



Consolidated Financial Report For the Six Months Ended September 30, 2014

November 6, 2014

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

1. Consolidated Results for the 2nd Quarter (April 1, 2014 to September 30, 2014)

(1) Consolidated operating results

(Fractions of one million yen are rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2014	39,300	9.9	3,992	37.3	4,012	36.9	194	(88.6)
Six months ended September 30, 2013	35,754	4.8	2,907	0.5	2,931	(0.5)	1,706	0.8

(Note) Comprehensive Income; Six months ended September 30, 2014: 284 million yen [(83.5%)]
Six months ended September 30, 2013: 1,722 million yen [3.0%]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2014	6.35	—
Six months ended September 30, 2013	54.68	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2014	58,821	36,612	62.2
As of March 31, 2014	61,445	36,188	58.8

Reference: Shareholders' Equity; as of September 30, 2014: 36,568 million yen
as of March 31, 2014: 36,142 million yen

2. Dividends

(Record date)	Annual Dividends per Share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2014	—	31.50	—	40.50	72.00
FY ending March 31, 2015	—	44.00	—	—	—
FY ending March 31, 2015 (Forecast)	—	—	—	57.00	101.00

(Note) Revision of dividends forecast from recent forecast: None

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

Regular dividends 81.00 yen, Commemorative dividends 20.00 yen (40th anniversary commemorative dividends)

3. Consolidated Forecasts for Fiscal Year ending March 31, 2015

(% 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	%	
FY ending March 31, 2015	80,400	7.3	8,500	21.8	8,600	23.2	3,400	(14.4)	111.27

(Note) Revision of performance forecast from recent forecast: Yes

Notes to Financial Statements

- (1) Significant changes involving subsidiaries during the term: None
(Changes in specific subsidiaries that affected the scope of consolidation)
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Change in accounting principle, procedure and presentation method for preparing the consolidated financial statements
- | | |
|--|------|
| i. Change in accounting principle : | Yes |
| ii. Changes not relating to i. : | None |
| iii. Changes in accounting estimates : | None |
| iv. Restatements : | None |
- (4) Number of shares issued (common stock)
- | | |
|---|------------|
| i. Number of shares issued at the fiscal year end (including treasury shares) | |
| 2 nd quarter ended September 30, 2014: | 32,500,000 |
| FY ended March 31, 2014: | 32,500,000 |
| ii. Number of treasury shares at the fiscal year end | |
| 2 nd quarter ended September 30, 2014: | 1,945,000 |
| FY ended March 31, 2014: | 1,944,494 |
| iii. Average number of shares outstanding during the period | |
| 2 nd quarter ended September 30, 2014: | 30,555,245 |
| 2 nd quarter ended September 30, 2013: | 31,197,247 |

*** Indication of quarterly review procedure implementation status**

At the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act, have 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 2nd Quarter,” “(3) Explanation of Forecast Information Such as Consolidated Earnings Forecast, etc.”

1. Qualitative Information on the Consolidated Results for the 2nd Quarter

(1) Qualitative Information on the Consolidated Operating Results

Figure 1: Summary ; Consolidated Operating Results

(Millions of yen, rounded down)	2 nd Q FY ended	2 nd Q FY ended	YoY Amount	Change (%)
	September 30, 2013	September 30, 2014		
Net Sales	35,754	39,300	+3,545	+9.9%
Cost of Sales	26,607	29,366	+2,758	+10.4%
SG&A Expenses	6,239	5,941	(297)	(4.8%)
Operating Income	2,907	3,992	+1,084	+37.3%
Ordinary Income	2,931	4,012	+1,080	+36.9%
Income before income taxes	2,913	555	(2,357)	(80.9%)
Net Income	1,706	194	(1,511)	(88.6%)

(1)-1. Consolidated Operating Results

During the six months from April 1, 2014 to September 30, 2014, the Japanese economy continued to face an uncertain outlook due to decelerating 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 measures and financial policies, corporate earnings improved, among other signs, and the business climate showed a moderate upward trend.

Under these circumstances, many leading manufacturers, which are the major clients of the Company, continued steady investments in technological development looking to the next generation regardless of the business conditions. Thanks to a strong order environment, the number of engineers assigned to clients steadily increased. This mainly reflects the assignment to clients of 551 newly graduated engineers who joined us in April of this year (MT: 378, MF: 173), as planned.

As a result, consolidated net sales for the period under review increased ¥3,545 million, or 9.9%, from a year earlier to ¥39,300 million. Consolidated cost of sales advanced ¥2,758 million, or 10.4%, from a year earlier to ¥29,366 million, chiefly because of increased labor costs due to an increase in the number of engineers. Consolidated selling, general and administrative expenses fell by ¥297 million, or 4.8%, from a year earlier to 5,941 million. As a result, consolidated operating income jumped ¥1,084 million, or 37.3%, from a year earlier to ¥3,992 million.

Consolidated ordinary income increased ¥1,080 million, or 36.9%, from a year earlier to ¥4,012 million.

Moreover, 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. As a result, extraordinary losses of approximately ¥3,500 million were recorded.

As a result of the above, consolidated net income decreased by ¥1,511 million, or 88.6%, from a year earlier to ¥194 million.

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	39,300	37,546	632	1,359	(238)
Component Ratio	100.0%	95.5%	1.6%	3.5%	(0.6%)
YoY Amount	+3,545	+3,308	+144	+159	(67)
%Change	+9.9%	+9.7%	+29.7%	+13.3%	—
Operating Income	3,992	3,788	152	47	3
Component Ratio	100.0%	94.9%	3.8%	1.2%	0.1%
YoY Amount	+1,084	+999	+52	+31	+1
%Change	+37.3%	+35.8%	+52.7%	+194.8%	+36.0%

(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.

(Note) 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 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.

Figure 3: Meitec Group Professional Staffing Business for Engineers

		2 nd Q FY ended September 30, 2013	2 nd Q FY ended September 30, 2014
MT ^{*1} +MF ^{*2} +CAE ^{*3}	Period-End Engineering Staff ¹	7,384	7,909
MT ^{*1} +MF ^{*2}	Period-End Engineering Staff ¹	7,294	7,815
	Utilization ratio(Company-wide)	92.7%	93.8%
	Utilization ratio (Excluding new hires ²)	96.4%	97.2%
MT ^{*1}	Period-End Engineering Staff ¹	5,851	6,209
	Of which assigned to internal engineering projects ¹	61	59
	Utilization ratio (Company-wide)	92.8%	93.9%
	Utilization ratio (Excluding new hires ²)	96.1%	96.9%
	Working Hours	8.89h/day	8.90h/day
MF ^{*2}	Period-End Engineering Staff	1,443	1,606
	Utilization ratio (Company-wide)	91.9%	93.4%
	Utilization ratio (Excluding new hires ²)	97.6%	98.3%
	Working Hours	8.97h/day	8.99h/day
CAE ^{*3}	Period-End Engineering Staff	90	94

*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_performance.html

(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 ¥3,308 million, or 9.7%, from a year earlier to ¥37,546 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 ¥999 million, or 35.8%, from a year earlier to ¥3,788 million.

The Company's non-consolidated utilization ratio (overall) maintained a high level of 93.9%, compared with 92.8% 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 8.90 hours/day, compared with 8.89 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 ¥144 million, or 29.7%, from a year earlier to ¥632 million, and operating income increased ¥52 million, or 52.7%, to ¥152 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 engineering services related to analytical technologies, prototype production, casting/metal mold production and technology support for printed-circuit boards.

Net sales in the Engineering Solutions Business for the period under review increased ¥159 million, or 13.3%, from a year earlier to ¥1,359 million, and operating income increased ¥31 million, or 194.8%, from a year earlier to ¥47 million.

Meitec CAE saw higher sales and profits on a recovery in orders received, among other factors. Apollo Giken Group saw an increase in sales, but continued to post an operating loss. The loss was associated with starting of the liquidation procedures of a Chinese subsidiary; Apollo Giken returned to operating profitability on a non-consolidated basis.

The Company merged with Meitec CAE on October 1, 2014, with the goal of enhancing the added value of the Group's professional staffing business for engineers through CAE technologies.

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.	Meitec CAE	Apollo Giken Gr.
Net Sales	30,682	5,753	1,235	25	536	54	44	622	737
YoY Amount	+2,531	+716	+16	+25	+88	+49	+13	+116	+43
YoY %	+9.0%	+14.2%	+1.4%	—	+19.8%	—	+44.6%	+22.9%	+6.2%
Operating Income	3,265	486	44	(15)	180	7	(46)	61	(14)
YoY Amount	+873	+135	(10)	+1	+11	+26	+0	+18	+12
YoY %	+36.5%	+38.8%	(19.6%)	—	+6.5%	—	—	+41.6%	—
Ordinary Income	3,697	486	45	(15)	180	8	(43)	62	(13)
YoY Amount	+905	+135	(10)	+1	+11	+27	+3	+18	+18
YoY %	+32.4%	+38.4%	(19.1%)	—	+6.5%	—	—	+42.2%	—
Net Income	172	297	27	(15)	116	7	(43)	41	(33)
YoY Amount	(1,572)	+79	(7)	+1	+1	+26	+3	+14	(11)
YoY %	(90.1%)	+36.6%	(21.1%)	—	+1.5%	—	—	+54.0%	—

(2) Qualitative Information on the Consolidated Financial Position

Figure 5: Overview of the Consolidated Financial Position

(millions of yen, rounded down)	FY ended March 31, 2014	2 nd Q FY ended September 30, 2014		
			YoY Amount	Change (%)
Total current assets	44,998	46,427	+1,429	+3.2%
Total noncurrent assets	16,447	12,393	(4,053)	(24.6%)
Total assets	61,445	58,821	(2,624)	(4.3%)
Total current liabilities	12,589	11,351	(1,237)	(9.8%)
Total noncurrent liabilities	12,667	10,857	(1,810)	(14.3%)
Total liabilities	25,257	22,209	(3,048)	(12.1%)
Total shareholders' equity	38,299	38,401	+101	+0.3%
Valuation and translation adjustments	(2,157)	(1,833)	+323	—
Minority interests	46	44	(1)	(3.4%)
Total net assets	36,188	36,612	+424	+1.2%
Total liabilities and net assets	61,445	58,821	(2,624)	(4.3%)

(2)-1. Assets

Total consolidated assets at the end of the second quarter (September 30, 2014) decreased ¥2,624 million from March 31, 2014 to ¥58,821 million. This mainly reflects an increase of ¥1,429 million in current assets from the previous fiscal year-end and a decrease of ¥4,053 million in non-current assets.

Moreover, the increase in current assets was primarily due to an increase in deposits and accounts receivable - trade, along with other factors, while the decrease in non-current assets was caused mainly by factors such as impairment loss associated with training facilities and other facility.

(2)-2. Liabilities

Total consolidated liabilities as of September 30, 2014 decreased ¥3,048 million from March 31, 2014 to ¥22,209 million. This mainly reflects a decrease of ¥1,237 million in current liabilities from the previous fiscal year-end and a decrease of ¥1,810 million in non-current liabilities.

The decrease in current liabilities was primarily due to a decrease resulting from payment of income taxes payable, along with other factors, and the decrease 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)-3. Net Assets

Total consolidated net assets as of September 30, 2014 increased ¥424 million from March 31, 2014 to ¥36,612 million. This is mainly the result of several effects offsetting one another, including an increase in retained earnings due to the business performance for the period under review, a decrease in retained earnings due to payment of dividends, and an increase in retained earnings due to the effects of a change in accounting policy for retirement benefits.

(3) Explanation of Forecast Information Such as Consolidated Earnings Forecast, etc.

(3)-1. Earnings Forecasts

Assuming continued strength in the environment for orders, the main performance indicators for the professional staffing business for engineers have been revised based on recent trends, and the full-year earnings forecasts announced on May 8, 2014 have been revised as follows. In addition, the forecast for net income has been revised downward from the initial forecast by ¥1,500 million. This reflects the actual net income for the first half of the fiscal year (the first two quarters) falling short of the initial forecast by approximately ¥1,800 million and a projection for net income in the second half (the third and fourth quarters) to exceed the initial forecast by approximately ¥300 million.

Figure 6: Consolidated Forecast (April 1, 2014 to March 31, 2015)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	79,000	7,700	7,700	4,900
Revised Forecast (B)	80,400	8,500	8,600	3,400
Comparison to the Previous Forecast (B-A)	+1,400	+800	+900	(1,500)
Change (%)	+1.8%	+10.4%	+11.7%	(30.6%)

Figure 7: Non-consolidated Forecast (April 1, 2014 to March 31, 2015)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	61,500	6,300	6,700	4,400
Revised Forecast (B)	63,600	7,100	7,600	3,300
Comparison to the Previous Forecast (B-A)	+2,100	+800	+900	(1,100)
Change (%)	+3.4%	+12.7%	+13.4%	(25.0%)

Figure 8: Prerequisites for the Forecast (April 1, 2014 to March 31, 2015)

	Meitec		Meitec Fielders	
	Revised forecast	Previous forecast	Revised forecast	Previous forecast
Utilization Ratio(Company-wide)	95.4%	94.8%	94.9%	93.3%
First Half	93.9%	93.2%	93.4%	90.4%
Second Half	96.9%	96.3%	96.4%	96.2%
Working Hours	8.93h/day	8.90h/day	9.03h/day	8.99h/day
New Graduated Hires*	378	378	173	173
Mid-career Hire	200	230	115	125
Turnover	4.3%	5.0%	9.1%	8.6%

*Number of engineers hired as of April 1, 2014, who were recent graduates

(3)-2. Dividend Forecasts

Although the full-year earnings forecasts has been revised, no revision has been made to the year-end dividend forecast. Please see the following supplementary explanation for details.

For details of our basic policy regarding profit distribution, please refer to the Consolidated Financial Report for the Fiscal Year ended March 31, 2014, released on May 8, 2014, and the IR presentation materials on the Company's website.

(3)-3. Acquisition of Treasury Shares

Since the full-year consolidated net income forecast has been revised downward from the initial forecast by ¥1,500 million, giving consideration to the total return ratio, the planned amount for acquisition of treasury shares has been revised downward by ¥1,500 million from the figure of ¥2,400 million, which was announced on May 8, 2014, to ¥900 million.

* Supplementary explanation

For the profit distribution for the fiscal year under review, as announced at the beginning of the fiscal year, the Company plans to pay regular dividends and conduct acquisition of treasury shares within a total return ratio of 100% in line with basic policy, as well as paying 40th anniversary commemorative dividends. The impact of revising the consolidated net income forecast downward has result only in revision of the planned amount of acquisition of treasury shares; the dividend forecasts have not been revised.

* Total return ratio 100% = (regular dividends of just under ¥2,500 million + treasury share acquisition amount of ¥900 million) / (consolidated net income forecast of ¥3,400 million)

→The forecast for the total dividend including the commemorative dividends is approximately ¥3,100 million.

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. Summary information (Notes)

(1) Application of special accounting for preparing quarterly consolidated financial statements

Tax expenses

Tax expenses are calculated by multiplying the income before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the income before income taxes for the fiscal year including the second quarter ended September 30, 2014.

(2) Changes in accounting policies, changes in accounting estimates, and restatements

Changes in accounting policies

(Application of the Accounting Standard for Retirement Benefits, etc.)

Regarding the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), effective from the first quarter ended June 30, 2014, the Company has applied the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from one that uses a discount rate based on the average remaining working lives of employees to one that uses a single weighted average discount rate.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the calculation method for retirement benefit obligations and current service costs has been added to or deducted from retained earnings as of April 1, 2014. As a result, as of April 1, 2014, net defined benefit liability decreased by ¥2,138 million and retained earnings increased ¥1,379 million. The effect of these changes on operating income, ordinary income and income before income taxes for the six months ended September 30, 2014 are immaterial.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2014	The 2nd Quarter ended Sep. 31, 2014
Assets		
Current assets		
Cash and deposits	30,104,230	30,719,507
Notes and accounts receivable - trade	11,297,348	11,680,282
Work in process	243,102	505,073
Other	3,360,467	3,529,912
Allowance for doubtful accounts	(6,441)	(6,794)
Total current assets	44,998,707	46,427,981
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,600,141	4,145,938
Other, net	3,955,297	3,187,526
Total property, plant and equipment	10,555,438	7,333,465
Intangible assets		
Other	672,855	652,558
Total intangible assets	672,855	652,558
Investments and other assets		
Other	5,246,352	4,434,577
Allowance for doubtful accounts	(27,577)	(26,909)
Total investments and other assets	5,218,774	4,407,667
Total non-current assets	16,447,068	12,393,691
Total assets	61,445,775	58,821,673
Liabilities		
Current liabilities		
Accounts payable - trade	97,672	93,446
Income taxes payable	2,679,243	374,108
Provision for directors' bonuses	85,000	10,122
Provision for bonuses	5,314,401	5,174,106
Provision for loss on liquidation of subsidiaries and associates	70,818	35,552
Other	4,342,521	5,664,469
Total current liabilities	12,589,657	11,351,806
Non-current liabilities		
Net defined benefit liability	12,619,887	10,836,533
Other	47,661	20,733
Total non-current liabilities	12,667,548	10,857,267
Total liabilities	25,257,206	22,209,073
Net assets		
Shareholders' equity		
Capital stock	16,825,881	16,825,881
Capital surplus	8,054,223	8,054,223
Retained earnings	18,264,262	18,367,666
Treasury shares	(4,844,452)	(4,845,989)
Total shareholders' equity	38,299,915	38,401,782
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,041	6,732
Revaluation reserve for land	(878,313)	(646,046)
Foreign currency translation adjustment	(6,905)	(11,086)
Remeasurements of defined benefit plans	(1,275,200)	(1,183,242)
Total accumulated other comprehensive income	(2,157,377)	(1,833,642)
Minority interests	46,031	44,460
Total net assets	36,188,569	36,612,599
Total liabilities and net assets	61,445,775	58,821,673

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

(Thousands of Yen)

	The 2nd Quarter ended Sep. 31, 2013	The 2nd Quarter ended Sep. 31, 2014
Net sales	35,754,847	39,300,843
Cost of sales	26,607,914	29,366,583
Gross profit	9,146,932	9,934,260
Selling, general and administrative expenses	6,239,152	5,941,781
Operating income	2,907,779	3,992,478
Non-operating income		
Interest income	3,277	3,202
Dividend income	624	795
Other	29,563	20,024
Total non-operating income	33,465	24,021
Non-operating expenses		
Commitment fee	2,419	2,293
Foreign exchange losses	3,960	—
Other	3,094	1,562
Total non-operating expenses	9,474	3,856
Ordinary income	2,931,770	4,012,644
Extraordinary income		
Gain on sales of golf memberships	—	7,550
Total extraordinary income	—	7,550
Extraordinary losses		
Impairment loss	5,137	3,463,539
Other	13,246	950
Total extraordinary losses	18,384	3,464,490
Income before income taxes and minority interests	2,913,385	555,704
Income taxes	1,209,454	362,926
Income before minority interests	1,703,931	192,777
Minority interests in loss	(2,076)	(1,345)
Net income	1,706,007	194,123

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	The 2nd Quarter ended Sep. 31, 2013	The 2nd Quarter ended Sep. 31, 2014
Income before minority interests	1,703,931	192,777
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,422)	3,690
Foreign currency translation adjustment	20,275	(4,406)
Remeasurements of defined benefit plans, net of tax	—	91,958
Total other comprehensive income	18,853	91,242
Comprehensive income	1,722,784	284,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,723,808	285,591
Comprehensive income attributable to minority interests	(1,023)	(1,571)

(3) Notes to Quaterly Financial Statements

(3)-1 Notes to Financial Statements Regarding Going Concern: None

(3)-2 Significant changes in shareholders' equity: None

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

	(Thousands of Yen)	
	Fiscal year ended March 31, 2014	The 2nd Quarter ended Sep. 31, 2014
Assets		
Current assets		
Cash and deposits	28,930,904	27,027,828
Accounts receivable-trade	9,082,956	9,280,046
Work in process	188,057	388,426
Other	2,853,577	3,040,329
Allowance for doubtful accounts	(1,848)	(1,885)
Total current assets	41,053,647	39,734,745
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,595,087	4,141,912
Other	3,938,585	3,169,302
Total property, plant and equipment	10,533,673	7,311,215
Intangible assets		
Other	617,760	586,815
Total intangible assets	617,760	586,815
Investments and other assets		
Other	6,257,614	5,501,810
Allowance for doubtful accounts	(12,173)	(12,173)
Total investments and other assets	6,245,441	5,489,637
Total noncurrent assets	17,396,875	13,387,668
Total assets	58,450,522	53,122,413
Liabilities		
Current liabilities		
Income taxes payable	2,246,797	65,724
Provision for directors' bonuses	81,000	4,000
Provision for bonuses	4,206,504	4,064,332
Other	6,175,782	4,618,028
Total current liabilities	12,710,084	8,752,085
Noncurrent liabilities		
Provision for retirement benefits	10,620,299	8,981,351
Allowance for investment loss	84,008	75,749
Other	44,599	5,452
Total noncurrent liabilities	10,748,907	9,062,553
Total liabilities	23,458,991	17,814,639
Net assets		
Shareholders' equity		
Capital stock	16,825,881	16,825,881
Capital surplus	8,054,223	8,054,223
Retained earnings	15,831,149	15,912,972
Treasury stock	(4,844,452)	(4,845,989)
Total shareholders' equity	35,866,802	35,947,088
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,041	6,732
Revaluation reserve for land	(878,313)	(646,046)
Total valuation and translation adjustments	(875,271)	(639,313)
Total net assets	34,991,530	35,307,774
Total liabilities and net assets	58,450,522	53,122,413

(2) Supplemental Non-Consolidated Statements of Operations

	(Thousands of Yen)	
	The 2nd Quarter ended Sep. 31, 2013	The 2nd Quarter ended Sep. 31, 2014
Net sales	28,150,575	30,682,374
Cost of sales	21,094,269	23,091,553
Gross profit	7,056,306	7,590,820
Selling, general and administrative expenses	4,664,100	4,325,030
Operating income	2,392,205	3,265,790
Non-operating income		
Interest income	3,530	3,794
Dividends income	355,654	408,620
Other	44,732	22,667
Total non-operating income	403,916	435,081
Non-operating expenses		
Interest expenses	396	326
Commitment fee	2,419	2,293
Other	1,549	927
Total non-operating expenses	4,365	3,548
Ordinary income	2,791,756	3,697,324
Extraordinary income		
Reversal of allowance for investment loss	—	8,258
Total extraordinary income	—	8,258
Extraordinary loss		
Impairment loss	5,137	3,462,771
Provision of allowance for investment loss	24,961	—
Other	13,212	718
Total extraordinary losses	43,312	3,463,490
Income before income taxes and minority interests	2,748,444	242,092
Income taxes	1,003,234	69,549
Net income	1,745,209	172,542