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Translation

February 3, 2016

Consolidated Financial Results for the Three Months of the Fiscal Year Ending September 30, 2016 <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: Kyota Omori, President
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Scheduled date to submit Quarterly Securities Report: February 5, 2016
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: None

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

1. Consolidated performance for the three months of the fiscal year ending September 30, 2016 (from October 1, 2015 to December 31, 2015)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2015	13,432	(3.8)	(752)	–	(640)	–	(593)	–
December 31, 2014	13,967	(0.0)	(318)	–	(252)	–	(472)	–

Note: Comprehensive income
For the three months ended December 31, 2015: (443) million yen [–%]
For the three months ended December 31, 2014: (288) million yen [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2015	(36.12)	–
December 31, 2014	(28.74)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2015	63,699	43,139	58.8
September 30, 2015	67,094	44,134	57.3

Reference: Equity (Net assets – Non-controlling interests)
As of December 31, 2015: 37,464 million yen
As of September 30, 2015: 38,433 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, 2015	–	25.00	–	30.00	55.00
Fiscal year ending September 30, 2016	–				
Fiscal year ending September 30, 2016 (Forecast)		30.00	–	30.00	60.00

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

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2016 (from October 1, 2015 to September 30, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending March 31, 2016	40,300	2.2	3,210	0.1	3,290	0.0	1,840	(12.5)	112.03
Fiscal year ending September 30, 2016	92,000	7.8	6,200	11.7	6,500	11.8	3,600	(2.5)	219.19

Note: Revisions to the earnings forecasts most recently announced: None

***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 the details, please refer to "(2) Application of special accounting in preparing consolidated quarterly financial statements" of "2. Matters regarding summary information (Notes)" on page 3 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: Yes
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

Note: For the details, please refer to "(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections" of "2. Matters regarding summary information (Notes)" on page 3 of the attached materials.

(4) Number of issued shares (common shares)

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

As of December 31, 2015	16,424,080 shares
As of September 30, 2015	16,424,080 shares

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

As of December 31, 2015	212 shares
As of September 30, 2015	212 shares

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

Three months ended December 31, 2015	16,423,868 shares
Three months ended December 31, 2014	16,423,882 shares

* Indication regarding execution of quarterly review procedures

At the time of disclosure of this quarterly financial results report, review procedures for the quarterly financial statements pursuant to the Financial Instruments and Exchange Act are in progress.

* 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 three months

(1) Explanation regarding operating results

During the three months under review (from October 1, 2015 to December 31, 2015), the Japanese economy continued along a gradual recovery trend overall. Consumer activity was sluggish partially due to a slump in the sale of seasonal goods as a result of the relatively mild winter, despite having gained support from factors such as improvements in employment and personal incomes. Capital expenditure levelled off on the back of uncertainties regarding the operating environment domestically and abroad, but exports showed signs of recovery amid healthy shipment volumes to the U.S.

Overseas economies continued to lack strength, especially in emerging countries. In particular, falling oil prices put downward pressure on growth in resource-rich nations as the Chinese economic slowdown persisted. The European economy rebounded primarily due to consumption backed largely by lower oil prices, while the U.S. economy also remained on a growth trajectory primarily fueled by consumption amid improvements in the employment environment. In light of this situation, we will closely monitor developments going forward, particularly in the wake of the U.S. Federal Reserve's decision in December to raise its policy rate.

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 making maximum use of its comprehensive functions and services, such as the scientific methods it has accumulated as a think tank. In particular, the MRI Group promoted the management innovation support business for private sector, which combines consulting and ICT*, and the construction of systems for financial institutions, among others. The MRI Group also worked to develop business in response to new needs in society, such as those involving electricity sector reforms, the healthcare sector including nursing care, and regional revitalization.

As a result, during the three months under review, the MRI Group recorded net sales of 13,432 million yen, a year-on-year decrease of 3.8%, operating loss was 752 million yen (compared with operating loss of 318 million yen in the same period of the previous fiscal year), ordinary loss was 640 million yen (compared with ordinary loss of 252 million yen in the same period of the previous fiscal year), and loss attributable to owners of parent of 593 million yen (compared with loss attributable to owners of parent of 472 million yen in the same period of the previous fiscal year).

The MRI Group, particularly in its think tank and consulting services, tends to book a large proportion of sales in the March to April period, as the fiscal year of major clients such as government and public offices and corporations ends in March and begins in April. Consequently, operating results for the first three months of the MRI Group's fiscal year tend to be substantially lower than in the other quarters.

The results by segment are as follows.

<Think tank and consulting services>

In the three months under review, the MRI Group engaged in various projects that contributed to sales which, for government and public offices included system development administration projects as well as energy-related research services, and for clients in the private sector included risk management and regulatory compliance support projects for financial institutions and customer data analysis projects. As a result, the segment reported net sales (outside sales) of 2,064 million yen, an increase of 8.9% year on year, and ordinary loss of 893 million yen (compared with ordinary loss of 916 million yen in the same period of the previous fiscal year).

<IT services>

In the three months under review, the MRI Group continued to take on projects that included computer hardware upgrade and basic software upgrade operations for a credit card company, but on the other hand faced negative factors such as reactive declines mainly reflecting high-margin business that occurred in the same period of the previous fiscal year. As a result, the segment reported net sales (outside sales) of 11,367 million yen, a decrease of 5.8% year on year, and ordinary income of 241 million yen, a decrease of 64.2% year on year.

* Information and Communication Technology: A general expression relating to information and communications.

(2) Explanation regarding financial position

As of the end of the first quarter under review, total assets stood at 63,699 million yen, a decrease of 3,394 million yen, or 5.1%, compared with the end of the previous fiscal year. Broken down, current assets decreased 9.4% to 36,243 million yen, and non-current assets increased 1.3% to 27,456 million yen. The decrease in current assets mainly reflected decreases of 2,415 million yen in notes and accounts receivable - trade and 4,999 million yen from redemption of securities, which were held for short-term investment, despite a rise of 4,147 million yen in inventories owing to seasonal variation.

Liabilities decreased 2,399 million yen, or 10.5%, compared with the end of the previous fiscal year to 20,560 million yen, largely due to decreases in income taxes payable and provision for bonuses.

Net assets were down 994 million yen, or 2.3%, compared with the end of the previous fiscal year to 43,139 million yen, largely due to a decrease in retained earnings.

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

There is no change to the consolidated earnings forecasts announced on October 30, 2015.

2. Matters regarding summary information (Notes)

(1) Changes in significant subsidiaries during the three months under review

Not applicable

(2) Application of special accounting in preparing consolidated quarterly financial statements

Tax expenses for the three months under review are calculated by multiplying income before income taxes for the three months under review by the reasonably estimated effective tax rate after applying tax effect accounting for the fiscal year including the first quarter under review.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter ended December 31, 2015, MRI has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in MRI’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of MRI was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter ended December 31, 2015, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for “net income” and other related items was changed, and the presentation of “minority interests” was changed to “non-controlling interests.” To reflect these changes, MRI has reclassified its quarterly and full-year consolidated financial statements for the first three months of the previous fiscal year and the previous fiscal year.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. MRI is applying the said standard, etc. prospectively from the beginning of the first quarter ended December 31, 2015.

These changes in accounting policies have no impact on the consolidated financial statements for the three months of the fiscal year ending September 30, 2016.

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of September 30, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	11,055	10,087
Notes and accounts receivable - trade	10,747	8,332
Securities	9,499	4,499
Inventories	5,595	9,742
Deferred tax assets	1,389	1,566
Other	1,711	2,020
Allowance for doubtful accounts	(11)	(5)
Total current assets	39,987	36,243
Non-current assets		
Property and equipment		
Buildings and structures, net	5,962	6,748
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures, net	1,490	1,436
Land	720	720
Leased assets, net	1,131	1,042
Construction in progress	515	61
Total property and equipment	9,820	10,010
Intangible assets		
Software	4,472	4,491
Other	698	787
Total intangible assets	5,170	5,278
Investments and other assets		
Other	12,120	12,172
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	12,115	12,167
Total non-current assets	27,106	27,456
Total assets	67,094	63,699

(Millions of yen)

	As of September 30, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	3,467	3,048
Accounts payable - other	1,191	1,520
Accrued expenses	1,055	1,703
Income taxes payable	877	220
Provision for bonuses	3,080	1,063
Provision for loss on order received	1	21
Other	2,836	2,536
Total current liabilities	12,510	10,114
Non-current liabilities		
Net defined benefit liability	9,790	9,842
Other	659	602
Total non-current liabilities	10,449	10,445
Total liabilities	22,960	20,560
Net assets		
Shareholders’ equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	26,250	25,164
Treasury shares	(0)	(0)
Total shareholders’ equity	37,437	36,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,451	1,561
Deferred gains or losses on hedges	(5)	(2)
Foreign currency translation adjustment	36	31
Remeasurements of defined benefit plans	(486)	(478)
Total accumulated other comprehensive income	995	1,112
Non-controlling interests	5,700	5,675
Total net assets	44,134	43,139
Total liabilities and net assets	67,094	63,699

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

(Millions of yen)

	Three months ended December 31, 2014	Three months ended December 31, 2015
Net sales	13,967	13,432
Cost of sales	10,977	10,874
Gross profit	2,990	2,557
Selling, general and administrative expenses	3,309	3,309
Operating loss	(318)	(752)
Non-operating income		
Interest income	1	1
Dividend income	33	27
Share of profit of entities accounted for using equity method	28	81
Other	8	6
Total non-operating income	71	117
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	1	−
Other	0	3
Total non-operating expenses	5	5
Ordinary loss	(252)	(640)
Extraordinary income		
Gain on sales of investment securities	−	141
Total extraordinary income	−	141
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Other	8	0
Total extraordinary losses	10	0
Loss before income taxes and minority interests	(262)	(499)
Income taxes	139	67
Loss	(402)	(567)
Profit attributable to non-controlling interests	70	25
Loss attributable to owners of parent	(472)	(593)

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Three months ended December 31, 2014	Three months ended December 31, 2015
Loss	(402)	(567)
Other comprehensive income		
Valuation difference on available-for-sale securities	97	141
Deferred gains or losses on hedges	(2)	2
Foreign currency translation adjustment	11	(5)
Remeasurements of defined benefit plans	2	4
Share of other comprehensive income of entities accounted for using equity method	5	(19)
Total other comprehensive income	114	124
Comprehensive income	(288)	(443)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(374)	(476)
Comprehensive income attributable to non-controlling interests	86	33

(3) Segment information, etc.

I Three months ended December 31, 2014

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	1,895	12,071	13,967	–	13,967
Inter-segment sales and transfers	4	523	527	(527)	–
Total	1,900	12,595	14,495	(527)	13,967
Segment profit (loss)	(916)	674	(242)	(10)	(252)

Notes: 1. The adjustment of negative 10 million yen on segment profit (loss) includes negative 1 million yen as inter-segment transaction eliminations, negative 16 million yen as inventory adjustments and 8 million yen as non-current asset adjustments.

2. Segment profit (loss) is adjusted with ordinary loss 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 three months.

II Three months ended December 31, 2015

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	2,064	11,367	13,432	–	13,432
Inter-segment sales and transfers	19	391	410	(410)	–
Total	2,083	11,759	13,843	(410)	13,432
Segment profit (loss)	(893)	241	(651)	11	(640)

Notes: 1. The adjustment of 11 million yen on segment profit (loss) includes 7 million yen as inter-segment transaction eliminations, negative 10 million yen as inventory adjustments and 14 million yen as non-current asset adjustments.

2. Segment profit (loss) is adjusted with ordinary loss 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 three months.

(4) Per share information

Loss per share and basis for calculating loss per share are as shown below.

	Three months ended December 31, 2014	Three months ended December 31, 2015
Loss per share (yen)	(28.74)	(36.12)
(Basis for calculating)		
Loss attributable to owners of parent (millions of yen)	(472)	(593)
Loss not attributable to common shareholders (millions of yen)	–	–
Loss attributable to owners of parent related to common shares (millions of yen)	(472)	(593)
Average number of outstanding shares of common shares during the period (thousand shares)	16,423	16,423

Note: Please note that diluted earnings per share is not shown because a loss per share was recorded and MRI has not issued potential shares.

4. 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	Three months ended December 31, 2015			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting services	5,334	10.3	26,245	(7.4)
IT services	14,018	29.8	39,160	11.3
System development	9,109	41.4	20,988	20.8
Outsourcing services	4,909	12.5	18,172	2.1
Total	19,352	23.7	65,405	3.0

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 December 31, 2015 is recorded in the balance of orders received.

(2) Sales performance

Sales performance by segment is as shown below.

(Millions of yen)

Segment name	Three months ended December 31, 2015	Year-on-year change (%)
Think tank and consulting services	2,064	8.9
IT solutions services	11,367	(5.8)
System development	6,495	(9.1)
Outsourcing services	4,871	(1.1)
Total	13,432	(3.8)

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

2. The MRI Group, particularly in its think tank and consulting service, completes only a small number of projects during the first three months as the fiscal year of major clients such as government and public offices and corporations ends in March and begins in April. Consequently, sales results for the first three months of the MRI Group’s fiscal year tend to be substantially lower than in the other quarters.

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