



Consolidated Financial Report For the Fiscal Year Ended March 31, 2015

May 12, 2015

Company Name: MEITEC CORPORATION
Representative: Hideyo Kokubun
President, Group CEO
Code No.: 9744 TSE 1ST Section

[Fractions of one million yen are rounded down]

1. Consolidated Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Consolidated operating results

(% is comparison to the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY ended March 31, 2015	82,136	9.7	9,540	36.7	9,643	38.2	3,659	(7.9)
FY ended March 31, 2014	74,906	6.5	6,979	9.8	6,978	8.6	3,973	(33.7)

(Note) Comprehensive Income; FY ended March 31, 2015: 3,484 million yen [(12.4%)]
FY ended March 31, 2014: 3,979 million yen [(33.5%)]

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets ratio	Operating Income per Net Sales
	Yen	Yen	%	%	%
FY ended March 31, 2015	120.12	—	9.9	15.2	11.6
FY ended March 31, 2014	128.30	—	10.7	11.7	9.3

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2015	65,098	37,565	57.6	1,238.78
As of March 31, 2014	61,445	36,188	58.8	1,182.85

Reference: Shareholders' Equity; as of March 31, 2015: 37,516 million yen
as of March 31, 2014: 36,142 million yen

(3) Consolidated cash flows

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financial activities	Cash and Cash Equivalent end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY ended March 31, 2015	8,434	(275)	(3,495)	34,773
FY ended March 31, 2014	8,893	(398)	(4,991)	30,104

2. Dividends

	Annual Dividends per Share					Total Amount (Annual)	Dividend Payout ratio (Consolidated)	Dividend on Equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY ended March 31, 2014	—	31.50	—	40.50	72.00	2,220	56.1	6.0
FY ended March 31, 2015	—	44.00	—	67.00	111.00	3,373	92.4	9.2
FY ending March 31, 2016 (Forecast)	—	54.50	—	61.50	116.00		50.2	

(Note) Details of year-end dividends for the year ended Mar. 31, 2015:

Regular dividends 91.00 yen, Commemorative dividends 20.00 yen (40th anniversary commemorative dividends)

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2016

(% is comparison to the same period of previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending September 30, 2015	41,800	6.4	4,300	7.7	4,300	7.2	3,300	—	108.96
FY ending March 31, 2016	86,000	4.7	9,800	2.7	9,800	1.6	7,000	91.3	231.14

Notes to Financial Statements

- (1) Significant changes involving subsidiaries during the term: None
(Changes in specific subsidiaries that affected the scope of consolidation)
- (2) Change in accounting principle, procedure and presentation method for preparing the consolidated financial statements
- Change in accounting principle : Yes
 - Changes not relating to i. : None
 - Changes in accounting estimates : None
 - Restatements : None
- (3) Number of shares issued (common stock)
- Number of shares issued at the fiscal year end (including treasury shares)

FY ended March 31, 2015	32,200,000
FY ended March 31, 2014:	32,500,000
 - Number of treasury shares at the fiscal year end

FY ended March 31, 2015:	1,914,685
FY ended March 31, 2014:	1,944,494
 - Average number of shares outstanding during the period

FY ended March 31, 2015:	30,496,542
FY ended March 31, 2014:	30,971,774

(Reference)

1. Non-Consolidated Results for the Fiscal Year Ended March 31, 2015

(1) Non-Consolidated operating results

(% is comparison to the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY ended March 31, 2015	64,675	9.8	7,925	37.8	8,438	37.2	3,340	(2.5)
FY ended March 31, 2014	58,876	5.5	5,751	6.5	6,149	7.9	3,425	(43.4)

	Net Income per Share	Diluted Net Income
	Yen	Yen
FY ended March 31, 2015	109.62	—
FY ended March 31, 2014	110.60	—

(2) Non-Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2015	58,483	36,221	61.9	1,195.99
As of March 31, 2014	58,450	34,991	59.9	1,145.18

Reference: Shareholders' Equity; as of March 31, 2015: 36,221 million yen
as of March 31, 2014: 34,991 million yen

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

2. Non-Consolidated Forecasts for the Fiscal Year Ending March 31, 2016

(% is comparison to the same period of previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending September 30, 2015	33,000	7.6	3,600	10.2	4,100	10.9	3,400	—	112.27
FY ending March 31, 2016	67,800	4.8	8,200	3.5	8,700	3.1	6,500	94.6	214.63

* Disclosure Regarding Audit Procedures

As of the date of disclosure of this earnings release, an audit of the consolidated financial statements according to the Financial Instruments and Exchange Act has not been completed.

* Advice relating to appropriate use of financial forecasts and other relevant information

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, and it is not intended to promise its achievement. Actual results may therefore differ materially from these statements for various reasons. For cautionary notes concerning assumptions for earnings forecasts and use of earning forecasts, please refer to “1. Qualitative Information on the Consolidated Results for the Fiscal Year Ended March 31, 2015,” “(1)-4. Earnings Forecasts”

1. Qualitative Information on the Consolidated Results for the Fiscal Year Ended March 31, 2015

(1) Qualitative Information on the Consolidated Operating Results

Figure 1: Summary ; Consolidated Operating Results

(Millions of yen, rounded down)	FY ended Mar.31, 2014	FY ended Mar.31, 2015				
		First Half	Second Half	Full Year	YoY Amount	Change(%)
Net Sales	74,906	39,300	42,835	82,136	+ 7,230	+ 9.7%
Cost of Sales	55,370	29,366	31,114	60,481	+ 5,110	+ 9.2%
SG&A Expenses	12,556	5,941	6,172	12,114	(441)	(3.5%)
Operating Income	6,979	3,992	5,548	9,540	+ 2,561	+ 36.7%
Ordinary Income	6,978	4,012	5,630	9,643	+ 2,664	+ 38.2%
Income before income taxes	6,832	555	5,485	6,041	(791)	(11.6%)
Net Income	3,973	194	3,465	3,659	(313)	(7.9%)

(1)-1. Consolidated Operating Results

During the fiscal year under review (April 1, 2014 to March 31, 2015), the Japanese economy faced an uncertain outlook due to lackluster economic growth in emerging markets, the impact of the increase in the consumption tax rate, and other factors. However, due to factors such as the effects of the government's economic and financial policies, corporate earnings improved, among other signs, and the economy exhibited a moderate recovery trend.

(1)-2. Overview of Consolidated Operating Results

During the fiscal year under review, many leading manufacturers, which are the major clients of the Company, continued investing in technological development looking to the next generation, unaffected by business conditions. Under this environment, companies redoubled their efforts on recruiting activities, leading to an increase in the number of engineers. Under this strong order environment, the number of engineers assigned to clients steadily increased.

As a result, consolidated net sales for the fiscal year under review increased ¥7,230 million, or 9.7%, from a year earlier to ¥82,136 million. Consolidated cost of sales increased ¥5,110 million, or 9.2%, from a year earlier to ¥60,481 million, chiefly because of increased labor costs due to an increase in the number of engineers, along with other factors. Consolidated selling, general and administrative expenses fell by ¥441 million, or 3.5%, from a year earlier to ¥12,114 million. As a result, consolidated operating income rose ¥2,561 million, or 36.7%, from a year earlier to ¥9,540 million. Consolidated ordinary income increased ¥2,664 million, or 38.2%, from a year earlier to ¥9,643 million.

Moreover, during the second quarter, having judged that there will be no problem in the quality and quantity of engineer education and training, the Company decided to suspend the use of several aging training facilities and other facility in order to reduce the burden of maintenance costs and the risk of future cost increases. Chiefly as a result of this action, extraordinary losses of ¥3,621 million were recorded.

As a result of the above, as well as the impact of the increase in tax expenses including the reversal of deferred tax assets in conjunction with the promulgation of a law related to the lowering of the corporate tax rate, consolidated net income decreased by ¥313 million, or 7.9%, from a year earlier to ¥3,659 million.

The impact of the reversal of deferred tax assets was ¥610 million.

(1)-3. Operating Results of Business Segments

As described in the Consolidated Financial Report for the Fiscal Year ended March 31, 2014, released on May 8, 2014, the Company has changed reportable segments to include the former "Global Business" into the "Recruiting & Placement Business" from the fiscal year under review.

Moreover, the Company merged with its consolidated subsidiary Meitec CAE on October 1, 2014. As a result, the operating results of Meitec CAE, which had been included in the Engineering Solutions Business segment were presented within the Temporary Staffing Business segment from the fiscal year under review.

Therefore for this item, to facilitate 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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Figure 2: Summary ; Results of Three Business Segments

(Millions of yen, rounded down)	Meitec Group (Consolidated)				
		Temporary Staffing Business	Recruiting & Placement Business	Engineering Solutions Business	Eliminations / Corporate
Net Sales	82,136	79,346	1,340	1,657	(208)
Component Ratio	100%	96.6%	1.6%	2.0%	(0.3%)
YoY Amount	+7,230	+6,860	+328	+94	(52)
%Change	+9.7%	+9.5%	+32.4%	+6.0%	—
Operating Income	9,540	9,145	387	12	(4)
Component Ratio	100%	95.9%	4.1%	0.1%	(0.0%)
YoY Amount	+2,561	+2,336	+203	+33	(12)
%Change	+36.7%	+34.3%	+111.1%	—	—

Figure 3: Meitec Group Temporary Engineer Staffing Business

		FY ended March 31, 2014	FY ended March 31, 2015
MT ^{*1} + MF ^{*2} + CAE ^{*3}	Period-End Engineering Staff ¹	7,412	7,900
MT ^{*1} + MF ^{*2}	Period-End Engineering Staff ¹	7,320	7,900
	Utilization ratio (Company-wide)	94.8%	96.1%
	Utilization ratio(Excluding new hires ²)	96.9%	98.0%
MT ^{*1}	Period-End Engineering Staff ¹	5,860	6,299
	Of which assigned to internal engineering projects ¹	59	47
	Utilization ratio (Company-wide)	94.7%	96.1%
	Utilization ratio(Excluding new hires ²)	96.6%	97.8%
	Working Hours	8.93h/day	8.93h/day
MF ^{*2}	Period-End Engineering Staff	1,460	1,601
	Utilization ratio (Company-wide)	95.2%	96.0%
	Utilization ratio(Excluding new hires ²)	98.4%	98.7%
	Working Hours	9.03h/day	9.04h/day
CAE ^{*3}	Period-End Engineering Staff	92	—

*1 : Meitec Corporation *2 : Meitec Fielders, Inc. *3 : Meitec CAE Corporation

Note 1: Number of engineers for Meitec does not include engineers who are assigned to our internal engineering projects and lecturer for internal training.

Note 2: Engineers who never been assigned to job are excluded.

See the Meitec homepage for monthly and quarterly utilization ratio figures:

<http://www.meitec.co.jp/e/ir/financial/index.htm>

Note 3: On October 1, 2014, CAE engineers were integrated into Meitec.

(1)-2. Operating Results of Business Segments

(1)-2.i Temporary Staffing Business

Net sales in the Temporary Staffing Business segment for the period under review increased ¥6,860 million, or 9.5%, from a year earlier to ¥79,346 million. The reason for this increase was an increase in the number of engineers assigned to clients in the Temporary Staffing Business, which accounts for more than 90% of consolidated net sales, particularly in the professional staffing business for engineers, the core business of this segment. Operating income increased ¥2,336 million, or 34.3%, from a year earlier to ¥9,145 million.

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The Company's non-consolidated utilization ratio (overall) maintained a high level of 96.1%, compared with 94.7% in the same period of the previous fiscal year, as 378 newly graduated engineers who were hired in April of this year were smoothly assigned to customers, while assignment of existing engineers also progressed smoothly. Also, working hours were steady at 8.93 hours/day, same as 8.93 hours/day for the same period of the previous fiscal year.

(1)-2.ii Recruiting & Placement Business

The Recruiting & Placement Business segment operates job placement and information portal site businesses for engineers.

Net sales in the Recruiting & Placement Business advanced ¥328 million, or 32.4%, from a year earlier to ¥1,340 million, and operating income increased ¥203 million, or 111.1%, to ¥387 million.

Meitec Next achieved sales and profit growth due to a continuing increase in the number of job placements.

(1)-2.iii Engineering Solutions Business

The Engineering Solutions Business segment provides technology support services such as printed-circuit board design.

Net sales in the Engineering Solutions Business for the fiscal year under review rose ¥94 million, or 6.0%, from a year earlier to ¥1,657 million, and an operating income of ¥12 million was posted, compared with a loss of ¥21 million a year earlier.

Apollo Giken Group saw an increase in sales, and returned to operating profitability after recording an operating loss a year earlier.

Figure 4: Summary ; Meitec Group Results

(Millions of Yen, rounded down)	Temporary Staffing Business				Recruiting & Placement Business			Engineering Solutions Business
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec NEXT	all engineer. jp	Meitec Shanghai HR, etc.	Apollo Giken Gr.
Net Sales	64,675	11,911	2,524	53	1,131	117	102	1,658
YoY Amount	+5,799	+1,323	+81	+38	+258	+58	+18	+94
YoY %	+9.8%	+12.5%	+3.3%	+266.2%	+29.7%	+100.5	+21.6%	+6.1%
Operating Income	7,925	1,073	97	(28)	385	25	(54)	11
YoY Amount	+2,173	+217	(2)	+5	+90	+36	+33	+33
YoY %	+37.8%	+25.4%	(2.5%)	—	+30.5%	—	—	—
Ordinary Income	8,438	1,074	98	(27)	385	28	(51)	15
YoY Amount	+2,288	+232	(2)	+6	+90	+39	+38	+39
YoY %	+37.2%	+27.6%	(2.5%)	—	+30.5%	—	—	—
Net Income	3,340	648	57	(27)	243	24	(51)	(22)
YoY Amount	(85)	+165	+0	+6	+43	+36	+38	+68
YoY %	(2.5%)	+34.1%	+1.5%	—	+21.9%	—	—	—

Note: On October 1, 2014, Meitec CAE, a consolidated subsidiary, was merged into Meitec. Thus, the result of Meitec CAE is included in Meitec and omitted from above table.

(1)-4. Earnings Forecasts

Figure 5: Consolidated Forecast (April 1, 2015 to March 31, 2016)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Forecast for the 1st Half of FYE 3/2016	41,800	4,300	4,300	3,300
Comparison to the 1st Half of FYE 3/2015	+2,499	+307	+287	+3,105
Forecast for FYE 3/2016	86,000	9,800	9,800	7,000
Comparison to FYE 3/2015	+3,863	+259	+156	+3,340

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Figure 6: Non-consolidated Forecast (April 1, 2015 to March 31, 2016)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Net Income
Forecast for the 1st Half of FYE 3/2016	33,000	3,600	4,100	3,400
Comparison to the 1st Half of FYE 3/2015	+2,317	+334	+402	+3,227
Forecast for FYE 3/2016	67,800	8,200	8,700	6,500
Comparison to FYE 3/2015	+3,124	+274	+261	+3,159

Figure 7: Forecasts for Meitec Group; FY Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Net Income
Meitec Fielders	12,800	1,100	1,100	700
Meitec Cast	2,600	80	80	50
Meitec EX	80	(30)	(30)	(30)
Meitec Next	1,300	330	330	220
all engineer.jp	140	30	30	25
Meitec Shanghai HR, etc.	100	(10)	(15)	(15)
Apollo Giken Gr.	1,550	30	30	30

Figure 8: Prerequisites for the Forecast (April 1, 2015 to March 31, 2016)

	Meitec	Meitec Fielders
Utilization Ratio(Company-wide)	96.2%	94.9%
First Half	95.2%	92.6%
Second Half	97.1%	97.1%
Working Hours	8.92h/day	9.04h/day
Newly graduated hires*	299	175
Mid-career Hire	190	105
Turnover Ratio	5.0%	8.5%

*Number of engineers hired as of April 1, 2015, who were recent graduates

On the premise that the economy will continue its modest recovery, we expect that the number of engineers will increase due to aggressive recruiting activities, and that coordinated sales activities among group companies will expand. We have announced the consolidated earnings forecast for the fiscal year ending March 31, 2016, based on the key performance indicators shown in Figure 8.

As for the consolidated earnings forecast for the fiscal year ending March 31, 2016, we anticipate ¥86,000 million in consolidated net sales (a year-on-year increase of 4.7%), ¥9,800 million in consolidated operating income (a year-on-year increase of 2.7%), ¥9,800 million in consolidated ordinary income (a year-on-year increase of 1.6%), and ¥7,000 million in profit attributable to owners of parent (a year-on-year increase of 91.3%), as the Company is expecting to record extraordinary income in conjunction with the sale of real estate, among other factors.

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.

(2) Qualitative Information on the Consolidated Financial Position

(2)-1. Asset, Liabilities and Total Net Assets

Figure 9: Overview of the Consolidated Financial Position

(millions of yen, rounded down)	FY ended March 31, 2014	FY ended March 31, 2015	YoY Amount	
			YoY Amount	Change (%)
Total current assets	44,998	51,639	+6,640	+14.8%
Total noncurrent assets	16,447	13,458	(2,988)	(18.2%)
Total assets	61,445	65,098	+3,652	+5.9%
Total current liabilities	12,589	15,797	+3,207	+25.5%
Total noncurrent liabilities	12,667	11,735	(932)	(7.4%)
Total liabilities	25,257	27,532	+2,275	+9.0%
Total shareholders' equity	38,299	39,619	+1,320	+3.4%
Total accumulated other comprehensive income	(2,157)	(2,103)	+54	—
Minority interests	46	48	+2	+6.3%
Total net assets	36,188	37,565	+1,377	+3.8%
Total liabilities and net assets	61,445	65,098	+3,652	+5.9%

(2)-1.i Assets

Total consolidated assets at the end of the fiscal year (March 31, 2015) increased ¥3,652 million from March 31, 2014 to ¥65,098 million. This mainly reflects an increase of ¥6,640 million in current assets from the previous fiscal year-end and a decrease of ¥2,988 million in non-current assets.

The increase in current assets was primarily due to an increase in cash and deposits as well as other factors, while the decline in non-current assets was mainly caused by factors such as impairment loss associated with large-scale training facilities and other facility.

(2)-1.ii Liabilities

Total consolidated liabilities as of March 31, 2015 increased ¥2,275 million from March 31, 2014 to ¥27,532 million. This mainly reflects an increase of ¥3,207 million in current liabilities from the previous fiscal year-end and a decrease of ¥932 million in non-current liabilities.

The increase in current liabilities was primarily due to an increase in accrued consumption taxes in conjunction with the consumption tax rate hike, along with other factors, while the decline in non-current liabilities was mainly due to factors such as a decrease in net defined benefit liability associated with a change in accounting policy.

(2)-1.iii Net Assets

Total consolidated net assets as of March 31, 2015 increased ¥1,377 million from March 31, 2014 to ¥37,565 million. This is mainly the result of a number of factors largely offsetting one another, including an increase in retained earnings due to the business performance for the fiscal year under review, a decrease in retained earnings due to payment of dividends, a decline in shareholders' equity due to the acquisition of treasury shares, and the increase in retained earnings in association with a change in the accounting policy related to retirement benefits.

(2)-2. Cash Flow-Related Indicators

Figure 10: Cash Flow-Related Indicators

	FYE Mar-11	FYE Mar-12	FYE Mar-13	FYE Mar-14	FYE Mar-15
Equity Ratio	66.2%	64.5%	66.1%	58.8%	57.6%
Equity Ratio on a Market Value Basis	98.9%	94.8%	133.3%	145.7%	187.3%
Ratio of Interest-bearing Debt to Operating Cash Flow	—	—	—	—	—
Interest Coverage Ratio	—	—	—	—	—

Equity Ratio:

Shareholders' Equity / Total Assets

Equity Ratio on a Market Value Basis:

Market Capitalization / Total Assets

Ratio of Interest-bearing Debt to Operating Cash Flow:

Interest-bearing Debt / Operating Cash Flo

Interest Coverage Ratio:

Operating Cash Flow / Interest Payments

Notes

1. All figures have been calculated based on consolidated financial amounts.
2. Total market value of shares was calculated based on the total number of shares issued excluding treasury stock.
3. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets that company pays interest.

Consolidated cash and cash equivalents (hereinafter, "cash") as of March 31, 2015 increased by ¥4,668 million compared to the previous fiscal year-end to ¥34,773 million.

The situation and factors related to cash flows for the fiscal year under review are as follows:

(2)-2.i Cash Flow from Operating Activities

Cash gained from operating activities declined by ¥458 million compared to the previous fiscal year to ¥8,434 million.

The cash gained was primarily due to income before income taxes and minority interests excluding impairment losses not associated with cash expenditures, and other factors.

(2)-2.ii Cash Flow from Investing Activities

Cash used in investing activities decreased by ¥122 million compared to the previous fiscal year to ¥275 million.

The cash used was largely attributable to the ¥236 million used for the purchase of intangible assets.

(2)-2.iii Cash Flow from Financing Activities

Cash used in financing activities fell by ¥1,495 million compared to the previous fiscal year to ¥3,495 million.

Major uses of cash included ¥908 million used for the acquisition of treasury shares and ¥2,580 million used for the payment of cash dividends.

(2)-3. Forecast for the Fiscal Year Ending March 31, 2016

By steadily implementing the various measures aimed at achieving our plans, we expect to secure sufficient cash flows to achieve our performance forecasts, and do not anticipate any significant change from the current financial position.

(3) Basic Policy Regarding Profit Distribution, and Dividend Outlook

(3)-1. Basic Policy Regarding Profit Distribution

The company's objective is to maximize the shareholders return in mid to long term through realizing the sustainable growth of the company. The basic policy of the Company is to distribute profit in accordance with operating results. In view of maximizing shareholder's return in mid to long term, unless major investment demands are expected, total return ratio to be within 100% for the total shareholders return by dividend and acquisition of treasury shares.

Payout ratio for the dividend to be equal or more than 50%, and interim dividend and year-end dividend are to be paid. Minimum level of payout ratio is to be consolidated Dividend on Equity ratio (DOE) 5%.

The amount of working capital required to continue our business has been set at the equivalent of three (3) months of consolidated net sales in our group cash management plan. Therefore acquisition of treasury shares will be executed with consideration of our total return ratio if the consolidated cash position at the end of previous fiscal year exceeds the three (3) month net sales and there are no major investment demands expected.

Treasury shares will be continued to be held by the company up to two million (2,000,000) shares. Treasury shares in excess of two million (2,000,000) shares will be retired by the end of the fiscal year.

(Note)

Total Return Ratio = Total shareholders return for the year / Consolidated net profit

Total Shareholders Return for Year = Total dividend paid (interim and year end) + Amount used to acquire the treasury shares during the fiscal year

Payout Ratio = Total dividend paid (interim and year end) / Consolidated net profit

Dividend on Equity Ratio (DOE) = Dividend / consolidated shareholder's equity

Three Month Net Sales = Working capital*: Consolidated two month net sales + Fund for strengthening the financial base (a fund to sustain the business operation in the event of a crisis equivalent to that of fiscal year ended March 2010): consolidated one month net sales

* Working capital is determined according to such factors as account receivables.

To realize the flexible financial position, for the implementation of future growth strategies and response to the risk associated in achieving the goals of the management plan, treasury shares will be held by the company.

Figure 11: Results and Forecast of Dividend per Share

	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full Year
FY ended March 31, 2014	—	31.50	—	40.50	72.00
FY ended March 31, 2015	—	44.00	—	67.00	111.00
FY ending March 31, 2016 (Forecast)	—	54.50	—	61.50	116.00

(3)-2. Dividends for the Subject Fiscal Year

Based on the fact that the utilization ratio exceeded the Company's forecast, and net income in the second half of the fiscal year was higher than projected, the year-end dividend for the fiscal year ended March 31, 2015 is ¥67 per share, which consists of a dividend of ¥57 per share based on the operating performance in line with the basic policy on profit distribution, and a commemorative dividend of ¥10 per share to celebrate the 40th anniversary of the Company's founding.

Combined with the interim dividend of ¥44 per share, the annual dividend is ¥111 per share, an increase of ¥39 from the previous fiscal year. The payout ratio is 92.4%.

(3)-3. Dividend Forecast for the Fiscal Year Ending March 31, 2016

For the fiscal year ending March 31, 2016, the Company forecasts an annual dividend of ¥116 per share, equivalent to a 50% payout ratio of profit attributable to owners of parent based on the performance forecast under the basic policy of profit distribution. The total dividend payment is expected to be around ¥3,500 million.

The Company forecasts an interim dividend of ¥54.50 per share, and a year-end dividend of ¥61.50 per share.

(3)-4. Treasury Stock Acquisition for the Fiscal Year Ending March 31, 2016

Since the consolidated cash position at the previous year end exceeded an amount equivalent to net sales for three months and no major investment demand is expected, we plan to execute the acquisition of treasury stock amounting to ¥3,500 million during the fiscal year ending March 2016, which is within the amount equivalent to a total return ratio of 100%, in accordance with our profit distribution policy.

Total Return Ratio 100% = (total amount of expected dividend: nearly ¥3,500 million + total amount to be used for the acquisition of the treasury stock: ¥3,500 million) / profit attributable to owners of parent: ¥7,000 million

2. Management Policies

(1) Basic Policy on Company Management

Since there is no significant change to “Basic Policy on Company Management” which was disclosed by the Financial Highlights for the Fiscal Year ended March 31, 2014 on May 8, 2014, it is omitted.
Please see below URL for the financial highlights.

Meitec Homepage

<http://www.meitec.co.jp/e/news/2011/tabid/687/Default.aspx>

Japan Exchange Group Tokyo Stock Exchange’s Listed Company Search

<http://www.jpx.co.jp/english/listing/co-search/index.html>

(2) Medium- to Long-Term Company Management Strategies and Target Indicators

Since there is no significant change to “Basic Policy on Company Management” which was disclosed by the Financial Highlights for the Fiscal Year ended March 31, 2014 on May 8, 2014, it is omitted.
Please see below URL for the financial highlights.

Meitec Homepage

<http://www.meitec.co.jp/e/news/2011/tabid/687/Default.aspx>

Japan Exchange Group Tokyo Stock Exchange’s Listed Company Search

<http://www.jpx.co.jp/english/listing/co-search/index.html>

(3) Issues to Be Addressed

Since there is no significant change to “Basic Policy on Company Management” which was disclosed by the Financial Highlights for the Fiscal Year ended March 31, 2014 on May 8, 2014, it is omitted.
Please see below URL for the financial highlights.

Meitec Homepage

<http://www.meitec.co.jp/e/news/2011/tabid/687/Default.aspx>

Japan Exchange Group Tokyo Stock Exchange’s Listed Company Search

<http://www.jpx.co.jp/english/listing/co-search/index.html>

3. Basic Concept Regarding the Selection of Accounting Standards

The Company will continue to adopt the Japanese generally accepted accounting standards in the near term, as Meitec Group’s operations are centered on the domestic market. However, going forward, the Company will continue to study the selection of accounting standards, basing its considerations on factors such as investors’ demands as well as trends regarding the adoption of IFRS (International Financial Reporting Standards) by other Japanese companies.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Assets		
Current assets		
Cash and deposits	30,104,230	34,773,112
Notes and accounts receivable - trade	11,297,348	12,858,068
Work in process	243,102	292,824
Deferred tax assets	2,405,110	2,495,163
Other	955,357	1,223,399
Allowance for doubtful accounts	(6,441)	(2,950)
Total current assets	44,998,707	51,639,617
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,600,141	4,069,807
Tools, furniture and fixtures, net	357,468	272,405
Land	3,582,544	2,859,225
Other, net	15,284	6,409
Total property, plant and equipment	10,555,438	7,207,847
Intangible assets		
Software	602,139	481,749
Other	70,715	219,310
Total intangible assets	672,855	701,060
Investments and other assets		
Investment securities	134,327	80,669
Net defined benefit asset	—	13,948
Deferred tax assets	4,501,606	4,886,633
Other	610,418	595,420
Allowance for doubtful accounts	(27,577)	(26,875)
Total investments and other assets	5,218,774	5,549,796
Total non-current assets	16,447,068	13,458,703
Total assets	61,445,775	65,098,321

(Thousands of Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	97,672	145,185
Accrued expenses	2,590,175	3,315,265
Income taxes payable	2,679,243	2,189,512
Accrued consumption taxes	750,344	3,083,257
Provision for directors' bonuses	85,000	80,509
Provision for bonuses	5,314,401	5,955,984
Provision for loss on liquidation of subsidiaries and associates	70,818	5,859
Other	1,002,000	1,021,872
Total current liabilities	12,589,657	15,797,445
Non-current liabilities		
Deferred tax liabilities for land revaluation	37,366	—
Net defined benefit liability	12,619,887	11,709,194
Other	10,295	26,023
Total non-current liabilities	12,667,548	11,735,218
Total liabilities	25,257,206	27,532,663
Net assets		
Shareholders' equity		
Capital stock	16,825,881	16,825,881
Capital surplus	8,054,223	7,275,447
Retained earnings	18,264,262	20,488,993
Treasury shares	(4,844,452)	(4,970,365)
Total shareholders' equity	38,299,915	39,619,957
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,041	—
Revaluation reserve for land	(878,313)	(646,046)
Foreign currency translation adjustment	(6,905)	(579)
Remeasurements of defined benefit plans	(1,275,200)	(1,456,612)
Total accumulated other comprehensive income	(2,157,377)	(2,103,238)
Minority interests	46,031	48,938
Total net assets	36,188,569	37,565,657
Total liabilities and net assets	61,445,775	65,098,321

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

	(Thousands of Yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	74,906,020	82,136,046
Cost of sales	55,370,774	60,481,056
Gross profit	19,535,245	21,654,989
Selling, general and administrative expenses	12,556,019	12,114,265
Operating income	6,979,226	9,540,724
Non-operating income		
Interest income	6,650	7,534
Dividend income	1,323	1,629
Rent income	9,089	6,884
Gain on sales of supplies	—	67,664
Other	33,072	29,529
Total non-operating income	50,135	113,241
Non-operating expenses		
Commitment fee	4,721	4,260
Loss on investments in partnership	1,162	1,035
Commission fee	—	3,859
Foreign exchange losses	5,619	—
Other	39,700	1,750
Total non-operating expenses	51,203	10,906
Ordinary income	6,978,157	9,643,059
Extraordinary income		
Gain on sales of investment securities	397	12,470
Gain on sales of golf memberships	—	7,550
Total extraordinary income	397	20,020
Extraordinary losses		
Loss on retirement of non-current assets	22,070	5,229
Impairment loss	53,434	3,615,115
Provision for loss on liquidation of subsidiaries and associates	70,818	—
Other	—	1,566
Total extraordinary losses	146,323	3,621,910
Income before income taxes and minority interests	6,832,231	6,041,169
Income taxes - current	3,079,972	3,660,788
Income taxes - deferred	(204,457)	(1,282,515)
Total income taxes	2,875,514	2,378,272
Income before minority interests	3,956,716	3,662,896
Minority interests in income (loss)	(17,075)	3,025
Net income	3,973,792	3,659,870

(Consolidated Statements of Comprehensive Income)

	(Thousands of Yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income before minority interests	3,956,716	3,662,896
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,336)	(3,041)
Foreign currency translation adjustment	25,958	6,207
Remeasurements of defined benefit plans, net of tax	—	(181,411)
Total other comprehensive income	22,621	(178,246)
Comprehensive income	3,979,338	3,484,650
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,994,952	3,481,743
Comprehensive income attributable to minority interests	(15,614)	2,907

(3) Consolidated Statements of Changes in Equity
Fiscal year ended March 31, 2014

(Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,825,881	9,299,905	17,425,800	(4,287,298)	39,264,288
Cumulative effects of changes in accounting policies					—
Restated balance	16,825,881	9,299,905	17,425,800	(4,287,298)	39,264,288
Changes of items during period					
Dividends of surplus			(3,135,330)		(3,135,330)
Net income			3,973,792		3,973,792
Reversal of revaluation reserve for land					—
Purchase of treasury shares				(1,802,995)	(1,802,995)
Retirement of treasury shares		(1,245,684)		1,245,684	—
Disposal of treasury shares		2		156	159
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(1,245,681)	838,462	(557,153)	(964,373)
Balance at end of current period	16,825,881	8,054,223	18,264,262	(4,844,452)	38,299,915

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,378	(878,313)	(31,401)	—	(903,336)	61,645	38,422,597
Cumulative effects of changes in accounting policies							—
Restated balance	6,378	(878,313)	(31,401)	—	(903,336)	61,645	38,422,597
Changes of items during period							
Dividends of surplus							(3,135,330)
Net income							3,973,792
Reversal of revaluation reserve for land							—
Purchase of treasury shares							(1,802,995)
Retirement of treasury shares							—
Disposal of treasury shares							159
Net changes of items other than shareholders' equity	(3,336)	—	24,496	(1,275,200)	(1,254,040)	(15,614)	(1,269,654)
Total changes of items during period	(3,336)	—	24,496	(1,275,200)	(1,254,040)	(15,614)	(2,234,027)
Total changes of items during period	3,041	(878,313)	(6,905)	(1,275,200)	(2,157,377)	46,031	36,188,569

Fiscal year ended March 31, 2015

(Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,825,881	8,054,223	18,264,262	(4,844,452)	38,299,915
Cumulative effects of changes in accounting policies			1,379,045		1,379,045
Restated balance	16,825,881	8,054,223	19,643,307	(4,844,452)	39,678,960
Changes of items during period					
Dividends of surplus			(2,581,917)		(2,581,917)
Net income			3,659,870		3,659,870
Reversal of revaluation reserve for land			(232,266)		(232,266)
Purchase of treasury shares				(904,689)	(904,689)
Retirement of treasury shares		(778,775)		778,775	—
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(778,775)	845,685	(125,913)	(59,003)
Balance at end of current period	16,825,881	7,275,447	20,488,993	(4,970,365)	39,619,957

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,041	(878,313)	(6,905)	(1,275,200)	(2,157,377)	46,031	36,188,569
Cumulative effects of changes in accounting policies							1,379,045
Restated balance	3,041	(878,313)	(6,905)	(1,275,200)	(2,157,377)	46,031	37,567,614
Changes of items during period							
Dividends of surplus							(2,581,917)
Net income							3,659,870
Reversal of revaluation reserve for land							(232,266)
Purchase of treasury shares							(904,689)
Retirement of treasury shares							—
Disposal of treasury shares							—
Net changes of items other than shareholders' equity	(3,041)	232,266	6,325	(181,411)	54,139	2,907	57,046
Total changes of items during period	(3,041)	232,266	6,325	(181,411)	54,139	2,907	(1,956)
Balance at end of current period	—	(646,046)	(579)	(1,456,612)	(2,103,238)	48,938	37,565,657

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	6,832,231	6,041,169
Depreciation	1,004,268	548,253
Impairment loss	53,434	3,615,115
Increase (decrease) in allowance for doubtful accounts	(361)	(4,192)
Increase (decrease) in provision for directors' bonuses	(40,644)	(4,490)
Increase (decrease) in provision for bonuses	652,082	635,313
Increase (decrease) in provision for retirement benefits	(9,843,318)	—
Increase (decrease) in net defined benefit liability	10,642,831	1,061,089
Decrease (increase) in net defined benefit asset	—	(13,948)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	70,818	(64,958)
Interest and dividend income	(7,973)	(9,163)
Loss on retirement of non-current assets	22,070	5,229
Loss (gain) on sales of investment securities	(397)	(12,470)
Loss (gain) on investments in partnership	1,162	1,035
Decrease (increase) in notes and accounts receivable - trade	(411,230)	(1,560,720)
Loss (gain) on sales of golf club memberships	—	(7,550)
Decrease (increase) in inventories	43,132	(49,721)
Decrease (increase) in other current assets	(43,476)	(248,586)
Increase (decrease) in accounts payable - trade	(6,523)	47,512
Increase (decrease) in accrued expenses	(20,241)	268,203
Increase (decrease) in accrued consumption taxes	100,954	2,333,053
Increase (decrease) in other current liabilities	(123,770)	5,661
Other, net	10,203	13,643
Subtotal	8,935,251	12,599,476
Interest and dividend income received	8,200	9,107
Income taxes paid	(802,888)	(4,197,361)
Income taxes refund	752,860	23,403
Net cash provided by (used in) operating activities	8,893,424	8,434,626
Cash flows from investing activities		
Purchase of property, plant and equipment	(188,702)	(112,866)
Proceeds from sales of property, plant and equipment	—	677
Purchase of intangible assets	(219,810)	(236,782)
Payments for retirement of non-current assets	(13,212)	(309)
Proceeds from sales of investment securities	650	59,972
Decrease (increase) in other investments	22,896	13,907
Net cash provided by (used in) investing activities	(398,178)	(275,401)
Cash flows from financing activities		
Purchase of treasury shares	(1,802,995)	(908,548)
Proceeds from sales of treasury shares	159	—
Cash dividends paid	(3,130,786)	(2,580,502)
Other, net	(58,070)	(6,824)
Net cash provided by (used in) financing activities	(4,991,693)	(3,495,875)
Effect of exchange rate change on cash and cash equivalents	7,680	5,531
Net increase (decrease) in cash and cash equivalents	3,511,232	4,668,881
Cash and cash equivalents at beginning of period	26,592,997	30,104,230
Cash and cash equivalents at end of period	30,104,230	34,773,112

4. Non-Consolidated Financial Statements
(1) Non-Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Assets		
Current assets		
Cash and deposits	28,930,904	30,432,418
Notes receivable - trade	—	5,483
Accounts receivable - trade	9,082,956	10,446,436
Work in process	188,057	197,497
Prepaid expenses	289,045	467,917
Deferred tax assets	1,922,346	1,986,772
Short-term loans receivable from subsidiaries and associates	—	25,000
Other	642,186	695,194
Allowance for doubtful accounts	(1,848)	(2,116)
Total current assets	41,053,647	44,254,604
Non-current assets		
Property, plant and equipment		
Buildings, net	6,528,701	4,040,514
Structures, net	66,385	19,796
Tools, furniture and fixtures, net	340,756	261,367
Land	3,582,544	2,859,225
Other	15,284	0
Total property, plant and equipment	10,533,673	7,180,904
Intangible assets		
Software	555,596	448,999
Other	62,163	205,702
Total intangible assets	617,760	654,702
Investments and other assets		
Investment securities	134,327	80,669
Shares of subsidiaries and associates	1,461,835	1,299,325
Investments in capital of subsidiaries and associates	119,742	119,742
Long-term loans receivable from subsidiaries and associates	195,000	165,000
Deferred tax assets	3,792,874	4,191,681
Guarantee deposits	534,614	526,093
Other	19,220	20,358
Allowance for doubtful accounts	(12,173)	(10,023)
Total investments and other assets	6,245,441	6,392,847
Total non-current assets	17,396,875	14,228,455
Total assets	58,450,522	58,483,060

(Thousands of Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Liabilities		
Current liabilities		
Accounts payable - other	630,938	651,033
Accrued expenses	2,010,753	2,672,055
Income taxes payable	2,246,797	1,829,947
Accrued consumption taxes	564,771	2,459,254
Deposits received from subsidiaries and associates	2,653,245	—
Provision for directors' bonuses	81,000	74,000
Provision for bonuses	4,206,504	4,673,596
Other	316,073	288,620
Total current liabilities	12,710,084	12,648,507
Non-current liabilities		
Deferred tax liabilities for land revaluation	37,366	—
Provision for retirement benefits	10,620,299	9,537,548
Allowance for investment loss	84,008	72,943
Other	7,232	3,057
Total non-current liabilities	10,748,907	9,613,549
Total liabilities	23,458,991	22,262,057
Net assets		
Shareholders' equity		
Capital stock	16,825,881	16,825,881
Capital surplus		
Legal capital surplus	4,210,000	4,210,000
Other capital surplus	3,844,223	3,065,447
Total capital surpluses	8,054,223	7,275,447
Retained earnings		
Other retained earnings		
Retained earnings brought forward	15,831,149	17,736,085
Total retained earnings	15,831,149	17,736,085
Treasury shares	(4,844,452)	(4,970,365)
Total shareholders' equity	35,866,802	36,867,048
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,041	—
Revaluation reserve for land	(878,313)	(646,046)
Total valuation and translation adjustments	(875,271)	(646,046)
Total net assets	34,991,530	36,221,002
Total liabilities and net assets	58,450,522	58,483,060

(2) Non-Consolidated Statements of Operations

(Thousands of Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	58,876,522	64,675,554
Cost of sales	43,742,407	47,857,964
Gross profit	15,134,114	16,817,589
Selling, general and administrative expenses	9,382,268	8,891,986
Operating income	5,751,846	7,925,603
Non-operating income		
Interest income	7,071	8,356
Dividend income	356,353	409,454
Interest on refund	18,383	—
Gain on sales of supplies	—	67,664
Other	44,415	37,814
Total non-operating income	426,223	523,288
Non-operating expenses		
Interest expenses	844	326
Commitment fee	4,721	4,260
Commission fee	—	3,859
Loss on investments in partnership	1,162	1,035
Other	22,043	1,114
Total non-operating expenses	28,771	10,596
Ordinary income	6,149,298	8,438,295
Extraordinary income		
Gain on sales of investment securities	397	12,470
Reversal of allowance for investment loss	—	11,064
Gain on extinguishment of tie-in shares	—	300,574
Total extraordinary income	397	324,109
Extraordinary losses		
Impairment loss	5,137	3,606,013
Provision of allowance for investment loss	38,779	—
Loss on valuation of shares of subsidiaries and associates	148,280	62,509
Loss on valuation of investments in capital of subsidiaries and associates	158,488	—
Other	22,032	4,804
Total extraordinary losses	372,719	3,673,327
Income before income taxes	5,776,976	5,089,077
Income taxes - current	2,452,356	3,002,324
Income taxes - deferred	(100,980)	(1,253,322)
Total income taxes	2,351,376	1,749,002
Net income	3,425,599	3,340,075

6. Other

(1) Changes in Officers

(1)-1. Change in Representative

None

(1)-2. Changes in Officers Other than Representative (As of June 18, 2015 (planned))

<Candidate for Newly Appointed Director>

Director Hiroyuki Rokugo

(Currently Representative Director and President of MEITEC NEXT CORPORATION

President of Meitec Shanghai

President of Meitec Shanghai Human Resources Co., Ltd)

* Above are the consolidated subsidiaries of MEITEC CORPORATION

<Retiring Director>

Director Kosuke Nishimoto

(2) Other

None