

# **Results of Meitec Group for 2Q/FY2010**

**- For the 6 months ended September 30,2009 -**

**November 12, 2009**

# **I . Report of Meitec Group <Consolidated>**

In the IR meeting held on November 12, 2009, Result at the end of the 2nd quarter ended September 30, 2009 was presented in view of I. the Consolidated Performances, II. the Non-consolidated Performances, III. the Forecast of the Performance and IV. the Forecast of the Dividend.

**<Consolidated Results for 2Q/FY2010>  
- For 6 months ended Sept 30, 2009 -**

(Million of Yen)

			Net Sales	Operating Income	Ordinary Income	Net Income
Results for Second Quarter	Consolidated	FY2010 '09/4-9	26,203	(3,248)	(850)	(1,214)
		FY2009 '08/4-9	41,396	5,375	5,395	3,039
		Change(%)	-36.7%	-	-	-
	Non-Consolidated	FY2010 '09/4-9	20,097	(1,931)	109	31
		FY2009 '08/4-9	31,163	4,985	5,471	3,402
		Change(%)	-35.5%	-	-	-

**<NOTE: Forecasts Fiscal Year Ending March 31, 2009>**

Revised Earnings Forecast September 15, 2009	Consolidated	26,000	(3,700)	(1,250)	(1,300)
	Non-Consolidated	19,800	(2,250)	(200)	(250)
Initial Forecasts	Consolidated	27,500	(3,200)	(3,200)	(3,250)
	Non-Consolidated	20,800	(2,100)	(1,800)	(1,850)

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For the six month period to 2nd quarter for the fiscal year ending March 31, 2010, we posted large decrease in the revenue, operating loss, Ordinary loss and net loss for the subject quarter.

In a table <NOTE: Forecasts Fiscal Year Ending March 31, 2009>, we noted the Initial Forecast and the Revised Earnings Forecast disclosed on September 15, 2009. As you can see, actual revenue was closed to the revised forecast and we were able to achieve operating income is coming back to what we expected at the initial forecast. This was mainly due to increase in working hours above our what we expected because some of our engineers were able to work during the Silver Week holiday in September to meet the busyness of some customer.

Also, the Ordinary Income and the Net Income improved compared to our initial forecast. This was mainly due to posting the other income for receiving the grants for the Government Subsidies for the employment adjustment.

**<Key Point of This Quarter's Result >**  
**- For the First Half of Fiscal Year ending March 31, 2010 -**

**Revised the Recovery Scenario**

- At the beginning of fiscal year (announced at disclosure of the result of the previous fiscal year on May 13, 2009), our scenario was that April was bottom and we were to recover gradually from there.
- This time, we revised our scenario as that the bottom was August and we will recover gradually from there.

Key Point for the result of this quarter was the “revision of the recovery scenario.

At the beginning of the fiscal year which was announced on May 13, 2009, we expected that the scenario of gradual recovery from April as the bottom. But we have revised as the bottom to be the month of August and scenario of gradual recovery from there.

Since the Lehman shock in September of last year, economy was hit hard, and performances of major manufacturing companies who are our main customer dropped significantly, and affected our performances as well.

Although the economy was declining after September of last year, most of the manufacturing industries were maintaining their R&D investment. Therefore, most of our customers continued their contract with Meitec until the end of March. And we could maintain our utilization ratio to above 90% even for the 4th quarter of the previous fiscal year.

At that point, we assumed that the bottom of the needs were at April because the R&D budget at our customer were reduced to a limit as it was a panic measure toward declining economy. We also judged that new order will not return rapidly and the condition then will continue through the 1st quarter of current year, and our utilization ratio will recover as the returning order will gradually increase after 2nd quarter.

But, actually, our utilization ratios continue to drop over the 1st quarter to the 2nd quarter.

From here, we would like to explain the reason for changing our scenario of where the bottom of business was.

## <Overview of the Market for 2Q/FY2010> - For 6 months ended Sept 30, 2009 -

### 1. About Our Customer, Condition of the Manufacturing Industries.

- Productions at the major manufacturing industries (our main customer) are gradually increasing,
- But their production is still at 60% to 80% compared to last year.
- Restraint on their cost reduction measures including the R & D budgets are continuing.
- At their quarterly review of their budget, they tend to make a decision on whether to downsize or discontinue their business.

### 2. About Our Core Business, Engineer Staffing Business

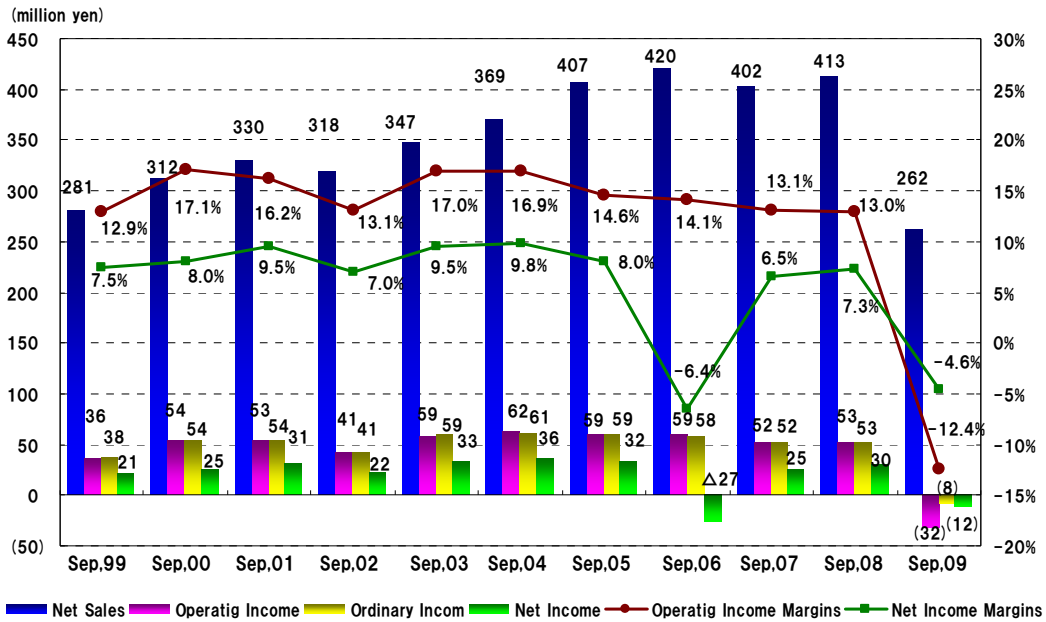
- Termination of the contracts above the normal year are still intermittently continuing during the current fiscal year.
- As a result of our sales effort, number of new contract are about 90% of normal year.
- But because the number ended contracts exceeding the number new contracts, our utilization ratio did not reach our projection.

Although the productions at our client are gradually improving now from the start of current fiscal year, the production volume is in 60% to 80% of what it was last year mostly. And their cost cutting measures including the R&D investment budget are continuing.

In addition, they are implementing additional cost cutting measure, or reduction or termination of their business as they review their budget at each quarter. As a result, it increased the termination of our contracts. For the month of July, there were 300 terminations of contracts.

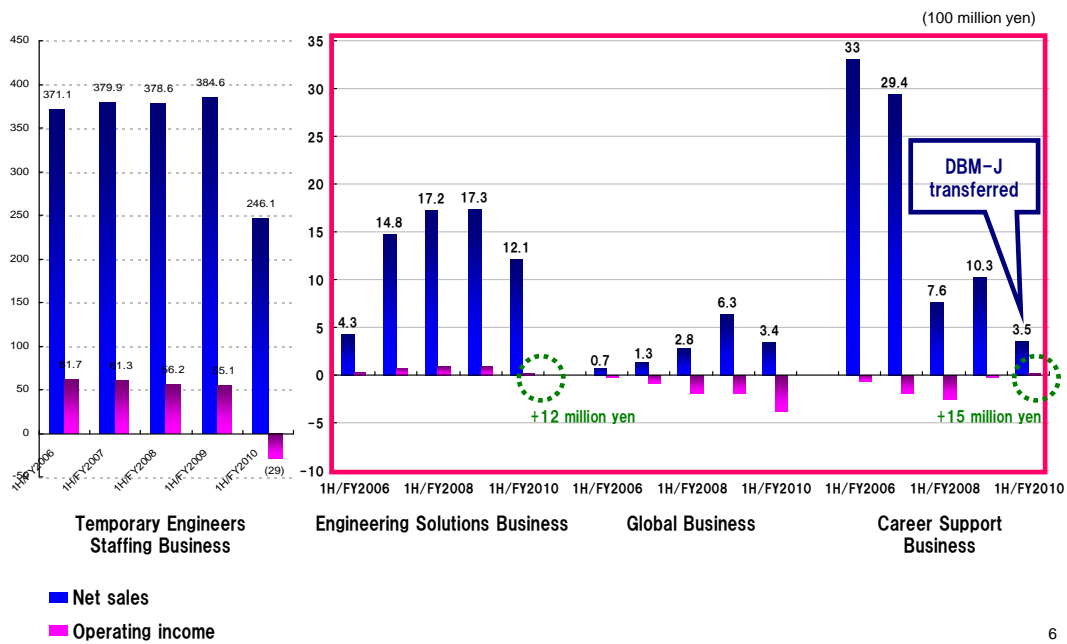
On the other hand, number of new contracts started during the first two quarter is at 90% level of normal year. We believe that the market is not on freeze. But because there are more contract termination compare to the normal year, we could not improve our utilization ratio.

<Consolidated Operating Results for 2Q/FY2010>  
 - For 6 months ended Sept 30, 2009 -



This graph shows our consolidated operating results at the end of 2nd quarter over ten year period.

**<Four Meitec Group's business domains Results for 2Q/FY2010>**  
**- For 6 months ended Sept 30, 2009 -**



Meitec Group is operating in four business domains: temporary engineers staffing business, engineering solutions business, global business and the career support business. This figure shows trend of performances in each business domains.

The temporary engineers staffing which is our main business account for 93% of our total revenue.

During the first 6 month of the current year, engineering solutions business and the career support business posted profit of 12 million yen and 15 million yen correspondingly.

Reason for decrease at the career support business is due to a business transfer of DBM-Japan to Tempstaff Co. in May 2009.

**<Meitec Group Results for 2Q/FY2010>**  
**- For 6 months ended Sept 30, 2009 -**

(Millions of Yen)

		Net Sales	Operating Income	Ordinary Income	Net Income
Results for 2Q/FY2010 - For 6 months -	Meitec	20,097	(1,931)	109	31
	Meitec Fielders	3,402	(960)	(506)	(785)
	Meitec Cast	1,170	(13)	(11)	(7)
	Meitec Experts	107	(0)	(0)	(0)
	Apollo Giken Group	679	(73)	(30)	(12)
	Meitec CAE *1	543	85	93	43
	Meitec Global Solutions	304	(287)	(106)	(107)
	Meitec Shanghai	18	(3)	(2)	(2)
	Meitec Dalian	6	(21)	(23)	(23)
	Meitec Guangzhou *2	1	(12)	(12)	(12)
	Meitec Zhejiang *2	-	(15)	(17)	(18)
	Meitec Xian	2	(14)	(13)	(13)
	Meitec Chengdu	2	(19)	(19)	(19)
	Meitec Shanghai HR	7	(9)	(9)	(9)
	Meitec Next	173	(6)	(6)	(7)
	all engineer.jp	6	(2)	(2)	(2)
	BMOA *3	173	17	(0)	215
<b>Consolidated</b>	<b>26,203</b>	<b>(3,248)</b>	<b>(850)</b>	<b>(1,214)</b>	

Amounts for each company are non-consolidated basis

\* 1. Including the business result of 3D Tec which was transferred.

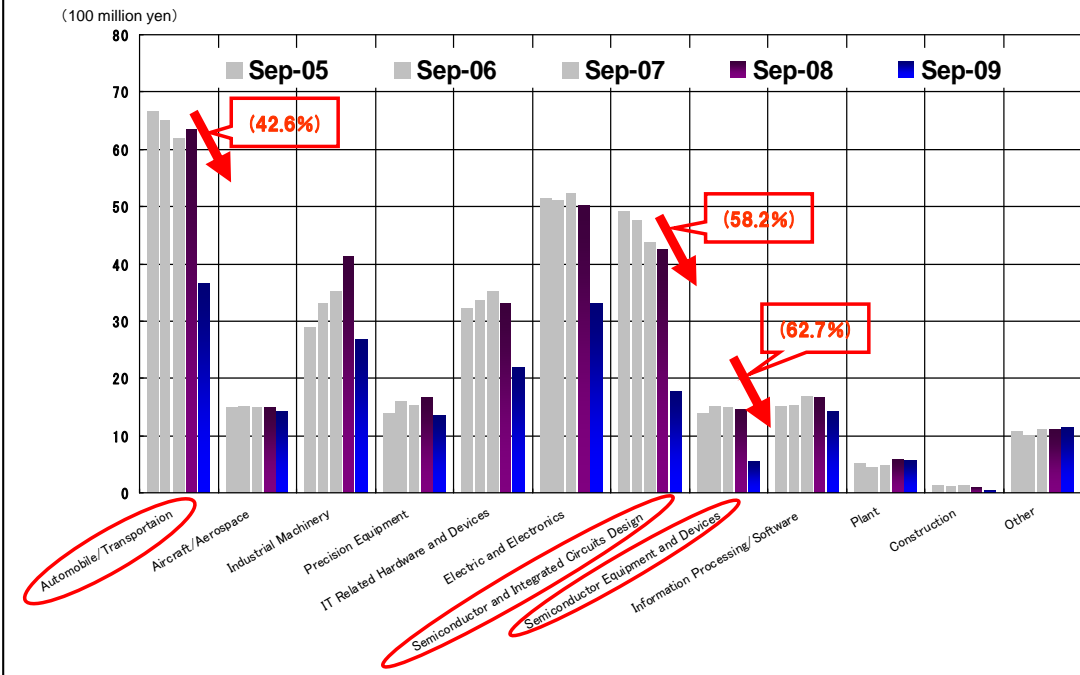
\* 2. Vocational training business at Meitec Guangzhou and Meitec Hangzhou are currently suspended.

\* 3. Include the result DBM-J for the month of April 2009. (DBM-J was sold to Tempstaff as of May 1, 2009.

This table shows the results of each Meitec Group companies at the end of 2nd quarter.

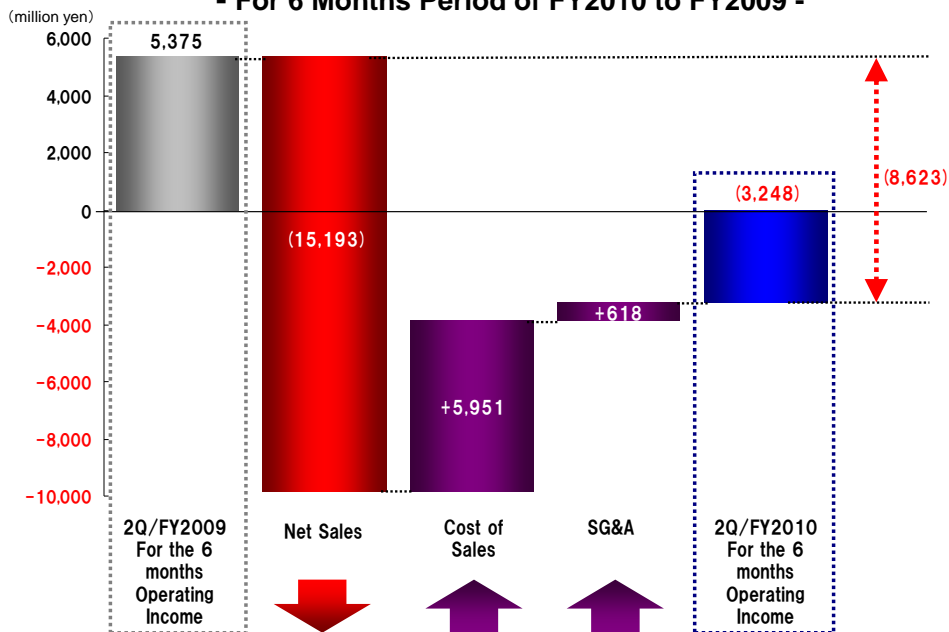


<Comparison of Sales Trend by the Industrial Segments>



This graph shows the non-consolidated revenue in each market segments at the end of 2nd quarter. Decrease of revenue in the Automobile/Transportation, the Semiconductor and Integrated Circuits Design, and the Semiconductor Equipment and Devices are larger than average.

## <Comparison of Consolidated Operating Income> - For 6 Months Period of FY2010 to FY2009 -

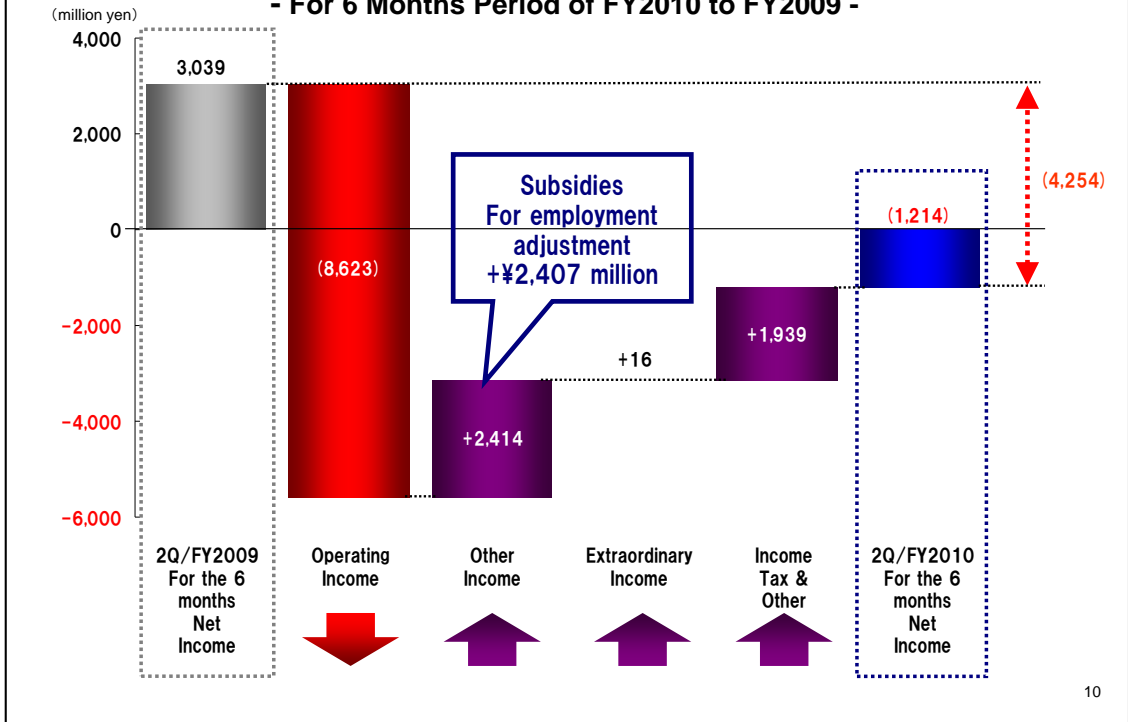


This graph shows the consolidated operating income compared to that of previous year.

Operating Income for the previous year at the same period was 5,375 million yen which is 8,623 million yen more to that of this year. Due to the decrease of revenue in amount of 15,193 million yen, net profit decreased. On the other hand, as cost of sales was reduced for 5,951 million yen and SG&A was reduced for 618 million yen, the operating income was loss of 3,248 million yen.

### <Comparison of Consolidated Net Income>

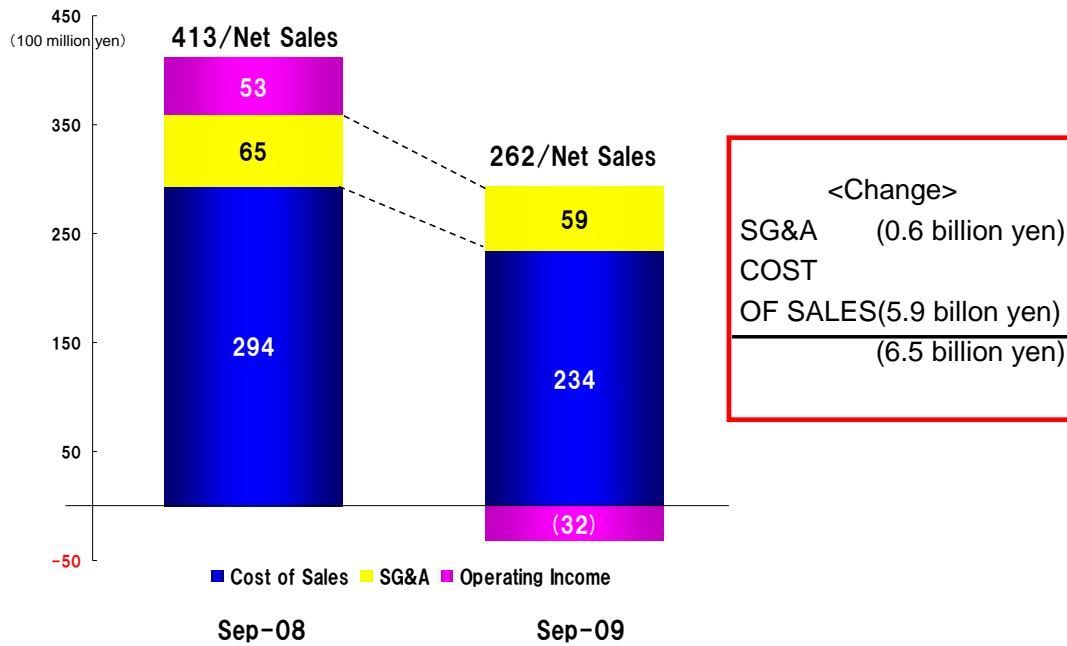
- For 6 Months Period of FY2010 to FY2009 -



We posted 1,214 million yen of net loss for the first 6 month period of current fiscal year where it was 3,039 million yen of profit last year.

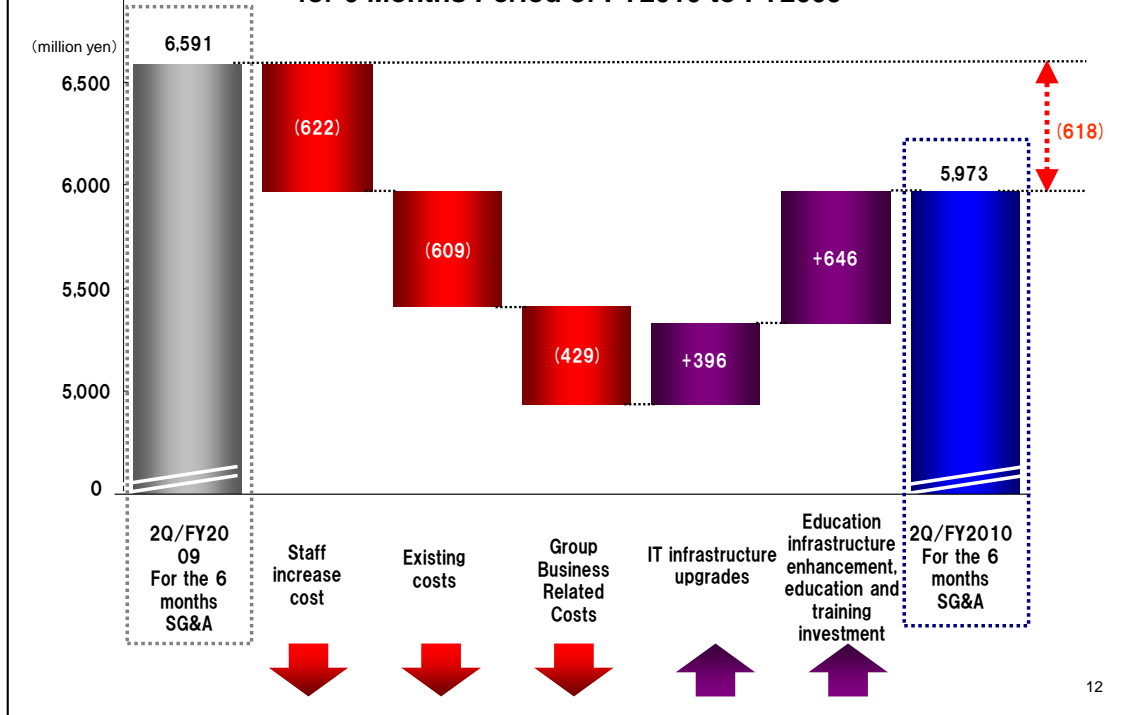
This is mainly due to 8,623 million yen of decrease in Operating income. But the government grand for subsidies for employment adjustment in amount of 247 million which was posted as other income contributed to decrease the loss. Also by other effect such as decrease in the income tax and other, final net income was loss of 1,214 for the first 6 month of fiscal year.

**<Comparison of Consolidated Cost Structure>**  
**- For 6 Months Period of FY2010 to FY2009 -**



During the first 6 month of the current fiscal year we realized 5,900 million yen of reduction in cost of sales and 600 million yen in SG&A. Most of the cost of sales is payroll for the engineers. And as a result of the performance dependent payroll system, payroll was reduced for 5,900 million yen.

### <Comparison of Consolidated SG&A> - for 6 Months Period of FY2010 to FY2009 -



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This figure shows what consist the cost reduction in SG&A.

First, the staff increase cost (recruiting cost) was reduced as we stopped the recruiting.

Second, existing cost for operation was reduced.

Third, cost for group business, as new business, was reduced.

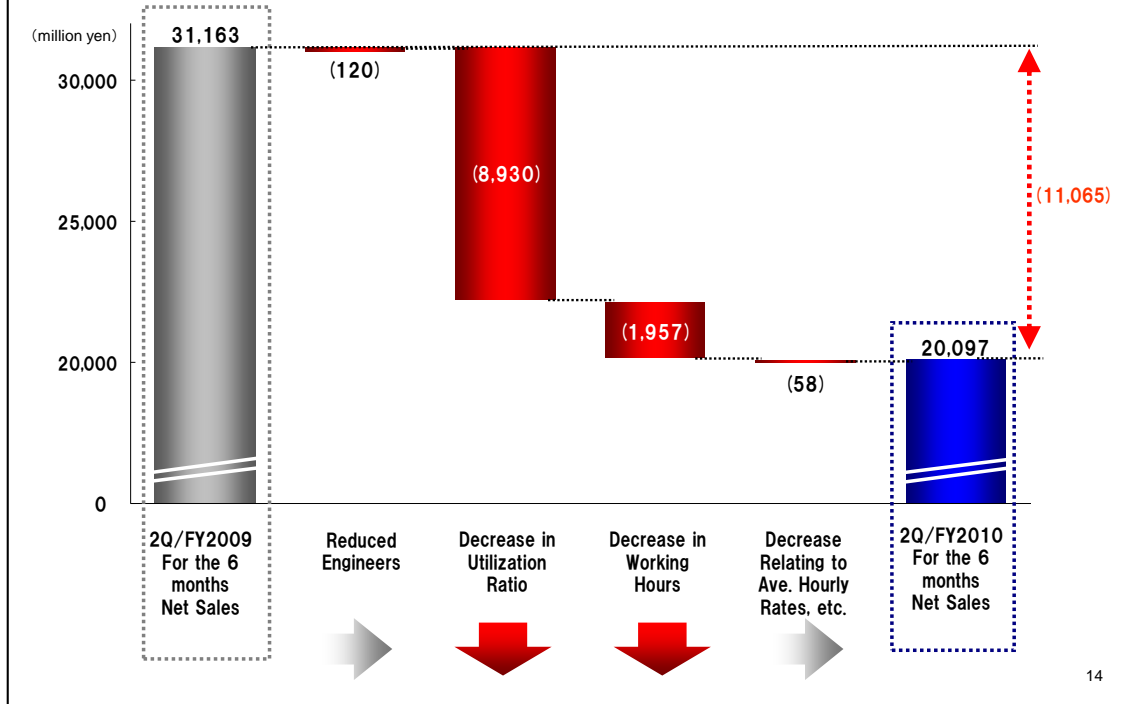
On the other hand, since we were required to renew our infrastructure, to realize reduction of SG&A in future, cost for IT infrastructure upgrade had effect of increasing the cost.

Also, since we have about 2,000 an assigned engineer , as we conduct the education and training for them, the education related cost had increased.

As a result, we were able to realize a total cost reduction in amount of 618 million yen.

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

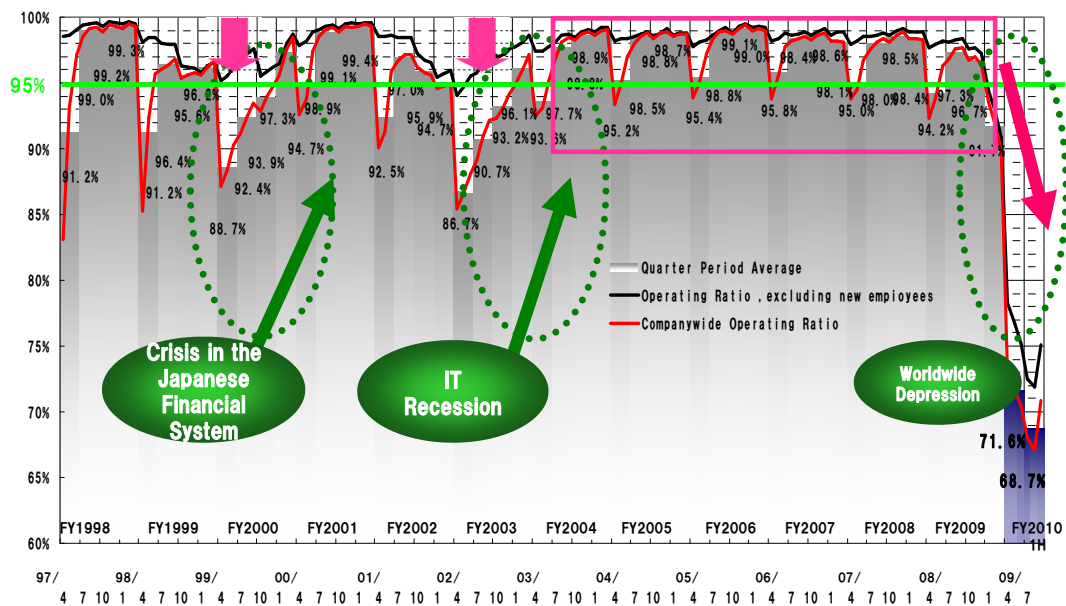
**<Comparison of Non-Consolidated Net Sales>**  
**- For 6 Months Period of Fiscal Year 2010 to Fiscal Year 2009 -**



Revenue for engineer staffing business is determined by four indicators: (1) number of engineer, (2) utilization ratio, (3) working hours, and (4) average rate.

Main reasons of decrease in revenue for the first 6 month of the current year are significant drop of the utilization ratio and working hours. Number of engineers and average rate was continue to be the almost same. Especially, the average rate drop was minimized as a result of sales effort to maintain the rate.

## <Utilization Ratio (Non-Consolidated)>



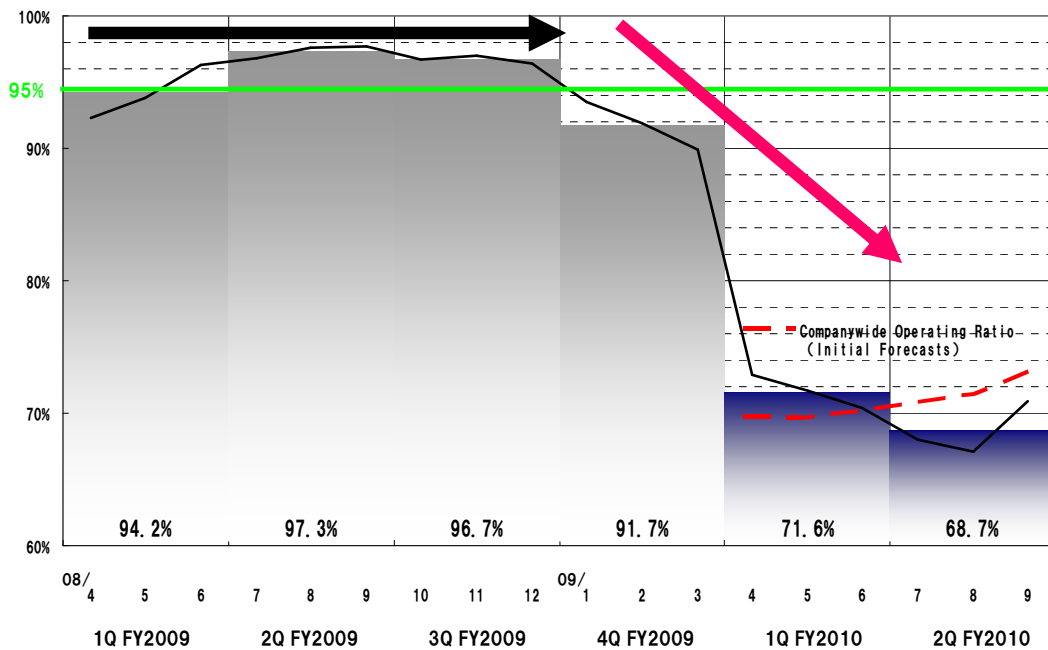
This figure shows the trend of utilization ratio which is most important management indicator.

For the last five years, the utilization ratio was maintained at very high level. And such continuation of good market condition was first time in our company history.

As you can see, the utilization ratio did drop during the IT recession and crisis in the Japanese financial system. But you can notice that the current drop is much deeper than those periods.



### <Utilization Ratio (Non-Consolidated) Apr-2008 to Sep-2009>



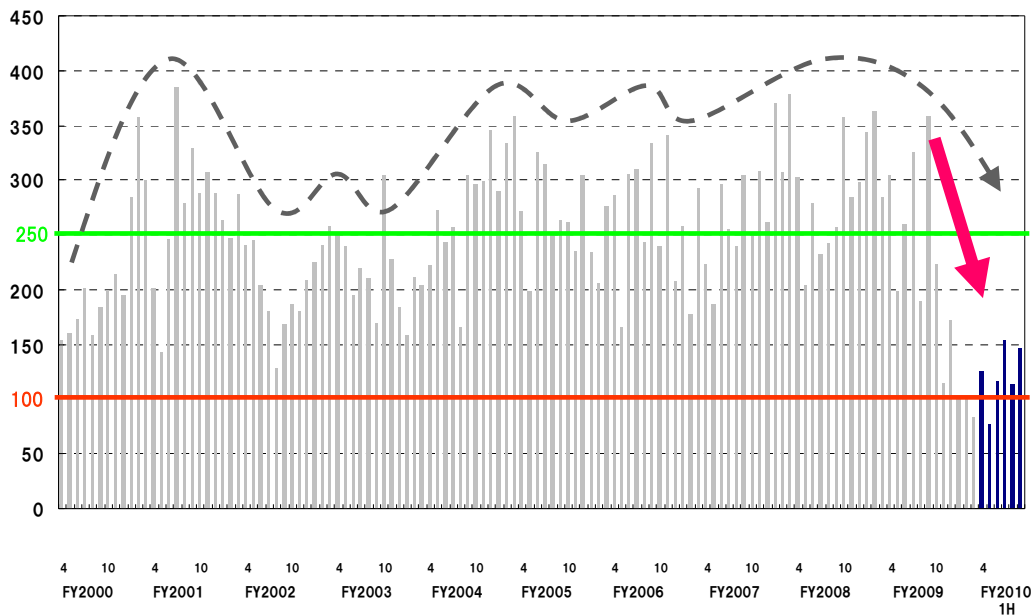
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This figure shows close up of the trend of utilization ratio during past 18 months.

During the 3rd quarter and the 4th quarter for the previous fiscal year, the utilization ratio dropped slightly, but was still kept at high level of above 90%.

But due to the large number of contract termination during March of previous year and April of current year, utilization ratio sharply dropped from the beginning of the current fiscal year. Red dotted line displays our original scenario of gradual recovery from the 2nd quarter from the 70% level during the 1st quarter. We now would like to explain that we do not recognize the "Bottom" not just by the utilization ratio.

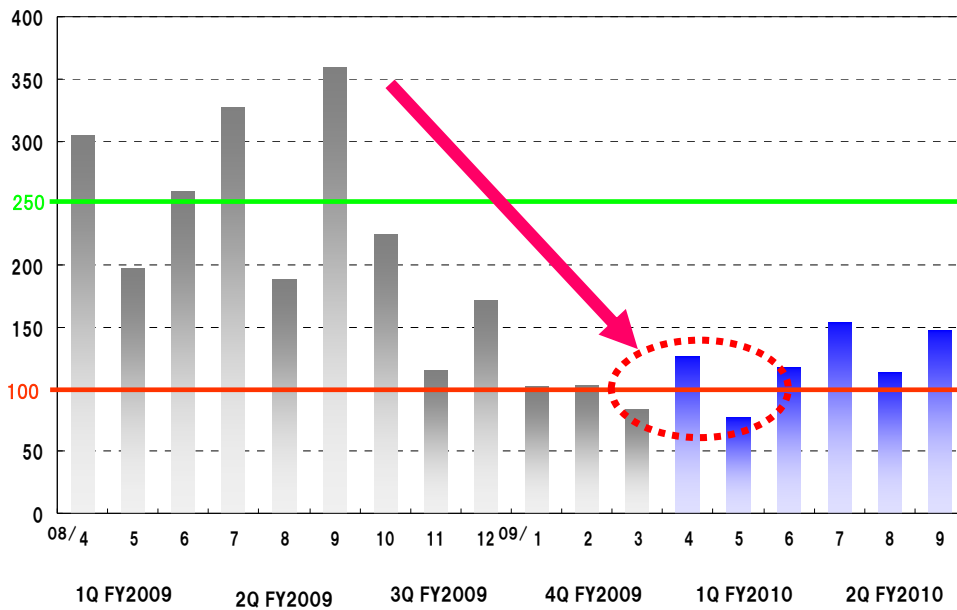
<Trend in New Orders by Month (Non-Consolidated)>



This figure shows the trend of new orders by month. Trend of new order can be one of future prospect indicator.

We judge the market as good if the monthly new order exceeds 250. But after the Lehman shock in September of last year, the number of new order sharply dropped.

<Trend in New Orders by Month (Non-Consolidated) Apr-2008 to Sep-2009>

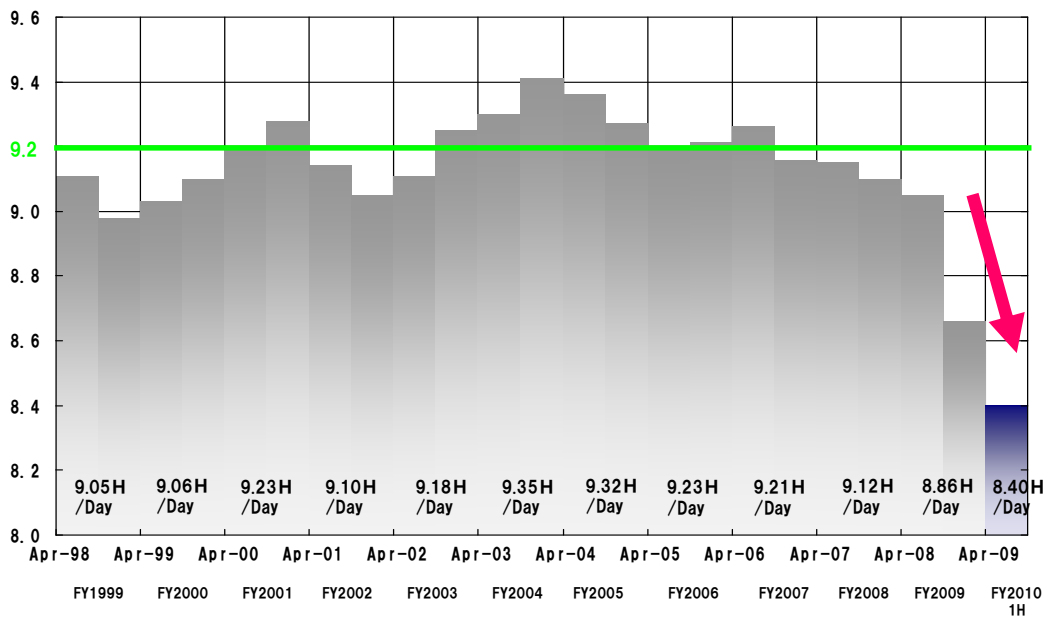


This figure shows close up of the trend of new orders during past 18 months.

As you can see, after the Lehman shock in September of last year, the number of new order had sharply dropped. Especially in the month of March and May, monthly new order was less than 100 for each month, displaying that the market was in halt.

Although the new order decreased slightly in month of August due to summer holiday, number of new order turned to increase from the 2nd quarter.

### <Trend of Working Hours (Non-Consolidated)> - Annual Average from April 1998 to September 30, 2009-

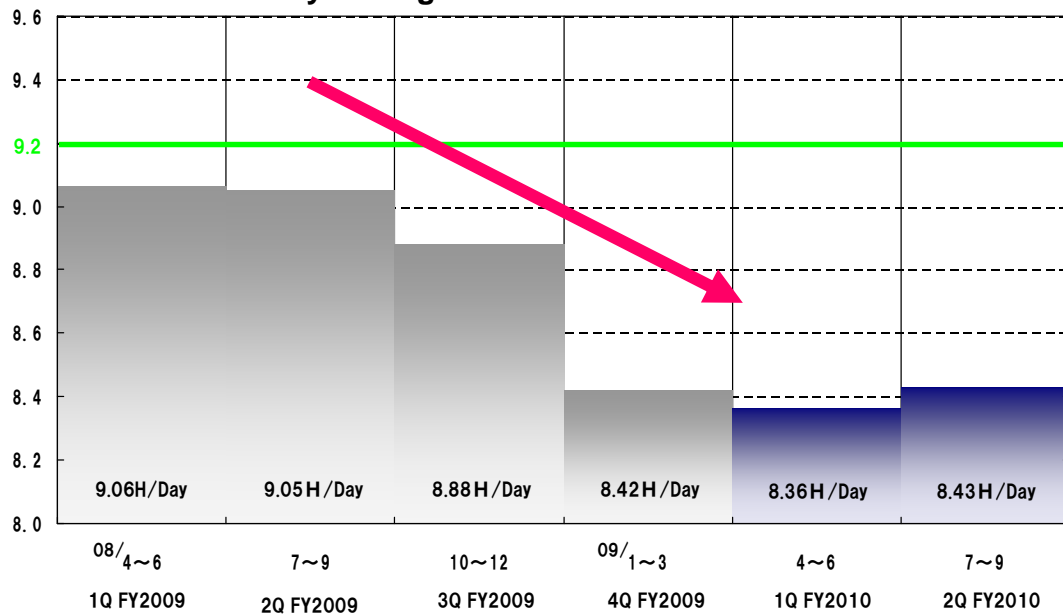


This figure shows the trend of average working hours over 11 year period. Working hours has significant effect on revenue, and is important as future prospect indicator.

But the average working hours had dropped sharply from second half of previous fiscal year. This is due to restrains on overtime work to reduce cost before terminating our contracts by our customers

When the market is recovering, on the other hand, the working hours will increase before hand. Therefore, we can use working hours as important future prospect indicator.

**<Trend of Working Hours (Non-Consolidated)>**  
**- Quarterly Average from 1Q FY2009 to 2Q FY2010 -**



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This figure shows close up of the trend of working hours during past 18 months.

As you can see, after the Lehman shock in September of last year, the number of working hours had dropped. Since change in this indicator shows up beforehand compared to the utilization ratio, it had sharply dropped from 4th quarter of previous fiscal year which is same level in 1st to 2nd quarter of current fiscal year. But you it is showing some recovery in 2nd quarter compared to the 1st quarter.

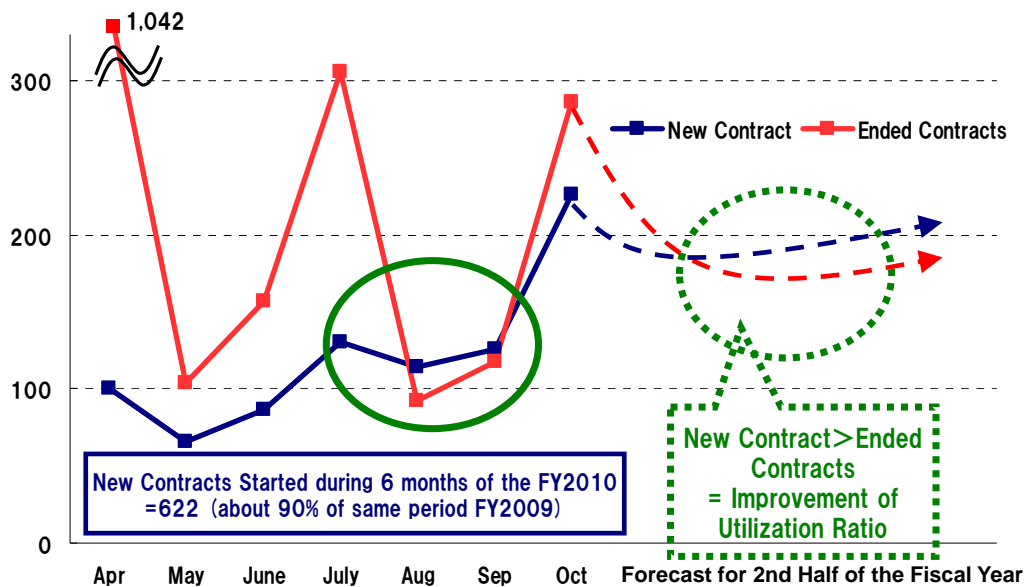
**<Comparison of New Orders, Started New Contracts and Working Hours>  
- between 1Q and 2Q FY2010 -**



This figure shows comparison of average between 1st quarter and 2nd quarter on new orders, started new contracts and working hours. Since all indicator shows improvement during the period, we suspect that the August was the "Bottom". We can not of this 100% at this moment, but we assumed a gradual recovery scenario with August being the "Bottom".

## &lt;Trend of New Contracts (Non-Consolidated)&gt;

- For 6 Months Period of FY2010 -



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Although we do not disclose the number of new contract in normal condition, in order for you to understand the current crisis condition correctly, we show you the trend of new contract by this figure.

When number of new contracts exceeds the number of contracts ended, the utilization ratio would increase. But vice versa, utilization ratio decrease. For the 4 month period from April, the number of new contracts was below the number of contracts ended, and utilization ratio decreased. But during the month of August and September, number of new contracts slightly exceeded the number of contracts ended, and improved the utilization ratio.

As a reference for what to expects for the 2nd half of the year, actual number for October is disclosed here.

Since October is beginning of the 2nd quarter, many customers had reviewed their budget. As a result, 280 contracts were terminated then. But on the other hand, we received 220 new orders. Because the new order was less than terminated order, we expect that the utilization ratio would slightly drop for the month

From now, number of ending contracts in month of January 2010 would be important to foresee the future recovery trend. We do not expect large number of contract termination as it was in July and October, and stay within normal time level. Therefore we expect the utilization ratio to improve during the second half of the year.

## **III. Performance Forecast**



## <Our View on the 2<sup>nd</sup> Half of the Fiscal Year>

1. Cost cutting measure at our customers will continue. But “Offensive R&D Investments” for selection of business and concentration of business will start.
2. Number of ending contracts will settle down to as of normal year after November,
3. Therefore, some improvement of the utilization ratio can be achieved compared to the first half of the fiscal year
4. Whether further business structure change will start in each manufacturing industries would be a key for next year. (i.e. shifting to the hybrid and EV in automotive industry)

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We view that the cost reduction measure at our customer will continue during the 2nd half of the year. They made decision on selection and concentration of their business, and scale-down or termination of business accordingly during the first half of the year. We believe that some of them will resume their R&D investment some what. But it will not be the same for all the customers, and timing will not be evenly. We also expect that termination of contracts will calm down, and the utilization ratio will improve some what.

Today's recession was not just a simple economic fall back, but all the industries were force to take structural change. Automotive industry as a example, they were asked to change to “electrical motorization” from “gasoline motorization, and introduction of “Hybrid/EV” started to take large steps. Although it has not realized a large order for us, we hope that such change will occur to other industries. If this new trend is introduced to all the industries, it will increase our new orders.

**<Forecasts; Fiscal Year Ending March 31, 2010>**

(Millions of Yen)

		Net Sales	Operating Income	Ordinary Income	Net Income
Consolidated	FY2010	51,000	(7,600)	(2,600)	(2,500)
	FY2009	79,898	9,280	9,260	4,303
	Change(%)	-36.2%	-	-	-
Non-consolidated	FY2010	39,000	(5,000)	(1,100)	(1,500)
	FY2009	60,457	8,807	9,294	2,998
	Change(%)	-35.5%	-	-	-

Expected government grants from the government subsidies for the employment adjustment are included in the forecast as the other income.

Major reason for the revenue and operating income for the latter half of the fiscal year being less than that of first half of the fiscal year are less number of working days (1.84 days) and loss of engineer due to resignation.

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**This table shows our forecast for the current fiscal year with before said assumption of the market.**

**Incidentally, the forecast this time will include the grant from the government subsidies for employment adjustment. Since it was not certain at the beginning of the year, we did not include it in our initial forecast. But as we actually received the grant, we are now including it.**

**Also since the number of working days will be less during 2nd half of the year, and the number of engineers would reduce due to the resignation of engineers, we expect that the revenue and operating income will decrease compared to the first half of the year.**

**<Income from Government Subsidies for Employment Adjustment>  
- Actual / Projected for the FY2010 -**

(million yen)	1H/FY2010 (Actual)	2H/FY2010 (Forecast)	FY2010 (Forecast)
Meitec	1,732	1,900	3,632
Meitec Fielders	451	440	891
Meitec Global Solutions	182	150	332
Apollo Giken	41	10	51
<b>Consolidated</b>	<b>2,407</b>	<b>2,500</b>	<b>4,907</b>

**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 engineers.

**This table shows the actual and expected amount of income from the government subsidies for employment adjustment.**

**We expect to file the application for the grant equivalent to that of first half of the year during the 2nd half of the year.**

### <Forecasts for Meitec Group; Fiscal Year Ending March 31, 2010>

(Millions of Yen)

		Net Sales	Operating Income	Ordinary Income	Net Income
FY2010	Meitec	39,000	(5,000)	(1,100)	(1,500)
	Meitec Fielders	6,600	(1,900)	(1,000)	(1,300)
	Meitec Cast	2,400	(15)	(15)	(10)
	Meitec Experts	200	(5)	(5)	(5)
	Apollo Giken Group	1,500	(70)	(10)	10
	Meitec CAE *1	1,050	130	130	90
	Meitec Global Solutions	630	(550)	(200)	(200)
	Meitec Shanghai	30	(10)	(10)	(10)
	Meitec Dalian	20	(30)	(35)	(35)
	Meitec Guangzhou *2	0	(15)	(15)	(15)
	Meitec Zhejiang *2	0	(20)	(25)	(25)
	Meitec Xian	10	(25)	(25)	(25)
	Meitec Chengdu	5	(40)	(40)	(40)
	Meitec Shanghai HR	30	(10)	(10)	(10)
	Meitec Next	360	(5)	(5)	(5)
	all engineer.jp	15	0	0	0
	BMOA *3	180	20	0	210
Consolidated	51,000	(7,600)	(2,600)	(2,500)	

Amounts for each company are non-consolidated basis

\* 1. Including the business result of 3D Tec which was transferred.

\* 2. Vocational training business at Meitec Guangzhou and Meitec Hangzhou are currently suspended.

\* 3. Include the result DBM-J for the month of April 2009. (DBM-J was sold to Tempstaff as of May 1, 2009.)

This table shows the forecast of the fiscal year ending March 31, 2009.

<Prerequisites of Performance Forecast>

- (MT+MF+MGS) for FY2010 -

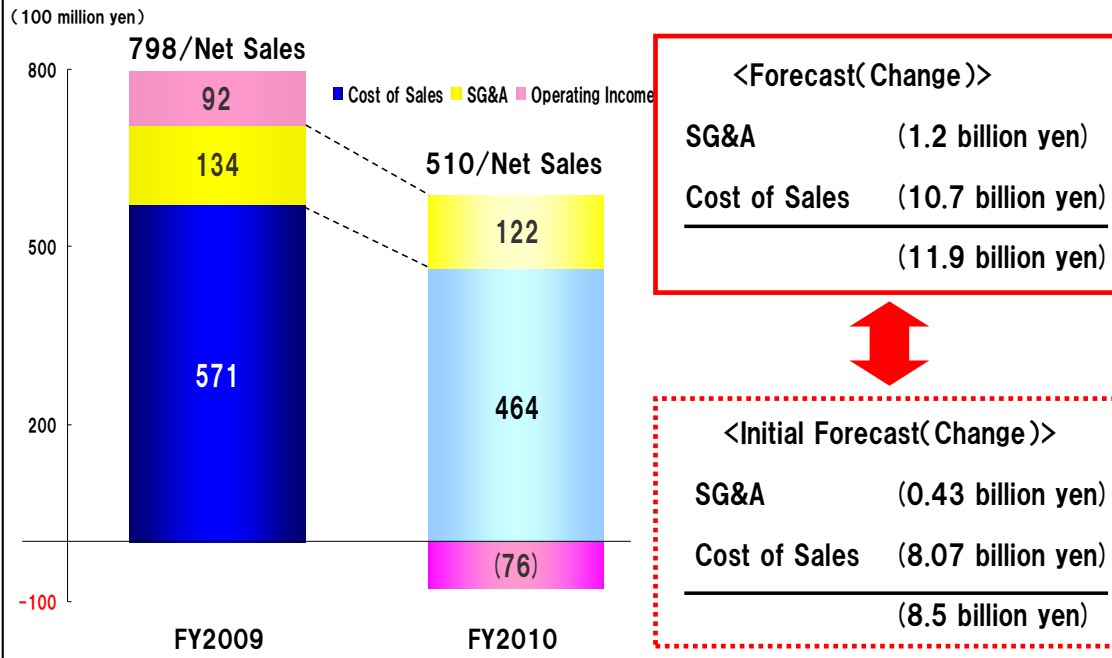
			MT	MF	MGS
Utilization ratio	1H FY2010	Initial Forecast	72.0%	64.8%	31.6%
		Actual	<b>70.2%</b>	<b>65.6%</b>	<b>24.2%</b>
	2H FY2010	Initial Forecast	82.1%	78.4%	42.1%
		Forecast	<b>70.2%</b>	<b>66.4%</b>	<b>21.9%</b>
	FY2010	Initial Forecast	77.1%	71.4%	36.9%
		Forecast	<b>70.2%</b>	<b>66.0%</b>	<b>23.1%</b>
Operating Hours	1H FY2010	Initial Forecast	8.40h/day	8.43h/day	8.12h/day
		Actual	<b>8.40h/day</b>	<b>8.48h/day</b>	<b>7.70h/day</b>
	2H FY2010	Initial Forecast	8.96h/day	8.48h/day	8.02h/day
		Forecast	<b>8.55h/day</b>	<b>8.66h/day</b>	<b>8.02h/day</b>
	FY2010	Initial Forecast	8.69h/day	8.45h/day	8.07h/day
		Forecast	<b>8.47h/day</b>	<b>8.57h/day</b>	<b>7.86h/day</b>

This table shows the prerequisites of performance forecast for MT, MF and MGS for the fiscal year.

We assumed that the utilization ratio of MT during 2nd half of the year to be the same level as first half. During the 1st half, it decreased gradually, but we expect it to gradually increase as the August being "Bottom".

We also expect the working hour to recover gradually.

<Forecast of Consolidated Cost Structure For FY2010>

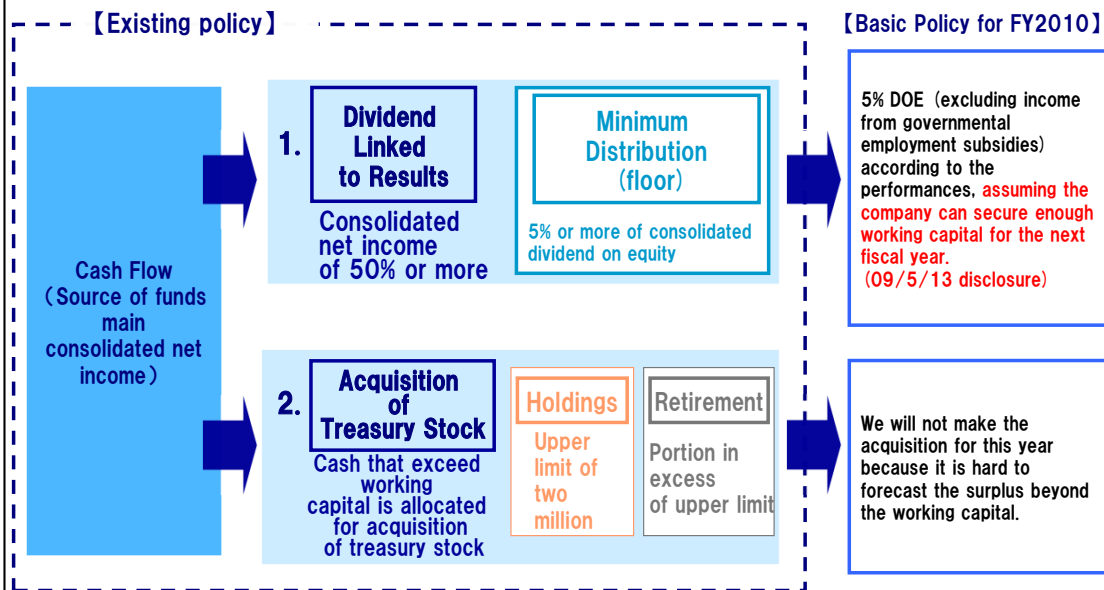


This table shows the forecast of what would be the result of cost cutting measure at Meitec Group.

During current fiscal year, we planning to reduce 10,700 million yen in the cost of sales and 1,200 million yen in SG&A, total cost reduction of 11,900 million yen. Our initial plan for cost reduction was 8,500 million yen for the year. But since we are expecting the revenue to decline further more, we will apply further cost reduction measure of 3,400 million yen.

## **IV. About Dividend**

<Basic Policy Regarding Distribution of Earnings to Shareholders for FY2010>



“Existing policy” explains our basic policy in distributing the earnings to our shareholders.

Until now, we have made the distribution of earnings through the dividend and retirement of our stocks. But at our disclosure made on May 13, 2009, we announced that the whether the year end dividend will be made would depend on whether if we are able to secure enough working capital for the next fiscal year at the end of current fiscal year.



## &lt;Dividend Forecast for the Fiscal Year Ending March 31, 2010&gt;

	First quarter dividends	Second quarter dividends	Third quarter dividends	Year-end dividends	Total
Previous Forecast (Announced Sept. 15, 2009)		24.50		N/A	N/A
Revised Forecast		–		0.00	24.50
Actual. Current Period		24.50		–	–
Actual. Previous Fiscal Year ended march 31, 2009		47.00		28.00	75.00

Interim Dividends is calculated as equivalent to 5% of DOE based on the shareholders' equity excluding the increased portion due to the government grants.

But, at this point, excluding the government grant, we believe that our financial position for securing the necessary working capital would not be sufficient.

**Therefore, to our regret, we are planning to not to issue the dividend for the end of the year.**

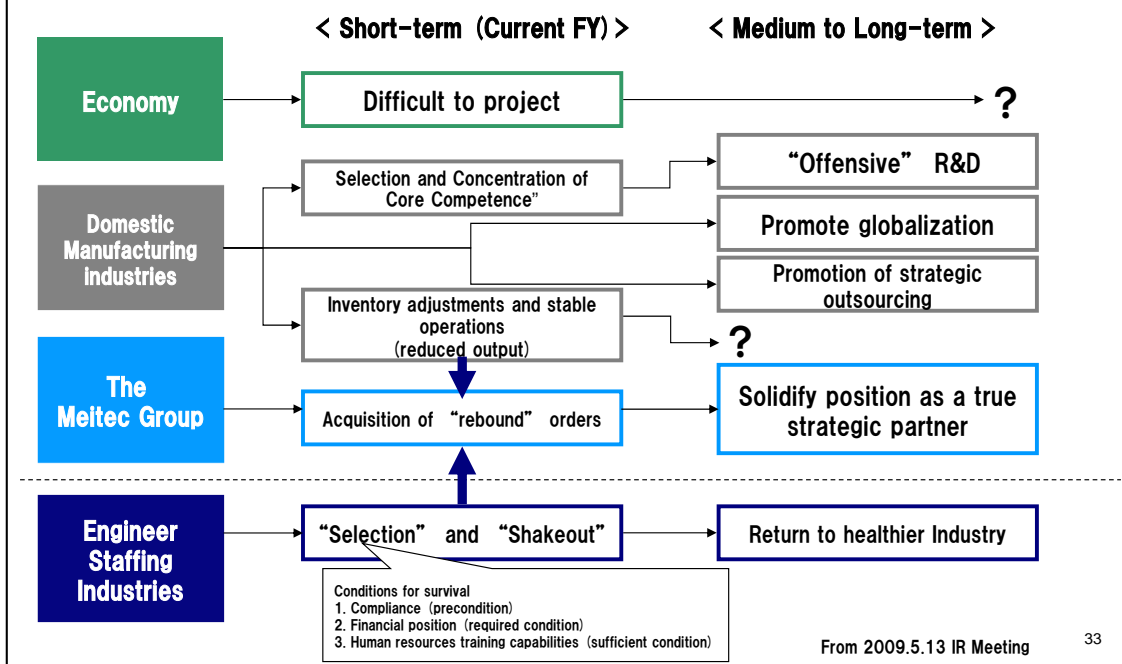
We will continue our effort to soon regain our performances to meet with shareholder's expectations. We would like to express our appreciation to your understanding.

Interim dividend will be distributed, as we announced at the beginning of the year, according to the equivalent to 5% of DOE based on the consolidated shareholders' equity excluding the increased portion due to the grants for the government subsidies for employment adjustment.

But at this point, we believe that the securing the enough working capital for the next year at the end of current year would not be sufficient after excluding the amount of grants. Therefore, to our regret, we are planning to not to issue the year end dividend.

Since we are now receiving large sum of grant for the government subsidies for employment adjustment, we hope to able to regain profit on our own without the grants as soon as possible, and to issue the dividend again.

## <Future Market Conditions (Projection)>



At last, we would like to explain our mid to long term out look.

This figure is same as what we disclosed on the May 13, 2009. Market conditions are still uncertain. But on the other hand, our customers, major manufacturing industries, are firmly moving forward to select and concentrate their business. As a result, our utilization ratio of engineer had decreased in the first half of the fiscal year.

At the same time, as the stock adjustments have moved forward, production trend had turned to improved to 60% to 80% stable capacity, and we have started to obtain some returning orders. But the result for the first half of the year was that there were more contracted ended than new started.

Also we have started to see some selections and shakeout in the engineer staffing business. As our customers were busy, they have contracted number of different staffing business operators. But as we enter current recession, there are some movements among our customer which limit themselves to contract only with healthy business.

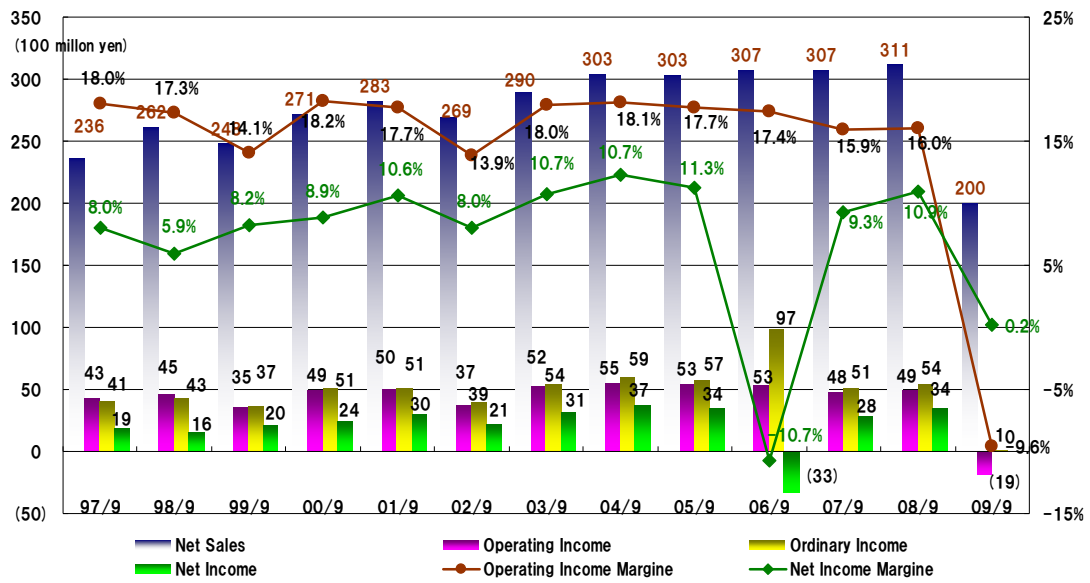
Conditions to survival in the industry are: (1) guarantee to meet compliances, (2) have good financial position which would insure safe business transaction, (3) have good training capability to insure offering of high value human resource as customer requires.

We believe that our customer will turn to select partners which they can conduct business safely for long term in view to meet the offensive R&D, further globalization, strategic use of outsourcing services.

Although the current market is not certain, to meet such requirement, we would like to overcome the current crisis and further grow by firmly conducting above survival conditions,

In addition, we are studying the revision of our group strategies now. If we need to make disclosure, we will do so at the appropriate time.

**<Non-Consolidated Operating Results for 2Q/FY2010>**  
 - For 6 months ended Sept 30, 2009 -



**<Outline of the Core Business (Engineer Staffing Business)>  
- For the First Half of FY2010 -**

			MT+MF+ MGS+CAE	MT+MF +MGS	MT	MF	MGS	CAE
2Q/FY2010 For the 6 Month	Utilization ratio (Company-wide)	Actual	-	67.4%	70.2%	65.6%	24.2%	-
		2Q/FY2009 For the 6 Month	-	93.9%	95.7%	93.9%	47.9%	-
	Operating Hours	Actual	-	-	8.40h/day	8.48h/day	7.70h/day	-
		2Q/FY2009 For the 6 Month	-	-	9.05h/day	9.10h/day	8.78h/day	-
	Number of Engineers	Actual	7,682	7,598	5,878	1,424	296	84
		2Q/FY2009 For the 6 Month	7,775	7,705	6,000	1,452	253	70

## &lt;Sales by the Industrial Segments (Non-Consolidated)&gt;

(million yen)

Segment	2Q/FY2006 (05/4-9)	2Q/FY2007 (06/4-9)	2Q/FY2008 (07/4-9)	2Q/FY2009 (08/4-9)	2Q/FY2010 (09/4-9)			
	Nete Sales				Net Sales	Total Net Sales (%)	Change	Change (%)
Automobile/Transportation	6,675	6,514	6,190	6,357	3,650	18.2%	(2,707)	-42.6%
Aircraft/Aerospace	1,495	1,514	1,478	1,484	1,427	7.1%	(57)	-3.9%
Industrial Machinery	2,883	3,306	3,518	4,135	2,671	13.3%	(1,464)	-35.4%
Precision Equipment	1,397	1,590	1,541	1,670	1,342	6.7%	(328)	-19.6%
IT Related Hardware and Devices	3,231	3,358	3,522	3,320	2,188	10.9%	(1,132)	-34.1%
Electric and Electronics	5,137	5,122	5,235	5,029	3,322	16.5%	(1,707)	-33.9%
Semiconductors and Integrated Circuits Design	4,911	4,764	4,363	4,248	1,776	8.8%	(2,472)	-58.2%
Semiconductor Equipment and Devices	1,388	1,500	1,489	1,474	550	2.7%	(925)	-62.7%
Information Processing/Software	1,513	1,531	1,689	1,665	1,418	7.1%	(247)	-14.8%
Plant	511	454	465	577	565	2.8%	(13)	-2.3%
Construction	128	122	146	97	46	0.2%	(52)	-53.4%
Others	1,091	1,018	1,112	1,103	1,142	5.7%	39	+3.6%
Total	30,366	30,799	30,753	31,163	20,098	100.0%	(11,065)	-35.5%

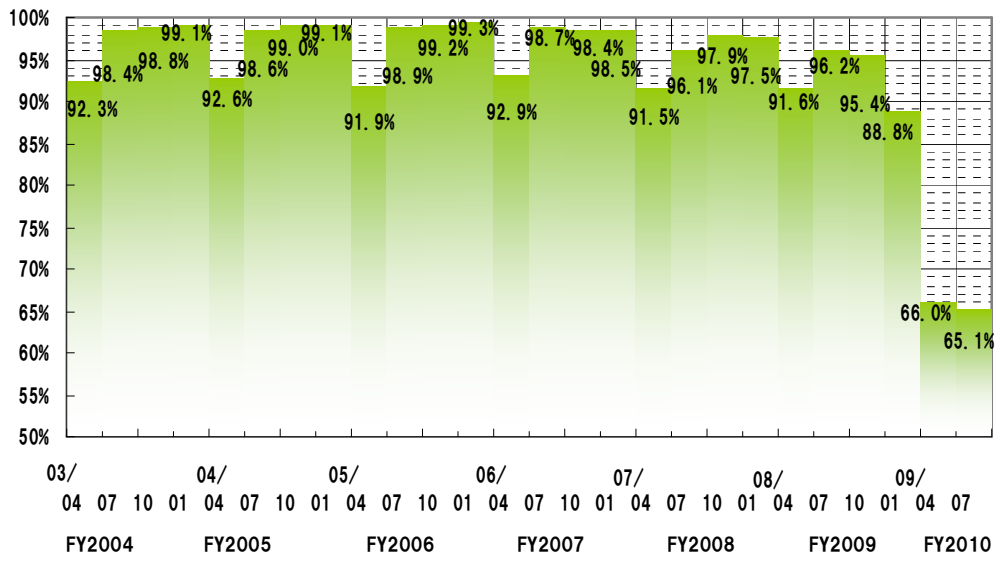
## <Top 10 Clients by Sales and Shares of Net Sales> (Non-consolidated)

<Five years ago >

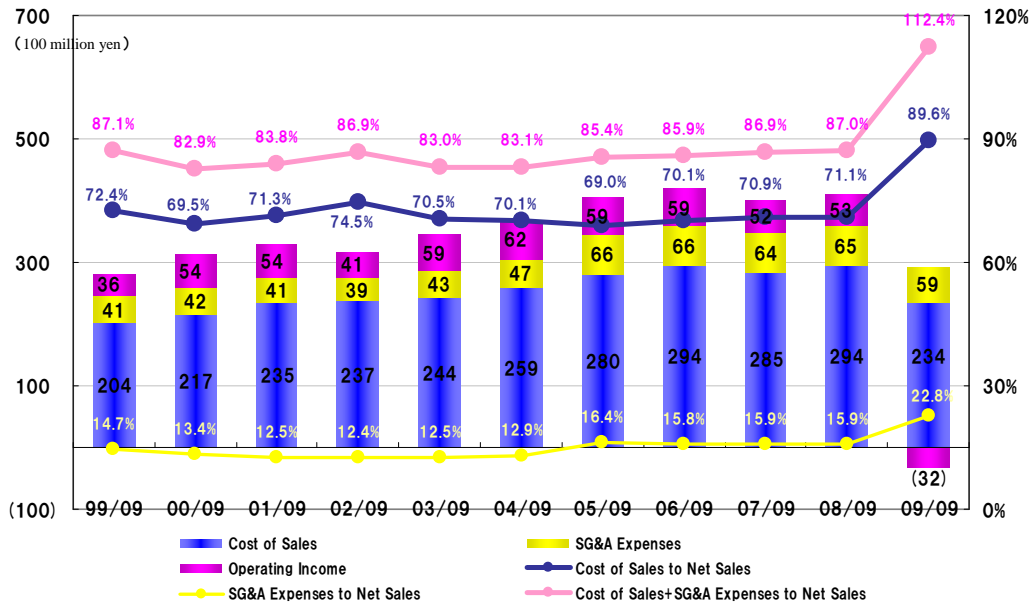
<Current> (million yen)

2Q/FY2005 ('04/4-9)			2Q/FY2009 ('08/4-9)			2Q/FY2010 ('09/4-9)		
Companies Name			Companies Name			Companies Name		
1	Panasonic		1	Panasonic		1	Panasonic	
2	Sony Corp.		2	Canon Inc.		2	Mitsubishi Heavy	
3	Toyota Motor		3	Sony Corp.		3	Canon Inc.	
4	Seiko Epson		4	Omron Corp.		4	Sony Corp.	
5	Canon Inc.		5	Denso Corporation		5	Nikon Corp.	
6	Mitsubishi Heavy		6	Mitsubishi Heavy		6	Denso Corporation	
7	Nikon Corp.		7	Nikon Corp.		7	Toyota Motor	
8	Omron Corp.		8	Toyota Motor		8	Seiko Epson	
9	Sony EMCS		9	Seiko Epson		9	Kawasaki Heavy	
10	Kawasaki Heavy		10	Yazaki Parts		10	Omron Corp.	
<b>Top 10 Total</b>	11,139	<b>36.7%</b>	<b>Top 10 Total</b>	10,310	<b>33.1%</b>	<b>Top 10 Total</b>	7,327	<b>36.5%</b>
<b>Top 20 Total</b>	14,670	<b>48.3%</b>	<b>Top 20 Total</b>	13,637	<b>43.8%</b>	<b>Top 20 Total</b>	9,532	<b>47.4%</b>
<b>Others</b>	15,713	<b>51.7%</b>	<b>Others</b>	17,526	<b>56.2%</b>	<b>Others</b>	10,566	<b>52.6%</b>
<b>Total</b>	30,384	<b>100.0%</b>	<b>Total</b>	31,163	<b>100.0%</b>	<b>Total</b>	20,098	<b>100.0%</b>

### <Utilization Ratio (Meitec Fielders)>

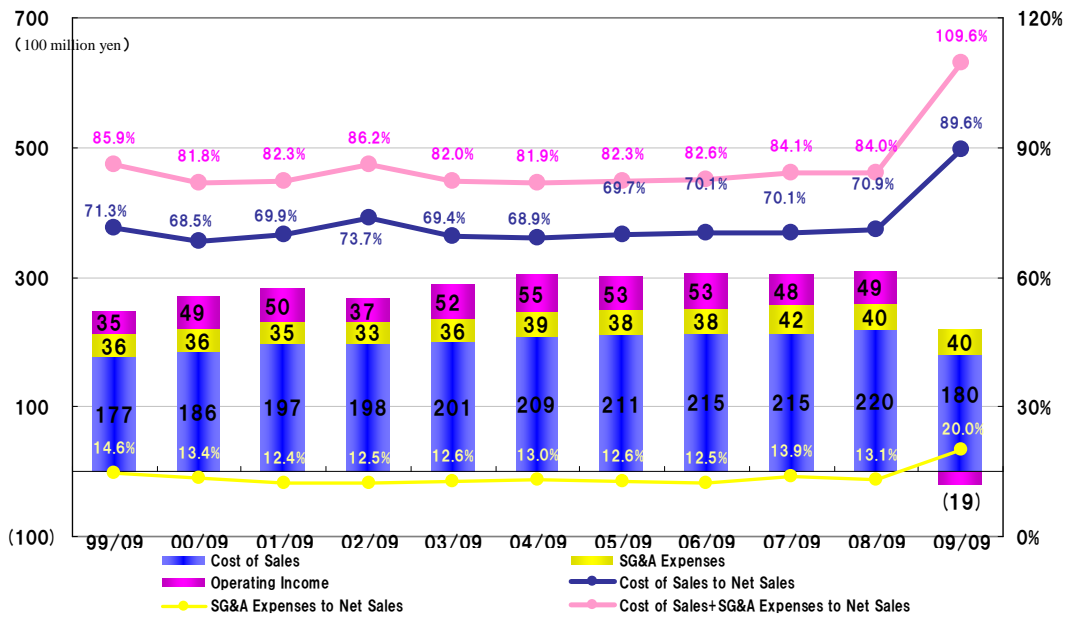


### <Consolidated SG&A Expenses and Cost of Sales, and Their Ratio to the Sales>





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



**<Shareholders by Business Segments (Non-Consolidated)>  
- At the End of 2Q FY2010 -**

Shareholder Segment	(As of the Second Quarter Period Ended September 30, 2009)			
	Shareholders	%	Shares Held	%
Banks	3	0.04%	1,187,401	3.38%
Trust Banks	24	0.33%	7,238,300	20.62%
Life and against loss insurance companies	28	0.38%	4,605,783	13.12%
Securities financing and other financial companies	4	0.05%	21,660	0.06%
Securities companies	31	0.42%	207,757	0.59%
Business concerns and other companies	121	1.65%	335,400	0.96%
Overseas companies and investors	155	2.11%	15,663,999	44.63%
Individuals and others	6,988	95.02%	5,839,700	16.63%
Total	7,354	100.0%	35,100,000	100.0%