



## Consolidated Financial Report For the Six Months Ended September 30, 2018

November 6, 2018

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 2nd Quarter (April 1, 2018 to September 30, 2018)

#### (1) Consolidated operating results

(% is comparison to the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2018	47,621	3.8	5,827	7.1	5,830	7.0	3,885	10.2
Six months ended September 30, 2017	45,867	4.0	5,442	7.3	5,447	7.3	3,526	1.7

(Note) Comprehensive Income; Six months ended September 30, 2018: 4,011 million yen [9.5%]  
Six months ended September 30, 2017: 3,661 million yen [1.8%]

	Earnings per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September, 2018	138.39	—
Six months ended September, 2017	123.96	—

#### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2018	69,516	39,761	57.2
As of March 31, 2018	70,934	40,139	56.6

Reference: Shareholders' Equity; as of September 30, 2018: 39,758 million yen  
as of March 31, 2018: 40,136 million yen

### 2. Dividends

	Annual Dividends per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2018	—	74.50	—	102.50	177.00
FY ending March 31, 2019	—	84.00			
FY ending March 31, 2019 (Forecast)			—	94.50	178.50

(Note) Revision of dividends forecast from recent forecast: Yes  
Regarding the revision of the dividends, please see "Notice Regarding Dividend of Retained Earnings (Interim Dividend) and Revision of the Year-end Dividend Forecast" which was announced today, November 6, 2018.

### 3. Consolidated Forecasts for Fiscal Year ending March 31, 2019

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Earnings per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY ending March 31, 2019	97,000	3.6	12,000	4.7	12,000	4.7	8,100	(0.4)	290.27

(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) Changes in accounting policies, changes in accounting estimates, and restatements
- i. Change in accounting policies : None
  - 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)
    - 2nd Quarter ended September 30, 2018: 30,000,000
    - FY ended March 31, 2018: 30,000,000
  - ii. Number of treasury shares at the fiscal year end
    - 2nd Quarter ended September 30, 2018: 2,094,857
    - FY ended March 31, 2018: 1,814,423
  - iii. Average number of shares outstanding during the period
    - 2nd Quarter ended September 30, 2018: 28,078,385
    - 2nd Quarter ended September 30, 2017: 28,447,216

**\* Financial report is not included in the scope of the audit or the certified public accountant.**

**\* 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. 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.

**\* Change in amounts shown**

The amounts of figures shown for accounting items and other items presented in the Group's quarterly consolidated financial statements have until now been shown in units of one thousand yen. As of the first quarter and cumulative first quarter of the current fiscal year, however, these amounts have been changed to units of one million yen. To facilitate comparison, amounts for the previous fiscal year and cumulative second quarter of the previous fiscal year are also shown in units of million yen.

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

### Qualitative Information on the Consolidated Operating Results

During the six months from April 1, 2018 to September 30, 2018, many leading manufacturers, which are the major clients of the Company, continued steady investment in technological development looking to the next generation regardless of business conditions. Amid a firm order environment, the number of engineers assigned to clients steadily increased. This was mainly due to assignment of 560 newly graduated engineers who joined us in April 2018 (MT: 357, MF: 203) to clients proceeding steadily.

As a result, consolidated net sales for the period under review increased ¥1,754 million, or 3.8%, from a year earlier to ¥47,621 million. Consolidated cost of sales rose ¥1,239 million, or 3.6%, from a year earlier to ¥35,288 million, chiefly because of higher labor costs due to an increase in the number of engineers. Consolidated selling, general and administrative expenses rose ¥130 million, or 2.0%, from a year earlier to ¥6,505 million. As a result, consolidated operating profit increased ¥384 million, or 7.1%, from a year earlier to ¥5,827 million, and consolidated ordinary profit rose ¥382 million, or 7.0%, from a year earlier to ¥5,830 million.

Profit attributable to owners of parent increased ¥359 million, or 10.2%, from a year earlier to ¥3,885 million.

For details, please refer to the summary of second quarter of the Fiscal Year ended March 31, 2019 on the Company's website.

2. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Millions of Yen)

	Fiscal year ended March 31, 2018	The 2nd Quarter ended Sep. 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	41,753	40,838
Notes and accounts receivable - trade	13,816	13,100
Work in process	180	368
Other	723	1,040
Total current assets	56,473	55,348
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,690	3,612
Other, net	1,708	1,683
Total property, plant and equipment	5,399	5,296
Intangible assets		
Other	929	819
Total intangible assets	929	819
Investments and other assets		
Deferred tax assets	7,331	7,276
Other	815	791
Allowance for doubtful accounts	(14)	(15)
Total investments and other assets	8,131	8,052
Total non-current assets	14,460	14,168
Total assets	70,934	69,516
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	2,255	1,949
Provision for directors' bonuses	215	102
Provision for bonuses	7,456	7,250
Provision for loss on liquidation of subsidiaries and associates	4	4
Other	6,244	5,622
Total current liabilities	16,176	14,929
Non-current liabilities		
Net defined benefit liability	14,617	14,826
Total non-current liabilities	14,617	14,826
Total liabilities	30,794	29,755
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	11,955	11,955
Retained earnings	31,873	32,870
Treasury shares	(6,750)	(8,250)
Total shareholders' equity	42,078	41,575
Accumulated other comprehensive income		
Revaluation reserve for land	(662)	(662)
Foreign currency translation adjustment	9	9
Remeasurements of defined benefit plans	(1,288)	(1,163)
Total accumulated other comprehensive income	(1,942)	(1,816)
Non-controlling interests	2	2
Total net assets	40,139	39,761
Total liabilities and net assets	70,934	69,516

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

(Millions of Yen)

	The 2nd Quarter ended Sep. 30, 2017	The 2nd Quarter ended Sep. 30, 2018
Net sales	45,867	47,621
Cost of sales	34,049	35,288
Gross profit	11,817	12,332
Selling, general and administrative expenses	6,375	6,505
Operating profit	5,442	5,827
Non-operating income		
Interest income	0	0
Gain on forfeiture of unclaimed dividends	1	1
Rent income	1	1
Gain on sales of non-current assets	1	—
Other	3	3
Total non-operating income	9	7
Non-operating expenses		
Commitment fee	1	1
Commission fee	—	3
Provision of allowance for doubtful accounts	3	—
Other	0	0
Total non-operating expenses	5	5
Ordinary profit	5,447	5,830
Extraordinary income		
Gain on sales of investment securities	—	11
Total extraordinary income	—	11
Extraordinary losses		
Loss on retirement of non-current assets	4	1
Loss on valuation of investment securities	10	—
Head office transfer cost	46	—
Other	0	—
Total extraordinary losses	60	1
Profit before income taxes	5,386	5,840
Income taxes	1,860	1,954
Profit	3,526	3,885
Profit attributable to owners of parent	3,526	3,885

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	The 2nd Quarter ended Sep. 30, 2017	The 2nd Quarter ended Sep. 30, 2018
Profit	3,526	3,885
Other comprehensive income		
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans, net of tax	135	125
Total other comprehensive income	135	125
Comprehensive income	3,661	4,011
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,661	4,011
Comprehensive income attributable to non-controlling interests	(0)	(0)

(3) Notes to Quaterly Financial Statements

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

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

(3)-3 Application of special accounting for preparing quarterly consolidated financial statements

Tax expenses

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the second quarter ended September 30, 2018.