

May 20, 2010

SUMMARY OF THE Q&A SESSION
AT THE IR MEETING ON MAY 13, 2010
FOR THE FISCAL YEAR ENDED MARCH 31, 2010

MEITEC CORPORATION

1. Date: May 13, 2010, 14:00-15:00
2. Place: Conference Room at Tokyo Head Office
3. Company Representative

Kosuke Nishimoto	(President and CEO)
Hideyo Kokubun	(Director)
Hiroshi Yoneda	(Director)
Kiyomasa Nakajima	(Director)
Masato Uemura	(Director)

4. Q&A

- Q: Regarding the decrease of the utilization in April 2010, should we consider it as one time temporary condition?
- A: Yes, it was a temporary situation.
- Q: I feel that the Company's forecast is conservative. Is it?
- A: Company feels that we should not speculate any optimistic scenario since we can not wipe out the uncertainty of about the future of the market. At present time, although the orders are recovering, most of them are rebounding orders. Manufacturing industries who are our main customer are still under going their cost reduction measures. Therefore the most of their activities are still in "cost cutting" direction and "investment" activities are not really strong yet.
- Q: What is your plan of hiring newly graduated for April 2011?
- A: Currently, we are suspending our recruiting activities, and we have not planned to hire newly graduated for next fiscal year. But if we can see actual recovery beyond our assumption during the first half of the year, we would consider resuming our career recruiting in latter half of the year.
- Q: You have explained that, during the fiscal year ended March 31, 2010, you were able to promote assignment of the newly graduated engineer by lowering the job phase. What is your perspective of the level of rate for this year?
- A: Due to the promotion activities for assigning the newly graduated engineer, our average rate had dropped by 3% compared to that of fiscal year ended March 31, 2009. But for current year, we would like to offset such drop by up grading their job phase.
- Q: We have started to see the increasing trend in the overtime working hours for the non-manufacturing sector. What is the reason for the increase of the working hours at Meitec is gradual?
- A: We are not assuming that the working hours will increase straight up. Restraint on the overtime was there even before the Riemann shock in the Japanese manufacturing industries.
- Q: What is the system which does not depend on the government subsidies for the employment adjustment according to your management policy for this year?
- A: Without the government subsidies which we received for the fiscal year ended March 31, 2010, we believe that corporate operation without borrowing would not be easy for this year. Our management policy for this year is to achieving system that can be operated with our own capital without depending on the public fund such as the government subsidies for employment adjustment.

- Q: What is your plan regarding the recovery of utilization ration from next fiscal year (from April 2011) ?**
- A: We believe that, at this moment, we are not in position to speculate how the utilization ratio would recover in future, because it will depend complexly with the trend in R&D investment and trend in use of outside engineering staff within their R&D budget at the manufacturing industries.**
We believe that if our customer clearly sifts to making profit by their business along with investment instead of achieving profit from cost reduction, then it will greatly contribute to the improvement of our utilization ratio.
- Q: Is 3,200 million yen of the government subsidies for employment adjustment for the fiscal year ending March 31, 2011 confirmed?**
- A: The number is our estimate and not confirmed. It is estimated assuming that we file the request for the subsidies according to our plan of the number of un-assigned engineer for the year.**
- Q: If your revenue exceed your forecast, how do the operating profit and amount of government subsidies would change?**
- A: If the revenue increase, operating profit would increase. But increase in revenue means less un-assigned engineer and less employee subject to the government subsidies. Therefore, amount of government subsidies (posted in non-operating income) would reduce..**
- Q: What are the jobs needed in China for engineer? Also is there movement to transfer the R&D division to China?**
- A: In the area of high level R&D, transfer of division can not be achieved without thorough training of the staff. Therefore many of manufacturing companies are planning to transfer their R&D function in period of 3 to 5 years instead of short time. On the other hand, in the surrounding area of R&D, product quality control and production control, needs for engineer are rising.**
- Q: What is the condition which you will not be able to receive the government subsidies for the employment adjustment?**
- A: A condition to receive the government subsidies is if the company's most recent 3 month revenue falls equal or more than 5% compared to that of same month previous year. If our performance improves to dissatisfy this condition, we will not file for the government subsidies in the fiscal year ending March 31, 2012.**
- Q: Is there any change of policy regarding the dividend?**
- A: There is no change in basic policy of returning the excess profit to shareholders after securing enough working capital for the group.**
But, we may review our rules which set our working capital as equivalent to 2 month of revenue.
- Q: In your assumption for forecasting utilization, do you expect to have large number of engineers who have not been assigned to job for long period?**
- A: By obtaining new orders,, number of engineers will take turn. Therefore we would not have a situation where un-assigned engineer staying for long period.**
- Q: By decrease in utilization ratio, has turnover increased?**
- A: The turnover stayed lower during the previous year compared to the normal year. Our turnover rate is about 6% usually, but it was 4.7% for the previous year.**