People and Technology
Leading the way to the Future

ANNUAL REPORT 2009

MEITEC

The Engineering Outsourcing® Company

Who is Meitec?

> The Leading Company in Its Industry

Since its establishment as an engineers staffing company in 1974, Meitec has helped develop technologies at over 4,000 manufacturers, as the leading company in the industry for more than 30 years.

> About 8,000 Engineers (in the Meitec Group)

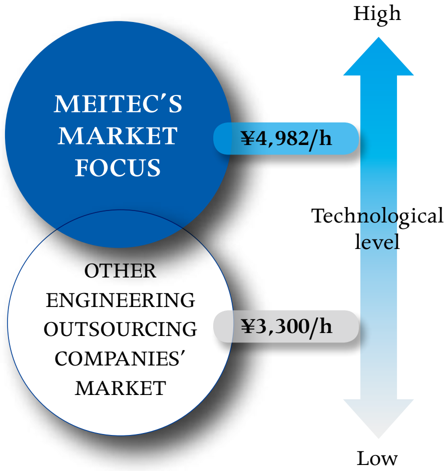
Meitec is Japan's largest engineers staffing group, with approximately 8,000 regularly employed engineers, who are engaged in design and development of such products as machinery, electrical and electronic products and semiconductor design in all manufacturing industries, including electric machinery producers and carmakers.

> Serving Highly Technological Domains

Meitec, with its outstanding expertise in the engineering staffing market, virtually dominates areas that require a high technological level. The average hourly billing rate per Meitec engineer is ¥4,982*1, compared with the market average of about ¥3,300*2.

*1 Meitec's actual results in the year ended March 2009
*2 The Company's estimate

The Engineering Staffing Market



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Forward-looking statements

The projected Meitec results, management strategies, and beliefs about the future presented in this Annual Report 2009 are based on Meitec determinations obtained from information available at the time of writing. Readers are requested to be aware of the potential for a large discrepancy between the forecasts contained here and actual business results, as these predictions contain elements of uncertainty as well as known and unknown risks.

Management Policies

GROUP MANAGEMENT CONCEPT

Mutual Growth and Prosperity

Core Concept

Using EO services to continue developing in step with industry by management resources with society (people and information)

BASIC MANAGEMENT POLICY

The Meitec Group has established as a basic policy of its management to " contribute to the advancement of society, and realize mutual growth and prosperity for shareholders, customers and employees through its outsourcing services." As one of the leading companies in the industry, Meitec has adopted the following management policies to develop along with society.

1.
Increase Shareholder Satisfaction:
We will strive to maximize the value of shareholder returns.

2.
Increase Customer Satisfaction:
We will be a strategic partner for our clients, sharing our business resources (engineers and information) and developing our businesses together.

3.
Increase Employee Satisfaction:
We will support the career advancement of all employees working to increase their market value together with the Company.

4.
Increase Society's Satisfaction:
We will contribute to the healthy development of society through our business.

We believe that raising corporate value means contributing to society and raising the social value through our business by means of a well-balanced increase in the three areas of shareholder, customer and employee value.

Meitec is concentrating management resources on the core temporary engineers staffing business and mounting a united group-wide effort to overcome an adverse business environment.

In the fiscal year ended March 31, 2009, Meitec Corporation ("Meitec" or "the Company") posted decreases in consolidated sales and earnings. The result in business performance is mainly attributable to the implementation in 2009 of drastic cost-cutting measures and curtailed investment in future-oriented technical development by manufacturing companies, the Meitec Group's customers, as they responded to worsening of business conditions in the second half of 2008. This resulted in a gradual deterioration in the utilization ratio in the core temporary engineers staffing business beginning in January 2009.

The impact of this deterioration was especially salient during the contract renewal period from the end of the fiscal year ended March 31, 2009 to the start of the current fiscal year, and the utilization ratio on an operational personnel basis fell to approximately 71% at Meitec as of April 1, 2009.

Accordingly, as the impact on the Meitec Group's revenues of changes in business conditions and changes in the environment surrounding the temporary engineers staffing business will be more prominent in the current fiscal year than in the year ended March 31, 2009, we have announced a forecast for consolidated business results for the fiscal year ending March 31, 2010 that projects lower sales and earnings and a full-year net loss.

In these circumstances, to bring about a shared sense of crisis throughout the Group and rapidly respond to the crisis, in February 2009 we decided to suspend the True Global Vision 21 Group business domain expansion strategy. We are currently conducting a review of the business strategy and implementing a shift to a strategy of concentration of management resources on the core temporary engineers staffing business. By March we had already commenced measures including the withdrawal from the reemployment support business through the divestiture of Drake Beam Morin-Japan (effective May 1, 2009), a reduction in the number of the engineer vocational training bases in China (from five bases to three), and the integration of Three D Tec's prototype and mold service business into another Group company.

Also, as we project a net loss in the current fiscal year, we will also engage in drastic cost-reduction measures. We plan to implement total reductions of ¥8,500 million in selling, general and administrative expenses and cost of sales on a consolidated basis. Our most important priority in the current fiscal year is to implement these crisis-response measures in a concerted group-wide effort to return as soon as possible to the breakeven point and restore a profitable corporate structure, while protecting the employment of engineers, our greatest management resource.

I ask our shareholders for continued understanding and support of Meitec in the coming years.

June 2009

Kosuke Nishimoto
President, CEO & COO

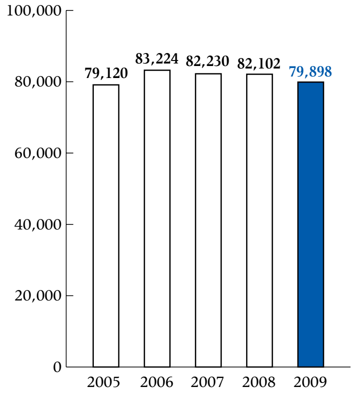
Consolidated Financial Highlights

	Millions of yen			Thousands of U.S. Dollars (Note 1)
FOR THE YEAR	2009	2008	2007	2009
Net sales	¥ 79,898	¥ 82,102	¥ 82,230	$ 815,288
Operating income	9,281	11,365	11,582	94,703
Net income	4,304	4,959	295	43,914
AT YEAR-END				
Total assets	54,231	57,785	57,479	553,374
Total equity	36,169	37,599	38,684	369,075
PER SHARE OF COMMON STOCK	Yen			U.S. Dollars (Note 1)
Total equity	¥ 1,081.85	¥ 1,086.71	¥ 1,092.80	$ 11.04
Cash dividends	75.00	72.00	89.00	0.77
Basic net income (Note 2)	127.31	142.64	8.20	1.30
RATIO	%			
Return on average equity	11.8	13.1	0.7	
Equity ratio	66.1	64.6	66.9	
Dividend payout ratio	58.9	50.5	1085.7	

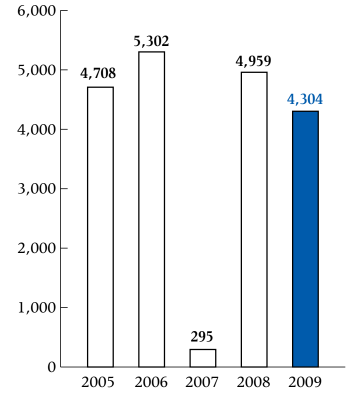
Notes: 1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥98 to US$1, the approximate exchange rate prevailing as of March 31, 2009.

2. Basic net income per share is computed based on the weighted average number of shares outstanding during each term.

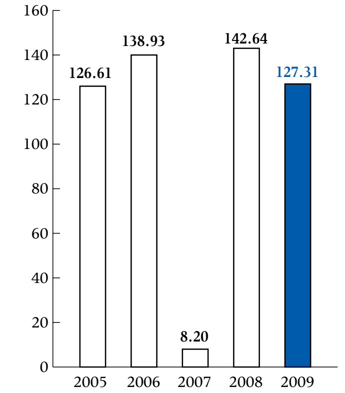
NET SALES
(Millions of Yen)



NET INCOME
(Millions of Yen)



NET INCOME PER SHARE
(Yen)



[Q.1] PLEASE DESCRIBE THE BUSINESS ENVIRONMENT IN THE FISCAL YEAR ENDED MARCH 31, 2009 AND CURRENT BUSINESS CONDITIONS.

[A] Japanese manufacturers, who are our principal customers, undertook drastic production cuts from late 2008 into the beginning of 2009 in response to weak demand in the rapidly worsening economic situation since September 2008. For the temporary staffing industry, these cuts, which extended across all industries, had significant negative repercussions on the provision of staff to manufacturers and production subcontractors from the end of last year. Having said that, the impact on the Meitec Group's core temporary engineers staffing business was slight, thanks to priorities on R&D investment set by major manufacturers.

Nevertheless, in the manufacturing industry in Japan, from the beginning of 2009 and through the end of the fiscal year in March, even costs associated with medium- to long-term investment in technical development began to see the knife, as production cuts gave way to across-the-board cost cutting. This resulted in a large number of contract terminations during the contract renewal period straddling the year-end and the first quarter of the new fiscal year—precipitating a decline in the utilization ratio at Meitec to approximately 71% as of April 1, 2009 on an operational personnel basis. The adversity of these business conditions rivals that of the 1992–1993 post-bubble period as the worst in the 35-year history of the Company.

[Q.2] WHAT IS THE COMPANY'S FORECAST FOR MARKET TRENDS IN THE FISCAL YEAR ENDING MARCH 31, 2010 AND THE SUBSEQUENT MEDIUM-TERM OUTLOOK?

[A] We consider it to be impossible to meaningfully project future business conditions. Although we have put off forecasting, we do anticipate that manufacturing companies will focus management resources on their core businesses by moving forward with business selection and concentration. At the same time, in many industries no end to inventory adjustment is in sight. Efforts to squeeze costs are continuing even in the first quarter of the current fiscal year, and we are skeptical about the prospects for a winding down of inventory adjustments and recovery of operating rates to the levels experienced into the summer of 2008. Accordingly, it is safe to assume that operations will stabilize at some lower level of production.

We know that at this time even costs in strategically important areas are under pressure at manufacturing companies and that there is a growing shortage of engineers engaged in development work. From this, we expect customers to return to the market in certain sectors from the second quarter into the second half of the current fiscal year and intend to seize this as an opportunity to obtain orders.

Turning to prospects for the temporary engineers staffing industry as a whole, we believe that a shakeout of weak players will continue. A trend by which customers do business only with temporary staffing companies that observe the strictest adherence to compliance has gained impetus owing to the termination of temporary worker contracts, a social problem that gained notoriety toward the end of last year. Furthermore, a robust financial base is a necessary condition for the continued existence of a temporary engineers staffing company that employs workers permanently and incurs employment costs with respect to non-operational engineers.

Another necessary condition for survival is personnel development to enable non-operational engineers to acquire technical capabilities to cope with the next manufacturing industry growth phase. As the temporary engineers staffing industry enters a period of industry shakeout, compliance is a pre-condition for survival, a strong financial base is a necessary condition, and personnel development capability is a sufficient condition. The Meitec Group will implement survival measures in accordance with these three conditions for survival.

From a medium- to long-term perspective, we believe that, sooner or later, Japanese manufacturers are bound to shift to aggressive R&D in order to attain growth based on selection and concentration. We also believe that companies will pursue globalization and not rely solely on the domestic market. Additionally, we foresee advancement of strategic outsourcing and the selection of outsourcing providers that can serve as partners over the medium- to long-term.

Meitec aims for a recovery in the utilization ratio in the second quarter of the current fiscal year and beyond by unfailingly winning orders from companies that change outsourcing partners amid a business upturn at customer companies and a shakeout of competitors. Also, by responding to the medium- to long-term trends of aggressive R&D, further globalization, and strategic outsourcing on the part of manufacturers, Meitec will further solidify its position as the industry leader by serving as a "true strategic partner" for manufacturers in Japan.

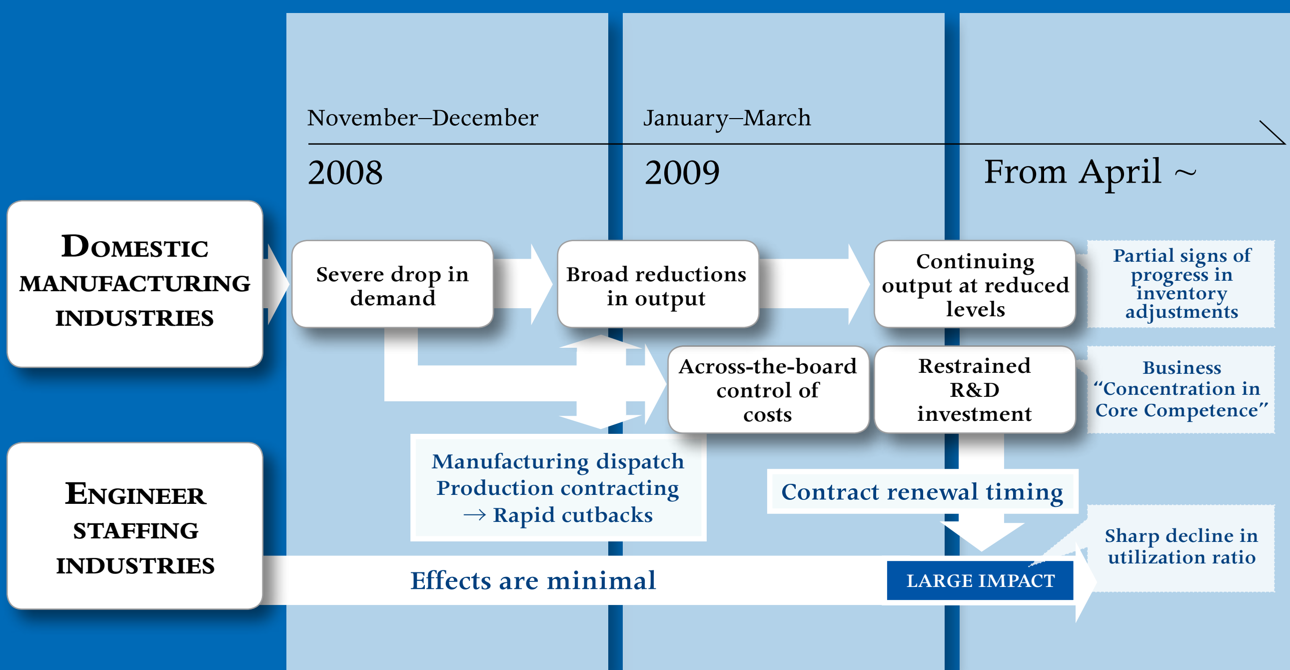
[Q.3] WHAT ARE THE SPECIFIC CHANGES IN STRATEGY YOU HAVE IMPLEMENTED ON THE BASIS OF THOSE PROJECTIONS?

[A] In consideration of the dramatic change of circumstances at the major manufacturers, we are reviewing the Group strategy to ensure the survival and growth of the temporary engineers staffing business, the Meitec Group's core business. In the core Temporary Engineers Staffing Business at Meitec and Meitec Fielders, we seek to differentiate ourselves from competitors through exhaustive education and training of unutilized employees at 33 training centers nationwide, stabilization of the financial base by means including utilization of government subsidies for employment adjustment (education and training), and rigorous compliance.

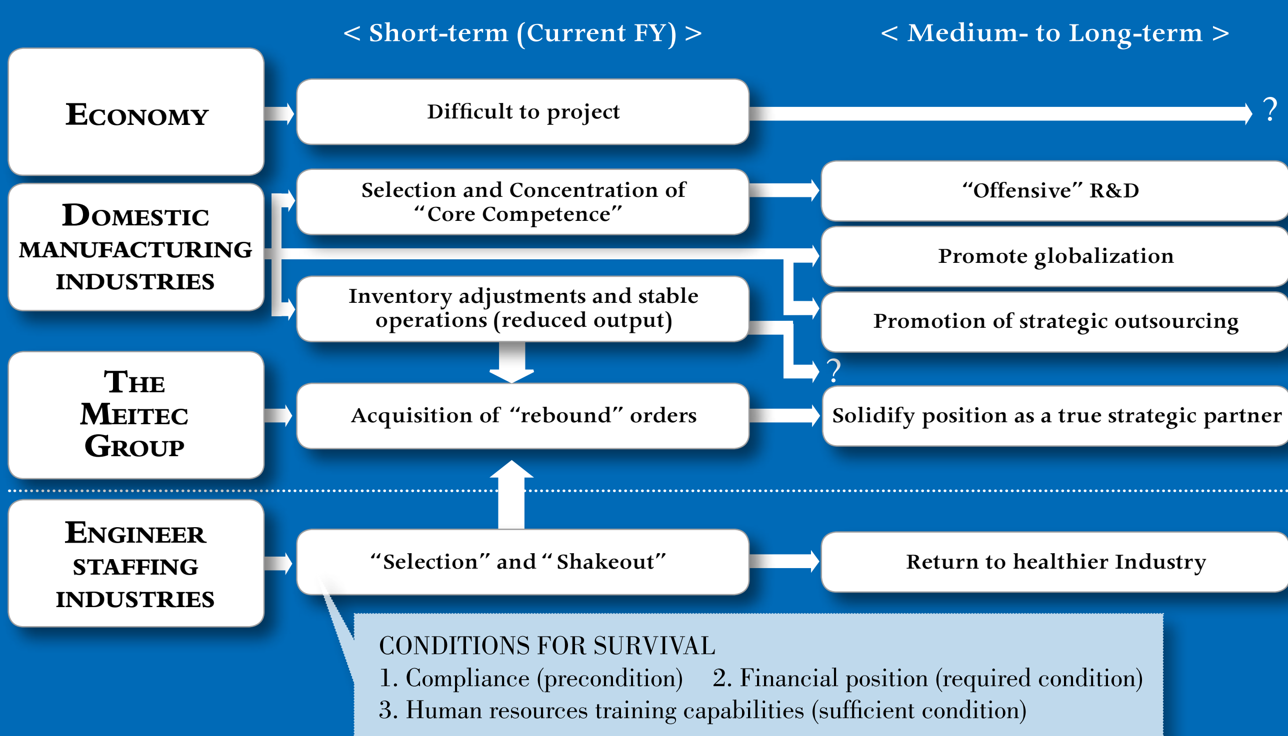
In the Engineering Solutions Business, in order to continue the prototype and mold service business, during the previous fiscal year we sequentially transferred the business from Three D Tec to Meitec CAE, the only Group company that achieved revenue and profit increases last year. Apollo Giken, which operates printed circuit board-related businesses, aims to capture the remaining market in an adverse business environment caused by contraction of the printed circuit board market.

Our policy toward the Global Business is to downsize and implementing partial changes in the business strategy in line with our view that medium- to long-term globalization on the part of Japanese manufacturers is certain to continue. In the temporary staffing business in China, operated by Meitec Global Solutions, we aim to

Market Conditions during FY09



Future Market Conditions (Projection)



continue with business on the current scale while discontinuing the transfer of engineers from China to Japan and utilizing government subsidies for employment adjustment. We implemented downsizing and a partial strategy adjustment for the vocational training business in China, discontinuing operation at two of five education sites (Guangzhou and Hangzhou). Future plans call for the reinforcement of the job placement business targeting affiliates of Japanese manufacturers in China.

In the Career Support Business, we decided to withdraw from the reemployment support business and, effective May 1, 2009, transferred the business of DBM-Japan to Tempstaff Co., Ltd. On the other hand, we will continue the All engineer.jp operations to prepare for strategic outsourcing and changes in personnel strategy on the part of customers due to an expected increase in the hiring of regular employees.

Through these initiatives, we intend to modify our business strategy to cope with trends such as a shakeout in the temporary engineers staffing industry, aggressive medium- to long-term R&D investment on the part of Japanese manufacturers, and the advancement of globalization and to focus on qualitative differentiation, not quantitative expansion.

[Q.4] WHAT ARE YOUR PLANS FOR MANAGEMENT RESOURCE ALLOCATION IN THE CURRENT ADVERSE BUSINESS SITUATION?

[A] With respect to the cost structure in the fiscal year ending March 31, 2010, we plan cost savings totaling ¥8,500 million, to consist of reductions of ¥430 million in selling, general and administrative expenses and ¥8,070 million in cost of sales. We plan to reduce the cost of sales, the major portion of which is engineer employment costs, by ¥5,060 million at Meitec and ¥1,280 million at Meitec Fielders. This will result from our business performance-linked wages system designed to protect employment. (The number of engineers in the fiscal year ended March 31, 2009 and the year ending March 31, 2010 will be roughly the same.) We plan a total reduction of ¥430 million in selling, general and administrative expenses, to come from savings of ¥2,480 million in existing costs, which will be partially offset by ¥2,050 million in expenditures for infrastructure reinforcement for business continuity and strategic investment for business expansion. We will cut existing costs by ¥1,130 million and reduce employment cost by ¥1,150 million by freezing the engineer recruitment plan in recruiting costs incurred as part of the strategies to increase engineers. We will also reduce job placement business costs at Meitec Next by ¥200 million.

By assigning our veteran non-operational engineers to be instructors, we will record instructor employment costs as selling, general and administrative expenses for education and training that are recorded as cost of sales when engineers are non-operational. As a result, the cost of education and training for non-operational engineers will be ¥1,600 million, broken down as ¥1,300 million in instructor costs and ¥300 million in education and training costs. We forecast ¥450 million in costs for IT infrastructure development to increase medium- to long-term operating efficiency.

[Q.5] WHAT IS THE OUTLOOK FOR BUSINESS RESULTS IN THE FISCAL YEAR ENDING MARCH 31, 2010?

[A] In an adverse business environment, we will implement the initiatives described above. Regrettably, in the consolidated business results for the fiscal year ending March 31, 2010 we anticipate net sales of ¥59,000 million, an operating loss of ¥3,100 million, and a net loss of ¥3,200 million.

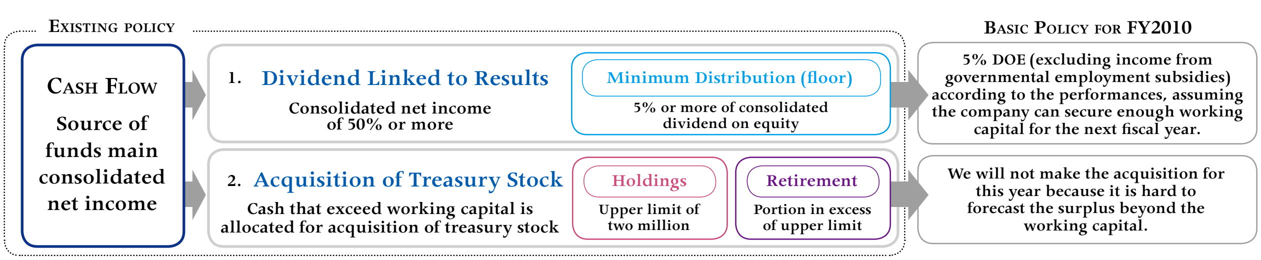
[Q.6] WHAT IS THE COMPANY'S POLICY CONCERNING SHAREHOLDER RETURNS?

[A] Meitec pays dividends and acquires, holds and retires treasury stock as measures for returning value to shareholders. The basis for the Company's policy on total return ratio, the sum of cash dividends and share buybacks, is working capital. The policy is to secure working capital and, if there are no major projects, return any surplus to the shareholders in the form of dividends or as funds for share buybacks. In principle, the company will follow this policy even in emergency situations.

With regard to the policy concerning profit distribution to shareholders in the fiscal year ending March 31, 2010, in line with the business results forecast, we plan to pay a cash dividend equivalent to a 5% DOE, the minimum guaranteed distribution. The Company pays dividends after having ascertained at the fiscal year-end that we have secured the working capital necessary for the following fiscal year. Although we plan to pay an interim dividend in the fiscal year ending March 31, 2010, we will decide on the total dividend amount after assessing the situation at fiscal year-end. We intend to discontinue share buybacks until we can determine that there is surplus working capital and do not plan to implement share buybacks in the fiscal year ending March 31, 2010.

*As the Company's policy is that shareholder returns should be paid on the basis of operating revenue, we exclude government subsidies for employment adjustment, which are public funds.

Basic Policy Regarding Distribution Earmings to Shareholders for FY2010



Meitec Group Policy in FY2010

TEMPORARY ENGINEERS STAFFING BUSINESS

Meitec, Meitec Fielders

1) Thorough education and training for unutilized employees
2) Stabilization of the financial base
3) Thorough compliance

ENGINEERING SOLUTIONS BUSINESS

Meitec CAE

- Strategically expand business

Apollo Giken

- Capture the remaining market

Three D Tec

- Transfer business to Meitec CAE and MEITEC beginning April 2009

GLOBAL BUSINESS

Bridge engineers business

- Continue the business and maintain the current scale through utilization of subsidies for employment adjustment. Discontinue the transfer of engineers from China to Japan

China—job placement business

- Reinforce the job placement business targeting Chinese subsidiaries of Japanese manufacturers

China—vocational training business

- Discontinue operations at two sites (Guangzhou and Hangzhou) Continue, but with downsizing Shift to emphasis on the China market

CAREER SUPPORT BUSINESS

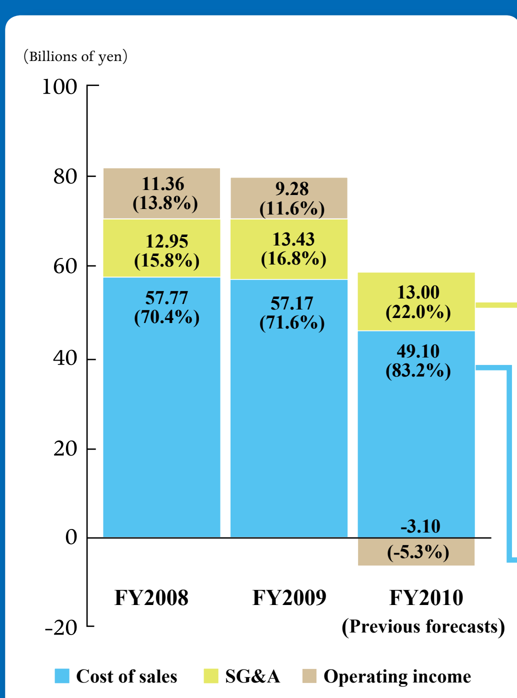
Meitec Next / all engineer.jp

- Continue preparation for strategic outsourcing and changes in personnel strategy on the part of customers

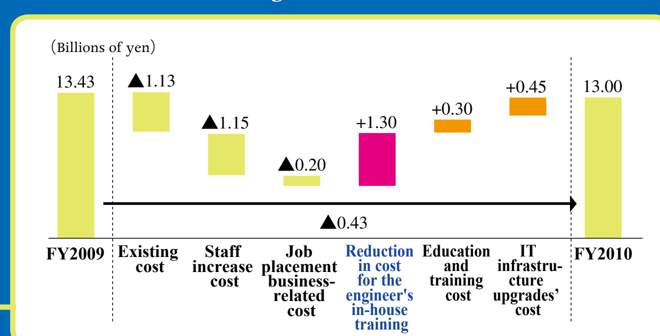
DBM-Japan

- Transfer the business to Tempstaff Co., Ltd., effective May 1, 2009

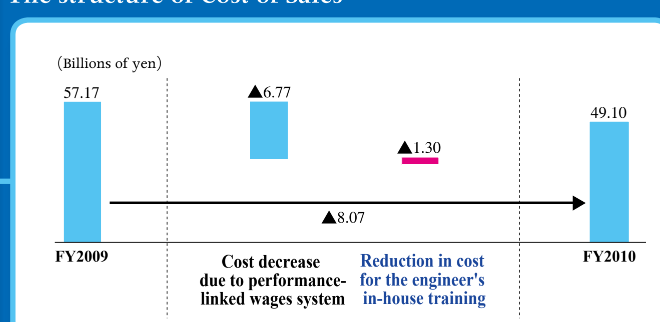
Distribution of Management Resources



The structure of Selling, General and Administrative expenses



The structure of Cost of Sales



Corporate Governance

BASIC STANCE

The Meitec Group has adopted as its management principle, "Mutual growth and prosperity." The underlying concept for this principle is to "develop together with industry by making business resources (people and information) publicly available through the engineering outsourcing business of the Meitec Group."

The Meitec Group has also established as a basic policy of its management to "contribute to the advancement of society, and realize mutual growth and prosperity for shareholders, customers and employees through its outsourcing services." As one of the leading companies in the industry, Meitec has adopted the following management policies in order to develop along with society.

(1) Increase Shareholder Satisfaction

We will strive to maximize the value of shareholder returns.

(2) Increase Customer Satisfaction

We will be a strategic partner for our clients, sharing our business resources (engineers and information) and developing our businesses together.

(3) Increase Employee Satisfaction

We will support the career advancement of all employees working to increase their market value together with the Company.

(4) Increase Society's Satisfaction

We will contribute to the healthy development of society through our business.

The Meitec Group regards corporate value to consist of shareholder value, customer value, employee value, and social value. As such, we believe that raising corporate value means contributing to society and raising the social value through our business by means of a well-balanced increase in the three areas of shareholder, customer and employee value. This is the foundation of our corporate governance. We therefore believe that in terms of a company's relationship with society, the conduct of sound and highly transparent operations that comply with laws and regulations and do not conflict with social ethics, and as a precondition of such, managers who approach their role with a keen ethical sense, to be an essential to the conduct of business that will provide sustainable and ongoing growth in corporate value.

The Meitec Group's basic stance toward corporate governance, therefore, is to check whether management decision-making is conducted from the standpoint of raising value for shareholders, customers and employees, and whether or not it contributes to increases in social value, as well as to continually enhance its management structure to allow for correction when it does not.

CORPORATE SYSTEM

1. Directors and the Board of Directors

Meitec's Board of Directors consists of seven directors (of which, one is an outside director). It makes decisions regarding the operation of the Meitec Group in accordance with the Companies Act and related laws, and has the authority to oversee the conduct of the duties of directors.

2. Auditors and the Board of Corporate Auditors

MEITEC has adopted the auditing system, and has established a Board of Corporate Auditors consisting of three auditors (two of whom are outside auditors). Corporate auditors are authorized to attend meetings of the Board of Directors, as well as all meetings of Group companies. They provide effective auditing by attending important meetings and other activities.

3. Corporate Governance Committee

This committee comprises all directors, and is chaired by an outside director. It conducts such self-checks as review of the decision-making process of the Board of Directors. The committee meets once each half fiscal year.

4. The CEO Nominating Committee

This committee comprises all directors with the exception of the current CEO of the Meitec Group, and is chaired by an outside director. Its purpose is to objectively debate and select the ideal candidate for CEO of the Meitec Group.

The committee meets in December of the year prior to the fiscal year in which directors are elected. The candidate for CEO of the Meitec Group may propose other candidates for nomination to director.

INTERNAL CONTROL SYSTEM

Meitec's Board of Directors determines the basic policy regarding the internal control system in accordance with the Companies Act. The implementation status of Meitec's internal control system is as follows.

> *Structures to Ensure That the Execution of Duties by Directors and Employees Complies with Laws and the Articles of Incorporation*

> *Structures for the Storage and Management of Information on the Execution of Duties by Directors*

> *Structures for Management of the Risk of Loss*

> *Structures for Ensuring the Effective and Efficient Execution of Duties by Directors*

> *Structures for Employees Assisting Corporate Auditors with Their Duties, and Structures for Ensuring the Independence of Such Employees from Directors*

> *Structures for Directors and Employees to Report to Corporate Auditors, and Structures to Ensure Effective Auditing by Other Auditors*

> *Structures to Ensure the Appropriateness of Meitec Corporation and Its Corporate Group*

DEFENSE FROM HOSTILE TOB

Company has not introduced the measure for the defense from hostile TOB, poison pill. The company sees the shareholder, customer and employee as main stakeholder of the company, and providing improved satisfaction to them would heighten the value of the company, and will realize the defense for the hostile TOB.

* The outline of our corporate governance can be viewed at the following:
Meitec homepage:
http://www.meitec.co.jp/e/company/governance/

Five-Year Summary

Millions of Yen

	2009	2008	2007	2006	2005
FOR THE YEAR					
Net sales	**¥79,898**	¥82,102	¥82,230	¥83,224	¥79,120
Cost of sales	**57,177**	57,777	57,702	56,685	54,460
Gross profit on sales	**22,721**	24,325	24,528	26,539	24,660
Selling, general and administrative expenses	**13,440**	12,960	12,946	14,054	12,371
Operating income	**9,281**	11,365	11,582	12,485	12,289
Net income	**4,304**	4,959	295	5,302	4,708
AT YEAR-END					
Total assets	**¥54,231**	¥57,785	¥57,479	¥67,185	¥68,675
Current assets	**33,296**	35,356	35,564	39,127	38,109
Net property and equipment	**12,819**	13,374	14,549	15,215	16,110
Liabilities	**18,062**	20,186	18,795	20,325	19,386
Total equity	**36,169**	37,599	38,684	46,668	49,218
PER SHARE					Yen
Basic net income	**¥ 127.31**	¥ 142.64	¥ 8.20	¥ 138.93	¥ 126.61
Cash dividends	**75.00**	72.00	89.00	90.50	64.00
Total equity	**1,081.85**	1,086.71	1,092.80	1,274.10	1,295.04
RATIOS					%
Gross profit margin	**28.4%**	29.6%	29.8%	31.9%	31.2%
Operating income margin	**11.6**	13.8	14.1	15.0	15.5
Net profit margin	**5.4**	6.0	0.4	6.4	6.0
Return on average equity	**11.8**	13.1	0.7	11.1	10.2
Current ratio	**301.9**	256.9	283.2	264.0	259.7
Equity ratio	**66.1**	64.6	66.9	69.5	71.7
Dividend payout ratio	**58.9**	50.5	1,085.7	65.1	50.5
Price-earnings ratio	**9.6**	21.2	463.4	27.9	29.5
MAJOR OPERATING DATA					
Number of shares issued	**33,150,553**	34,326,962	35,186,074	36,535,695	37,925,821
Share price (Yen)	**1,216**	3,020	3,800	3,870	3,740
Number of shareholders	**6,664**	6,452	8,434	8,305	7,660
Number of employees (non-consolidated)	**6,300**	6,197	6,214	6,058	6,037
Number of employees (consolidated)	**8,588**	8,398	8,280	7,927	7,778

Management's Discussion and Analysis

Economy Overview

The Japanese economy during the subject fiscal year (April 1, 2008 to March 31, 2009) remained fairly stable during the first half, despite elements of uncertainty arising from the appreciation in raw material costs that had continued from the previous fiscal year. The second half, however, presented unprecedented difficulties, with marked declines in corporate earnings and rapid deterioration in employment conditions stemming from the acute weakening of economic conditions sparked by the financial crisis in the United States. Circumstances changed particularly dramatically for the major manufacturers who account for the majority of the Meitec Group business, with a combined appreciation of the yen and substantial falloff in exports, and the business conditions diffusion index (business confidence index) falling to historically low levels.

Net Sales

Consolidated net sales for the subject fiscal year decreased ¥2,204 million from the previous fiscal year to ¥79,898 million. Meitec had managed to secure revenue increases through the third quarter, but was forced to accept a decline in sales for the full year mainly because the acute downturn in the real economy caused dramatic changes in circumstances for the major manufacturers who form the core of the Meitec Group business, which had a profound impact particularly on the Temporary Staffing Business.

Cost of Sales

The cost of sales declined ¥599 million from the previous fiscal year to ¥57,177 million. Despite increases in labor-related expenses and higher health insurance costs related to an increase from the number of engineers—the main driver for growth—the cost of sales fell slightly as these were exceeded by declines in labor-related expenses stemming mainly from a decline in utilization hours. The cost of sales ratio rose to 1.2 percentage points to 71.6%, due mainly to a decline in the utilization ratio in the Temporary Staffing Business, where numerous engineers are employed as full-time, regular employees.

Selling, General and Administrative Expenses

Selling, general and administrative expenses rose ¥480 million from the previous fiscal year to ¥13,440 million. This was due mainly to an increase in depreciation related to the new core IT system that began operating during the second half of the period, along with greater up-front investment expenses for business domain expansion, mainly during the first half.

Operating Income

As a result, operating income decreased ¥2,084 million from the previous fiscal year to ¥9,281 million.

Other Income (Expenses)

Meitec posted net other expenses of ¥1,102 million, an improvement of ¥748 million from the previous fiscal year.

Net Income

As a result, consolidated net income for the subject fiscal year declined ¥654 million from the previous year to ¥4,304 million.

Overview of Results by Business Segment

Temporary Staffing Business

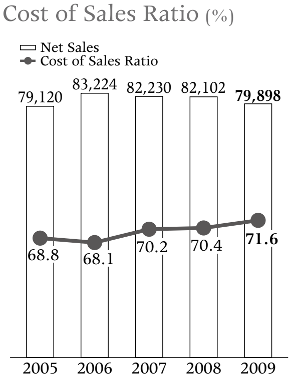
The Temporary Staffing Business accounts for more than 90% of consolidated net sales. This business, particularly the core temporary engineers staffing business, experienced a marked decline in utilization hours and the utilization ratio from the second half of the subject fiscal year, impacted by the dramatic changes in circumstances for the major manufacturers who form the core of the Meitec Group business.

Net sales for the Temporary Staffing Business during the subject fiscal year, despite a boost to revenue during the first half from the increase in the number of engineers, declined ¥3,037 million from the previous fiscal year to ¥74,355 million, due mainly to a decline in utilization hours and the utilization ratio during the second half.

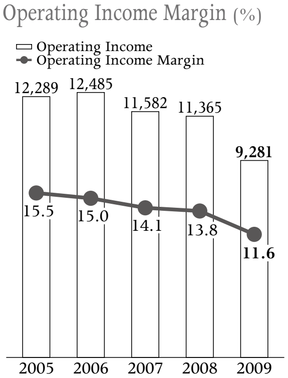
Operating income decreased ¥2,248 million from the previous fiscal year to ¥9,710 million. This was due mainly to the impact from the falloff in sales and deterioration in the cost rate, along with a rise in depreciation for the core IT system that began operations during the second half.

Although the foundation for growth in this business has been

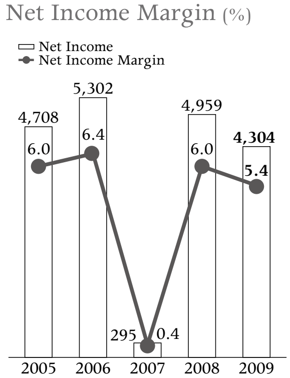
Net Sales (Millions of Yen)
Cost of Sales Ratio (%)



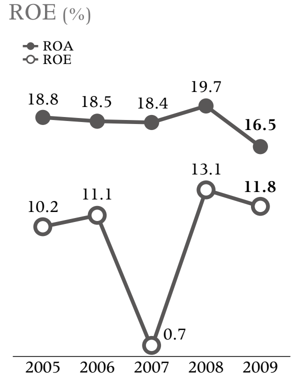
Operating Income (Millions of Yen)
Operating Income Margin (%)



Net Income (Millions of Yen)
Net Income Margin (%)



ROA (%)
ROE (%)



steadily expanded with the increase in number of engineers, considering the rapid deterioration in the real economy and other changes in the business environment, Meitec is working to establish a structure for mutual support across the Group, such as with the introduction of the area administer system in March 2009, that will strengthen cooperation among sales offices and enhance flexible and aggressive marketing capabilities, and improve the utilization ratio.

Engineering Solutions Business

The Engineering Solutions Business consists of technology support for 3D CAD, printed-circuit boards and analytical technology, utilizing the temporary engineering network.

Net sales for the Engineering Solutions Business in the subject fiscal year declined ¥227 million from the previous fiscal year to ¥3,236 million, with operating income down ¥123 million to ¥123 million.

Net sales at Apollo Giken Co., Ltd. and Meitec CAE Corporation rose as a result of expanded service offerings and stepped-up sales activity.

Operating income was up at Meitec CAE, but down at Three D Tec and Apollo Giken. The decline in profitability at Three D Tec and Apollo Giken was due mainly to increases in the cost rate arising from more stringent customer demands regarding cost as a result of deteriorating business conditions, and a rise in selling, general and administrative expenses to bolster sales capabilities.

Global Business

The Global Business consists of human resource development, mainly in China, and the supply of human resources within Japan.

Net sales for the Global Business in the subject fiscal year rose ¥528 million from the previous fiscal year to ¥1,281 million.

In terms of profitability, however, the business posted an operating loss of ¥475 million for the subject fiscal year as a result of up-front investments related to the securing and training of Chinese engineers, and the time required to place bridge engineers in Japan.

Career Support Business

The Career Support Business includes the outplacement business (reemployment support), the engineer placement business, and the information portal site business.

Net sales for the Career Support Business in the subject fiscal year rose ¥438 million from the previous fiscal year to ¥1,975 million.

The business posted an operating loss of ¥118 million, but this represents a substantial improvement of ¥342 million from the previous fiscal year.

Drake Beam Morin-Japan, Inc., as a result of improvement in the business environment and the positive effects of restructuring, recorded an increase in sales of ¥199 million from the previous fiscal year, with profitability improving ¥215 million from an operating loss the previous fiscal year, to operating income of ¥13 million.

Meitec Next Corporation, which provides a placement business specifically for engineers with a track record in the core temporary engineers staffing business, recorded net sales up ¥228 million from the previous fiscal year to ¥480 million. The subsidiary posted an operating loss due to ongoing up-front investments to expand the business, which we believe has now established a foundation that will allow it to continually post sales at a level that exceeds the break-even point.

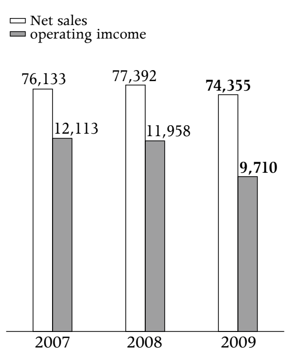
In the information portal site business, under the concept of "Every option for every engineer," Meitec will continue to steadily expand content and service offerings beneficial to engineers.

Forecast for the Fiscal Year Ending March 31, 2010

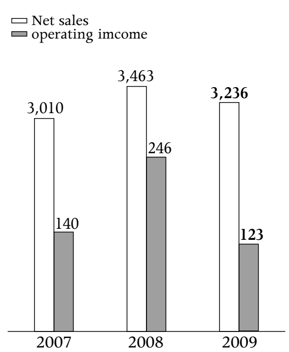
Considering the status of the utilization ratio and utilization hours that form the base of the temporary engineers staffing business, and incorporating the loss of revenue from the transfer of subsidiary businesses, we are reluctantly projecting declines in both revenue and earnings in our consolidated forecasts for the fiscal year ending March 31, 2010.

(Millions of yen)		Net Sales	Operating Income	Net Income
FYE March 2009 Interim		41,397	5,375	3,039
FYE March 2009		79,898	9,281	4,304
FYE March 2010 Interim Forecast		27,500	-3,200	-3,250
	YoY	-33.6%	–	–
FYE March 2010 Forecast		59,000	-3,100	-3,200
	YoY	-26.2%	–	–

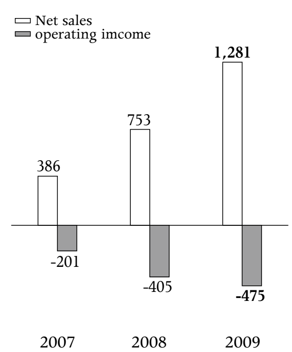
Temporary Staffing Business
(Millions of Yen)



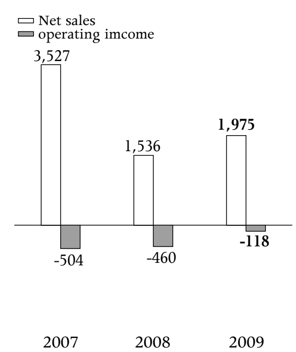
Engineering Solutions Business
(Millions of Yen)



Global Business
(Millions of Yen)



Career Support Business
(Millions of Yen)



Assets

Total assets at the end of the subject fiscal year (March 31, 2009) decreased ¥3,554 million, compared to the end of the previous fiscal year, for a total of ¥54,231 million. This was due mainly to a ¥2,060 million decline in current assets from the end of the previous fiscal year.

The decline in total current assets was due mainly to a ¥1,855 million decrease in trade notes and accounts receivable.

Liabilities

Total liabilities at the end of the subject fiscal year decreased ¥2,125 million, compared to the end of the previous fiscal year, for a total of ¥18,061 million. This was due mainly to a ¥2,737 million decline in total current liabilities from the end of the previous fiscal year.

The decline in total current liabilities was due mainly to decreases in unpaid expenditures for bonuses, and unpaid corporate taxes following a lightening of tax obligation.

Net Assets

Net assets at the end of the subject fiscal year decreased ¥1,429 million, compared to March 31, 2008, for a total of ¥36,169 million. This was due mainly to a ¥1,301 million decrease in total shareholders' equity compared to the end of the previous fiscal year.

Total shareholders' equity increased by ¥4,304 million due to the positive business results from the subject fiscal year, but this was offset by ¥5,573 million in decreases, consisting of ¥1,184 million in year-end dividend payments for the previous fiscal year, ¥1,589 million in interim dividend payments in the current fiscal year, and ¥2,799 million for acquisition of treasury stock. As a result, total shareholders' equity declined ¥1,301 million from the end of the previous fiscal year.

Cash Flows

Cash and cash equivalents ("cash") amounted to ¥17,926 million for the subject fiscal year, an increase of ¥1,313 million from the previous fiscal year. Cash flow categories and the main factors affecting them are as follows.

Cash Flow from Operating Activities

Cash provided by operating activities amounted to ¥6,308 million, a decline of 25.7% from the previous fiscal year. This was due mainly to revenues of ¥8,179 million in income before income taxes; and ¥1,227 million in depreciation; against expenditures of ¥4,933 million in income taxes paid.

Cash Flow from Investing Activities

Cash provided by investing activities amounted to ¥624 million, an increase of 401.6% from the previous fiscal year. This was due mainly to revenues of ¥1,300 million in proceeds from sales of short-term investments; against expenditures of ¥1,069 million in purchases of other investments and assets.

Cash Flow from Financing Activities

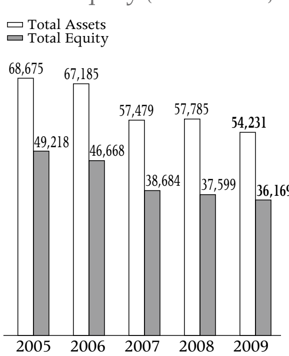
Cash used in financing activities amounted to ¥5,580 million, a decrease of 7.0% from the previous fiscal year. This was due mainly to expenditures of ¥2,806 million in acquisition of treasury stock, and ¥2,776 million in dividends paid by the parent company.

Dividends for the Subject Fiscal Year

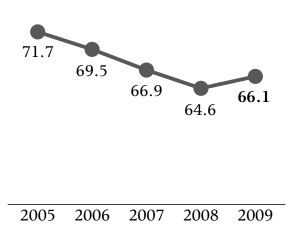
The year-end dividend for the subject fiscal year, in accordance with the Company's dividend policy outlined in the preceding section, will be 28 yen per share, equivalent to the minimum dividend payout is 5% of consolidated dividend on equity ratio (DOE). If calculated as 50% of consolidated net income for the second half, the year-end dividend per share would be 19.50 yen per share.

As a result, dividends for the subject fiscal year amount to 75 yen per share (including the interim dividend of 47 yen per share), for a payout ratio of 58.9%, and representing an increase of 3 yen per share from the 72 yen per share in the previous fiscal year.

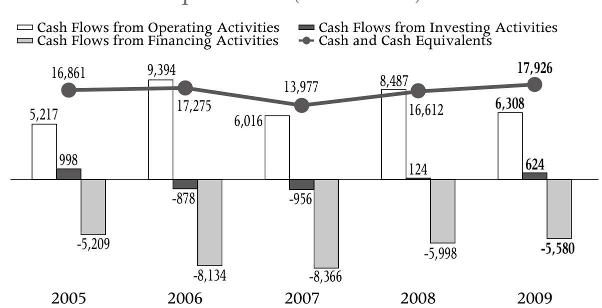
Total Assets (Millions of Yen)
Total Equity (Millions of Yen)



Equity Ratio (%)



Cash Flows from Operating Activities (Millions of Yen)
Cash Flows from Investing Activities (Millions of Yen)
Cash Flows from Financing Activities (Millions of Yen)
Cash and Cash Equivalents (Millions of Yen)



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
MEITEC CORPORATION:

We have audited the accompanying consolidated balance sheets of MEITEC CORPORATION (the "Company") and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MEITEC CORPORATION and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 23, 2009

Member of
Deloitte Touche Tohmatsu

Consolidated Balance Sheets

MEITEC CORPORATION and Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2009**	2008	**2009**
CURRENT ASSETS:			
Cash and cash equivalents	**¥17,926**	¥16,612	**$182,921**
Short-term investments (Note 3)	**600**	1,900	**6,122**
Notes and accounts receivable:			
Trade notes and accounts	**10,986**	12,841	**112,098**
Allowance for doubtful accounts	**(14)**	(11)	**(139)**
Inventories (Note 4)	**435**	357	**4,435**
Deferred tax assets (Note 10)	**2,183**	2,613	**22,270**
Prepaid expenses and other	**1,180**	1,044	**12,046**
Total current assets	**33,296**	35,356	**339,753**
PROPERTY AND EQUIPMENT:			
Land	**3,585**	3,585	**36,580**
Buildings and structures	**20,249**	20,221	**206,626**
Furniture and fixtures	**2,762**	3,118	**28,184**
Other	**239**	466	**2,437**
Total	**26,835**	27,390	**273,827**
Accumulated depreciation	**(14,016)**	(14,016)	**(143,022)**
Net property and equipment	**12,819**	13,374	**130,805**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	**573**	1,306	**5,842**
Consolidation goodwill	**195**	552	**1,990**
Software	**3,158**	392	**32,221**
Software in process	**52**	2,559	**533**
Leasehold deposits	**1,196**	1,178	**12,201**
Deferred tax assets (Note 10)	**2,818**	2,640	**28,759**
Other	**124**	428	**1,270**
Total investments and other assets	**8,116**	9,055	**82,816**
TOTAL	**¥54,231**	¥57,785	**$553,374**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT LIABILITIES:			
Trade accounts payable	¥ 84	¥ 65	$ 860
Income taxes payable	1,215	2,601	12,392
Accrued expenses	7,093	8,329	72,379
Other	2,635	2,769	26,885
Total current liabilities	11,027	13,764	112,516
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 6)	6,988	6,379	71,310
Deferred tax liabilities (Note 10)	1	1	5
Deferred tax liabilities for land revaluation (Note 2.i)	42	42	430
Other	4	—	38
Total long-term liabilities	7,035	6,422	71,783
EQUITY (Note 7):			
Common stock—authorized, 142,854 thousand shares in 2009 and 2008; issued, 35,100 thousand shares in 2009 and 35,442 thousand shares in 2008	16,826	16,826	171,692
Capital surplus	14,452	15,481	147,467
Retained earnings	11,361	9,857	115,928
Unrealized gain on available-for-sale securities	11	100	117
Land revaluation difference (Note 2.i)	(883)	(883)	(9,011)
Foreign currency translation adjustments	(12)	37	(119)
Treasury stock—at cost, 1,949 thousand shares in 2009 and 1,115 thousand shares in 2008	(5,891)	(4,115)	(60,115)
Total	35,864	37,303	365,959
Minority interests	305	296	3,116
Total equity	36,169	37,599	369,075
TOTAL	¥54,231	¥57,785	$553,374

Consolidated Statements of Income

MEITEC CORPORATION and Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
NET SALES	**¥79,898**	¥82,102	**$815,288**
COST OF SALES	**57,177**	57,777	**583,445**
Gross profit	**22,721**	24,325	**231,843**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**13,440**	12,960	**137,140**
Operating income	**9,281**	11,365	**94,703**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**30**	33	**302**
Interest expense	**0**	0	**(2)**
Gain (loss) on sales of marketable and investment securities—net	**6**	(143)	**60**
Loss on devaluation of marketable and investment securities	**(19)**	—	**(192)**
Foreign exchange loss	**(17)**	(68)	**(178)**
Loss on investments in partnership—net	**(28)**	(4)	**(289)**
Loss on sales and disposals of property and equipment—net	**(380)**	(60)	**(3,873)**
Impairment loss (Note 9)	**(339)**	(525)	**(3,457)**
Loss on change in pension plans (Note 6)	**(56)**	(1,080)	**(571)**
Provision for allowance for doubtful accounts	**(304)**	—	**(3,100)**
Other—net	**5**	(3)	**55**
Other expenses—net	**(1,102)**	(1,850)	**(11,245)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**8,179**	9,515	**83,458**
INCOME TAXES (Note 10):			
Current	**3,565**	4,775	**36,378**
Deferred	**292**	(299)	**2,982**
Total income taxes	**3,857**	4,476	**39,360**
MINORITY INTERESTS IN NET INCOME	**18**	80	**184**
NET INCOME	**¥ 4,304**	¥ 4,959	**$ 43,914**

	Yen		U.S. Dollars (Note 1)
	2009	2008	**2009**
PER SHARE OF COMMON STOCK (Notes 2.q and 12):			
Basic net income	**¥127.31**	¥142.64	$1.30
Diluted net income	**—**	142.64	—
Cash dividends applicable to the year	**75.00**	72.00	0.77

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

MEITEC CORPORATION and Subsidiaries
Years Ended March 31, 2009 and 2008

	Thousands	Millions of Yen									
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2007	35,186	¥16,826	¥15,481	¥ 7,847	¥ 223	¥(944)	¥ 28	¥(1,009)	¥38,452	¥232	¥38,684
Net income				4,959					4,959		4,959
Cash dividends, ¥82.5 per share				(2,888)					(2,888)		(2,888)
Purchase of treasury stock	(859)							(3,107)	(3,107)		(3,107)
Disposal of treasury stock								1	1		1
Reversal of land revaluation difference				(61)		61			—		—
Net change in the year					(123)		9		(114)	64	(50)
BALANCE, MARCH 31, 2008	34,327	16,826	15,481	9,857	100	(883)	37	(4,115)	37,303	296	37,599
Decrease due to accounting changes in overseas subsidiaries (Note 2.a)				(26)					(26)		(26)
Net income				4,304					4,304		4,304
Cash dividends, ¥81.5 per share				(2,774)					(2,774)		(2,774)
Purchase of treasury stock	(1,176)							(2,806)	(2,806)		(2,806)
Disposal of treasury stock	0		(1)					2	1		1
Retirement of treasury stock			(1,028)					1,028	—		—
Net change in the year					(89)		(49)		(138)	9	(129)
BALANCE, MARCH 31, 2009	**33,151**	**¥16,826**	**¥14,452**	**¥11,361**	**¥ 11**	**¥(883)**	**¥(12)**	**¥(5,891)**	**¥35,864**	**¥305**	**¥36,169**

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2008	$171,692	$157,964	$100,582	$1,034	$(9,011)	$ 375	$(41,991)	$380,645	$3,013	$383,658
Decrease due to accounting changes in overseas subsidiaries (Note 2.a)			(260)					(260)		(260)
Net income			43,914					43,914		43,914
Cash dividends, $0.83 per share			(28,308)					(28,308)		(28,308)
Purchase of treasury stock							(28,631)	(28,631)		(28,631)
Disposal of treasury stock		(6)					16	10		10
Retirement of treasury stock		(10,491)					10,491	—		—
Net change in the year				(917)		(494)		(1,411)	103	(1,308)
BALANCE, MARCH 31, 2009	**$171,692**	**$147,467**	**$115,928**	**$117**	**$(9,011)**	**$(119)**	**$(60,115)**	**$365,959**	**$3,116**	**$369,075**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

MEITEC CORPORATION and Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥8,179**	¥9,515	**$83,458**
Adjustments for:			
Income taxes—paid	**(4,933)**	(3,698)	**(50,336)**
Depreciation and amortization	**1,227**	998	**12,517**
(Gain) loss on sales of marketable and investment securities—net	**(6)**	143	**(60)**
Amortization of consolidation goodwill	**34**	80	**345**
Loss on sales and disposals of property and equipment—net	**378**	51	**3,854**
Loss on investments in partnership—net	**28**	4	**289**
Impairment loss	**339**	525	**3,457**
Changes in assets and liabilities:			
Decrease in trade receivables	**1,855**	420	**18,934**
(Increase) decrease in inventories	**(77)**	68	**(789)**
Increase (decrease) in accrued expenses	**(1,195)**	172	**(12,190)**
Decrease in consumption taxes payable	**(80)**	(282)	**(814)**
Increase (decrease) in allowance for doubtful accounts	**327**	(1)	**3,335**
Increase in liability for retirement benefits	**610**	202	**6,222**
(Increase) decrease in other current assets	**(165)**	16	**(1,685)**
Increase (decrease) in other current liabilities	**(216)**	255	**(2,199)**
Other—net	**3**	19	**33**
Total adjustments	**(1,871)**	(1,028)	**(19,087)**
Net cash provided by operating activities	**6,308**	8,487	**64,371**
INVESTING ACTIVITIES:			
Purchases of short-term investments	**—**	(372)	**—**
Proceeds from sales of short-term investments	**1,300**	742	**13,265**
Purchases of investment securities	**(2)**	(202)	**(25)**
Proceeds from sales of investment securities	**562**	2,051	**5,734**
Investments in and advances to subsidiaries	**—**	(49)	**—**
Purchases of property and equipment	**(168)**	(430)	**(1,717)**
Proceeds from sales of property and equipment	**—**	355	**—**
Purchases of other investments and assets	**(1,069)**	(2,102)	**(12,005)**
Proceeds from sales of other investments and assets	**1**	131	**1,112**
Net cash provided by investing activities	**¥ 624**	¥ 124	**$ 6,364**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
FINANCING ACTIVITIES:			
Acquisition of treasury stock	**¥ (2,806)**	¥ (3,107)	**$ (28,632)**
Proceeds from sales of treasury stock	**1**	1	**10**
Dividends paid	**(2,776)**	(2,886)	**(28,323)**
Proceeds from paid-in capital from minority shareholders	**10**	—	**99**
Repurchases of shares of minority shareholders	**(2)**	—	**(23)**
Dividends paid to minority stockholders	**(7)**	(6)	**(68)**
Other-net	**0**	—	**(2)**
Net cash used in financing activities	**(5,580)**	(5,998)	**(56,939)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(38)**	22	**(388)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,314**	2,635	**13,408**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**16,612**	13,977	**169,513**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥17,926**	¥16,612	**$182,921**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MEITEC CORPORATION and Subsidiaries
Years Ended March 31, 2009 and 2008

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 consolidated financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MEITEC CORPORATION (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98 to $1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its eighteen (eighteen in 2008) subsidiaries (together, the "Group").

In fiscal 2009, one subsidiary was newly established and consolidated, while one was excluded from the scope of consolidation, being merged with another subsidiary. In 2008, two subsidiaries were newly established and consolidated.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Effective from fiscal 2009, the Company adopted Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" (issued by the Accounting Standards Board of Japan ("ASBJ") on May 17, 2006). In conformity with this PITF, the Company made required adjustments upon consolidation.

The new standard prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) amortization of goodwill,
(2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity;
(3) expensing capitalized development costs of R&D,
(4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting
(5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated
(6) exclusion of minority interests from net income, if contained.

The impact of this accounting change on net income was immaterial.

c. Business Combination — In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

The accounting standard for business combinations allows companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting of interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

d. **Cash Equivalents** — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, all of which mature due within three months from the date of acquisition.

e. **Inventories** — Prior to April 1, 2008, inventories are measured at cost determined by the specific identification method, and stated at the lower of cost or net selling value in the consolidated balance sheets as of March 31, 2009.

Effective from fiscal 2009, the Company adopted ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories" (issued on July 5, 2006). This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price. The impact of this accounting change on the net income was immaterial.

f. **Marketable and Investment Securities** — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. **Property and Equipment** — Property and equipment other than lease assets are stated at cost. Depreciation is principally computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to certain buildings. The range of useful lives is principally from 7 to 50 years for buildings and structures, and from 2 to 15 years for furniture and fixtures.

h. **Long-lived Assets** — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. **Leases** — Lease assets under finance lease transactions that do not deem to transfer ownership of them are capitalized and depreciated by the straight-line method over their lease term with zero residual value, except those with lease commencement prior to April 1, 2008, which are accounted for as operating leases.

Effective from fiscal 2009, the Company adopted ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" (issued on March 30, 2007) which revised the previous accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No. 16, "Guidance for Accounting Standard for Lease Transactions" (issued on March 30, 2007). The revised accounting standards require that all finance lease transactions that do not deem to transfer ownership of leased properties shall be capitalized recognizing lease assets and lease obligations in the balance sheet, except those with lease commencement prior to April 1, 2008 that are accounted for as operating leases. There was no impact of this accounting change on the net income.

All other leases are accounted for as operation lease.

j. **Land Revaluation** — Under the "Law of Land Revaluation," the Company elected a one time revaluation of its own use land to a value based on real estate appraisal information as of March 31, 2000. The resulting land revaluation difference represents an unrealized devaluation of land and is stated, net of income taxes, as a component of equity. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation difference account.

As of March 31, 2009, the carrying amount of the land after the one-time revaluation exceeded the market value by ¥1,408 million ($14,371 thousand).

k. **Retirement and Pension Plan** — The Company and certain subsidiaries have unfunded retirement benefit plans. The Company also has a contributory funded pension plan covering substantially all of its employees.

l. **Stock Options** — In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

The Company has applied this accounting standard for stock options to those granted on and after May 1, 2006.

m. **Presentation of Equity** — On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include minority interests, stock acquisition rights (if applicable), and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ended on or after May 1, 2006.

n. **Bonuses to Directors and Corporate Auditors** — Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

o. **Income Taxes** — The provision for current income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

p. **Foreign Currency Transactions** — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

q. **Foreign Currency Financial Statements** — The balance sheet accounts of the consolidated foreign subsidiary are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

r. **Per Share Information** — Basic net income/loss per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance, if later) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the years.

s. **New Accounting Pronouncements**

Accounting for Retirement Benefits

On July 31, 2008, the ASBJ issued ASBJ Statement No. 19, "Partial Amendments to Accounting Standard for Retirement

Benefits (Part 3).” This revision eliminates the treatment regarding the discount rate provided in Interpretive Note 6 of the previous accounting standard, which allowed to determine the discount rate taking into consideration the fluctuations in the yield of bonds over a certain period. The revised accounting standard requires to determine the discount rate based on the yield of bonds prevailing on the year-end date.

The revised accounting standard is effective for the fiscal years beginning on or after April 1, 2009, with early adoption permitted for the fiscal years beginning on or before March 31, 2009.

Accounting for Business Combinations

On December 26, 2008, the ASBJ issued ASBJ Statement No. 21, “Accounting Standard for Business Combination,” which revises the Statement of Opinion “Accounting for Business Combinations” issued by the Business Accounting Council in October 2003. The ASBJ also revised ASBJ Statement No. 7, “Accounting Standard for Business Divestitures,” ASBJ Guidance No. 10, “Guidance for Accounting Standard for Business Combinations and Business Divestitures,” and other related accounting standards.

The revised accounting standards abolishes the pooling-of-interests method, and therefore all business combinations other than formation of an entity under common control or transactions under common control are required to be accounted for by the purchase method.

The accounting procedure for negative goodwill, which is currently amortized evenly over an appropriate period no longer than 20 years, is also revised. Under the revised accounting standards, when negative goodwill is expected to be generated, all identifiable assets and liabilities shall be reviewed for comprehensive recognition and appropriate allocation of acquisition costs. If negative goodwill is still to be recognized, its amount shall be accounted for as profit of the fiscal year of the negative goodwill recognition.

In addition, in accordance with the revised accounting standards, the acquisition cost of an entity, which was gradually acquired used for consolidation shall be the aggregate fair value of all acquiring transaction as of the date of business combination, instead of the sum of the acquisition costs of each acquiring transaction. The difference between the acquisition cost used for consolidation and the sum of the acquisition costs of each acquiring transaction shall be charged to the income of the current fiscal year in the consolidated financial statements

The revised accounting standards are effective for the business combination and business divestitures effectuated on or after April 1, 2010, with early adoption permitted for the fiscal years beginning on or after April 1, 2009.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Short-term investments:			
Time deposits	**¥600**	¥1,900	**$6,122**
Total	**¥600**	¥1,900	**$6,122**
Investment securities:			
Equity securities	**¥390**	¥ 640	**$3,978**
Other	**183**	666	**1,864**
Total	**¥573**	¥1,306	**$5,842**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2009 and 2008 were as follows:

March 31. 2009	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	**¥304**	**¥33**	**¥ (11)**	**¥326**

March 31. 2008	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥414	¥166	¥ (15)	¥565
Others	449	5	—	454

March 31. 2009	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	**$3,098**	**$340**	**$ (114)**	**$3,324**

Available for sale securities whose fair value is not readily determinable at March 31, 2009 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Equity securities	**¥ 64**	¥ 75	**$ 653**
Other	**183**	212	**1,865**
Total	**¥247**	¥287	**$2,518**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 and 2008 were ¥562 million ($5,734 thousand) and ¥2,494 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥6 million ($60 thousand) and nil, respectively, for the year ended March 31, 2009 and ¥3 million and ¥146 million, respectively, for the year ended March 31, 2008.

Loss on devaluation of available-for-sale securities for the year ended March 31, 2009, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Equity securities with fair value	¥ 3	$ 34
Equity securities whose fair value is not readily determinable	16	158
Total	¥19	$192

4. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted mainly of work in process related to career support and engineering outsourcing.

5. LONG-TERM DEBT

As of March 31, 2009 and 2008, the Company had loan commitments from six banks and two insurance companies in an aggregate amount of ¥6,000 million ($61,224 thousand). There were no loans utilized and outstanding under these arrangements at March 31, 2009 and 2008.

6. RETIREMENT AND PENSION PLAN

The Company and certain subsidiaries have severance payment plans for employees, which include a contributory funded defined benefit pension plan for the Company. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

On April 1, 2008, according to the enactment of the Defined Contribution Pension Plan Law, the Company implemented a defined contribution pension plan and a supplemental severance plan by which the former qualified contributory funded defined benefit pension plan was terminated. The Company applied accounting treatments specified in the guidance issued by the ASBJ, and recorded a loss on change in pension plans of ¥56 million ($571 thousand) and ¥1,080 million in the consolidated statements of income for the years ended March 31, 2009 and 2008, respectively.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Projected benefit obligation	**¥7,848**	¥6,959	**$80,084**
Fair value of plan assets	**(59)**	(62)	**(604)**
Unrecognized prior service cost	**1**	1	**10**
Unrecognized actuarial loss	**(802)**	(519)	**(8,180)**
Net liability	**¥6,988**	¥6,379	**$71,310**

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Service cost	**¥ 567**	¥ 896	**$ 5,789**
Interest cost	**137**	262	**1,402**
Expected return on plan assets	**—**	(75)	**—**
Amortization of prior service cost	**(0)**	(3)	**(3)**
Recognized actuarial loss	**158**	450	**1,615**
Contribution in defined contribution pension plan	**850**	76	**8,668**
Net periodic benefit costs	**¥1,712**	¥1,606	**$17,471**

Assumptions used for the years ended March 31, 2009 and 2008 were set forth as follows:

	2009	2008
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**1.5%**	1.5%
Amortization period of prior service cost	**10 years**	10 years
Recognition period of actuarial gain/loss	**10 years**	10 years

7. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year, upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. STOCK OPTION PLANS

The stock options outstanding as of March 31, 2009 were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Approval	Exercise Price	Exercise Period
1999 Stock Option	9 directors 46 key employees	118,500	June 29, 1999	¥3,997 ($41)	From June 30, 2001 to June 29, 2009
2000 Stock Option	9 directors 71 key employees	141,000	June 29, 2000	¥4,280 ($44)	From June 30, 2002 to June 29, 2010
2001 Stock Option	7 directors 79 key employees	139,000	June 26, 2001	¥4,280 ($44)	From June 27, 2003 to June 26, 2011
2002 Stock Option	6 directors 6 directors of subsidiaries 105 key employees of the Group	129,000	June 25, 2002	$3,066 ($31)	From June 27, 2004 to June 26, 2012

The stock option activity was as follows:

	1998 Stock Option	1999 Stock Option	2000 Stock Option	2001 Stock Option	2002 Stock Option	2003 Stock Option	2004 Stock Option
For the Year Ended March 31, 2008							(Shares)
Non-vested:							
March 31, 2007 — outstanding	—	—	—	—	—	—	—
Canceled	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—
March 31, 2008 — outstanding	—	—	—	—	—	—	—
Vested:							
March 31, 2007 — outstanding	6,300	6,500	11,000	12,000	2,000	115,000	91,000
Vested	—	—	—	—	—	—	—
Exercised	—	—	—	—	—	—	—
Canceled	—	—	—	—	—	115,000	6,000
March 31, 2008 — outstanding	6,300	6,500	11,000	12,000	2,000	—	85,000

	1998 Stock Option	1999 Stock Option	2000 Stock Option	2001 Stock Option	2002 Stock Option	2004 Stock Option
For the Year Ended March 31, 2009						(Shares)
Non-vested:						
March 31, 2008 — outstanding	—	—	—	—	—	—
Canceled	—	—	—	—	—	—
Vested	—	—	—	—	—	—
March 31, 2009 — outstanding	—	—	—	—	—	—
Vested:						
March 31, 2008 — outstanding	6,300	6,500	11,000	12,000	2,000	85,000
Vested	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Canceled	6,300	—	—	—	—	85,000
March 31, 2009 — outstanding	—	6,500	11,000	12,000	2,000	—
Exercise price	¥5,530	¥3,997	¥4,280	¥4,280	¥3,066	¥4,370
	($56)	($41)	($44)	($44)	($31)	($45)
Average stock price at exercise	—	—	—	—	—	—

The balance of treasury stock recorded in equity at March 31, 2009 and 2008 included treasury stock purchased for the purpose of reissuance in connection with the expected stock options exercised under the above plans.

The Company has granted the above stock options on seven occasions in the past as an incentive to improve performance before May 1, 2006, to which ASBJ statement No. 8, "Accounting Standard for stock Options" and related guidance is not applicable.

9. LONG-LIVED ASSETS

The Group reviewed its long lived assets for impairment as of March 31, 2008. As a result, the Group recognized an impairment loss of ¥398 million due to a determination of sales of certain premises belonging to the outsourcing segment and the carrying amount of the relevant assets was written down to the recoverable amount. The recoverable amount of those assets was measured at its net selling value.

With regards the consolidation goodwill of Drake Beam Morin-Japan, Inc., a subsidiary of the Company, and its subsidiaries, the Group recognized an impairment loss of ¥179 million ($1,831 thousand) and ¥127 million for the years ended March 31, 2009 and 2008, respectively. While the recoverable amount of the consolidation goodwill was measured by the discounted-cash-flow method for fiscal 2008, it was measured at its net selling value for fiscal 2009, reflecting the Company's decision to transfer the business Drake Beam Morin-Japan, Inc. as stated in Note 14.

The Group reviewed its overall group business strategy from the viewpoint of survival and growth of its core business, the temporary engineer outsourcing business, and decided to scale down its training business for Chinese engineers in China by suspending operations of two subsidiaries, MEITEC Guangzhou TechnoCenter Co., Ltd. and MEITEC Hangzhou TechnoCenter Co., Ltd. Accordingly, the Group recognized an impairment loss of ¥15 million ($150 thousand) for the year ended March 31, 2009, due to write-down of the relevant assets to their recoverable amount. The recoverable amount of the related assets was measured at the present value of future cash flows as its value in use.

The Group reviewed the business plan of a subsidiary, Apollo Giken Co., Ltd., and as a result, recognized an impairment loss of ¥145 million ($1,476 thousand) on consolidation goodwill for the year ended March 31, 2009. The recoverable amount of the consolidation goodwill was measured by the discount-cash-flow method.

The discount rates used for computation of present value of future cash flows, where applicable, were 5.60% and 4.82% for the years ended March 31, 2009 and 2008, respectively.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Deferred tax assets:			
Accrued bonuses	**¥1,855**	¥2,194	**$18,933**
Accrued social security on accrued bonuses	**236**	267	**2,408**
Retirement benefits	**2,798**	2,549	**28,548**
Enterprise taxes payable	**99**	162	**1,008**
Impairment loss	**54**	49	**556**
Write-down of investment securities	**484**	512	**4,941**
Loss on revaluation of memberships	**9**	9	**91**
Tax loss carryforwards	**2,776**	2,518	**28,322**
Other	**436**	405	**4,448**
Valuation allowance	**(3,739)**	(3,364)	**(38,149)**
Total	**5,008**	5,301	**51,106**
Deferred tax liabilities—Unrealized gain on available-for-sale securities	**8**	49	**82**
Total	**8**	49	**82**
Net deferred tax assets	**¥5,000**	¥5,252	**$51,024**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008 is as follows:

	2009	2008
Normal effective statutory tax rate	**40.0%**	40.0%
Expenses not deductible for income tax purposes	**0.1**	0.8
Revenues not recognized for income tax purposes	**(0.1)**	0.0
Per capita tax	**1.5**	1.8
Valuation allowance	**3.4**	3.1
Amortization of consolidation goodwill	**0.2**	0.3
Impairment loss on consolidation goodwill	**1.5**	0.5
Other—net	**0.5**	0.5
Actual effective tax rate	**47.1%**	47.0%

At March 31, 2009, certain subsidiaries have tax loss carryforwards aggregating approximately ¥6,838 million ($69,781 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	**¥ 45**	$ 464
2011	**186**	1,898
2012	**316**	3,227
2013	**543**	5,539
2014	**4,617**	47,112
2015	**694**	7,078
2016	**437**	4,463
Total	**¥6,838**	$69,781

11. LEASES

The Group leases certain buildings and structures, furniture and fixtures and other assets.

As described in Note 2. h, effective from fiscal 2009, the Company adopted the revised accounting standards for lease transactions. In accordance with the revised accounting standards, finance lease transactions that do not deem to transfer ownership of leased properties, which had been accounted for as operating leases until fiscal 2008, are capitalized as in ordinary purchase lease, except those with transaction commencement prior to April 1, 2008 that are accounted for as operating leases.

Total rental expense including lease payments under finance leases that do not transfer ownership, with lease commencement prior to April 1, 2008, for the years ended March 31, 2009 and 2008 was ¥15 million ($151 thousand) and ¥18 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance lease, depreciation expense, interest expense and other information of finance leases that do not transfer ownership, with lease commencement prior to April 1, 2008, on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 was as follows:

	Millions of Yen			
	2009			
Pro forma information	Buildings and Structures	Furniture and Fixtures	Other	Total
Acquisition cost	**¥45**	**¥17**	**¥20**	**¥82**
Accumulated depreciation	**27**	**9**	**16**	**52**
Net leased property	**¥18**	**¥ 8**	**¥ 4**	**¥30**

Pro forma information	Millions of Yen 2008 Buildings and Structures	Furniture and Fixtures	Other	Total
Acquisition cost	¥45	¥21	¥26	¥92
Accumulated depreciation	18	8	18	44
Net leased property	¥27	¥13	¥ 8	¥48

Pro forma information	Thousands of U.S. Dollars 2009 Buildings and Structures	Furniture and Fixtures	Other	Total
Acquisition cost	**$463**	**$176**	**$198**	**$837**
Accumulated depreciation	**275**	**90**	**167**	**532**
Net leased property	**$188**	**$ 86**	**$ 31**	**$305**

Obligations under finance leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
Pro forma information	**2009**	2008	**2009**
Due within one year	**¥14**	¥18	**$144**
Due after one year	**16**	30	**161**
Total	**¥30**	¥48	**$305**

Depreciation expense, which was not reflected in the accompanying consolidated statements of income computed by the straight-line method, was ¥15 million ($151 thousand) and ¥18 million for the years ended March 31, 2009 and 2008, respectively.

12. NET INCOME PER SHARE

Basic net income per share ("EPS") for the year ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2009	Net Income	Weighted-average Shares	EPS	
Basic EPS — Net income available to common shareholders	**¥4,304**	**33,804**	**¥127.31**	**$1.30**

Diluted net income per share for the year ended March 31, 2009 is not presented since there were no potentially dilutive shares as of March 31, 2009.

Reconciliation of the differences between basic and diluted EPS for the year ended March 31, 2008 is as follows:

	Millions of Yen	Thousands of Shares	Yen
Year Ended March 31, 2008	Net Income	Weighted-average Shares	EPS
Basic EPS—Net income available to common shareholders	¥4,959	34,762	¥142.64
Effect of dilutive securities— Warrants	–	1	
Diluted EPS—Net income for computation	¥4,959	34,763	¥142.64

13. SEGMENT INFORMATION

The Group operates in the following industries:

The outsourcing segment consists of engineering outsourcing and general outsourcing.

The engineering solutions segment provides service contents including analysis, test manufacturing of mold, and designing of printed-circuit board.

The global segment offers training and supply of foreign engineers.

The career support segment provides reemployment support to separated employees of its corporate clients on a contract basis and job referral service.

Information about industry segments, geographical segments and sales to foreign customers of the Company and subsidiaries for the years ended March 31, 2009 and 2008, is as follows:

a. Industry Segments

(1) Sales and Operating Income (Loss)

Millions of Yen

	2009					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Sales to customers	¥74,185	¥2,728	¥1,065	¥1,920	—	¥79,898
Intersegment sales	170	508	216	55	¥ (949)	—
Total sales	74,355	3,236	1,281	1,975	(949)	79,898
Operating expenses	64,645	3,113	1,756	2,093	(990)	70,617
Operating income (loss)	¥ 9,710	¥ 123	¥ (475)	¥ (118)	¥ 41	¥ 9,281

(2) Total Assets, Depreciation, Impairment Loss and Capital Expenditures

Millions of Yen

	2009					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Total assets	¥50,709	¥1,611	¥949	¥4,439	¥ (3,477)	¥54,231
Depreciation	1,112	42	19	54	—	1,227
Impairment loss	—	145	15	179	—	339
Capital expenditures	920	114	23	48	—	1,105

(1) Sales and Operating Income (Loss)

Thousands of U.S. Dollars

	2009					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Sales to customers	$756,990	$27,833	$10,874	$19,591	—	$815,288
Intersegment sales	1,732	5,186	2,201	564	$ (9,683)	—
Total sales	758,722	33,019	13,075	20,155	(9,683)	815,288
Operating expenses	659,639	31,771	17,917	21,356	(10,098)	720,585
Operating income (loss)	$ 99,083	$ 1,248	$ (4,842)	$ (1,201)	$ 415	$ 94,703

(1) Sales and Operating Income (Loss)

Millions of Yen

	2008					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Sales to customers	¥77,202	¥2,785	¥618	¥1,497	—	¥82,102
Intersegment sales	190	678	135	39	¥ (1,042)	—
Total sales	77,392	3,463	753	1,536	(1,042)	82,102
Operating expenses	65,434	3,217	1,158	1,996	(1,068)	70,737
Operating income (loss)	¥11,958	¥246	¥ (405)	¥ (460)	¥26	¥11,365

(2) Total Assets, Depreciation, Impairment Loss and Capital Expenditures

Thousands of U.S. Dollars

	2009					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Total assets	**$517,443**	**$16,441**	**$9,684**	**$45,290**	**$(35,484)**	**$553,374**
Depreciation	**11,349**	**424**	**191**	**553**	**—**	**12,517**
Impairment loss	**—**	**1,476**	**150**	**1,831**	**—**	**3,457**
Capital expenditures	**9,393**	**1,159**	**234**	**491**	**—**	**11,277**

Millions of Yen

	2008					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Total assets	¥53,876	¥1,703	¥970	¥4,526	¥ (3,290)	¥57,785
Depreciation	890	34	16	58	—	998
Impairment loss	398	—	—	127	—	525
Capital expenditures	2,204	44	32	36	—	2,316

b. Geographical Segments

The information about geographical segments for the years ended March 31, 2009 and 2008 is not disclosed because sales in Japan make up more than 90% of the total sales.

c. Sales to Foreign Customers

The information about sales to foreign customers for the years ended March 31, 2009 and 2008 is not disclosed because sales to domestic customers make up more than 90% of the total sales.

14. SUBSEQUENT EVENTS

(1) Transaction under Common Control (Corporate Demerger for the Purpose of Stock Transfer to a Third Party)

The following corporate demerger and corporate name change were effectuated on May 1, 2009.

a. Name of the demerged company and its business

Drake Beam Morin-Japan, Inc. ("DBM-J")

Career support business (general human resources consulting focusing on outplacement and career training)

b. Legal form of the demerger

Incorporation-type physical demerger in which DBM-J, a subsidiary of the Company, shall be the demerged company, while the newly incorporated company BMOA CORPORATION ("BMOA"), a wholly-owned subsidiary of DBM-J, shall be the successor company

c. New name of the companies after the demerger

Demerged company: BMOA CORPORATION, renamed from Drake Beam Morin-Japan, Inc. as of May 1, 2009

Newly-incorporated company: Drake Beam Morin-Japan, Inc.

d. Purpose of the demerger

In executing the transfer of the outplacement business managed by the Company's consolidated subsidiary DBM-J, the Company intended to exclude an appropriate amount of cash and deposits accumulated by DBM-J from the transferred assets. To facilitate this exclusion, DBM-J demerged the majority of its operation while the newly-incorporated subsidiary of DBM-J succeeded it, in a form of an incorporation-type corporate demerger.

e. Outline of transactions

The rights and obligations to be succeeded from the Company's subsidiary DBM-J by the newly-incorporated subsidiary of DBM-J included the assets, liabilities, employment contracts and other items related to the outplacement business as of the effective date of the demerger, unless otherwise provided in the corporate demerger plan dated March 24, 2009. (The majority of cash and deposits accumulated in the past by DBM-J were not succeeded by the newly-incorporated subsidiary.)

Since the new subsidiary incorporated in the course of the demerger is to be assigned the license from Drake Beam Morin, Inc. of the United States to use the name of Drake Beam Morin-Japan, Inc., the existing DBM-J, the demerged company, decided to change its corporate name to BMOA CORPORATION.

f. Outline of the accounting procedures applied

The assets, liabilities, employment contracts and other rights and obligations of the demerged company related to the outplacement business as of the effective date of the demerger, except an appropriate amount of cash and deposits accumulated by the demerged company and other items provided in the corporate demerger plan dated March 24, 2009, have been succeeded by the newly-incorporated company. The newly-incorporated company has net assets of ¥90 million ($918 thousand), and common stock of ¥50 million ($510 thousand).

g. Outline of the demerged company

Corporate name: BMOA CORPORATION (renamed upon the demerger from Drake Beam Morin-Japan, Inc.)

Head office location: 8-5-26 Akasaka, Minato-ku, Tokyo (relocated upon the demerger from 1-11-1 Osaki, Shinagawa-ku, Tokyo)

Common stock: ¥450 million ($4,592 thousand)

Number of outstanding shares: 7,039,000 shares

h. Outline of the newly-incorporated company

Corporate name: Drake Beam Morin-Japan, Inc.

Head office location: 1-11-1 Osaki, Shinagawa-ku, Tokyo

Common stock: ¥50 million ($510 thousand)

Number of outstanding shares: 100 shares

(2) Business Combination Concerning a Subsidiary (Transfer of Shares of a Subsidiary)

The following share transfer was effectuated on May 1, 2009.

a. Name of the company the shares of which were transferred

Drake Beam Morin-Japan, Inc. ("DBM-J") (the subsidiary newly incorporated in the course of the incorporation-type demerger dated May 1, 2009)

b. The company to which the shares were transferred

Tempstaff Co., Ltd. ("Tempstaff") (Tempstaff is a third-party company which does not belong to the Meitec Group or has no capital or other business relationship.)

Head office location: 2-1-1 Yoyogi, Shibuya-ku, Tokyo

c. **Businesses of Drake Beam Morin-Japan, Inc. and Tempstaff Co., Ltd.**

DBM-J: Career support business (general human resources consulting focusing on outplacement and career training)
Tempstaff: Temporary staffing business, placement service business, and childcare service business

d. **Purpose of the share transfer**

Owing to the recent rapid deterioration in economic conditions, the Meitec Group has been reviewing its business strategy from the perspective of the survival and growth of its core temporary engineers staffing business. As a part of this review, the Company decided to transfer the outplacement business managed by its subsidiary DBM-J.

e. **Outline of transactions**

All shares (100 shares) of DBM-J held by BMOA CORPORATION ("BMOA") were transferred to Tempstaff on May 1, 2009.

f. **Outline of the accounting procedures applied**

All shares of DBM-J held by BMOA were transferred to Tempstaff at the transfer price of ¥285 million ($2,908 thousand). The Company has recorded an impairment loss on the consolidation goodwill for the year ended March 31, 2009, the amount of which was measured based on this transfer price (net selling value) as the recoverable amount.

g. **Industry segment in which the accounts of DBM-J had been included**

Career Support segment

h. **Amounts of net sales and operating income of DBM-J included in the statement of income for the year ended March 31, 2009**

Net sales: ¥1,484 million ($15,138 thousand)
Operating income: ¥14 million ($140 thousand)

Supplemental Non-Consolidated Balance Sheets (Unaudited)

MEITEC CORPORATION and Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
ASSETS	**2009**	2008	**2009**
CURRENT ASSETS:			
Cash and cash equivalents	**¥16,130**	¥14,843	**$164,593**
Short-term investments	**600**	1,900	**6,122**
Notes and accounts receivable:			
Trade notes and accounts	**8,806**	10,287	**89,854**
Subsidiaries	**4**	25	**46**
Allowance for doubtful accounts	**(3)**	(2)	**(28)**
Inventories	**20**	18	**201**
Deferred tax assets	**1,879**	2,238	**19,172**
Short-term loans to subsidiaries	**700**	1,065	**7,143**
Prepaid expenses and other	**1,218**	988	**12,430**
Total current assets	**29,354**	31,362	**299,533**
PROPERTY AND EQUIPMENT:			
Land	**3,583**	3,583	**36,557**
Buildings and structures	**19,882**	19,852	**202,879**
Furniture and fixtures	**2,330**	2,669	**23,783**
Other	**172**	373	**1,754**
Total	**25,967**	26,477	**264,973**
Accumulated depreciation	**(13,381)**	(13,348)	**(136,546)**
Net property and equipment	**12,586**	13,129	**128,427**
INVESTMENTS AND OTHER ASSETS:			
Investment securities	**570**	1,288	**5,820**
Investments in and advances to subsidiaries and associated companies	**5,156**	6,868	**52,608**
Software	**2,971**	235	**30,313**
Software in process	**2**	2,520	**24**
Leasehold deposits	**870**	870	**8,875**
Deferred tax assets	**2,814**	2,636	**28,710**
Other	**90**	96	**921**
Total investments and other assets	**12,473**	14,513	**127,271**
TOTAL	**¥54,413**	¥59,004	**$555,231**

Note: The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥98 to $1, the approximate rate of exchange at March 31, 2009.

LIABILITIES AND EQUITY	Millions of Yen 2009	2008	Thousands of U.S. Dollars 2009
CURRENT LIABILITIES:			
Income taxes payable	**¥ 1,121**	¥ 2,228	**$ 11,441**
Deposits from subsidiaries	**4,352**	4,437	**44,409**
Accrued expenses	**5,667**	6,599	**57,826**
Other	**1,509**	1,898	**15,392**
Total current liabilities	**12,649**	15,162	**129,068**
LONG-TERM LIABILITIES:			
Liability for retirement benefits	**6,948**	6,354	**70,895**
Deferred tax liabilities for land revaluation	**42**	42	**430**
Total long-term liabilities	**6,990**	6,396	**71,325**
EQUITY:			
Common stock—authorized, 142,854 thousand shares in 2009 and 2008; issued, 35,100 thousand shares in 2009 and 35,442 thousand shares in 2008	**16,826**	16,826	**171,692**
Capital surplus	**14,452**	15,481	**147,467**
Retained earnings	**10,257**	10,033	**104,669**
Unrealized gain on available-for-sale securities	**13**	104	**136**
Land revaluation difference	**(883)**	(883)	**(9,011)**
Treasury stock—at cost, 1,949 thousand shares in 2009 and 1,115 thousand shares in 2008	**(5,891)**	(4,115)	**(60,115)**
Total equity	**34,774**	37,446	**354,838**
TOTAL	**¥54,413**	¥59,004	**$555,231**

Supplemental Non-Consolidated Statements of Operations (Unaudited)

MEITEC CORPORATION and Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
NET SALES	**¥60,458**	¥62,956	**$616,918**
COST OF SALES	**43,110**	43,875	**439,896**
Gross profit	**17,348**	19,081	**177,022**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**8,541**	8,620	**87,152**
Operating income	**8,807**	10,461	**89,870**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**492**	279	**5,023**
Interest expense	**(8)**	(8)	**(81)**
Gain (loss) on sale of marketable and investment securities—net	**6**	(143)	**60**
Loss on devaluation of marketable and investment securities	**(3)**	—	**(34)**
Loss on devaluation of investments in subsidiaries	**(2,484)**	(433)	**(25,346)**
Loss on investments in partnership—net	**(28)**	(4)	**(289)**
Loss on sale and disposal of fixed assets—net	**(369)**	(15)	**(3,766)**
Impairment loss	**—**	(398)	**—**
Loss on change in pension plans	**(56)**	(1,080)	**(571)**
Other—net	**33**	29	**334**
Other expenses—net	**(2,417)**	(1,773)	**(24,670)**
INCOME BEFORE INCOME TAXES	**6,390**	8,688	**65,200**
INCOME TAXES:			
Current	**3,169**	4,090	**32,336**
Deferred	**223**	(340)	**2,269**
Total income taxes	**3,392**	3,750	**34,605**
NET INCOME	**¥ 2,998**	¥ 4,938	**$ 30,595**

	Yen		U.S. Dollars
	2009	2008	**2009**
PER SHARE OF COMMON STOCK:			
Basic net income	**¥88.70**	¥142.05	**$0.91**
Diluted net income	**—**	142.05	**—**
Cash dividends applicable to the year	**75**	72	**0.77**

Notes:

1. The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥98 to $1, the approximate rate of exchange at March 31, 2009.
2. The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The weighted average number of common shares used in the computation of basic net income was 33,804 thousand shares for 2009 and 34,762 thousand shares for 2008.
3. Diluted net income per share for 2009 is not presented, since there were no potentially dilutive shares as of March 31, 2009.

CORPORATE DATA

(As of March 31, 2009)

MEITEC CORPORATION

Corporate Headquarters
8-5-26, Akasaka, Minato-ku, Tokyo 107-0052, Japan
Tel: +81-3-5413-2600

Registered Corporate Headquarters
2-20-1, Kousei Dori, Nishi-ku, Nagoya, Aichi 451-0075, Japan
Tel: +81-52-532-1811

Establishment
July 17, 1974

Common Stock
Authorized: 142,854,400 shares
Issued: 35,100,000 shares

Shareholders
7,451

Employees (consolidated)
8,588

Lines of Business
Providing engineering services to major Japanese manufacturing companies in the fields of high-technology research and development

Consolidated Subsidiaries

Full-Line Temporary Staffing Business
Meitec Fielders Inc.
Meitec Cast Inc.
Meitec Experts Corporation

Engineering Solutions Business
Three D Tec Inc.[Note1]
Apollo Giken Co., Ltd.
Shanghai Apomac Science & Technology
Meitec CAE Corporation

Global Business
Meitec Global Solutions Inc.
Meitec Shanghai
MEITEC Hangzhou TechnoCenter Co., Ltd.[Note2]
MEITEC Dalian TechnoCenter Co., Ltd.
MEITEC Guangzhou TechnoCenter Co., Ltd.[Note2]
MEITEC Xian TechnoCenter Co., Ltd.
MEITEC Chengdu TechnoCenter Co., Ltd.
MEITEC Shanghai Human Resources Co., Ltd.

Career Support Business
Drake Beam Morin-Japan, Inc.[Note3]
Meitec Next Corporation
All engineer.jp

DIRECTORS, AUDITORS AND EXECUTIVE OFFICERS

(As of June, 24, 2009)

Directors

KOSUKE NISHIMOTO
CEO, MEITEC Group
Representative Director and President
Executive officer for the business execution

KANJI FUKUDA
Executive officer for Global Business

HIDEYO KOKUBUN
MEITEC executive officers
Executive officer for the Sales Promotion Center

HIROSHI YONEDA
Executive officer for Career Support Business

KIYOMASA NAKAJIMA
MEITEC executive officers
Executive officer for the Office of the President, the Corporate Communication Department, the Personnel Department, the Administrative Department, the Techno-Center, the IT Service Center, the Group Recruit Center, the Office of Auditor, and the Office of CSR

MASATO UEMURA
MEITEC executive officers
Executive officer for the Corporate Planning Department and the Financial & Accounting Center

KIYOSHI MAMIZU
Outside Director

Auditors

YOSHINORI TAKAMINE
Standing Auditor

MASATOSHI SAITO
Outside Corporate Auditor

HIROSHI WATANABE
Outside Corporate Auditor

Executive officers

HIDENORI NAGASAKA
Executive officer for the Central Japan Area

SATOSHI YANAGISAWA
Executive officer for the Group Career Support Center

AKIYOSHI OGASAWARA
Executive officer for the Eastern Japan Area

KOUICHI NAKAGAWA
Executive officer for the Western Japan Area

JUN SAMUKAWA
Executive officer for the Kanagawa and Shizuoka Area

Notes:
1. Three D Tec Inc. is executing a business transfer to Meitec CAE Corporation during the year ending March 31, 2010.
2. MEITEC Guangzhou TechnoCenter Co., Ltd. and MEITEC Hangzhou TechnoCenter Co., Ltd. are suspending vocational training business.
3. Drake Beam Morin-Japan, Inc. was transferred to Tempstaff Co., Ltd., effective May 1, 2009

WEB SITE INFORMATION

Meitec Corporation has developed an Internet Web site to disclose its most current corporate information, including materials on such key management indicators as monthly utilization ratios, as well as financial reports, quarterly reports and performance-adjustment announcements.

MAIN CONTENTS

- Business Performance (monthly utilization ratio of Meitec and Meitec Fielders, and other information)
- Stock Price
- Financial Results and Announcements
- Annual Report

Meitec offers a service that provides registered users of its mailing list with e-mail notification when new information is added to the Company's Web site.

Please see the URL below for details.

URL: http://www.meitec.co.jp

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