



Consolidated Financial Report For the Nine Months Ended December 31, 2012

February 7, 2013

Company Name: Meitec Corporation
Representative: Kosuke Nishimoto
President, Group CEO
Code No.: 9744 TSE 1ST Section

1. Consolidated Results for the 3rd Quarter (April 1, 2012 to December 31, 2012)

(1) Consolidated operating results

(Fractions of one million yen are rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2012	52,339	6.8	5,182	21.9	5,245	21.9	3,142	59.3
Nine months ended December 31, 2011	49,026	8.5	4,253	184.8	4,304	30.9	1,973	(20.5)

(Note) Comprehensive Income; as of 3rd quarter ended December 31, 2012: 3,131 million yen [61.5%]
as of 3rd quarter ended December 31, 2011: 1,938 million yen [(21.9%)]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2012	96.60	—
Nine months ended December 31, 2011	59.57	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2012	53,481	35,770	66.8
As of March 31, 2012	57,559	37,209	64.5

Reference: Shareholders' Equity; as of December 31, 2012: 35,702 million yen
as of March 31, 2012: 37,121 million yen

2. Dividends

(Record date)	Annual Dividends per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2012	—	29.00	—	29.50	58.50
FY ending March 31, 2013	—	30.00	—	—	—
FY ending March 31, 2013 (Forecast)	—	—	—	66.00	96.00

(Note) Revision of dividends forecast from recent forecast: None

3. Consolidated Forecasts for Fiscal Year ending March 31, 2013

(% is comparison to the same period of previous 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	%	
FY ending March 31, 2013	70,300	5.0	6,000	10.1	6,100	10.3	5,800	105.1	179.50

(Note) Revision of performance forecast from recent forecast: None

Notes to Financial Statements

- (1) Significant changes involving subsidiaries during the term: None
(Changes in specific subsidiaries that affected the scope of consolidation)
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial Statements: Yes
- (3) Change in accounting principle, procedure and presentation method for preparing the consolidated financial statements
- | | |
|--|------|
| i. Change in accounting principle : | Yes |
| ii. Changes not relating to i. : | None |
| iii. Changes in accounting estimates : | None |
| iv. Restatements : | None |
- (4) Number of shares issued (common stock)
- | | |
|---|------------|
| i. Number of shares issued at the fiscal year end (including treasury shares) | |
| 3 rd quarter ended December 31, 2012: | 34,700,000 |
| FY ended March 31, 2012: | 34,700,000 |
| ii. Number of treasury shares at the fiscal year end | |
| 3 rd quarter ended December 31, 2012: | 3,402,471 |
| FY ended March 31, 2012: | 1,996,719 |
| iii. Average number of shares outstanding during the period | |
| 3 rd quarter ended December 31, 2012: | 32,535,862 |
| 3 rd quarter ended December 31, 2011: | 33,124,588 |

*** Indication of quarterly review procedure implementation status**

At the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act, have not been completed.

*** Advice relating to appropriate use of financial forecasts and other relevant information**

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable, and it is not intended to promise its achievement. Actual results may therefore differ materially from these statements for various reasons. For cautionary notes concerning assumptions for earnings forecasts and use of earning forecasts, please refer to “(3) Qualitative Information on the Consolidated Forecasts” under “1. Qualitative Information on the Consolidated Results for the 3rd Quarter”.

1. Qualitative Information on the Consolidated Results for the 3rd Quarter

(1) Qualitative Information on the Consolidated Operating Results

Figure 1: Summary ; Consolidated Operating Results

(Millions of yen, rounded down)	3 rd Q FY ended Dec.31, 2011	3 rd Q FY ended Dec.31, 2012	YoY Amount	Change(%)
Net Sales	49,026	52,339	+3,313	+6.8%
Cost of Sales	36,372	37,985	+1,612	+4.4%
SG&A Expenses	8,400	9,171	+771	+9.2%
Operating Income	4,253	5,182	+929	+21.9%
Ordinary Income	4,304	5,245	+941	+21.9%
Income before income taxes	4,301	5,091	+790	+18.4%
Net Income	1,973	3,142	+1,169	+59.3%

Figure 2: Summary ; Results of Four Business Domains

(Millions of yen, rounded down)	Meitec Group (Consolidated)					
	Temporary Staffing Business	Engineering Solutions Business	Global Business	Recruiting & Placement Business	Eliminations / Corporate	
Net Sales	52,339	50,141	1,914	56	532	(306)
Component Ratio	100.0%	95.8%	3.7%	0.1%	1.0%	(0.6%)
YoY Amount	+3,313	+3,339	(231)	+37	+115	+52
%Change	+6.8%	+7.1%	(10.8%)	+187.9%	+27.8%	—
Operating Income	5,182	5,014	73	(36)	127	4
Component Ratio	100.0%	96.7%	1.4%	(0.7%)	2.5%	0.1%
YoY Amount	+929	+890	+4	+12	+23	(0)
%Change	+21.9%	+21.6%	+6.0%	—	+21.9%	0.0%

Figure 3: Summary ; Meitec Group Results

(millions of yen, rounded down)		Net Sales		Operating Income		Ordinary Income		Net Income	
		YoY Amount	YoY Amount	YoY Amount	YoY Amount	YoY Amount	YoY Amount		
Temporary Staffing Business	Meitec	41,538	+2,633	4,355	+730	4,644	+692	2,797	+922
	Meitec Fielders	6,998	+692	581	+136	583	+136	361	+105
	Meitec Cast	1,828	+64	71	+21	73	+23	45	+16
Engineering Solutions Business	Meitec CAE	785	(38)	99	(3)	99	(2)	59	(0)
	Apollo Giken Gr.	1,128	(194)	(22)	+10	(18)	(4)	10	+34
Global Business	Meitec Shanghai	0	(0)	(6)	(1)	(6)	(0)	(6)	(0)
	Meitec Xian	7	+3	(12)	(0)	(12)	(0)	(12)	(0)
	Meitec Chengdu	7	+6	(12)	+1	(12)	+1	(12)	+1
	MeitecShanghai	35	+21	(8)	+8	(8)	+7	(8)	+7
Recruiting & Placement Business	Meitec Next	529	+116	158	+54	158	+54	146	+42
	all engineer. jp	6	(0)	(29)	(30)	(29)	(30)	(29)	(30)

Figure 4: Meitec Group Temporary Engineer Staffing Business

		3rd Q FY ended December 31, 2011	3rd Q FY ended December 31, 2012
MT* ¹ +MF* ² +CAE* ³	Period-End Engineering Staff [†]	6,703	6,936
MT* ¹ +MF* ²	Period-End Engineering Staff [†]	6,620	6,857
	Utilization ratio (Company-wide)	92.7%	94.7%
	Utilization ratio(Excluding new hires ²)	93.2%	96.6%
MT* ¹	Period-End Engineering Staff [†]	5,444	5,548
	Of which assigned to internal engineering projects ¹	55	58
	Utilization ratio (Company-wide)	92.2%	95.1%
	Utilization ratio(Excluding new hires ²)	92.6%	96.4%
	Working Hours	8.81h/day	8.86h/day
MF* ²	Period-End Engineering Staff	1,176	1,309
	Utilization ratio (Company-wide)	95.1%	93.0%
	Utilization ratio(Excluding new hires ²)	96.2%	97.4%
	Working Hours	8.81h/day	8.89h/day
CAE* ³	Period-End Engineering Staff	83	79

*1 : Meitec Corporation *2 : Meitec Fielders, Inc *3 : Meitec CAE Corporation

Note 1: Number of engineers for Meitec does not include engineers who are assigned to our internal engineering projects and lecturer for internal training.

Note 2: Engineers who never been assigned to job are excluded.

See the Meitec homepage for monthly and quarterly utilization ratio figures:

<http://www.meitec.co.jp/e/ir/financial/index.htm>

(1)-1. Consolidated Operating Results

During the nine months from April 1, 2012, to December 31, 2012, the U.S. economy showed a gradual recovery trend and tensions concerning the fiscal issues in Europe relaxed somewhat. However, the business environment remained unpredictable due to the continued uncertainty of the world economy.

Although many leading Japanese manufacturing companies, which are major customers of the Company, continued to invest in technological development, the Company recognizes that there is still a strong trend toward reducing costs, including large-scale investment for technological development.

Despite such conditions, in the Group's core business, temporary engineer staffing business, we received steady orders and achieved a higher utilization ratio. In addition, working hours progressed steadily, without experiencing a big drop.

Primarily for these reasons, consolidated net sales for the period under review increased ¥3,313 million, or 6.8%, from a year earlier to ¥52,339 million. Consolidated cost of sales rose ¥1,612 million, or 4.4%, from a year earlier to ¥37,985 million, mainly due to an increase in labor costs. Consolidated selling, general and administrative expenses rose ¥771 million, or 9.2%, from a year earlier to ¥9,171 million, primarily due to an increase in strategic investments. As a result, consolidated operating income increased ¥929 million, or 21.9%, from a year earlier to ¥5,182 million. Consolidated ordinary income rose ¥941 million, or 21.9%, to ¥5,245 million, and consolidated net income advanced ¥1,169 million, or 59.3%, to ¥3,142 million.

(1)-2. Operating Results of Business Domains

(1)-2.i Temporary Staffing Business

The Temporary Staffing Business accounts for more than 90% of consolidated net sales. Particularly in temporary engineer staffing, the core business of this segment, the Company's non-consolidated average utilization ratio (overall) was 95.1% (92.2% for the same period of the previous fiscal year). Also, working hours were steady at 8.86 hours/day (8.81 hours/day for the same period of the previous year). Mainly for this reason, net sales in the Temporary Staffing Business for the period under review increased ¥3,339 million, or 7.1%, from a year earlier to ¥50,141 million, and operating income raised by ¥890 million, or 21.6%, to ¥5,014 million.

(1)-2.ii Engineering Solutions Business

In the Engineering Solutions Business, the Company provides engineering services related to analytical technologies, prototype production, casting/metal mold production and technology support for printed-circuit boards.

Net sales in the Engineering Solutions Business for the period under review decreased ¥231 million, or 10.8%, from a year earlier to ¥1,914 million. Operating income increased ¥4 million, or 6.0%, from a year earlier to ¥73 million.

Meitec CAE maintained profitability, although its sales and profit decreased from a year earlier, reflecting a decline in orders. The Apollo Giken Group recorded an operating loss, reflecting a decrease in orders from some of its customers.

(1)-2.iii Global Business

The Global Business engages in job placement and vocational training for students to supply human resources for Japanese manufacturers that operate in the coastal areas of China.

Net sales in the Global Business for the period under review increased ¥37 million, or 187.9%, from a year earlier to ¥56 million, and an operating loss of ¥36 million was posted compared with a loss of ¥49 million a year earlier.

(1)-2.iv Recruiting & Placement Business

The Recruiting & Placement Business involves the job placement and an information portal site business intended for engineers.

Net sales in the Recruiting & Placement Business advanced ¥115 million, or 27.8%, from a year earlier to ¥532 million, and operating income increased ¥23 million, or 21.9%, to ¥127 million.

Meitec Next Corporation achieved sales and profit growth due to a higher number of job openings.

(2) Qualitative Information on the Consolidated Financial Position

Figure 5: Overview of the Consolidated Financial Position

(millions of yen, rounded down)	FY ended March 31, 2012	3rd Q FY ended December 31, 2012		
		YoY Amount	Change(%)	
Total current assets	40,643	37,544	(3,098)	(7.6%)
Total noncurrent assets	16,915	15,936	(978)	(5.8%)
Total assets	57,559	53,481	(4,077)	(7.1%)
Total current liabilities	11,165	8,092	(3,073)	(27.5%)
Total noncurrent liabilities	9,183	9,618	+434	+4.7%
Total liabilities	20,349	17,711	(2,638)	(13.0%)
Total shareholders' equity	38,017	36,614	(1,402)	(3.7%)
Valuation and translation adjustments	(895)	(911)	(15)	—
Minority interests	87	67	(20)	(23.0%)
Total net assets	37,209	35,770	(1,438)	(3.9%)
Total liabilities and net assets	57,559	53,481	(4,077)	(7.1%)

Total consolidated assets at the end of the third quarter (December 31, 2012) decreased ¥4,077 million, or 7.1%, from March 31, 2012, to ¥53,481 million. A major reason for this decrease was a ¥3,098 million decrease in current assets compared with a year earlier, reflecting a decrease in cash and deposits due to bonus payments and treasury stock acquisition.

Total consolidated liabilities at the end of the third quarter (December 31, 2012) decreased ¥2,638 million, or 13.0%, from March 31, 2012, to ¥17,711 million. A major reason for this decrease was a ¥3,073 million decrease in current liabilities compared with a year earlier due to tax and bonus payments.

Total consolidated net assets at the end of the third quarter (December 31, 2012) decreased ¥1,438 million, or 3.9%, from March 31, 2012, to ¥35,770 million. A major reason for this decrease was a ¥1,402 million decline in shareholders' equity from March 31, 2012, which resulted because an increase in retained earnings according to the operating results of the period under review was offset by the effect of a decrease in retained earnings due to a dividend payment and increased treasury stock.

(3) Qualitative Information on the Consolidated Forecasts

(3)-1. Earnings Forecasts

Because the consolidated operating results for the period under review were mostly as planned, the earnings forecasts for the fiscal year ending March 31, 2013 have not been revised.

For details of these forecasts, please refer to the Results for the 2nd Quarter ended September 30, 2012 for the Fiscal Year ending March 31, 2013, released on November 8, 2012, and the IR presentation materials on the Company's website.

(3)-2. Dividend Forecasts

No revision has been made to the most recent dividend forecasts because the earnings forecasts for the fiscal year have not been revised as mentioned above.

Concerning our basic policy regarding profit distribution, please refer to the Company's Financial Highlights for the Fiscal Year Ended March 31, 2012, released on May 10, 2012, and the IR presentation materials on the Company's website.

Note: Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Actual results may therefore differ materially from these statements for various reasons.

Some important factors that might have an effect on business performance pertain to Business Risks stated in the Company's annual securities report and other information already released, but factors influencing business performance are not limited to those released.

2. Matters Concerning Summary Information (Notes)

(1) Adoption of special accounting treatment for preparing quarterly consolidated financial Statements

Computation of tax expenses

After application of tax effect accounting to income before income taxes for the fiscal year ending March 31, 2013, which includes the third quarter under review, we estimate a reasonable tax rate and multiply income before income taxes by that rate.

(2) Change in accounting principle, procedure and presentation method for preparing the consolidated financial statements

Change in accounting principle

[Change in depreciation method]

At the Company and its domestic consolidated subsidiaries, pursuant to revisions to the Corporate Tax Law, the Company changed the method of depreciation of property, plant and equipment, and now uses a method based on the revised Corporate Tax Law with regard to those assets acquired on and after April 1, 2012, which includes the third quarter under review.

The impact of this change on operating income, ordinary income and income before income taxes for the period under review was immaterial.

3. Consolidated Financial statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2012	The 3rd Quarter ended Dec. 31, 2012
Consolidated quarterly balance sheets		
Assets		
Current assets		
Cash and deposits	26,686,586	24,149,365
Notes and accounts receivable-trade	10,675,469	9,805,545
Work in process	276,722	699,190
Other	3,019,569	2,913,465
Allowance for doubtful accounts	(14,787)	(22,604)
Total current assets	40,643,560	37,544,962
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,319,367	6,930,948
Other, net	3,938,117	4,016,163
Total property, plant and equipment	11,257,485	10,947,112
Intangible assets		
Other	1,429,889	999,732
Total intangible assets	1,429,889	999,732
Investments and other assets		
Other	4,320,691	4,005,779
Allowance for doubtful accounts	(92,600)	(15,801)
Total investments and other assets	4,228,090	3,989,977
Total noncurrent assets	16,915,466	15,936,822
Total assets	57,559,026	53,481,785
Liabilities		
Current liabilities		
Notes and accounts payable-trade	150,709	122,178
Income taxes payable	1,733,120	646,537
Provision for directors' bonuses	57,000	65,499
Provision for bonuses	4,688,707	2,185,718
Other	4,536,246	5,072,645
Total current liabilities	11,165,783	8,092,579
Noncurrent liabilities		
Provision for retirement benefits	9,079,274	9,551,795
Other	104,630	67,002
Total noncurrent liabilities	9,183,904	9,618,798
Total liabilities	20,349,688	17,711,378

(Thousands of Yen)

	Fiscal year ended March 31, 2012	The 3rd Quarter ended Dec. 31, 2012
Net assets		
Shareholders' equity		
Capital stock	16,825,881	16,825,881
Capital surplus	13,343,429	13,343,359
Retained earnings	13,378,463	14,575,524
Treasury stock	(5,530,419)	(8,130,365)
Total shareholders' equity	38,017,355	36,614,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,979	(1,380)
Revaluation reserve for land	(878,313)	(878,313)
Foreign currency translation adjustment	(30,644)	(32,054)
Total accumulated other comprehensive income	(895,978)	(911,747)
Minority interests	87,961	67,754
Total net assets	37,209,338	35,770,407
Total liabilities and net assets	57,559,026	53,481,785

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Thousands of Yen)

	The 3rd Quarter ended Dec. 31,2011	The 3rd Quarter ended Dec. 31,2012
Consolidated quarterly statements of (comprehensive) income		
Net sales	49,026,251	52,339,721
Cost of sales	36,372,917	37,985,441
Gross profit	12,653,333	14,354,280
Selling, general and administrative expenses	8,400,102	9,171,403
Operating income	4,253,231	5,182,876
Non-operating income		
Interest income	4,200	4,269
Dividends income	4,828	5,009
Reversal of allowance for doubtful accounts	20,270	51,052
Other	46,347	26,263
Total non-operating income	75,647	86,595
Non-operating expenses		
Commitment fee	4,436	4,031
Foreign exchange losses	3,913	2,803
Loss on investments in partnership	10,335	8,319
Other	5,745	8,534
Total non-operating expenses	24,430	23,688
Ordinary income	4,304,448	5,245,783
Extraordinary income		
Gain on sales of investment securities	—	10,695
Settlement received	—	47,873
Total extraordinary income	—	58,569
Extraordinary loss		
Loss on sales of noncurrent assets	6	43
Impairment loss	291	202,406
Other	3,046	10,044
Total extraordinary losses	3,344	212,494
Income before income taxes and minority interests	4,301,104	5,091,858
Income taxes	2,338,995	1,946,357
Income before minority interests	1,962,109	3,145,500
Minority interests in income (loss)	(11,254)	2,593
Net income	1,973,363	3,142,907

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	The 3rd Quarter ended Dec. 31,2011	The 3rd Quarter ended Dec. 31,2012
Consolidated quarterly statements of comprehensive income		
Income before minority interests	1,962,109	3,145,500
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,931)	(14,513)
Revaluation reserve for land	4,736	—
Foreign currency translation adjustment	(2,527)	209
Total other comprehensive income	(23,723)	(14,304)
Comprehensive income	1,938,385	3,131,196
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,949,611	3,127,138
Comprehensive income attributable to minority interests	(11,225)	4,057

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

(4) Significant changes in shareholders' equity: None