

Consolidated /Non-consolidated Results for the fiscal year ended March 31, 2008

Meitec Corporation

Consolidated

1. Results for Fiscal year Ended March 31, 2008

(1) Consolidated operating results

Percentages indicate year-on-year increase

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2008	82,102	-0.2	11,365	-1.9	11,334	-1.3	4,958	—
FY2007	82,229	-1.2	11,581	-7.2	11,487	-8.6	295	-94.4

	Net Income per Share	Diluted Net Income	Return on Equity	Return on Assets	Operating Income per Revenues
	Yen	Yen	%	%	%
FY2008	142.64	142.64	13.1	19.7	13.8
FY2007	8.20	8.20	0.7	18.4	14.1

(2) Consolidated financial position

	Total Assets	Equity	Equity Ratio	Equity per Share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2008	57,784	37,598	64.5	1,086.71
FY2007	57,479	38,683	66.9	1,092.80

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2008	8,486	124	-5,997	16,612
FY2007	6,016	-955	-8,366	13,977

2. Dividends

Dividend	Dividend per Share (yen)			Dividend paid (million yen)	Dividend payout ratio (%)	Dividend on equity (%)
	First half	second half	year			
FY2008	37.50	34.50	72.00	2,488	50.5	6.5
FY2007	44.00	45.00	89.00	3,161	1,085.7	7.4
FY2009(forecast)	47.00	48.50	95.50		50.0	

3. Forecasts for Fiscal Year Ending March 31, 2009

	Net sales		Operating Income		Ordinary Income		Net Income		Net Income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2009 interim	42,500	5.7	5,500	4.1	5,500	4.2	3,200	23.3	93.22
FY2009	86,000	4.7	11,500	1.2	11,500	1.5	6,500	31.1	189.36

4. Others

(1) Significant changes involving subsidiaries during the term : Yes No
 (changes in specified subsidiaries that affected the scope of consolidation)

[Newly added subsidiaries (Company name) Eliminated subsidiaries (Company name)]

(2) Significant changes in the adoption of simplified accounting methods : Yes No

(3) Significant changes involving accounting methods from recent consolidated fiscal years : Yes No

Non-Consolidated

1. Results for Fiscal year Ended March 31, 2008

(1) Statements of Income

	Net sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2008	62,956	1.9	10,460	-1.5	10,768	-30.5	4,938	—
FY2007	61,795	0.6	10,621	-4.6	15,500	34.1	-83	—

	Net Income per Share	Diluted Net Income
	Yen	Yen
FY2008	142.05	142.05
FY2007	-2.33	-

(2) Financial Statements

	Total Assets	Equity	Equity Ratio	Equity per Share
	Million yen	Million yen	%	Yen
FY2008	59,003	37,446	63.5	1,090.87
FY2007	58,912	38,620	65.6	1,097.61

1. Operating Results

(1) Analysis of Operating Results

(1)-1. Economy Overview

During the current consolidated fiscal year, soaring oil and other resource prices, and instability in the international financial and economic markets stemming from the subprime loan crisis combined to cause concern for the future of the economy of Japan, with effects beginning to show through to the actual economy during the second half of the year. However, the manufacturing industry, which comprises the majority of the Meitec Group business, continues to invest in strategic development and capital from a mid- and long-term viewpoint as a whole, despite some individual differences among corporations.

(1)-2. Overview of Consolidated Operating Results

Consolidated operating results with respect to the current consolidated fiscal year (April 1, 2007 to March 31, 2008) experienced a year-on-year decrease of ¥127 million in Net Sales, amounting to ¥82,102 million. The major factor in this decrease was the August 2006 sale of Novations Group, Inc. and the associated decrease of ¥1,536 million in revenues.

Operating Income for the current fiscal year amounted to ¥11,365 million. This represents a year-on-year decrease of ¥216 million, mainly attributable to anticipatory investments to ensure a solid foundation for continued growth. Such investments included increased recruitment-related costs, new business investment, and investment in Meitec Group sales office infrastructure. Ordinary Income experienced a ¥152 million decrease compared to the prior year at ¥11,334 million. However, looking at the income situation for the second half of the current fiscal year (six-month period), Net Sales increased by ¥1,666 million compared to the same period in the prior year, amounting to ¥41,886 million. Operating Income for the second half of the current fiscal year experienced a year-on-year increase of ¥432 million, reaching ¥6,084 million. A comparison of the second half of the current fiscal year and the same period in the prior fiscal year also reveals an increase in Ordinary Income of ¥459 million, amounting to ¥6,058 million, indicating the recovery of a steady growth pattern for the Company.

During the current consolidated fiscal year, the Company recorded a Loss on Retirement Benefit Plan transition of ¥1,079 million related to a revision in the Company's pension plan (transition to a Defined Contribution Plan), and an Impairment Loss of ¥524 million, including losses related to the disposal of employee dormitory facilities. Including losses on the disposal of other investment securities, the Company recorded a total of ¥1,826 million in Extraordinary Losses, netted against ¥6 million in Extraordinary Gains, to result in Extraordinary Losses of ¥1,819 million for the current fiscal year.

As a result, the Company recorded Net Income for the current consolidated fiscal year of ¥4,958 million. However, the extinguishment of losses related to the significant amelioration of future risk factors during the prior fiscal year resulted in a major year-on-year increase of ¥4,663 million.

[Reference 1] Overview of Consolidated Statements of Income

(rounded to the nearest million yen)	FYE March 2008		
	Full Year ①	First Half (interim) ②	Second Half *①-②
Net Sales	82,102	40,215	41,886
Year-on-Year Change	-127	-1,793	+1,666
Operating Income	11,365	5,281	6,084
Year-on-Year Change	-216	-648	+432
Ordinary Income	11,334	5,276	6,058
Year-on-Year Change	-152	-612	+459
Extraordinary Gain	6	2	3
Year-on-Year Change	0	+2	-2
Extraordinary Loss (▲)	1,826	422	1,403
Year-on-Year Change	-3,266	-4,578	-1,311
Net Income (interim)	4,958	2,595	2,362
Year-on-Year Change	+4,663	+5,298	-635

*The numbers for the second half are simply calculated as the first half (interim) figure subtracted from the full year figure.

(1)-3. Overview of Operating Results by Segment

[Reference 2] Overview of Operating Results by Segment (from April 1, 2007 to March 31, 2008)

(rounded to the nearest million yen)	Consolidated					
	Meitec Group	Temporary Staffing Business	Engineering Solutions Business	Global Business	Career Support Business	Inter-Company Eliminations
Net Sales	82,102	77,392	3,462	752	1,536	-1,041
(Ratio)	(100.0%)	(94.3%)	(4.2%)	(0.9%)	(1.9%)	(-1.3%)
Year-on-Year Change	-127	+1,259	+453	+366	-1,990	-216
Second Half	41,886	39,530	1,740	463	776	-623
Vs. Second Half in Prior Year	+1,666	+1,393	+212	+210	-8	-141
Operating Income	11,365	11,958	245	-405	-459	26
(Ratio)	(100.0%)	(105.2%)	(2.2%)	(-3.6%)	(-4.0%)	(0.2%)
Year-on-Year Change	-216	-154	+105	-203	+43	-7
Second Half	6,084	6,333	149	△204	△209	14
Vs. Second Half in Prior Year	+432	+357	+84	-85	+89	-14

1) Temporary Staffing Business

The Company's Temporary Staffing Business accounts for more than 90% of consolidated Net Sales. In particular, the Engineering Staffing Business, a core business of the Group, continued to receive strong orders, maintaining a high utilization rate, and experiencing favorable increases in contract amounts as well.

Net Sales for the Temporary Staffing Business during the current consolidated fiscal year suffered somewhat from downward revenue pressure due to a decrease in operating hours stemming from shortened labor hours; however, the revenue growth effect, mainly from an increase in the number of engineers employed, more than compensated, resulting in a year-on-year increase of ¥1,259 million to ¥77,392 million. While Net Sales for the first half of the current consolidated fiscal year (interim) showed a ¥134 million year-on-year decrease, Net Sales for the second half of the current fiscal year experienced a major increase of ¥1,393 million vs. the second half of the prior fiscal year.

Net Sales by industry area showed continued strong growth in the automotive, electric/ electronics, industrial equipment, and information technology fields.

The Temporary Staffing Business Operating Income for the current consolidated fiscal year experienced a year-on-year decrease of ¥154 million, mainly owing to an increase in anticipatory investment expenses, contributing to an increase in the number of engineers hired, and amounting to ¥11,958 million. However, a year-on-year comparison of the first half of the current consolidated fiscal year showed a decrease of ¥511 million, indicating that the second six months of the current fiscal year brought a comparative ¥357 million increase. This increase in revenues and profits is mostly due to an increase of 222 engineers since the end of the prior fiscal year (March 31, 2007) to 7,497 individuals.

While the Company was able to maintain a high utilization rate, the ratio was slightly lower than the prior year. This slight decrease was mainly due the active increase of mid-career hires who require two months of initial training.

[Reference 3] Meitec Group Engineering Staffing Business

		FYE March 2007 (prior fiscal year)	FYE March 2008 (current fiscal year)	
MT ^{*1} +MF ^{*2} +MGS ^{*3} +CAE ^{*4}		Engineers, End of Period *1	7,275	7,497
MT ^{*1} +MF ^{*2} +MGS ^{*3}		Engineers, End of Period *1	7,226	7,436
		Utilization Rate (Total)	97.3%	96.2%
		Utilization Rate (Excluding Entry level staff*2)	98.6%	97.8%
Meitec		Engineers, End of Period *1	5,776	5,822
		Utilization Rate (Total)	97.7%	97.5%
		Utilization Rate (Excluding Entry level staff*2)	98.7%	98.7%
Meitec Fielders		Engineers, End of Period	1,334	1,364
		Utilization Rate (Total)	97.1%	95.7%
		Utilization Rate (Excluding Entry level staff*2)	99.0%	98.6%
Meitec Global Solutions		Engineers, End of Period	116	250
		Utilization Rate (Total)	53.9%	50.0%
		Utilization Rate (Excluding Entry level staff*2)	63.4%	53.3%
Meitec CAE		Engineers, End of Period	49	61

*1: Meitec, *2: Meitec Fielders, *3: Meitec Global Solutions, *4: Meitec CAE

*1: Number of engineers at Meitec Corporation does not include engineers engaged in internal Meitec Group engineering projects (FYE March 2007: 29 engineers → FYE March 2008: 34 engineers)

*2: Total of new-graduate hires and mid-career hires

2) Engineering Solutions Business

The Engineering Solutions Business utilizes the Temporary Staffing Business network to perform technical support for 3D CAD, printed circuit board and analysis-related technology.

As customer demands in terms of quality and cost continue to be uncompromising, the operating results of the Engineering Solutions Business during the current consolidated fiscal year experienced a year-on-year increase of ¥453 million in Net Sales, amounting to ¥3,462 million, with Operating Income amounting to a ¥105 million year-on-year increase, amounting to ¥245 million.

Three D Tec, Apollo Giken Group, and Meitec CAE achieved increased year-on-year revenues thanks to expanded services and strengthened sales activities. Three D Tec and Apollo Giken Group also achieved increased profits (Operating Income). Meitec CAE experienced a slight year-on-year decrease in profits (Operating Income), due to anticipatory investment costs contributing to stronger sales activities. Regardless, revenues and profits were generally in line with internal plans.

* Information Management System (IMS) transferred its board solutions business to Meitec Global Solutions on February 1, 2008. Subsequently, IMS and Apollo Giken merged on April 1, 2008, with Apollo Giken being the surviving company.

3) Global Business

The Company's Global Business consists mainly of personnel training in China and human resources staffing domestically in Japan.

Having focused efforts on the development of latent demand related to the bridge engineer business (business inviting Chinese engineers trained at Meitec's training sites in China to Japan for staffing), Net Sales in the Global Business for the current consolidated fiscal year experienced year-on-year growth of ¥326 million (84.7% increase), reaching ¥712 million, and contributing to an overall consolidated Net Sales increase for the Group.

However, the Global Business is still in the launch phase, with anticipatory investments related to the location and training of Chinese engineers expected to continue to outpace revenues.

The number of Chinese engineers affiliated with Meitec Global Solutions more than doubled (as of March 31, 2008) compared to the end of the prior fiscal year, totaling 250 professionals, with Chinese engineer recruitment progressing in good order. On the other hand, the addition of personnel has preceded activity, resulting in a utilization rate (overall) of 50% for the current consolidated fiscal year. The technical capacity of the Chinese engineers is gradually coming to be appreciated, and the number of available personnel is steadily increasing; however, the Company is working to significantly improve utilization rate, focusing efforts on building continued demand.

4) Career Support Business

The Career Support Business is engaged in outplacement services (re-employment support) and employment placement business.

With corporate downsizing and other restructuring activities stabilizing, the outplacement business is presently faced with a difficult business environment. Meanwhile, the employment placement business, which specializes in engineers, has started to steadily generate revenues, despite also being in an extremely competitive market.

Given this environment, and the effects of the sale of Novations Group Inc. in August 2006, the Career Support Business has experienced a year-on-year decline of ¥1,991 million, recording revenues of ¥1,535 million. However, the profitability structure of the business unit continues to improve, and there is a general sense that the market has finally reached a low point from which it will start to recover. In particular, narrowing Operating Losses during the second half of the current consolidated fiscal year stand out, decreasing ¥89 million compared to the same period in the prior fiscal year.

[Reference 4] Novations Group Inc. Operating Results

(rounded to the nearest million yen)	Net Sales	Operating Income	Ordinary Income	Net Income
FYE March 2007(=interim=full year)	1,536	(66)	(111)	(76)
FYE March 2008	—	—	—	—

* Novations Group Inc., a U.S. subsidiary of Drake Beam Morin-Japan, Inc. (a Meitec Group subsidiary company), was sold on August 21, 2006. Accordingly, the entity has been excluded from consolidation as of the second half of the prior fiscal year.

(1)-4. Future Outlook

We have published our forecasts for the next fiscal period as follows, assuming that, despite concerns regarding the future direction of the economy, the manufacturing sector that makes up the majority of the Group's clients will continue to engage in development investment in strategic industrial fields.

Considering the increase in new-graduate hires compared to the prior fiscal year, the Company projects consolidated Net Sales of ¥86,000 million, or a ¥3,898 million year-on-year increase (4.7% increase). Given this increase in revenues, the Company expects Operating Income and Ordinary Income to be ¥11,500 million, and Net Income of ¥6,500 million.

[Reference 5] Consolidated Operating Results Forecasts

(rounded to the nearest million yen)	Net Sales	Operating Income	Ordinary Income	Net Income
FYE March 2007	82,229	11,581	11,487	295
FYE March 2008	82,102	11,365	11,334	4,958
Forecast, FYE March 2009	86,000	11,500	11,500	6,500

[Reference 6] FYE March 2009 Meitec Group Operating Results Forecasts by Entity

(¥millions)	Net Sales	Operating Income	Ordinary Income	Net Income
Meitec	64,000	10,000	10,500	6,200
Meitec Fielders	11,000	1,000	1,000	600
Meitec Cast	4,200	200	200	120
Meitec Experts	400	4	4	4
Three D Tec	800	65	65	35
Apollo Giken Group (consolidated)	2,100	80	80	80
Meitec CAE	780	80	80	45
Meitec Global Solutions	1,800	25	25	25
Meitec Shanghai	15	- 15	- 15	- 15
Meitec Dalian Technocenter	65	10	10	10
Meitec Guangzhou Technocenter	30	- 15	- 15	- 15
Meitec Xian Technocenter	25	- 25	- 25	- 25
Meitec Hangzhou Technocenter	45	0	0	0
Meitec Chengdu Technocenter	25	- 10	- 10	- 10
Drake Beam Morin-Japan	1,650	75	90	40
Meitec Next	640	- 30	- 30	- 30
all engineer.jp	130	5	5	5
Meitec Group, Consolidated	86,000	11,500	11,500	6,500

[Reference 7] Assumptions underlying FYE March 2009 Operating Results Forecasts

	Meitec	Meitec Fielders	Meitec Global Solutions
Utilization Rate	97.2%	95.9%	69.5%
Operating Hours	9.09h/day	9.20h/day	9.05h/day
New Graduates Hires	282	124	
PY Actual	213	118	
Mid-Career Hires	300	150	180
Turnover Ratio	6.9%	10.0%	7.6%
Rate Increase	1.8%	3.0%	3.0%

(Note) Results forecasts noted in this report are based on information available at the time, as well as certain assumptions deemed to be rational in our judgment. Actual results may significantly differ from forecasts due to a variety of factors.

(2) Analysis of Financial Position

(2)-1. Analysis of Assets, Liabilities, Net Assets and Cash Flow

1) Assets

As of the last day of the current consolidated fiscal year (March 31, 2008), total consolidated assets represent a year-on-year...

2) Liabilities

Consolidated liabilities as of the last day of the current consolidated fiscal year...

3) Net Assets

Consolidated Net Assets as of the last day of the current consolidated fiscal year...

4) Cash Flow

① Cash Flow from Operating Activities

During the current consolidated fiscal year (April 1, 2007 to March 31, 2008), Cash Flow from Operating Activities experienced a year-on-year...

② Cash Flow from Investing Activities

During the current consolidated fiscal year, Cash Flow from Investing Activities experienced a year-on-year...

③ Cash Flow from Financing Activities

During the current consolidated fiscal year, Cash Flow from Financing Activities experienced a year-on-year...

④ Cash and Cash Equivalents

As a result of the foregoing, Cash and Cash Equivalents as of the last day of the current consolidated fiscal year (March 31, 2008) experienced and year-on-year...

(2)-2. Future Outlook

While the business environment remains difficult, the Company has continued to steadily execute on its mid-term management plan "Real Global Vision 21" (April 1, 2008 through March 31, 2011), through which we expect to secure cash flow enabling results forecasts.

(2)-3. Cash Flow Related Indices

Trends in Cash flow-related indices for the Group are as indicated below:

[Reference 8] Cash Flow Related Indices

	2004	2005	2006	2007	2008
Capital Adequacy Ratio (Shareholders' Equity / Total Assets)	70.1%	71.7%	69.5%	66.9%	64.6%
Capital Adequacy Ratio based on Market Value (Market Capitalization / Total Assets)	228.4%	209.1%	212.2%	234.3%	185.2%
Debt Redemption (Years) (Interest-Bearing Debt / Operating Cash Flows)	0.0 yrs.	0.0 yrs.	0.0 yrs.	—	—
Interest Coverage Ratio (Operating Cash Flows / Interest Payments)	46,870.8	3,718,648.6	3,407.8	26,799.9	41,457.03

(Note)

1. All figures have been calculated based on consolidated financial numbers.
2. Cash Flow is based on "Cash Flows from Operating Activities," and interest-bearing debt has been calculated from all debt on the Balance Sheet for which interest is being paid.
3. Shareholders' Equity is comprised of Net Assets less Minority Interests.

Basic Policies regarding Profit Distribution and Future Dividends

1) Basic Policies regarding Profit Distribution

The basic stance of the Company is to conduct profit distribution according to operating results. Profit distribution is implemented via a combination of dividends and retirement of stock.

The Company pays dividends twice annually, at interim and at fiscal period end. In addition, when major capital demands are not expected for the next fiscal half-year (*1), the Company has determined a policy of paying out dividends in excess of 50% of the consolidated Net Income for the period in question. The minimum dividend payout is set at 5% of consolidated Dividend on Equity Ratio.

The acquisition of treasury stock is aligned with Group cash management strategies. Required working capital has been set at the equivalent of two (2) months of consolidated Net Sales. When no major capital demands are expected, the Company evaluates its consolidated cash position as of the end of the fiscal period, setting aside any cash in excess of working capital for planned treasury stock acquisition in the following period. When no major capital demands are planned for a succeeding fiscal half-year (*1), 50% of cash thus set aside is used to purchase treasury stock during the first half of the fiscal year (*2).

Treasury stock on hand is limited to a maximum of 2,000,000 shares to allow the Company to take advantage of flexible financial policies that facilitate the implementation of long-term future strategies and respond to risks associated with growth, helping the company achieve management plan targets. In general, treasury stock held will be used to engage in active investment such as M&A designed to contribute to the achievement of targets according to management plans, and to ensure financial capacity to respond to business expansion associated with growth and the attendant increase in risk.

Any amount of treasury stock in excess of 2,000,000 shares will be retired regularly every fiscal half-year (*1).

(*1) A fiscal half-year is defined as two fiscal quarters (three months x two quarters), and is used to indicate fiscal quarters one and two (first half) and fiscal quarters three and four (second half).

(*2) The fiscal first half is the six-month period combining fiscal quarters one and two.

2) Current Dividends

Based on the operating results of the current fiscal year and the results of calculations based on the dividend policies discussed above, the Company plans to pay fiscal year-end dividends of between ¥34.50 per share, or an increase of ¥0.50 over the projected dividend payment announced on November 17, 2007. Including the interim dividend payment of ¥37.50 per share, the annual dividend paid out by the Company is scheduled to be ¥72 per share.

3) Future Dividend Forecasts

Based on the policy discussed above of paying at least 50% of consolidated Net Income in dividends, the Company plans to make two dividend payments during the fiscal year ending March 2009. Projected interim dividends are ¥47 per share, and projected fiscal year-end dividends are ¥48.50 per share, for a total annual dividend of ¥95.50 per share.

[Reference 9] Per-Share Dividend Forecasts

					Full Year
	End of First Fiscal Quarter	Interim End	End of Third Fiscal Quarter	Year End	
FYE March 2008		¥37.50		¥34.50	¥72.00
Forecast, FYE March 2009		¥47.00		¥48.50	¥95.50

(2) Business Risks

The following outlines risk factors related to Meitec Group sales activities and other business risk that may have a significant influence on investor decisions. As the Meitec Group includes businesses across a wide array of markets, the following do not represent comprehensive details of all risks, but rather is limited to those risk factors that may influence Meitec Group earnings.

Matters discussed in this section are based on information available as of the last day of the current consolidated fiscal year, and deemed rational in the judgment of the Company.

1) Establishing Societal Trust

Contributing to society through our business activities, and enhancing societal value through a balanced approach to improving shareholder value, customer value and employee value, is how we believe we build corporate value. This serves as the foundation of our corporate governance.

The basic philosophy related to Meitec Group corporate governance is to check whether management decisions are being made from the perspective of improving value for shareholders, customers, and employees, and whether such decisions contribute to improved societal value, continuously strengthening the Meitec Group management structure to revisit decisions when such is not the case.

To the extent that a corporation is a social entity, corporate activities are conducted in the full view of society, and such activities are evaluated by society as a whole.

However, in the event that activities violate principles of corporate governance, and the Meitec Group management structure cannot be actively revised when such problems occur, or in the event that the Meitec Group loses societal trust through acts representing a disdain for compliance, or through acts violating social ethics, such acts may influence the operating results and financial status of the Meitec Group.

The Meitec Group itself is dedicated to maintaining comprehensive compliance; however, in order to promote a correct understanding of compliance on the part of our customers related to engineer staffing, the Meitec Group continues to engage in educational activities such as our Compliance Campaign.

In addition, from the perspective of focusing efforts on the health of the engineer staffing industry as a whole, the Meitec Group was an active participant in the establishment of the Nippon Engineering Outsourcing Association (“NEOA,” below) in February 2007. The NEOA promotes activities mainly focusing on compliance in the engineer staffing industry. The association also conducts activities to promote an understanding of the significance of the existence of the full-time staffing business. Furthermore, Meitec president and CEO, Kosuke Nishimoto is actively engaged as the representative director of the NEOA to promote an understanding of compliance throughout the entire engineer staffing industry.

In the event that the Meitec Group itself, or any other firm engaged in the temporary staffing business commits an act in violation of social ethics and in violation of the concept of compliance, and such act spreads a misunderstanding of the labor staffing industry as a whole, it is conceivable that such would have an influence on the operating results or financial status of the Meitec Group.

2) Full-Time Employment of Numerous Engineers

The Company, which is the core entity of the Meitec Group, is engaged in the Specified Worker Dispatching Business through a notice filed with the Minister of Health, Labour and Welfare based on the “Law for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers” (“Worker Dispatch Law,” below). The Specified Worker Dispatching Business has been defined as a “worker dispatch business in which only full-time workers of the business are dispatched [to other firms]” according to the Worker Dispatch Law, and as such, the Meitec Group as a whole employs approximately 7,500 engineers as full-time employees, temporarily assigning engineers to work in technical development departments in more than 700 major manufacturing firms at any one time.

As a leading company in the engineer staffing industry, the Company is engaged in the recruitment and training of top-level engineers in order to respond to the various needs of our customers. In addition, the company focuses efforts on the optimization of the qualitative balance of supply and demand through a “best matching system” (IT system that improves the precision of matching engineers with individual customer needs). The success of these efforts is proven in the complete trust we enjoy from our customers and in the advanced technical skills of each and every engineer in our firm. We are justifiably proud of the high value added services and high utilization rate that we have been able to maintain.

However, due to the fact that we employ a large number of engineers as full-time employees, in the event of a decline in the number of engineer dispatch contracts and/ or the ratio of available employees, or in the event of a decrease in operating hours, utilization days, or staffing fees, operating cost ratios would climb, potentially influencing the operating results or financial status of the Meitec Group. Cases resulting in the matters noted above could arise from the heteronomous market or economic environment, including dramatic changes in the status of the manufacturing industry (our main clientele) in conjunction with changes in domestic and/ or international economic conditions, reducing demand for labor and/ or increasing cost pressures. Issues arising from the Meitec Group business execution itself may also negatively influence earnings, such as acts in violation of social ethics resulting in a loss of trust, or neglecting engineer training, resulting in difficulties providing the type of quality demanded by our customers.

3) Personnel Recruitment

The Meitec Group is the largest engineer staffing entity in Japan. Being able to recruit skilled engineers in number is an important factor directly linked to our profits. To date, the Meitec Group has been able to predict environmental changes, moving gradually from the near-exclusive hiring of new graduates to expanded hiring patterns including more mid-career engineers. The Meitec Group has also been able to aggressively expand the number of hires domestically by developing business models specializing in the use of senior personnel. Expanding globally, and hiring engineers from China and other countries overseas has allowed the Meitec Group to develop businesses that expand volume while maintaining quality, despite the low birthrate and aging population in Japan.

However, the operating results and financial status of the Meitec Group could be influenced by a difficulty in recruiting skilled personnel, either through increased competition for staff or through an act of the Group that results in a loss of trust.

4) Management of Customer Information

The Meitec Group dispatches numerous highly skilled engineers who have many opportunities to come into direct contact with confidential customer information. Performing work involving core, highly secret design and development processes cannot be carried out without a high level of mutual trust.

The Meitec Group understands that the leakage of highly sensitive customer information presents a major risk for losing customer confidence, and the Group has taken strong information security measures, including clear stipulations in the employee code of conduct and the establishment of information security standards, ensuring all employees understands this important concept.

The leakage of confidential information or the occurrence of unforeseen events could potentially influence the operating results or financial status of the Meitec Group.

5) Management of Personal Information

The Meitec Group is involved in the outsourcing business in the human resources field. As such, the Group handles voluminous amounts of private information. Considering the nature of the business of the Meitec Group, we believe the proper management and protection of personal information, as well as the proper use of the same, is an important social responsibility.

The Company and each company in the Meitec Group take the utmost care in the management of personal information, and each has implemented systems qualifying for the PrivacyMark.

However, any unforeseen incidents resulting in the leakage of personal information could potentially influence the operating results or financial status of the Meitec Group.

6) Licensing and Regulations

The Company has filed a notification with the Minister of Health, Labour and Welfare as a Specified Worker Dispatching Business based on the Worker Dispatch Law.

Business Notification	Government Agency	License No.	Effective Date	Expiration
Specified Worker Dispatching Business	Ministry of Health, Labour and Welfare	特 23—020007	July 1, 1986	—

Subsidiaries within the Meitec Group are engaged in, and have been certified by the Minister of Health, Labour and Welfare as, General Worker Dispatching Businesses/ Fee-Charging Employment Services.

The Meitec Group itself is constantly engaged in activities to ensure thorough compliance within the group. The Group also conducts educational activities to promote an understanding of compliance among our customers, focusing efforts on building a sound underpinning for the engineer staffing industry as a whole.

Any unforeseen illegal act by a Meitec Group company resulting in the loss of certification as a Worker Dispatch Business could potentially influence the operating results or financial status of the Meitec Group.

The Worker Dispatch Law and other related laws undergo continuous revision in response to changing circumstances.

Revisions could potentially place the Meitec Group at a distinct business disadvantage, and could potentially influence the operating results or financial status of the Meitec Group.

7) Changes to Accounting Rules/ Tax Law

The adoption of unexpected changes in accounting rules or tax laws could potentially influence the operating results or financial status of the Meitec Group.

Differences of opinion between tax authorities and the Meitec Group related to corporate tax returns could result in unexpected tax liabilities.

8) Management Plans

The Meitec Group is pursuing further business growth based on the “Real Global Vision 21” mid-term management plan (three-year plan from April 2008 to March 2011).

This mid-term management plan is based on an outlook of the market environment at the present time. The Meitec Group may not achieve this management plan in the event that the market environment or economic situation undergoes dramatic change.

9) Natural Disaster/ Accidents

Any damage or loss caused to major Meitec Group or customer facilities due to earthquake, other natural disaster or unexpected accident could potentially influence the operating results or financial status of the Meitec Group.

2. Corporate Group Status

As of April 1, 2008, the Corporate Group was comprised of Meitec and 17 consolidated subsidiaries engaged in the Temporary Staffing, Engineering Solutions, Global, and Career Support Businesses.

* IMS transferred its board solutions business to Meitec Global Solutions on February 1, 2008. Subsequently, IMS and Apollo Giken merged on April 1, 2008, with Apollo Giken being the surviving company.

As of April 1, 2008

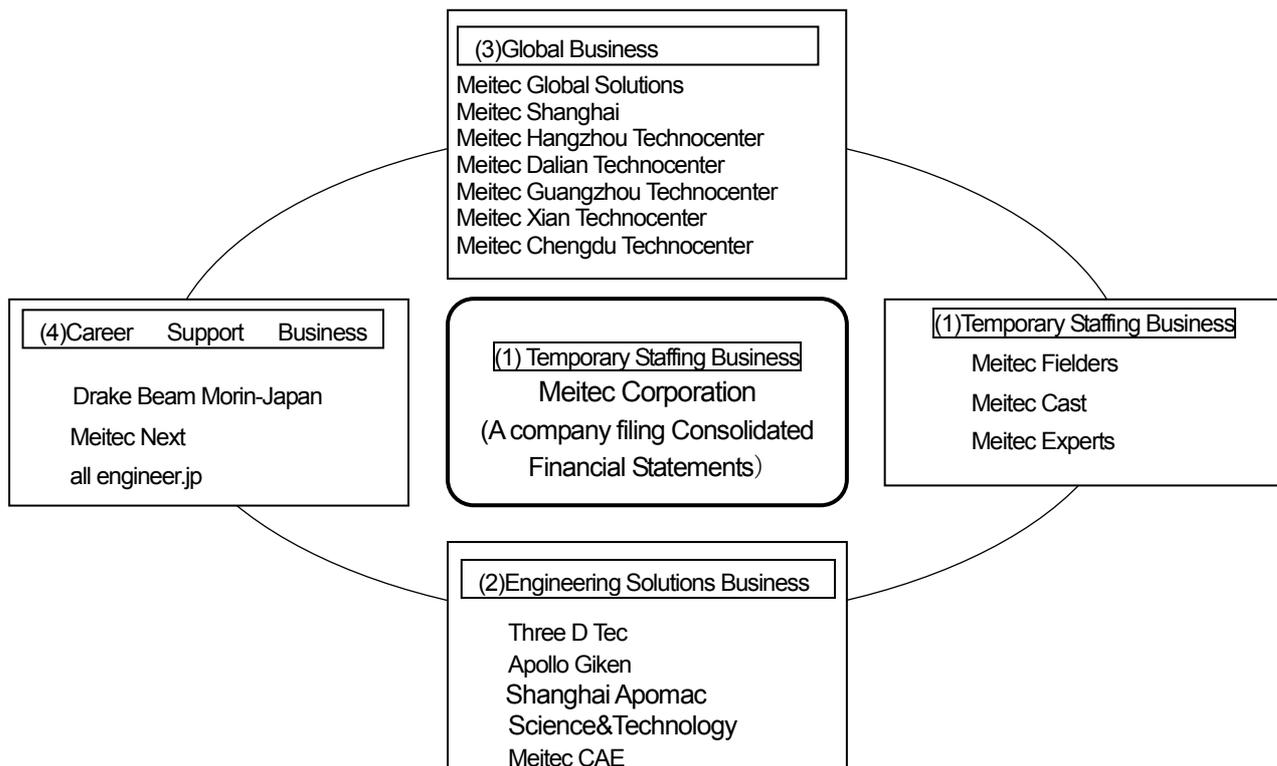
(1) Temporary Staffing Business	
Engineering Staffing Business	
Meitec	Core business entity of the Meitec Group, involved in high-end engineering staffing business
Full-Line Human Resources Temporary Staffing Business	
Meitec Fielders	Mid-range engineering staffing business
Meitec Cast	Registered staffing business, mainly serving manufacturing clients
Meitec Experts	Registered engineering staffing business, specializing in senior staff
(2) Engineering Solutions Business	
Three D Tec	Engineering solutions business specializing in 3D CAD design technology
Apollo Giken	Engineering solutions business focused on printed circuit board design
Shanghai Apomac Science&Technology	
Meitec CAE	Engineering solutions business specializing in analysis-related technologies
(3) Global Business	
Meitec Global Solutions	Engineering staffing and engineering solutions businesses for the Global Business in Japan
Meitec Shanghai	Technology and staffing consulting services for the Global Business in China
Meitec Hangzhou Technocenter(*1)	Personnel training services for the Global Business in China
Meitec Dalian Technocenter	
Meitec Guangzhou Technocenter	
Meitec Xian Technocenter	
Meitec Chengdu Technocenter(*2)	
(4) Career Support Business	
Drake Beam Morin-Japan	Outplacement (re-employment support) services
Meitec Next	Employment placement business specializing in engineers
all engineer.jp(*3)	Internet-based information services; published media planning, production, sales and more

(*1) The Company purchased minority interests on March 28, 2008, whereupon the firm became a wholly owned subsidiary. Business name changed Meitec Hangzhou TechnoCenter as of April 1, 2008.

(*2) Established as a wholly owned subsidiary as of October 24, 2007

(*3) Established as a wholly owned subsidiary as of October 2, 2007; a portion of voting stock was sold during December 2007, with the Company retaining 99.86% voting rights.

The following is a diagram of the Meitec Group business:



3. Management Policies

(1) Basic Company Management Policies

The basic management policy of the Meitec Group is to contribute to the development of society through its outsourcing businesses, helping our shareholders, customers and employees realize coexistence and prosperity. As the leading company in the industry, we have established the following management policies to ensure that we develop in tandem with society:

- 1) Shareholder Satisfaction
Endeavor to maximize the value of investor return.
- 2) Customer Satisfaction
Become a strategic partner with our customers, sharing management resources (engineers, information), and engaging in mutual development.
- 3) Employee Satisfaction
Support the career advancement of each employee engaged in improving corporate market value.
- 4) Societal Satisfaction
Contribute to the healthy development of society through our business activities.

By increasing shareholder value, customer value and employee value in balance, the Meitec Group will be able to contribute to society, increasing societal value, and thereby increasing corporate value as well.

(2) Mid- and Long-Term Management Strategy and Target Management Indices

In pursuing the “Global Vision21” five-year business plan (April 2003 through April 2008), the Meitec Group engaged in 2 structural concepts; 1) structuring a group growth model and 2) structuring a group career advancement support model. The Group is now pursuing a new three-year group management plan (April 2008 through March 2011) called “Real Global Vision21,” which will continue the two basic structural concepts from the prior plan, while adding new evolutionary and developmental concepts as well. The meaning behind the term “Real” included in this new plan is to remind us that the Meitec Group wants to be a corporate group that always provides true value for our customers, employees, shareholders, and society at large.

This plan establishes a Group Net Sales target of ¥100 billion, and a challenge to truly become the No. 1 corporate group in the industry.

◇ Meitec Group Corporate Slogan: People and Technology Leading the Way to the Future

We are confident that “people and technology” are our particular strengths. At present, all four of the business lines of the Meitec Group involve “people and technology,” and we will continue to concentrate our efforts in businesses that relate to these strengths.

□ Overview of Management Plans/ Growth Targets by Business Segment

	Staffing Business Group	Engineering Solutions Business Group	Global Business Group	Career Support Business Group
Slogan	Creating a stronger professional group.	Creating new customer value through the temporary staffing business	Supporting global professionals	Presenting unlimited options to every engineer
"Growth" Challenge	Employee Growth = Meitec Group Growth = Achieving Consolidated Net Sales of more than ¥100 billion			
	[Goal] 10,000 Employees	[Goal] ¥5 billion in Net Sales	[Goal] 300 New Bridge Engineers/ Year	[Goal] 4000 New Career Support Clients/
"Value" Challenge	Create business value leading to "best matching for the next generation"	Create business value for "Staffing + Solutions"	Create business value on the "Global Stage"	Create business value for "Career Navigation"
"Pride" Challenge	Become a vital, indispensable corporate group for Japan's manufacturers, Japan's industry, and the society of Japan			
Strategic Model	Career Passport Model			
	Organic Growth Model	Real Gateway Model	Global Diversity Model	Engineer Agent Model

*Please see our website for more information about "Real Global Vision21." <http://www.meitec.co.jp/company/business/index.htm>

(3) Important Issues

The core business of the Meitec Group is the engineering staffing business. The number one priority of the Meitec Group is to expand, improve, and deepen this engineering staffing business, and this is what guides our actions each day.

The future operating results of the engineering staffing business depend greatly on recruiting numerous highly skilled engineers. Accordingly, we believe that the most important issue we face is the perpetual growth of each business unit, correctly identifying environmental changes and balancing hiring, sales, and career support services.

① Hiring

Meitec maintains an engineer utilization rate of approximately 98% throughout the year. In some cases, we aren't capable of responding to all of the more than 3,000 orders we receive annually from our manufacturing industry clients, incurring an opportunity cost and missing chances for further growth.

The Meitec Group has assigned the highest priority to hiring capacity in order to take advantage of these growth opportunities. Specifically, we have moved gradually from the near-exclusive hiring of new graduates to expanded hiring patterns including more mid-career professionals. Noting the coming labor shortages due to a declining birth rate and aging population in Japan, we have also combined the resources of the Meitec Group to increase the number of employees, developing our bridge engineer business utilizing engineers from China, providing opportunities for senior-level staff through our senior staffing business, and taking in mismatched personnel from our clients to utilize in our outplacement and outsourcing business.

It is our intention to continuously improve our hiring capacity and efficiencies, keeping close watch on changes in the business environment.

② Sales

The core engineering staffing business of the Meitec Group is also a career advancement support business. While sales is obviously essential to growth, it is also a very important means for providing engineers with challenging career options. The Meitec Group is establishing an intra-group platform and shared channels, strengthening the combined Group sales systems and building information infrastructure.

We will continue to re-invent our sales methods, continuing to build stronger sales capacity.

③ Career Support

To maintain/ improve our quality as a group of highly skilled engineers, we must offer finely detailed career support for each and every member. To provide timely and meaningful career support, the Meitec Group is building a structural framework appropriate to the increasing number of engineers and their associated needs (= quality demanded by the client). Specifically, we are opening and integrating the Group-wide training system, and enhancing our training curriculum.

We are also continuously working to improve communications between the engineers and the Company. Specifically, we are looking to improve communications tools in order to confirm each engineer's market value, and share career advancement information related to upcoming client engagements and various training systems.

Our intent is to continue to improve the efficiency and robustness of our career support structure, always seeking to accurately understanding the changing and expanding needs of our engineers.

In addition to the above, we are engaged in reinforcing our Group-wide governance functions and internal controls functions in order to realize the sustainable and continued improvement of corporate value within the Meitec Group.

End