February 14, 2007

Results for the Third Quarter ended December 31, 2006

Meitec Corporation

Consolidated

1. Results for the Third Quarter ended December 31, 2006

(1)Statements of Income

	Net sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
3Q FY2007	62,214	0.8	9,146	-0.9	9,116	-2.2
3Q FY2006	61,731	6.5	9,231	-1.3	9,320	1.2
FY2006		83,223		12,485		12,562

	Net Income		Net Income per Share	Diluted Net Income
	Million yen	%	yen	Yen
FY2006 Interim	-938	-	-25.98	-
FY2005 Interim	5,212	-2.0	138.76	138.74
FY2005		5,302	138.93	138.91

<u>Qualitative Information on Results of Operations (Consolidated)</u>
For the subject consolidated fiscal period (the nine months from April 1, 2006 through December 31, 2006), net sales increased 0.8% from the same period of the previous fiscal year to ¥62,214 million as a result of continued high utilization rate in the core staffing business, and other factors. Operating income, however, was down slightly 1.1% to ¥9,132 million, with operating income inching down 2.2% to ¥9,116 million. The Company posted a net loss for the subject fiscal period of ¥942 million, due mainly to an extraordinary loss recorded for the sale of education and training business in the U.S. during the first half of the subject fiscal year. For the full year, however, the Company is forecasting a net profit.
On a non-consolidated basis, the Company absorbed the falloff in revenue from the analysis EC business, with net sales, operating income and ordinary income all rising from the same period of the previous fiscal year. The net loss of ¥1,134 million posted for the subject fiscal period was due mainly to an extraordinary loss resulting from impairment of subsidiary shares during the first half of the fiscal year.

(Reference 1)
Business performance of Meitec (Non-Consolidated) for the Third Quarter (April 1 to December 31)

(Million yen)

	Net Sales		Operating Income		Ordinary Income		net income	
3Q FY2007	46,355	1.4%	8,315	0.2%	13,246	52.5%	-1,134	-

(Reference 2)
Business performance of business segment for the Third Quarter (April 1 to December 31)

(Million yen)

	Outsourcing Business	Engineering Solutions Business	Global Business	Career Support Business	elimination	Consolidated
Net Sales	57,210	2,177	228	3,130	-532	62,214
comparison to previous year	＋1,229	＋1,239	＋117	-1,870	-231	＋482
Operating Income	9,483	104	-141	-330	31	9,146
comparison to previous year	-1	＋95	-59	-145	26	-84

1) Outsourcing Business

Applicable group companies: MEITEC CORPORATION, MEITEC FIELDERS INC., Japan Cast Inc., MEITEC EXPERTS CORPORATION

Market Trends

The outsourcing business continues to be favorable in terms of orders received. In particular, in the temporary engineering staff business orders have remained at high levels for such areas as electric and electronics devices, automobiles, semiconductors, and industrial equipment.

Summary of Results

The outsourcing business—which accounts for more than 90% of consolidated net sales—continued to have a high utilization rate supported by steady orders received, and net sales for the subject nine-month period rose ¥1,229 million from the same period of the previous fiscal year to ¥57,210 million. Operating income was on par with that of the previous fiscal year.

(Reference 3)

Performance of temporary engineers staffing business

			Average of Utilization Ratio	
			3Q FY 2007	3Q FY 2006
Meitec + Meitec Fielders + Meitec Global Solutions	Utilization Ratio (Total)	%	98.3	99.0
	Utilization Ratio (Excluding New Engineers)	%	98.7	99.2
	The number of Engineer *	-	7,203	7,176
MEITEC	Utilization Ratio (Total)	%	98.6	99.1
	Utilization Ratio (Excluding New Engineers)	%	98.9	99.2
	The number of Engineer *	-	5,788*	5,820
Meitec Fielders	Utilization Ratio (Total)	%	98.4	99.2
	Utilization Ratio (Excluding New Engineers)	%	98.9	99.4
	The number of Engineer *	-	1,358	1,335

*1 From April 2004, engineers who work at the company's internal sections, 22 engineers as of December 31, 2006, are excluded from Number of Engineers.

*2 Number of employees following transfer of 46 engineers following corporate separation in April 2006 to form Meitec CAE Corporation : Real year-on-year change: +14

(Reference)

Although the Company has maintained an extremely high engineer utilization rate, it has declined slightly from the same period of the previous fiscal year. The main reasons for this include active promotion of career recruitment, and strategic rotations. The increase in the number of engineers, raising of rates and other measures contributed ultimately to the increase in net sales.

2) Engineering Solutions Business

Applicable group companies: Three D Tec Inc., Information Management System Co., Ltd., Apollo Giken Co., Ltd., Shanghai Apomac Science & Technology, Meitec CAE Corporation

Market Trends

There have been no significant changes in order trends, but clients are becoming more demanding in terms of quality, cost and other factors.

Summary of Results

Though clients are becoming more demanding, both Three D Tech and IMS posted increases in revenue and earnings compared to the same period of the previous fiscal year. Meitec CAE was newly established through a simple separation from Meitec Corporation, and its performance has been strong. As a result, overall increases in both revenue and earnings were achieved in the engineering solutions business.

3) Global Business

Applicable group companies: Meitec Global Solutions Inc., Meitec Shanghai, ZHEJIANG MI High Technology Co., Ltd., MEITEC Dalian TechnoCenter Co., Ltd., MEITEC Guangzhou TechnoCenter Co., Ltd., Meitec Xian TechnoCenter Co., Ltd.

Market Trends

The bridge engineer business (staff business for Chinese engineers in Japan) began operating in earnest during the subject fiscal year. The Company has focused on cultivating latent demand, and demand is steadily rising.

Summary of Results

The global business is still in the start-up stage, requiring up-front investment costs such as the stimulation of demand and recruiting Chinese engineers, as well as for conducting language education and other forms of training. As a result, although the business helped boost consolidated net sales, it made no contribution to operating income. However, engineers are steadily being recruited, and a total of 115 bridge engineers have been placed in Japan (forecast for March 31, 2007), so the business is anticipated to make a contribution to earnings from the next fiscal year.

Because ZHEJIANG MI High Technology Co., Ltd., a new consolidated subsidiary added in October 2006 has a different year-end settlement date, just the investment profit on equity method has been recorded for the subject fiscal period. MEITEC Xian TechnoCenter Co., LTD, established in October 2006, has a different year-end settlement date, so no profit or loss has been recorded for the subject fiscal period.

(Reference 4)

Performance of temporary Chinese engineering staff business

			Average of Utilization Ratio	
			3Q FY 2007	3Q FY 2006
Meitec Global Solutions	Utilization Ratio (Total)	%	56.0	19.5
	Utilization Ratio (Excluding New Engineers)	%	63.1	55.2
	The number of Engineer *	-	57	21

4) Career Support Business

Applicable group companies: Dreak Beam Morin-Japan, Inc., MEITEC NEXT CORPORATION

Market Trends

There is a growing sense that personnel reductions resulting from restructuring is coming to an end, and the environment for orders continues to be difficult.

Summary of Results

Contraction of the outplacement market led to continued declines in revenue and earnings. However, Drake Beam Morin-Japan has improved its operating loss through efforts to reduce selling and administrative expenses from the same period of the previous fiscal year, which along with the sale of its U.S. subsidiary in August last year has significantly lessened the downside risk for Drake Beam Morin-Japan.

(Reference 5-1)
Business performance of Drake Beam Morin-Japan, Inc. and its subsidiaries for the Third Quarter (April 1 to December 31)

(Million yen)

	Net Sales		Operating Income		Ordinary Income		net income	
3Q FY2007	3,129	-37.5%	-148	-	-175	-	-928	1,011.3%

(Reference 5-2)
Business performance of Drake Beam Morin-Japan, Inc. for the Third Quarter (April 1 to December 31)

(Million yen)

	Net Sales		Operating Income		Ordinary Income		net income	
3Q FY2007	1,592	-20.1%	-81	-45.6%	-42	-	-641	105.9%

(Reference 5-3)
Business performance of Novations Group Inc. and its subsidiaries for the Third Quarter (April 1 to December 31)

(Million yen)

	Net Sales		Operating Income		Ordinary Income		net income	
3Q FY2007	1,536	-48.9%	-66	-	-111	-	-76	-

Novations Group was selled of as of August 21, 2006
From second half of the fiscal year, Novations Group Inc. was excluded from the consolidation.

(2)Financial Statements

	Total Assets	Equity	Equity Ratio	Equity per Share
	Million yen	Million yen	%	Yen
3Q FY2007	53,499	37,998	70.7	1,069.82
3Q FY2006	64,376	46,558	72.3	1,274.68
FY2006	67,185	46,668	69.5	1,274.10

(3)Statements of Cash Flows

	Activities Investing	Activities Financing	Activities Cash and Cash	Equivalents
	Million yen	Million yen	Million yen	Million yen
3Q FY2007	1,302	-488	-7,816	10,275
3Q FY2006	4,260	-725	-8,061	12,376
FY2006	9,373	-894	-8,133	17,275

Qualitative Information on the Financial Position (Consolidated)

1) Assets, Liabilities and Owners' Equity

Total assets amounted to ¥53,499 million as of December 31, 2006.
Current assets were down to ¥31,914 million, a decrease of ¥7,212 million compared with the end of the previous fiscal year.
Although business results (operating income and ordinary income) were at high levels, the decline in current assets mainly reflected a net reduction in cash and cash equivalents of ¥6,899 million that resulted from payment for acquisition of treasury stock (¥4,555 million), payment of dividends (¥3,277 million) and payment income taxes (¥4,289 million) and a ¥867 million decrease in notes and accounts receivable.

Fixed assets totaled ¥21,584 million, a decrease of ¥6,473 million compared with the end of the previous fiscal year. This mainly reflected a ¥1,119 million decrease in goodwill (goodwill and consolidation goodwill) stemming from the business separation from the transfer of Novations Group Inc, and a ¥4,381 million decrease in inparement loss of good will and a ¥629 million decrease in land revaluation difference for reversal of deferred tax assets for land revaluation.

Total liabilities on a consolidated basis as of December 31, 2006 were ¥15,500 million.
Current liabilities totaled ¥9,467 million, a decrease of ¥5,353 million compared with the end of the previous fiscal year. This mainly reflected a ¥2,467 million decline in the accrued expenses resulted from payments of employee bonuses, along with a ¥3,133 million decline in the income taxes payable due to payment of tax.

Long-term liabilities were ¥6,032 million, an increase of ¥528 million compared with the end of the previous fiscal year. This mainly reflected a ¥541 million rise in reserves for retirement benefits.

Net assets on a consolidated basis as of December 31, 2006 totaled ¥37,998 million, a decrease of ¥8,860 million compared with the end of the previous fiscal year. This mainly reflected a ¥4,336 million decrease in retained earnings in accordance with business results and dividend paid, a ¥4,536 million increase in treasury stock resulting from acquisition of treasury stock on the premise that it will be retired.

2) Cash Flows

Net cash provided by operating activities for the Third Quarter ended December 31, 2006 totaled ¥1,302 million (down 69.4% from the same period a year earlier). This mainly reflected a ¥2,964 million increase in income taxes—paid to ¥7,333 million (up 67.8% year on year).

Net cash used in investing activities for the Third Quarter ended December 31, 2006 totaled ¥488 million (down 32.6% from the same period a year earlier). This mainly reflected ¥207 million in proceeds from the sale of subsidiary companies stemming from the business separation from the transfer of Novations Group Inc.

Net cash used in financing activities for the Third Quarter ended December 31, 2006 totaled ¥7,816 million (down of 3.0% from the same period a year earlier). This mainly reflected ¥4,555 million in payments for acquisition of treasury stock, down ¥553 million (or 10.8%) from the same period a year earlier, and ¥3,277 million in dividends paid, up ¥537 million (or 19.6%) the same period a year earlier.

As a result of the above factors, the change in cash and cash equivalents was a net decrease of ¥7,005 million, down ¥2,520 million from the decrease in the same period a year earlier of ¥4,484 million. Cash and cash equivalents at the end of the subject Third Quarter decreased ¥2,101 million from a year earlier, for a total of ¥10,275 million.

(Reference 6）

	Total Assets	Equity
	Million yen	Million yen
3Q FY2007	54,113	38,144

2. Forecasts for Fiscal Year Ending March 31, 2007

1)<Consolidated>

	Revenues	Operating Income	Ordinary Income	Net Income
Previous forecast(A)	83,500	12,000	12,000	750
Revised forecast(B)	82,200	11,600	11,600	300
Difference(B-A)	-1,300	-400	-400	-450
% difference	-1.6%	-3.3%	-3.3%	-60.0%
Results for fiscal year ended March 31, 2006	83,223	12,485	12,562	5,302

2)<Non-consolidated>

	Revenues	Operating Income	Ordinary Income	Net Income
Previous forecast(A)	61,800	10,650	15,650	300
Revised forecast(B)	61,600	10,700	15,650	0
Difference(B-A)	-200	＋50	－	-300
% difference	-0.3%	＋0.5%	－	－
Results for fiscal year ended March 31, 2006	61,425	11,131	11,556	6,820

3) Dividend forecast

(yen)

	First half	second half forecast	full year forecast
Dividend per Share	44.00	45.00	89.00
forecast (on Novemver 7, 2006)	44.00	45.00	89.00

*Dividend payout ratio of more than 50% of consolidated net income

Qualitative Information on Forecasts

1) Consolidated forecasts

Consolidated forecasts have been revised to net sales of ¥82,200 million, with operating income of ¥11,600 million, ordinary income of ¥11,600 million, and net income of ¥300 million. The reasons for this revision are as follows.

(Reference 7)

	FY2007(forecast)	FY2006
Net income per share	8.30 yen	138.93 yen

Reasons for the revision

As show by the results achieved for the subject fiscal period, net sales in the Company's core business of temporary staffing operations have risen from the same period of the previous fiscal year, but the planned increase in the number of engineers has fallen slightly behind plan. Also, in global business operations, although orders are steadily increasing, placement of Chinese engineers has fallen behind plan. Taking these conditions into account downward revision to its consolidated operating results forecast.

2) Non-consolidated forecasts

Non-consolidated forecasts have been revised to net sales of ¥61,600 million, with operating income of ¥10,700 million, ordinary income of ¥15,650 million, and net income of ¥0 million. The reasons for this revision are as follows.

Reasons for the revision

Performance during the subject fiscal period has been largely in line with plan, but in consideration of the performance trends presented below, the Company has made a slight downward revision to its non-consolidated net sales forecasts. Compared with the same period of the previous fiscal year, sales are forecasts to increase after the absorption of the revenue decline stemming from the separation of the analysis EC business.

Operating income forecasts have been revised upward in consideration of progress made in keeping selling, general and administrative expenses within budget.

Impairment of approximately ¥300 million has been applied to shares in a subsidiary in global business operations. As a result, forecasts for net income have been revised downward.

(Reference 8-1)

Forecasts for the Fiscal Year ending March 31, 2007: Non-consolidated and Group Companies.

(Million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Meitec	61,600	10,700	15,650	0
Meitec Fielders	10,700	1,300	1,300	750
Meitec Cast	3,900	170	170	100
Meitec Experts	80	△50	△50	△50
Three D Tec	600	50	50	30
IMS	440	15	15	10
Apollo Giken Group	1,380	△20	△20	△20
Meitec CAE	500	60	60	35
MGS	340	△90	△90	△90
Meitec Shanghai	27	△20	△22	△22
Meitec Dalian	15	△43	△43	△43
Meitec Guanghou	3	△27	△27	△27
Meitec Hangzhou	3	△8	△8	△8
Meitec Next	10	△200	△200	△200
DBM-J Group	3,500	△200	△200	△950
Consolidated	82,200	11,600	11,600	300

(Reference 8-2)

Forecasts of Drake Beam Morin-Japan, Inc. and its subsidiaries for the Fiscal Year ending March 31, 2007

(Million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
DBM-J Group	1,970	-165	-125	-750
DBM-J	1,536	-66	-111	-76
Novations Group	3,500	-200	-200	-950

From second half of the fiscal year, Novations Group Inc. was excluded from the consolidation.

3) Dividend forecast

Although earnings forecasts have been revised, the effect on consolidated cash flow will be minimal, so there is no change to the Company's forecast for dividends per share announced on November 7, 2006, of interim dividends of ¥45 per share, and full-year dividends of ¥89 per share.

4) Forecast for the fiscal year ending March 31, 2008

Meitec announces its current forecasts for the next fiscal year, ending March 31, 2008, as follows. However, considering the turbulent changes in the business environment and increasing difficulty of making predictions, for reference purposes the figures for this forecast are presented in a fixed range. Forecasts for the next fiscal year will be announced again during the Company's presentation of earnings following the finalization of its financial statements for the current fiscal year.

(100 million yen)

	Net Sales	Operating Income
Consolidated	830 - 855	115 – 125
Meitec	620 - 635	103 – 110

Presuppositions for the Performance Forecasts

	FY2008		FY2007	
	Meitec	Meitec Fielders	MEITEC	Meitec Fielders
Operating Ratio	97.5%	97.9%	97.6%	97.1%
Operating Hours	9.20h/day	9.36h/day	9.22h/day	9.36h/day
Number of New graduate Engineers	229	125	282	167
Number of Mid-Career Engineers	250	150	151	98
Turnover Ratio	6.4%	7.9%	6.9%	10.7%
Rate Revision	1.5%	3.0%	1.8%	3.0%

Notes:

1. The presumptions given above are the median of a forecast range for the next fiscal year.
2. Expected increase in employee salaries from fiscal 2008 (non-consolidated basis): Approximately ¥70 million (¥12,000 per person per year)
3. Figure for the number of mid-career engineers in the Presuppositions for the Performance Forecasts for fiscal 2007 is the number expected to join the Company as of March 31, 2007.
4. Forecast for engineer utilization rate and other information on Meitec Global Solutions will be announced at the time of the release of the earnings statement for fiscal 2007.