

Results for the Second Quarter Ended September 30, 2008

Meitec Corporation

Consolidated

1. Results for the Second Quarter Ended September 30, 2008 (April 1, 2008 to September 30, 2008)

(1) Consolidated operating results

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Second Quarter FY2009	41,396	-----	5,375	-----	5,395	-----	3,039	-----
Second Quarter FY2008	40,215	-4.3%	5,281	-10.9%	5,276	-10.4%	2,595	-----

	Net Income per Share	Diluted Net Income
	Yen	Yen
Second Quarter FY2009	88.91	-----
Second Quarter FY2008	74.02	74.02

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Second Quarter FY2009	57,565	38,049	65.5	1,115.35
FY2008(Full Year)	57,784	37,598	64.5	1,086.71

2. Dividends

Dividends per share (Record date)					Total
	First quarter dividends	Second Quarter dividends	Third quarter dividends	Year-end dividends	
	Yen	Yen	Yen	Yen	Yen
Years ended FY 2008	—	37.50	—	34.50	72.00
Second Quarter FY2009	—	47.00			
Years ending FY 2009 (Forecast)			—	44.50	91.50

3. Forecasts for Fiscal Year ending March 31, 2009 (Reference)

(Percentages are fiscal year vs. prior fiscal year)

	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	84,000	2.3	10,500	-7.6	10,500	-7.4	6,000	21.0	176.56

4. Others

- (1) Significant changes involving subsidiaries during the term
(changes in specific subsidiaries that affected the scope of consolidation)
- (2) Simplified accounting procedures and unique accounting procedures used in the preparation of and quarterly consolidated financial statements
- (3) Changes in rules, procedures and method of indication in the accounting procedures relating to the preparation of quarterly consolidated financial statements
(Items indicated in the changes to pertinent items relating to the quarterly consolidated financial statement preparation principles)
 - i. Changes resulting from the revision of accounting standards
 - ii. Changes not relating to i.
- (4) Number of issued shares (regular shares)
 - i. Number of issued shares at period end (including treasury stock)

2Q/FY2009	35,442,255	FY2008	35,442,255
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 - ii. Number of treasury shares at period end

2Q/FY2009	1,613,920	FY2008	1,115,293
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 - iii. Average number of shares during period

2Q/FY2009	34,184,304	2Q/FY2008	35,069,063
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Qualitative Information/Financial Statements

1. Qualitative Information Related to Consolidated Operating Results

(1) Consolidated Operating Results

Table 1 Overview of First Half Consolidated Results (April 1, 2008 through September 30, 2008)

(Rounded to Nearest Million Yen)	Comparison with the Same Period Last Year Consolidated Total	Current Period Consolidated Total	(Six-Month Total)	
			YoY Amount	% Change
Net Sales	40,215	41,396	+1,181	+2.9%
Cost of Sales	28,522	29,429	+907	+3.2%
Selling, General and Administrative Expenses	6,411	6,591	+180	+2.8%
Operating Income	5,281	5,375	+94	+1.8%
Ordinary Income	5,276	5,395	+119	+2.3%
Income before Income Taxes and Minority Interests	4,856	5,345	+488	+10.1%
Net Income	2,595	3,039	+443	+17.1%

Net sales for the first half (the six-month period from April 1, 2008 through September 30, 2008) rose ¥1,181 million from the same period of the previous fiscal year to ¥41,396 million. The rise was due mainly to an increase in the number of engineers in the temporary engineers staffing business, one of the core businesses of the Company, and the emergence of beneficial effects from the business domain expansion strategy.

However, the cost of sales rose ¥907 million from the same period of the previous fiscal year due mainly to an increase in health insurance costs and other labor-related expenses. Selling, general and administrative expenses also rose ¥180 million compared with the same quarter of the previous fiscal year, due mainly to increased investment expenses for business domain expansion.

As a result, operating income increased ¥5,375 million compared to the same period of the previous fiscal year, with ordinary income up ¥119 million to ¥5,395 million, and net income up ¥443 million to ¥3,039 million. Consequently, although utilization hours in the Temporary Staffing Business began to be affected by rising pressure to cut costs in the manufacturing sector (Meitec's main client base), we achieved increases in both revenue and earnings by strengthening our core business while simultaneously implementing a strategy to expand our business domain.

(2) Operating Results by Segment

Table 2 Overview of First Half Operating Results by Segment (April 1, 2008 through September 30, 2008)

(Rounded to Nearest Million Yen)	Group					
	Consolidated (Six-Month Total)	Temporary Staffing Business	Engineering Solutions Business	Global Business	Career Support Business	Eliminations / Corporate
Net Sales	41,396	38,462	1,739	633	1,035	-474
%	100.0%	92.9%	4.2%	1.5%	2.5%	-1.1%
YOY Change	+1,181	+601	+17	+343	+275	-56
%	+2.9%	+1.6%	+1.0%	+118.7%	+36.2%	—
Operating Income	5,375	5,515	86	-208	-33	14
%	100.0%	102.6%	1.6%	-3.9%	-0.6%	0.3%
YOY Change	+94	-108	-10	-6	+217	+2
%	+1.8%	-1.9%	-10.6%	—	—	+24.5%

1) Temporary Staffing Business

The Temporary Staffing Business, which makes up 90% of net sales, and particularly the temporary engineers staffing business, which is a core business of the Group, managed to maintain a utilization ratio basically in line with the plan.

Net sales for the Temporary Staffing Business in the first half rose ¥601 million from the same period of the previous fiscal year to ¥38,462 million. Despite downward pressure on revenue due to reduced operational time stemming from efforts by our main customers to reduce costs, the increase in the number of engineers gave a boost to earnings. Further, as shown in Table 3, Meitec had 7,775 engineers at the end of the period, an increase of 274 compared with a year earlier.

Five business areas (Automobile/Transportation; Electric and Electronics; Semiconductors and Integrated Circuit Design; Industrial Machinery; and IT-Related Hardware and Devices) accounted for 74% of non-consolidated segment sales for Meitec Corporation in the subject first half (FY3/08 total: 74%), showing continued strength.

Operating income decreased ¥108 million from the same period of the previous fiscal year to ¥5,515 million. This was due mainly to an increase in labor expenses, including higher benefit costs such as health insurance expenses, and salary increases related to the greater number of engineers.

The utilization ratio remained high, but fell slightly year on year. This was due to increased hiring of new graduates—who require appropriate training—compared to the previous year (see note), along with a greater number of mid-career hires, who require a two-month training period after hiring. (Note: New graduates joining Meitec and Meitec Fielders on April 1, 2008, totaled 406 persons, up 75 from 331 new graduates the previous fiscal year.)

As a result, although the foundation for growth in this business has been steadily expanded with the increase in number of engineers, the slowdown in the actual economy has begun to have an impact on R&D investment in the manufacturing industry, Meitec's main customer base. We recognize the need for caution regarding this trend.

Table 3 Meitec Group Temporary Engineers Staffing Business

		September 30, 2007 Second Quarter FY2008	September 30, 2008 Second Quarter FY2009	
MT ^{*1} +MF ^{*2} +MGS ^{*3} +CAE ^{*4}		Period-End Engineering Staff ^{*1}	7,501	7,775
MT ^{*1} +MF ^{*2} +MGS ^{*3}		Period-End Engineering Staff ^{*1}	7,443	7,705
		Utilization Ratio (Company-wide)	95.3%	93.9%
		Utilization Ratio (Excluding New Hires) ^{*2}	97.7%	96.6%
Meitec Corporation ^{*1}		Period-End Engineering Staff ^{*1}	5,906	6,000
		Utilization Ratio (Company-wide)	96.5%	95.7%
		Utilization Ratio (Excluding New Hires) ^{*2}	98.4%	98.1%
Meitec Fielders Inc. ^{*2}		Period-End Engineering Staff ^{*1}	1,381	1,452
		Utilization Ratio (Company-wide)	93.7%	93.9%
		Utilization Ratio (Excluding New Hires) ^{*2}	98.2%	98.1%
Meitec Global Solutions Inc. ^{*3}		Period-End Engineering Staff ^{*1}	156	253
		Utilization Ratio (Company-wide)	49.0%	47.9%
		Utilization Ratio (Excluding New Hires) ^{*2}	52.3%	50.1%
Meitec CAE Corporation ^{*4}		Period-End Engineering Staff	58	70

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

Note 1: Meitec Corporation figures do not include internal staff placements working on internal engineering projects (September 30, 2007: 33, September 30, 2008: 33).

Note 2: "New hires" includes both newly graduated hires and mid-career hires.

2) Engineering Solutions Business

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

Net sales for the Engineering Solutions Business in the first half rose ¥17 million from the same period of the previous fiscal year to ¥1,739 million, though operating income declined ¥10 million to ¥86 million.

Net sales at Three D Tec Inc., Apollo Giken Co., Ltd. and Meitec CAE Corporation rose for all three companies from a year earlier, due mainly to expanded service offerings and stepped up sales activity.

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

3) Global Business

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

The bridge engineer business (bringing Chinese engineers trained at educational centers in China to Japan for staffing) is being developed as an intergroup business. Net sales in the global business rose ¥343 million (up 118.7%) from the same period of the previous fiscal year to ¥633 million, and have begun to make an appreciable contribution to consolidated net sales.

However, as a result of continued anticipatory investments related to the securing and training of Chinese engineers, the global business posted an operating loss for the subject period of ¥208 million.

The number of Chinese engineers affiliated with Meitec Global Solutions continued to rise during the subject

first half (see Table 3), reaching 253 persons at the end of the period, a substantial increase compared to a year earlier. The utilization ratio, however, was just 47.9% during the first half, as increasing personnel numbers has taken priority, along with the impact from the slowdown in the actual economy.

The technical capacity of the Chinese engineers is gradually being recognized, and the number of available personnel is steadily increasing. Meitec is focusing on improving utilization rate by further promoting the business in integrated Group marketing efforts, and developing the training curriculum within China.

4) Career Support Business

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

In the outplacement business, the number of companies regularly using the service is increasing, and it appears that the market has finally bottomed out.

In the engineer placement business, although competition remains tight, Meitec is developing services based on its strong track record in its mainstay temporary engineers staffing business.

In the information portal site business, Meitec is planning to introduce a series of services under its concept of "Every option for every engineer," such as offering information and services beneficial to engineers.

Under these business conditions, net sales for the Career Support Business in the first half rose ¥275 million from the same period of the previous fiscal year to ¥1,035 million, while operating income improved ¥217 million for an operating loss of ¥33 million.

Drake Beam Morin-Japan, Inc. also achieved increases in both revenue and earnings during the subject first half. The company has benefited from measures to improve its earnings structure, and an improved business environment, and despite the approximately six-month time lag between launching services and recording sales has reversed its budget deficit during the subject period. However, competition for orders is tight, and increasing prices to meet customer demands is difficult, so we plan to further increase orders by deepening ties with other Group businesses.

Meitec Next Corporation, which provides a placement business specifically for engineers, achieved net sales just short of three times the total of the same period of the previous fiscal year, as it begins to make a contribution to consolidated sales. The company posted an operating loss due to up-front investments to expand the business, but the deficit is steadily narrowing.

2. Qualitative Information Related to the Consolidated Financial Position

(1) Assets

Consolidated total assets at the end of the first half decreased ¥218 million, compared to March 31, 2008, for a total of ¥57,565 million. Current assets declined ¥70 million to ¥35,285 million, while property, plant and equipment declined ¥147 million to ¥22,280 million.

Total assets at the end of the first quarter (June 30, 2008) had decreased ¥2,399 million compared to March 31, 2008, mainly due to cash outflows for year-end dividend payments for the previous fiscal year. The recovery of assets at the end of the first half to roughly the same level as the end of the previous fiscal year was due mainly to increases in cash from retained earnings during the subject first half.

(2) Liabilities

Consolidated total liabilities at the end of the first half decreased ¥670 million, compared to March 31, 2008, for a total of ¥19,516 million. This was due mainly to a ¥957 million decline in current liabilities compared to the end of the previous fiscal year.

The decline in current liabilities was due mainly to a decrease in unpaid corporate taxes following payment of tax.

(3) Net Assets

Consolidated net assets at the end of the first half increased ¥451 million, compared to March 31, 2008, for a total of ¥38,049 million. This was due mainly to a ¥426 million increase in shareholders' equity compared to the end of the previous fiscal year.

Shareholders' equity increases due to the positive business results from the subject first half amounted to ¥3,039 million, but were offset by ¥1,186 million in year-end dividend payments for the previous fiscal year, and ¥1,403 million in acquisition of treasury stock. As a result, shareholders' equity increased just ¥426 million from the end of the previous fiscal year.

3. Qualitative Information Related to Consolidated Forecasts

(1) Results Forecast

The slowdown in the actual economy that began during the latter part of the subject first half has begun to have an impact on R&D investment by the manufacturing industry, Meitec's main client base. As a result, we recognize the necessity for caution regarding the future changes in the market, and have set forecasts as follows.

1) Consolidated Forecasts for Fiscal Year ending March 31, 2009 (Reference)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Net Income
FY2008	82,102	11,365	11,334	4,958
FY2009	84,000	10,500	10,500	6,000
YoY	+1,897	-865	-834	+1,041

Note: No change from forecasts announced on September 30, 2008.

2) Non- Consolidated Forecasts for Fiscal Year ending March 31, 2009 (Reference)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Net Income
FY2008	62,956	10,460	10,768	4,938
FY2009	63,000	9,800	10,300	5,700
YoY	+43	-660	-468	+761

Note: No change from forecasts announced on September 30, 2008.

3) Preconditions Underlying Forecasts

	Meitec	Meitec Fielders	Meitec Global Solutions
Utilization Ratio (Fiscal Year)	96.7%	95.5%	48.0%
1H Actual	95.7%	93.9%	47.9%
2H Forecast	97.7%	97.0%	48.0%
Operating Hours	9.04 h/day	9.11 h/day	8.78 h/day
New-Graduate Hires	282 persons	124 persons	—
Mid-Career Hires	300 persons	150 persons	180 persons
Retirement Ratio	7.0%	10.7%	1.4%

(2) Dividends

Meitec has set a payout ratio of 50% or more of consolidated net earnings when no major cash expenditures are anticipated in the next six-month period. For Meitec's policy regarding earnings distribution, see the financial results for FY3/08 released on May 13, 2008, and the Company's homepage.

The dividend forecast for FY3/09, based in the above earnings forecast, is as follows.

(Basis Date)	First quarter dividends	Second quarter dividends	Third quarter dividends	Year-end dividends	Total
FY2008 Actual		37.50		34.50	72.00
FY2009 Forecast		47.00		44.50	91.50

Note: No change from forecasts announced on September 30, 2008.

Note: Results forecasts in this report are based on information available at the time of release. Actual results may significantly differ from forecasts due to a variety of factors.

4. Other

- (1) Significant changes in subsidiaries during the subject fiscal period (Transfer of particular subsidiaries following a change in the scope of consolidation)

None

- (2) Application of simplified accounting methods or special accounting methods for the preparation of consolidated quarterly statements

- i. Calculation method for fixed asset depreciation costs

Depreciation of property, plant and equipment is calculated by proportional division by time period into the expected amortization for the year based on the budget for the fiscal year incorporating estimates for property, plant and equipment to be acquired, sold or scrapped.

Depreciation of assets for which the declining-balance method has been adopted is calculated by proportional distribution over the consolidated fiscal year.

- ii. Method of calculation for corporate tax, deferred tax assets and deferred tax liability

The Company has recognized no marked changes in the business environment from the previous consolidated fiscal year and no isolated discrepancies that would affect its assessment of the recoverability of deferred tax assets. Consequently, the Company employs a method that utilizes forecasts from the previous fiscal year and tax planning.

- iii. Calculation of tax expenses

Tax expenses were calculated by rationally estimating the effective tax rate after the application of deferred tax accounting for pretax net income for the subject fiscal year (including the first half), and applying that estimated rate to income before income taxes and minority interests for the period.

The corporate tax adjustment is included with corporate taxes.

- (3) Changes in accounting principles or procedures related to the preparation of consolidated quarterly statements, or style of presentation

- 1) Changes Due to Revisions of Accounting Standards

- i. From the subject fiscal year the Company has applied Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Also, quarterly financial statements have been prepared in accordance with Accounting Standard for Quarterly Financial Reporting.

- ii. Inventories held for sale in the ordinary course of business have formerly been calculated using the cost

standard based on the identified cost method. From the first quarter of the subject fiscal year the Company has applied Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006). Accordingly, such inventories are calculated primarily using the cost standard based on the identified cost method (value shown on the balance sheets is a devaluation of the book value based on decreased profitability).

The impact on earnings as a result of this change is minimal.

- iii. From the first quarter of the subject fiscal year the Company has applied Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18, May 17, 2006), and made the necessary revisions to its consolidated financial statements.

The impact of this change on profit and loss is minimal. Impact on financial segments is presented with the segment information.

2) Other Changes

None

「Note」

(1) Consolidated Balance Sheets

	The Second Quarter Ended September 30, 2008	Fiscal year ended March 31, 2008
	A	B
	Thousands of Yen	Thousands of Yen
Cash and cash equivalents	18,925,737	18,512,303
Trade notes and accounts	12,395,073	12,841,126
Work in process	573,359	357,381
Others	3,404,441	3,656,031
Allowance for doubtful accounts	-13,345	-10,673
Total current assets	35,285,266	35,356,169
PROPERTY AND EQUIPMENT		
Buildings and structures	8,791,526	9,049,479
Others	4,301,501	4,324,686
Total Accumulated depreciation	13,093,028	13,374,165
INTANGIBLE FIXED ASSETS		
Consolidation goodwill	535,493	551,954
Others	3,606,742	3,033,506
Total intangible fixed assets	4,142,236	3,585,460
INVESTMENTS AND OTHER ASSETS		
Others	5,050,445	5,473,489
Allowance for doubtful receivables	-4,983	-4,453
Total investments and other assets	5,045,462	5,469,035
Total Depreciation	22,280,726	22,428,661
TOTAL	57,565,992	57,784,830
CURRENT LIABILITIES		
Notes payable and Accounts payable	68,201	64,845
Accrued expenses	7,994,031	8,194,963
Income taxes payable	2,302,374	2,601,401
Allowance for bonus payable to directors	72,090	133,810
Others	2,370,364	2,769,168
Total current liabilities	12,807,062	13,764,188
LONG-TERM LIABILITIES		
Liability for retirement benefits	6,665,201	6,378,678
Others	43,776	43,430
Total long-term liabilities	6,708,978	6,422,108
TOTAL	19,516,040	20,186,297
EQUITY		
Common stock	16,825,881	16,825,881
Capital surplus	15,480,441	15,480,514
Retained earnings	11,686,603	9,857,024
Treasury stock	-5,518,420	-4,115,111
Total shareholders' equity	38,474,507	38,048,308
Unrealized gain on available-for-sale securities	104,443	101,321
Land revaluation difference	-883,049	-883,049
Foreign currency translation adjustments	34,526	36,706
Valuation and translation adjustments Total	-744,079	-745,021
Minority interests	319,524	295,245
Total equity	38,049,952	37,598,533
TOTAL	57,565,992	57,784,830

「Note」

(2) Consolidated Statements of Income

	The Second Quarter Ended September 30, 2008
	A Thousands of Yen
Net Sales	41,396,861
Cost of Sales	29,429,961
Gross profit	11,966,899
Selling, General and Administrative Expenses	6,591,655
Operating income	5,375,244
Interest	9,976
Dividend income	4,211
Lease Income	6,624
Foreign exchange gain	928
Others	20,811
Other Income	42,552
Interest expense	97
Commitment fee	10,483
Others	11,388
Total Other Expenses	21,969
Ordinary Income	5,395,827
Profit from the sale of the investment securities	4,940
Return to the allowance for bad debts, Loan loss reserves	2,939
Others	2,341
Extraordinary income	10,221
Loss on sale and disposal of fixed assets	4,417
Loss on revaluation of memberships	400
Loss on change in pension plans	55,926
Extraordinary losses	60,743
Income before Income Taxes and Minority	5,345,305
Income Tax	2,280,201
Minority Interests in Net Income	25,779
Net Income	3,039,324

「Note」

(3) Management Goals

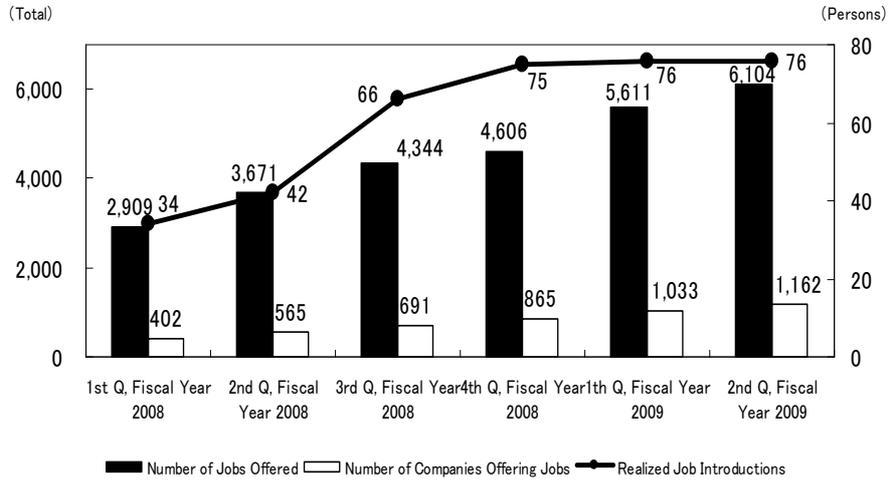
		The Second Quarter Ended September 30, 2008	Fiscal year ended March 31, 2009	
				Change
Personnel Increases	mid-career〔MT+MF〕	194	131	-63
	Meitec	130	75	-55
	Meitec Fielders	64	56	-8
	Bridge engineers〔MGS〕	40	3	-37
Operating Hours	Meitec	9.15h/day	9.05h/day	-0.10h/day
	Meitec Fielders	9.21h/day	9.10h/day	-0.11h/day

(4) Meitec Group Results for the Second Quarter Ended September 30, 2008

million yen		Net Sales		Operating Income		Ordinary Income		Net Income	
			Change		Change		Change		Change
B u t a s i n e s s	Meitec	31,163	409	4,985	86	5,471	295	3,402	530
	Meitec Fielders	5,531	246	469	-150	474	-149	276	-88
	Meitec Cast	1,836	-162	58	-46	58	-45	32	-26
	Meitec Experts	160	86	-4	13	-4	13	-4	13
E n g i n e e r i n g	3 D Tec	356	35	27	6	27	5	15	3
	Apollo Giken	1,030	76	35	-36	40	-29	39	-31
	Meitec CAE	353	92	22	7	22	7	12	4
G l o b a l B u s i n e s s	Meitec Global Solutions	575	333	-132	-23	-132	-23	-133	-23
	Meitec Shanghai	13	-4	-9	1	-8	1	-8	1
	Meitec Dalian	22	11	-4	8	-5	8	-5	8
	Meitec Guangzhou	6	-1	-16	11	-16	11	-16	11
	Meitec Zhejiang	7	1	-9	10	-9	9	-9	9
	Meitec Xian	7	3	-13	8	-16	9	-16	9
	Meitec Chengdu	0	-	-23	-	-28	-	-28	-
	MEITEC Shanghai Human Resources	-	-	-	-	-	-	-	-
B u s i n e s s	DBM-Japan	752	90	6	135	24	155	10	168
	Meitec Next	275	177	-14	90	-14	90	-14	90
	all engineer. Jp	7	-	-13	-	-13	-	-13	-

Note:5

Number of Job Offer and Companies offering Jobs, and Realized Job Introductions - MEITEC NEXT -



Note:6

Number of New Membership Registration - all engineer.jp -

