(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

Security code：9744

May 31,2017

MEITEC CORPORATION
2-20-1, Kosei-tori,Nishi-ku, Nagoya, Japan
President and CEO: Hideyo Kokubun

Notice of Convocation of 44th Annual General Meeting of Shareholders

To Our Shareholders:

MEITEC CORPORATION (the Company) requests your attendance at the 44th Annual General Meeting of Shareholders, which will be held as follows**:**

If you will not attend the meeting, you may exercise your voting right by method in following page. After reviewing the reference material for the meeting herein, please exercise your voting right by 6:00 pm on June 21, 2017 (Wednesday).

1. Date and time: Thursday, June 22, 2017 at 2:00 p.m.

2. Place: Meitec Tokyo Office,
8-5-26, Akasaka,
SUMITOMO FUDOSAN AOYAMA BLDG.
NISHIKAN 7th Floor,
Minato-ku, Tokyo, Japan

3. Purpose of the meeting:

Matters to be reported:

1) Presentation of the Business Report and Consolidated Financial Statements as well as Audit & Supervisory Board's Report from the audit of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board, for the 44th fiscal period (from April 1, 2016, to March 31, 2017)

2) Presentation of the Non-consolidated Financial Statements, for the 44th fiscal period (from April 1, 2016, to March 31, 2017)

Matters to be resolved:

Agenda Item 1	Dividend of the retained earnings (year end dividend for the fiscal year ended March 31, 2017)
Agenda Item 2	Election of eight (8) Directors
Agenda Item 3	Election of two (2) Audit & Supervisory Board Members
Agenda Item 4	Election of one (1) Alternate Audit & Supervisory Board Member

4. About Exercising Your Voting Right

1) Exercising your voting right by mail

Please indicate whether you approve or disapprove on the resolution to the enclosed "Card for the Exercise of Voting Rights" and return it to the Company via mail, by 6:00 pm on June 21, 2017 (Wednesday)

2) Instructions for exercising your vote on the internet

If you are to attend the meeting, voting by sending the "Card for the Exercise of Voting Rights" or voting by internet is unnecessary.

3) Treatment of non-indication of vote on the "Card for the Exercise of Voting Rights"

If approval or disapproval is not indicated on the "Card for the Exercise of Voting Rights" in exercising the voting right via mail, it shall be treated as if approval were voted.

4) Treatment of duplicate exercise by the internet

In case that multiple number of vote is exercised on the internet, last vote registered on the internet will be recognized as valid. Furthermore, if you exercise your voting rights in duplicate by accessing the voting website from a personal computer, a smart phone and a mobile phone, the last time that you exercise your voting rights shall be deemed valid.

5) Treatment of duplicate exercise by writing and by the internet

In case that a voting right is exercised both by writing using the "Card for the Exercise of Voting Rights" and on the internet, only the vote registered on the internet will be recognized as valid.

6) About diverse exercise of your vote

If you wishes to make diverse exercise your voting right, please notify the Company in writing by 3 days prior to the Annual General Meeting of Shareholders stating your intention of making the diverse exercise and the reasons.

5. Internet Disclosure

Pursuant to the relevant laws and regulations and Article 15 of the Company's articles of incorporation, among documents to be attached to this notice, the following items are posted on the Company's website (http://www.meitec.co.jp/) and are not attached to this notice. Consequently, the documents attached to this notice are part of the documents that were audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing their audit reports.

i) Notes to Consolidated Financial Statements

ii)Notes to Non-consolidated Financial Statements

REFERENCE FOR EXERCISE OF VOTING RIGHTS

Matters to be resolved:

Agenda Item 1: Dividend of the retained earnings (year end dividend for the fiscal year ended March 31, 2017)

The Company's basic policy for distribution of profits is to provide our shareholders with dividend payments proportionate to the fiscal period's profits.

The dividend payout ratio will be equal to or more than 50% of net income. The dividend payout ratio should be at least 5% of the consolidated dividend on equity ratio (DOE).

Based on the above mentioned basic policy, with consideration of performance, the Company proposes the year-end dividend as following.

(1) Type of dividends: Cash

(2) Allotment of property for dividends and total amount thereof:
¥83.50 per share of the Company's common stock, for a total of ¥2,375,362,743.
These dividends would result in annual dividends, including the interim dividend of ¥68 per share, of ¥151.50 per share.

(3) Effective date of dividends of the retained earnings: June 23, 2017

Agenda Item 2: Election of eight (8) Directors

The term of office of all the nine (9) current directors ends at the conclusion of the 44th Annual General Meeting of Shareholders.

In order to enhance competitiveness targeting proactive growth, the Company is seeking approval of election of eight (8) directors, including one (1) new director and two (2) outside directors.

The candidates for directors are as follows.

<table>
<tr><th></th><th>Name
(Date of birth)</th><th>Career Summary and other Current Positions</th></tr>
<tr><td rowspan="2">1</td><td>Internal Reappointment



Hideyo Kokubun
(October 20, 1959)

・Attendance at meetings of the Board of Directors during the 44th fiscal period
15／15（100%）
・Number of shares held in the Company
9,300 shares</td><td>Apr. 1982 Joined the Company
Feb. 1996 General Manager of the Atsugi Solutions Center
Nov. 1999 General Manager of the Office of the President
Apr. 2002 General Manager of the Customer Relations Center
Apr. 2003 Executive officer of the Company
Jun. 2003 Director of the Company
Nov. 2004 General Manager of the Corporate Communication Dept., General Manager of the Office of the President
Apr.2006 Vice CEO of Temporary Staffing Business Group
Jan. 2007 CEO of Temporary Staffing Business Group, In charge of Business Execution Division
Mar. 2009 General Manager of the Sales Promotion Center
Apr. 2014 CEO, MEITEC Group (current)、
Representative Director (current)、
President and CEO, COO of the Company (current)

[Current position]
CEO, MEITEC Group
Representative Director
President and CEO
COO, Executive officer for the Internal Audit Department, the CSR Department

[Important Concurrent Positions]
Director of MEITEC FIELDERS INC.
Director of MEITEC CAST INC.
Director of MEITEC NEXT CORPORATION</td></tr>
<tr><td colspan="2">[Reason for selection as candidate for Director]
Mr. Hideyo Kokubun is Representative Director and President of the Company as well as CEO of the MEITEC Group. He possesses abundant experience and a high level of knowledge with respect to the MEITEC Group’s businesses, including having been responsible for a wide range of areas, such as the business frontline, corporate communications, the Office of the President, the Business Operations Management Division, and the Career Support Division. As a result, the Company judges that he will contribute to the MEITEC Group’s sustainable growth and an increase in the corporate value over the medium to long term.</td></tr>
</table>

	Name (Date of birth)	Career Summary and other Current Positions
2	Internal Reappointment  Hiroshi Yoneda (June 16, 1954) ・Attendance at meetings of the Board of Directors during the 44th fiscal period 15／15（100%） ・Number of shares held in the Company 6,500 shares	Apr. 1978 Joined Japan Recruitment Center Co.,Ltd. (currently Recruit Holdings Co.,Ltd.) Oct. 1988 General Manager of the Tokyo Communication Technology Dept., and General Manager of the Technical Services Dept.. Apr. 1994 General Manager of the Kansai Human Resources Service Division Jun. 2002 Director of Recruit Ablic Inc. (currently Recruit Career Co.,Ltd.) Jun. 2003 Managing Director of Recruit Ablic Inc. (currently Recruit Career Co.,Ltd.) Jun. 2005 Director of the Company (current) President of Drake Beam Morin-Japan, Inc. Apr. 2006 CEO of Career Support Business Group Jul. 2006 President of MEITEC NEXT CORPORATION Nov. 2007 CCSO (Chief career support officer), MEITEC Group Oct. 2009 President of MEITEC FIELDERS INC. Jun. 2015 Executive officer of the Company (current) [Current position] Director, Executive officer In charge of the Market Development Promotion Office, the Sales Administration Department In charge of MEITEC FIELDERS INC., MEITEC CAST CORPORATION, MEITEC NEXT CORPORATION [Important Concurrent Positions] Director of MEITEC FIELDERS INC. Director of MEITEC CAST INC. Director of MEITEC NEXT CORPORATION
	[Reason for selection as candidate for Director] Mr. Hiroshi Yoneda has past and present experience as a representative director of different Group companies. He possesses abundant experience and a high level of knowledge with respect to the MEITEC Group's businesses, including advancing the companies' expansion and growth. As a result, the Company judges that he will contribute to the MEITEC Group's sustainable growth and an increase in the corporate value over the medium to long term.	

	Name (Date of birth)	Career Summary and other Current Positions
3	Internal Reappointment  Masato Uemura (July 23, 1967) ・Attendance at meetings of the Board of Directors during the 44th fiscal period 15／15（100%） ・Number of shares held in the Company 6,100 shares	Apr. 1990 Joined Saitama Bank, Limited. (currently Saitama Resona Bank, Limited.) Jul. 1999 Planning Dept, The Asahi Bank, Limited (currently Resona Bank, Limited.) Mar. 2003 Financial Dept, Resona Holdings, Inc. and Planning Dept, Resona Bank, Limited Jan. 2007 Joined the Company General Manager of the Management Information Dept. Mar. 2008 Executive officer of the Company (current) Jun. 2009 Director of the Company (current) [Current position] Director In charge of the Business Operations Management Division, the Personnel Division Executive officer for the Accounting Department, the Management Administration Department [Important Concurrent Positions] None
	[Reason for selection as candidate for Director] Mr. Masato Uemura possesses abundant experience and a high level of knowledge with respect to the MEITEC Group's businesses, including having been responsible for accounting, finance, IR, and other departments related to management administration. As a result, the Company judges that he will contribute to the MEITEC Group's sustainable growth and an increase in the corporate value over the medium to long term.	

	Name (Date of birth)	Career Summary and other Current Positions
4	Internal Reappointment  Akiyoshi Ogasawara (April 2, 1963) ・Attendance at meetings of the Board of Directors during the 44th fiscal period 15／15（100%） ・Number of shares held in the Company 4,800 shares	Apr. 1988 Joined the Company Jul. 2005 Executive officer of the Company Jan. 2007 Director and Executive officer of MEITEC FIELDERS INC. Jan. 2011 Executive officer for the Business Execution Divisions of MEITEC FIELDERS INC. Oct. 2011 Manager, the Business Support Dept. of MEITEC FIELDERS INC. Jun. 2013 Director of the Company (current), Executive officer of the Company (current) [Current position] Director, Executive officer In charge of the Engineering Solutions Division (High-end Engineering Area) In charge of MEITEC EX CORPORATION [Important Concurrent Positions] Director of MEITEC FIELDERS INC Director of MEITEC CAST INC. Director of MEITEC EX CORPORATION
	[Reason for selection as candidate for Director] Mr. Akiyoshi Ogasawara possesses abundant experience and a high level of knowledge with respect to the MEITEC Group's businesses, including having been responsible for the business frontline. As a result, the Company judges that he will contribute to the MEITEC Group's sustainable growth and an increase in the corporate value over the medium to long term.	

	Name (Date of birth)	Career Summary and other Current Positions
5	Internal Reappointment  Hiroyuki Rokugo (July 5, 1961) ・Attendance at meetings of the Board of Directors during the 44th fiscal period 15／15（100%） ・Number of shares held in the Company 1,000 shares	Apr. 1985 Joined RECRUIT CO., LTD. (currently Recruit Holdings Co., Ltd.) Apr. 1987 Transferred to Recruit Human Resource Center Co., Ltd. (currently Recruit Career Co., Ltd.) Apr. 2000 Nagoya Branch Manager of Recruit Ablic Inc. (currently Recruit Career Co., Ltd.) Apr. 2005 Executive officer of Recruit Ablic Inc. (currently Recruit Career Co., Ltd.) Jul. 2006 Executive officer of MEITEC NEXT CORPORATION Jun. 2007 Director of MEITEC NEXT CORPORATION Jun. 2010 President of MEITEC NEXT CORPORATION Apr. 2014 President of Meitec Shanghai (current) 、 President of Meitec Shanghai Human Resources Co., Ltd. (current) Jun.2015 Director of the Company (current) Apr.2017 Executive officer of the Company (current) [Current position] Director, Executive officer In charge of the Career Support Division, the Group Recruiting Division In charge of the Company subsidiaries in China [Important Concurrent Positions] Director of MEITEC NEXT CORPORATION President of Meitec Shanghai President of Meitec Shanghai Human Resources Co., Ltd.
	[Reason for selection as candidate for Director] Mr. Hiroyuki Rokugo has past and present experience as a representative director, etc. of different Group companies. He possesses abundant experience and a high level of knowledge with respect to the MEITEC Group's businesses, including advancing the expansion and growth of the recruiting business. As a result, the Company judges that he will contribute to the MEITEC Group's sustainable growth and an increase in the corporate value over the medium to long term.	

	Name (Date of birth)	Career Summary and other Current Positions
6	Internal New appointment  Keisuke Ito (July 20, 1968) ・Number of shares held in the Company 1,700 shares	Apr.1991 Joined the Company Apr.2006 General Manager of the Personnel Dept. Apr.2011 Executive officer of the Company (current) [Current position] Executive officer for the Personnel Department [Important Concurrent Positions] None
	[Reason for selection as candidate for Director] Mr. Keisuke Ito possesses abundant experience and a high level of knowledge with respect to the MEITEC Group's businesses, including reforming the personnel system and other achievements as a person in charge of personnel for many years. As a result, the Company judges that he will contribute to the MEITEC Group's sustainable growth and an increase in the corporate value over the medium to long term.	

	Name (Date of birth)	Career Summary and other Current Positions
7	Outside Independent Reappointment  Minao Shimizu (March 7, 1961) ・Period in office 6 years ・Attendance at meetings of the Board of Directors during the 44th fiscal period 15／15（100%） ・Number of shares held in the Company 0 shares	Mar. 1985 Graduated from the Faculty of Law, University of Tokyo Apr. 1988 Entered the Legal Training and Research Institute of the Supreme Court of Japan Apr. 1990 Registered as attorney at law (Tokyo Bar Association) Joined Kawai, Takeuchi, Nishimura and Inoue Law Office(currently Sakura Kyodo Law Office.) Jul. 1996 Appointed partner of Sakura Kyodo Law Offices Oct. 2005 Established Minao Shimizu Law Office (current) Jun. 2011 Outside Director of the Company (current) [Important Concurrent Positions] Attorney at Law (Minao Shimizu Law Office)

[Reason for selection as candidate for Outside Director]

Mr. Minao Shimizu is attorney at law, and the Company expects that, utilizing his high knowledge in law, he will continuously contribute to over sighting the management and strengthening the function of the board of directors of the Company as an independent outside director. Although he had not participated in the management of the Company by the method other than by being an outside director nor an outside auditor, the Company judges that he can carry out his duty as an outside director properly because of above reasons.

[Matters relating to independency]

The Company judges that Mr. Minao Shimizu meets the criteria for independence stipulated by Tokyo Stock Exchange, Inc. and the “Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members,” and therefore has independency. Accordingly, the Company has submitted notification to the aforementioned exchange that he has been designated as an independent executive.

[Limited liability agreement]

The Company enters into a liability limitation agreement with Mr. Minao Shimizu pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act. In the event that Mr. Minao Shimizu’s election is approved, the Company plans to continue the aforementioned agreement with him.

	Name (Date of birth)	Career Summary and other Current Positions
8	Outside Independent Reappointment  Hiroyuki Kishi (September 1, 1962) ・Period in office 6 years ・Attendance at meetings of the Board of Directors during the 44th fiscal period 15／15（100%） ・Number of shares held in the Company 0 shares	Apr. 1986 Entered the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) Oct. 1995 Transferred to The Korean Peninsula Energy Development Organization (KEDO) Jun. 1998 Returned to the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) Aug. 2000 Assigned to Cabinet Secretariat in charge of Information Technologies (IT) Oct. 2001 Assistant to the Minister of State for Economic and Fiscal Policy Oct. 2002 Assistant to the Minister for Financial Services Sep. 2004 Secretary to the Minister of State for Economic and Fiscal Policy and the Minister of State for Privatization of the Postal Services Oct. 2005 Secretary to the Minister for Internal Affairs and Communications Oct. 2006 Assistant Professor, Research Institute for Digital Media and Content, Keio University Jan. 2007 Special Advisor, Avex Group Holding Inc. Apr. 2007 Associate Professor, Research Institute for Digital Media and Content, Keio University Jun. 2007 Director of Avex Group Holding Inc. Apr. 2008 Professor, Graduate School of Media Design, Keio University (current) Jun. 2010 Director of Avex Marketing Inc. (currently Avex Music Creative Inc.) (current) Jun. 2011 Outside Director of the Company (current) [Important Concurrent Positions] Professor, Graduate School of Media Design, Keio University Director of Avex Music Creative Inc.
	[Reason for selection as candidate for Outside Director] Mr. Hiroyuki Kishi has a wide knowledge as a professor of a graduate school of a university. The Company expects that, utilizing his experiences in the field of government administration and director of public company, he will continuously contribute to over sighting the management and strengthening the function of the board of directors of the Company as an independent outside director. [Matters relating to independency] The Company judges that Mr. Hiroyuki Kishi meets the criteria for independence stipulated by Tokyo Stock Exchange, Inc. and the “Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members,” and therefore has independency. Accordingly, the Company has submitted notification to the aforementioned exchange that he has been designated as an independent executive. [Limited liability agreement] The Company enters into a liability limitation agreement with Mr. Hiroyuki Kishi pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act. In the event that Mr. Hiroyuki Kishi’s election is approved, the Company plans to continue the aforementioned agreement with him.	

Notes:

1. No special interests exist between the candidates and the Company.
2. Mr. Minao Shimizu and Mr. Hiroyuki Kishi are candidates for Outside Director.
3. The MEITEC Group “Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management” and the “Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members” are as set out on pages 15 and 16.

Agenda Item 3: Election of two (2) Audit & Supervisory Board Members

The term of audit & supervisory board member of Mr. Hiroshi Watanabe will end at the conclusion of the 44th Annual General Meeting of Shareholders.

In that regard, the Company is seeking approval of election of two (2) audit & supervisory board members, increasing the number of audit & supervisory board members by one (1) to strengthen the audit system.

This proposal has the approval of the Audit & Supervisory Board.

The candidate for audit & supervisory board members are as follows.

<table>
<tr><th></th><th>Name
(Date of birth)</th><th>Career Summary and other Current Positions</th></tr>
<tr><td rowspan="2">1</td><td>Outside Independent
Reappointment

Hiroshi Watanabe
(December 24, 1965)
・Period in office 12 years
・Attendance at meetings of the Board of Directors during the 44th fiscal period
15／15（100%）
・Attendance at meetings of the Audit & Supervisory Board during the 44th fiscal period
14／14（100%）
・Number of shares held in the Company
0 shares</td><td>Oct. 1991 Joined Aoyama Audit Corporation
July. 1995 Registered as a certified public accountant
Joined Tsuji Certified Public Accountant Office (currently Tsuji Hongo Public Tax Accountant)
Jan. 2003 Established Hiroshi Watanabe Certified Public Accountant Office (current)
Jun. 2005 Outside Audit & Supervisory Board Member of the Company (current)

[Important Concurrent Positions]
Certified Public Accountant
(Hiroshi Watanabe Certified Public Accountant Office)</td></tr>
<tr><td colspan="2">[Reason for selection as candidate for Outside Audit & Supervisory Board Member]
Mr. Hiroshi Watanabe is a certified public accountant. The Company expects that, utilizing his knowledge in finance and accounting, he will contribute to over sighting the management and strengthening the function of the board of directors of the Company as an independent outside audit & supervisory board member. Although he had not participated in the management of company by the method other than being an outside director nor an outside audit & supervisory board member, the Company judge that he can carry out the duty as an outside audit & supervisory board member properly because of above reasons.

[Matters relating to independency]
The Company judges that Mr. Hiroshi Watanabe meets the criteria for independence stipulated by Tokyo Stock Exchange, Inc. and the “Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members,” and therefore has independency. Accordingly, the Company has submitted notification to the aforementioned exchange that he has been designated as an independent executive.

[Limited liability agreement]
The Company enters into a liability limitation agreement with Mr. Hiroshi Watanabe pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act. In the event that Mr. Hiroshi Watanabe’s election is approved, the Company plans to continue the aforementioned agreement with him.</td></tr>
</table>

<table>
<tr><th></th><th>Name
(Date of birth)</th><th>Career Summary and other Current Positions</th></tr>
<tr><td rowspan="2">2</td><td>Outside Independent
New appointment

Masatoshi Uematsu
(July 7, 1958)
・Number of shares held in the Company
0 shares</td><td>Apr.1981 Joined Saitama Bank, Limited. (currently Saitama Resona Bank, Limited.)
Apr.2007 General Manager of the Internal Audit Dept. of Saitama Resona Bank, Limited.
Apr.2013 Standing Outside Audit & Supervisory Board Member of The Kinki Osaka Bank, Ltd
Apr.2017 Audit & Supervisory Board Member of J and S INSURANCE SERVICE Co., Ltd. (current)

[Important Concurrent Positions]
Audit & Supervisory Board Member of J and S INSURANCE SERVICE Co., Ltd.</td></tr>
<tr><td colspan="2">[Reason for selection as candidate for Outside Audit & Supervisory Board Member]
Mr. Masatoshi Uematsu possesses a wide range of experience and knowledge from having been involved in management and internal audits at major banks. Utilizing this experience and knowledge, as well as taking advantage of his experience as an audit & supervisory board member at financial institutions, the Company judges that as outside audit & supervisory board member he will contribute to the enhancement of the Company’s management monitoring framework.

[Matters relating to independency]
The Company judges that Mr. Masatoshi Uematsu meets the criteria for independence stipulated by Tokyo Stock Exchange, Inc. and the “Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members,” and therefore has independency. Accordingly, in the event that Mr. Masatoshi Uematsu is appointed as an outside audit & supervisory board member, the Company plans to submit notification to the aforementioned exchange that he has been designated as an independent executive.

[Limited liability agreement]
In the event that Mr. Masatoshi Uematsu is appointed as an outside audit & supervisory board member, the Company plans to enter into a limited liability agreement with him pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act.</td></tr>
</table>

Notes:

1. No special interests exist between the candidates and the Company.
2. Mr. Hiroshi Watanabe and Mr. Masatoshi Uematsu are candidates for Outside Audit & Supervisory Board Member.
3. The MEITEC Group “Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management” and the “Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members” are as set out on pages 15 and 16.

Agenda Item 4: Election of one (1) Alternate Audit & Supervisory Board Member

The company is seeking approval of election of one alternate audit & supervisory board member which is to prepare against the event of the number of audit & supervisory board falling below legal stipulations.

Shareholders are advised that the effectiveness of appointment of the alternate audit & supervisory board member may be cancelled before the alternate audit & supervisory board member assumes an audit & supervisory board member position by a resolution of the Board of Directors with Audit & Supervisory Board approval.

This proposal has the approval of the Audit & Supervisory Board.

The candidate for alternate audit & supervisory board member is as follows.

Name (Date of birth)	Career Summary and other Current Positions
Outside Independent  Toru Kunibe (December 9, 1960) ・Number of shares held in the Company 0 shares	Mar. 1985 Graduated from the Faculty of Law, University of Tokyo Apr. 1990 Entered the Legal Training and Research Institute of the Supreme Court of Japan Apr. 1992 Registered as attorney at law (Tokyo Bar Association) Joined Arai Law Office Apr. 1998 Established Kunibe Law Office (current) [Important Concurrent Positions] Attorney at Law (Kunibe Law Office)

[Reason for selection as candidate for Alternate Outside Audit & Supervisory Board Member]

Mr. Toru Kunibe has wide knowledge as an attorney at law and the Company expect that he will contribute to over sighting the management and strengthening the function of the board of directors of the Company as an independent outside audit & supervisory board member. Although he had not participated in the management of company by the method other than being an outside director nor an outside audit & supervisory board member, the Company judge that he can carry out the duty as an outside audit & supervisory board member properly because of above reasons.

[Matters relating to independency]

The Company judges that Mr. Mr. Toru Kunibe meets the criteria for independence stipulated by Tokyo Stock Exchange, Inc. and the "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members," and therefore has independency.

[Limited liability agreement]

In the event that Mr. Toru Kunibe's election is approved and he is appointed as an outside audit & supervisory board member, the Company plans to enter into a limited liability agreement with him pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Notes:

1. No special interests exist between the candidate and the Company.
2. Mr. Toru Kunibe is a candidate for Alternate Outside Audit & Supervisory Board Member.
3. The MEITEC Group "Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management" and the "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members" are as set out on pages 15and 16.

<Reference-1>

MEITEC Group Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management

1. All directors and audit & supervisory board members
   - Person who has integrity and high ethical standards and can act with a sense of fiduciary responsibility
2. All independent outside directors/audit & supervisory board members
   - Person who meets "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members" provided separately
   - Person who can be expected to act from an objective and neutral position in view of protecting interest of general shareholders
   - Person who has knowledge of accounting, finance, taxation, human resources, IT, legal affairs and other fields of specialty; person with experience in corporate management; and person who has a wealth of experience related to the Company's business and professional insights
   - MEITEC Group shall endeavor to ensure a balance and diversity by commanding an extended view of outside directors/audit & supervisory board members so as not to cause uneven distribution of professional insights.
3. Directors
   (1) <Internal> directors
   - Person who can act in a fair and honest manner in the best interest of the Company
   - Person who has a wealth of experience, extensive knowledge and superior expertise in temporary staffing business and employment placement business solely for engineers on indefinite employment contracts, and in other departments relating to functions supporting those businesses

   (2) <Independent> outside directors
   - Person who has sufficient understanding on various businesses
   - Person who is expected to candidly ask questions or express opinions with independence of mind, and exercise voting rights appropriately
4. Audit & supervisory board members
   1) Person who is expected to always maintain a fair and unbiased attitude at all times while striving to maintain an independent position and act based on their own beliefs
   2) At least one person in principle shall have an appropriate level of insight in finance and accounting.

   (1) Standing audit & supervisory board members
   - Person who as a dedicated member has a capability of collecting information necessary in performing audit and can be expected to actively take actions in an effort to establish environment for audit

   (2) Outside audit & supervisory board members
   - In addition to 4.1) 2) provided above, person who can candidly ask questions or express opinions from an even higher level of independence and neutrality
5. Top management
   (1) Executive officers
   - Person who as the highest position among the employees is eligible to assume "responsibilities and roles" for executing operations of the scope under their respective supervision in line with business policies and the like
   - Person who can be expected to appropriately perform operations set forth in "Officers' Credos" which reflect a field-oriented spirit and other

   (2) Representative director and president of the group company
   - Person who is eligible to and can be expected to assume "responsibilities and roles" for executing operations in line with business policies and the like of such group company

<Reference-2>

Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members

In electing outside directors or outside audit & supervisory board members, the Company deems that persons who meet all of the standards provided below have independency from the Company:

1. Such person is not an executive of the Company or its subsidiary (Note 1) presently or in the last ten years (in addition, for outside audit & supervisory board members, such person must not be non-executive director of the Company or its subsidiary in the last ten years)
   Note 1: "Executive" refers to an executive director, executive officer, or employee.
2. Presently, such person is not a close relative (Note 2) of the Company's important executive (Note 3)
   Note 2: "Close relative" refers to a spouse or a relative within a second degree.
   Note 3: "Important executive" refers to a director (excluding outside director) or an executive officer.
3. Such person does not fall under any of the following:
   (1) Executive of a party whose major client or supplier is the Company (Note 4)
   Note 4: "A party whose major client or supplier is the Company" refers to a counterparty which received payment of an amount exceeding 1 % of its annual consolidated net sales from the Company in the previous fiscal year.
   (2) Executive of any of the Company's major client or supplier (Note 5)
   Note 5: "The Company's major client or supplier" refers to a counterparty which paid an amount exceeding 1 % of the Company's annual consolidated net sales to the Company in the previous fiscal year.
   (3) Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property (Note 6) from the Company besides compensation as a director/audit & supervisory board member (in case that a person who receives the property is an organization such as legal entity or association, a person who belongs to such organization)
   Note 6: "A large amount of monetary consideration or other property" refers to the case of having received payment of over 10 million yen from the Company besides compensation as a director/audit & supervisory board member in the previous fiscal year.
   (4) The Company's major shareholder (Note 7) (in case that the major shareholder is a legal entity, its executive)
   Note 7: "Major shareholder" refers to a person who owns shares with 10% or more of the total voting rights of the Company based on the latest shareholder's list.
   (5) A person who falls under any of (1) through (4) above in the last five years
   (6) A close relative of a person who falls under (i) or (ii) below (excluding non-important persons)
   (i) A person who falls under any of (1) through (5) above
   (ii) A person who was an executive of the Company or its subsidiary in the last five years (for outside audit & supervisory board members, a person who was a non-executive director is included)

（Attached Document）

BUSINESS REPORT

(from April 1, 2016 to March 31, 2017)

1. Business Outline

(1) Results of Operations

During the fiscal year under review (from April 1, 2016 to March 31, 2017), many leading manufacturers, which are the major clients of the Company, continued investing in technological development looking to the next generation, unaffected by business conditions. Under this environment, companies redoubled their efforts on recruiting, leading to an increase in the number of engineers. The number of engineers assigned to clients steadily increased as a result of proceeding assignment to clients under a strong order environment.

As a result, consolidated net sales for the fiscal year under review increased ¥2,090 million, or 2.4%, from a year earlier to ¥89,979 million. Consolidated cost of sales rose ¥1,755 million, or 2.7%, from a year earlier to ¥66,417 million, chiefly because of higher labor costs due to an increase in the number of engineers. Consolidated selling, general and administrative expenses rose ¥66 million, or 0.5%, from a year earlier to ¥12,418 million. As a result, consolidated operating profit increased ¥268 million, or 2.5%, from a year earlier to ¥11,142 million, and consolidated ordinary profit rose ¥299 million, or 2.8%, from a year earlier to ¥11,145 million.

Furthermore, profit attributable to owners of parent decreased ¥146 million, or 1.8%, from a year earlier to ¥7,937 million, due to the recording of extraordinary income of approximately ¥1.0 billion in the previous fiscal year, arising from the sale of training facilities and other facility.

Results by business segment were as follows:

ⅰ.Temporary Staffing Business

Net sales in the Temporary Staffing Business segment for the fiscal year under review increased ¥2,904 million, or 3.4%, from a year earlier to ¥87,518 million. The main reason for the increase was an increase in the number of engineers assigned to clients in the Temporary Staffing Business, which accounts for more than 90% of consolidated net sales, particularly in the professional staffing business for engineers, the core business of this segment. Operating profit increased ¥319 million, or 3.1%, from a year earlier to ¥10,661 million.

The Company’s non-consolidated utilization ratio (overall) maintained a high level of 96.7%, despite a slight decline compared with 97.2% in the previous fiscal year. The main reason was careful selection of work assignments for the 338 newly graduated engineers that joined the Company in April 2016, as well as the strategic rotation of engineers between clients and assignments in order to support career enhancement.

Moreover, while the order environment continued to be brisk throughout the year, working hours declined to 8.78 hours/day (8.83 hours/day for the previous fiscal year) because of a decline in overtime hours work, etc.

ⅱ. Recruiting & Placement Business

The Recruiting & Placement Business segment operates job placement and information portal site businesses for engineers.

Net sales in the Recruiting & Placement Business for the fiscal year under review increased ¥141 million, or 9.5%, from a year earlier to ¥1,641 million, and operating profit increased ¥61 million, or 13.1%, to ¥528 million.

MEITEC NEXT achieved sales and profit growth due to a continuing increase in the number of job placements.

Also, as a part of the review of the Group strategy, as of January 2017 Meitec (China, Shanghai) has concluded the provision of placement services for new personnel and on April 1, 2017, All engineer.jp CORPORATION was merged into the Company.

ⅲ. Engineering Solutions Business

Although the Engineering Solutions Business segment provided technology support services for printed-circuit board design, on December 26, 2016, the Company carried out a transfer of all of the shares it held of APOLLO GIKEN CO., LTD., which operated the business.

Net sales in the Engineering Solutions Business for the fiscal year under review declined ¥1,019 million, or 50.9%, from a year earlier to ¥985 million, and operating loss of ¥47 million was posted, compared with an operating profit of ¥69 million a year earlier.

Note: 1: All figures are exclusive of consumption taxies.

2: Sales figures for each segment include intersegment transactions and transfers.

(2) Capital Investment for the MEITEC Group

During the consolidated fiscal year under review, we have made capital investment mainly to improve our business supporting system, and total amounted to ¥706 million.

And, capital investment by segments were, ¥655 million for the Temporary Staffing Business, ¥46 million for the Recruiting & Placement Business, and ¥4 million for the Engineering Solution Business.

These capital investment amounts include the cost for software and other (software in progress.)

(3) Financing for the MEITEC Group

The Company meets its capital requirements with its own funds. The Company did not procure capital through the issuance of new shares or bonds during the consolidated fiscal year under review.

(4) Issues to Be Addressed

Main business of our corporate group is the temporary engineer staffing business. Based on our group management concept “Mutual Growth & Prosperity”, we, the MEITEC Group, with cooperation of all the employees, shall improve the five values (Value to Engineers, Value to Employees, Value to Clients, Value to Shareholders, Value to the Society) continuously from the "Value to Engineers" as a starting point.

Future performances of the temporary engineer staffing business depend on higher number of engineers and higher utilization ratio. Therefore we recognize that most important objective is to realize the sustainable growth by continued strengthening the sales effort to obtain new orders, recruitment and increasing the employee and supporting employee carrier advancement in consideration of the environmental changes.

ⅰ.Sales effort to obtain new orders

Main business of our corporate group, temporary engineer staffing business, is also a business of supporting carrier advancement of the engineers. Not limited to obtaining the orders to sustain or increase the number of engineers on job and utilization ratio, it is most important to continue providing the chance and place for expansion of their work segments so that they can widen their selection of carrier advancement. Therefore, we will try to build stronger clients basis where we can obtain orders in any economic conditions regardless of under crisis or not. We will continue to improve our sales system to strengthen our sales ability.

ⅱ.Recruitment and increasing employee

For MEITEC Group, as largest “Group of professional engineers” in Japan, hiring more excellent engineers and staffs would be the source of growth. Therefore, we will establish a brand name with reliability and sense of security as the leader of the industry in the human resource market, and reinforce our recruiting ability. We will continue to execute efficient recruiting effort and increase the employee to meet with the changing market condition regardless of under crisis or not.

ⅲ. Supporting employee carrier advancement

It is essential to provide close support to each and every engineer for their carrier advancement in order to sustain and improve the quality of the largest “Group of professional engineers” in Japan. To provide proper and timely support, we have determined that the quality of services which the engineers provide to be “Technological strength multiplied by Human strength equals Total Strength”. We will continue our effort to provide the extended support to the carrier advancement needs initiated from the engineers and strengthen the carrier advancement support led by the company. We will continue our effort in strengthening the efficient support for the carrier advancement by timely catching the changes and expansion of the clients’ needs.

(5) Changes in Assets and Income

ⅰ.Changes in Assets and Income of the MEITEC Group

(unit : million yen)

Item	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017 (current consolidated fiscal year)
Net Sales	74,906	82,136	87,888	89,979
Operating Income	6,979	9,540	10,874	11,142
Ordinary Income	6,978	9,643	10,845	11,145
Profit Attributable to Owners of Parent	3,973	3,659	8,083	7,937
Earnings per Share	128.30	120.11	269.24	274.32
Total Assets	61,445	65,098	64,468	66,377
Net Assets	36,188	37,565	37,605	37,854
Net Assets per Share	1,182.84	1,238.77	1,278.59	1,330.57

ⅱ.Changes in Assets and Income of the Company

(unit : million yen)

Item	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017 (current fiscal year)
Net Sales	58,876	64,675	68,878	70,083
Operating Income	5,751	7,925	9,061	9,213
Ordinary Income	6,149	8,438	9,526	9,798
Profit	3,425	3,340	7,391	7,073
Net Income per Share	110.60	109.62	246.18	244.48
Total Assets	58,450	58,483	56,941	58,220
Net Assets	34,991	36,221	35,872	34,997
Net Assets per Share	1,145.17	1,195.99	1,221.68	1,230.24

(6)Important Status of Parent Company and Subsidiaries（as of March 31, 2017）

ⅰ.Status of Important Parent Company

Not Applicable.

ⅱ.Status of Important Subsidiaries

Company Name	Location	Capital	Voting rights held by the Company (%)	Main business
MEITEC FIELDERS INC.	Tokyo	(million yen) 120	100.0	Temporary Staffing Business
MEITEC CAST INC.	Tokyo	(million yen) 100	100.0	Temporary Staffing Business
MEITEC EX CORPORATION	Aichi	(million yen) 50	100.0	Temporary Staffing Business
MEITEC NEXT CORPORATION	Tokyo	(million yen) 30	100.0	Recruiting & Placement Business
All engineer.jp CORPORATION	Tokyo	(million yen) 70	100.0	Recruiting & Placement Business
Meitec Shanghai	China	(US$1,000) 2,728	100.0	Recruiting & Placement Business
Meitec Shanghai Human Resources Co., Ltd.	China	(US$1,000) 300	70.0	Recruiting & Placement Business

Note: 1. On December 26, 2016, the Company carried out a transfer of all of the shares it held of APOLLO GIKEN CO., LTD.

2. The Company has determined to carry out a merger with All engineer.jp CORPORATION on April 1, 2017.

ⅲ.Situation of Specified wholly owned subsidiaries

Not Applicable.

ⅳ.Situation of Important combination of enterprises etc.

Not Applicable.

(7) Primary business of the group (as of March 31, 2017)

Temporary Staffing Business
Recruiting & Placement Business

(8) Primary Office of the Group (as of March 31, 2017)

ⅰ.The Company

Registered Corporate Headquarters	2-20-1 Kosei-tori Nishi-ku Nagoya
Corporate Headquarters	8-5-26 Akasaka, Minato-ku, Tokyo
Engineering Center (EC)	Sendai EC (Miyagi), Utsunomiya EC (Tochigi), Takasaki EC (Gunma), Saitama EC (Saitama), Mito EC (Ibaraki), Tsukuba EC (Ibaraki), Chiba EC (Chiba), Tokyo EC (Tokyo), Tokyo-Kita EC (Tokyo), Tachikawa EC (Tokyo), IT Solution Center (Tokyo), Yokohama EC (Kanagawa), Kawasaki EC (Kanagawa), Atsugi EC (Kanagawa), Shonan EC (Kanagawa), Mishima EC (Shizuoka), Shizuoka EC (Shizuoka), Hamamatsu EC (Shizuoka), Koshinetsu EC (Nagano), Okazaki EC (Aichi), Toyota EC (Aichi), Nagoya EC (Aichi), Nagoya-Minami EC (Aichi), Mie EC (Mie), Gifu EC (Gifu), Solution Center(Aichi), CAE Center(Aichi), Kanazawa EC (Ishikawa), Shiga EC (Shiga), Kyoto EC (Kyoto), Osaka EC (Osaka), Kobe EC (Hyogo), Hiroshima EC (Hiroshima), Fukuoka EC (Fukuoka)
Techno-Center	Atsugi(Kanagawa), Nagoya(Aichi)

ⅱ.Subsidiaries and Affiliates

Locations of the subsidiaries are listed in above, "(6)Important Status of Parent Company and Subsidiaries, ⅱ.Status of Important Subsidiaries".

(9) Employees (as of March 31, 2017)

ⅰ.Number of employees of corporate groups

Business segment	Number of employees	Compared to the end of the previous fiscal year
Temporary Staffing Business	9,289	384
Recruiting & Placement Business	76	(10)
Engineering Solutions Business	0	(114)

ⅱ.Number of employees of the Company

Business segment	Number of employees	Compared with the end of the previous fiscal year
Temporary Staffing Business	7,132	160

(10) Principal lenders and the amount of loans (as of March 31, 2017)

Not applicable.

(11) Other Significant Matters Relating to the Status of the Corporate Group

Not applicable.

2. Status of Shares

ⅰ.Total Number of shares authorized to be issued 142,854,400 shares

ⅱ.Total Number of issued shares 30,000,000 shares
(Including treasury shares of 1,552,542 shares)

Note: "Total number of issued shares" decreased by 1,300,000 shares compared to the previous fiscal year due to the retirement of treasury shares executed in March 2017.

ⅲ.Number of shareholders 5,414 persons

(Decreased by 669 persons from the end of the previous fiscal year)

ⅳ.Major shareholders (top ten)

Name of shareholder	Number of shares held by the shareholder (thousand shares)	Ratio of shares held (%)
Japan Trustee Services Bank, Ltd. (trust account)	2,220	7.80
The Master Trust Bank of Japan, Ltd. (trust account)	2,061	7.24
Nippon Life Insurance Company	1,591	5.59
Meiji Yasuda Life Insurance Company	1,565	5.50
CREDIT SUISSE SECURITIES(USA)LLC SPCL. FOR EXCL. BEN	948	3.33
Meitec Employee Stock Ownership Plan	915	3.21
JP MORGAN CHASE BANK 385632	882	3.10
THE BANK OF NEW YORK MELLON 140044	792	2.78
GOLDMAN, SACHS& CO. REG	566	1.99
Japan Trustee Services Bank, Ltd. (trust account 9)	491	1.72

Note:1. The Company hold 1,552,542 shares as treasury shares. But since there is no voting right to the treasury shares, it is excluded from above list and the ratio of share held is calculated excluding the treasury shares.

2. Figures for number of shares held by the shareholder and ratio of shares held are rounded off to displayed decimal.

3. About Stock Purchase/Subscription Warrant

None

４．Matters concerning Directors and Audit & Supervisory Board Members

（1）Names and other details of Directors and Audit & Supervisory Board Members (as of March 31, 2017)

Title	Name	Position and important positions concurrently held at other companies
Representative Director and President	Hideyo Kokubun	CEO, MEITEC Group CEO and COO of the Company Executive officer for the Internal Audit Department, the CSR Department Director of MEITEC FIELDERS INC. Director of MEITEC CAST INC. Director of MEITEC NEXT CORPORATION
Director	Hiroshi Yoneda	Executive officer for the Market Development Promotion Office In charge of MEITEC FIELDERS INC., MEITEC CAST INC. Director of MEITEC FIELDERS INC. Director of MEITEC CAST INC. Director of MEITEC NEXT CORPORATION
Director	Kiyomasa Nakajima	Executive officer for the Career Support Divisions, the Group Recruiting Division, In charge of All engineer.jp CORPORATION Director of MEITEC FIELDERS INC. Director of MEITEC NEXT CORPORATION Director of All engineer.jp CORPORATION
Director	Masato Uemura	In charge of the Personnel Division Executive officer for the Accounting Department, the Management Administration Department
Director	Hidenori Nagasaka	Executive officer for the Business Operations Management Division, the Sales Administration Department
Director	Akiyoshi Ogasawara	Executive officer for the Business Execution Division In charge of MEITEC EX CORPORATION Director of MEITEC FIELDERS INC. Director of MEITEC CAST INC. Director of MEITEC EX CORPORATION
Director	Hiroyuki Rokugo	In charge of MEITEC NEXT CORPORATION, subsidiaries in China President of MEITEC NEXT CORPORATION President of Meitec Shanghai President of Meitec Shanghai Human Resources Co., Ltd.
Director	Minao Shimizu	Attorney at Law (Minao Shimizu Law Office)
Director	Hiroyuki Kishi	Professor, Graduate School of Media Design, Keio University Director of Avex Music Creative Inc.
Audit & Supervisory Board Member	Makoto Fukai	(Standing)
Audit & Supervisory Board Member	Masatoshi Saito	Tax Accountant (Masatoshi Saito Certified Tax Accountant Office)
Audit & Supervisory Board Member	Hiroshi Watanabe	Certified Public Accountant (Hiroshi Watanabe Public Accountant Office)

Note: 1. Minao Shimizu and Hiroyuki Kishi are Outside Directors.

2. Makoto Fukai, Masatoshi Saito and Hiroshi Watanabe are Outside Audit & Supervisory Board Members.

3. There are no special relationship with other companies which Minao Shimizu and Hiroyuki Kishi, Outside Directors, and Masatoshi Saito and Hiroshi Watanabe, Outside Audit & Supervisory Board Members, hold a concurrent position with.

4. Outside Director Minao Shimizu and Hiroyuki Kishi, and Outside Audit & Supervisory Board Member Makoto Fukai, Masatoshi Saito and Hiroshi Watanabe are independent executives defined by Tokyo Stock Exchange, Inc.

5. Standing Outside Audit & Supervisory Board Member Makoto Fukai have extended knowledge regarding financing and accounting from his long experiences with financial institution.

6. Outside Audit & Supervisory Board Member Masatoshi Saito hold tax accountant license, and possess sufficient knowledge on financing and accounting.

7. Outside Audit & Supervisory Board Member Hiroshi Watanabe hold certified accountant license, and possess sufficient knowledge on financing and accounting.

8. There were no changes in director or Audit & Supervisory Board Member during the subject fiscal year.

9. The Company has introduced the executive officer system from April 1, 2003. Executive officers of the Company (as of March 31, 2017) are as following.

Type of Officer	Name
Representative Director and President CEO and COO	Hideyo Kokubun
Director and Executive Officer	Hiroshi Yoneda, Kiyomasa Nakajima, Masato Uemura, Hidenori Nagasaka, Akiyoshi Ogasawara
Executive Officer	Koichi Nakagawa, Tetsuya Yabe, Hiroshi Yamada, Keisuke Ito, Yuji Hachiya, Yoshikazu Matsui, Shinji Watanabe

(2) Description of Limited Liability Agreement

The Company enters into a liability limitation agreement with each member of the board (excluding executive director, etc.) and audit & supervisory board member pursuant to Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1, of the Companies Act.

(3) Remuneration for Directors and Audit & Supervisory Board Members

Type of Officer	Number of persons	Amount of remuneration (million yen)
Directors （Of which, outside directors）	9 （2）	367 （21）
Audit & Supervisory Board Members （Of which, Outside Audit & Supervisory Board Members）	3 （3）	39 （39）
Total	12	406

(4) Matters Concerning the Determination of Remuneration to Directors and Audit & Supervisory Board Members, and Methods of Calculation

The Company's "Policy on Calculation Methods and Determination on Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members" is determined by the Board of Directors as follows.

1. Method of Determination

The total amount of remuneration of directors and audit & supervisory board members shall be within the total amount of remuneration adopted at the 43rd Annual General Meeting of Shareholders held in June 2016, and individual amounts of remuneration will be determined in accordance with the policy amended or abolished by resolutions of the Board of Directors.

<Overview of the Resolution for the General Meeting of Shareholders: Amounts of remuneration for directors and audit & supervisory board members>

Indicated in yearly amount	Fixed remuneration	Performance-linked remuneration	Total remuneration
Directors	Up to 220 million yen	2.5% of consolidated profit*, and up to 250 million yen	Up to 470 million yen
Portion for outside directors of above	Up to 30 million yen	(excluded from payment)	Up to 30 million yen
Audit & supervisory board members	Up to 50 million yen	(excluded from payment)	Up to 50 million yen
Total	Up to 270 million yen	Up to 250 million yen	Up to 520 million yen

*"Profit attributable to owners of parent" of "Consolidated Statements of Income and Comprehensive Income"

2. Policy about executive remuneration

- Executive remuneration shall be reviewed in a timely and appropriate manner based on the basic policy of the remuneration system adopted at the 30th Annual General Meeting of Shareholders held in June 2003.
- By maintaining the stance of clarifying and disclosing methods of calculation and the process of determinations of remuneration in the same manner as before, the Group will enhance management transparency and strengthen corporate governance, and thus further improving corporate value.
- The rate of performance-linked executive remuneration for executive directors will be increased to enhance sharing the mid and long-term interest with shareholders.
- In order to preserve the independence of outside directors and audit & supervisory board members, they will not be compensated with performance-linked remuneration.
- The retirement bonus system for directors and audit & supervisory board members, which was abolished in the fiscal year ended March 31, 2002, will not be adopted.

3. Specific executive remuneration amount

Total amount of executive remuneration = (1) Fixed remuneration +
(2) performance-linked remuneration <(3) appropriation of the amount equivalent to 20%>

(1) Individual fixed remuneration

Representative Director and President, Group CEO, CEO/COO	yearly	28,800 thousand yen	(2,400 thousand yen monthly)
Directors	yearly	19,200 thousand yen	(1,600 thousand yen monthly)
Outside directors	yearly	9,000 thousand yen	(750 thousand yen monthly)
Standing audit & supervisory board members	yearly	24,000 thousand yen	(2,000 thousand yen monthly)
Audit & supervisory board members (excluding standing audit & supervisory board member)	yearly	7,800 thousand yen	(650 thousand yen monthly)

(2) Performance-linked remuneration

- The total amount shall be an amount equivalent to 2.5% of profit attributable to owners of parent before deductible expenses accounting of performance-linked remuneration, with fractions of 1 million yen and less discarded, and up to 250 million yen annually.
- Performance-linked remuneration will be limited to be paid to directors, except for outside directors and audit & supervisory board members.
- Individual allocation amount for individual directors will be determined at Board of Directors' meetings after the consultation at the Officer Appointment Advisory Committee

(3) Appropriation of the amount equivalent to 20% of performance-linked remuneration (after deduction of tax)

- The amount equivalent to 20% of performance-linked remuneration (after deduction of tax) for each director will, with approval from each director, be contributed to the Officers Shareholding Group (the relevant amount will be divided into twelve (12) equally, and the same amount will be contributed each month for the 12 months from July each year) and utilized to acquire own shares.
- Acquired own shares are prohibited to be transferred during the period in office and until one year passes from resignation in principle, in accordance with the Shareholding Group Rules and other internal rules.
- When a person subject to payment of the relevant remuneration resigns, in accordance with the Officers Shareholding Group Rules of the Company, this handling shall not be applied.

4. Additional Rules

- For remuneration for audit & supervisory board members, determination upon consultation by audit & supervisory board members is required in accordance with the provisions of the law.
- In cases where a director also serves as an employee, the employee salary is included.
- An employee bonus is not paid to directors who also serve as employees.
- Remuneration to directors and audit & supervisory board members from subsidiaries in which a director or an audit & supervisory board member holds a concurrent post is waived in principle.
- Allowances for commutation, job transfer unattended by family, or job relocation as well as a daily allowance for business trip expenses will be paid separately.
- The insurance premiums borne by individuals for directors and officers liability insurance (D&O insurance) will be separately added.

(5) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

ⅰ.Relationship between the Company and Significant Companies Where Outside Directors and Outside Audit & Supervisory Board Members Hold Concurrent Posts

The status and other information on significant concurrent posts are listed in "4. Matters concerning Directors and Audit & Supervisory Board Members; (1) Names and other details of Directors and Audit & Supervisory Board Members."

ⅱ.Status of Main Activities during the Subject Fiscal Year

Name	Attendance (total attended/total held)	Major Activities
Minao Shimizu (Outside Director)	Directors' meetings 15/15	He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences.
Hiroyuki Kishi (Outside Director)	Directors' meetings 15/15	He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences.
Makoto Fukai (Outside Audit & Supervisory Board Member)	Directors' meetings 15/15 Audit & Supervisory Board 14/14	At the board of directors meetings, he made appropriate questions, advice and proposals as needed. Also at the Audit & Supervisory Board, as standing outside audit & supervisory board member, he made reports and provided opinions to other outside audit & supervisory board members.
Masatoshi Saito (Outside Audit & Supervisory Board Member)	Directors' meetings 15/15 Audit & Supervisory Board 14/14	He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences, especially in the field of financing, accounting and tax matter.
Hiroshi Watanabe (Outside Audit & Supervisory Board Member)	Directors' meetings 15/15 Audit & Supervisory Board 14/14	He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences, especially in the field of financing and accounting.

5. Status of the Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Compensation to Accounting Auditor for current fiscal year

Description		Amount of compensation (thousands of yen)
1.	Total compensation and amounts paid by the Company	46,800
2.	Total amount of cash and other property profits to be paid by the Company and its subsidiaries to the independent accountant	46,800

Note: In the audit agreement between the Company and the accounting auditor, the amounts of compensation for conducting auditing services in accordance with the Companies Act and auditing services in accordance with the Financial Instruments and Exchange Law are not separated, and the above amounts contain compensation and other remuneration for auditing services under the Financial Instruments and Exchange Law.

(3) Reason why the Audit & Supervisory Board approved the Accounting Auditor's compensation

The Audit & Supervisory Board verified matters including the content of the accounting auditor's audit plan, the performance of accounting audit duties, and the basis on which the compensation was estimated. Having judged all these matters to be appropriate, the Audit & Supervisory Board approved the accounting auditor's compensation.

(4) Description of Non-auditing Job

The Company does not commission the accounting auditor to provide service which is out side of the scope of the activities defined in the Article 2, Paragraph 1 of the Certified Public accountants Act.

(5) Policy regarding decisions on the dismissal or non-reappointment of the Accounting Auditor

If the Audit & Supervisory Board considers that the accounting auditor falls under any of the provisions of Article 340, Paragraph 1 of the Companies Act and judges it necessary to dismiss the accounting auditor immediately, it shall dismiss the accounting auditor, having obtained the approval of all the audit & supervisory board members.

In addition, the Audit & Supervisory Board shall evaluate the overall performance of accounting audit duties by the accounting auditor according to its stipulated evaluation procedures and standards. If the Audit & Supervisory Board considers that the accounting auditor cannot perform its duties appropriately, or otherwise judges that dismissal is required, it shall determine the content of an agenda item for the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders in accordance with Article 344 of the Companies Act.

6. Systems to Ensure Appropriate Business Operations and the Status of its Implementation

During the fiscal period under review, due to the establishment and operation of each of the frameworks discussed in (1) through (12) below, there were no incidents or accidents which had significant damage on the corporate group comprising the Company and its subsidiaries.

(1) Framework to ensure compliance by directors with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties

In its interaction with the rest of society, the Company shall comply with all laws and regulations and its articles of incorporation. The Company shall maintain high ethical standards and management that is sound and highly transparent. Concerning directors' execution of duties, the Company shall clarify the process and results of its decision-making based on the Company's internal rules that are appropriate to the particular characteristics of the business and size of the Company. At the same time, the Company shall establish a framework where directors and audit & supervisory board members can view such process and results as necessary.

In addition, through the establishment of the MEITEC Group Helpline System—based on a framework that provides measures to protect whistleblowers in personnel terms—and programs to inform employees about this helpline, the Company shall endeavor to quickly detect and take appropriate action against any malfeasance that may occur relating to the directors' execution of duties.

(Status of implementation)

The scope of authority and decision making procedures for directors are clarified in the Board of Directors rules, the rules of administrative authority, and the rules relating to internal requests for approval; the directors execute their duties in accordance with these rules. Materials and minutes from meetings of the Board of Directors and Executive Board are continually stored on a system that can be viewed by all directors and audit & supervisory board members. The Company has also adopted a system to record the process and results of individual directors' decision making and has established a framework where all directors and audit & supervisory board members can view such process and results as necessary.

Furthermore, the Company has established the MEITEC Group Helpline System administered by the CSR Dept., which performs internal checks and balances. Employees are informed about the system via the Company's intranet.

(2) Framework for storing and managing information relating to the directors' execution of duties

In accordance with the stipulations of all laws and regulations, the Company's articles of incorporation and internal rules, the Company shall record, store and manage information regarding the execution of duties by directors in an appropriate and timely manner.

Moreover, the Company shall build an appropriate management system for safekeeping media to ensure there is no loss of trust as a company or fatal damage inflicted on the MEITEC Group through conduct involving leakage, alterations, loss, or unauthorized use, or conduct involving unauthorized disclosure, etc.

(Status of implementation)

In accordance with all laws and regulations, the Company's articles of incorporation and internal rules, the Company prepares documents such as minutes from the General Meeting of Shareholders, and meetings of the Board of Directors and Executive Board, storing and managing such documents in an appropriate manner. In addition, the Company stipulates information to be managed and methods of management in its information management rules, which it implements appropriately.

(3) Rules and other frameworks for management of risk of loss

Based on the risk management rules, the Company shall work to comprehensively and systematically gather information on risk of loss faced by the Company before such risks emerge. Risks trends shall be monitored appropriately, and timely measures shall be taken in response to risks, commensurate with the severity of the risk. By responding quickly to the risks when they materialize, the Company aims to minimize the impact of such risks, develop a system to restore operations as soon as possible. The Company shall continually strive to maintain and enhance the soundness of its management.

(Status of implementation)

The Company stipulates a framework for risk management in its risk management rules, and informs employees via its intranet. It also specifies risks by category and confirms that no risks requiring management have been omitted. In its risk management guidelines the Company specifies in advance the risk items to be monitored and departments responsible for monitoring with the aim of picking up on any signs that risks might materialize in order to prevent them from doing so or, where risks have already materialized, in order to minimize their impact. Related details are regularly reported to the Board of Directors or the Executive Board, and the Company has established, and appropriately operates, a system for reporting in the event that risks becoming apparent. In addition, the Company conducts internal audits that include auditing the administration of risk management in each department.

(4) Framework to ensure the efficient execution of duties by directors

The Company shall make the directors appropriately divide up their duties and supervisory responsibilities and delegate authority in accordance with internal rules to speed up decision-making. In addition, the directors shall formulate a business plan stipulating clear targets and goals, and undertake appropriate management of operations and progress based on this plan. Targets and goals shall be revised as necessary.

(Status of implementation)

The Company has adopted an executive officer system to enable prompt and appropriate decision making. Directors appropriately divide up their execution of duties and supervisory responsibilities, while the Company delegates authority to the executive officers in accordance with its rules of administrative authority. Furthermore, the directors formulate a business plan stipulating clear targets and goals, and undertake appropriate management of operations and progress based on this plan. Targets and goals are revised as necessary.

(5) Framework to ensure compliance by employees with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties

The Company shall formulate the Group Management Concept, the MEITEC Group Charter of Employee Behavior, the Employee Code of Conduct and other related documents. And with these, the Company shall continuously strive to take initiatives to raise awareness of the directors and employees to carry out their duties in compliance with all laws and regulations, the Company's articles of incorporation and internal rules in a fair and reasonable manner.

In addition, through the establishment of the MEITEC Group Helpline System—based on a framework that provides measures to protect whistleblowers in personnel terms—and programs to inform employees about this helpline, the Company shall endeavor to quickly detect and take appropriate action against any malfeasance that may occur relating to the employees' execution of duties.

(Status of implementation)

The Company formulated the Management Concept, the Meitec Group Charter of Employee Behavior, the Employee Code of Conduct and other related documents, and employees are informed of these via publication on the Company's intranet. Also, the Company established and operates a system for reporting. Furthermore, the Company has stipulated in its compliance rules that all employees will be responsible for implementing compliance according to their duties and positions, and conducted annual training for all employees based on e-learning. Details of the Meitec Group Helpline System are as set out under the status of implementation for (1) above.

(6) Framework to ensure sound business operations within the Group comprising the Company and its subsidiaries

The Company shall respect the right of each subsidiary to develop its business operations in an autonomous manner, while sharing the Group Management Concept and the MEITEC Group Charter of Employee Behavior. The Company shall design the institution in accordance with the subsidiary's purpose, business characteristics and size, and place its directors and employees in all of its subsidiaries and manage and supervise the subsidiaries' business execution appropriately to maximize the Group's corporate value.

In addition, the Company shall formulate rules on the administration of subsidiaries and establish the department in charge of administrating the Group companies (the "Group Company Administration Department") and develop a framework by which important matters related to the business execution of directors in subsidiaries are reported to the Company regularly.

With regard to the development of rules and other frameworks for loss risk management of subsidiaries, a framework to ensure the efficient execution of duties by directors of subsidiaries and a framework to ensure compliance by directors and employees of subsidiaries with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties, the Company requests each of the subsidiaries to develop a framework that is suitable for their respective business characteristics and size by referring to the above-mentioned (3) to (5) as basic guidelines. The Company shall regularly receive reports on the development status of the framework and request improvements as necessary.

(Status of implementation)

The Company places its directors in all of its subsidiaries to manage and supervise the appropriateness of the subsidiaries' business. In addition, the Company has formulated its rules on the administration of Group companies, thereby clarifying matters that require prior approval by the Company or reporting to the Company. The relevant departments in the Company and its subsidiaries cooperated to make decisions on matters for which the rules require the Company's prior approval, while reports were duly received from subsidiaries with regard to the matters to be reported to the Company.

(7) Matters related to employees to be assigned to assist audit & supervisory board members, matters related to such employees' independence from directors and matters related to ensuring effectiveness of instructions given to such employees

The Company shall establish the Office of Audit & Supervisory Board which consists of employees who exclusively work in the said office and are independent from the execution of business to improve the effectiveness of audit.

In order to reflect the opinion from audit & supervisory board members as much as possible, the evaluation and re-assignment of the said exclusively working employees, who are to assist audit & supervisory board members, are carried out with the consent of audit & supervisory board members, and instructions to such employees shall be given by audit & supervisory board members.

(Status of implementation)

The Company has established the Office of Audit & Supervisory Board, to which it has assigned one employee who exclusively works in the said office and is independent from the execution of business. In order to reflect the opinion from audit & supervisory board members as much as possible, the evaluation and re-assignment of the said employee are carried out with the consent of audit & supervisory board members, and instructions to such employees are given directly by audit & supervisory board members.

(8) Framework for reporting to the audit & supervisory board members

1. Framework for reporting by directors and employees to the audit & supervisory board members

The Company shall develop a framework for reporting to the audit & supervisory board members, to ensure that proper reports are made by directors and employees. The audit & supervisory board members shall be given the authority to attend the Board of Directors' meetings and all other internal meetings. Furthermore, the audit & supervisory board members shall have access to all important information relating to decision-making and the execution of business operations.

(Status of implementation)

The Company formulated rules regarding reporting to audit & supervisory board members or the Audit & Supervisory Board, and employees are informed of these via publication on the Company's intranet. In addition, the audit & supervisory board members are given the authority to attend the Board of Directors' meetings as well as all other internal meetings and they participate in meetings they deem necessary as appropriate, based on their own judgment. Moreover, the Company gives the audit & supervisory board members appropriate access to all important information relating to decision making and the execution of business operations whenever audit & supervisory board members request such access.

2. Framework for reporting by subsidiaries' directors, audit & supervisory board members, employees or those who received reports from them to the audit & supervisory board members of the Company

The Company shall develop a framework by which any matters that took place at subsidiaries are reported to the Company's audit & supervisory board members from subsidiaries' directors and employees through the Group Company Administration Department. In the case where the Company's audit & supervisory board members request that subsidiaries' directors and employees directly report, etc. concerning matters that have been deemed necessary in order to ensure appropriateness of the Group's operation, the subsidiaries' directors and employees are obliged to meet the aforesaid request.

In addition, subsidiaries' audit & supervisory board members hold meetings regularly with the Company's audit & supervisory board members to report the situation of subsidiaries in a timely way.

(Status of implementation)

Any matters that took place at subsidiaries are reported to the Company's audit & supervisory board members as appropriate through the Group Company Administration Department. In addition, subsidiaries' audit & supervisory board members report the situation of subsidiaries to the Company's audit & supervisory board members in a timely way. To that end, they hold meetings with the Company's audit & supervisory board members as appropriate after attending their subsidiary's Board of Directors meetings, or when they have received a report regarding an event or incident relating to their subsidiary.

(9) Framework to ensure that a person who made report to audit & supervisory board members does not receive disadvantageous treatment for making such report

The Company prohibits any disadvantageous treatment being given to directors, audit & supervisory board members and employees of the Company and subsidiaries who made a report to the Company's audit & supervisory board members. The Company shall disseminate this policy throughout the Group.

(Status of implementation)

The Company clearly prohibits any disadvantageous treatment in its rules regarding reporting to audit & supervisory board members or the Audit & Supervisory Board, and it has informed employees to that effect. There have been no instances of disadvantageous treatment as a result of making a report to the Company's audit & supervisory board members.

(10) Matters related to the policy on the prepayment or repayment procedure of costs that accrue as a result of execution of duties by audit & supervisory board members, or settlement of other liabilities

The Company shall, in principle, be liable to pay the costs or liabilities that accrue as a result of execution of duties by audit & supervisory board members. The Company shall settle such costs or liabilities as appropriate each time audit & supervisory board members submit such request to the Company, with the exception of cases where the Company has proven that such costs or liabilities were not necessary in the execution of duties by audit & supervisory board members. costs or liabilities were not necessary in the execution of duties by audit & supervisory board members.

(Status of implementation)

The Company paid to settle costs or liabilities as appropriate each time audit & supervisory board members submitted such request to the Company.

(11) Framework to ensure auditing activities by the audit & supervisory board members are carried out effectively

The Company shall develop a framework to deepen the mutual cooperation among internal auditors, audit & supervisory board members and accounting auditors in their audit by exchanging their opinions regularly or as necessary.

The Company shall also strive to improve, on an ongoing basis, the effectiveness of audit function performed by audit & supervisory board members by making directors and employees cooperate with inspections or hearing request submitted by audit & supervisory board members.

(Status of implementation)

Internal auditors, accounting auditors and audit & supervisory board members exchange their opinions regularly, ensuring mutual cooperation in their audits.

Moreover, directors and employees are cooperating appropriately with inspections or hearing requests submitted by audit & supervisory board members.

(12) Basic policy toward removal of anti-social forces

The Company shall interdict any and all relationship with anti-social forces and groups which threaten the order and safety of the civil society. And against such anti-social forces, the entire MEITEC Group, from the CEO down, shall respond in uncompromising manner.

(Status of implementation)

The Company has prescribed that employees do not have any relationship with anti-social forces in the Employee Code of Conduct and in the purchasing policy. At the same time, the Company has established the principle of the “3 No’s” (“No fear,” “No payments,” “No business”) in dealing with organized violence by anti-social forces. It has also stipulated that in the event of any approach from anti-social forces, employees should not handle the matter individually, but should consult the department in charge to deal with it as an organization.

7. Basic Policy Regarding Profit Distribution

The Company's objective is to maximize the shareholders return in mid to long term through realizing the sustainable growth of the company. The basic policy of the Company is to distribute profit in accordance with operating results. In view of maximizing shareholder's return in mid to long term, unless major investment demands are expected, total return ratio to be within 100% for the total shareholders return by dividend and acquisition of treasury shares.

Payout ratio for the dividend to be equal or more than 50%, and the interim dividend and the year-end dividend are to be paid. Minimum level of payout ratio is to be consolidated Dividend on Equity ratio (DOE) 5%. The amount of working capital required to continue our business has been set at the equivalent of three (3) months of consolidated net sales in our group cash management plan. Therefore acquisition of treasury shares will be executed with consideration of our total return ratio if the consolidated cash position at the end of previous fiscal year exceeds the three (3) month net sales and there are no major investment demands expected.

Treasury shares will be continued to be held by the company up to two million (2,000,000) shares. Treasury shares in excess of two million (2,000,000) shares will be retired by the end of the fiscal year.

Note:

- Total Return Ratio = Total shareholders return for the year / Profit attributable to owners of parent

  Total Shareholders Return for Year = Total dividend paid (interim and year end) + Amount used to acquire the treasury shares during the fiscal year
- Payout Ratio = Total dividend paid (interim and year end) / Profit attributable to owners of parent
- Dividend on Equity Ratio (DOE) = Dividend / consolidated shareholder's equity
- Three Month Net Sales = Working capital*: Consolidated two month net sales + Fund for strengthening the financial base (a fund to sustain the business operation in the event of a crisis equivalent to that of fiscal year ended March 2010): Consolidated one month net sales

  * Working capital is determined according to such factors as account receivables.

To realize the flexible financial position, for the implementation of future growth strategies and response to the risk associated in achieving the goals of the management plan, treasury shares will be held by the company.

Unless otherwise noted, figures in this business report for the fiscal year ended March 31, 2017 is presented as follows.

- Monetary amounts are rounded off to the displayed unit. However, hundredths of a yen are rounded to the nearest whole number.
- Ratios are rounded to the displayed unit.

Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2017
Assets	
Current assets	
Cash and deposits	37,259,635
Notes and accounts receivable-trade	13,400,482
Work in process	175,411
Deferred tax assets	2,553,343
Other	1,353,825
Total current assets	54,742,698
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	3,842,626
Tools, furniture and fixtures, net	198,654
Land	1,487,374
Other, net	24,150
Total property, plant and equipment	5,552,805
Intangible assets	
Software	363,700
Other	762,309
Total intangible assets	1,126,010
Investments and other assets	
Investment securities	70,583
Deferred tax assets	4,236,315
Other	675,103
Allowance for doubtful accounts	(26,297)
Total investments and other assets	4,955,705
Total non-current assets	11,634,521
Total assets	66,377,219

(Thousands of Yen)

	Fiscal year ended March 31, 2017
Liabilities	
Current liabilities	
Accrued expenses	3,032,949
Income taxes payable	2,335,880
Accrued consumption taxes	1,231,268
Provision for directors' bonuses	206,410
Provision for bonuses	6,608,299
Provision for loss on liquidation of subsidiaries and associates	34,078
Other	1,213,624
Total current liabilities	14,662,511
Non-current liabilities	
Net defined benefit liability	13,860,588
Total non-current liabilities	13,860,588
Total liabilities	28,523,099
Net assets	
Shareholders' equity	
Capital stock	5,000,000
Capital surplus	11,955,724
Retained earnings	28,236,076
Treasury shares	(5,220,876)
Total shareholders' equity	39,970,924
Accumulated other comprehensive income	
Revaluation reserve for land	(662,440)
Foreign currency translation adjustment	9,315
Remeasurements of defined benefit plans	(1,466,541)
Total accumulated other comprehensive income	(2,119,667)
Non-controlling interests	2,863
Total net assets	37,854,120
Total liabilities and net assets	66,377,219

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Consolidated Statements of Income

(Thousands of Yen)

	Fiscal year ended March 31, 2017
Net sales	89,979,069
Cost of sales	66,417,317
Gross profit	23,561,751
Selling, general and administrative expenses	12,418,942
Operating income	11,142,808
Non-operating income	
Interest income	2,370
Dividend income	225
Gain on forfeiture of unclaimed dividends	4,510
Rent income	3,990
Interest on refund	2,498
Other	6,855
Total non-operating income	20,449
Non-operating expenses	
Commitment fee	2,904
Commission fee	11,317
Other	3,582
Total non-operating expenses	17,804
Ordinary profit	11,145,453
Extraordinary income	
Gain on sales of non-current assets	4
Gain on sales of shares of subsidiaries and associates	28,598
Other	2,733
Total extraordinary income	31,337
Extraordinary losses	
Loss on retirement of non-current assets	9,424
Impairment loss	2,085
Provision for loss on liquidation of subsidiaries and associates	34,078
Other	96
Total extraordinary losses	45,686
Profit before income taxes	11,131,104
Income taxes-current	3,534,830
Income taxes-deferred	(346,948)
Total income taxes	3,187,882
Profit	7,943,222
Profit attributable to non-controlling interests	5,726
Profit attributable to owners of parent	7,937,496

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Consolidated Statements of Changes in Equity

(Fiscal Ended March 31, 2017)

(Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,825,881	4,491,970	24,645,186	(5,989,693)	39,973,345
Changes of items during period					
Dividends of surplus			(4,346,606)		(4,346,606)
Profit attributable to owners of parent			7,937,496		7,937,496
Transfer to other capital surplus from capital stock	(11,825,881)	11,825,881			
Purchase of treasury shares				(3,602,812)	(3,602,812)
Retirement of treasury shares		(4,371,630)		4,371,630	—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		9,501			9,501
Net changes of items other than shareholders' equity					
Total changes of items during period	(11,825,881)	7,463,753	3,590,889	768,817	(2,421)
Balance at end of current period	5,000,000	11,955,724	28,236,076	(5,220,876)	39,970,924

(Thousands of Yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(662,440)	8,833	(1,776,060)	(2,429,668)	61,747	37,605,424
Changes of items during period						
Dividends of surplus						(4,346,606)
Profit attributable to owners of parent						7,937,496
Transfer to other capital surplus from capital stock						—
Purchase of treasury shares						(3,602,812)
Retirement of treasury shares						—
Change in treasury shares of parent arising from transactions with non-controlling shareholders						9,501
Net changes of items other than shareholders' equity	—	481	309,519	310,000	(58,883)	251,117
Total changes of items during period	—	481	309,519	310,000	(58,883)	248,695
Balance at end of current period	(662,440)	9,315	(1,466,541)	(2,119,667)	2,863	37,854,120

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Non-Consolidated Balance Sheet

(Thousands of Yen)

	Fiscal year ended March 31, 2017
Assets	
Current assets	
Cash and deposits	31,811,521
Notes receivable-trade	650,900
Accounts receivable-trade	10,346,810
Work in process	163,332
Prepaid expenses	553,110
Deferred tax assets	1,962,601
Other	722,098
Total current assets	46,210,374
Non-current assets	
Property, plant and equipment	
Buildings, net	3,817,697
Structures, net	17,921
Tools, furniture and fixtures, net	195,824
Land	1,487,374
Construction in progress	24,150
Total property, plant and equipment	5,542,967
Intangible assets	
Software	349,528
Other	719,057
Total intangible assets	1,068,585
Investments and other assets	
Investment securities	70,583
Shares of subsidiaries and associates	1,121,854
Deferred tax assets	3,584,165
Guarantee deposits	581,657
Other	51,425
Allowance for doubtful accounts	(11,417)
Total investments and other assets	5,398,269
Total non-current assets	12,009,822
Total assets	58,220,197

(Thousands of Yen)

	Fiscal year ended March 31, 2017
Liabilities	
Current liabilities	
Accounts payable-other	717,480
Accrued expenses	2,328,500
Income taxes payable	1,974,689
Accrued consumption taxes	900,612
Provision for directors' bonuses	203,000
Provision for bonuses	5,062,277
Provision for loss on liquidation of subsidiaries and associates	8,632
Other	300,358
Total current liabilities	11,495,551
Non-current liabilities	
Provision for retirement benefits	11,727,369
Total non-current liabilities	11,727,369
Total liabilities	23,222,920
Net assets	
Shareholders' equity	
Capital stock	5,000,000
Capital surplus	
Legal capital surplus	1,250,000
Other capital surplus	10,696,222
Total capital surplus	11,946,222
Retained earnings	
Other retained earnings	
Retained earnings brought forward	23,934,371
Total retained earnings	23,934,371
Treasury shares	(5,220,876)
Total shareholders' equity	35,659,717
Valuation and translation adjustments	
Revaluation reserve for land	(662,440)
Total valuation and translation adjustments	(662,440)
Total net assets	34,997,276
Total liabilities and net assets	58,220,197

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Non-Consolidated Statement of Income

(Thousands of Yen)

	Fiscal year ended March 31, 2017
Net sales	70,083,415
Cost of sales	52,013,737
Gross profit	18,069,678
Selling, general and administrative expenses	8,856,358
Operating income	9,213,320
Non-operating income	
Interest income	3,538
Dividend income	566,215
Other	31,830
Total non-operating income	601,584
Non-operating expenses	
Commitment fee	2,904
Commission fee	11,317
Other	2,339
Total non-operating expenses	16,561
Ordinary profit	9,798,343
Extraordinary income	
Gain on sales of shares of subsidiaries and associates	112,559
Reversal of allowance for investment loss	84,977
Other	2,733
Total extraordinary income	200,270
Extraordinary losses	
Impairment loss	1,067
Loss on valuation of shares of subsidiaries and associates	56,750
Loss on valuation of investments in capital of subsidiaries and associates	150,489
Provision for loss on liquidation of subsidiaries and associates	8,632
Other	5,124
Total extraordinary losses	222,064
Profit before income taxes	9,776,549
Income taxes-current	2,986,837
Income taxes-deferred	(284,254)
Total income taxes	2,702,582
Profit	7,073,966

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

Non-Consolidated Statement of Changes in Equity

(Fiscal Ended March 31, 2017)

(Thousands of Yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of current period	16,825,881	4,210,000	281,970	4,491,970
Changes of items during period				
Dividends of surplus				
Profit				
Transfer to other capital surplus from capital stock	(11,825,881)		11,825,881	11,825,881
Transfer to other capital surplus from legal capital surplus		(2,960,000)	2,960,000	—
Purchase of treasury shares				
Retirement of treasury shares			(4,371,630)	(4,371,630)
Net changes of items other than shareholders' equity				
Total changes of items during period	(11,825,881)	(2,960,000)	10,414,251	7,454,251
Balance at end of current period	5,000,000	1,250,000	10,696,222	11,946,222

(Thousands of Yen)

	Shareholders' equity		
	Retained earnings Other retained earnings Retained earnings brought forward	Treasury shares	Total shareholders' equity
Balance at beginning of current period	21,207,011	(5,989,693)	36,535,170
Changes of items during period			
Dividends of surplus	(4,346,606)		(4,346,606)
Profit	7,073,966		7,073,966
Transfer to other capital surplus from capital stock			—
Transfer to other capital surplus from legal capital surplus			—
Purchase of treasury shares		(3,602,812)	(3,602,812)
Retirement of treasury shares		4,371,630	—
Net changes of items other than shareholders' equity			
Total changes of items during period	2,727,359	768,817	(875,452)
Balance at end of current period	23,934,371	(5,220,876)	35,659,717

(Thousands of Yen)

	Valuation and translation adjustments		Total net assets
	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	(662,440)	(662,440)	35,872,729
Changes of items during period			
Dividends of surplus			(4,346,606)
Profit			7,073,966
Transfer to other capital surplus from capital stock			—
Transfer to other capital surplus from legal capital surplus			—
Purchase of treasury shares			(3,602,812)
Retirement of treasury shares			—
Net changes of items other than shareholders' equity	—	—	—
Total changes of items during period	—	—	(875,452)
Balance at end of current period	(662,440)	(662,440)	34,997,276

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

[English Translation of Audit & Supervisory Board's Report Originally issued in the Japanese language.]

To Directors of MEITEC CORPORATION

Audit & Supervisory Board's Report (Certified Copy)

We, the Audit & Supervisory Board Members of the Company, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the performance of duties by the Directors during the 44th business year from April 1, 2016, to March 31, 2017, prepared this audit report upon deliberation and hereby report, by unanimous show of hands, as follows:

1. Audit Methods by Audit & Supervisory Board Members and Audit & Supervisory Board and its Details

(1) The Audit & Supervisory Board established audit policy and assigned business, etc., and received reports from each Audit & Supervisory Board Members regarding the state of implementation of his or her audits and results thereof, as well as received reports from the Directors, etc., and Accounting Auditors regarding performance of their duties, and sought explanations whenever necessity arose.

(2) Each Audit & Supervisory Board Members complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, in accordance with the audit policy of this term, planning of audits, etc., communicated with the Directors, the Internal Audit Dept., other employees, etc., and made efforts to collect information and improve audit environment, and perform the audit in accordance with the following procedures.

1) Each Audit & Supervisory Board Member attended meeting of the Board of Directors and other important meetings, received reports from the Directors, employees, etc., regarding the state of performance of their duties, sought explanations whenever necessity arose, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and other main business offices of the Company. With respect to subsidiaries, we communicated and exchanged information with directors, audit & supervisory board members, etc., of the subsidiaries, and received reports on business from them, as need.
2) Each Audit & Supervisory Board Member verified the resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that the Directors' duties, as stated in the business report, are executed in conformity of laws and regulations, and the articles of incorporation of the Company, and the establishment of a system necessary to ensure proper business operations of the whole business group consisting of a stock company and its subsidiaries set forth in paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act. It also received reports from Directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, and requested explanations as necessary and expressed his/her opinions.
3) Audit & Supervisory Board Members monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate

audits, and we received reports from Accounting Auditors regarding the state of performance of their duties and sought explanations whenever necessity arose. In addition, we received notice from the Accounting Auditors the "The systems for ensuring the proper performance of duties" (matters set forth in each Item of Article 131 of the Ordinance on Accounting of Companies) is organized in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose.

Based on the above methods, we examined business reports and supporting schedules, the financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of change in equity, and foot notes) and supporting schedules related to the relevant business term, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of change in equity, and foot notes).

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1) In our opinion, the business report and supporting schedules fairly presents the state of the Company in accordance with the laws, regulations and Articles of Incorporation.
2) In connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws, regulations, or the Articles of Incorporation exists.
3) In our opinion, the contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found nothing to be pointed out in relation to the performance of duties by the Directors regarding the internal control system.

(2) Results of Audit of non-consolidated financial statements and supporting schedules

In our opinion, the methods and results of audit conducted by the Independent Auditors, Deloitte Touche Tohmatsu LLC are proper.

(3) Results of Audit of consolidated financial statements

In our opinion, the methods and results of audit conducted by the Independent Auditors, Deloitte Touche Tohmatsu LLC are proper.

May 11, 2017

MEITEC CORPORATION
the Audit & Supervisory Board

Standing Outside Audit & Supervisory Board Member
Makoto Fukai

Outside Audit & Supervisory Board Member
Masatoshi Saito

Outside Audit & Supervisory Board Member
Hiroshi Watanabe