[Translation for reference only]
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Translation

April 26, 2019

Consolidated Financial Results for the Six Months of the Fiscal Year Ending September 30, 2019 <under Japanese GAAP>

Company name: **Mitsubishi Research Institute, Inc.**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 3636
URL: https://www.mri.co.jp/
Representative: Takashi Morisaki, President
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Scheduled date to submit Quarterly Securities Report: April 26, 2019
Scheduled date to commence dividend payments: June 6, 2019
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the six months of the fiscal year ending September 30, 2019 (from October 1, 2018 to March 31, 2019)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	45,903	(1.2)	3,733	(18.5)	3,993	(14.4)	2,823	(4.0)
March 31, 2018	46,471	9.9	4,580	37.4	4,663	31.5	2,942	34.5

Note: Comprehensive income
For the six months ended March 31, 2019: 2,132 million yen [(37.5)%]
For the six months ended March 31, 2018: 3,409 million yen [10.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2019	173.79	–
March 31, 2018	181.12	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2019	87,119	54,607	54.9
September 30, 2018	78,600	53,284	59.1

Reference: Equity (Net assets – Non-controlling interests)
As of March 31, 2019: 47,858 million yen
As of September 30, 2018: 46,458 million yen

2. Cash dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2018	–	40.00	–	45.00	85.00
Fiscal year ending September 30, 2019	–	45.00			
Fiscal year ending September 30, 2019 (Forecast)			–	45.00	90.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2019 (from October 1, 2018 to September 30, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending September 30, 2019	91,000	0.8	5,000	0.7	5,400	0.7	3,500	2.9	215.44

Note: Revisions to the earnings forecasts most recently announced: Yes

***Notes**

(1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting in preparing consolidated quarterly financial statements: Yes
Note: For details, please refer to "2. Consolidated financial statements and significant notes thereto (4) Notes to Consolidated Financial Statements (Application of special accounting in preparing consolidated quarterly financial statements)" on page 11 of the Attached materials.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)
a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2019	16,424,080 shares
As of September 30, 2018	16,424,080 shares

b. Number of treasury shares at the end of the period

As of March 31, 2019	178,196 shares
As of September 30, 2018	178,156 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2019	16,245,886 shares
Six months ended March 31, 2018	16,245,924 shares

* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

* Appropriate use of business forecasts; other special items

(Caution regarding forward-looking statements, etc.)
In this document, statements other than historical facts are forward-looking statements that are based on information available at this moment. Therefore, they do not constitute a guarantee that they will be realized. These forward-looking statements involve uncertainties, future changes in our business climate and other factors that may cause our actual results and achievements to differ from those anticipated in these statements.

(Availability of supplementary material on financial results)
Supplementary material on quarterly financial results is made available on our website.

Table of Contents of the Attached Materials

(Attached materials)

1. Qualitative information regarding settlement of accounts for the three months

(1) Explanation regarding operating results

During the six months under review (from October 1, 2018 to March 31, 2019), the Japanese economy made a modest recovery, mainly in domestic demand, despite signs of weak exports and production. Consumer activity slightly increased, supported by factors such as an improvement in the employment and income environment. Capital expenditure remained firm amid continued strong needs for investment in automation and labor-saving processes to counter labor shortages as well as IT investment, despite the slightly cautious approach of companies to investment due to decreases in exports and production. Exports primarily to Asia were weak, reflecting a slowdown in overseas economies such as China and the correction of semiconductor-related demand.

Overseas economies slowed down moderately. The US economy witnessed sluggish growth in consumer activity and exports as US-China trade friction surfaced and the effects of previous tax cuts wore off. The European economy grew at a slower pace primarily as a result of deteriorating external demand. As for emerging economies, the Chinese economy decelerated mainly due to the US-China trade friction, and other emerging economies further slowed down as well.

Against this backdrop, Mitsubishi Research Institute, Inc. and its consolidated subsidiaries (the MRI Group) place the highest priority on quality and customer satisfaction, while developing businesses by utilizing the scientific methods, cutting-edge technological insight and integrated solution proposal it has accumulated as a comprehensive think tank. The fiscal year under review is the second year of the Medium-term Management Plan 2020, and we are steadily moving ahead with initiatives based on the plan.

In businesses utilizing new technologies positioned as growth businesses, the MRI Group has engaged in businesses supporting innovation and sophistication of corporate management and administrative services through consulting and ICT-related services that utilize AI (artificial intelligence), IoT* and cloud computing.

Meanwhile, the MRI Group also developed its business in the public and utilities sector and social infrastructure sector, which are positioned as the core business areas, to respond to economic and societal needs, which are in a major structural transformation. Specifically, the MRI Group is conducting research and studies in the energy sector, the healthcare and wellness sector and the transport and traffic sector based on policy innovation, such as electricity system reforms, health and nursing care insurance reforms and regional revitalization. The MRI Group is also working to provide consulting and IT solutions that cut across the public and private sectors using systems and government policies in the public sector as a starting point.

While steady progress was made on the business front as described above, the effects of lost opportunities persist amid discussions and responses following the customer’s indication of its intention to cancel development of the main part of a project the quality issues of which arose in the IT services segment in the previous fiscal year.

As a result, during the six months under review, the MRI Group recorded net sales of 45,903 million yen, a year-on-year decrease of 1.2%, operating profit of 3,733 million yen, a year-on-year decrease of 18.5%, and ordinary profit of 3,993 million yen, a year-on-year decrease of 14.4%. Profit attributable to owners of parent was 2,823 million yen, a year-on-year decrease of 4.0%.

*Internet of Things: A term referring to the creation of an Internet of things, the state of products and processes, etc. connected to the Internet, and the aggregation, analysis, and utilization of digital information data obtainable as a result of such state.

The results by segment are as follows.

<Think tank and consulting services>

In the six months under review, the MRI Group saw sales increase for a wide range of projects for general private-sector companies including support for system construction and consulting on new business development, and overseas transport infrastructure-related projects. As a result, the segment reported net sales (outside sales) of 17,768 million yen, an increase of 8.3% year on year, and ordinary profit of 2,969 million yen, an increase of 27.5% year on year.

<IT services>

In the six months under review, sales decreased due to factors such as a recoil decline accompanying the completion of multiple system development projects and loss of opportunities resulting from responses to the project where quality issues arose. As a result, the segment reported net sales (outside sales) of 28,135 million yen, a decrease of 6.4% year on year. Also, the segment reported ordinary profit of 1,013 million yen, a decrease of 55.8% year on year, due to the recording of additional loss in connection with the said project including quality issues for the first quarter, in addition to the impact of a decrease in net sales.

(2) Explanation regarding financial position

A. Financial position

As of the end of the second quarter under review, total assets stood at 87,119 million yen, an increase of 8,518 million yen, or 10.8%, compared with the end of the previous fiscal year. Broken down, current assets increased 15.0% to 51,620 million yen, and non-current assets increased 5.3% to 35,498 million yen. The increase in current assets mainly reflected increases of 8,919 million yen in notes and accounts receivable - trade and 3,090 million yen in inventories owing to seasonal variation. The increase in non-current assets mainly reflected an increase of 2,196 million yen in intangible assets primarily due to the acquisition of software through leasing.

Liabilities increased 7,195 million yen, or 28.4%, compared with the end of the previous fiscal year to 32,511 million yen mainly due to an increase of 3,800 million yen in accounts payable - trade owing to seasonal factors.

Net assets increased 1,323 million yen, or 2.5%, compared with the end of the previous fiscal year to 54,607 million yen mainly due to an increase of 2,084 million yen in retained earnings.

B. Cash flow position

As of the end of the six months under review, cash and cash equivalents decreased 5,270 million yen compared with the end of the previous fiscal year to 16,791 million yen. The respective cash flow positions for the six months under review and main factors behind changes are as follows.

Cash used in operating activities was 3,008 million yen, compared with 2,084 million yen used in the same period of the previous fiscal year. The main reasons include increases of 8,920 million yen in notes and accounts receivable - trade, 3,090 million yen in inventories, and 3,800 million yen in notes and accounts payable - trade, all owing to seasonal factors. Because the MRI Group completes large numbers of projects during the March to April period, it incurs substantial cash expenditures in advance of cash receipts during the first six months of respective fiscal years and accordingly tends to generate negative cash flows from operating activities in the first half.

Cash used in investing activities was 1,157 million yen, compared with 1,294 million yen provided in the same period of the previous fiscal year. The main reasons were 536 million yen in purchase of investment securities, 497 million yen in purchase of intangible assets, and 405 million yen in purchase of property and equipment.

Cash used in financing activities was 1,104 million yen, compared with 911 million yen used in the same period of the previous fiscal year. The main reasons were 739 million yen in cash dividends paid and 294 million yen in repayments of lease obligations.

(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements

In the think tank and consulting services, sales are trending largely in line with forecasts, but we expect ordinary profit to exceed our initial forecast due to an improvement in profit margins, along with strong orders from general private-sector companies.

Meanwhile, in IT services, net sales and ordinary profit are expected to fall short of our initial forecast based on net sales up to the second quarter and the current status of orders received, in addition to the recording of provision for loss which was not projected at the start of the first quarter.

As a result, the MRI Group has revised its consolidated earnings forecasts for the fiscal year ending September 30, 2019 and earnings forecasts by segment for the fiscal year ending September 30, 2019 announced on October 30, 2018. Details are as follows.

Revised figures of the consolidated earnings forecasts for the fiscal year ending September 30, 2019 (from October 1, 2018 to September 30, 2019)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent	Consolidated basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	94,000	6,000	6,400	3,900	240.06
Revised forecast (B)	91,000	5,000	5,400	3,500	215.44
Change (B-A)	(3,000)	(1,000)	(1,000)	(400)	(24.62)
Change (%)	(3.2)	(16.7)	(15.6)	(10.3)	(10.3)
(Reference) Actual consolidated results of the fiscal year ended September 30, 2018	90,250	4,963	5,364	3,402	209.46

Revised figures of the earnings forecasts by segment for the fiscal year ending September 30, 2019 (from October 1, 2018 to September 30, 2019)

	Think tank and consulting services		IT services	
	Net sales	Ordinary profit	Net sales	Ordinary profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecast (A)	35,000	3,100	59,000	3,300
Revised forecast (B)	35,000	3,300	56,000	2,100
Change (B-A)	–	200	(3,000)	(1,200)
Change (%)	–	6.5	(5.1)	(36.4)
(Reference) Actual results by segment of the fiscal year ended September 30, 2018	33,489	3,233	56,760	2,050

In this document, statements other than historical facts are forward-looking statements that are based on information available at this moment. Therefore, they do not constitute a guarantee that they will be realized. These forward-looking statements involve uncertainties, future changes in our business climate and other factors that may cause our actual results and achievements to differ from those anticipated in these statements.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of September 30, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	22,362	17,091
Notes and accounts receivable - trade	14,774	23,694
Inventories	6,116	9,207
Other	1,645	1,668
Allowance for doubtful accounts	(14)	(41)
Total current assets	44,884	51,620
Non-current assets		
Property and equipment		
Buildings and structures, net	5,993	5,808
Machinery, equipment and vehicles, net	15	13
Tools, furniture and fixtures, net	1,466	1,484
Land	720	720
Leased assets, net	550	539
Construction in progress	44	160
Total property and equipment	8,790	8,727
Intangible assets		
Software	4,285	3,745
Leased assets	42	2,952
Other	341	168
Total intangible assets	4,669	6,865
Investments and other assets		
Investment securities	12,975	12,377
Deferred tax assets	3,768	4,083
Other	3,516	3,450
Allowance for doubtful accounts	(4)	(6)
Total investments and other assets	20,255	19,905
Total non-current assets	33,715	35,498
Total assets	78,600	87,119

(Millions of yen)

	As of September 30, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	3,402	7,202
Accounts payable - other	1,334	1,408
Accrued expenses	1,023	2,297
Income taxes payable	1,140	1,356
Provision for bonuses	3,186	2,038
Provision for loss on order received	1,705	1,194
Other	2,546	3,423
Total current liabilities	14,340	18,921
Non-current liabilities		
Lease obligations	317	2,840
Provision for share-based compensation	198	249
Net defined benefit liability	10,396	10,420
Asset retirement obligations	51	51
Other	12	28
Total non-current liabilities	10,975	13,589
Total liabilities	25,315	32,511
Net assets		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,765	4,765
Retained earnings	33,463	35,548
Treasury shares	(579)	(579)
Total shareholders' equity	43,985	46,070
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,742	2,024
Foreign currency translation adjustment	14	14
Remeasurements of defined benefit plans	(284)	(250)
Total accumulated other comprehensive income	2,472	1,788
Non-controlling interests	6,825	6,749
Total net assets	53,284	54,607
Total liabilities and net assets	78,600	87,119

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

Consolidated quarterly statements of income

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Net sales	46,471	45,903
Cost of sales	34,783	35,124
Gross profit	11,687	10,778
Selling, general and administrative expenses	7,107	7,045
Operating profit	4,580	3,733
Non-operating income		
Interest income	0	0
Dividend income	55	85
Share of profit of entities accounted for using equity method	19	201
Other	15	16
Total non-operating income	90	303
Non-operating expenses		
Interest expenses	3	11
Foreign exchange losses	2	2
Loss on investments in silent partnership	–	29
Compensation for damage	1	–
Other	0	0
Total non-operating expenses	7	42
Ordinary profit	4,663	3,993
Extraordinary income		
Gain on sales of investment securities	0	252
Other	–	1
Total extraordinary income	0	253
Extraordinary losses		
Loss on retirement of non-current assets	10	7
Loss on revaluation of investment securities	1	30
Loss on cancellation of leases	8	1
Other	1	–
Total extraordinary losses	22	38
Profit before income taxes	4,640	4,208
Income taxes	1,394	1,265
Profit	3,245	2,943
Profit attributable to non-controlling interests	303	120
Profit attributable to owners of parent	2,942	2,823

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Profit	3,245	2,943
Other comprehensive income		
Valuation difference on available-for-sale securities	105	(838)
Deferred gains or losses on hedges	(0)	–
Foreign currency translation adjustment	2	(0)
Remeasurements of defined benefit plans	46	33
Share of other comprehensive income of entities accounted for using equity method	9	(5)
Total other comprehensive income	163	(811)
Comprehensive income	3,409	2,132
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,087	2,139
Comprehensive income attributable to non-controlling interests	322	(6)

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	4,640	4,208
Depreciation	1,522	1,721
Amortization of goodwill	14	7
Increase (decrease) in provision for bonuses	(1,375)	(1,148)
Decrease (increase) in net defined benefit asset	5	(0)
Increase (decrease) in net defined benefit liability	168	72
Increase (decrease) in allowance for doubtful accounts	23	28
Increase (decrease) in provision for share-based compensation	52	50
Increase (decrease) in provision for loss on order received	32	(510)
Interest and dividend income	(55)	(85)
Interest expenses	3	11
Share of loss (profit) of entities accounted for using equity method	(19)	(201)
Loss (gain) on investments in silent partnership	–	29
Loss (gain) on sales of non-current assets	–	(0)
Loss on retirement of non-current assets	10	7
Loss (gain) on sales of investment securities	(0)	(252)
Loss (gain) on valuation of investment securities	1	30
Decrease (increase) in notes and accounts receivable - trade	(8,216)	(8,920)
Decrease (increase) in inventories	(3,354)	(3,090)
Increase (decrease) in notes and accounts payable - trade	3,584	3,800
Increase (decrease) in accrued consumption taxes	(470)	(248)
Increase (decrease) in advances received	599	782
Other, net	1,349	1,624
Subtotal	(1,481)	(2,084)
Interest and dividend income received	81	115
Interest expenses paid	(3)	(9)
Income taxes paid	(681)	(1,029)
Net cash provided by (used in) operating activities	(2,084)	(3,008)
Cash flows from investing activities		
Proceeds from redemption of securities	2,999	–
Purchase of property and equipment	(560)	(405)
Proceeds from sales of property and equipment	–	2
Purchase of intangible assets	(785)	(497)
Purchase of investment securities	(317)	(536)
Proceeds from sales of investment securities	0	283
Payments of loans receivable	(2)	(6)
Collection of loans receivable	1	2
Payments for lease and guarantee deposits	(62)	(5)
Proceeds from collection of lease and guarantee deposits	44	4
Other, net	(23)	0
Net cash provided by (used in) investing activities	1,294	(1,157)

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from financing activities		
Repayments of lease obligations	(140)	(294)
Cash dividends paid	(657)	(739)
Dividends paid to non-controlling interests	(114)	(69)
Purchase of treasury shares	–	(0)
Net cash provided by (used in) financing activities	(911)	(1,104)
Effect of exchange rate change on cash and cash equivalents	1	(0)
Net increase (decrease) in cash and cash equivalents	(1,700)	(5,270)
Cash and cash equivalents at beginning of period	20,004	22,062
Cash and cash equivalents at end of period	18,304	16,791

(4) Notes to Consolidated Financial Statements

(Notes on going concern assumption)
Not applicable

(Notes in the case of material changes in shareholders' equity)
Not applicable

(Application of special accounting in preparing consolidated quarterly financial statements)
(Calculation of tax expenses)
Tax expenses are calculated by multiplying profit before income taxes by the reasonably estimated effective tax rate subsequent to the application of the tax effect accounting to profit before income taxes for the fiscal year including the second quarter under review.

(Additional information)
(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")
The MRI Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant guidance since the beginning of the first quarter, and deferred tax assets have been presented under investments and other assets.

(Share-based compensation system linked to operating performance for directors, executives and research fellows)
At the Annual General Meeting of Shareholders held on December 19, 2016, MRI passed a resolution approving the introduction of a share-based compensation system linked to operating performance (hereinafter, "the plan") for MRI's directors (excluding outside directors, non-executive directors and directors living outside Japan) and for executives and research fellows contractually bound to MRI (excluding individuals living outside Japan; hereinafter, collectively with directors, "directors, etc."). The plan is designed to raise awareness of contributing to improving the MRI Group's earnings performance and corporate value over the medium to long term. The plan is closely linked to the MRI Group's earnings performance and will be a highly transparent, objective compensation system for MRI's directors, etc.
Accounting treatment of the plan is based on the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015).

1) Overview of transaction
The plan adopted the structure used for the Board Incentive Plan Trust (hereinafter, the "BIP Trust"). Following the resignation of a director, etc. (or following their death if the director, etc. has passed away), MRI will grant shares of MRI held in the BIP Trust, or provide funds equivalent to the liquidation value of the shares, corresponding to the achievement of the earnings performance targets.

2) MRI's shares remaining in the trust
MRI's shares remaining in the trust are recorded at the book value (excluding associated expenses) of the trust and are reflected as treasury shares incorporated in net assets. The book value of the said treasury shares and the number of shares comprise 578 million yen and 177 thousand shares for the previous fiscal year and 578 million yen and 177 thousand shares for the second quarter under review.

(Provision for loss on order received)
At the end of the previous fiscal year, the MRI Group recorded provision for loss on order received of 1,680 million yen following the need for additional renovation work to ensure quality after failure occurred in the test phase for the large system development project undertaken by the Company's consolidated subsidiary.
Regarding this project, after the customer indicated its intention to cancel the development of the main part, we concluded an agreement to cancel such part in January 2019 and discussed the

response to such agreement and review of the contract for other parts with the customer. At the end of the second quarter under review, we estimated the expenses associated with cancellation agreement and review of the contract based on the status of discussions with the customer, and recorded a loss expected to be incurred in the future of 1,164 million yen as provision for loss on order received. Inventories related to order contracts and provision for loss on order received that are expected to incur a loss are not offset and presented as is. The amount of inventories at the end of the second quarter under review related to such project was 186 million yen. In addition, the effect on profit and loss during the six months under review is cost of sales (provision for loss on order received) of 711 million yen.
Although we are making estimates reasonable as much as possible at the present time for such expenses, this may change depending on the progress and results of discussions in the future as we are discussing the execution schedule and tasks, among other things, with the customer.

(Segment information, etc.)

I Six months ended March 31, 2018

A. Information regarding amounts of net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated quarterly statement of income (Note 2)
	Think tank and consulting services	IT services			
Net sales					
Outside customers	16,400	30,070	46,471	–	46,471
Inter-segment sales and transfers	102	642	744	(744)	–
Total	16,503	30,712	47,215	(744)	46,471
Segment profit	2,328	2,289	4,618	45	4,663

Notes: 1. The adjustment of 45 million yen on segment profit includes 7 million yen as inventory adjustments and 37 million yen as non-current asset adjustments.

2. Segment profit is adjusted with ordinary profit in the consolidated quarterly statement of income.

B. Information regarding impairment loss of non-current assets or regarding goodwill by reportable segment

There are no significant matters for the six months.

II Six months ended March 31, 2019

A. Information regarding amounts of net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated quarterly statement of income (Note 2)
	Think tank and consulting services	IT services			
Net sales					
Outside customers	17,768	28,135	45,903	–	45,903
Inter-segment sales and transfers	49	769	819	(819)	–
Total	17,817	28,905	46,722	(819)	45,903
Segment profit	2,969	1,013	3,982	11	3,993

Notes: 1. The adjustment of 11 million yen on segment profit includes negative 1 million yen as inventory adjustments and 12 million yen as non-current asset adjustments.

2. Segment profit is adjusted with ordinary profit in the consolidated quarterly statement of income.

B. Information regarding impairment loss of non-current assets or regarding goodwill by reportable segment

There are no significant matters for the six months.

3. Supplementary information

Status of orders received and sales

(1) Status of orders received

Status of orders received by segment is as shown below.

(Millions of yen)

Segment name	Six months ended March 31, 2019			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting services	16,258	(9.9)	23,490	(4.8)
IT services	28,332	0.8	36,674	6.9
System development	16,679	(6.1)	17,358	5.2
Outsourcing services	11,652	12.4	19,316	8.4
Total	44,590	(3.4)	60,164	2.0

Notes: 1. Inter-segment transactions have been eliminated.

2. Consumption taxes are not included in the above amounts.

3. For services where services are continually rendered and fees commensurate with performance are received, an estimate of sales for a year after March 31, 2019 is recorded in the balance of orders received.

(2) Sales performance

Sales performance by segment is as shown below.

(Millions of yen)

Segment name	Six months ended March 31, 2019	Year-on-year change (%)
Think tank and consulting services	17,768	8.3
IT services	28,135	(6.4)
System development	16,398	(16.1)
Outsourcing services	11,736	11.5
Total	45,903	(1.2)

Notes: 1. Inter-segment transactions have been eliminated.

2. Consumption taxes are not included in the above amounts.