¥5,993 million, a growth of 112.0%.

We achieved all of the earnings targets shown in the lower rows that were revised upward on November 8, 2012.

As indicated in the note (in red), we booked a substantial increase of more than 100% in net income compared with a year earlier, owing to a decrease of roughly ¥2,400 million in tax expenses. This reflects the transfer of a retained loss carryforward to Meitec, in tandem with the liquidation of our subsidiary BMOA in the fiscal year under review.

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<Overview of the market for the Fiscal Year Ended March 31, 2013>

1. Status of Meitec Group's main customer, manufacturers

- Many leading manufacturers, our main customers, steadily continued investments in technological development looking to next generation innovation, despite concerns or expectations regarding future business conditions.
- Continuing with thorough cost cutting after the Lehman Shock.

2. Status of our core business, temporary engineer staffing

- As many of our customers maintained their investments in technological development, the Company continued to land new contracts as in the previous fiscal year.

＊Assignments of newly graduated engineer (MT:220, MF:169) who joined us on April 1, 2012 were completed by the end of 2nd quarter.

- The Company almost achieved the recruitment target for new graduates for April 1, 2013, but has been struggling with mid-career recruitment.

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This is an overview of market conditions for the fiscal year ended March 31, 2013

In the first half of the fiscal year under review, business sentiment was grim due to macroeconomic factors including the deceleration of the Chinese economy, sluggish economies in Europe, and ongoing yen appreciation. It is our impression that there was a high level of uncertainty.

In the second half, hopes for economic recovery started growing due to *Abenomics*, the economic stimulus package of the new administration. *Abenomics* triggered a positive turnaround in business confidence and led to the depreciation of the yen and a rise in stock prices in the 4th quarter.

At the same time, a number of leading manufacturers, who are our main customers, continued to invest in technological development, looking ahead to next-generation innovation, regardless of concerns or expectations for future business conditions. Amid these conditions, although we have not seen an impact on orders or earnings as of yet, working hours have not returned to levels prior to the Lehman Shock. Consequently, we continue to implement the far-reaching cost control measures we introduced after the Lehman Brothers' collapse.

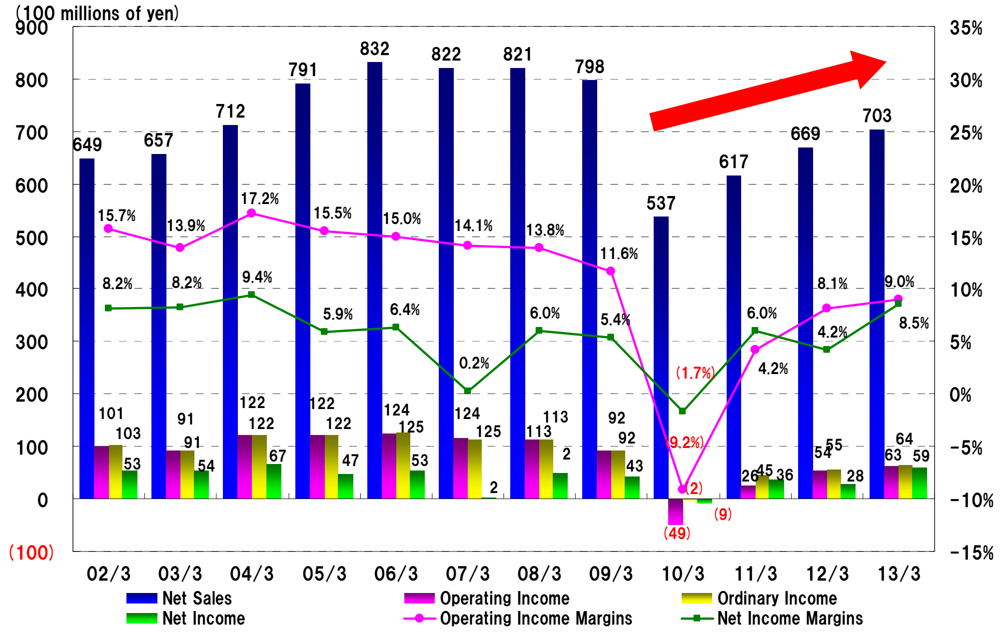
Under such circumstances, we were able to continue to land new contracts in our core business of Temporary Engineer Staffing.

In particular, in April 2012, Meitec Group recommenced the regular recruitment of new graduate engineers after a three year interval. A total of 389 new graduate engineers consisting of 220 in Meitec and 169 in Meitec Fielders were placed at their respective workplaces in the first half of the fiscal year under review. This was another factor that substantially contributed to our sales and profit growth.

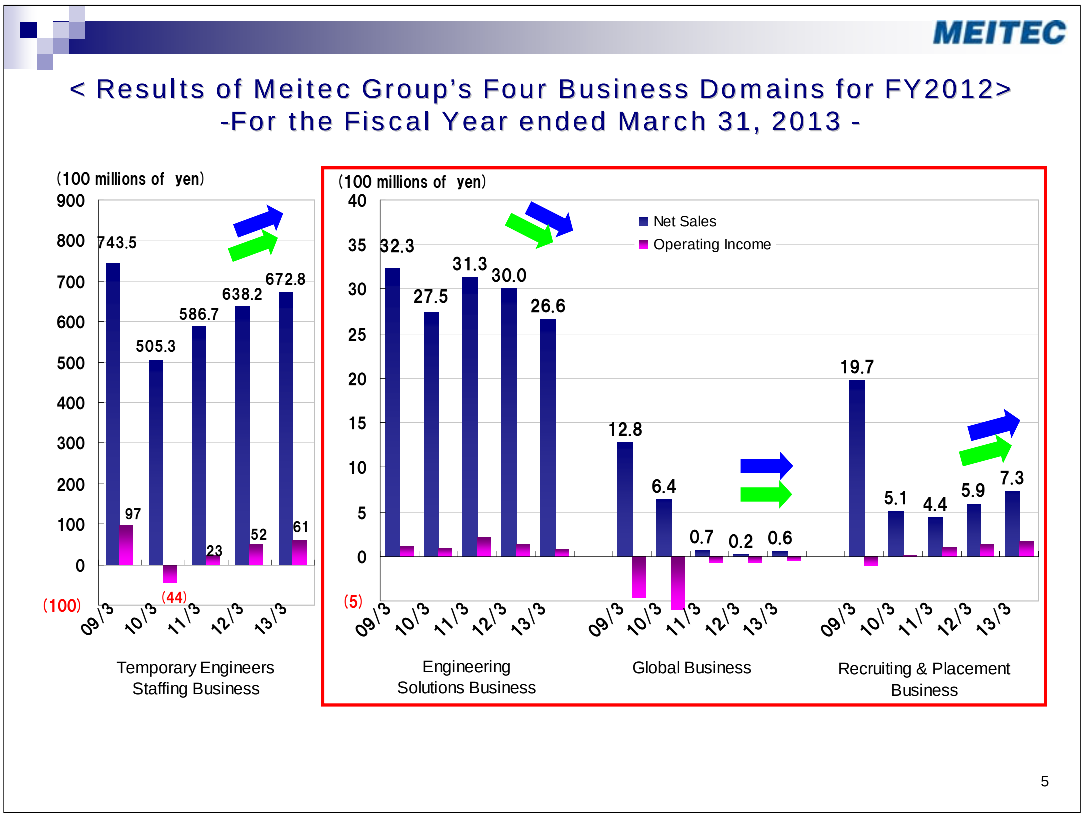
However, we have been struggling with mid-career recruitment. We assume that this will have a negative impact on our future earnings. We explain this in detail on page 30.

＜ Consolidated Results for FY2012＞

- For the Fiscal Year ended March 31, 2013 -



This graph shows a ten-year summary of consolidated results of the Meitec Group. Our performance has been recovering steadily from the sharp decrease after the Lehman Shock.



Temporary Staffing Business is our core business, accounting for approximately 95% of consolidated net sales. This business is run by Meitec, Meitec Fielders, and Meitec Cast. Both sales and profit from this business increased steadily.

Net sales of three of the business domains, inside the red square, account for approximately 5% of consolidated net sales.

Each of these businesses is working to enhance the value of the core Temporary Engineers Staffing Business and is being carried out strategically to gear up for future growth.

The Engineering Solutions Business is mainly engaged in prototype production, manufacturing, and sales of printed circuit boards, as well as analytical services using computers. Net sales and operating income from this business declined as orders did not increase as planned, due to tough business conditions for our customers, electronics manufacturers.

Global Business, which places engineers with Japanese manufacturers operating in China, performed steadily as planned in the first half of the fiscal year under review. However, the business momentum slowed due to the impact of anti-Japan sentiment in the latter half. Accordingly, net sales and operating income were flat in comparison with the previous fiscal year.

The Recruiting & Placement Business engages in job placement, of engineers in particular. Net sales and operating income increased steadily. Given the solid performance of our Recruiting & Placement Business, we expect greater demand in the mid-career recruitment market for engineers.

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<Meitec Group Results for FY 2012>

- For the Fiscal Year ended March 31, 2013 -

(Millions of Yen)

		Net Sales	Operating Income	Ordinary Income	Net Income
Temporary Engineers Staffing Business	Meitec	55,822	5,402	5,698	6,056
	Meitec Fielders	9,349	648	651	378
	Meitec Cast	2,409	84	86	53
Engineering Solutions Business	Meitec CAE	1,102	127	127	73
	Apollo Giken Group	1,558	(37)	(31)	2
Global Business	Meitec Shanghai *	67	(57)	(57)	(57)
Recruiting & Placement Business	Meitec Next	734	221	221	201
	all engineer.jp	8	(43)	(43)	(44)
Consolidated **		70,330	6,354	6,427	5,993

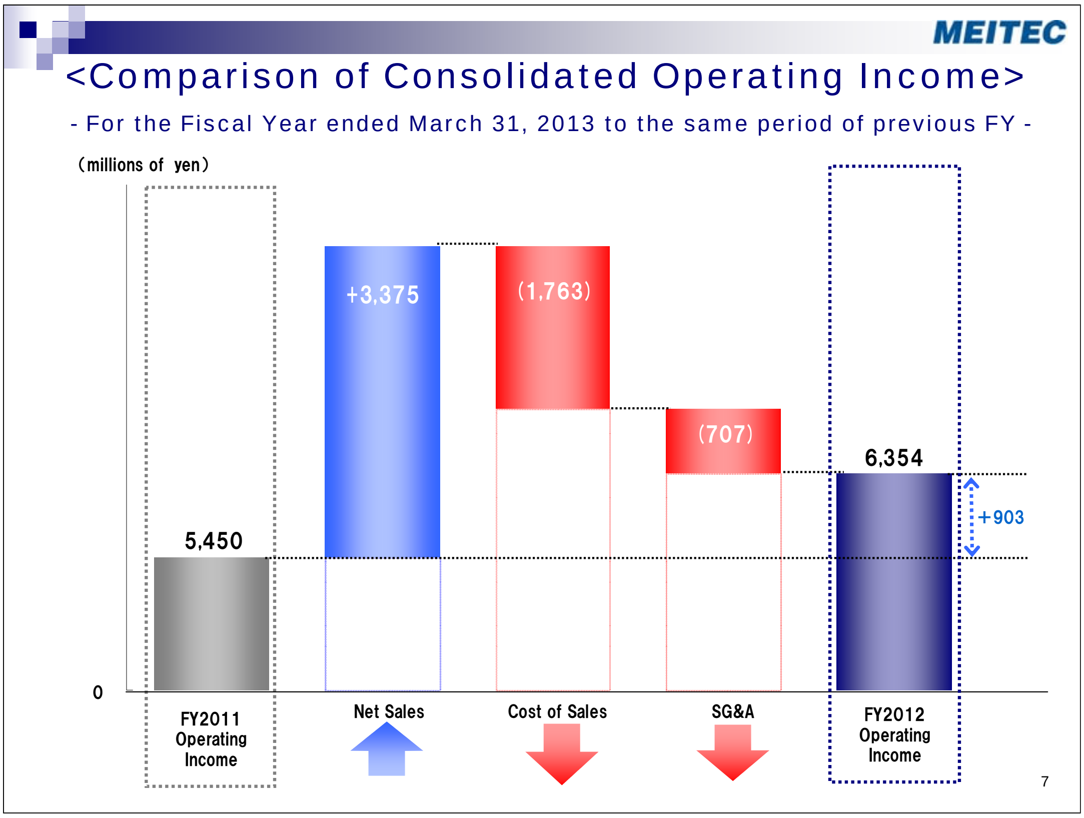
*Amount for the Global Business is total of Meitec Shanghai, Meitec Xian, Meitec Chengdu and Meitec Shanghai Human Resources.

**After Inter-Company Elimination Adjustments

This table shows the results for Group companies in the period under review. Sales and profit rose from the preceding year for the Group overall. However, Apollo Giken Group, Global Business in China, and all engineer.jp posted an operating loss.

Reasons for the operating loss recorded by Apollo Giken Group and Global Business are presented on page 5.

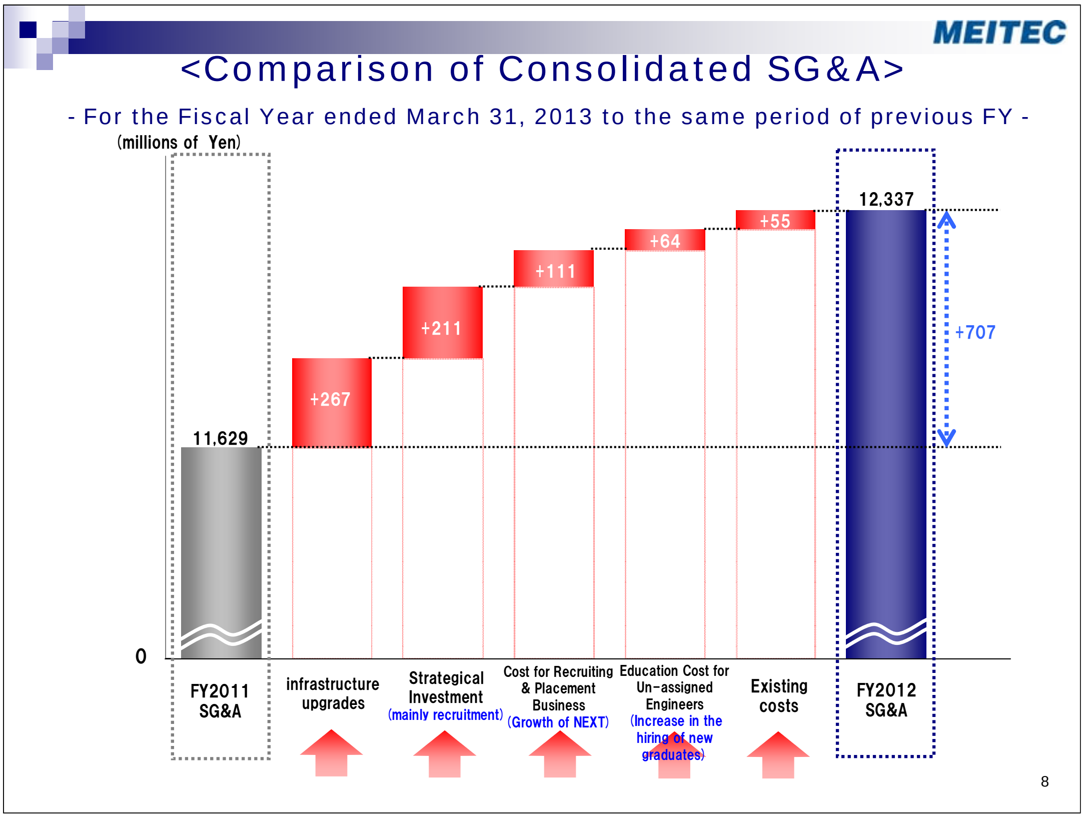
At all engineer.jp, we are currently setting up a new portal site business, which will get under way in October 2013 and will draw in and involve engineers from all over Japan. The main objective of this business is to promote and raise recognition of the Meitec Group among engineers throughout Japan. As we are still in the preparation stages, the business is posting a loss.



This graph compares the consolidated operating income for the period under review with that of a year earlier. In FY2012, consolidated operating income was ¥6,354 million, an increase of ¥903 million from the consolidated operating income of ¥5,450 million a year earlier.

The increase was attributable to the growth in net sales which was offset by increases in cost of sales and SG&A expenses. The increase in cost of sales was mainly attributable to an increase in labor costs including personnel expenses as a result of increased recruitment of engineering staff for Meitec and Meitec Fielders.

For details of SG&A expenses, please see page 8.



In FY2012, consolidated SG&A expenses were ¥12,337 million, an increase of roughly ¥700 million from ¥11,629 million in the previous fiscal year. This increase reflects five factors.

IT infrastructure upgrade costs reflect ongoing spending being implemented to improve productivity.

The increase in strategic investment is due to spending on recruitment aimed at medium- to long-term growth.

Costs for the Recruiting & Placement Business (growth of NEXT) increased as expenses rose in tandem with brisk performance in the job placement business.

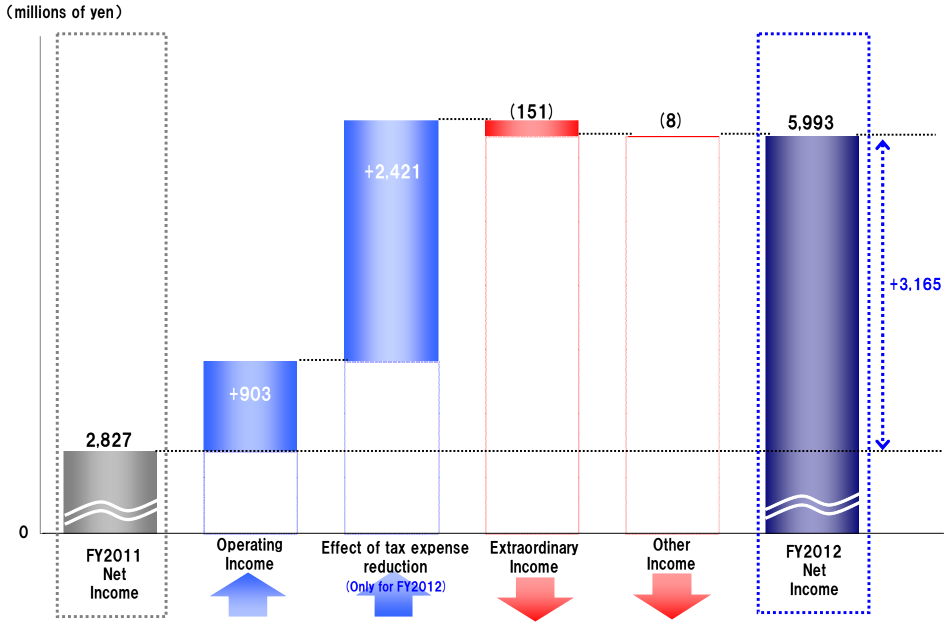
Education costs for newly recruited graduates who are not yet placed increased, as we recommenced the regular recruitment of newly graduated engineers after a three year interval in April 2012.

Existing costs rose mainly reflecting general operational costs.

Strategic investments, the cost of training new graduates, and existing costs are essential for the medium- to long-term growth that should accompany the increase in hiring. On the other hand, these costs can be limited in line with business conditions.

<Comparison of Consolidated Net Income>

- For the Fiscal Year ended March 31, 2013 to the same period of previous FY -



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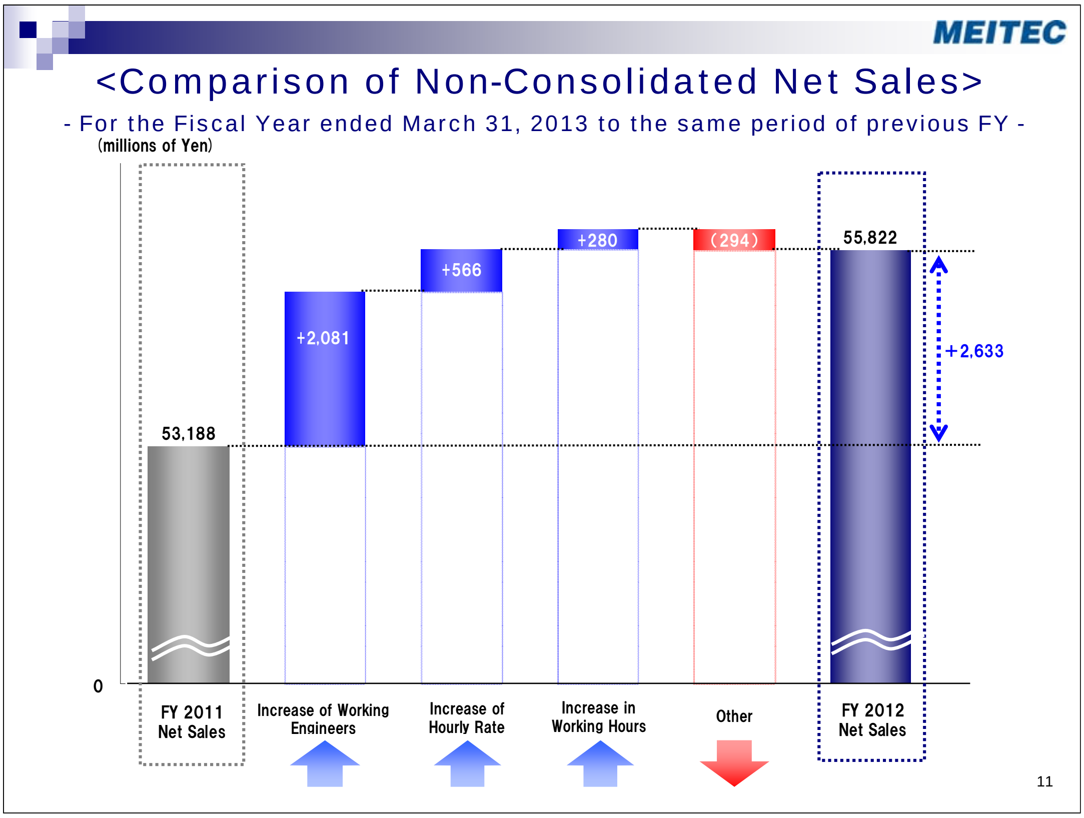
The graph compares consolidated net income and loss with that of a year earlier.

In FY2012, we posted net income of ¥5,993 million, an increase of ¥3,165 million from ¥2,827 million in the previous fiscal year. In general, the growth of net income mainly reflects an increase in operating income. However, in FY2012, the increase is mainly attributable to a decrease in tax payments owing to the liquidation of a subsidiary (BMOA). Evidently, this is a one-off factor.

Ⅱ. Report of Meitec <Non-Consolidated>



This is an overview of the non-consolidated results of Meitec.

In FY2012, non-consolidated net sales totaled ¥55,822 million, a rise of roughly ¥2,600 million from the ¥53,188 million posted in the prior fiscal year.

Three factors resulted in an increase in net sales.

The three factors that impact net sales at Meitec are an increase in the number of placed engineers, a rise in the hourly rate, and an increase in working hours, which is the average number of service hours provided daily. All three factors related to net sales during the fiscal year under review indicate positive growth from a year earlier.

The increase in the number of placed engineers was mainly associated with the resumption of full-fledged recruitment of new graduates. The average contract rate per hour improved owing to a higher hourly rate. Increased working hours contributed slightly to net sales and brought a positive impact.

Other factors decreased net sales by around ¥290 million, mainly the impact of the leap year in 2012. In February of FY2011, the leap year added an additional operating day in February, in contrast to a normal year. This is an irregular negative factor that only occurs once every four years.

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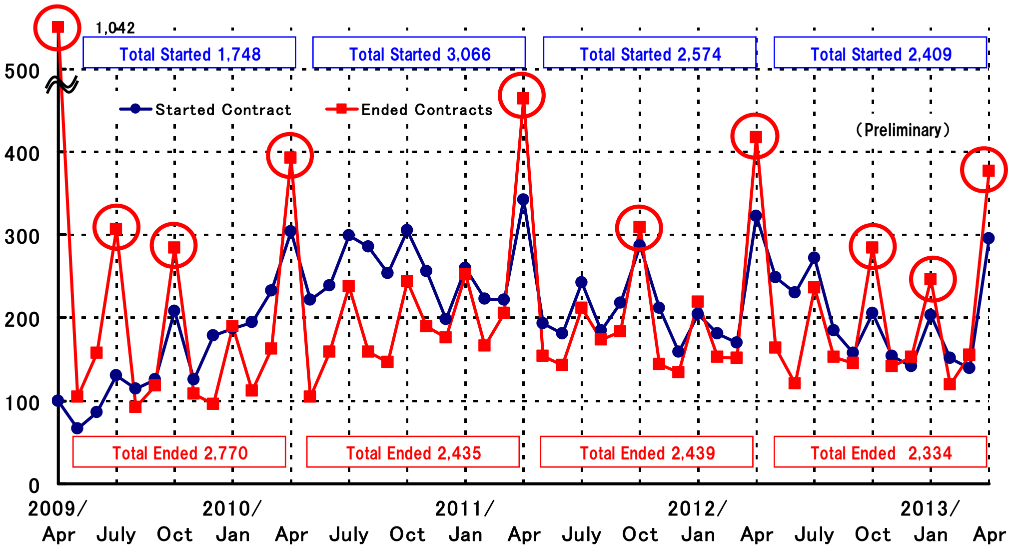
<Trend of New Contracts (Non-Consolidated)>

- From Apr. 2009 to Mar. 2013 -



This graph indicates monthly trends in the number of new and ended contracts of Meitec Corporation.

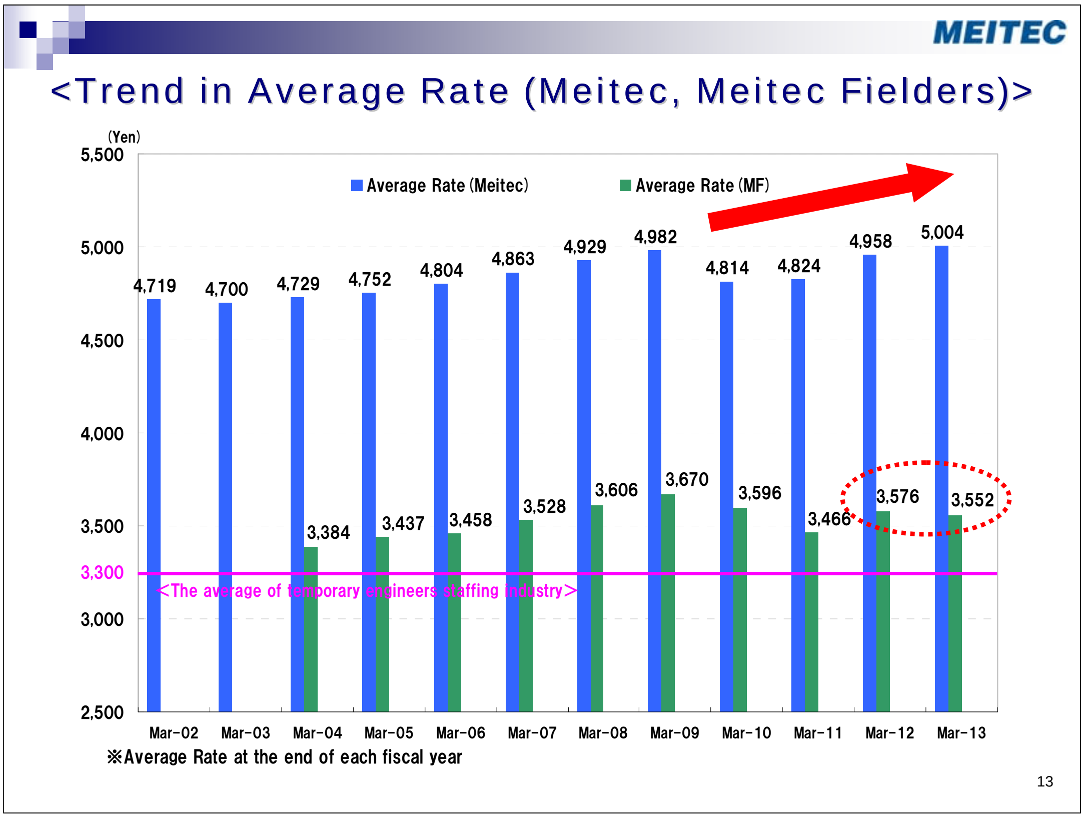
Soon after the Lehman Shock, we saw a substantial number of contract terminations, 2,770 contracts were ended in 2009. Although the number of contracts that were terminated declined to 2,334 in the fiscal year under review, it is still higher, currently 2,300 to 2,400 annually, than the annual average that ranged from 1,200 to 1,300, recorded before the Lehman Shock.

This reflects the recent trend of shorter contract periods, whereby contracts are renewed every three months. To eliminate surplus labor, the number of customers who terminate contracts in conjunction with the completion of a project is increasing.

Although we are seeing a shortening of the actual contract period, we believe this is not having a major impact on contract trends at this stage since our customers continue to renew contracts.

Sales and profits increase when the annual number of new contracts exceeds the annual number of ended contracts. From 2010 onward, the annual number of new contracts has been surpassing the annual number of ended contracts.

We also have preliminary data for April 2013. The numbers of new and ended contracts are both at a high level in April, as our customers generally review annual budgets in tandem with the start of the fiscal year in April. In April 2013, the number of ended contracts was around 380, which was around 40 less than the approximately 420 ended contracts in April 2012. We assume this reflects a favorable turnaround in corporate sentiment but we believe these trends require longer scrutiny.



This graph shows the trend in the average hourly rate.

In the temporary engineer staffing industry, the estimated average hourly rate is ¥3,300. Meitec provides temporary engineer staffing services mainly for jobs that require a high level of skill and therefore the hourly rate is about 50% higher than the industry average.

Hourly rates declined temporarily due to the negative impact of the Lehman Shock. From FY2011 we achieved annual rate hikes to levels close to those prior to the Lehman Shock.

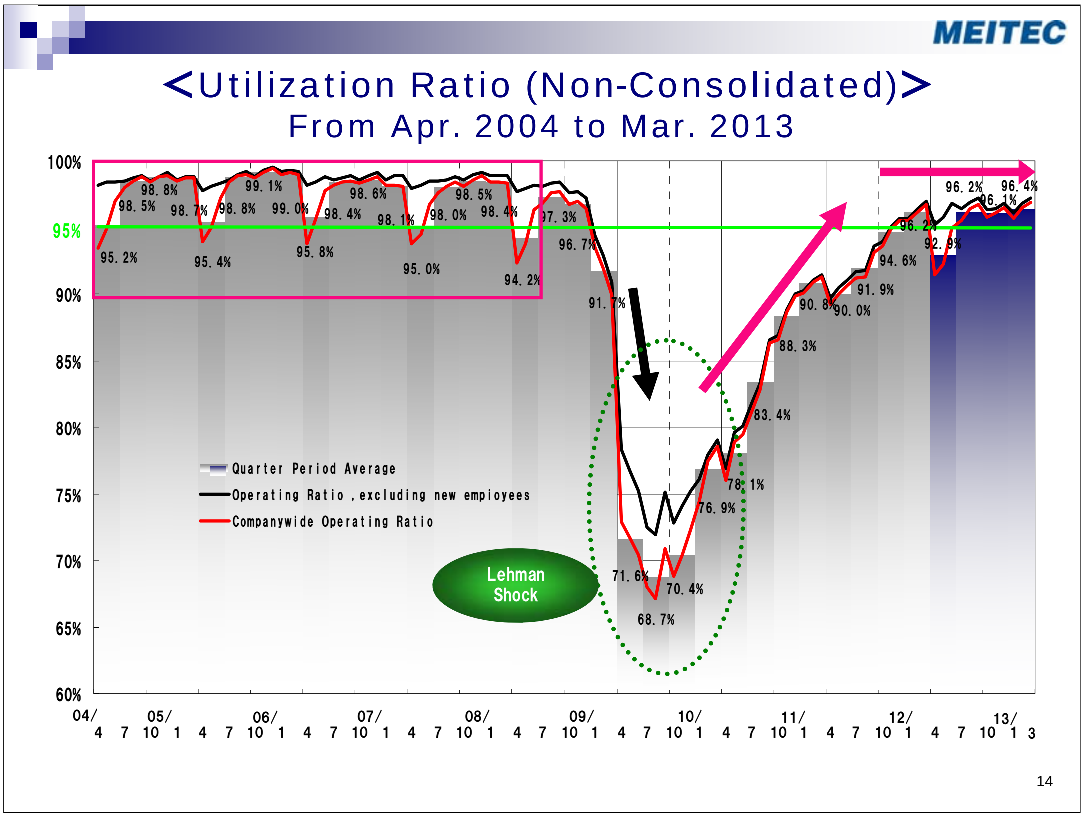
In FY2012, our hourly rate rose to an unprecedented ¥5,004. As a point of fact, rates have not returned to levels seen prior to the Lehman Shock. Prior to the Lehman Shock, we recruited 300–400 newly graduated engineers annually. Rates for newly graduated engineers brought down the overall average rate. Nonetheless, we still attained an average hourly rate of around ¥4,700 to ¥4,900.

From FY2009 to FY2011, a period of roughly 3 years, we essentially froze the hiring of new graduates. In light of this, the overall average rate was shored up due to the absence of newly graduated engineers whose rates usually lower the overall average rate.

In FY2012, we recruited 220 new graduates. Although this triggered a slight rate reduction, we still achieved an average rate of ¥5,004.

Excluding these newly graduated engineers, the average rate, or average unit price, is still lower than the level prior to the Lehman Shock. We therefore plan to continue to carry out measures to improve rates.

The green bars represent the average hourly rates at Meitec Fielders. The company provides services at a slightly higher rate than the industry average. In contrast with FY2011, the rate declined marginally as its recruitment of new graduates in April 2012 accounted for roughly 10% of all of its engineers. In light of this, we believe the recruitment of new graduates had a strong impact on weighing down the average rate. However, excluding the impact of new graduate recruitment, we believe Meitec Fielders achieved a similar rate hike to that of Meitec.



This graph shows the trend in the utilization ratio, one of key indicators for Meitec Corporation. A utilization ratio that exceeds the 95% level indicated by the green line is viewed as solid.

The utilization ratio dropped sharply to below 70%, due to the negative impact of the Lehman Shock. In contrast, our utilization ratio was higher than 95% in FY2011, indicating we had moved out of the trough created by the Lehman Shock.

In FY2012, our utilization ratio for the full year was 95.4%. This indicates that we achieved a utilization ratio of more than 95% despite having recruited 220 new graduates.

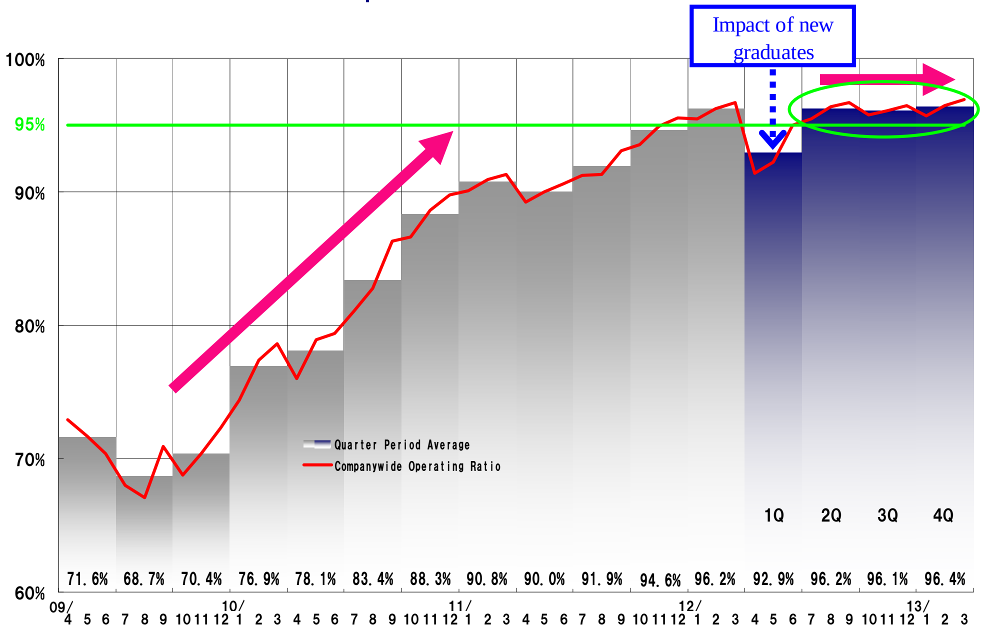
Looking at the left hand side of the graph of each year, there is a decline in the utilization ratio in almost every first quarter of the respective fiscal year which then rises from the second to fourth quarter. In the first quarter of the fiscal year under review the utilization ratio also slightly declined.

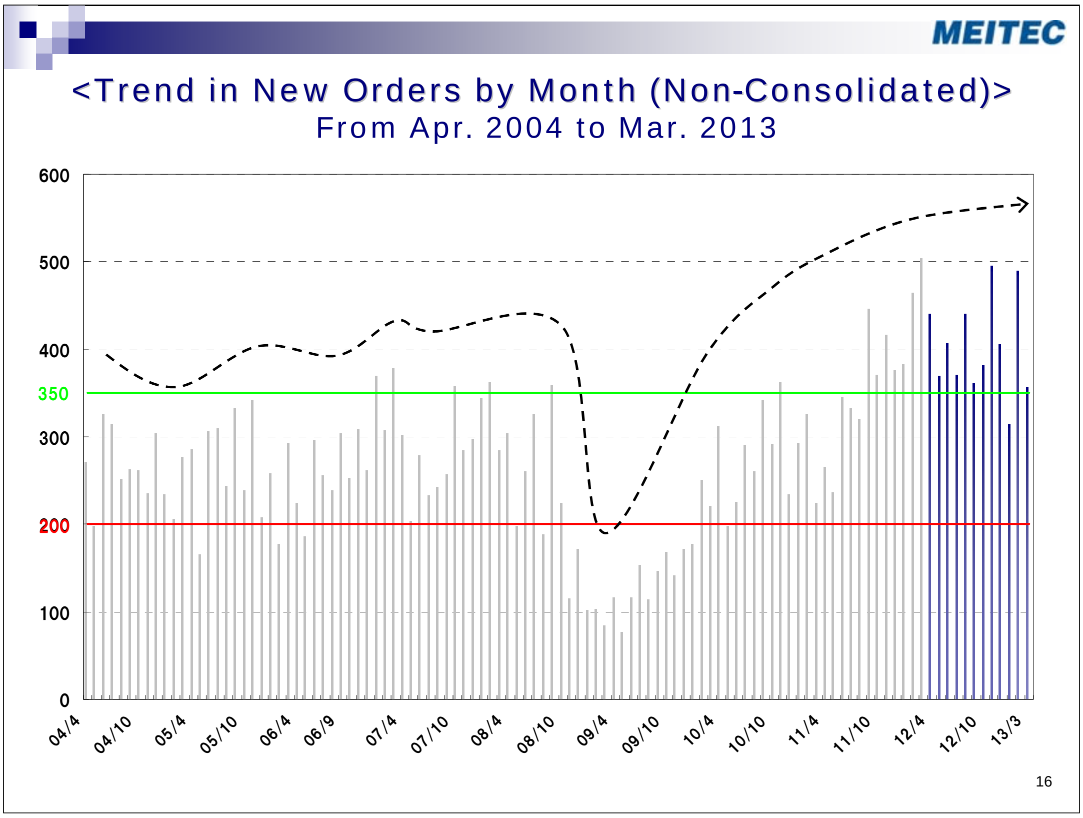
This decline in the first quarter of each fiscal year reflects the increase in the number of nonplaced engineers who are newly graduated engineers. These newly graduated engineers are placed in the second to third quarter which boosts the utilization ratio. This is the sales and profit growth pattern of Meitec in general.

The graph on page 15 shows details of the trends in our utilization ratio.

＜Utilization Ratio (Non-Consolidated)＞

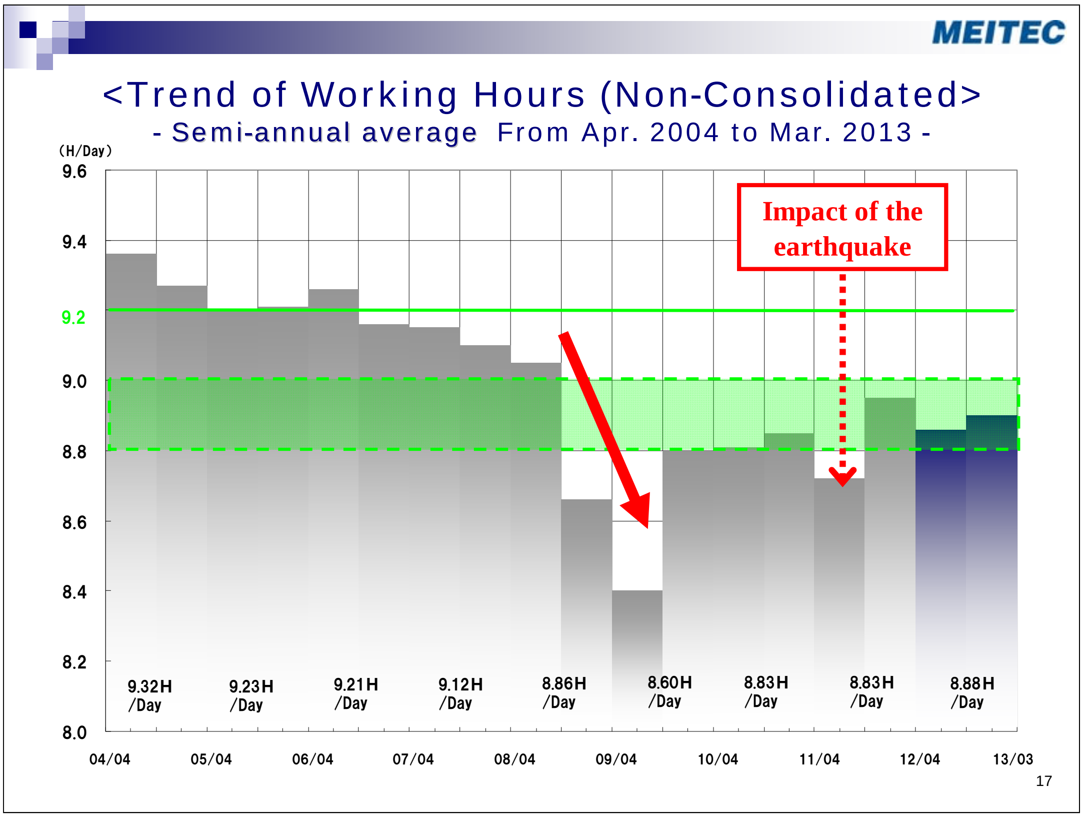
From Apr. 2009 to Mar. 2013





This graph represents the monthly trend in new orders received. We deem the market stable when the monthly number of new orders received exceeds 350, whereas it is dangerously low when the number is below 200.

In FY2012, new orders continued steadily for the full year. We did not see a substantial change in new order levels in the first half and second half of the fiscal year. Consequently, as we discussed earlier, these order trends reflect the ongoing technological investment aimed at medium- to long-term growth.



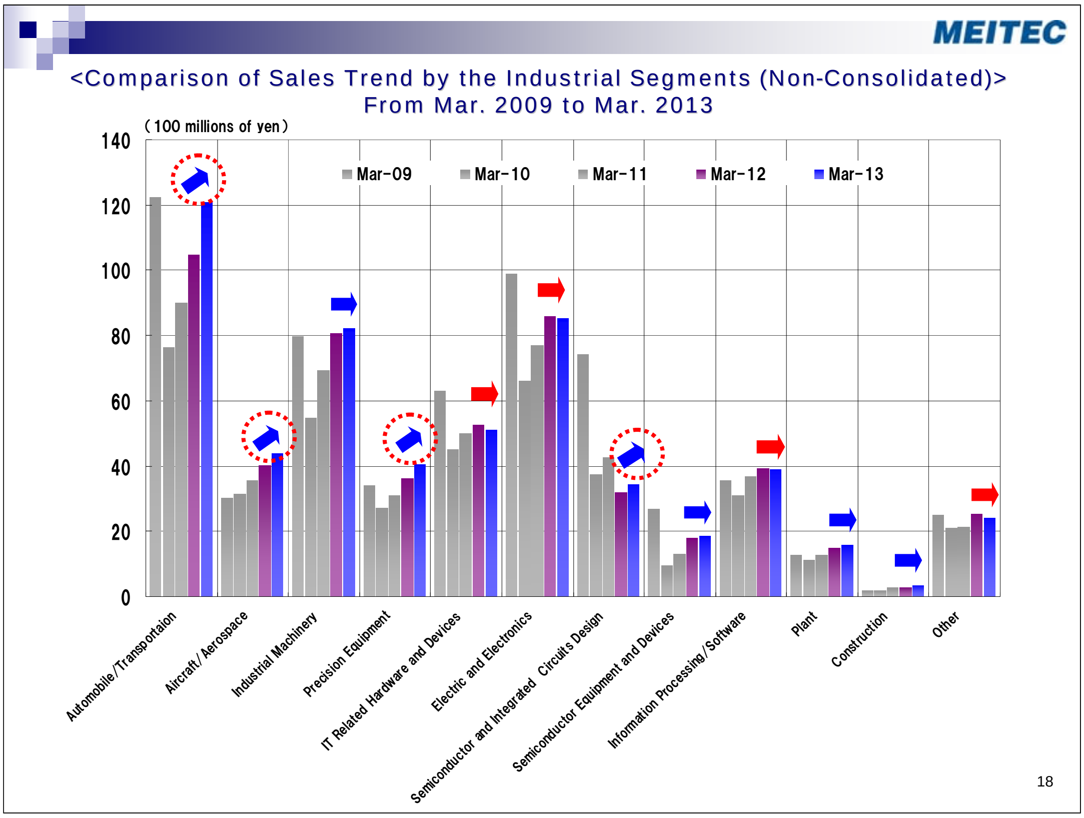
This is a graph of the trends in working hours per day.

This is the number of hours of services provided per day and reflects the number of overtime hours.

This is a key indicator, as 0.1 hour is commensurate with approximately 1.0% of total sales.

Prior to the Lehman Shock, the working hours exceeded 9.2 hours per day. Currently, we believe the working hours per day are likely to fluctuate between 8.8 and 9.0 hours per day (green zone in the graph). This is because our customers have tightened cost controls and have intensified restrictions regarding overtime work, which is a common practice these days.

We do, however, expect working hours to turn upward when our customers' businesses become more favorable, allowing them to secure a budget for business development. Given this assumption, we will continue to watch this trend.



This graph indicates the trend in non-consolidated net sales by segment.

In FY2012, sales were driven by demand from the automobile-related sector. Sales were also strong in three industrial sectors, aircraft and aerospace, precision equipment, and semiconductors and integrated circuit design, shown in red-dotted circles.

Meanwhile, sales in electric and electronics and IT-related hardware and devices sectors trended almost flat, reflecting sluggish performance among major Japanese electronics manufacturers. The trend in net sales indicates the impact on Meitec's business performance.

However, we note that net sales in these sectors did not decrease. In this sense, it is evident that major Japanese electronics manufacturers continue to take a positive stance toward investment in technological development to the best of their ability.

In addition, as Meitec covers such broad industrial sectors, it is well positioned to keep and improve business performance through rotation of engineers into favorable industrial sectors when a specific sector becomes weak. This is one of Meitec's strengths.

Ⅲ. Mid-Term Management Plan "Co-creation 21"

(From April 1, 2011 to March 31, 2014)

＜Purpose of
the Mid-Term Management Plan＞

1.Recovery of the damage （damage to the corporate value） caused by the Lehman Shock

2.Building foundation for next growth

Our three-year Mid-Term Management Plan emphasizes two objectives.

The first is to recover from the damage caused by the Lehman Shock—that is, to mend tarnished corporate value.

The second is to build a foundation for further growth.

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1.Recovery of the damage（damage to the corporate value）caused by the Lehman Shock 【Meitec alone】

	Index	FY2009 （Lehman Shock）	FY2012
Value to Employees	Utilization Ratio (for year)	71.9% →	95.4%
Value to Customers	Number of Customers (at the end of FY)	856 →	1,049
Malue to Shareholders	Stock Price (Yen) (at the end of FY)	1,831 →	2,343
《Operating Income》 (millions of yen)		(2,900) →	5,400

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With regard to the progress of recovery from damage from the Lehman Shock and from the damage to corporate value, we compare conditions at the time of the Shock in FY2009 with recent conditions in FY2012.

We restored value to employees, demonstrated by an improvement in the utilization ratio, recovering from 71.9% to 95.4%. In terms of value to customers, the number of customers grew from 856 to 1,049. These two values returned to a level almost that during normal operations.

Meanwhile, the stock price which refers to value to shareholders rose from ¥1,831 to ¥2,343. Operating income improved from a loss of ¥2,900 million to a profit of ¥5,400 million. Nevertheless, we acknowledge that we need to take additional steps to further improve value to shareholders and operating income.

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①Sales and Profit Target

(Revised according to the forecast for the FY ending March 2014)

＜Fiscal Year Ending March 2014＞

- Consolidated Sales: over 77,000 million yen
（over 73,500 million yen）
 ＊Non-consolidated sales to be recovered to the level before the Lehman Shock（over 58,000 million yen）
- Consolidated Operating Income: over 7,500 million yen
（over 6,400 million yen）
 ＊Non-consolidated operating income ratio to be equal or more than 10%（equal or more than 9%）
- Consolidated ROE: equal or more 10%

②Strategic Target (In Progress)

Building bases for next growth

(Meitec alone)

Build a stronger business base to realize the continuous growth in mid- to long-term regardless of whether the market is in crisis or not

➡＊Seven Strategic targets for Meitec alone are set in next page

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In the final year of the three-year Mid-Term Management Plan, we lowered our sales and profit targets stated in ① to match the performance forecast for the fiscal year ending March 31, 2014. The reasons for the downward revision are explained on page 29.

Our strategic target stated in ② is the second management target—building foundations for the next stage of growth. We are currently embarking on measures to build a strong business base to realize continuous growth in the mid- to long term, regardless of whether the market is in crisis or not.

We are aiming to become a strong company by achieving 7 Strategic Targets, starting with the Target of Sales and Engineer Management Strategy.

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《 Key Points of Mid-term Management Plan》

- **Meitec will build stronger business base according to the 7 strategic targets of the plan**
- **Due to the strategic investments according to the plan, operating income will be lower than that of before the Lehman Shock for next three years**
- **Main purpose is to avoid losses in the scale of the recent crisis, even if we have to face a crisis in the same level as the Lehman Shock**
- **After achieving the targets of the plan, we will set higher target for the operating income**

The Mid-Term Management Plan emphasizes four key points.

The details as stated are the same as those from last year but we would like to provide additional information for the fourth point.

The key factor in raising Meitec Group's sales and profits is associated with an increase in the number of placed engineers. In FY2013, we plan to hire a total of about 630 persons, 379 new recruits to join Meitec Corporation in April, and 250 mid-career engineers. We aim to improve our sales and profit growth structure by restoring the pattern of recruiting 600–650 engineers to Meitec Corporation and placing newly graduated engineers in the first half of the fiscal year ending March 31, 2014.

Accordingly, we believe that we can accelerate the growth of operating income in FY2014 and beyond by achieving our recruitment plan for the fiscal year ending March 31, 2014.

Ⅳ. Forecast for FY Ending March 31, 2014

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<Assumptions for the Fiscal Year Ending March 2014>

1. **Manufacturers will continue to invest in technological development.**
2. **Complete assignment of new engineers who joined in April 2013 (379 for Meitec and 167 for Meitec Fielders) by the end of the 2nd quarter.**
3. **Achieve target for mid-career recruitment (＊see page 32 for recruitment plan).**
4. **Continue to execute a strategic investment plan (for Meitec alone) to build a stronger business base in order to realize continuous mid- to long-term growth regardless of whether or not we are in crisis. (＊Mid-term Management Plan “Co-creation 21”)**

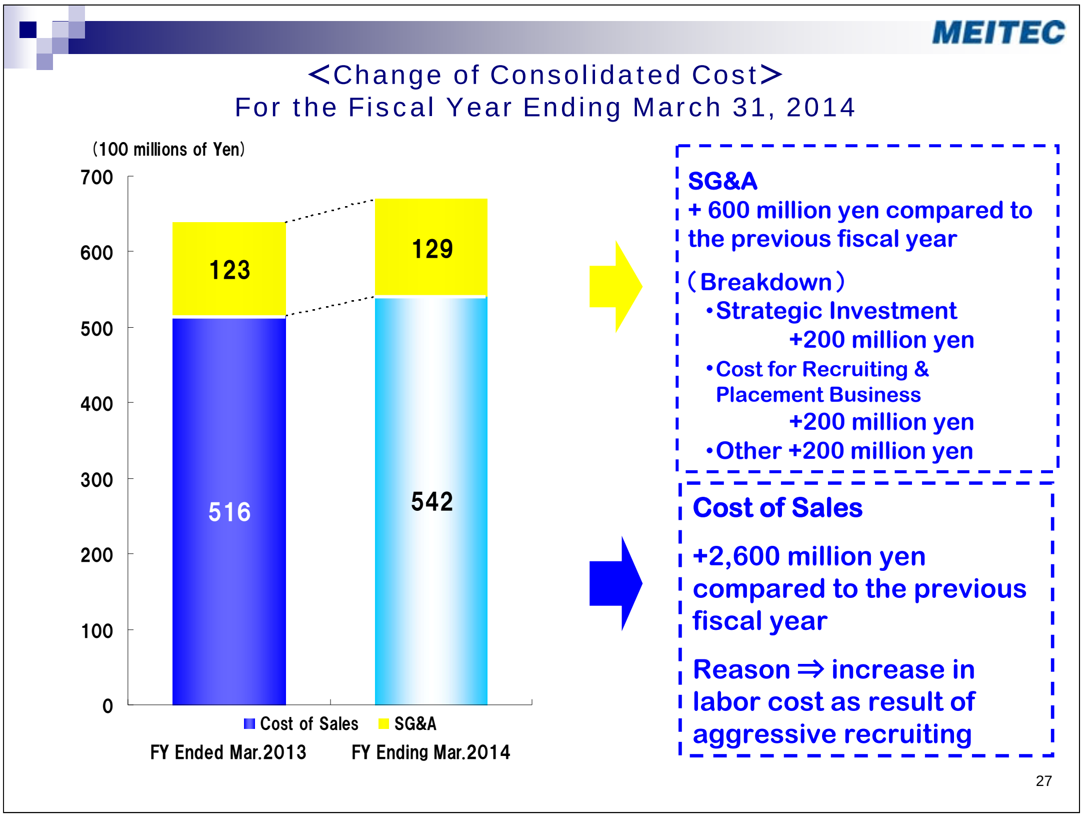
There are four assumptions for the fiscal year ending March 31, 2014.

Our first assumption is regarding market conditions. We anticipate that manufacturers will continue to invest in technological development.

The second is regarding our marketing efforts. We plan to complete the placement of all of our newly graduated engineers who joined Meitec in April 2013 by the end of the first half of the fiscal year ending March 31, 2014.

The third is about our recruitment target. We plan to achieve the mid-career recruitment plan as stated on page 32.

Fourth, we plan to move forward with the aforementioned Mid-Term Management Plan, and continue with medium- to long-term investments.



This graph indicates our cost estimates.

We estimate SG&A expenses at ¥12,900 million for the fiscal year ending March 31, 2014, an increase of ¥600 million from ¥12,300 million in the fiscal year ended March 31, 2013. The breakdown of the increase is ¥200 million for strategic investments related to mainly hiring costs, ¥200 million for the Recruiting & Placement Business, and ¥200 million in other costs.

We estimate the cost of sales to be ¥54,200 million for the fiscal year ending March 31, 2014, an increase of ¥2,600 million from ¥51,600 million in the fiscal year ended March 31, 2013. This cost increase primarily reflects higher labor costs owing to an increase in recruitment of engineers at Meitec and Meitec Fielders.

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<Forecasts ; Fiscal Year Ending March 31, 2014>

(Millions of Yen)

		Net Sales	Operating Income	Odrdinary Income	Net Income
Consolidated	1st Half of FY2013 Apr to Sep 2013	35,500	2,600	2,600	1,500
	1st Half of FY2012 Apr to Sep 2012	34,130	2,891	2,945	1,692
	Change (%)	4.0%	(10.1%)	(11.7%)	(11.3%)
	FY2013	73,500	6,400	6,400	4,000
	FY2012	70,330	6,354	6,427	5,993
	Change (%)	4.5%	0.7%	(0.4%)	(33.3%)
Non-consolidated	1st Half of FY2013 Apr to Sep 2013	28,000	2,200	2,600	1,650
	1st Half of FY2012 Apr to Sep 2012	27,125	2,460	2,739	1,593
	Change (%)	3.2%	(10.6%)	(5.1%)	3.6%
	FY2013	58,000	5,400	5,800	3,600
	FY2012	55,822	5,402	5,698	6,056
	Change (%)	3.9%	(0.1%)	1.8%	(40.6%)

※ impact from number of newly graduates hired 【Number of newly graduates hired for FY2012, MT:379, MF:167】

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In FY2013, consolidated performance forecast calls for net sales of ¥73,500 million, operating income of ¥6,400 million, ordinary income of ¥6,400 million, and net income of ¥4,000 million. On a non-consolidated basis, we expect net sales of ¥58,000 million, operating income of ¥5,400 million, ordinary income of ¥5,800 million, and net income of ¥3,600 million.

As we discussed earlier, we plan to hire 600–650 people at Meitec Corporation in FY2013 and expect to accelerate the increase in operating income from FY2014 onward. Accordingly, in FY2013, the rise in cost of sales caused by the increased head count will squeeze our operating income. Especially in the first half of FY2013, we look for a decline in operating income of around 10% on both a consolidated and non-consolidated basis compared with the same period of FY2012. However, we expect a profit growth, although marginal, on a consolidated basis.

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<Supplementary Information Pertaining to Performance Forecast for the Fiscal Year Ending March 31, 2014>

(Reasons for revisions to sales and profit targets of the Mid-term Management Plan)

1. **Sales target was revised to 73,500 million yen from the initial sales target of over 77,000 million yen in the Mid-term Management Plan (shortfall of 3,500 million yen).**
2. **The shortfall in sales was attributable to the fact that the number of assigned employees fell short of the targeted number in the Mid-term Management Plan.**
3. **Reason behind this, the actual number of recruits in the past two years fell short of the targeted number in the recruitment plan.**
4. **While the Company steadily achieved the targeted number of recruits from among new graduates, the Company could not achieve the target for mid-career recruitment due to the;**

① Due to the macroeconomic factors such as the European financial crisis and the Great East Japan Earthquake, and by the slump in electronics industry, we inhibited the mid-career recruitment.

② Since last year, mid-career recruitment market has become more demanding due to the increased recruitment of mid-career engineer by the manufacturing companies.

As we discussed earlier, this is supplementary information pertaining to the performance forecast for the fiscal year ending March 31, 2014.

These are also the reasons for revisions to sales and profit targets of the Mid-Term Management Plan.

Initially, our sales target was more than ¥77,000 million when we launched the Mid-Term Management Plan two years ago in April 2011. In contrast, our sales forecast for FY2013 is ¥73,500 million, which is ¥3,500 million lower than the target set in the Mid-Term Management Plan.

The main reason for the shortfall in sales is stated in the fourth item—we steadily achieved the targeted number of recruits from among new graduates but we could not achieve the target for mid-career recruitment. There are two reasons for this.

First, we limited mid-career recruitment intentionally due to macroeconomic factors such as the Great East Japan Earthquake and financial crisis in Europe, as well as sluggish business performance in the electronics industry. Increasing the number of recruits is essential for business growth and for an increase in sales and profits; however, it is also risky in terms of cost increases. We think it is necessary to take a flexible stance in management decisions related to the recruitment of mid-career engineers and base decisions on current economic conditions.

Second, there is greater demand in the mid-career recruitment market as the number of manufacturing companies seeking mid-career engineers increases. From 2012, demand for engineers, especially mechanical and electrical engineers, has increased. , Since we will not be able to achieve our mid-career recruitment target, there is a negative outlook for the short term. Meanwhile, because demand for engineers is increasing among manufacturing companies, our competitors, we believe such trend shows positive signs in terms of market conditions.

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<Forecasts for Meitec Group >

- Fiscal Year Ending March 31, 2014 -

(Millions of Yen)

			Net Sales	Operating Income	Ordinary Income	Net Income
Mar.31,2013	Temporary Engineers Staffing Business	Meitec	58,000	5,400	5,800	3,600
		Meitec Fielders	9,500	540	540	330
		Meitec Cast	2,400	60	60	30
	Engineering Solutions Business	Meitec CAE	1,100	140	140	80
		Apollo Giken Group	1,800	40	40	30
	Global Business	Meitec Shanghai *	100	(70)	(70)	(70)
	Recruiting & Placement Business	Meitec Next	880	200	200	190
		all engineer.jp	50	(20)	(20)	(20)

*Amount for the Global Business is total of Meitec Shanghai, Meitec Xian, Meitec Chengdu and Meitec Shanghai Human Resources.

This table shows the financial forecast for each Group company for the fiscal year ending March 31, 2014.

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<Prerequisites of Performance Forecast>

- (MT+MF) for Fiscal Year Ending March 31, 2014 -

		MT	MF
Utilization ratio	Fiscal Year2013	95.0% ↙ (95.4%)	91.4% ↙ (94.1%)
	1st Half	93.5% ↙ (94.5%)	87.3% ↙ (91.1%)
	2nd Half	96.6% ↗ (96.2%)	95.5% ↙ (97.1%)
Operating Hours	Fiscal Year2013	8.88h/day — (8.88h/day)	8.92h/day — (8.92h/day)
	1st Half	8.86h/day — (8.86h/day)	8.87h/day — (8.87h/day)
	2nd Half	8.90h/day — (8.90h/day)	8.96h/day — (8.96h/day)

※ ( ) Results of FY2012

※ ↗ increase ↙ decrease

This table indicates the basis for the performance forecasts.

The utilization ratio of Meitec and Meitec Fielders engineers and their working hours have considerable impact on fiscal results, so estimated rates and hours are presented here.

As mentioned earlier, the utilization ratio is expected to decline at Meitec and Meitec Fielders in the first half of FY2013 due to the hiring of newly graduated engineers.

Working hours are likely to remain on a par with the previous fiscal year.

<Recruitment Plan of Meitec Group: for Fiscal Year Ending March 31, 2014>

MEITEC

		MT	MF
Recruitment Plan	Newly Graduate (April 1, 2014)	400 (379)	150 (167)
	Mid carrier (throughout the year)	250 (185)	125 (101)
	Sub total	650 (564)	275 (268)
	Total	925 (832)	

※ ( ) Results of FY2012

※ Mid carrier has impact on performance of current FY

This is our recruitment plan for FY2013.

Meitec plans to recruit 400 new graduates, while Meitec Fielders plans to recruit 150. In terms of mid-career recruitment during the fiscal year, Meitec is going to hire 250 engineers and Meitec Fielders 125. The Meitec Group plans to hire a total of 925 engineers during the fiscal year ending March 31, 2014.

We plan to establish a system that enables Meitec Corporation to increase by 650 engineers, totaling 1,000 on a Group basis in FY2013.

Ⅴ. Shareholders Return

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<Dividend Forecast for the Fiscal Year Ending March 31, 2014>

	First quarter dividends	Second quarter dividends	Third quarter dividends	Year-end dividends	Total
Actual.Previous Fiscal Year ended March 31,2013		30.00		69.00	99.00
Forcast.Fiscal Year ending March 31,2014		31.50		40.50	72.00

- Dividend is determined according to the policy for profit return with consideration of the performance forecast.
- Dividend forecasts are: 31.5 yen* per share which is equivalent to consolidated dividend on equity ratio (DOE) of 5% at the end of 2nd quarter, and 40.5 yen per share which is equivalent to payout ratio of 50% of consolidated net income for the 2nd half of the fiscal year at the year-end, total of 72 yen for the fiscal year (27 yen decrease compared to that of previous fiscal year). Total amount of dividend is anticipated to be about 2,200 million yen.
- Purchase of treasury stock is planned to be 1,800 million yen according to the principle of total return ratio to be within 100%.

※ Total Return Ratio 100% = (total amount of expected dividend: 2,200 million yen + total amount to be used for the acquisition of the treasury stock: 1,800 million yen) / forecasted consolidated net income: 4,000 million yen

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Finally, we would like to remark on shareholder returns.

In FY2013, as indicated, we plan to distribute an annual dividend of 72.00 yen per share. This annual dividend will comprise an interim dividend of 31.50 yen per share and a year-end amount of 40.50 yen per share.

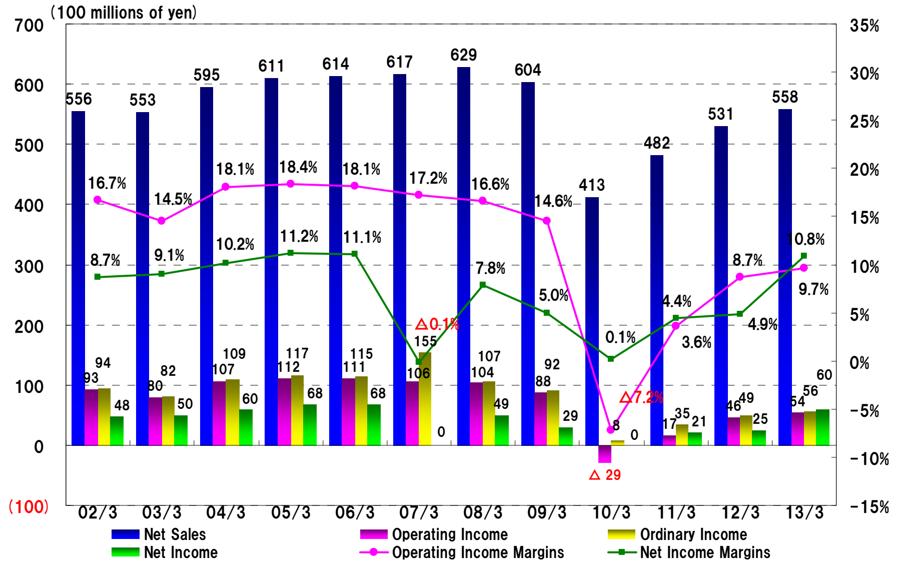
Our dividend policy is detailed on page 11 of the Consolidated Financial Report for the Fiscal Year Ended March 31, 2013, but basically, we aim for a payout ratio of 50% or more. If 50% of net income is less than 5% of dividend-on-equity (DOE), then the distribution will be based on a 5% DOE.

In keeping with this dividend policy, we will apply the 5% DOE calculation to the interim dividend, arriving at 31.50 yen per share. For the year-end dividend, we will apply the 50% payout ratio, pegged to consolidated net income in the second half of FY2013. This should come out to 40.50 yen per share and the total dividend should be approximately ¥2,200 million.

Consistent with the principle of a 100% total return ratio—as underlined in red—we plan to purchase ¥1,800 million worth of treasury stock in FY2013.

<Trend of the Performance (non-consolidated)>

- from Fiscal year ended March 2002 to Fiscal year ended March 2013-



<Core Business (Temporary engineers staffing business) Results FY2012>

			MT+MF+CAE	MT+MF	MT	MF	CAE
FY2012	Utilization Ratio	Actual	-	95.1%	95.4%	94.1%	-
		Previous Year	-	93.6%	93.2%	95.5%	-
	Operating Hours	Actual	-	-	8.88h/day	8.92h/day	-
		Previous Year	-	-	8.83h/day	8.84h/day	-
	Number of Engineers	Actual	6,878	6,800	5,510	1,290	78
		Previous Year	6,634	6,552	5,385	1,167	82

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<Sales by the Industrial Segments (Non-Consolidated)>

Millions of Yen

Segment	FY2008	FY2009	FY2010	FY2011	FY2012			
	Nete Sales				Net Sales	Total Net Sales (%)	Change	Change (%)
Automobile/Transportation	12,408	7,629	8,981	10,463	12,069	+21.6%	1,606	+15.3%
Aircraft/Aerospace	3,029	3,156	3,563	4,006	4,402	+7.9%	396	+9.9%
Industrial Machinery	7,988	5,463	6,933	8,073	8,205	+14.7%	132	+1.6%
Precision Equipment	3,411	2,710	3,101	3,608	4,041	+7.2%	432	+12.0%
IT Related Hardware and Devices	6,312	4,518	5,021	5,241	5,114	+9.2%	(127)	(2.4%)
Electric and Electronics	9,860	6,624	7,704	8,586	8,532	+15.3%	(53)	(0.6%)
Semiconductors and Integrated Circuits Design	7,459	3,749	4,270	3,197	3,424	+6.1%	226	+7.1%
Semiconductor Equipment and Devices	2,676	962	1,310	1,807	1,844	+3.3%	37	+2.1%
Information Processing/Software	3,510	3,100	3,666	3,925	3,886	+7.0%	(39)	(1.0%)
Plant	1,274	1,118	1,280	1,471	1,563	+2.8%	92	+6.3%
Construction	190	179	284	273	325	+0.6%	51	+18.7%
Others	2,335	2,106	2,141	2,531	2,412	+4.3%	(119)	(4.7%)
Total	60,457	41,319	48,260	53,188	55,822	+100.0%	2,634	+5.0%

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<Top 10 Clients by Sales and Shares of Net Sales>

(Non-consolidated)

＜ Five years ago ＞ ＜ Current ＞

(millions of yen)

Fiscal year ended March 31,2008			Fiscal year ended March 31,2012			Fiscal year ended March 31,2013		
Companies Name			Companies Name			Companies Name		
1 Panasonic			1 Mitsubishi Heavy Industries			1 Mitsubishi Heavy Industries		
2 Canon			2 Nikon			2 Nikon		
3 Sony			3 Canon			3 Panasonic		
4 Mitsubishi Heavy Industries			4 Panasonic			4 Denso		
5 Omron			5 Denso			5 Canon		
6 Denso			6 Toyota Motor			6 Toyota Motor		
7 Nikon			7 Sony			7 Sony		
8 Toyota Motor			8 Kawasaki Heavy Industries			8 Kawasaki Heavy Industries		
9 Seiko Epson			9 Daikin Industries			9 Toshiba		
10 Yazaki Parts			10 Mitsubishi Electric			10 Omron		
Top 10 Total	20,681	32.8%	Top 10 Total	15,476	29.1%	Top 10 Total	16,153	28.9%
Top 20 Total	27,429	43.6%	Top 20 Total	20,821	39.1%	Top 20 Total	22,239	39.8%
Others	35,527	56.4%	Others	32,367	60.9%	Others	33,583	60.2%
Total	62,956	100.0%	Total	53,188	100.0%	Total	55,822	100.0%

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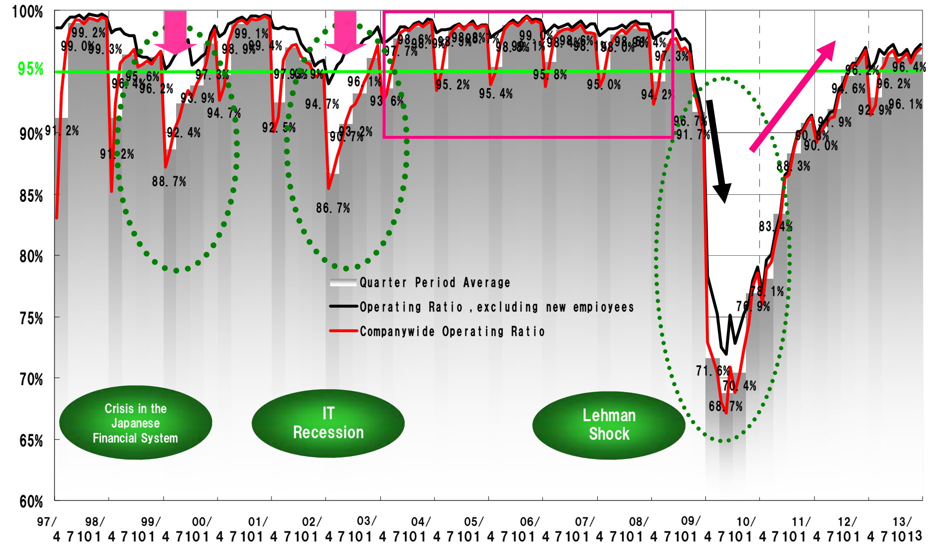
＜Utilization Ratio (Non-Consolidated)＞



Appendix-5

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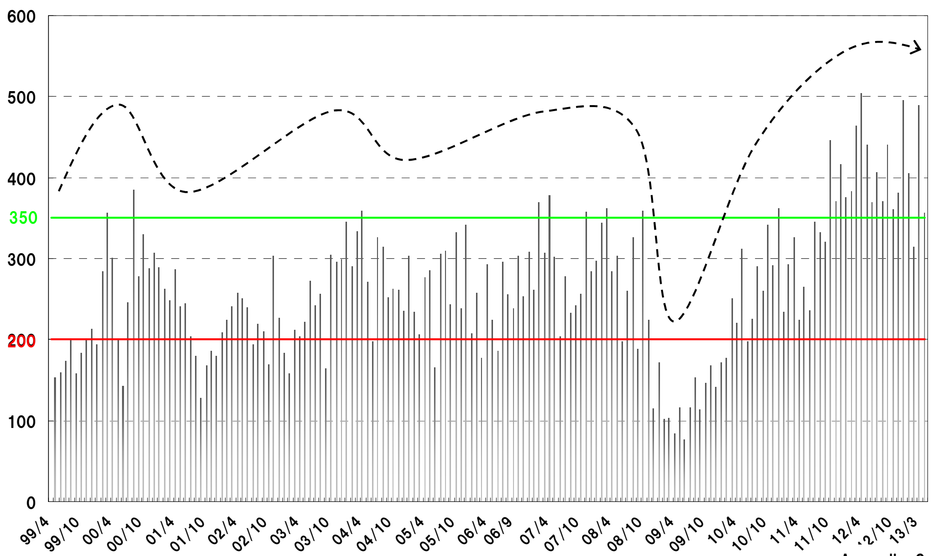
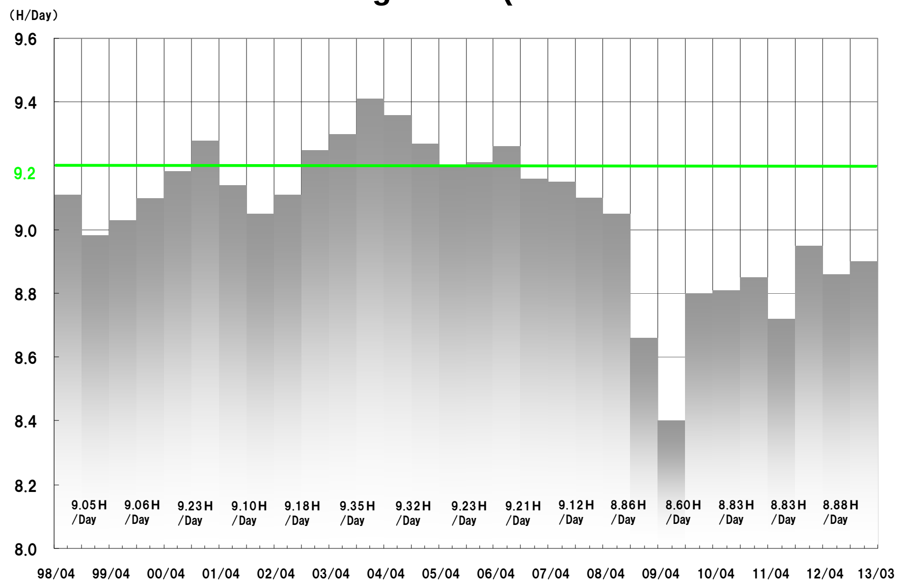
<Trend in New Orders by Month (Non-Consolidated)>

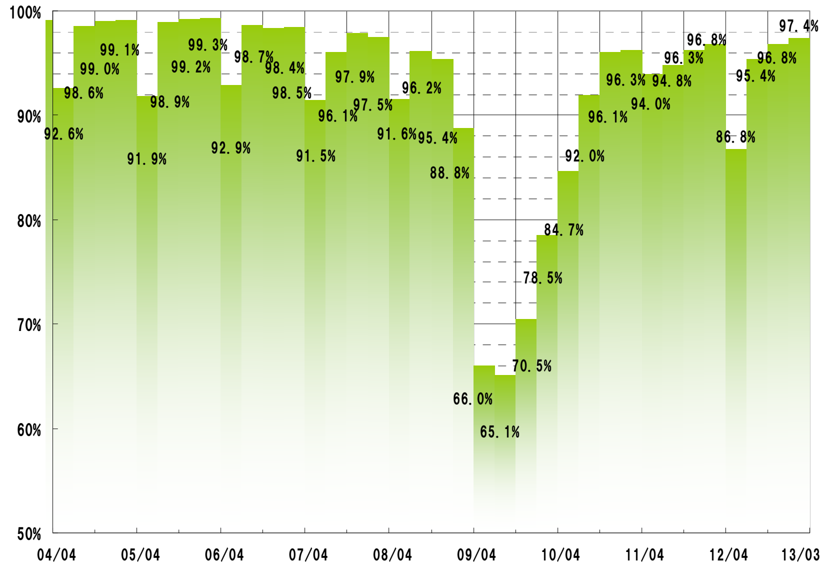


Appendix-6

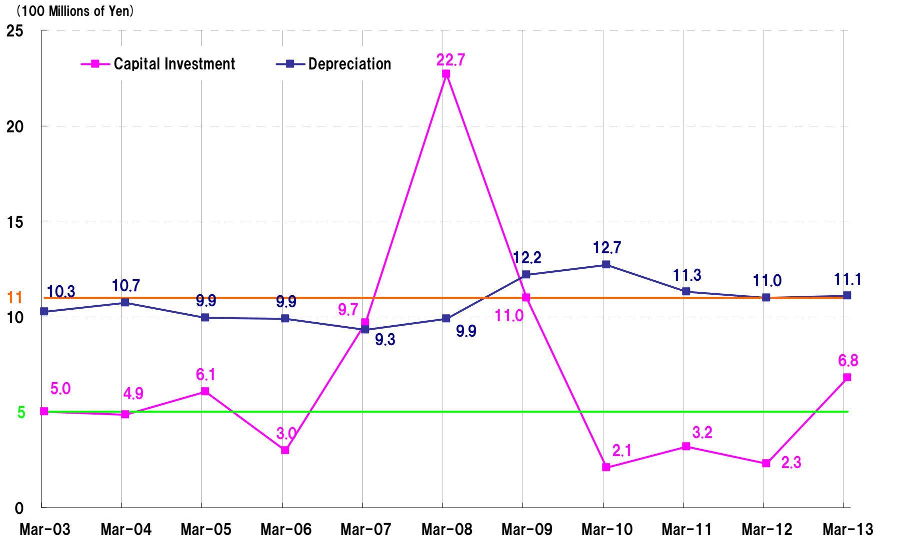
<Trend of Working Hours (Non-Consolidated)>



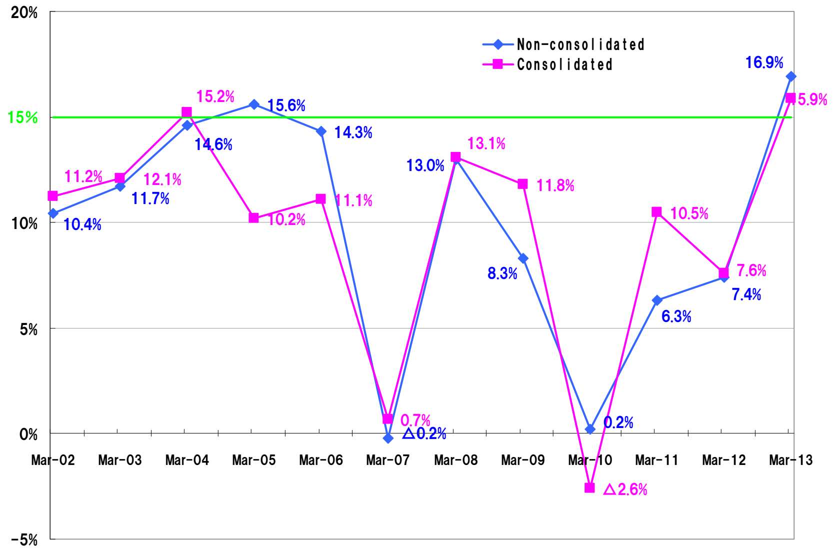
<Utilization Ratio (Meitec Fielders)>



<Capital Investments and Depreciations (Non-Consolidated)>



<Return on Equity (ROE) >



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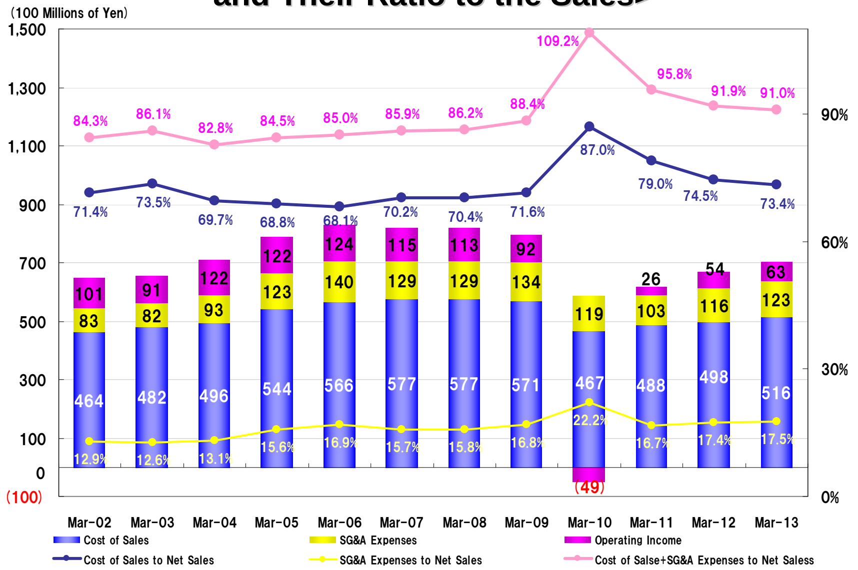
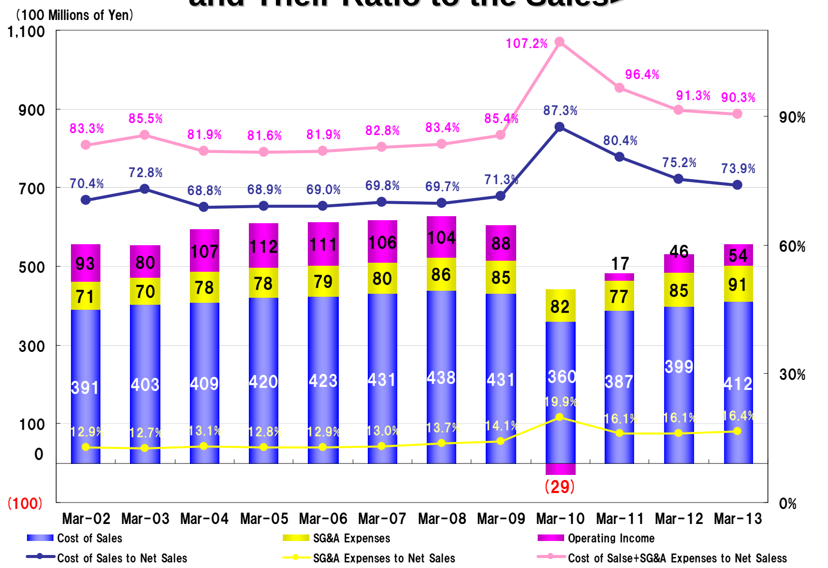
<Consolidated SG&A Expenses and Cost of Sales, and Their Ratio to the Sales>



MEITEC

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



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＜Policy for Profit Return: revised May 2011＞

	Before	After Change	
Shareholders Return		Total Return Ratio Basically within100%	Changed
Dividend	Dividend related to performances	Equal or more than 50% of consolidated net profit	Not Changed
	Minimum Dividend	Equal or more than Dividend on Equity ratio (DOE) 5%	
Treasury Stock Acquisition	Acquisition of treasury stock Cash excess of working capital (2 months of net sales) to be applied to the acquisition of the treasury stock	Acquisition of treasury stock Consolidated cash position excess of 3 months net sales to be planned for acquisition of the treasury stock	Changed
	Retain Maximum of 2 million shares	Retired Excess above maxim to be retired	Not Changed

- In view of maximizing shareholder's return in mid- to long-term, unless major capital demends are expected, total return ratio to be within 100% for the total shareholders return by dividend and purchase of treasury shares.
- Three Month Net Sales = Working capital : Consolidated two month net sales + Fund for strengthening the financial base (a fund to sustain the business operation in the event of a crisis equivalent to that of fiscal year ended March 2010) : consolidated one month net sales

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<Shareholders by Business Segments (Non-Consolidated)>

Shareholder Segment	(As of the Fisical year ended March 31, 2013)			
	Shareholders	%	Shares Held	%
Banks	3	0.04%	875,501	2.65%
Trust Banks	18	0.23%	6,347,700	19.24%
Life and nonlife insurance companies	19	0.24%	4,072,483	12.34%
Securities financing and other financial companies	3	0.04%	55,960	0.17%
Securities companies	37	0.46%	339,219	1.03%
Business concerns and other companies	116	1.45%	278,646	0.84%
Overseas companies and investors	158	1.98%	14,817,603	44.9%
Individuals and others	7,642	95.57%	6,212,888	18.82%
Total	7,996	100.0%	33,000,000	100.0%

(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.