

# Results of Meitec Group for 2<sup>nd</sup> Quarter of the Fiscal Year Ending March 31, 2011

- For the 6 months ended September 30, 2010 -

November 12, 2010

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## I. Report of Meitec Group <Consolidated>

**<Consolidated Results for 2Q FY Ending March 31, 2011>  
- For 6 months ended Sept 30, 2010 -**

(Million of Yen)

			Net Sales	Operating Income	Ordinary Income	Net Income
Results for Second Quarter	Consolidated	FY2011 '10/4-9	29,357	662	2,087	1,615
		FY2010 '09/4-9	26,203	(3,248)	(850)	(1,214)
		Change(%)	12.0%	-	-	-
	Non-Consolidated	FY2011 '10/4-9	22,698	239	1,573	900
		FY2010 '09/4-9	20,097	(1,931)	109	31
		Change(%)	12.9%	-	-	-

**<NOTE: Forecasts Fiscal Year Ending March 31, 2010>**

Revised Earnings Forecast September 28, 2010	Consolidated	29,000	400	2,000	1,500
	Non-Consolidated	22,400	0	1,400	800
Initial Forecasts	Consolidated	27,000	0	1,800	1,000
	Non-Consolidated	21,000	0	1,500	800

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**< Status of Achieving Management Target for the Fiscal Year Ending March 31, 2011 >**

- Group Management Policy: Achieving self-supporting corporate continuation**  
Building a corporate system which can sustain the business without depending on the government subsidies for employment adjustment.
- Group Management Target: Achieving the operating profits for the fiscal year**  
Achieving profits in consolidated and non-consolidated basis for fiscal year.

**➡ Possibility of achieving the target became high**

- \* We have achieved operating profits for the first half of the fiscal year ending March 31, 2011 in consolidated and none-consolidated basis by our core business.
- \* Improvement of the utilization ration had continued from the latter half of the previous fiscal year, and now we above break even point.

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<Overview of the market for the 1<sup>st</sup> Half of the Fiscal Year Ending March 31, 2011>

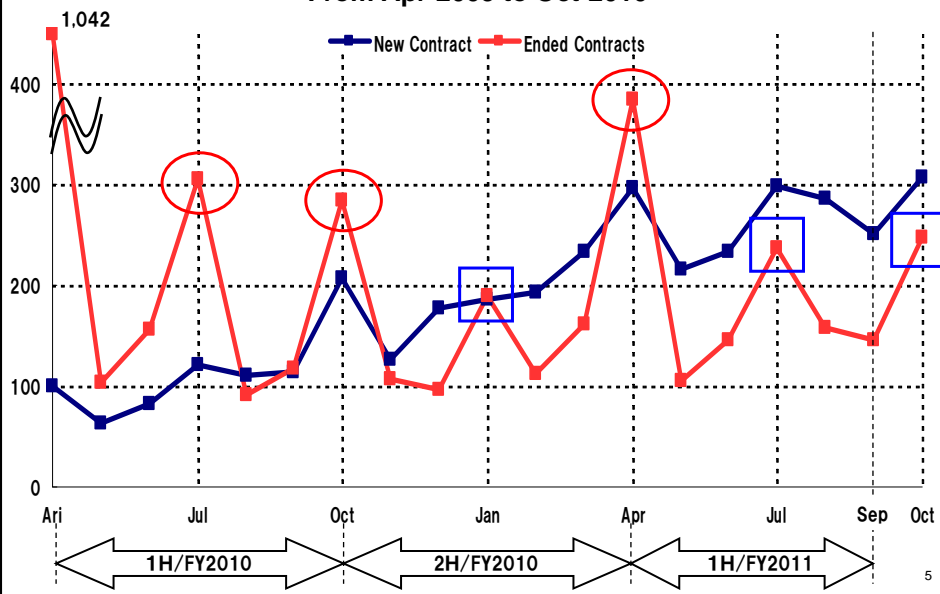
**1. Status of Meitec Group's main customer, manufacturers**

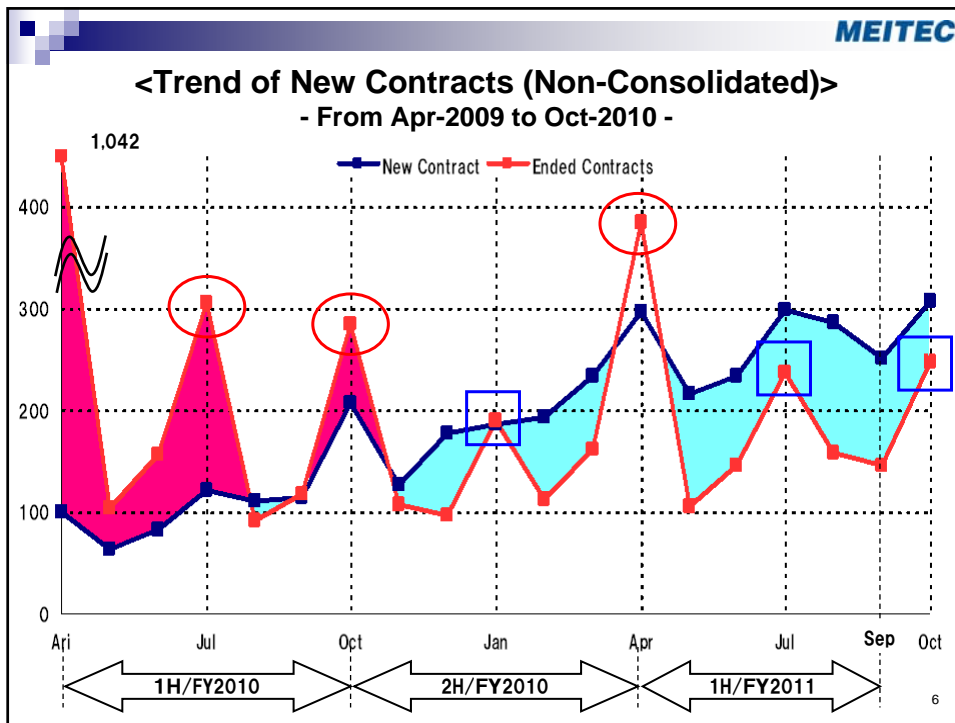
- Performance of our main customers, major manufacturing industries, are firmly recovering. Therefore, Resumption of R&D investment are gradually expanding.
- On the other hand, as the market becomes un-certain due to conditions such as high yen rate, industries continues to make their investments very carefully and firmly, and not tend to make major technological development investments.
- They still continue to apply cost reduction measures, and there are companies who continuing termination and reduction of their business.

**2. Status of our core business, temporary engineer staffing**

- Under above environments, our business continue to recover since the latter half of the previous fiscal year.
- Termination of contract at the end of each quarter is now near the normal year level.
- Therefore, our utilization ratio continue to improve (MT alone = 86.3% for the month of September 2010)

**<Trend of New Contracts (Non-Consolidated)>  
- From Apr-2009 to Oct-2010 -**





**MEITEC**

### <TOPICS During the 1<sup>st</sup> Half of the Fiscal Year Ending March 31, 2011>

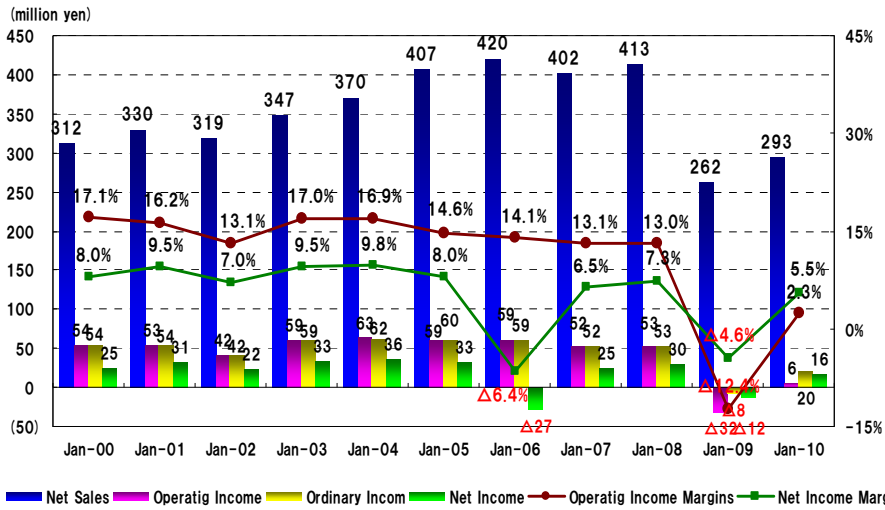
**Resuming Strategy of  
Increasing Number of Engineers**

- We have resumed hiring newly graduate from September 1, 2010 for the graduates who are to join us on April 2011

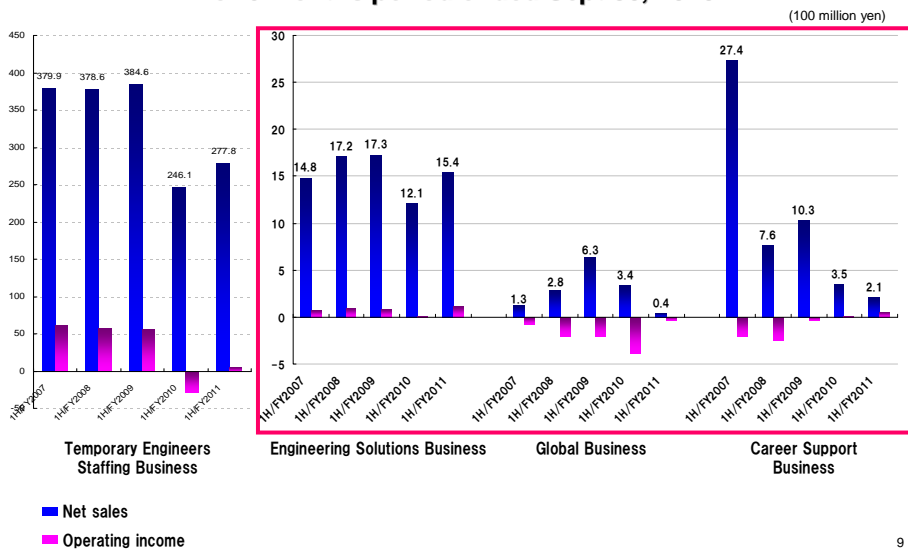
\* Plans to hire : 50

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**<Consolidated Operating Results for 2Q FY Ending March 31, 2011>  
- For 6 months period ended Sept 30, 2010 -**



**<Four Meitec Group's business domains Results for 2Q FY Ending March 31, 2011>  
- For 6 months period ended Sept 30, 2010 -**



**<Meitec Group Results for 2Q FY Ending March 31, 2011>**  
**- For 6 months period ended Sept 30, 2010 -**

(Millions of Yen)

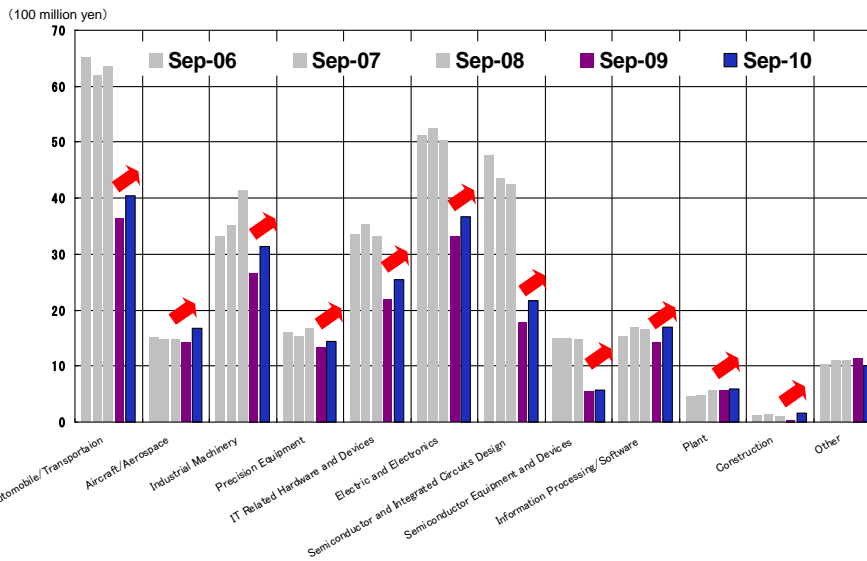
	Net Sales	Operating Income	Ordinary Income	Net Income
Meitec	22,698	239	1,573	900
Meitec Fielders	3,942	254	389	373
Meitec Cast	1,241	26	28	15
Meitec CAE	581	87	91	54
Apollo Giken Group	916	37	54	27
Meitec Global Solutions*1	48	(12)	(10)	(11)
Meitec Shanghai	12	(2)	(11)	(11)
Meitec Guangzhou*2	1	(2)	(2)	(2)
Meitec Xian	5	(5)	(5)	(5)
Meitec Chengdu	3	(12)	(12)	(12)
Meitec Shanghai HR	19	(2)	(2)	(2)
Meitec Next	215	53	55	54
all engineer.jp	5	(1)	(1)	(1)
<b>Consolidated</b>	<b>29,357</b>	<b>662</b>	<b>2,087</b>	<b>1,615</b>

Amounts for each company are non-consolidated basis

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

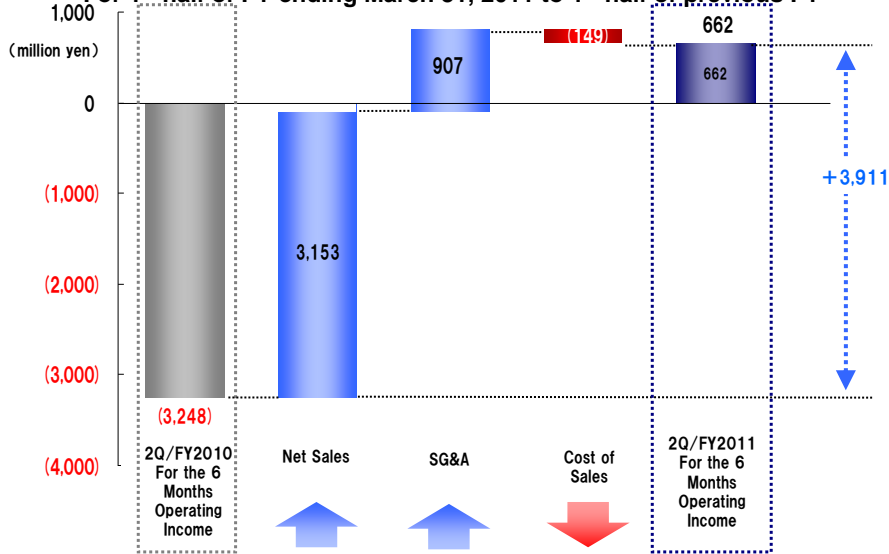
\*2. Meitec Guangzhou had suspended its vocational training business and only conducts employment agency business.

**<Comparison of Sales Trend by the Industrial Segments>**  
**- For the 1<sup>st</sup> half period of FY ended March 31, 2007 to FY ending March 31, 2011 -**



<Comparison of Consolidated Operating Income>

- For 1<sup>st</sup> half of FY ending March 31, 2011 to 1<sup>st</sup> half of previous FY -



<Note on Financial Performance for the 1<sup>st</sup> Half of Fiscal Year Ending March 31, 2011>

- Posted 662 million yen of consolidated operating income even after posting 1,225 million yen, consolidated maximum amount for the half year, of expense for the return to the employee
- For Meitec alone, posted 239 million yen of operating income even after posting 1,073 million yen, maximum amount for the half year, of expense for the return to the employee.

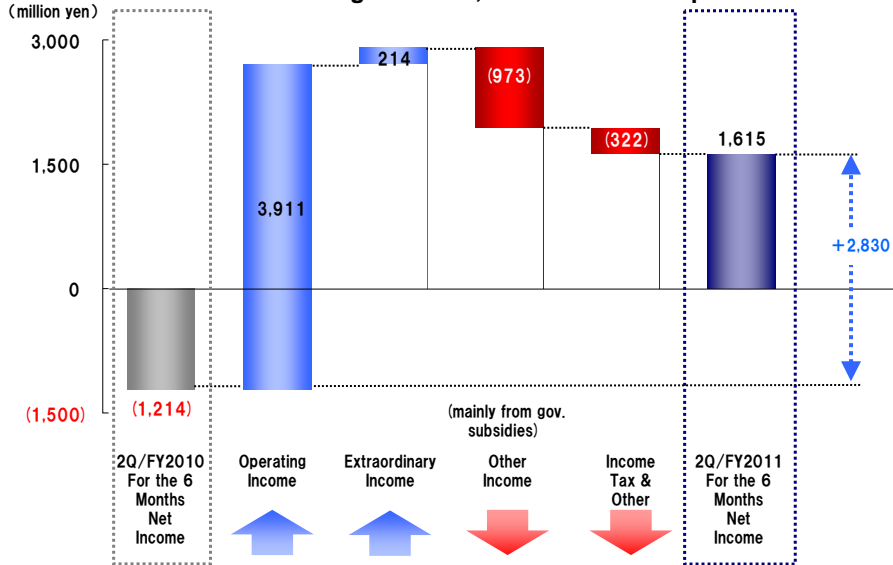
Maximum amount expected and amount to be returned to employee for the 1<sup>st</sup> half

Millions of yen	Consolidated	Non-Consolidated
Expected maximum amount to be returned for the fiscal year	2,453	2,149
Reduction and return of director's compensations, Voluntary return of auditor's compensation	—	—
Payroll reduction for executive officers and (non-union) managers	205	154
Of which for the executive officers	—	—
Reduction for general employee	2,247	1,995
Expected maximum amount to be returned for the 1 <sup>st</sup> half of the year	1,225	1,073
Cost of Sales	1,094	964
SG&A	130	109

Allocation of this excess profits up to the maximum amount as allowance is not fixed. Depending on the performance of the Company, the amount of allowance may not reach its maximum amount set. On the other hand, if the actual amount of operating profits exceeds the maximum amount, the Company will post operating profits.

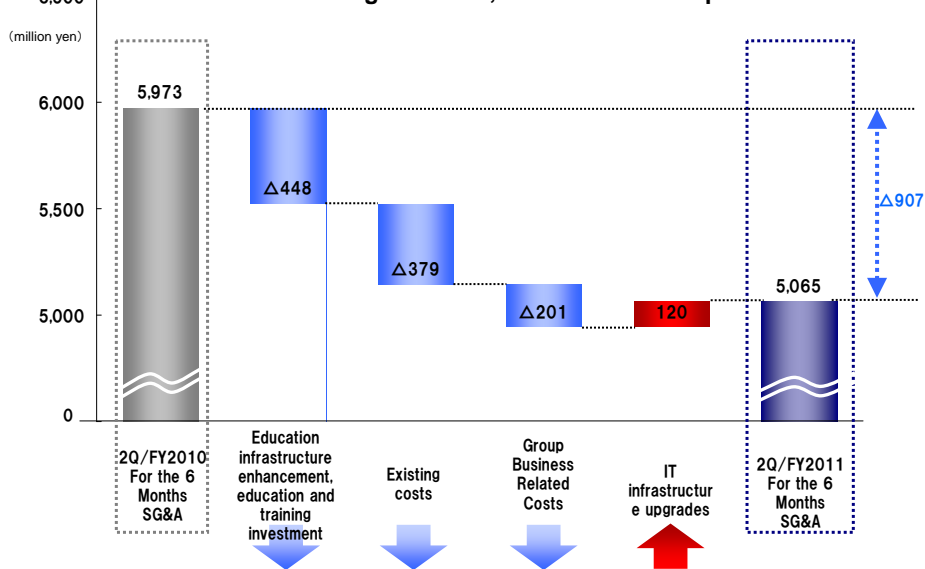
<Comparison of Consolidated Net Income>

- For 1<sup>st</sup> half of FY ending March 31, 2011 to 1<sup>st</sup> half of previous FY -



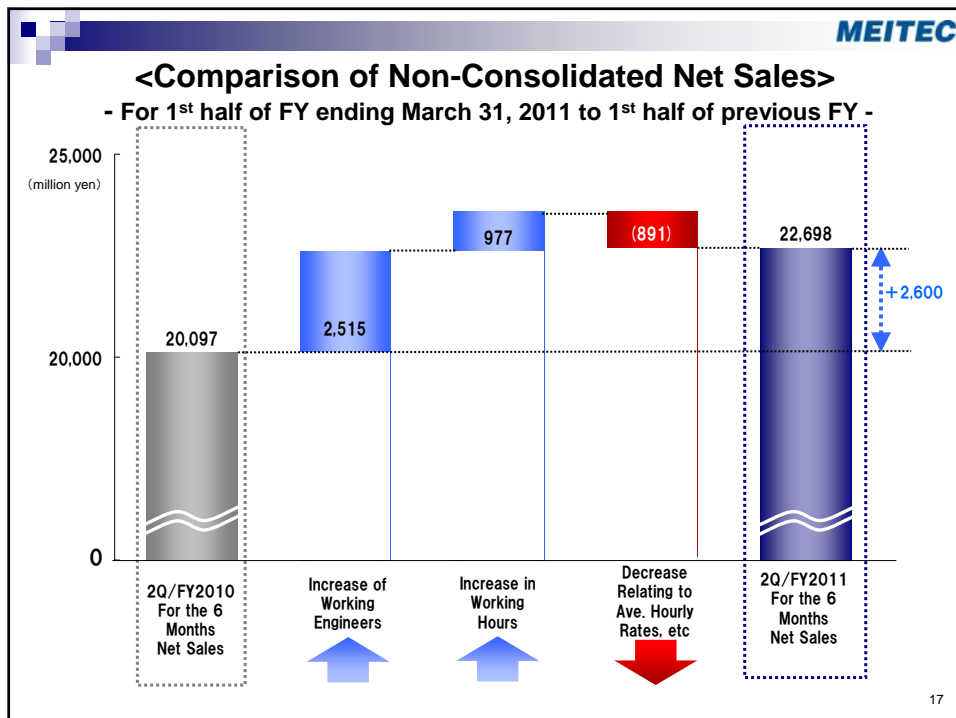
<Comparison of Consolidated SG&A>

- For 1<sup>st</sup> half of FY ending March 31, 2011 to 1<sup>st</sup> half of previous FY -

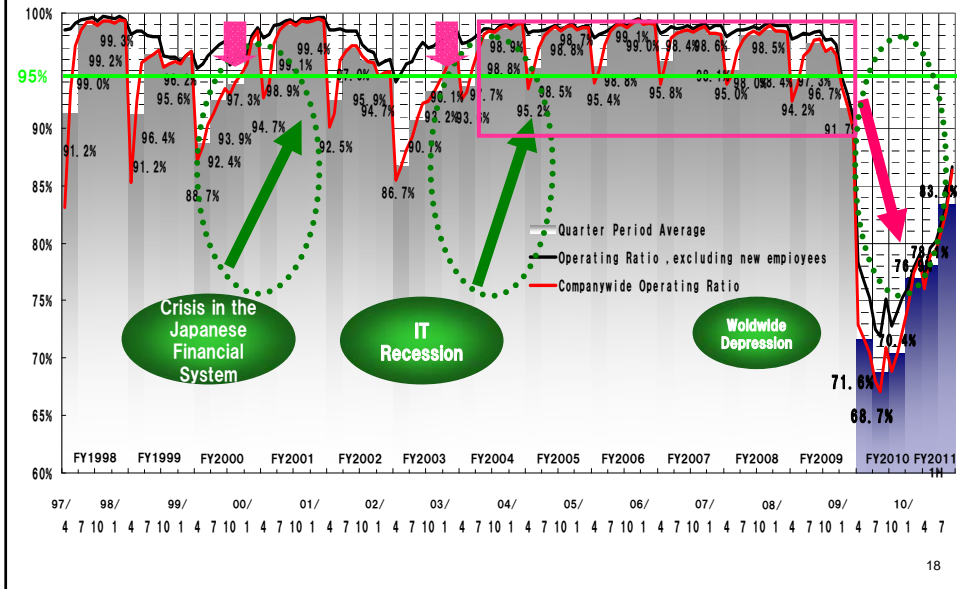




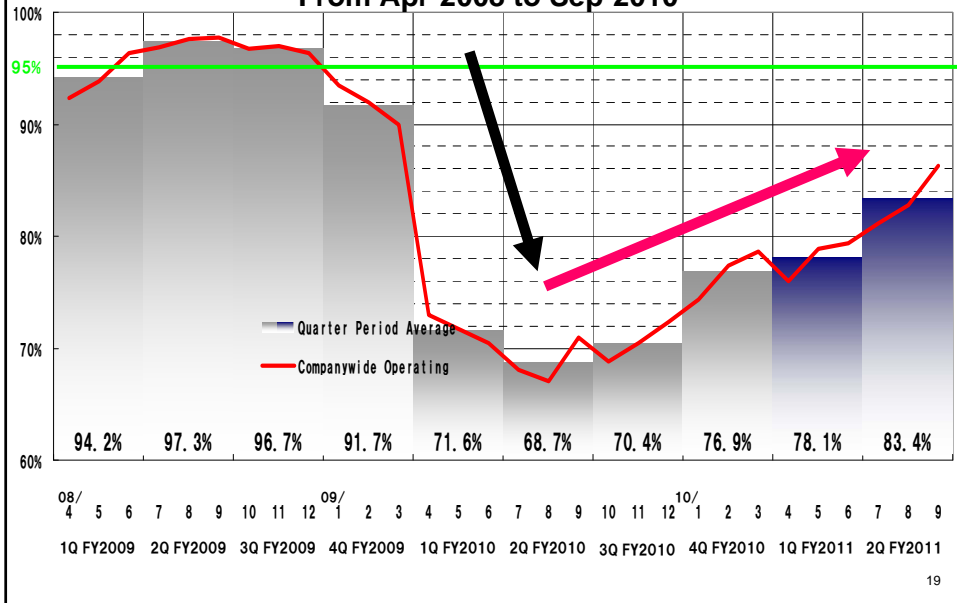
## Ⅱ. Report of Meitec <Non-Consolidated>



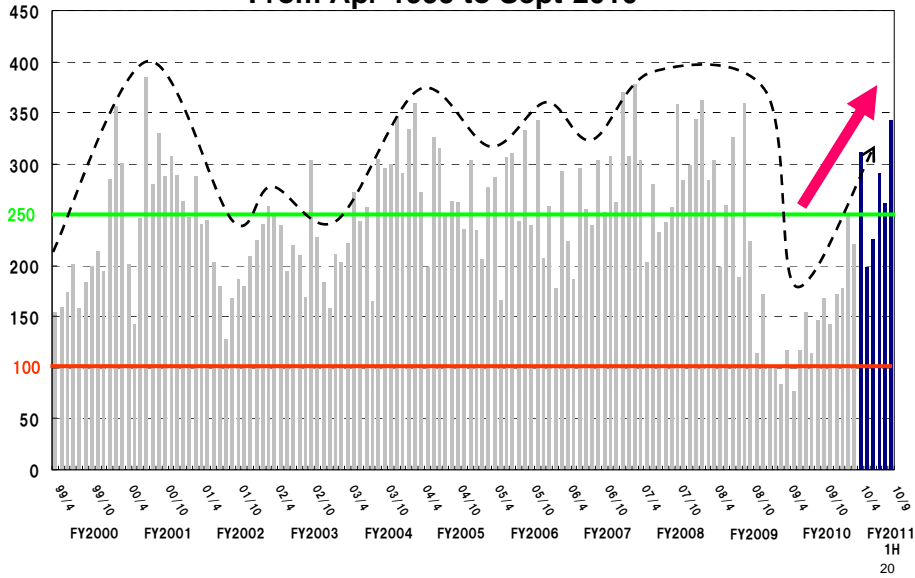
### <Utilization Ratio (Non-Consolidated)> From Apr-1997 to Sep-2010



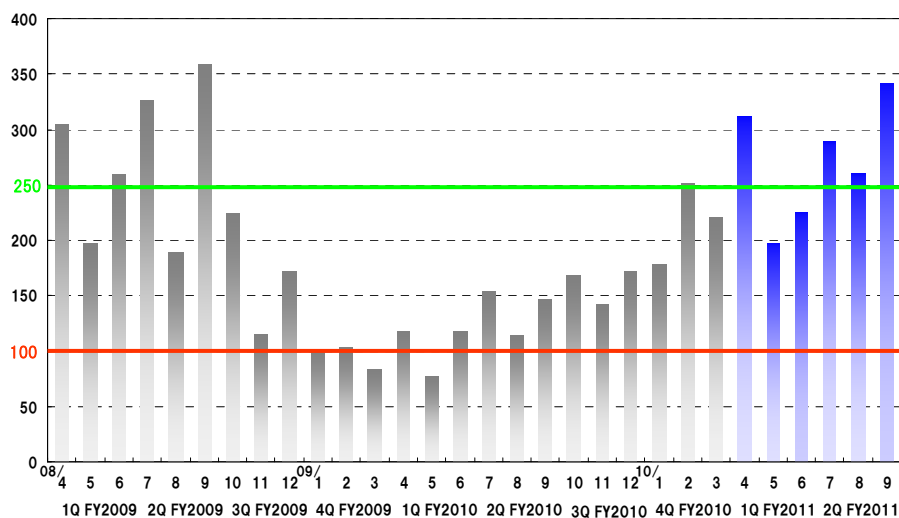
### <Utilization Ratio (Non-Consolidated)> From Apr-2008 to Sep-2010



<Trend in New Orders by Month (Non-Consolidated)>  
From Apr-1999 to Sept-2010

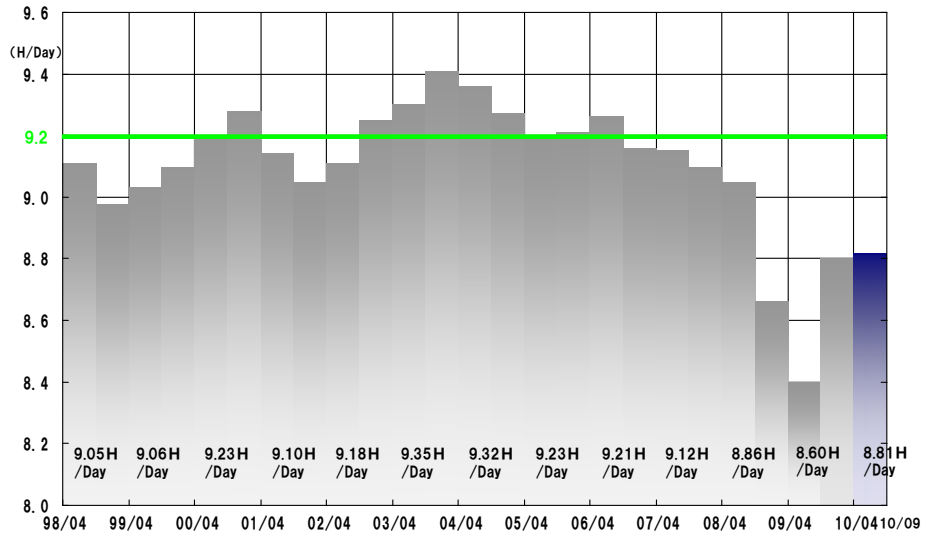


<Trend in New Orders by Month (Non-Consolidated) >  
From Apr-2008 to Sep-2010



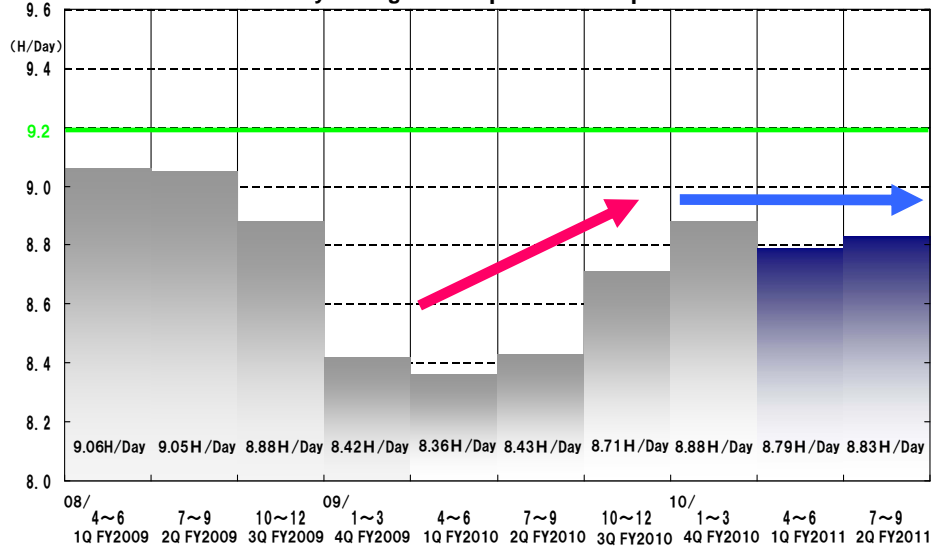
### <Trend of Working Hours (Non-Consolidated)>

- Semi-annual average from FY ending March 31, 1999 to FY ending March 31, 2011 -

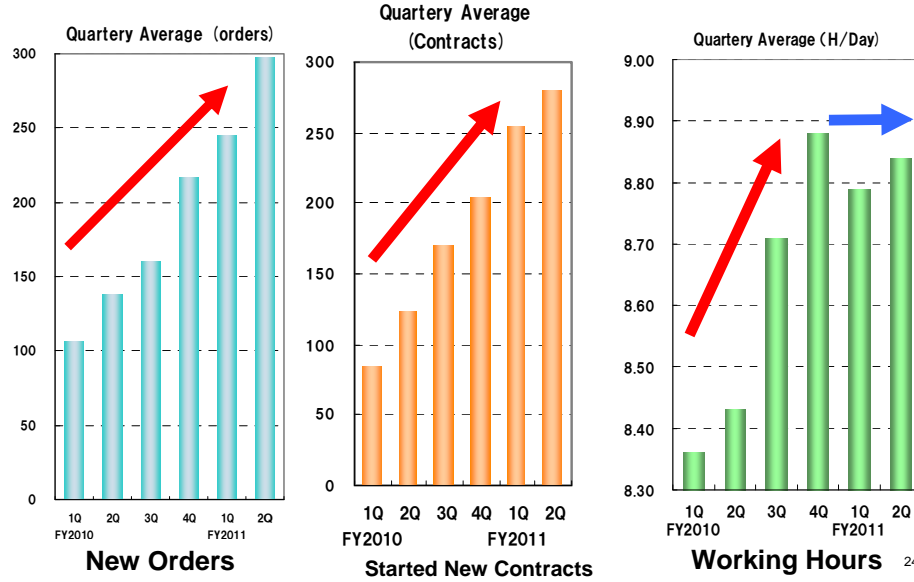


### <Trend of Working Hours (Non-Consolidated)>

- Quarterly average from Ap-2008 to Sept-2010 -



**<Comparison of New Orders, Started New Contracts and Working Hours>  
- between 1Q FY Ended March 31, 2010 to 2Q FY Ending March 31, 2011 -**



### III. Performance Forecast

### <Assumptions of the Market in 2<sup>nd</sup> Half of the Year>

1. Although there are many uncertainty such as foreign exchange, etc., manufactures are sustaining their R&D investment.
2. Therefore utilization of Meitec alone will continue to improve. But the speed is moderate.
3. We expect same trend as Meitec for other business at group companies.

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

		Net Sales	Operating Income	Ordinary Income	Net Income
Consolidated	FY2011	59,500	1,600	4,100	2,900
	FY2010	53,776	(4,928)	(276)	(904)
	Change(%)	10.6%	-	-	-
Non-consolidated	FY2011	46,500	1,000	3,300	1,900
	FY2010	41,319	(2,964)	822	53
	Change(%)	12.5%	-	301.5%	3484.9%

(Millions of Yen)		Net Sales	Operating Income	Ordinary Income	Net Income
Announced May. 13, 2010	Consolidated	55,000	100	3,400	1,900
	Non consolidated	43,000	0	2,800	1,600
Initial Forecast					

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## &lt;Not to the Financial Forecast for the Fiscal Year Ending March 31, 2011&gt;

**1. Expected Amount for the Return to the Employee**

- Posting maximum amount scheduled for the year, 2,450 million yen, had been considered. (Consolidated)
- For Meitec alone, posting maximum amount scheduled for the year, 2,150 million yen, had been considered.

**2. Revising Amount to Receive for the Government Subsidies for Employment Adjustment**

- As we expect the utilization ratio to exceed our initial forecast for our core business, temporary engineer staffing business, we revised the amount to receive for the government subsidies to 2,400 million yen from 3,200 million yen.

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<Income from Government Subsidies for Employment Adjustment>  
- Actual / Projected for the FY ending March 31, 2011 -

(Reference)

(million yen)	1st Half (Actual)	2nd Half (Revised Forecast)	Fiscal Year (Revised Forecast)	Fiscal Year (Initial Forecast)
Meitec	1,251	915	2,167	2,750
Meitec Fielders	132	80	212	440
Apollo Giken	18	5	23	10
Consolidated	1,401	1,000	2,401	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 engineer<sup>29</sup>.

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

(Millions of Yen)		Net Sales	Operating Income	Ordinary Income	Net Income
FY2010	Meitec	46,500	1,000	3,300	1,900
	Meitec Fielders	7,900	400	600	500
	Meitec Cast	2,300	30	30	10
	Meitec CAE	1,100	130	130	70
	Apollo Giken Group	1,700	50	60	50
	Meitec Global Solutions*1	150	0	0	0
	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	380	50	50	50
	all engineer.jp	15	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 its vocational training business and only conducts employment agency

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## &lt;Prerequisites of Performance Forecast&gt;

- (MT+MF) for FY ending March 31, 2011 -

			MT	MF
Utilization ratio	1H FY2011	Initial Forecast	76.7%	77.1%
		Actual	<b>80.7%</b>	<b>88.3%</b>
	2H FY2011	Initial Forecast	79.4%	80.8%
		Forecast	<b>85.8%</b>	<b>93.3%</b>
	FY2011	Initial Forecast	78.0%	78.9%
		Forecast	<b>83.2%</b>	<b>90.7%</b>
Operating Hours	1H FY2011	Initial Forecast	8.82h/day	8.89h/day
		Actual	<b>8.81h/day</b>	<b>8.86h/day</b>
	2H FY2011	Initial Forecast	8.79h/day	8.85h/day
		Forecast	<b>8.79h/day</b>	<b>8.80h/day</b>
	FY2011	Initial Forecast	8.80h/day	8.87h/day
		Forecast	<b>8.80h/day</b>	<b>8.83h/day</b>

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## IV. About Dividend

**MEITEC**

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

	First quarter dividends	Second quarter dividends	Third quarter dividends	Year-end dividends	Total
Previous Forecast (Announced May. 13, 2010)	/	0.00	/	0.00	0.00
Revised Forecast	/	/	/	N/A	N/A
Actual. Current Period	/	0.00	/	/	/
Actual. Previous Fiscal Year ended march 31, 2010	/	24.50	/	0.00	24.50

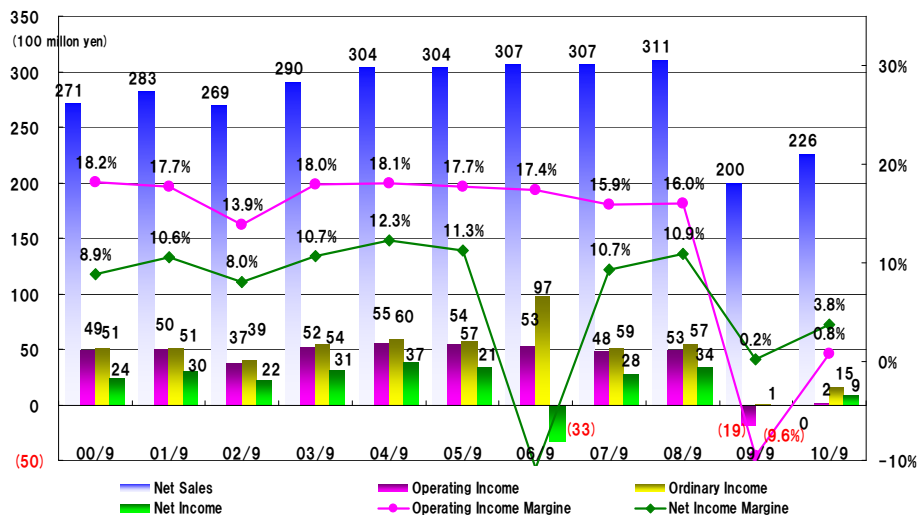
- For the first half of the fiscal year, the Company will not issue the dividend as forecasted
- Since we forecast the consolidated operating income to be 1,600 million yen for the year even after considering the expenses for the return to the employee as noted above "3" financial forecast, the Company plans to consider regarding the end of the year dividend according to the operating profits.
- But since the operating profits after considering the expenses for return to the employee is not definite, the Company revises its forecast for the dividend to "not decide" from "zero".
- And the Company is planning to announce more firm forecast of the end of year dividend as the financial performance for the fiscal year become more firm by the late March 2011
- The Company shall make it best effort to meet the shareholders expectation. And the Company would appreciate it for your understanding.

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<Midterm Management Plan from Next Fiscal Year>

Midterm Management Plan will be disclosed at the IR meeting for the fiscal year ending March 31, 2011

<Non-Consolidated Operating Results for 2Q FY Ending March 31, 2011>  
- For 6 months period ended Sept-30, 2010 -



<Outline of the Core Business (Engineer Staffing Business)>  
- For the 1<sup>st</sup> half of FY ending March 31, 2011 -

			MT+MF+ MGS+CAE	MT+MF +MGS	MT	MF	CAE	MGS
2Q/FY2011 For the 6 Month	Utilization ratio (Company-wide)	Actual	-	82.1%	80.7%	88.3%	-	-
		2Q/FY2010 For the 6 Month	-	69.3%	70.2%	65.6%	-	-
	Operating Hours	Actual	-	-	8.81h/day	8.86h/day	-	-
		2Q/FY2010 For the 6 Month	-	-	8.4h/day	8.48h/day	-	-
	Number of Engineers	Actual	7,058	6,971	5,746	1,225	87	-
		2Q/FY2010 For the 6 Month	7,682	7,302	5,878	1,424	84	296

Appendix-2

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

(million yen)

Segment	2Q/FY2007 (06/4-9)	2Q/FY2008 (07/4-9)	2Q/FY2009 (08/4-9)	2Q/FY2010 (08/4-9)	"2Q/FY2011 (10/4-9)"			
	Nete Sales				Net Sales	Total Net Sales (%)	Change	Change (%)
Automobile/Transportation	6,514	6,190	6,357	3,650	4,046	17.8%	396	10.8%
Aircraft/Aerospace	1,514	1,478	1,484	1,427	1,685	7.4%	258	18.1%
Industrial Machinery	3,306	3,518	4,135	2,671	3,126	13.8%	455	17.0%
Precision Equipment	1,590	1,541	1,670	1,342	1,431	6.3%	89	6.6%
IT Related Hardware and Devices	3,358	3,522	3,320	2,188	2,545	11.2%	357	16.3%
Electric and Electronics	5,122	5,235	5,029	3,322	3,661	16.1%	339	10.2%
Semiconductors and Integrated Circuits Design	4,764	4,363	4,248	1,776	2,167	9.5%	391	22.0%
Semiconductor Equipment and Devices	1,500	1,489	1,474	550	574	2.5%	25	4.5%
Information Processing/Software	1,531	1,689	1,665	1,418	1,700	7.5%	282	19.9%
Plant	454	465	577	565	599	2.6%	34	6.1%
Construction	122	146	97	46	158	0.7%	112	246.5%
Others	1,018	1,112	1,103	1,142	1,006	4.4%	-136	-11.9%
<b>Total</b>	<b>30,799</b>	<b>30,753</b>	<b>31,163</b>	<b>20,098</b>	<b>22,699</b>	<b>100.0%</b>	<b>2,601</b>	<b>12.9%</b>

Appendix-3

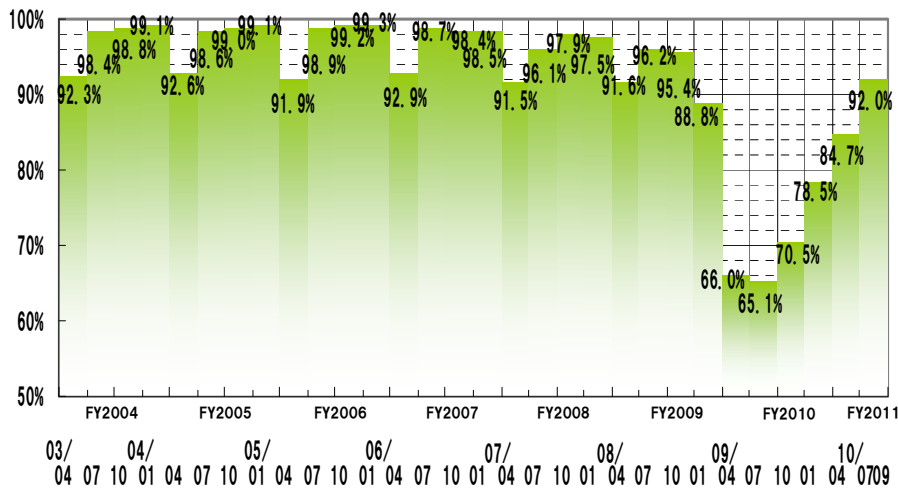
**<Top 10 Clients by Sales and Shares of Net Sales>  
(Non-consolidated)**

<Five years ago >			<Previous Year >			<Current> (million yen)		
2Q/FY2006 ('05/4-9)			2Q/FY2010 ('09/4-9)			2Q/FY2011 ('10/4-9)		
Companies Name			Companies Name			Companies Name		
1	Panasonic		1	Panasonic		1	Panasonic	
2	Sony Corp.		2	Mitsubishi Heavy		2	Mitsubishi Heavy	
3	Canon Inc.		3	Canon Inc.		3	Canon Inc.	
4	Toyota Motor		4	Sony Corp.		4	Nikon Corp.	
5	Omron Corp.		5	Nikon Corp.		5	Sony Corp.	
6	Nikon Corp.		6	Denso Corporation		6	Denso Corporation	
7	Mitsubishi Heavy		7	Toyota Motor		7	Toyota Motor	
8	Seiko Epson		8	Seiko Epson		8	Kawasaki Heavy	
9	Denso Corporation		9	Kawasaki Heavy		9	Seiko Epson	
10	Kawasaki Heavy		10	Omron Corp.		10	Daikin Industries	
Top 10 Total		10,513 34.6%	Top 10 Total		7,327 36.5%	Top 10 Total		7,205 31.7%
Top 20 Total		14,076 46.4%	Top 20 Total		9,532 47.4%	Top 20 Total		9,601 42.3%
Others		16,289 53.6%	Others		10,566 52.6%	Others		13,098 57.7%
Total		30,365 100.0%	Total		20,098 100.0%	Total		22,699 100.0%

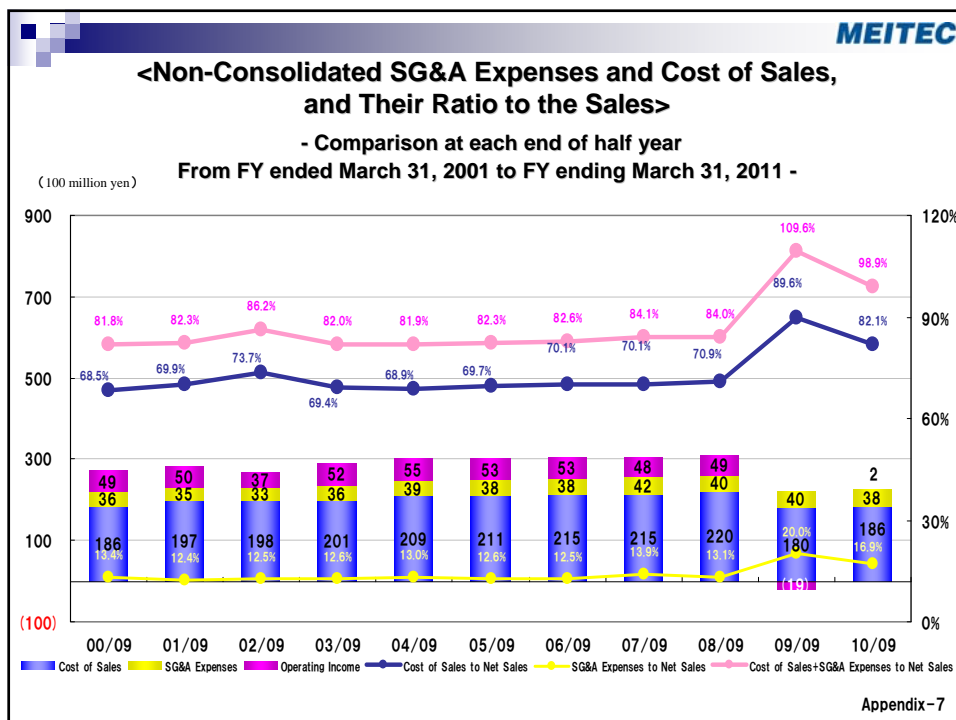
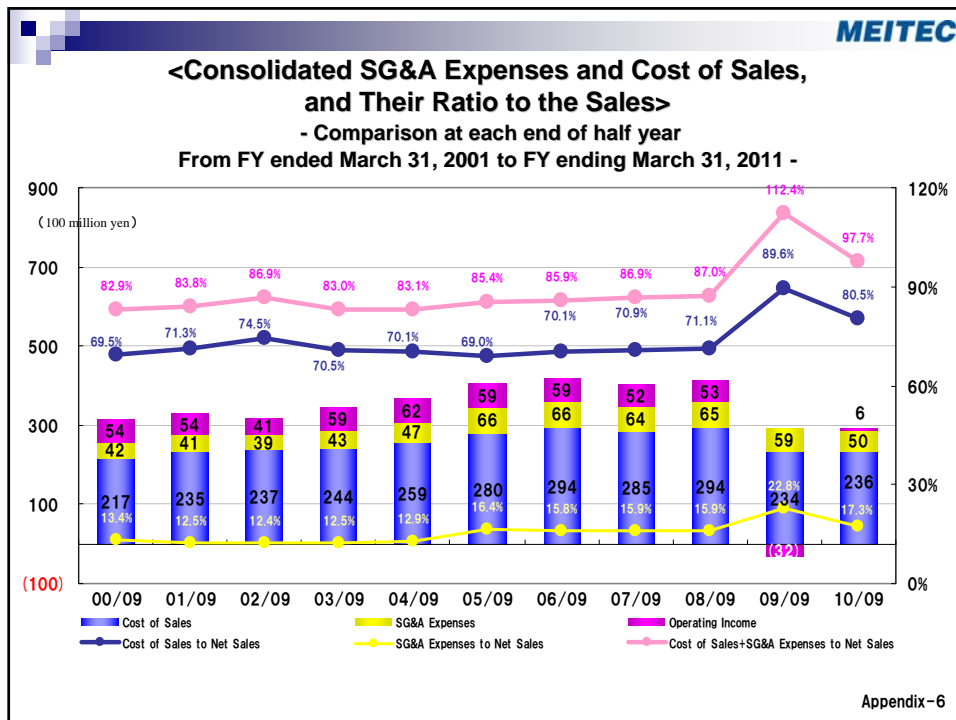
Appendix-4

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

- From FY ended March 31, 2004 to 2Q FY ending March 31, 2011 -



Appendix-5



**<Shareholders by Business Segments (Non-Consolidated)>  
- At the end of 2Q FY ending March 31, 2011 -**

Shareholder Segment	(As of the Second Quarter Period Ended September 30, 2010)			
	Shareholders	%	Shares Held	%
Banks	3	0.04%	1,137,401	3.24%
Trust Banks	21	0.30%	6,631,400	18.89%
Life and against loss insurance companies	28	0.40%	4,662,683	13.28%
Securities financing and other financial companies	2	0.03%	3,560	0.01%
Securities companies	30	0.43%	99,444	0.28%
Business concerns and other companies	118	1.70%	337,100	0.96%
Overseas companies and investors	129	1.86%	16,464,345	46.91%
Individuals and others	6,618	95.22%	5,764,067	16.43%
Total	6,949	100.0%	35,100,000	100.0%