

[Translation for reference only]

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Translation



April 27, 2017

Consolidated Financial Results for the Six Months of the Fiscal Year Ending September 30, 2017 <under Japanese GAAP>

Company name: **Mitsubishi Research Institute, Inc.**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 3636
URL: <http://www.mri.co.jp/>
Representative: Takashi Morisaki, President
Inquiries: Junichi Egawa, General Manager, Management Accounting and Finance Division
E-mail: ir-info@mri.co.jp

Scheduled date to submit Quarterly Securities Report: May 9, 2017
Scheduled date to commence dividend payments: June 6, 2017
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, 2017 (from October 1, 2016 to March 31, 2017)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|------------------|-----------------|-----|------------------|-------|-----------------|-------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended | | | | | | | | |
| March 31, 2017 | 42,303 | 0.3 | 3,332 | (8.9) | 3,546 | (7.8) | 2,187 | (2.6) |
| March 31, 2016 | 42,195 | 7.0 | 3,659 | 14.2 | 3,846 | 16.9 | 2,246 | 6.9 |

Note: Comprehensive income

For the six months ended March 31, 2017: 3,085 million yen [24.9%]
For the six months ended March 31, 2016: 2,469 million yen [3.4%]

| | Basic earnings per share | Diluted earnings per share |
|------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| March 31, 2017 | 133.62 | — |
| March 31, 2016 | 136.80 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| March 31, 2017 | 78,404 | 48,716 | 54.0 |
| September 30, 2016 | 71,777 | 46,910 | 56.9 |

Reference: Equity (Net assets – Non-controlling interests)

As of March 31, 2017: 42,355 million yen
As of September 30, 2016: 40,870 million yen

2. Cash dividends

| | Annual dividends | | | | |
|--|-------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended September 30, 2016 | – | 30.00 | – | 35.00 | 65.00 |
| Fiscal year ending September 30, 2017 | – | 35.00 | | | |
| Fiscal year ending September 30, 2017 (Forecast) | | | – | 35.00 | 70.00 |

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

**3. Consolidated earnings forecasts for the fiscal year ending September 30, 2017
(from October 1, 2016 to September 30, 2017)**

(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, 2017 | 90,000 | 3.6 | 5,800 | 5.5 | 6,200 | 5.5 | 3,600 | 5.1 | 220.73 |

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

***Notes**

- (1) Changes in significant subsidiaries during the six 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
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None
 - 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, 2017 | 16,424,080 shares |
| As of September 30, 2016 | 16,424,080 shares |

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

| | |
|--------------------------|----------------|
| As of March 31, 2017 | 178,112 shares |
| As of September 30, 2016 | 212 shares |

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

| | |
|---------------------------------|-------------------|
| Six months ended March 31, 2017 | 16,373,056 shares |
| Six months ended March 31, 2016 | 16,423,868 shares |

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* 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 (only in Japanese).

(Attached materials)**1. Qualitative information regarding settlement of accounts for the six months****(1) Explanation regarding operating results**

During the six months under review (from October 1, 2016 to March 31, 2017), the Japanese economy continued its modest recovery. Consumer activity remained in a recovery phase due to such factors as improvement in personal incomes. Buoyed by resurgent overseas demand, capital expenditure grew due to a robust corporate investment appetite in digitalization and other areas. Exports also grew, centered on China and other parts of Asia.

Overseas economies continued to rebound overall, although regional differences were apparent. The Chinese economy continued to exhibit flat growth, and emerging economies experienced a modest recovery due to such factors as stable resource prices. The European economy failed to move out of a slump, but consumer activity continued to recover. In the US economy, consumer activity was firm, against the backdrop of a favorable employment environment and improved consumer sentiment.

Against this backdrop, Mitsubishi Research Institute, Inc. and its consolidated subsidiaries (the MRI Group) continued to place the highest priority on quality and customer satisfaction, while developing businesses by utilizing the scientific methods and cutting edge technological insight it has accumulated as a think tank. Specifically, the MRI Group is pushing ahead with businesses to support business-management and manufacturing innovation that utilizes AI (artificial intelligence) and big data. In addition, the MRI Group worked to develop business in response to societal and corporate needs, developing business in the energy sector and the healthcare and wellness sector based on policy innovation, such as electricity system reforms and health and nursing care insurance reform, as well as system development for financial institutions and credit card companies.

As a result, during the six months under review, the MRI Group recorded net sales of 42,303 million yen, a year-on-year increase of 0.3%, operating profit was 3,332 million yen, a year-on-year decrease of 8.9%, ordinary profit was 3,546 million yen, a year-on-year decrease of 7.8%, and profit attributable to owners of parent was 2,187 million yen, a year-on-year decrease of 2.6%.

The results by segment are as follows.

<Think tank and consulting services>

In the six months under review, the MRI Group engaged in various think tank and consulting services projects that contributed to sales. For government and public offices, this included research services supporting the development of medical devices and sophisticated new energy and electrical safety technologies. In the private sector, projects involving the analysis and application of marketing data for financial institutions contributed to sales. However, orders for ICT consulting for general private-sector companies were below our forecasts, leading to sales (outside sales) of 13,994 million yen, down 6.2% year on year. Ordinary profit decreased 30.4% year on year, to 1,315 million yen, affected by lower sales and a rise in selling, general and administrative expenses due to our efforts to augment our sales structure, among other factors.

<IT services>

In the six months under review, the MRI Group engaged in various projects that contributed to sales. This included credit data analysis and risk measurement projects for financial institutions, system integration projects for a credit card company, and charge calculation system development for an electric power company. As a result, the segment reported net sales (outside sales) of 28,309 million yen, an increase of 3.8% year on year, and ordinary profit of 2,177 million yen, an increase of 13.0% year on year.

(2) Explanation regarding financial position**A. Financial position**

As of the end of the second quarter under review, total assets stood at 78,404 million yen, an increase of 6,626 million yen, or 9.2%, compared with the end of the previous fiscal year. Broken down, current assets increased 14.5% to 50,452 million yen, and non-current assets increased 0.9% to 27,951 million yen. The increase in current assets mainly reflected increases of 6,393 million yen in notes and accounts receivable - trade and 5,643 million yen in inventories owing to seasonal factors, despite a decrease of 6,999 million yen in securities, which were held for short-term investment, due to redemption.

Liabilities increased 4,821 million yen, or 19.4%, compared with the end of the previous fiscal year to 29,687 million yen, mainly due to an increase of 5,627 million yen in accounts payable - trade owing to seasonal variation.

Net assets increased 1,805 million yen, or 3.8%, compared with the end of the previous fiscal year to 48,716 million yen. Treasury shares increased (net assets decreased) by 578 million yen due to the introduction of a share-based compensation system linked to operating performance, but retained earnings grew 1,612 million yen.

B. Cash flow position

As of the end of the six months under review, cash and cash equivalents decreased 5,591 million yen compared with the end of the previous fiscal year to 15,356 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 3,215 million yen, compared with 5,653 million yen used in the same period of the previous fiscal year. The main reasons include increases of 6,393 million yen in notes and accounts receivable - trade, 5,643 million yen in inventories, and 5,627 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 1,021 million yen, compared with 553 million yen provided in the same period of the previous fiscal year.

Cash used in financing activities was 1,363 million yen, compared with 714 million yen used in the same period of the previous fiscal year.

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

In our think tank and consulting services, progress on orders from general private-sector companies is slower than forecast. Due to an increase in large demonstration projects for government and public offices, which involve significant outsourcing costs, we now expect to maintain sales in line with our initial forecast, although we expect ordinary profit to be below our initial forecast.

As a result, the MRI Group has revised its consolidated earnings forecasts, earnings forecasts by segment and non-consolidated earnings forecasts for the fiscal year ending September 30, 2017 (announced October 31, 2016). Details are as follows.

Revised figures of the consolidated earnings forecasts for the fiscal year ending September 30, 2017
(from October 1, 2016 to September 30, 2017)

| | 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) | 90,000 | 6,300 | 6,700 | 3,900 | 237.46 |
| Revised forecast (B) | 90,000 | 5,800 | 6,200 | 3,600 | 220.73 |
| Amount change (B-A) | – | (500) | (500) | (300) | (16.73) |
| Rate change (%) | – | (7.9) | (7.5) | (7.7) | (7.0) |
| (Reference) Actual results of the fiscal year ended September 30, 2016 | 86,904 | 5,495 | 5,877 | 3,425 | 208.55 |

Revised figures of the earnings forecasts by segment for the fiscal year ending September 30, 2017
(from October 1, 2016 to September 30, 2017)

| | 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) | 34,000 | 2,900 | 56,000 | 3,800 |
| Revised forecast (B) | 34,000 | 2,400 | 56,000 | 3,800 |
| Amount change (B-A) | – | (500) | – | – |
| Rate change (%) | – | (17.2) | – | – |
| (Reference) Actual results of the fiscal year ended September 30, 2016 | 33,014 | 2,875 | 53,889 | 2,931 |

Revised figures of the non-consolidated earnings forecasts for the fiscal year ending September 30, 2017 (from October 1, 2016 to September 30, 2017)

| | Net sales | Ordinary profit | Net income | Basic earnings per share |
|---|-----------------|-----------------|-----------------|--------------------------|
| | Millions of yen | Millions of yen | Millions of yen | Yen |
| Previous forecast (A) | 33,500 | 3,200 | 2,200 | 133.95 |
| Revised forecast (B) | 33,500 | 2,700 | 2,200 | 134.89 |
| Amount change (B-A) | – | (500) | – | 0.94 |
| Rate change (%) | – | (15.6) | – | 0.7 |
| (Reference) Actual results of the fiscal year ended September 30, 2016 | 32,516 | 2,906 | 2,066 | 125.81 |

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, 2016 | As of March 31, 2017 |
|--|--------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 14,548 | 15,656 |
| Notes and accounts receivable - trade | 13,998 | 20,392 |
| Securities | 6,999 | – |
| Inventories | 5,395 | 11,038 |
| Deferred tax assets | 1,608 | 1,664 |
| Other | 1,538 | 1,730 |
| Allowance for doubtful accounts | (12) | (30) |
| Total current assets | 44,075 | 50,452 |
| Non-current assets | | |
| Property and equipment | | |
| Buildings and structures, net | 6,392 | 6,225 |
| Machinery, equipment and vehicles, net | 0 | 0 |
| Tools, furniture and fixtures, net | 1,470 | 1,550 |
| Land | 720 | 720 |
| Leased assets, net | 925 | 781 |
| Construction in progress | 125 | 29 |
| Total property and equipment | 9,635 | 9,307 |
| Intangible assets | | |
| Software | 5,008 | 4,706 |
| Other | 467 | 469 |
| Total intangible assets | 5,475 | 5,176 |
| Investments and other assets | | |
| Other | 12,641 | 13,473 |
| Allowance for doubtful accounts | (50) | (4) |
| Total investments and other assets | 12,590 | 13,468 |
| Total non-current assets | 27,701 | 27,951 |
| Total assets | 71,777 | 78,404 |

(Millions of yen)

| | As of September 30, 2016 | As of March 31, 2017 |
|---|--------------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 3,584 | 9,212 |
| Accounts payable - other | 1,059 | 1,028 |
| Accrued expenses | 1,150 | 2,208 |
| Income taxes payable | 1,910 | 1,283 |
| Provision for bonuses | 3,484 | 2,203 |
| Provision for loss on order received | 54 | 22 |
| Other | 2,529 | 2,599 |
| Total current liabilities | 13,772 | 18,558 |
| Non-current liabilities | | |
| Net defined benefit liability | 10,485 | 10,588 |
| Provision for share-based compensation | – | 49 |
| Other | 608 | 491 |
| Total non-current liabilities | 11,093 | 11,128 |
| Total liabilities | 24,866 | 29,687 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,336 | 6,336 |
| Capital surplus | 4,859 | 4,774 |
| Retained earnings | 28,690 | 30,303 |
| Treasury shares | (0) | (579) |
| Total shareholders' equity | 39,885 | 40,835 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,416 | 1,908 |
| Deferred gains or losses on hedges | (1) | (1) |
| Foreign currency translation adjustment | 6 | 16 |
| Remeasurements of defined benefit plans | (436) | (403) |
| Total accumulated other comprehensive income | 984 | 1,520 |
| Non-controlling interests | 6,040 | 6,360 |
| Total net assets | 46,910 | 48,716 |
| Total liabilities and net assets | 71,777 | 78,404 |

(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, 2016 | Six months ended March 31, 2017 |
|---|------------------------------------|------------------------------------|
| Net sales | 42,195 | 42,303 |
| Cost of sales | 31,871 | 32,033 |
| Gross profit | 10,323 | 10,269 |
| Selling, general and administrative expenses | 6,664 | 6,937 |
| Operating profit | 3,659 | 3,332 |
| Non-operating income | | |
| Interest income | 2 | 0 |
| Dividend income | 45 | 48 |
| Share of profit of entities accounted for using equity method | 119 | 142 |
| Other | 27 | 28 |
| Total non-operating income | 195 | 219 |
| Non-operating expenses | | |
| Interest expenses | 5 | 5 |
| Other | 3 | 0 |
| Total non-operating expenses | 8 | 5 |
| Ordinary profit | 3,846 | 3,546 |
| Extraordinary income | | |
| Gain on sales of investment securities | 141 | 46 |
| Total extraordinary income | 141 | 46 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | – | 0 |
| Loss on retirement of non-current assets | 18 | 8 |
| Loss on sales of investment securities | 0 | 2 |
| Other | 1 | 1 |
| Total extraordinary losses | 20 | 12 |
| Profit before income taxes | 3,967 | 3,580 |
| Income taxes | 1,467 | 1,086 |
| Profit | 2,500 | 2,493 |
| Profit attributable to non-controlling interests | 253 | 305 |
| Profit attributable to owners of parent | 2,246 | 2,187 |

Consolidated quarterly statements of comprehensive income

(Millions of yen)

| | Six months ended March 31, 2016 | Six months ended March 31, 2017 |
|--|------------------------------------|------------------------------------|
| Profit | 2,500 | 2,493 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (2) | 547 |
| Deferred gains or losses on hedges | 3 | 0 |
| Foreign currency translation adjustment | (9) | 8 |
| Remeasurements of defined benefit plans | (4) | 31 |
| Share of other comprehensive income of entities accounted for using equity method | (17) | 4 |
| Total other comprehensive income | (30) | 592 |
| Comprehensive income | 2,469 | 3,085 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,224 | 2,723 |
| Comprehensive income attributable to non- controlling interests | 245 | 362 |

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

| | Six months ended March 31, 2016 | Six months ended March 31, 2017 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,967 | 3,580 |
| Depreciation | 1,419 | 1,599 |
| Amortization of goodwill | 48 | 14 |
| Increase (decrease) in provision for bonuses | (924) | (1,280) |
| Decrease (increase) in net defined benefit asset | (0) | – |
| Increase (decrease) in net defined benefit liability | 79 | 148 |
| Increase (decrease) in allowance for doubtful accounts | 66 | (28) |
| Increase (decrease) in provision for share-based compensation | – | 49 |
| Increase (decrease) in provision for loss on order received | 30 | (32) |
| Interest and dividend income | (48) | (48) |
| Interest expenses | 5 | 5 |
| Share of (profit) loss of entities accounted for using equity method | (119) | (142) |
| Loss (gain) on sales of non-current assets | – | 0 |
| Loss on retirement of non-current assets | 18 | 8 |
| Loss (gain) on sales of investment securities | (141) | (43) |
| Decrease (increase) in notes and accounts receivable - trade | (10,934) | (6,393) |
| Decrease (increase) in inventories | (4,599) | (5,643) |
| Increase (decrease) in notes and accounts payable - trade | 4,159 | 5,627 |
| Other, net | 2,177 | 1,146 |
| Subtotal | (4,794) | (1,433) |
| Interest and dividend income received | 72 | 71 |
| Interest expenses paid | (5) | (5) |
| Income taxes paid | (925) | (1,848) |
| Net cash provided by (used in) operating activities | (5,653) | (3,215) |
| Cash flows from investing activities | | |
| Proceeds from withdrawal of time deposits | – | 300 |
| Proceeds from redemption of securities | 1,998 | – |
| Purchase of property and equipment | (747) | (400) |
| Proceeds from sales of property and equipment | – | 0 |
| Purchase of intangible assets | (973) | (611) |
| Purchase of investment securities | (4) | (135) |
| Proceeds from sales of investment securities | 271 | 69 |
| Payments of loans receivable | (2) | (1) |
| Collection of loans receivable | 2 | 1 |
| Payments for lease and guarantee deposits | (5) | (268) |
| Proceeds from collection of lease and guarantee deposits | 6 | 25 |
| Other, net | 7 | 0 |
| Net cash provided by (used in) investing activities | 553 | (1,021) |
| Cash flows from financing activities | | |
| Repayments of lease obligations | (156) | (140) |
| Cash dividends paid | (493) | (574) |
| Dividends paid to non-controlling interests | (65) | (69) |
| Purchase of treasury shares | – | (578) |
| Net cash provided by (used in) financing activities | (714) | (1,363) |

(Millions of yen)

| | Six months ended March 31, 2016 | Six months ended March 31, 2017 |
|---|------------------------------------|------------------------------------|
| Effect of exchange rate change on cash and cash equivalents | (9) | 8 |
| Net increase (decrease) in cash and cash equivalents | (5,823) | (5,591) |
| Cash and cash equivalents at beginning of period | 18,255 | 20,948 |
| Cash and cash equivalents at end of period | 12,431 | 15,356 |

Segment information, etc.

I Six months ended March 31, 2016

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 | 14,917 | 27,278 | 42,195 | – | 42,195 |
| Inter-segment sales and transfers | 68 | 844 | 913 | (913) | – |
| Total | 14,986 | 28,122 | 43,108 | (913) | 42,195 |
| Segment profit | 1,890 | 1,925 | 3,816 | 29 | 3,846 |

Notes: 1. The adjustment of 29 million yen on segment profit includes 9 million yen as inter-segment transaction eliminations, negative 2 million yen as inventory adjustments and 22 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, 2017

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 | 13,994 | 28,309 | 42,303 | – | 42,303 |
| Inter-segment sales and transfers | 103 | 410 | 514 | (514) | – |
| Total | 14,097 | 28,719 | 42,817 | (514) | 42,303 |
| Segment profit | 1,315 | 2,177 | 3,493 | 53 | 3,546 |

Notes: 1. The adjustment of 53 million yen on segment profit includes 12 million yen as inter-segment transaction eliminations, 2 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.

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, 2017 | | | |
|------------------------------------|---------------------------------|-------------------------|---------|-------------------------|
| | Orders received | Year-on-year change (%) | Balance | Year-on-year change (%) |
| Think tank and consulting services | 17,218 | (6.5) | 27,369 | 3.4 |
| IT services | 26,733 | (0.5) | 35,166 | (2.6) |
| System development | 16,665 | 2.9 | 17,039 | (3.1) |
| Outsourcing services | 10,067 | (5.7) | 18,126 | (2.0) |
| Total | 43,951 | (2.9) | 62,535 | (0.0) |

- 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, 2017 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, 2017 | Year-on-year change (%) |
|------------------------------------|---------------------------------|-------------------------|
| Think tank and consulting services | 13,994 | (6.2) |
| IT solutions services | 28,309 | 3.8 |
| System development | 17,805 | 4.9 |
| Outsourcing services | 10,503 | 1.9 |
| Total | 42,303 | 0.3 |

- Notes: 1. Inter-segment transactions have been eliminated.
 2. Consumption taxes are not included in the above amounts.