Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2015

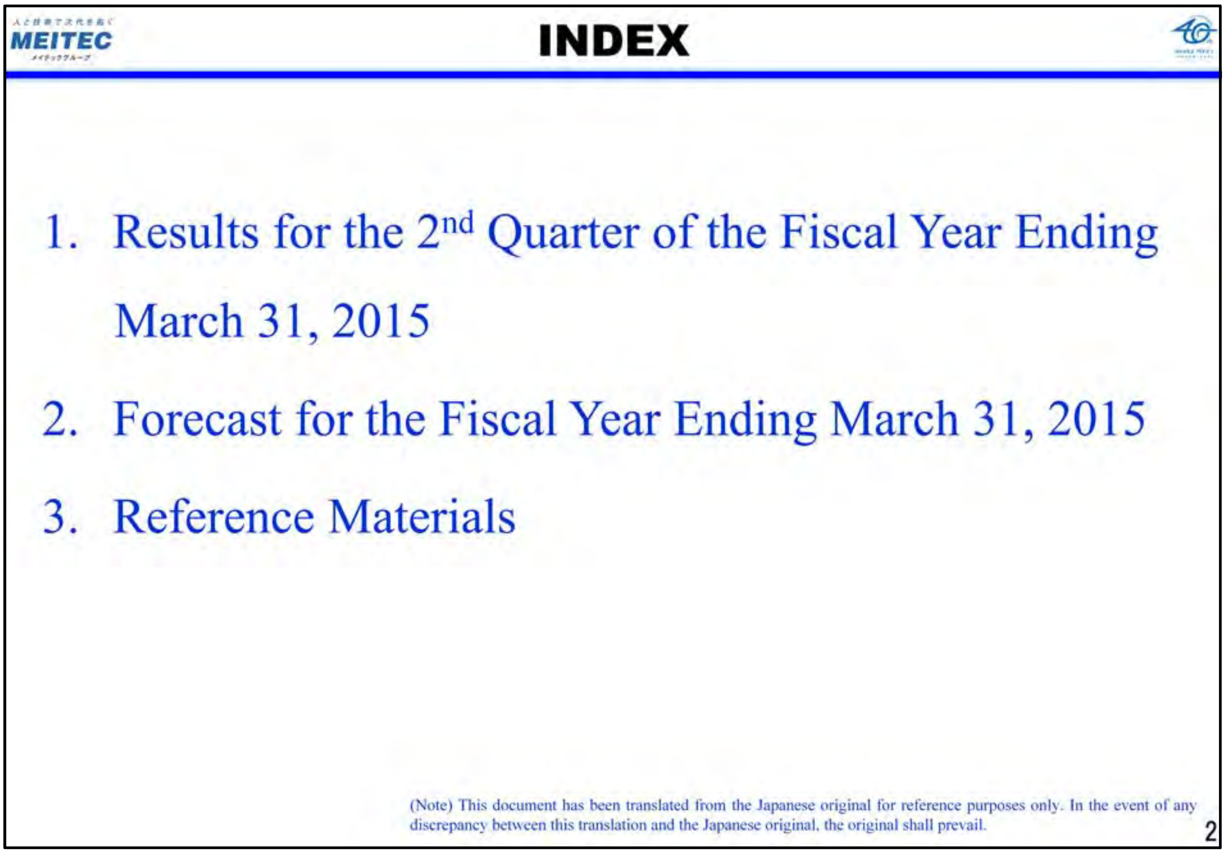
November 6, 2014

MEITEC CORPORATION

人と技術で次代を拓く

MEITEC

メイテックグループ



- Today I will discuss item 1 (Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2015) and item 2 (Forecast for the Fiscal Year Ending March 31, 2015) in the table of contents.
- Item 3 contains reference materials, so please take a look at them later.

1. Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2015

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- First, I would like to look at earnings results for the second quarter of the fiscal year ending March 31, 2015.

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2015 (Group Consolidate)

- ✓ Leading manufacturers, which represent the Company's major clients, continued R&D investments. As a result, the professional staffing business for engineers drove earnings, and net sales increased 9.9% y-o-y, while operating income jumped 37.3%
- ✓ With approximately 3.5 billion yen in extraordinary losses, primarily due to our suspending the use of aging training facilities and other facility, net income fell 88.6% y-o-y, to 194 million yen

Group Consolidated (Millions of yen)	2Q ended Sept. 30, 2013	2Q ended Sept. 30, 2014	YoY Amount	% Change	Initial Forecast for 2Q, anounced on May 2014	% Change
Net sales	35,754	39,300	+3,545	+9.9%	38,200	+1,100
Cost of sales	26,607	29,366	+2,758	+10.4%	28,600	+766
Cost of sales to Net sales	74.4%	74.7%	+0.3%			
SG&A Expenses	6,239	5,941	(297)	(4.8%)	6,300	(359)
Operating income	2,907	3,992	+1,084	+37.3%	3,300	+692
Operating income margins	8.1%	10.2%	+2.0%		8.6%	+1.6%
Ordinary income	2,931	4,012	+1,080	+36.9%	3,300	+712
Extraordinary income & loss	(18)	(3,456)	(3,438)			
Income before income taxes and minority interests	2,913	555	(2,357)	(80.9%)		
Net income	1,706	194	(1,511)	(88.6%)	2,050	(1,856)
Net income margins	4.8%	0.5%	(4.3%)			

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- This slide shows a summary of the Group's consolidated earnings results.
- Leading manufacturers – Meitec's major clients – continued to invest in research and development for the next generation, regardless of the business conditions.
- The professional staffing business for engineers continued to drive earnings, with consolidated net sales rising 9.9% year on year to ¥39.3 billion and operating income increasing 37.3% to ¥3,992 million.
- Net sales were ¥1.1 billion higher than the initial forecast announced in May 2014, and operating income and ordinary income both exceeded the initial forecasts by roughly ¥0.7 billion.
- Next, I will look at extraordinary losses.
- I will look at this in more detail later, but in the second quarter we recorded impairment loss of around ¥3.5 billion following our decision to suspend the use of several aging training facilities and other facility.
- As a result, the Group reported consolidated net income of ¥194 million.
- However, the interim dividend is unchanged from the initial forecast. I will talk about profit distribution at the end of my presentation.

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Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2015 (Business Domain)

✓The Temporary Staffing Business, which accounted for more than 90% of consolidated net sales, continued to be the earnings driver
✓All segments posted y-o-y increases in net sales and operating income

Business Domains (Millions of yen)	2Q ended Sept. 30, 2013	2Q ended Sept. 30, 2014	YoY Amount	% Change
Sales of Staffing Business	34,237	37,546	+3,308	+9.7%
Component ratio	95.8%	95.5%	(0.2%)	
Operating income	2,789	3,788	+999	+35.8%
Sales of Recruiting & Placement Business	488	632	+144	+29.7%
Component ratio	1.4%	1.6%	+0.3%	
Operating income	99	152	+52	+52.7%
Sales of Engineering Solutions Business	1,200	1,359	+159	+13.3%
Component ratio	3.4%	3.5%	+0.1%	
Operating income	16	47	+31	+194.8%

(Note) The Company has changed reportable segments from the first quarter ended June 30, 2014, resulting in the inclusion of the former "Global Business" into the "Recruiting & Placement Business."
For the purpose of comparison with the same period of the previous fiscal year, figures for the same period of the previous fiscal year have been reclassified according to the segment after such change.

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- This is a summary of the Group's earnings results by business segment.
- The Temporary Staffing Business, which accounts for over 90% of consolidated net sales, was the main earnings driver, supported by particularly strong growth in the mainstay professional staffing business for engineers.
- In the first half of the fiscal year, sales and profits increased year on year in all our business segments.

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2015 (Meitec)

- ✓ The increase in the number of engineers assigned to the clients resulted in a 9.0% y-o-y increase in net sales, and a 36.5% jump in operating income
- ✓ Extraordinary losses of roughly 3.5 billion yen, mainly due to suspending the use of aging training facilities and other facility, resulted in a 90.1% y-o-y decline in net income, to 172 million yen

Meitec (Millions of yen)	2Q ended Sept. 30, 2013	2Q ended Sept. 30, 2014	YoY Amount	% Change	Initial Forecast for 2Q, anounced on May 2014	% Change
Net sales	28,150	30,682	+2,531	+9.0%	29,800	+882
Cost of sales	21,094	23,091	+1,997	+9.5%	22,500	+591
Cost of sales to net sales	74.9%	75.3%	+0.3%		75.5%	(0.2%)
SG&A Expenses	4,664	4,325	(339)	(7.3%)	4,600	(275)
Operating income	2,392	3,265	+873	+36.5%	2,700	+565
Operating income margins	8.5%	10.6%	+2.1%		9.1%	+1.5%
Ordinary income	2,791	3,697	+905	+32.4%	3,100	+597
Extraordinary income & loss	(43)	(3,455)	(3,412)			
Income before income taxes and minority interests	2,748	242	(2,506)	(91.2%)		
Net income	1,745	172	(1,572)	(90.1%)	2,050	(1,878)
Utilization ratio (Company-wide)	92.8%	93.9%	+1.1%		93.2%	+0.7%
Working Hours〈h/day〉	8.89	8.90	+0.01	+0.1%	8.89	+0.01
Number of Engineers as Period-End	5,851	6,209	+358	+6.1%		

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- This is the earnings results summary for Meitec.
- Net sales increased 9.0% year on year to ¥30,682 million and operating income rose 36.5% to ¥3,265 million, mainly reflecting an increase in the number of engineers assigned to the clients.
- Net sales were roughly ¥0.9 billion higher than the initial forecast announced in May 2014, and operating income and ordinary income both exceeded the initial forecasts by around ¥0.6 billion.
- Net income declined 90.1% year on year to ¥172 million due to roughly ¥3.5 billion in impairment loss.
- The utilization ratio in the first half of the fiscal year was 93.9%, an increase of 1.1% compared with a year earlier and 0.7% higher than the initial forecast.
- This improvement mainly reflected steady progress in assigning to customers newly graduated engineers who joined Meitec in April this year, and firm assignments of existing engineers.

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2015 (Meitec Fielders)

- ✓ With the increase in the number of engineers assigned to the clients, net sales increased 14.2% y-o-y, while operating income increased 38.8%
- ✓ Placement of new graduates was also steady, resulting in a 2Q cumulative utilization ratio of 93.4% (+1.5% y-o-y; 91.9% in the same period of the previous fiscal year.)

Meitec Fielders (Millions of yen)	2Q ended Sept. 30, 2013	2Q ended Sept. 30, 2014	YoY Amount	% Change	Initial Forecast for 2Q, anounced on May 2014	% Change
Net sales	5,037	5,753	+716	+14.2%	5,500	+253
Cost of sales	3,878	4,453	+575	+14.8%	4,250	+203
Cost of sales to net sales	77.0%	77.4%	+0.4%		77.3%	+0.1%
SG&A Expenses	808	813	+5	+0.7%	850	(37)
Operating income	350	486	+135	+38.8%	400	+86
Operating income margins	7.0%	8.5%	+1.5%		7.3%	+1.2%
Ordinary income	351	486	+135	+38.4%	400	+86
Extraordinary income & loss	0	0	—			
Income before income taxes and minority interests	351	486	+135	+38.5%		
Net income	217	297	+79	+36.6%	250	+47
Utilization ratio (Company-wide)	91.9%	93.4%	+1.5%		90.4%	+3.0%
Working Hours(h/day)	8.97	8.99	+0.02	+0.2%	8.97	+0.02
Number of Engineers as Period-End	1,443	1,606	+163	+11.3%		

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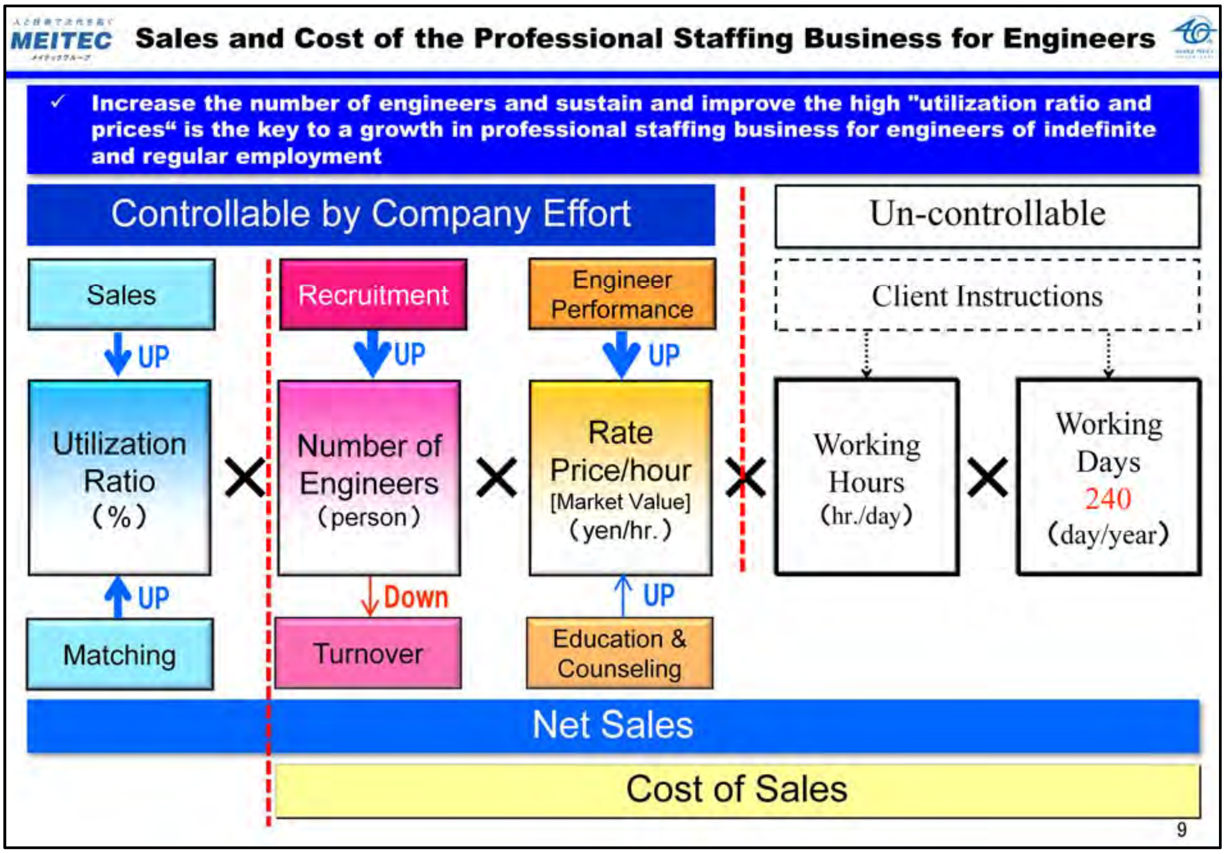
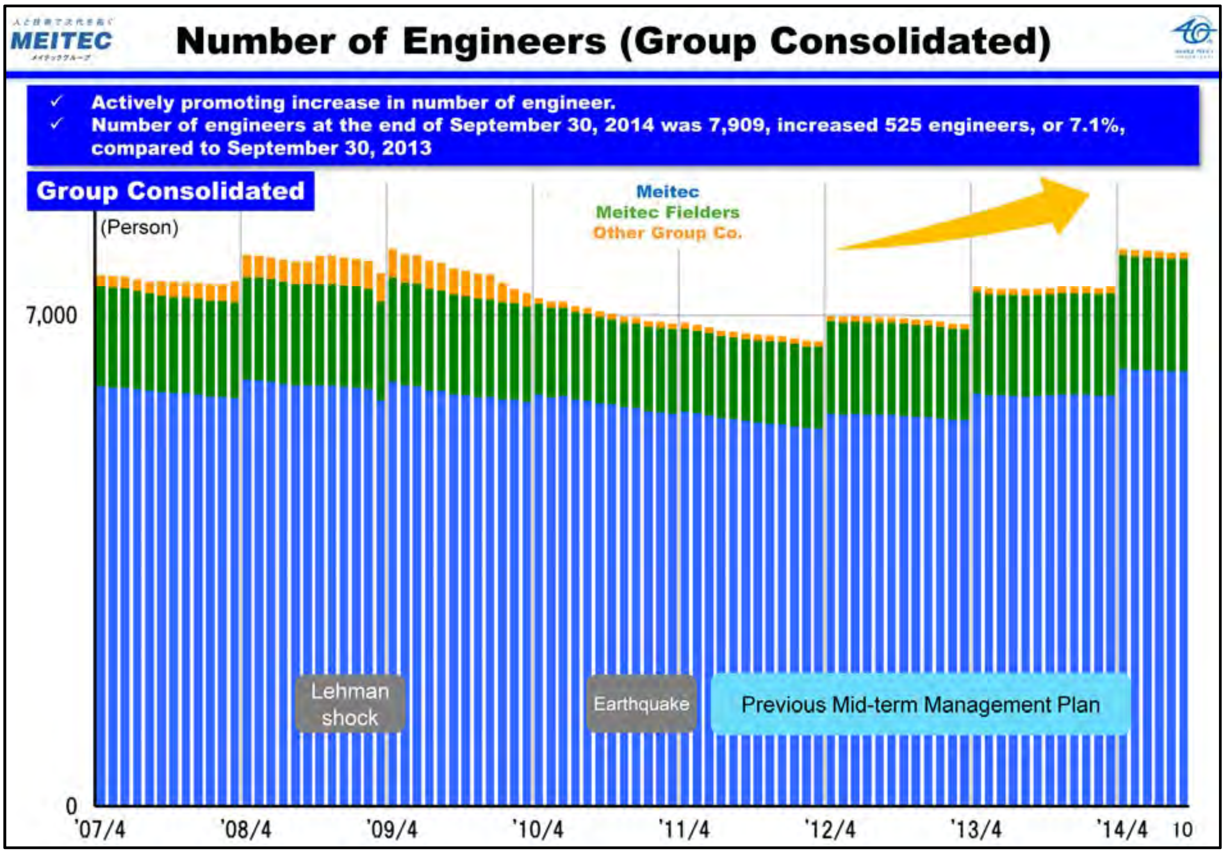
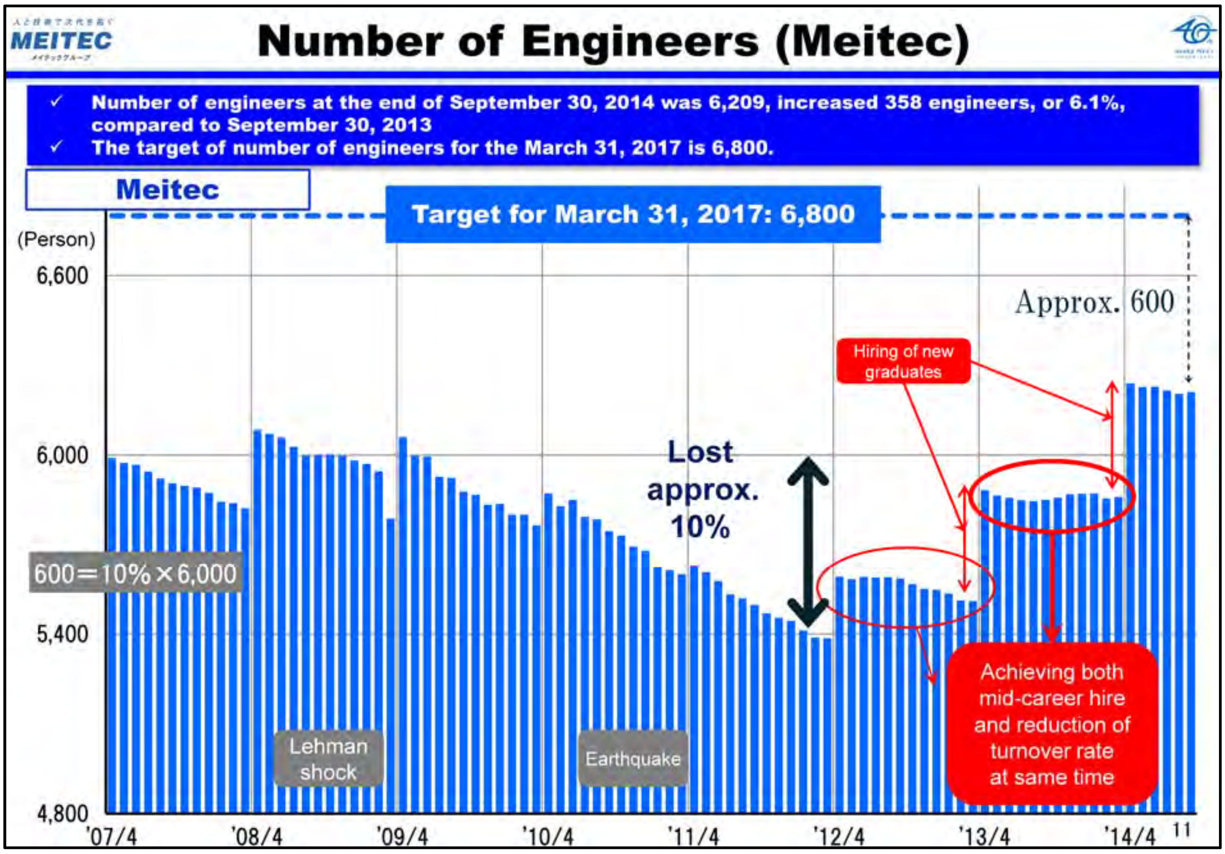
- This is the earnings results summary for Meitec Fielders.
- Net sales rose 14.2% year on year to ¥5,753 million, operating income increased 38.8% to ¥486 million, and net income grew 36.6% to ¥297 million. As with Meitec, this growth mainly reflected an increase in the number of engineers assigned to the clients.
- Net sales were roughly ¥0.25 billion higher than the initial forecast announced in May 2014.
- The utilization ratio in the first half of the fiscal year was at the high level of 93.4%, up 1.5% compared with a year earlier and 3.0% higher than the initial forecast.
- This reflected success in rapidly assigning newly graduated engineers.



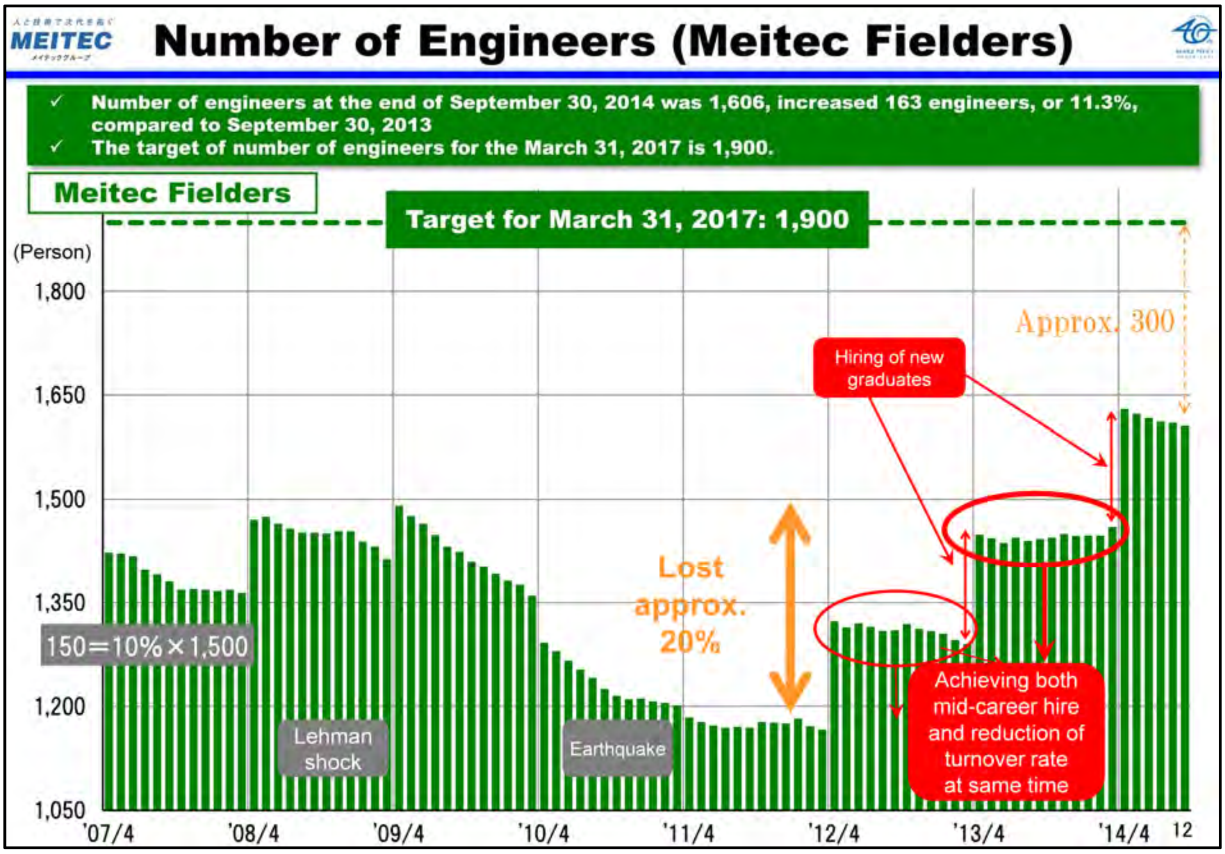
- This is a summary of net sales and cost of sales in the professional staffing business for engineers of indefinite and regular employment, which we also disclosed six months ago.
- In the first half of the fiscal year, the utilization ratio was even higher than the same period a year earlier, and there was a rise in the number of engineers. As a result, sales and profits both increased in the business.



- This slide shows the trend in the number of engineers across the Group.
- We are actively increasing the number of engineers. As of the end of September 2014, there was a total of 7,909 engineers, an increase of 525 (7.1%) year on year.
- The number of engineers in the Group has finally recovered to the historical peak.
- Going forward, we will continue to balance hiring programs with steps to discourage engineers from retiring, aiming to expand as a group of professional engineers underpinned by technical strength and human strength.



- This slide shows the trend in the number of engineers at Meitec.
- In the first half of the fiscal year, the number of engineers remained at peak levels.
- As of the end of September, the number of engineers stood at 6,209, an increase of 358 (6.1%) year on year.
- Meitec needs to hire around 600 more engineers to achieve the Mid-term Management Plan target of 6,800 engineers by the end of March 2017.



- This slide shows the trend in the number of engineers at Meitec Fielders.
- Mirroring the trend at Meitec, the number of engineers in the first half of the fiscal year remained at peak levels.
- As of the end of September, the number of engineers stood at 1,606, an increase of 163 (11.3%) year on year.
- Meitec Fielders needs to hire around 300 more engineers to achieve the Mid-term Management Plan target of 1,900 engineers by the end of March 2017.

Status of Recruitment

Status of Mid-Career Hire (FY2015/3)

- ✓ The hiring environment is difficult, highlighted by an additional increase in eagerness in the engineer recruiting market, and the number of resumes from people looking to change jobs that pass initial screening has doubled versus the previous year.
- ✓ Amid this environment, we are continuing our activities while maintaining our hiring standards with the assumption of smoothly assigning workers, centered on the machinery and electric/electronics sectors, in line with the trend for incoming orders
  → We revised downward the Group's target number of mid-career hire for FY2015/3 by 40, to 315 hires

Status of New Graduates Hire (people starting work in April 2015

- ✓ Companies were more eager to hire, as evidenced by the increase in companies looking to hire workers and the increase in the number of workers that companies were looking to hire. In addition, companies were starting to hire earlier and candidates had a strong local orientation, making for a very challenging hiring environment
- ✓ Amid these conditions, despite struggling to secure applicants, we focused on maintaining our hiring standards
- ✓ Meitec Corporation gave unofficial job offers to 91 fewer people than was initially forecast, but Meitec Fielders reached its initial forecast

(person)	Fiscal Year Ending March 31, 2015					Fiscal Year Ending March 31, 2016	
	Newly Graduate April 2014	Mid-career		Total		Newly Graduate April 2015	
	(Actual)	〈Target〉	Comparison to Initial Forecast	〈Target〉	Comparison to Initial Forecast	(Prospective Number of New Graduated as of Oct. 1 2014)	Comparison to Initial Forecast
Meitec	378	200	(30)	578	(30)	309	(91)
Meitec Fielders	173	115	(10)	288	(10)	176	+1
Total	551	315	(40)	866	(40)	485	(90)
Comparison to previous year	+5	(29)		(24)			

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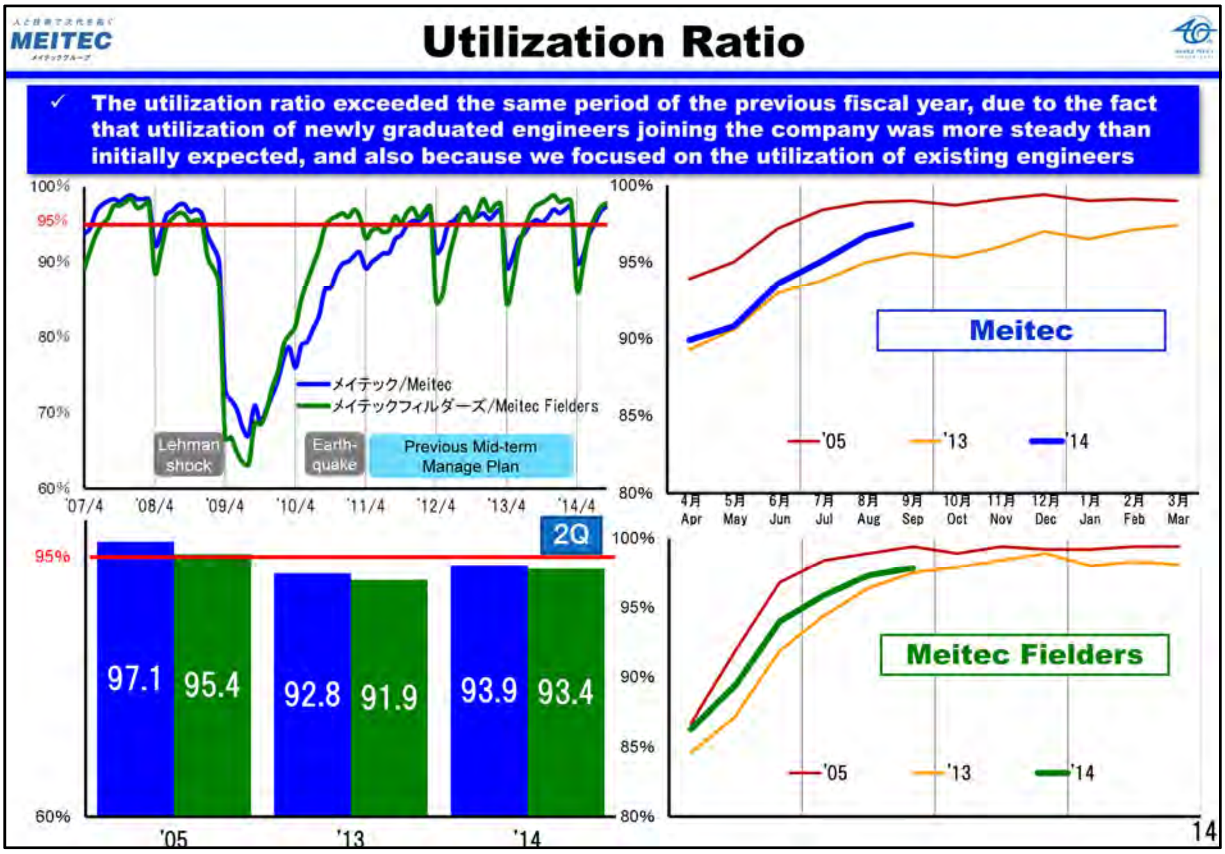
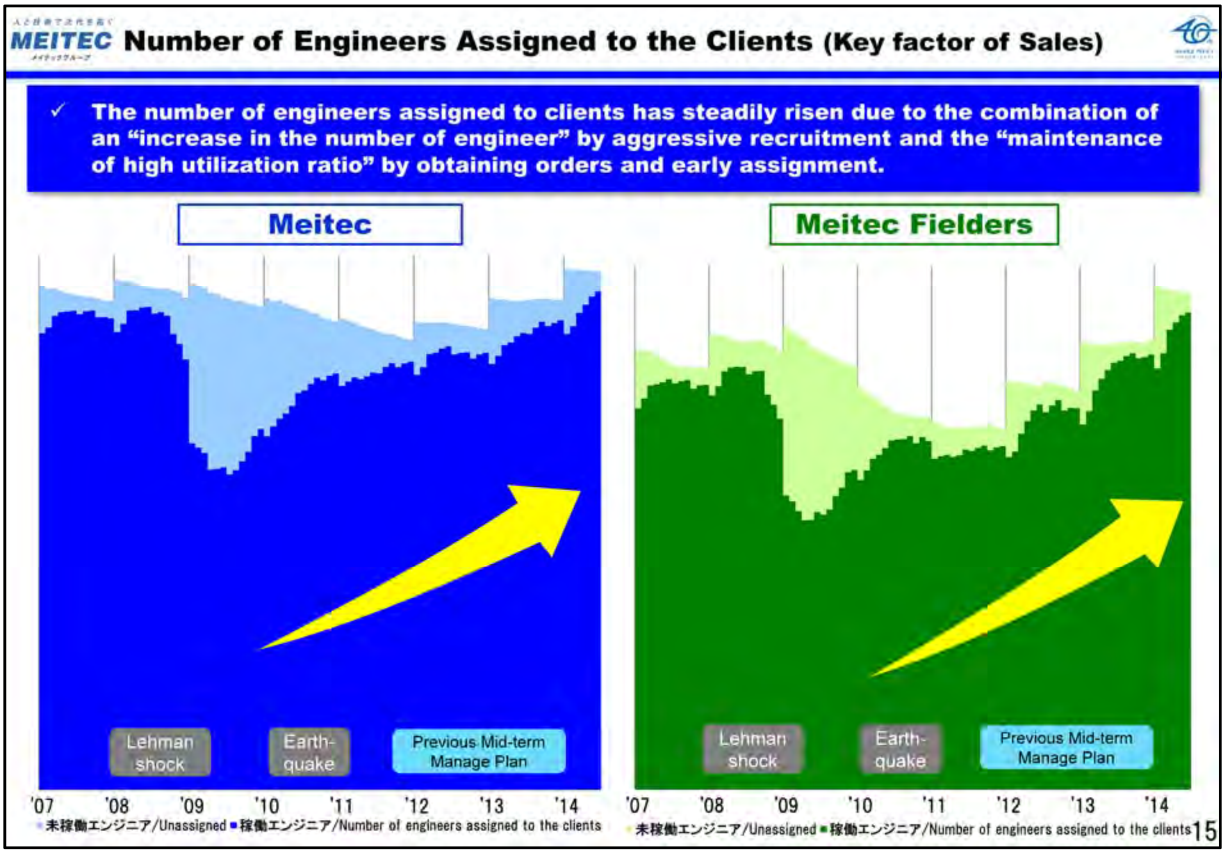
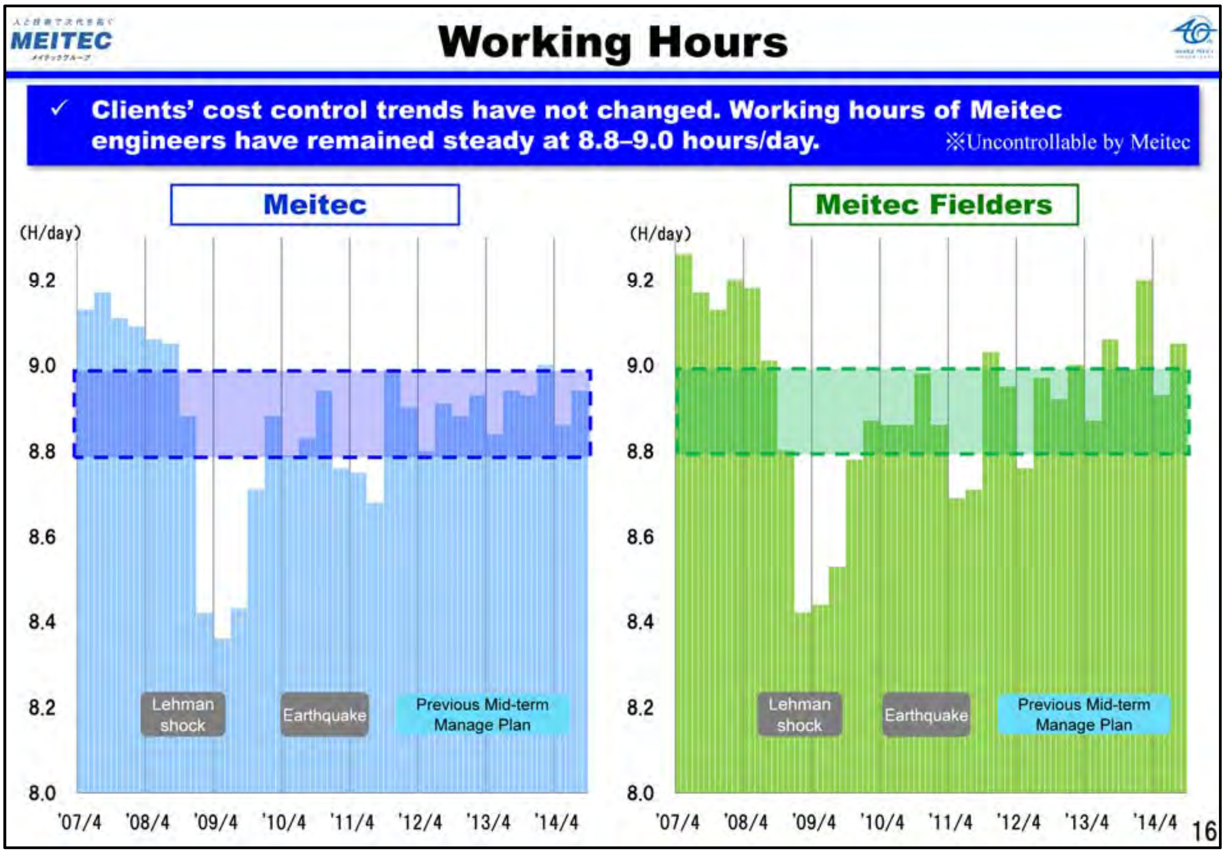
- As I am sure you are aware, the recruitment environment remains very challenging at the moment, but we continue to focus on the quality of personnel.
- First, we have revised down the initial combined target for mid-career engineer recruitment at Meitec and Meitec Fielders by 40 engineers to 315.
- Demand for engineers in the job market has strengthened further. Compared with the same period a year earlier, the number of resumes from people looking to change jobs that pass initial screening has doubled, indicating that companies have relaxed their hiring standards, which underscores how tough the market is at the moment.
- The Meitec Group will continue to focus on hiring standards that ensure engineers can be assigned smoothly, while also monitoring orders to avoid a decline utilization ratios, mainly in the machinery and electric/electronics.
- Conditions in the job market for new graduates joining companies in April 2015 were also very tough, mainly due to strong demand for new hires amid an increase in the number of companies recruiting and in the number of employees required. Other factors included an increasingly early start to recruitment activities and a strong preference for local jobs.
- Although it is becoming harder to secure applicants, the Meitec Group conducted its recruitment activities without lowering its hiring standards.
- As a result, we made unofficial job offers to 485 candidates. Meitec missed its initial recruitment target by 91, but Meitec Fielders achieved its initial target.
- According to one newspaper article, our total of 485 new hires placed the Meitec Group 29th out of all Japanese companies for recruitment and 4th among science and technology companies.



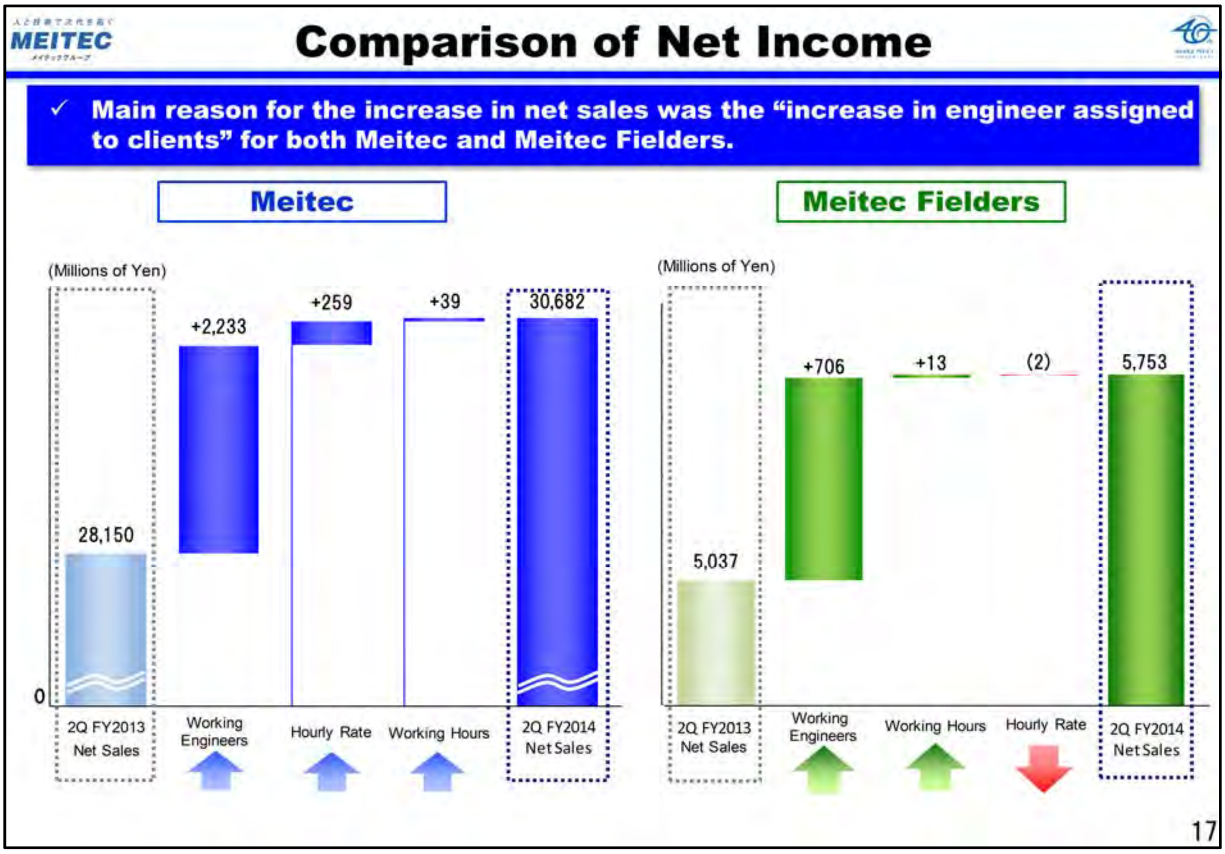
- This slide shows trends in our utilization ratios.
- As shown in the top left graph, our utilization ratio has been firm on the whole, exceeding 95%.
- Utilization ratios at both Meitec and Meitec Fielders were higher than the same period a year earlier, due to steady progress in assigning to customers newly graduated engineers who were hired in April this year.



- This slide shows the number of engineers assigned to clients.
- The number of engineers assigned to work for our clients, which is the number of engineers multiplied by the utilization ratio, is growing steadily.
- Going forward, we plan to sustain this steady growth in the number of engineers assigned by securing orders for projects that support career advancement for our engineers and by promptly placing engineers with clients.



- This slide shows trends in working hours.
- Working hours is one of the indicators with a significant impact on earnings, as 0.1 of one working hour equates to around 1% of total net sales. However, the number of working hours is determined by our clients and is therefore outside our control.
- Recent trends reveal no major change, with working hours at Meitec trending steady at 8.8–9.0 hours per day.



- This is a breakdown of factors affecting changes in net sales of Meitec and Meitec Fielders.
- As explained so far, the main factor that drives sales growth at both Meitec and Meitec Fielders is "increase in the number of engineers assigned to clients." This slide shows the impact of that factor on net sales.

Top 10 Clients by Sales

✓ **The top 10 clients for Meitec are as below.**

※Due to confidentiality reasons we refrain from disclosing specific figures.

(Millions of yen)

2nd Q of FY 2009			2nd Q of FY 2013			2nd Q of FY 2014		
1 Panasonic			1 Mitsubishi Heavy Industries			1 Mitsubishi Heavy Industries		
2 Mitsubishi Heavy Industries			2 Denso			2 Canon		
3 Canon			3 Nikon			3 Denso		
4 Sony			4 Canon			4 Panasonic		
5 Nikon			5 Panasonic			5 Nikon		
6 Denso			6 Kawasaki Heavy Industries			6 Kawasaki Heavy Industries		
7 Toyota Motor			7 Sony			7 Toyota Motor		
8 Seiko Epson			8 Toyota Motor			8 Omron		
9 Kawasaki Heavy Industries			9 Toshiba			9 Toshiba		
10 Omron			10 Omron			10 Sony		
Top 10 Total	7,327	36.5%	Top 10 Total	7,697	27.3%	Top 10 Total	7,986	26.0%
Top 20 Total	9,531	47.4%	Top 20 Total	10,862	38.6%	Top 20 Total	11,209	36.5%
Others	10,566	52.6%	Others	17,287	61.4%	Others	19,472	63.5%
Total	20,097	100.0%	Total	28,150	100.0%	Total	30,681	100.0%

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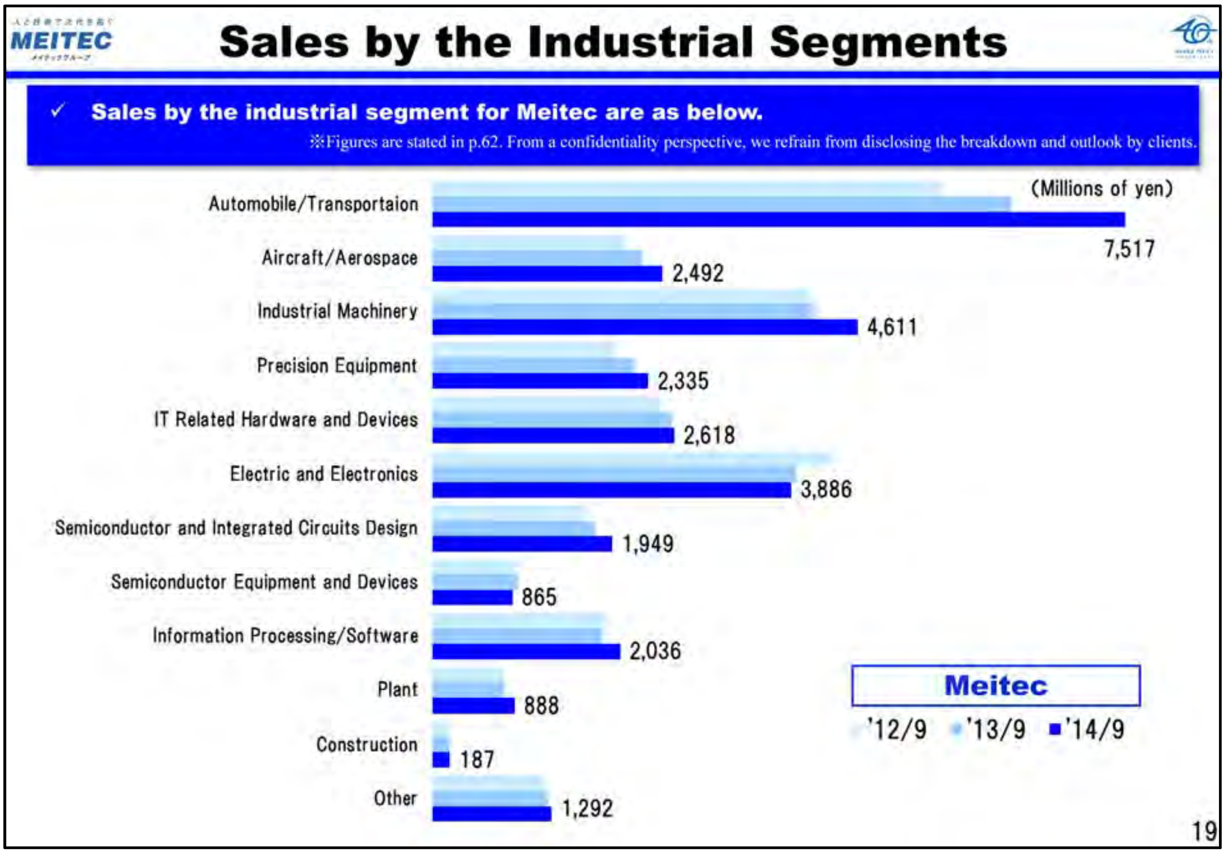
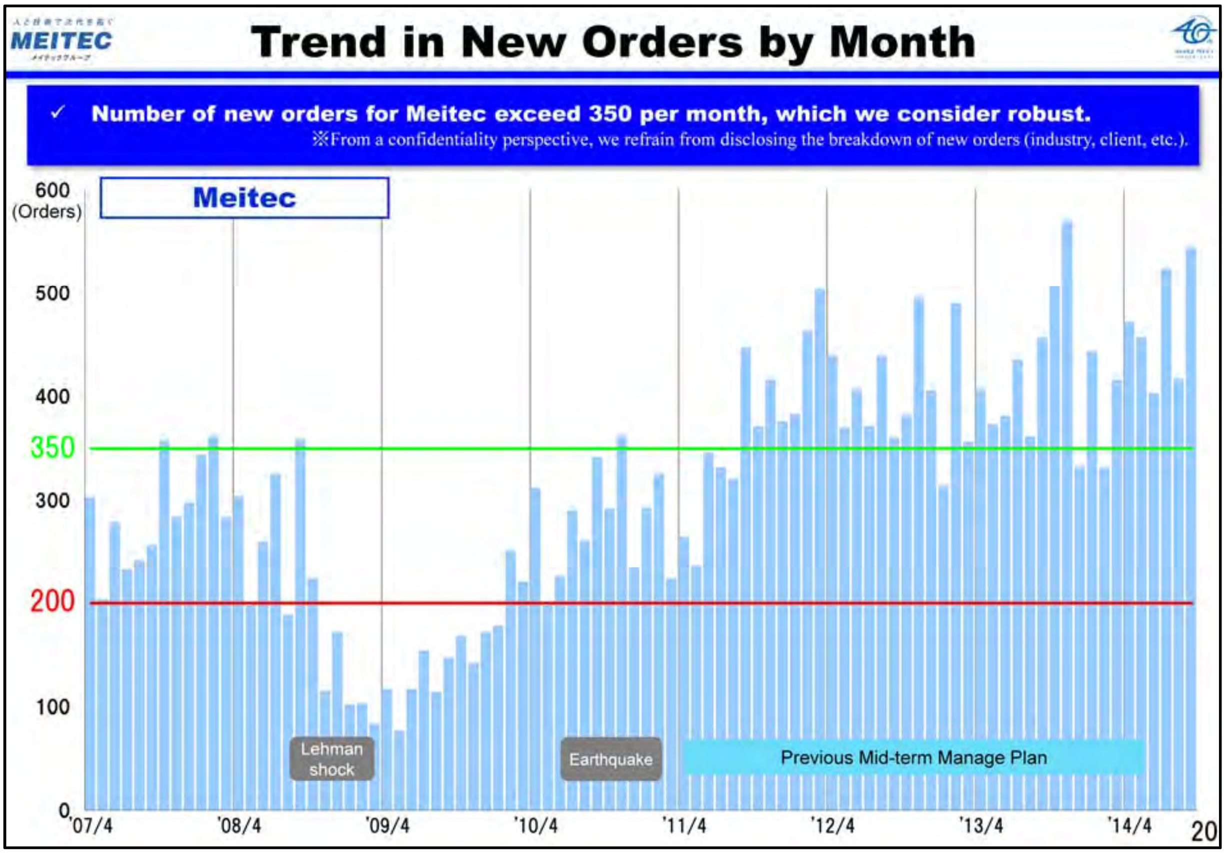
- This slide shows Meitec's top 10 clients by sales.
- Rankings have changed over the years but the companies in the top 10 have changed relatively little.



- This slide shows sales trends by industrial segment.
- Sales from the automobile/transportation segment grew strongly.
- There was a modest drop in sales from the electric and electronics segment compared with a year earlier.



- This slide shows trends in monthly new orders.
- We view monthly new orders as robust when they are above 350 and dangerously low when they are below 200.
- We think monthly new orders have remained firm because clients in the manufacturing industry have continued to invest in research and development based on a long-term outlook.

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Recording of extraordinary losses in line with the recognition of impairment losses 1/2

✓ **We reduced the burden of maintenance costs for training facilities and other facility, and lowered the risk of future cost increases**

- **17-29 years since construction → Heavy burden of maintenance costs**
- **High utilization ratio at the professional staffing business for engineers → Facility usage rate is low, and expected to remain that way going forward**

Forecast for the Fiscal Year

Impairment Loss (extraordinary loss) (3,458) million

Tax Expense (tax effect) 1,108 million

Impact on Net Income (2,350) million

- ☐ Expect approximately 200 million yen per year maximum of reduced expense in comparison with the SG&A planned in the Mid-term Management Plan.
- ☐ Reduce risk of expense increase resulting from sudden and large-scale repair due to aging.
- ☐ The company intends to liquidate these facilities in order to promptly obtain benefit of cost reduction effects.

(Millions of yen)	Impairment Loss	Book Value
Total Impairment Loss	3,458	
1 Kobe Techno-center	1,895	2,270
2 Atsugi Techno-Center employee dormitory	770	859
3 Nisshin Techno-Center	589	1,154
4 Of which "Nagoya Techno-Center and Others", Nagoya EOC/ Mechatronics Center	202	1,238

※1. Book values were excerpted from "Status of Facilities" of the Securities Report

※2. Book value for "4" is excerpted value for "Nagoya Techno-Center and other" from above report.

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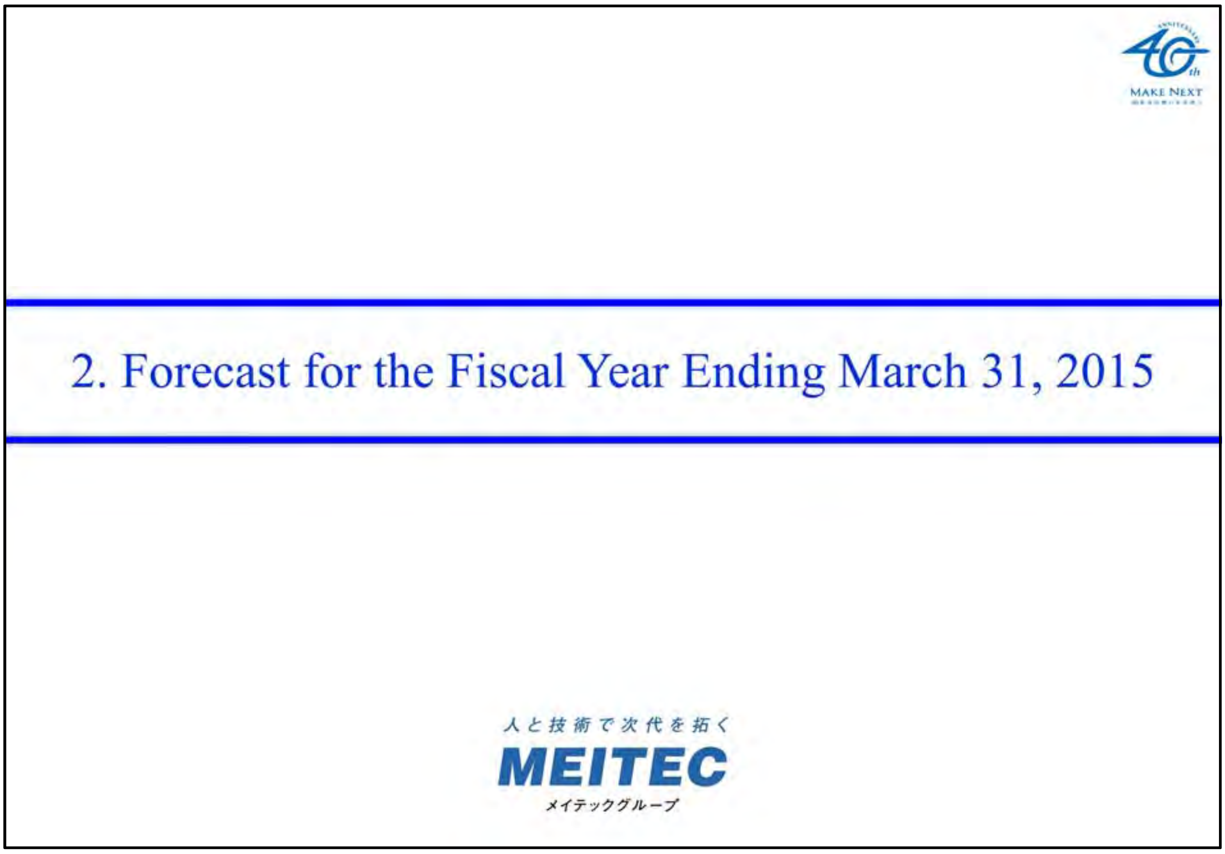
- Next I would like to explain the extraordinary losses in line with the recognition of impairment loss.
- Maintenance costs for training facilities and other facility have become a considerable burden, as they were built between 17 and 29 years ago.
- Also, the usage rate of the facilities has declined due to a high utilization ratio at the professional staffing business for engineers, so the usage rate is unlikely to improve substantially in the future.
- Consequently, we have decided to suspend the use of the facilities to reduce the burden of maintenance costs and the risk of future expense increases.
- We intend to liquidate these facilities after turning them into vacant lots in order to surely reduce maintenance costs and promptly deliver cost reduction effects benefits.
- These steps will result in significant extraordinary losses, but we expect this to reduce SG&A expenses by a maximum of roughly ¥0.2 billion per year compared with the assumption in our Mid-term Management Plan.

- The decision to suspend the use of the facilities will not affect both the quality and quantity of our engineer education and training programs.
- As result of this decision, the number of major training facilities (Techno-Centers) will decline to two.
- However, we have already completed the establishment of 12 smaller training centers (EO Centers) nationwide, located closer to local areas, to supplement the Techno-Centers, so we do not see any obstacle to continuing the operation of our training programs.



Next I would like to look at our revised forecasts for the fiscal year ending March 31, 2015.

Forecast for the Fiscal Year Ending March 31, 2015 (Group Consolidated) Comparison to the Previous Fiscal Year

- ✓ Based on the assumption that the environment for orders will remain firm, we revised the main performance indicators for the professional staffing business for engineers, and also revised the full-year consolidated earnings forecasts
- ✓ Net sales: 80.4 billion yen (+7.3% y-o-y); Operating income: 8.5 billion yen (+21.8%); Ordinary income: 8.6 billion yen (+23.2%)
  Net income is expected to decline 14.4% y-o-y, to 3.4 billion yen, due to the impact of extraordinary losses

Group Consolidated (Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2015	YoY Amount	% Change	2Q ended Sept. 30, 2014	Forecast 2nd Half	YoY Amount	% Change
Net sales	80,400	+5,493	+7.3%	39,300	41,100	+1,948	+5.0%
Cost of sales	59,300	+3,929	+7.1%	29,366	29,934	+1,171	+4.1%
SG&A Expenses	12,600	+43	+0.3%	5,941	6,659	+342	+5.4%
Operating income	8,500	+1,520	+21.8%	3,992	4,508	+436	+10.7%
Operating income margins	10.6%	+1.3%		10.2%	11.0%	+0.6%	
Ordinary income	8,600	+1,621	+23.2%	4,012	4,588	+541	+13.4%
Net income	3,400	(573)	(14.4%)	194	3,206	+938	+41.4%
Net Income per Share	111.27	(17.03)		6.35		—	

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- We have revised our consolidated forecasts for the fiscal year ending March 31, 2015 and major indicators for the professional staffing business for engineers according to an assumption of a continued firm order environment and based on the latest trends.
- Our new consolidated forecasts are net sales of ¥80.4 billion, up 7.3% year on year, operating income of ¥8.5 billion, up 21.8% year on year, ordinary income of ¥8.6 billion, up 23.2% year on year, and, as mentioned before, net income of ¥3.4 billion, down 14.4% year on year, after factoring in roughly ¥3.5 billion in impairment loss.

Comparison to the Initial Forecast at the beginning of the Fiscal Year (Group Consolidated)

- ✓ The upward change in the full-year net sales forecast versus the initial forecast is largely due to the effect of the first half
- ✓ The breakdown of the 1.5 billion yen downward revision to the full-year net income forecast versus the initial forecast is as follows:
  1H = -1.85 billion yen; 2H = +0.35 billion yen

※ *The narrowing of the upward revision to second half sales versus the initial forecast is due to the absence of expectations for a considerable increase in the number of engineers*

Group Consolidated (Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2015	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2014	Forecast 2nd Half	Comparison to Initial Forecast	% Change
Net sales	80,400	+1,400	+1.8%	39,300	41,100	+300	+0.7%
Cost of sales	59,300	+1,000	+1.7%	29,366	29,934	+234	+0.8%
SG&A Expenses	12,600	(400)	(3.1%)	5,941	6,659	(41)	(0.6%)
Operating income	8,500	+800	+10.4%	3,992	4,508	+108	+2.5%
Operating income margins	10.6%	+0.8%		10.2%	11.0%	+0.2%	
Ordinary income	8,600	+900	+11.7%	4,012	4,588	+188	+4.3%
Net income	3,400	(1,500)	(30.6%)	194	3,206	+356	+12.5%

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- This slide shows a comparison between our new consolidated forecasts and our initial forecasts released in May 2014.
- We raised our full-year net sales forecast by ¥1.4 billion, comprising upward revisions of ¥1.1 billion for the first half and ¥0.3 billion for the second half.
- We raised our full-year operating income forecast by ¥0.8 billion, comprising upward revisions of ¥0.7 billion for the first half and ¥0.1 billion for the second half.
- The smaller upward revision for the second half compared with the first half reflects an already high utilization ratio (little scope for further gains) and our assumption that there will be no large increase in the number of engineers in the second half.
- We lowered our forecast for full-year net income by ¥1.5 billion, comprising a roughly ¥1.85 billion downward revision for the first half and a roughly ¥0.35 billion upward revision for the second half.
- The second half upward revision for net income is larger than that for operating income because we have factored in the application of tax credits for salary growth.

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Forecast for the Fiscal Year Ending March 31, 2015 (Meitec)
Comparison to the Previous Fiscal Year

- ✓ Assuming the main performance indicators after revisions, including the impact of the absorption of our subsidiary, we are forecasting an 8.0% y-o-y increase in net sales, to 63.6 billion yen, and a 23.4% increase in operating income, to 7.1 billion yen
- ✓ Reflecting the extraordinary losses, we expect net income to fall 3.6% y-o-y, to 3.3 billion yen

Meitec

(Fractions of one million yen are rounded down)

	Forecast FY ending Mar.31, 2015	YoY Amount	% Change	2Q ended Sept. 30, 2014	Forecast 2nd Half	YoY Amount	% Change
Net sales	63,600	+4,723	+8.0%	30,682	32,918	+2,192	+7.1%
Cost of sales	47,300	+3,557	+8.1%	23,091	24,209	+1,560	+6.9%
Cost of sales to Net sales	74.4%	+0.1%		75.3%	73.5%	(0.2%)	
SG&A Expenses	9,200	(182)	(1.9%)	4,325	4,875	+156	+3.3%
Operating income	7,100	+1,348	+23.4%	3,265	3,835	+475	+14.1%
Operating income margins	11.2%	+1.4%		10.6%	11.7%	+0.7%	
Ordinary income	7,600	+1,450	+23.6%	3,697	3,903	+545	+16.2%
Net income	3,300	(125)	(3.6%)	172	3,128	+1,447	+86.1%
Utilization ratio (Company-wide)	95.4%	+0.7%		93.9%	96.9%	+0.4%	
Working Hours (h/day)	8.93	—		8.90	8.96	—	
Number of Recruitment	578	(21)					
Newly graduated	378	(1)					
Mid-career	200	(20)					
Turnover Ratio	4.3%	+0.3%					

Expected New Graduates for April 2015	Comparison to Previous Year
309	(69)

27

- This slide shows our new forecasts for Meitec based on the major indicators in the lower rows. We now forecast net sales of ¥63.6 billion, up 8.0% year on year, operating income of ¥7.1 billion, up 23.4% year on year, and net income of ¥3.3 billion, down 3.6% year on year.
- Our forecasts assume a company-wide utilization ratio of 95.4%, up 0.7% year on year.

Comparison to the Initial Forecast at the beginning of the Fiscal Year (Meitec)

- ✓ The subsidiary absorption will account for approximately 700 million yen of the 2.1 billion yen increase in net sales forecast versus the initial forecast
- ✓ We downwardly revised the number of expected mid-career hire by 30, but also lowered our outlook for the turnover ratio by 0.7%. → As a result, we do not expect a large discrepancy in the number of engineers at the end of the fiscal year compared to our internal projections

Meitec (Fractions of one million yen are rounded down)	Forecast FY ending Mar.31, 2015	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2014	Forecast 2nd Half	Comparison to Initial Forecast	% Change
Net sales	63,600	+2,100	+3.4%	30,682	32,918	+1,218	+3.8%
Cost of sales	47,300	+1,500	+3.3%	23,091	24,209	+909	+3.9%
Cost of sales to Net sales	74.4%	(0.1%)		75.3%	73.5%	+0.0%	
SG&A Expenses	9,200	(200)	(2.1%)	4,325	4,875	+75	+1.6%
Operating income	7,100	+800	+12.7%	3,265	3,835	+235	+6.5%
Operating income margins	11.2%	+0.9%		10.6%	11.7%	+0.3%	
Ordinary income	7,600	+900	+13.4%	3,697	3,903	+303	+8.4%
Net income	3,300	(1,100)	(25.0%)	172	3,128	+778	+33.1%
Utilization ratio (Company-wide)	95.4%	+0.6%		93.9%	96.9%	+0.6%	
Working Hours (h/day)	8.93	+0.03		8.90	8.96	+0.05	
Number of Recruitment	578	(30)					
Newly graduated	378	—					
Mid-career	200	(30)					
Turnover Ratio	4.3%	(0.7%)					

Comparison to Initial Forecast +0.7%

Expected New Graduates for April 2015	Comparison to Initial Forecast
309	(91)

28

- This slide shows a comparison between our new forecasts for Meitec and initial forecasts released in May 2014.
- We raised our full-year net sales forecast by ¥2.1 billion, comprising upward revisions of ¥0.9 billion for the first half and ¥1.2 billion for the second half.
- Our second half upward revision of ¥1.2 billion, and therefore our full-year upward revision of ¥2.1 billion, both include an impact to net sales from the absorption of consolidated subsidiary Meitec CAE Corporation, which we estimate at roughly ¥0.7 billion.
- Next I would like you to look at the major indicators, shown in the lower rows.
- We revised down our target for the number of expected mid-career hire, but we also cut our initial forecast for the full-year turnover ratio by 0.7% from 5.0% to 4.3%, in light of recent trends.
- As a result, compared with our initial internal projections, we do not expect a large discrepancy with our forecast for the number of engineers at the end of the fiscal year.
- We lowered our forecast for full-year net income by ¥1.1 billion, comprising a roughly ¥1.9 billion downward revision for the first half and a roughly ¥0.8 billion upward revision for the second half.
- The upward revision to net income for the second half reflects tax benefits and a boost to profits from the absorption of a subsidiary.

Forecast for the Fiscal Year Ending March 31, 2015
Comparison to the Previous Fiscal Year (Meitec Fielders)

✓ Assuming the main performance indicators after revisions, we are forecasting record-high net sales of 11.65 billion yen (+10.0% y-o-y), operating income hitting the 1.0 billion yen mark (+16.7%), and net income of 650 million yen (+34.3%)
→ Extensive growth toward the top of the volume zone

Meitec Fielders

(Fractions of one million yen are rounded down)	Forecast FY ending Mar.31, 2015	YoY Amount	% Change	2Q ended Sept. 30, 2014	Forecast 2nd Half	YoY Amount	% Change
Net sales	11,650	+1,062	+10.0%	5,753	5,897	+346	+6.2%
Cost of sales	9,000	+915	+11.3%	4,453	4,547	+340	+8.1%
Cost of sales to Net sales	77.3%	+0.9%		77.4%	77.1%	+1.3%	
SG&A Expenses	1,650	+3	+0.2%	813	837	(1)	(0.1%)
Operating income	1,000	+143	+16.7%	486	514	+8	+1.6%
Operating income margins	8.6%	+0.5%		8.5%	8.7%	(0.4%)	
Ordinary income	1,000	+158	+18.8%	486	514	+23	+4.7%
Net income	650	+166	+34.3%	297	353	+87	+32.8%

Utilization ratio (Company-wide)	94.9%	(0.3%)	93.4%	96.4%	(1.9%)
Working Hours〈h/day〉	9.03	—	8.99	9.07	(0.02)
Number of Recruitment	288	(3)			
Newly graduated	173	+6			
Mid-career	115	(9)			
Turnover Ratio	9.1%	+1.3%			

Expected New Graduates for April 2015	Comparison to Previous Year
176	+3

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- This slide shows our new forecasts for Meitec Fielders based on the major indicators in the lower rows. We now forecast net sales of ¥11.65 billion, up 10.0% year on year to a new record for the company, operating income of ¥1.0 billion mark, up 16.7% year on year, and net income of ¥0.65 billion, up 34.3% year on year.
- Our forecasts are based on a full-year utilization ratio of 94.9%, down 0.3% year on year, and a second half utilization ratio of 96.4%, down 1.9% year on year.
- The projected decline in the utilization ratio for the second half of the fiscal year reflects tough comparable with the same period a year earlier, when the utilization ratio for the second half of the previous year was close to the maximum level, so we do not necessarily view the drop in the full-year utilization ratio as a deterioration.

Comparison to the Initial Forecast at the beginning of the Fiscal Year (Meitec Fielders)

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- ✓ The upward revision to our full-year forecast compared to the initial forecast is mostly due to first half impacts, while we expect the second half to be generally in line with our initial forecast
  → We do not expect a large increase in the number of engineers in the second half, as the utilization ratio is currently near the upper limit

Meitec Fielders

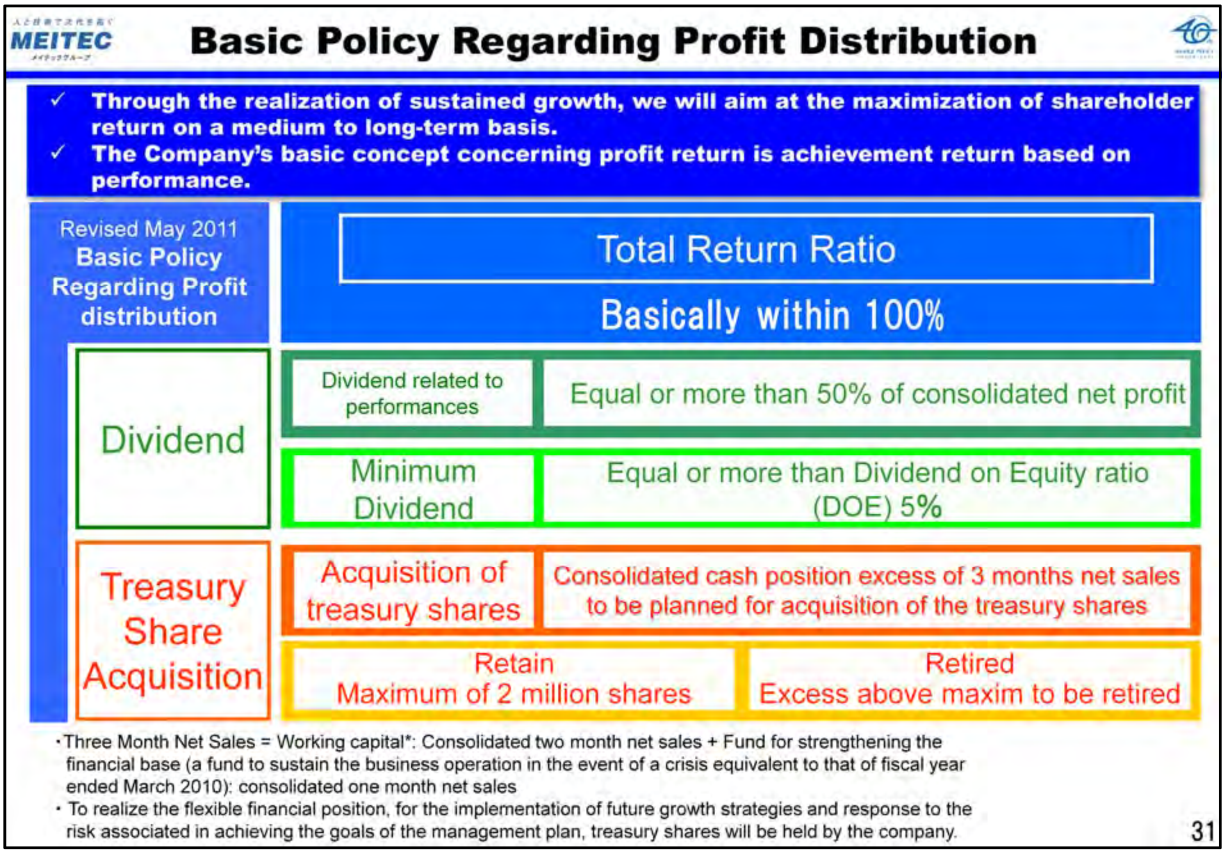
(Fractions of one million yen are rounded down)

	Forecast FY ending Mar.31, 2015	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2014	Forecast 2nd Half	Comparison to Initial Forecast	% Change
Net sales	11,650	+250	+2.2%	5,753	5,897	(3)	(0.1%)
Cost of sales	9,000	+170	+1.9%	4,453	4,547	(33)	(0.7%)
Cost of sales to Net sales	77.3%	(0.2%)		77.4%	77.1%	(0.5%)	
SG&A Expenses	1,650	(20)	(1.2%)	813	837	+17	+2.1%
Operating income	1,000	+100	+11.1%	486	514	+14	+2.8%
Operating income margins	8.6%	+0.7%		8.5%	8.7%	+0.2%	
Ordinary income	1,000	+100	+11.1%	486	514	+14	+2.8%
Net income	650	+50	+8.3%	297	353	+3	+0.9%
Utilization ratio (Company-wide)	94.9%	+1.6%	Comparison to Initial Forecast +3.0%	93.4%	96.4%	+0.2%	
Working Hours〈h/day〉	9.03	+0.04		8.99	9.07	+0.06	
Number of Recruitment	288	(10)					
Newly graduated	173	—					
Mid-career	115	(10)					
Turnover Ratio	9.1%	+0.5%					

Expected New Graduates for April 2015	Comparison to Initial Forecast
176	+1

30

- This slide shows a comparison between our new forecasts for Meitec Fielders and our initial forecasts released in May 2014.
- We raised our full-year net sales forecast by ¥2.5 billion, comprising an upward revision of ¥2.5 billion for the first half and no change to our forecast for the second half.
- The lack of upward revision for the second half compared with the first half reflects a utilization ratio that is already near maximum levels and our assumption that there will not be a large increase in the number of engineers in the second half.
- We raised our assumptions for the utilization ratio by 1.6% for the full year and by 0.2% for the second half. Compared with our initial forecasts, we are now more upbeat about growth in Meitec Fielders' earnings.



- This is our Basic Policy Regarding Profit Distribution, revised in May 2011.
- The two key points of the policy are: (1) the total return ratio is basically to be within 100%, and (2) the dividend related to performance should be equal or more than 50% of consolidated net profit.

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Revision of the Profit Distribution Forecast for the Fiscal Year

- ✓ This fiscal year's profit distribution will be the regular dividends + acquisition of treasury shares and 40th anniversary commemorative dividends → In line with the basic policy, the regular dividends + the acquisition of treasury shares will be within an annual total return ratio of 100%
- ✓ Net income forecast was revised down 1.5 billion yen versus initial forecast ⇒Treasury share acquisition was lowered 1.5 billion yen, so dividend forecasts are unchanged

	(Billions of yen)		Revised forecasts		Change
	Consolidated Net Income	A	3.4		(1.5)
Regular portion within 100%	Acquisition of Treasury Shares	B	0.9		(1.5)
Regular portion within 100%	Regular dividends	C	2.5	@81.00	—
Regular portion within 100%	Total	D=B+C	3.4		(1.5)
Regular portion within 100%	Ratio(ordinary)	E=D/A	Approx. 100%		Approx.±0.0%
	Commemorative dividends	F	0.6	@20.00	—
	Annual Dividends	G=C+F	3.1	@101.00 No Change	—
	Dividend Payout ratio	H=G/A	91%		28%
	Total Shareholders Return	I=B+C+F	4.0		(1.5)
	Ratio	J=I/A	117%		5%

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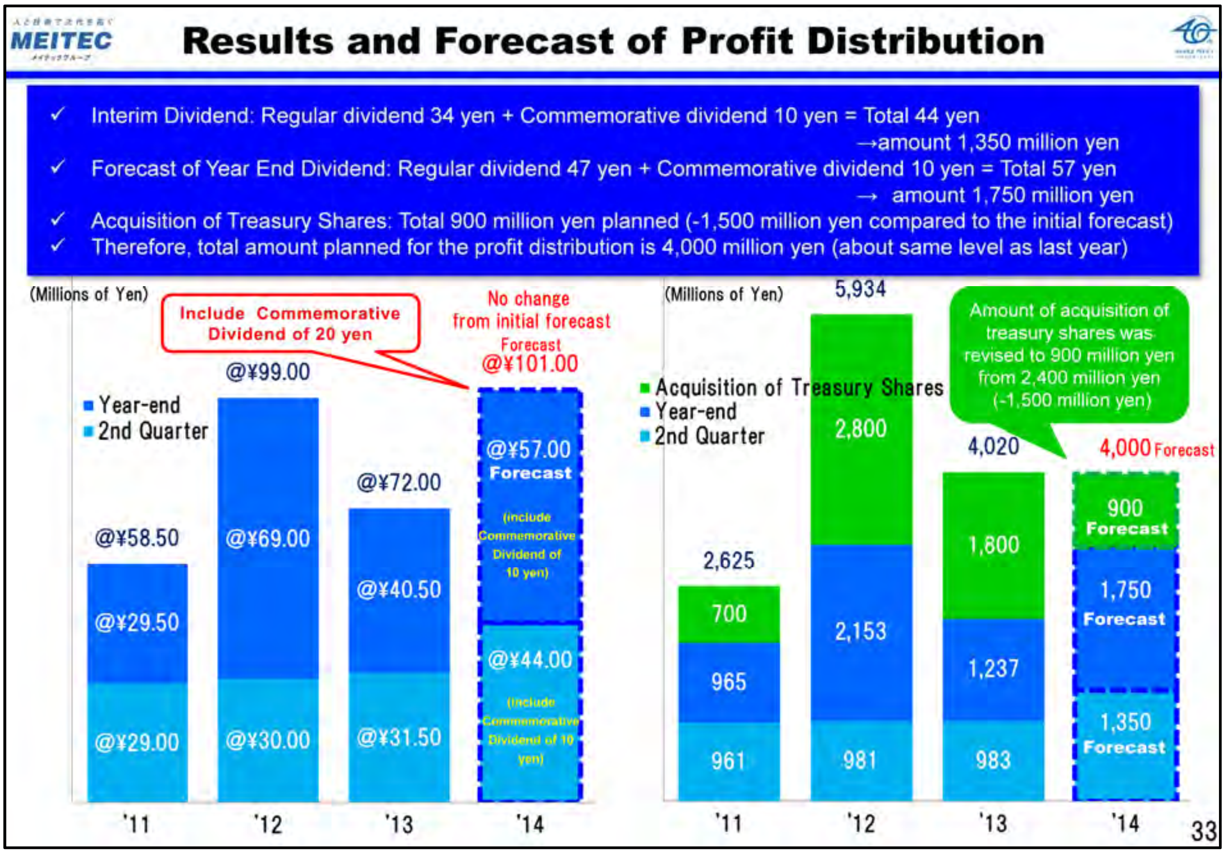
- We have revised our full-year forecast for the distribution of profits.
- As announced in May 2014, this fiscal year's profit distribution will include regular dividends and the acquisition of treasury shares equating to a total return ratio within no higher than 100% – in line with our basic policy – plus a 40th anniversary commemorative dividend.
- Although we have revised down our full-year net income forecast, we will not change the interim dividend and forecasts for the or year-end dividend in light of our dividend policy to be equal or more than 50% of consolidated net income.
- However, due to our policy to be within an annual total return ratio of 100%, we have revised down our planned acquisition of treasury shares by ¥1.5 billion, from ¥2.4 billion to ¥0.9 billion, in line with the ¥1.5 billion downward revision to our full-year net income forecast.



- Lastly, this slide shows our results and forecasts of profit distribution.
- We will pay an interim dividend of ¥44 per share, in line with our forecast released at the start of the fiscal year.
- We plan to pay a year-end dividend of ¥57 per share, including a 40th anniversary commemorative dividend of ¥10.
- As I just explained, we revised our plan to purchase ¥0.9 billion in treasury shares.
- The total amount we planned for the profit distribution is roughly ¥4.0 billion.
- Consequently, although the full-year net income forecast is likely to be lower than the previous fiscal year, we forecast roughly the same level of profit distribution.

- That ends my presentation today.
- Thank you for listening.

Develop a New Era by People and Technology

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〈Note〉

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Actual results may therefore differ materially from these statements for various reasons.

Some important factors that might have an effect on business performance pertain to Business Risks stated in the Company's annual securities report and other information already released, but factors influencing business performance are not limited to those released.