MEITEC
THE ENGINEERING OUTSOURCING® COMPANY

People and Technology Leading the Way to the Future

Semi-Annual Report 2008
Six months ended September 30, 2007

Following the concept of “Mutual Growth and Prosperity,” Meitec Corporation’s Engineering Outsourcing services have supported the technological development of more than 4,000 companies throughout Japan. As the leading company in the industry, Meitec launched its consolidated management plan, Global Vision 21, in April 2003 to ensure that it continues to play a vital role as an ultimate personal office and engineering division for the entire manufacturing industry, and contributes to society by utilizing the full potential of engineers, an invaluable management resource.

Future Forecast Disclaimer

The projected MEITEC results, management strategies, and beliefs about the future presented in this Semi-annual Report 2008 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.

CONSOLIDATED FINANCIAL HIGHLIGHTS

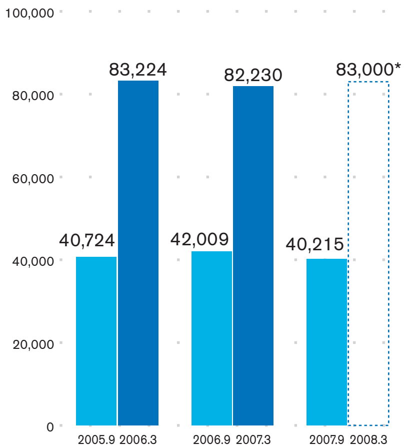
MEITEC CORPORATION AND SUBSIDIARIES

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	Six Months Ended September 30		Year Ended March 31	Six Months Ended September 30
	2007	2006	**2007**	**2007**
Net Sales	**¥40,215**	¥42,009	**¥82,230**	**$349,699**
Operating Income	**5,281**	5,930	**11,582**	**45,923**
Net Income (Loss)	**2,596**	(2,703)	**295**	**22,571**
Total Assets	**58,146**	59,422	**57,479**	**505,619**
Total Equity (Note 2)	**38,148**	39,792	**38,684**	**331,725**
	Yen			U.S. Dollars
Per Share of Common Stock:				
Total Equity (Note 2)	**¥1,089.78**	¥1,103.51	**¥1,092.80**	**$9.48**
Cash Dividends	**37.50**	44.00	**89.00**	**0.33**
Basic Net Income (Loss) (Note 3)	**74.02**	(74.32)	**8.20**	**0.64**

Notes: 1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥115 to $1, the approximate exchange rate prevailing as of September 30, 2007.
2. The amount of total equity and total equity per share at September 30, 2007 and 2006, respectively, represents the value of total shareholders' equity and total shareholders' equity per share, respectively.
3. Basic net income (loss) per share is computed based on the weighted average number of shares outstanding during each term.

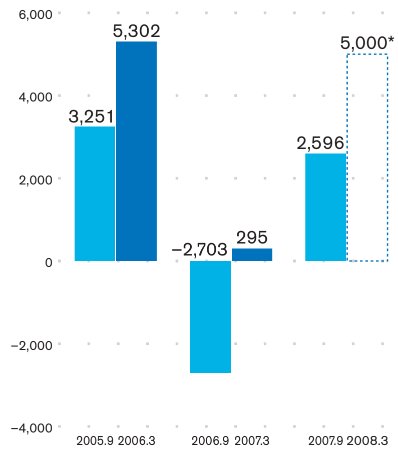
NET SALES

(Millions of Yen)



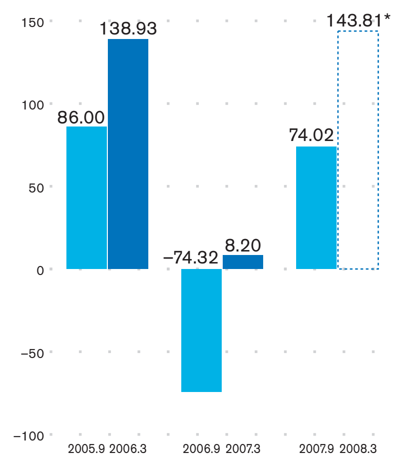
NET INCOME

(Millions of Yen)



BASIC NET INCOME PER SHARE

(Yen)



*Forecasts are for the period ending March 31, 2008.

TO OUR SHAREHOLDERS

I would like to express my sincere appreciation for your continuing support of Meitec Corporation. I am pleased to present our semiannual report for the six-month period ended September 30, 2007.

The outlook for the Japanese economy during the first half of fiscal 2008 (April 1, 2007 through September 30, 2007) was clouded by concerns arising from such factors as the appreciation of fuel costs, and a lack of transparency in the U.S. economy arising from the subprime loan problem. However, the economy grew overall against a backdrop of improvement in corporate earnings and robust personal consumption. In particular, Meitec's main client base, the manufacturing industry, despite disparity among companies, continued to invest for development in strategic fields, and capital expenditures.

OVERVIEW OF CONSOLIDATED RESULTS

Net sales for the subject interim period declined ¥1,794 million from the same period of the previous fiscal year to ¥40,215 million, due mainly to a lessening of the downside risk that had underlaid the business since the previous fiscal year, specifically the impact from reduced revenue following the sales of Novations Group Inc. in August 2006. Operating income, as a result of increases in recruitment-related costs in the Temporary Staffing Business and other factors, also fell ¥649 million to ¥5,281 million, and ordinary income was down ¥648 million to ¥5,276 million.

Net income, however, increased ¥5,299 million from the same period of the previous fiscal year to ¥2,596 million due to the elimination of a loss coverage related to a substantial lessening of risk factors compared to the same period of the previous fiscal year.

OVERVIEW OF RESULTS BY SEGMENT

Temporary Staffing Business

The Temporary Staffing Business accounts for more than 90% of Meitec's consolidated net sales. In this particularly mainstay business, Meitec maintained a high utilization rate against a backdrop of continued strong orders, as well as implemented appropriate increases in contract amounts.

Net sales for the subject interim period (including intersegment sales), declined ¥135 million from the same period of the previous fiscal year, mainly due to a decrease in utilization times likely the result of shorter hours. By industry, sales remained strong in the automotive, electronic devices, and semiconductor fields.

Operating income declined, primarily because of an increase in up-front investment costs to increase the number of engineers. Such investments, although adding to bottom-line costs and putting pressure on earnings, by expanding the number of engineers can be expected to result in increases in both revenue and earnings in a "J"-shaped curve.

The number of engineers during the subject interim period was up by 184 from the same period of the previous fiscal year to 7,501 engineers, which we believe gives sufficient reason to expect increases in revenue and earnings during the second half of the subject fiscal year, compared to the same period a year earlier.

Engineering Solutions Business

The Engineering Solutions Business utilizes the temporary engineer staffing network to provide engineering support mainly for three-dimensional CAD design, printed circuit board design, and analysis-related technologies.

This business, despite a continued difficult business climate arising for customer demands for higher quality and lower costs, recorded increases in both revenue and earnings over the same period of the previous fiscal year.

In particular, both Apollo Giken Co., Ltd. and Meitec Shanghai achieved profitability during the subject interim period, reversing the losses recorded during the same period a year earlier as the benefits of business restructuring measures began to take effect. Three D Tec Inc. (3D Tec), Information Management System Co., Ltd. (IMS), and Meitec CAE Corporation, however, recorded slight decreases as a result of greater up-front investment costs to enhance service content and strengthen operating activities, through these were basically in line with the Company's expectations.

Global Business

The Global Business consists primarily of personnel training and supply, mainly in China.

The "bridge engineer" business (in which Chinese engineers are trained at Meitec's facilities in China and referred or dispatched to companies in Japan) focused on developing latent demand. Net sales in the Global Business more than doubled from the same period of the previous fiscal year, making an increasingly larger contribution to consolidated net sales.

This business is still in the start-up stage, however, and we expect up-front costs required to continually stimulate demand, and to secure and train Chinese engineers, to exceed revenues for some time.

Concurrently, the number of Chinese engineers secured is steadily growing, with the number of engineers employed by Meitec Global Solutions Inc. (MGS) reaching 156 at the end of the subject interim period, and we believe the business will make a greater degree of contribution to higher revenue and earnings in the future.

Career Support Business

The Career Support Business consists of an outplacement business and human resources business.

The outplacement business continues to face a difficult environment for orders in the face of a cooling of corporate personnel cuts and other restructuring measures. The human resources business, which specializes in engineers, also faces an extremely difficult business climate.

Under such circumstances, along with the impact from the sale of Novations Group Inc. in August 2006, the Career Support Business recorded decreases in both revenue and earnings compared to the same period of the previous fiscal year.

However, the business is making a determined effort to improve its earnings structure through such measures as consolidation of business offices in response to business scale, and the introduction of a performance-linked human resource structure.

FORECASTS FOR FISCAL 2008

Although the outlook for the U.S. economy remains uncertain, Meitec is announcing its forecasts for the full year of fiscal 2008 in the expectation of continued growth in the worldwide and Japanese economy.

Meitec's current forecast for net sales is ¥83,000 million, down ¥1,000 million from the initial forecast. The main reasons for the revision, compared with the time of the initial forecast, are a softening of utilization hours and other factors stemming from shorter working hours in the Temporary Staffing Business, and the Global Business falling slightly short of its target utilization rate, as well as a reflection of the difficult business environment in the Career Support Business. However, we believe that there is sufficient leeway for cost control, and have made no change to forecasts for operating income, ordinary income, or net income.

At the same time, for the second half of fiscal 2008 the Company is forecasting increases in both revenue and earnings compared to the same period of the previous fiscal year. This is because of the elimination of the decline caused by the sale of Novations Group Inc., along with an increase in the number of engineers for the Temporary Staffing Business due to aggressive mid-career hiring, and an expectation of a high utilization rate against a backdrop of robust orders. Operating income is expected to grow at a slower pace because of ongoing up-front investment costs to increase the number of engineers, but we will strive to achieve our targets through steady increases in earnings along a "J"-shaped curve.

Thank you for your continued support of Meitec.

November 2007

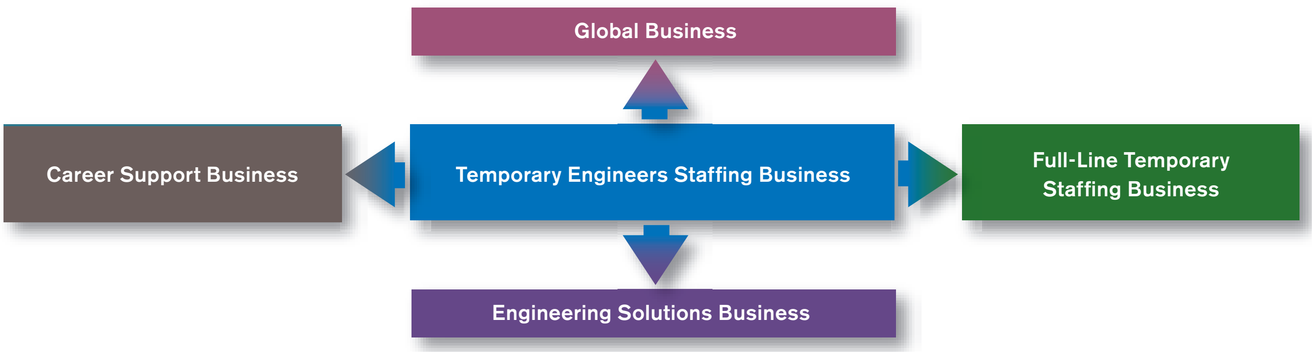
Kosuke Nishimoto
President, CEO & COO

GROUP STRATEGY

The Meitec Group focuses on its core Temporary Engineers Staffing Business, from which it extends into four areas: the Full-Line Temporary Staffing Business; the Engineering Solutions Business; the Global Business; and the Career Support Business. Each Group company forms organic connections with the others while making effective use of its own strengths, as the Group grows in these four directions.

This "gateway strategy" allows us to provide on a Group-wide basis the various resources and services necessary to the business processes of the manufacturing industry, our principal client.

MEITEC GROUP'S BUSINESS DOMAINS



■ Temporary Engineers Staffing Business

Engineering outsourcing (design and development of machinery, electricity, electronics and computer software and other specialized outsourcing). This business area is handled by Meitec.

■ Full-Line Temporary Staffing Business

Engineering outsourcing in technical fields different from Meitec, handled by Meitec Fielders and a registration-style temporary staffing business handled by Meitec Cast. Meitec Experts handles the temporary senior engineering staff business.

■ Engineering Solutions Business

Engineering solutions for the creation of prototypes and circuit boards corresponding to design and development are handled by Three D Tec, IMS and Apollo Giken. Meitec CAE handles outsourcing and staffing for all types of mechanical CAE.

■ Global Business

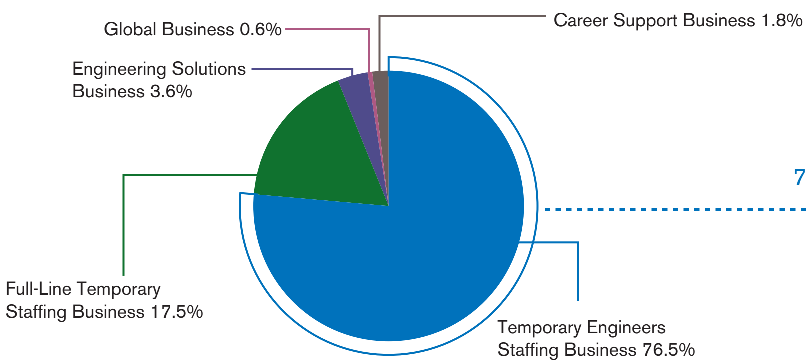
Training and consulting to develop engineers overseas, is the main business focus of the following subsidiaries: Meitec Global Solutions, Meitec Shanghai, Meitec Dalian, Meitec Guangzhou, Meitec Xian, Meitec Chengdu, and ZHEJIANG MI High Technology.

■ Career Support Business

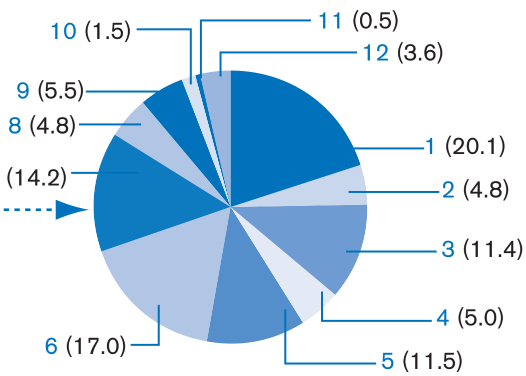
Career development for employees of client and outplacement business, handled by Drake Beam Morin-Japan, Inc., and job placement business for engineers, handled by Meitec Next, and Internet-based information services for engineers, handled by All engineer.jp.

OPERATIONAL REVIEW

REVENUE BY MEITEC GROUP'S BUSINESS DOMAIN

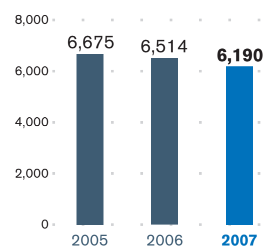


MEITEC REVENUES BY CUSTOMER



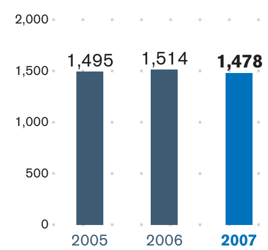
1 Automobile/Transportation 20.1%

NET SALES (Millions of Yen)



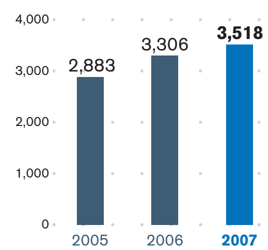
2 Aircraft/Aerospace 4.8%

NET SALES (Millions of Yen)



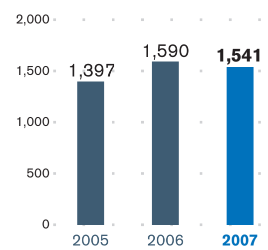
3 Industrial Machinery 11.4%

NET SALES (Millions of Yen)



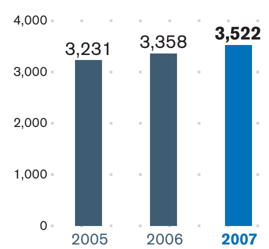
4 Precision Equipment 5.0%

NET SALES (Millions of Yen)



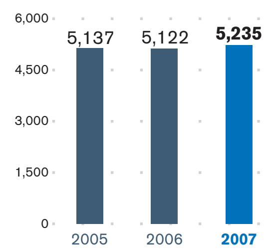
5 IT-Related Hardware and Devices 11.5%

NET SALES (Millions of Yen)



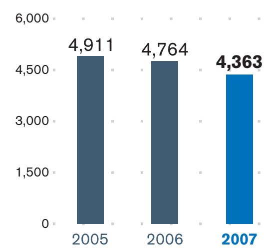
6 Electric and Elecronics 17.0%

NET SALES (Millions of Yen)



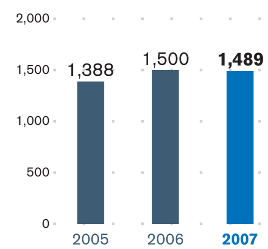
7 Semiconductors and Integrated Circuit Design 14.2%

NET SALES (Millions of Yen)



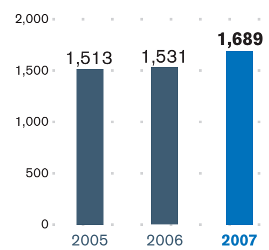
8 Semiconductor Equipment and Devices 4.8%

NET SALES (Millions of Yen)



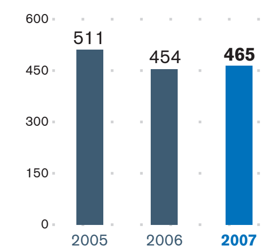
9 Information Processing Software 5.5%

NET SALES (Millions of Yen)



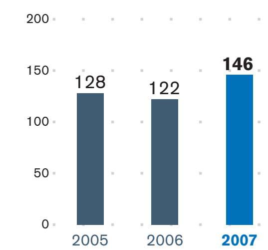
10 Plant 1.5%

NET SALES (Millions of Yen)



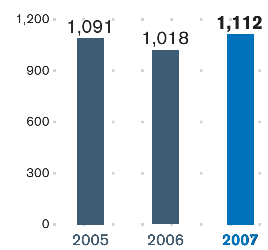
11 Construction 0.5%

NET SALES (Millions of Yen)



12 Other 3.6%

NET SALES (Millions of Yen)



SEMI-ANNUAL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

MEITEC CORPORATION AND SUBSIDIARIES
SEPTEMBER 30, 2007 AND 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2007	2006	2007
CURRENT ASSETS:			
Cash and cash equivalents	¥ 15,395	¥ 15,888	$ 133,872
Short-term investments (Note 3)	4,177	4,369	36,326
Notes and accounts receivable:			
Trade notes and accounts	12,687	13,178	110,322
Allowance for doubtful accounts	(11)	(12)	(92)
Inventories (Note 4)	561	652	4,874
Deferred tax assets (Note 11)	2,486	2,633	21,618
Prepaid expenses and other	846	856	7,354
Total current assets	36,141	37,564	314,274
PROPERTY AND EQUIPMENT:			
Land	3,715	3,909	32,306
Buildings and structures	21,210	21,368	184,435
Furniture and fixtures	3,157	3,152	27,449
Other	292	301	2,542
Total	28,374	28,730	246,732
Accumulated depreciation	(14,500)	(13,912)	(126,091)
Net property and equipment	13,874	14,818	120,641
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	1,146	1,518	9,961
Investments in associated companies		17	
Consolidation goodwill	699	739	6,076
Software in process	1,420	247	12,346
Leasehold deposits	1,179	1,184	10,254
Deferred tax assets (Note 11)	2,730	2,157	23,741
Other	957	1,178	8,326
Total investments and other assets	8,131	7,040	70,704
TOTAL	¥ 58,146	¥ 59,422	$ 505,619

LIABILITIES AND EQUITY	Millions of Yen 2007	Millions of Yen 2006	Thousands of U.S. Dollars (Note 1) 2007
CURRENT LIABILITIES:			
Accounts payable	¥ 55	¥ 53	$ 479
Income taxes payable	2,530	2,024	21,999
Accrued expenses	7,902	7,853	68,710
Other	2,877	3,794	25,017
Total current liabilities	13,364	13,724	116,205
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 6)	6,575	5,800	57,175
Deferred tax liabilities for land revaluation (Note2(h))	42	42	366
Other	17	64	148
Total long-term liabilities	6,634	5,906	57,689
EQUITY (Note 7):			
Common stock:			
Authorized:			
142,854 thousand shares in 2007			
142,854 thousand shares in 2006			
Issued:			
35,442 thousand shares in 2007			
36,842 thousand shares in 2006	16,826	16,826	146,312
Capital surplus	15,481	15,481	134,614
Retained earnings	8,798	11,706	76,504
Unrealized Gain on available-for-sale Securities	181	236	1,571
Land Revaluation Difference(Note2(h))	(883)	(944)	(7,679)
Foreign Currency Translation Adjustments	49	17	432
Treasury stock - at cost			
675 thousand shares in 2007 and 966 thousand shares in 2006	(2,563)	(3,732)	(22,285)
Total	37,889	39,590	329,469
Minority Interests	259	202	2,256
Total equity	38,148	39,792	331,725
TOTAL	¥ 58,146	¥ 59,422	$ 505,619

See notes to semi-annual consolidated financial statements.

SEMI-ANNUAL CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

MEITEC CORPORATION AND SUBSIDIARIES
SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
NET SALES	¥ 40,215	¥ 42,009	$ 349,699
COST OF SALES	28,522	29,428	248,022
Gross profit	11,693	12,581	101,677
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,412	6,651	55,754
Operating income	5,281	5,930	45,923
OTHER INCOME (EXPENSES):			
Interest and dividend income	17	20	151
Interest expense			(1)
Foreign exchange loss	(9)	(44)	(74)
Equity in losses of associated companies		(7)	
Loss on investments in partnership – net	(4)	(5)	(34)
Loss on sale of marketable and investment securities – net	(7)		(62)
Loss on sales and disposals of property and equipment – net	(22)	(16)	(191)
Impairment loss (Note 9,10)	(398)	(4,292)	(3,462)
Loss on sales of foreign operations(Note 10)		(669)	
Other – net	(2)	(29)	(20)
Other expenses – net	(425)	(5,042)	(3,693)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	4,856	888	42,230
INCOME TAXES (Note 11):			
Current	2,535	2,811	22,051
Deferred	(306)	774	(2,658)
Total income taxes	2,229	3,585	19,393
MINORITY INTERESTS IN NET INCOME	31	6	266
NET INCOME (LOSS)	¥ 2,596	¥ (2,703)	$ 22,571

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2(p) and 13):			
Basic net income (loss)	¥ 74.02	¥ (74.32)	$ 0.64
Diluted net income	74.02		0.64
Cash dividends applicable to the six months	37.50	44.00	0.33

See notes to semi-annual consolidated financial statements.

SEMI-ANNUAL CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

MEITEC CORPORATION AND SUBSIDIARIES

SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2006	36,536	¥ 16,826	¥ 15,481	¥ 16,228	¥ 286	¥ (944)	¥ (11)	¥ (1,198)	¥ 46,668		¥ 46,668
Reclassified balance as of May 31,2006(Note 2.j)										¥ 192	192
Net income				295					295		295
Cash dividends, ¥90.5 per share				(3,277)					(3,277)		(3,277)
Bonuses to directors				(118)					(118)		(118)
Purchase of treasury stock	(1,355)							(5,107)	(5,107)		(5,107)
Disposal of treasury stock	5			(3)				18	15		15
Retirement of treasury stock				(5,278)				5,278			
Net change in the year					(63)		39		(24)	40	16
BALANCE, MARCH 31, 2007	35,186	16,826	15,481	7,847	223	(944)	28	(1,009)	38,452	232	38,684
Net income				2,596					2,596		2,596
Cash dividends, ¥44.0 per share				(1,584)					(1,584)		(1,584)
Purchase of treasury stock	(418)							(1,554)	(1,554)		(1,554)
Disposal of treasury stock											
Reversal of land revaluation difference				(61)		61					
Net change in the year					(42)		21		(21)	27	6
BALANCE, SEPTEMBER 30, 2007	34,768	¥ 16,826	¥ 15,481	¥ 8,798	¥ 181	¥ (883)	¥ 49	¥ (2,563)	¥ 37,889	¥ 259	¥ 38,148

	Thousands of U.S. Dollars (Note 1)									
BALANCE, MARCH 31, 2007	$ 146,312	$ 134,614	$ 68,234	$ 1,945	$ (8,212)	$ 240	$ (8,773)	$ 334,360	$ 2,018	$ 336,378
Net income			22,571					22,571		22,571
Cash dividends, $0.38 per share			(13,768)					(13,768)		(13,768)
Purchase of treasury stock							(13,513)	(13,513)		(13,513)
Disposal of treasury stock							1	1		1
Reversal of land revaluation difference			(533)		533					
Net change in the year				(374)		192		(182)	238	56
BALANCE, SEPTEMBER 30, 2007	$ 146,312	$ 134,614	$ 76,504	$ 1,571	$ (7,679)	$ 432	$ (22,285)	$ 329,469	$ 2,256	$ 331,725

See notes to consolidated financial statements.

SEMI-ANNUAL CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

MEITEC CORPORATION AND SUBSIDIARIES
SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 4,856	¥ 888	$ 42,230
Adjustments for:			
Income taxes − paid	(1,542)	(4,290)	(13,409)
Depreciation and amortization	513	572	4,457
Amortization of consolidation goodwill	20	79	176
Equity in losses of an associated company		7	
Loss on sales and disposals of fixed assets − net	16	13	139
Loss on sales of foreign operations		669	
Loss on investments in partnership − net	4	5	34
Impairment Loss	398	4,292	3,462
Changes in assets and liabilities:			
(Increase) decrease in trade notes and accounts	578	(425)	5,027
(Increase) decrease in inventories	(133)	152	(1,160)
Increase (decrease) in accrued expenses	(121)	263	(1,054)
Increase (decrease) in consumption taxes payable	(38)	255	(332)
Increase in liability for retirement benefits	399	371	3,468
Increase in other current liabilities	69	289	603
Other − net	47	(44)	416
Total adjustments	210	2,208	1,827
Net cash provided by operating activities	5,066	3,096	44,057
INVESTING ACTIVITIES:			
Purchases of short-term investments	(372)	(300)	(3,238)
Proceeds from sales of short-term investments	744	50	6,473
FINANCING ACTIVITIES:			
Acquisition of treasury stock	(1,554)	(2,553)	(13,513)
Proceeds from sales of treasury stock		16	1
Dividends paid	(1,589)	(1,697)	(13,819)
Net cash used in financing activities	(3,143)	(4,234)	(27,331)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	30	6	258
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,418	(1,387)	12,330
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,977	17,275	121,542
CASH AND CASH EQUIVALENTS, END OF PERIOD	¥ 15,395	¥ 15,888	$ 133,872

See notes to semi-annual consolidated financial statements.

NOTES TO SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MEITEC CORPORATION AND SUBSIDIARIES
SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

1. BASIS OF PRESENTING SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The accompanying semi-annual consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law 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 semi-annual consolidated financial statements, certain reclassifications and rearrangements have been made to the semi-annual consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2006 semi-annual consolidated financial statements to conform to the classifications used in 2007.

The semi-annual consolidated financial statements are stated in Japanese yen, the currency of the country in which MEITEC CORPORATION (the "Company") is incorporated and operates. The translation 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 ¥115 to $1, the approximate rate of exchange at September 30, 2007. 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 semi-annual consolidated financial statements for the six-month period ended September 30, 2007 include the accounts of the Company and its sixteen (fourteen in 2006) subsidiaries (together, the "Group").

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.

There is no associated company in 2007, while one associated company was accounted for by the equity method in 2006.

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) Business Combination

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.

Under the accounting standard for business separations, in a business separation where the interests of the investor no longer continue and the investment is settled, the difference between the fair value of the consideration received for the transferred business and the book value of net assets transferred to the separated business is recognized as a gain or loss on business separation in the consolidated statement of income. In a business separation where the interests of the investor continue and the investment is not settled, no such gain or loss on business separation is recognized.

(c) 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 or become due within three months from the date of acquisition.

(d) Inventories

Inventories are stated at cost determined by the specific identification method.

(e) 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.

(f) Property and Equipment

Property and equipment are stated at cost. Depreciation is principally computed by the declining-balance method at rates 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.

(g) 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.

(h) 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.

In the six-month period ended September 30, 2006, the Group reviewed collectibility of deferred tax assets relating to land revaluation difference and, as a result, a valuation allowance of ¥672 million was provided. The effect is included in income tax-deferred in the semi-annual consolidated statement of operations.

At September 30, 2007, the carrying amount of the land after the one-time revaluation exceeded the market value by ¥1,505 million ($13,092 thousand).

(i) Retirement and Pension Plans

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.

The liability for retirement benefits is accounted for based on the projected benefit obligations and plan assets at the balance sheet date.

(j) 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 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 (if applicable). This standard is effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheets as of September 30, 2007 and 2006, respectively, are presented in line with this new accounting standard.

(k) Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain ″as if capitalized″ information is disclosed in the notes to the lessee's financial statements.

(l) Income Taxes

The provision for current income taxes is computed based on the pretax income included in the consolidated statements of operations. 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.

(m) Appropriations of Retained Earnings

Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

(n) 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 operations to the extent that they are not hedged by forward exchange contracts.

(o) Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries 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 Japanese yen at the average exchange rate.

(p) 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 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 semi-annual consolidated statements of income are dividends applicable to the respective periods including dividends to be paid after the end of the period.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities at September 30, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Short-term investments:			
Time deposits	¥ 1,900	¥ 2,500	$ 16,522
Debt securities	298		2,595
Other	1,979	1,869	17,209
Total	¥ 4,177	¥ 4,369	$ 36,326
Investment securities:			
Equity securities	¥ 803	¥ 954	$ 6,986
Debt securities	99	198	862
Other	244	366	2,113
Total	¥ 1,146	¥ 1,518	$ 9,961

The carrying amounts and aggregate fair values of marketable and investment securities at September 30, 2007 and 2006 were as follows:

September 30, 2007

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 414	¥ 320	¥ (8)	¥ 726
Debt securities	399		(1)	398
Other	2,022	4	(47)	1,979

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 3,602	$ 2,782	$ (66)	$ 6,318
Debt securities	3,470		(13)	3,457
Other	17,582	32	(405)	17,209

September 30, 2006

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 453	¥ 425	¥ (6)	¥ 872
Debt securities	199		(1)	198
Other	1,901	2	(34)	1,869

Available-for-sale securities whose fair value is not readily determinable at September 30, 2007 and 2006 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Equity securities	¥ 77	¥ 82	$ 668
Other	243	366	2,113
Total	¥ 320	¥ 448	$ 2,781

4. INVENTORIES

Inventories at September 30, 2007 and 2006 consisted mainly of work in process related to career support and engineering outsourcing.

5. LONG-TERM DEBT

At September 30, 2007 and 2006, the Company had loan commitments from six banks and two insurance companies, in an aggregate amount of ¥6,000 million ($52,174 thousand). There were no loans utilized and outstanding under these arrangements at September 30, 2007 and 2006.

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, or by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

7. EQUITY

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Corporate Law, 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 Corporate Law 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 Corporate Law 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 Corporate Law 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 Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law 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 Corporate Law 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 Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Corporate Law 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 PLAN

The stock option outstanding as of September 30, 2007 is as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Approval	Exercise Price	Exercise Period
1998 Stock Option	11 directors 44 key employees	121,500	June 26, 1998	¥ 5,530 ($48)	From June 27, 2000 to June 26, 2008
1999 Stock Option	9 directors 46 key employees	118,500	June 29, 1999	¥ 3,997 ($35)	From June 30, 2001 to June 29, 2009
2000 Stock Option	9 directors 71 key employees	141,000	June 29, 2000	¥ 4,280 ($37)	From June 30, 2002 to June 29, 2010
2001 Stock Option	7 directors 79 key employees	139,000	June 26, 2001	¥ 4,280 ($37)	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 ($27)	From June 26, 2004 to June 25, 2012
2004 Stock Option	5 directors 89 key employees	111,000	June 24, 2004	¥ 4,370 ($38)	From June 25, 2006 to June 24, 2008

The stock option activity is as follows:

For the Year Ended March 31, 2007	1998 Stock Option	1999 Stock Option	2000 Stock Option	2001 Stock Option
		(Shares)		
Non-vested:				
March 31, 2006—outstanding				
Granted				
Canceled				
Vested				
March 31, 2007—outstanding				
Vested:				
March 31, 2006—outstanding	6,300	6,500	11,000	12,000
Vested				
Exercised				
Canceled				
March 31, 2007—outstanding	6,300	6,500	11,000	12,000

For the Year Ended March 31, 2007	2002 Stock Option	2003 Stock Option	2004 Stock Option
		(Shares)	
Non-vested:			
March 31, 2006—outstanding			93,000
Granted			
Canceled			1,000
Vested			92,000
March 31, 2007—outstanding			
Vested:			
March 31, 2006—outstanding	14,000	117,000	
Vested			92,000
Exercised	5,000		
Canceled	7,000	2,000	1,000
March 31, 2007—outstanding	2,000	115,000	91,000

For the six-months Ended September 30, 2007	1998 Stock Option	1999 Stock Option	2000 Stock Option	2001 Stock Option
		(Shares)		
Non-vested:				
March 31, 2007—outstanding				
Granted				
Canceled				
Vested				
September 30, 2007—outstanding				
Vested:				
March 31, 2007—outstanding	6,300	6,500	11,000	12,000
Vested				
Exercised				
Canceled				
September 30, 2007—outstanding	6,300	6,500	11,000	12,000
Exercise price	¥5,530 ($48)	¥3,997 ($35)	¥4,280 ($37)	¥4,280 ($37)
Average stock price at exercise				

For the six-months Ended September 30, 2007	2002 Stock Option	2003 Stock Option	2004 Stock Option
		(Shares)	
Non-vested:			
March 31, 2007—outstanding			
Granted			
Canceled			
Vested			
September 30, 2007—outstanding			
Vested:			
March 31, 2007—outstanding	2,000	115,000	91,000
Vested			
Exercised			
Canceled		115,000	4,000
September 30, 2007—outstanding	2,000		87,000
Exercise price	¥3,066		¥4,370
	($27)		($38)
Average stock price at exercise			

The balance of treasury stock recorded in equity at September 30, 2007 and 2006 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 stock options on seven occasions in the past as an incentive to improve performance.　Beginning in fiscal year 2006 the Company decided to stop offering stock options as incentives and changed to a system of performance-linked bonuses for the following reasons.　(1) A performance-linked bonus system is more effective in improving performance by directors and employees.　(2) The proportion of dormant stock options, which is high, is not functioning effectively as an incentive system.　(3) The new accounting procedure to report stock options as expenses from March 2007 is expected to have a direct influence on the Company's performance.

9. LONG LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the period ended September 30, 2007 and, as a result, recognized an impairment loss of ¥398 million($3,462thousand) due to the determination of sales of certain premises 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 price.

10. SALES OF U.S. SUBSIDIARIES

The Group sold Novations Group Inc. and its subsidiaries, U.S. subsidiaries of Drake Beam Morin-Japan, Inc., including the remaining balance of goodwill, to MCG Global, LLC in August 2006, and recorded the resulting loss of ¥669 million in 2006.

The Group recognized impairment loss of ¥4,292 million on consolidation goodwill of Drake Beam Morin-Japan, Inc and subsidiaries in 2006, because it would not be expected to earn revenue after the above sales as expected when the Group invested in them.

The recoverable amount of consolidation goodwill was measured by the discounted cash flow method and the discount rate used for computation of present value of future cash flows was 4.97%.

11. 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 six-month periods ended September 30, 2007 and 2006.

12. LEASES

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

Total rental expenses including lease payments under finance leases for the six-month periods ended September 30, 2007 and 2006 were ¥9 million ($79 thousand) and ¥11 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the six-month periods ended September 30, 2007 and 2006 was as follows:

	Millions of Yen					
	2007			2006		
	Buildings and Structures	Furniture and Fixtures	Total	Buildings and Structures	Furniture and Fixtures	Total
Acquisition cost	¥ 45	¥ 47	¥ 92	¥ 45	¥ 70	¥ 115
Accumulated depreciation	14	21	35	5	22	27
Net leased property	¥ 31	¥ 26	¥ 57	¥ 40	¥ 48	¥ 88

	Thousands of U.S. Dollars		
	2007		
	Buildings and Structures	Furniture and Fixtures	Total
Acquisition cost	$ 395	$ 409	$ 804
Accumulated depreciation	122	187	309
Net leased property	$ 273	$ 222	$ 495

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Due within one year	¥ 18	¥ 22	$ 158
Due after one year	39	66	337
Total	¥ 57	¥ 88	$ 495

Depreciation expense, which was not reflected in the accompanying semi-annual consolidated statements of operations computed by the straight-line method, was ¥9 million ($79 thousand) and ¥11 million for the six-month periods ended September 30, 2007 and 2006, respectively.

13. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the six-month periods ended September 30, 2007 and 2006 is as follows:

Six-month period ended September 30, 2007:

	Millions of Yen	Thousands of shares	Yen	U.S. Dollars
	Net income	Weighted average shares	EPS	
Basic EPS				
Net income attributable to common shareholders	¥ 2,596	35,069	¥ 74.02	$ 0.64
Effect of Dilutive Securities				
Warrants				
Diluted EPS				
Net income for computation	¥ 2,596	35,069	¥ 74.02	$ 0.64

Six-month period ended September 30, 2006:

	Millions of Yen	Thousands of shares	Yen
	Net income	Weighted average shares	EPS
Basic EPS			
Net loss attributable to common shareholders	¥ (2,703)	36,366	¥ (74.32)

Note: Diluted net income per share is not disclosed because of the Company's net loss position.

14. 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, 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 six-month periods September 30, 2007 and 2006, is as follows:

a. Industry Segments

Sales and Operating Income (Loss)

	Millions of Yen					
	2007					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 37,783	¥ 1,444	¥ 250	¥ 738		¥ 40,215
Intersegment sales	78	278	40	22	¥ (418)	
Total sales	37,861	1,722	290	760	(418)	40,215
Operating expenses	32,237	1,625	491	1,010	(429)	34,934
Operating income (loss)	¥ 5,624	¥ 97	¥ (201)	¥ (250)	¥ 11	¥ 5,281

Sales and Operating Income (Loss)

	Thousands of U.S. Dollars					
	2007					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Sales to customers	$ 328,555	$12,558	$ 2,171	$ 6,415		$ 349,699
Intersegment sales	677	2,416	347	194	$ (3,634)	
Total sales	329,232	14,974	2,518	6,609	(3,634)	349,699
Operating expenses	280,323	14,133	4,269	8,785	(3,734)	303,776
Operating income (loss)	$ 48,909	$ 841	$ (1,751)	$ (2,176)	$ 100	$ 45,923

Sales and Operating Income (Loss)

	Millions of Yen					
	2006					
	Outsourcing	Engineering Solutions	Global	Career Support	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 37,934	¥ 1,237	¥ 98	¥ 2,740		¥ 42,009
Intersegment sales	62	243	35	3	¥ (343)	
Total sales	37,996	1,480	133	2,743	(343)	42,009
Operating expenses	31,860	1,404	216	2,947	(348)	36,079
Operating income (loss)	¥ 6,136	¥ 76	¥ (83)	¥ (204)	¥ 5	¥ 5,930

Notes: Effective April 1, 2006, the Group accrued bonuses to directors and corporate auditors at the period end to which such bonuses are attributable applying the new accounting standard. The effect of this change was to decrease operating income of Outsourcing and Engineering Solutions for the six-month period ended September 30, 2006 by ¥6 million and ¥0 million , respectively.

b. Geographical Segments

Sales and Operating Income (Loss)

The information about geographical segments for the six-months ended September 30, 2007 is not disclosed because sales in Japan make up more than 90% of the total sales and due to the sales of Novations Group Inc. in the previous fiscal year, the sales in foreign countries have become immaterial.

Sales and Operating Income (Loss)

	Millions of Yen				
	2006				
	Japan	North America	China	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 40,454	¥ 1,537	¥ 18		¥42,009
Interarea transfer			24	¥ (24)	
Total sales	40,454	1,537	42	(24)	42,009
Operating expenses	34,416	1,604	83	¥ (24)	36,079
Operating income (loss)	¥ 6,038	¥ (67)	¥ (41)		¥ 5,930

Notes:
1. North America consists of the United States of America and Canada.
2. Effective April 1, 2006, the Group accrued bonuses to directors and corporate auditors at the period end to which such bonuses are attributable because of applying new accounting standard.
The effect of this change was to decrease operating income of Japan for the six-month period ended September 30, 2006 by ¥6 million.

c. Sales to Foreign Customers

The information about sales to foreign customers for the six-months ended September 30, 2007 is not disclosed because sales in Japan make up more than 90% of the total sales and due to the sales of Novations Group Inc. in the previous fiscal year, the sales in foreign countries have become immaterial.

	Millions of Yen		
	2006		
	North America	China	Total
Sales to foreign customers	¥ 1,537	¥ 41	¥ 1,578
Consolidated sales			42,009
The ratio of sales to foreign customers	3.7%	0.1%	3.8%

Note: North America consists of the United States of America and Canada.

SUPPLEMENTAL SEMI-ANNUAL NON-CONSOLIDATED BALANCE SHEETS (UNAUDITED)

MEITEC CORPORATION
SEPTEMBER 30, 2007 AND 2006

	Millions of Yen		Thousands of U.S. Dollars
ASSETS	2007	2006	2007
CURRENT ASSETS:			
Cash and cash equivalents	¥ 14,026	¥ 13,858	$ 121,964
Short-term investments	4,177	4,369	36,326
Notes and accounts receivable:			
Trade notes and accounts	10,209	10,841	88,777
Allowance for doubtful accounts	(2)	(2)	(18)
Inventories	196	195	1,702
Deferred tax assets	2,104	2,223	18,294
Prepaid expenses and other	2,463	850	21,414
Total current assets	33,173	32,334	288,459
PROPERTY AND EQUIPMENT:			
Land	3,713	3,906	32,286
Buildings and structures	20,798	20,928	180,849
Furniture and fixtures	2,661	2,649	23,135
Other	185	187	1,617
Total	27,357	27,670	237,887
Accumulated depreciation	(13,782)	(13,188)	(119,840)
Net property and equipment	13,575	14,482	118,047
INVESTMENTS AND OTHER ASSETS:			
Investment securities	1,123	1,492	9,764
Investments in and advances to subsidiaries and associated companies	6,703	6,667	58,287
Software in process	1,390	235	12,085
Leasehold deposits	862	818	7,499
Deferred tax assets	2,718	2,127	23,636
Other	379	944	3,297
Total investments and other assets	13,175	12,283	114,568
TOTAL	¥ 59,923	¥ 59,099	$ 521,074

LIABILITIES AND EQUITY	Millions of Yen 2007	Millions of Yen 2006	Thousands of U.S. Dollars 2007
CURRENT LIABILITIES:			
Income taxes payable	¥ 2,201	¥ 1,655	$ 19,140
Deposits from subsidiaries	4,880	4,235	42,436
Accrued expenses	6,209	6,269	53,993
Other	1,804	1,726	15,694
Total current liabilities	15,094	13,885	131,263
LONG-TERM LIABILITIES:			
Liability for retirement benefits	6,474	5,700	56,294
Deferred tax liabilities for land revaluation	42	42	366
Total long-term liabilities	6,516	5,742	56,660
EQUITY:			
Common stock:			
Authorized:			
142,854 thousand shares in 2007			
142,854 thousand shares in 2006			
Issued:			
35,442 thousand shares in 2007			
36,842 thousand shares in 2006	16,826	16,826	146,312
Capital surplus			
Additional paid-in capital	15,481	15,481	134,614
Retained earnings			
Legal reserve		4,203	
Unappropriated	9,271	7,403	80,615
Unrealized gain on available-for-sale securities	181	235	1,574
Land revaluation difference	(883)	(944)	(7,679)
Treasury stock - at cost:			
675 thousand shares in 2007 and 966 thousand shares in 2006	(2,563)	(3,732)	(22,285)
Total equity	38,313	39,472	333,151
TOTAL	¥ 59,923	¥ 59,099	$ 521,074

The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥115 to $1, the approximate rate of exchange at September 30, 2007

SUPPLEMENTAL SEMI-ANNUAL NON-CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

SIX MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
NET SALES	¥ 30,753	¥ 30,799	$ 267,421
COST OF SALES	21,566	21,592	187,536
Gross profit	9,187	9,207	79,885
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,288	3,854	37,288
Operating income	4,899	5,353	42,597
OTHER INCOME (EXPENSES):			
Interest and dividend income	263	4,347	2,287
Interest expense	(4)	(2)	(35)
Loss on investments in partnership – net	(4)	(5)	(34)
Loss on sale of marketable and investment securities – net	(7)		(62)
Loss on sale and disposal of fixed assets – net	(12)	(1)	(106)
Impairment loss	(398)		(3,462)
Write-down of investments in subsidiaries		(9,896)	
Other – net	28	52	254
Other expenses – net	(134)	(5,505)	(1,158)
INCOME(LOSS) BEFORE INCOME TAXES	4,765	(152)	41,439
INCOME TAXES:			
Current	2,224	2,451	19,344
Deferred	(331)	776	(2,877)
Total income taxes	1,893	3,227	16,467
NET INCOME (LOSS)	¥ 2,872	¥ (3,379)	$ 24,972

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic Net income (loss)	¥ 81.88	¥ (92.92)	$ 0.71
Diluted net income	81.88		0.71
Cash dividends applicable to the six months	37.50	44.00	0.33

Note:

1.The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥115 to $1, the approximate rate of exchange at September 30, 2007.

2.The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each period.
The weighted average number of common shares used in the computation of basic net income was 35,069 thousand shares for 2007 and 36,366 thousand shares for 2006.

3.Diluted net income per share of 2006 is not disclosed because of the Company's net loss position.

CORPORATE DATA (AS OF SEPTEMBER 30, 2007)

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: 35,442,255 shares

Shareholders
7,357

Employees (consolidated)
8,274

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

Consolidated Subsidiaries
Outsourcing Business
Meitec Fielders Inc.
Meitec Cast Inc.
Meitec Experts Corporation

Engineering Solutions Business
Three D Tec Inc.
Information Management System Co., Ltd.
Apollo Giken Co., Ltd.
Shanghai Apomac Science & Technology
Meitec CAE Corporation

Global Business
Meitec Global Solutions Inc.
Meitec Shanghai
MEITEC Dalian TechnoCenter Co., Ltd.
MEITEC Guangzhou TechnoCenter Co., Ltd.
MEITEC Xian TechnoCenter Co., Ltd.
MEITEC Chengdu TechnoCenter Co., Ltd.[1]
ZHEJIANG MI High Technology Co., Ltd.

Career Support Business
Drake Beam Morin-Japan, Inc.
Meitec Next Corporation
All engineer.jp CORPORATION[1]

Executive Officers, Directors and Corporate Auditors
(As of November 1, 2007)

President and Representative Director
Kosuke Nishimoto

CEO & COO
Kosuke Nishimoto

Executive Officers
Hideyo Kokubun
Hidenori Nagasaka
Kiyomasa Nakajima
Toshihiko Murayama
Satoshi Yanagisawa

Directors
Kanji Fukuda
Hideyo Kokubun
Toshihiko Murayama
Hiroshi Yoneda
Kiyomasa Nakajima
Atsuhiko Umeda[2]

Corporate Auditors
Yoshinori Takamine
Masatoshi Saito[3]
Hiroshi Watanabe[3]

Notes: 1. Established in October 2007.
2. Outside director as provided for in Article 2, Paragraph 15, of the Corporation Law.
3. External auditors as provided for in Article 2, Paragraph 16, of the Corporation Law.

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 operating ratios, as well as financial reports, interim reports, quarterly reports and performance-adjustment announcements.

MAIN CONTENTS

- Business Performance (monthly operating 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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