[Translation for reference only]
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Translation

October 30, 2015

Consolidated Financial Results for the Fiscal Year Ended September 30, 2015 <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 of annual general meeting of shareholders:	December 17, 2015
Scheduled date to commence dividend payments:	December 18, 2015
Scheduled date to submit Annual Securities Report:	December 17, 2015
Preparation of supplementary material on financial results:	Yes
Holding of 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 fiscal year ended September 30, 2015 (from October 1, 2014 to September 30, 2015)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2015	85,354	(2.3)	5,552	(8.7)	5,813	(9.8)	3,692	8.4
September 30, 2014	87,400	7.7	6,079	13.2	6,442	15.7	3,405	18.0

Note: Comprehensive income
For the fiscal year ended September 30, 2015: 4,147 million yen [(0.4)%]
For the fiscal year ended September 30, 2014: 4,164 million yen [0.1%]

	Net income per share	Diluted net income per share	Net income/ equity	Ordinary income/ total assets	Operating income/ net sales
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2015	224.83	–	9.9	8.8	6.5
September 30, 2014	207.36	–	9.7	10.2	7.0

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended September 30, 2015: 95 million yen
For the fiscal year ended September 30, 2014: 85 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2015	67,094	44,134	57.3	2,340.10
September 30, 2014	65,354	42,155	55.9	2,222.92

Reference: Equity (Net assets – Minority interests)
As of September 30, 2015: 38,433 million yen
As of September 30, 2014: 36,508 million yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2015	7,778	(1,608)	(1,319)	18,255
September 30, 2014	5,056	(5,733)	(1,127)	13,380

2. Cash dividends

	Annual cash dividends per share					Total cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2014	–	20.00	–	25.00	45.00	739	21.7	2.1
Fiscal year ended September 30, 2015	–	25.00	–	30.00	55.00	903	24.5	2.4
Fiscal year ending September 30, 2016 (Forecast)	–	30.00	–	30.00	60.00		27.4	

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

***Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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 "4. Consolidated financial statements, (6) Changes in accounting policies" on page 21 of the attached materials.

(3) Number of issued shares (common shares)

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

As of September 30, 2015	16,424,080 shares
As of September 30, 2014	16,424,080 shares

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

As of September 30, 2015	212 shares
As of September 30, 2014	198 shares

c. Average number of outstanding shares during the period

Fiscal year ended September 30, 2015	16,423,872 shares
Fiscal year ended September 30, 2014	16,423,882 shares

Note: For the number of shares as basis for calculating net income per share (consolidated), please refer to "4. Consolidated financial statements, (11) Per share information" on page 25 of the attached materials.

* Indication regarding execution of audit procedures

At the time of disclosure of this financial results report, audit procedures for the 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.

Please refer to page 2 "1. Analysis of operating results and financial position, (1) Analysis of operating results, B. Outlook for the next fiscal year" for information on assumptions underlying the business forecasts and other related information.

(Availability of supplementary material on financial results)

Supplementary material on financial results is made available on our website (only in Japanese).

(Attached materials)

1. Analysis of operating results and financial position

(1) Analysis of operating results

A. Operating results for the fiscal year under review

During the fiscal year under review (from October 1, 2014 to September 30, 2015), the Japanese economy continued along a gradual recovery trend. Consumer activity has been recovering mainly on the back of improvements in employment and personal incomes and a fall in oil prices. Capital expenditure has been rebounding as the corporate operating environment improves with lower fuel costs and so forth. Meanwhile, exports have been on a moderate declining trend, mainly for Asia.

Overseas economies still continued to lack strength. In emerging countries especially, the slowdown trend in the Chinese economy has grown more pronounced, while in resource-rich countries the fall in oil prices put downward pressure on growth.

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 focused on management innovation support for corporations combining consulting and ICT*, business development in response to new needs in society such as deregulation of the electric power industry and regional revitalization, and its "Think & Act" approach to business which supports solutions for social issues from planning through to implementation.

On the other hand, in system infrastructure upgrades and renewals for a credit card company and financial institutions, the MRI Group was affected by the postponement of development plans by major customers.

As a result, during the fiscal year under review, the MRI Group recorded net sales of 85,354 million yen, down 2.3% year on year, operating income of 5,552 million yen, down 8.7%, ordinary income of 5,813 million yen, down 9.8%, and net income of 3,692 million yen, up 8.4%.

The results by segment are as follows.
As noted in "4. Consolidated financial statements, (5) Significant matters forming the basis of preparing the consolidated financial statements," from the fiscal year under review, MRI has changed the classification of its reportable segments and changed the figures used for its segment profit from operating income to ordinary income. In the following year-on-year comparison, the results of the previous fiscal year have been restated in accordance with the segment classification after this change for comparison.

<Think tank and consulting services>
In the fiscal year under review, in projects for government and public offices the MRI Group focused on important policy issues and Think & Act approach to business. In addition to government policy support for such operations as decommissioning of nuclear power stations and introduction of new energy facilities, the MRI Group also conducted Think & Act approaches to business such as support to promote the broadcasting of Japanese content overseas. Furthermore, in projects for clients in the private sector, the MRI Group conducted risk management support projects for financial institutions and customer data analysis projects. As a result, the segment reported net sales (outside sales) of 35,030 million yen, an increase of 7.7% year on year, and ordinary income of 3,546 million yen, a rise of 23.5% year on year.

<IT services>
During the fiscal year under review, the MRI Group conducted projects such as computer hardware upgrade and basic software upgrade operations for a credit card company; however, there were also negative factors such as a postponement of development plans by major customers and reactive declines mainly reflecting system infrastructure upgrade projects for financial institutions that occurred in the previous fiscal year. As a result, the segment reported net sales (outside sales) of 50,324 million yen, a decrease of 8.3% year on year. In addition, ordinary income was 2,231 million yen, down 39.1% year on year, due to the decline in sales and an increase in selling, general and administrative expenses.

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

B. Outlook for the next fiscal year

The Japanese economy driven mainly by internal demand is projected to continue its gradual recovery through to the end of March 2016, supported by an improving environment for employment and personal incomes and increasing capital expenditure. In the second half of the next fiscal year, the pace of growth is expected to accelerate due to rush demand ahead of the consumption tax hike in April 2017.

However, the situation overseas is highly uncertain, and presents a downside risk to the above forecast. The greatest risks are a further slowdown in the Chinese economy and financial market instability caused by uncertainty over the monetary policies of the U.S. among other factors. Trends in overseas financial economies could exert strong downward pressure on the Japanese economy through the impact on exports and corporate earnings.

For the fiscal year ending September 30, 2016, the MRI Group forecasts consolidated net sales of 92,000 million yen, up 7.8% compared with the fiscal year under review, operating income of 6,200 million yen, up 11.7%, ordinary income of 6,500 million yen, up 11.8%, and profit attributable to owners of parent of 3,600 million yen, down 2.5%.

In think tank and consulting services, for government and public offices the MRI Group expects to receive orders in strategic policy fields, such as energy, social security, and societal use of ICT. We also forecast general private-sector corporate demand related to business operation and business innovation consulting, IT consulting utilizing package solutions and others. Based on the above, we forecast net sales (outside sales) of 36,000 million yen, up 2.8% year on year, and ordinary income of 3,550 million yen, up 0.1% year on year.

In IT services, we forecast expanded construction of global and settlement system and credit card-related systems for financial institutions, as well as development in fields such as securities, insurance and utility. Based on the above, we forecast net sales (outside sales) of 56,000 million yen, up 11.3% year on year, and ordinary income of 3,000 million yen, up 34.4% year on year.

As noted in “4. Consolidated financial statements, (5) Significant matters forming the basis of preparing the consolidated financial statements,” the MRI Group changed its segment classification from the fiscal year under review.

Consolidated earnings forecasts for the fiscal year ending September 30, 2016

	Fiscal year ended September 30, 2015 (Actual result) (Millions of yen)	Fiscal year ending September 30, 2016 (Forecast) (Millions of yen)	Change	
			Amount (Millions of yen)	Rate (%)
Net sales	85,354	92,000	6,645	7.8
Think tank and consulting services	35,030	36,000	969	2.8
IT services	50,324	56,000	5,675	11.3
Operating income	5,552	6,200	647	11.7
Ordinary income	5,813	6,500	686	11.8
Think tank and consulting services	3,546	3,550	3	0.1
IT services	2,231	3,000	768	34.4
Profit attributable to owners of parent	3,692	3,600	(92)	(2.5)
Basic earnings per share	(Yen) 224.83	(Yen) 219.19	(Yen) (5.64)	(2.5)

Note: Basic earnings per share is calculated using the average number of outstanding shares during the period.
Average number of outstanding shares during the period
Fiscal year ended September 30, 2015: 16,423 thousand shares
Fiscal year ending September 30, 2016: 16,423 thousand shares

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) Analysis of financial position

A. Financial position

At the end of the fiscal year under review, total assets stood at 67,094 million yen, an increase of 1,739 million yen, or 2.7%, compared with the end of the previous fiscal year. Broken down, current assets increased 8.8% to 39,987 million yen, while non-current assets decreased 5.2% to 27,106 million yen. In current assets, there were rises of 2,175 million yen in cash and deposits and 3,000 million yen in securities, which were held for short-term investment, despite a fall of 1,348 million yen in accounts receivable - trade. In non-current assets, there were declines of 232 million yen in intangible assets, related to the commencement of amortization of a group-wide information system and others, and 635 million yen in investment securities, mainly owing to the sales of investment securities.

Liabilities decreased 239 million yen, or 1.0%, compared with the end of the previous fiscal year to 22,960 million yen. This reflected a rise of 1,290 million yen in net defined benefit liability following the revision of the Accounting Standard for Retirement Benefits and relevant regulations, and decreases of 852 million yen in accounts payable - trade and 1,232 million yen in accrued expenses.

Net assets increased 1,978 million yen, or 4.7%, compared with the end of the previous fiscal year to 44,134 million yen. This mainly reflected an increase of 1,797 million yen in retained earnings. The equity ratio stood at 57.3%.

B. Cash flow position

At the end of the fiscal year under review, cash and cash equivalents increased 4,875 million yen compared with the end of the previous fiscal year to 18,255 million yen. The respective cash flow positions and the factors thereof are as follows.

Cash provided by operating activities was 7,778 million yen, compared with 5,056 million yen provided in the previous fiscal year. The main reasons were 6,230 million yen in income before income taxes and minority interests, 2,844 million yen in depreciation, and income taxes paid of 1,820 million yen.

Cash used in investing activities was 1,608 million yen, compared with 5,733 million yen used in the previous fiscal year. The main reason was 1,358 million yen in purchase of intangible assets.

Cash used in financing activities was 1,319 million yen, compared with 1,127 million yen used in the previous fiscal year. The main reasons were 821 million yen in cash dividends paid and 346 million yen in repayments of lease obligations.

(Reference) Trends in cash flow indicators are as shown below.

	Fiscal year ended September 30, 2011	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Equity ratio (%)	56.3	55.1	55.7	55.9	57.3
Market value equity ratio (%)	42.8	48.6	57.5	68.9	71.9
Interest-bearing debt to cash flow ratio (%)	11.7	18.0	11.8	19.8	12.0
Interest coverage ratio (factor)	505.2	350.2	498.1	307.9	551.2

Equity ratio: Equity (Net assets – Minority interests) / Total assets

Market value equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Paid interest

* All indicators are calculated using consolidated-based financial figures.
* Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares at the end of the period (excluding treasury shares).
* The figure used for “Cash flow” is “Net cash provided by operating activities” on the consolidated statement of cash flows.
* Regarding the paid interest, we use “Interest expenses paid” on the consolidated statement of cash flows.

(3) Basic policy on profit distribution and dividends for the fiscal year under review and next fiscal year

MRI aims to increase corporate value by achieving sustained growth through contributing to its customers and the development of society and creating value. MRI’s policy on shareholder returns is to maintain a stable dividend, while also working to raise the level of dividends after taking into account a comprehensive range of factors, such as earnings performance and the financial soundness. MRI uses internal reserves to reinforce its financial structure in preparation for any changes in the operating environment, and to make investments to support future business development and carry out capital investment.

MRI plans to pay 55 yen per share as the annual dividend distribution for the fiscal year under review. MRI has already paid an interim cash dividend of 25 yen per share, and accordingly plans to pay a year-end dividend of 30 yen per share.

With regard to dividend distribution in the next fiscal year, MRI plans to pay 30 yen per share for both interim and year-end cash dividends to make an annual dividend distribution of 60 yen per share.

(4) Business risk factors

Among matters relating to the status of business operations, financial conditions and other related affairs of the MRI Group, those matters considered as a potential risk factor are mentioned below. Recognizing the possibility that the named risks could occur, the MRI Group works to avoid their occurrence and to respond appropriately when a risk occurs. Some of the matters mentioned here are not necessarily considered as a business related risk factors, but are considered important for the investment decisions of investors or for understanding the business activities of the MRI Group and therefore presented from a perspective of proactive information disclosure to investors.

Matters in this text that relate to the future are judgments by the MRI Group that were valid as of the end of the fiscal year under review.

A. Risks related to the information services industry

a. Business environment of the information services industry

In the information services industry, to which the MRI Group belongs, price competition and fierce technological development competition amongst the industry are further escalating, as companies from different sectors move into fields where companies are projected to invest more in IT in order to boost their competiveness, and as it becomes easier to access low-cost IT resources.

Moreover, the MRI Group has developed a system to provide a seamless array of services including consulting, system development and operation and BPO* and also devotes much effort to further improve planning proposal capabilities, quality and productivity. However, it is possible that earnings will be affected in the event that the MRI Group is slow to respond to intensification of price competition or technological innovation within the industry.

* Business Process Outsourcing: Outsourcing part of the business processes related to matters such as human resources, accounting, payroll and other tasks to external specialist companies

b. System development

Although system development in the IT services segment is mainly based on contract agreements, it is possible that profitability will not be securable in the event that a project, even if it were deemed profitable at the time of order, requires additional man hours due to occurrences of system problems after delivery, requests to alter the client's system midway through development, or occurrences of additional specifications.

To avoid unprofitable projects, the MRI Group gets third parties to conduct project management reviews to review administration at the onset of a large SI project and administration for the execution of such a project. However, it is possible that earnings will be affected in the event that unexpected events occur and the profitability of the project worsens.

c. Data processing services

The data processing services provided by the MRI Group require upgrade investment and new investment for equipment in operation, systems, and other elements essential for data center operations. The investment amount is recouped over multiple years from the proceeds of data processing service contracts. The investment is decided based on comprehensive examination of customer needs, business forecasts, investment profitability and other factors. However, it is possible that earnings will be affected in the event of a greater-than-expected change in the business environment or changes to the business situation of major clients where it becomes no longer possible to recoup the investment amount.

In addition, an important element in data processing services is the stable operation of systems. It is possible that earnings will be affected in the event of natural disaster, accident, human error, or any other factor leading to system problem or failure.

B. Risks related to transactions with government and public offices

In the fiscal year ended September 30, 2015, sales from work for government and public offices made up 27.1% of consolidated net sales.

In the government and public offices, MRI forecasts aggressive public spending, in line with the government's growth strategy. Public sector projects are also likely to become more complicated and advanced.

The shift in priority policy fields to regional revitalization, earthquake-related restoration, strengthening national resilience, medical and nursing care services, the environment and energy, and social ICT has been positive for the MRI Group, as these are all areas where MRI has a wealth of proven experience and strengths. However, it is possible that earnings will be affected in the event that the MRI Group is slow to respond to increasingly complex and advanced projects, or if competition for orders becomes more intense.

C. Risks related to transactions with the financial sector

In the fiscal year ended September 30, 2015, sales from work for the financial sector made up 42.7% of consolidated net sales.

In the work for the financial sector, in addition to a burgeoning of new investment in digitalization investment and information security investment related to response to legal regulations and systems, the MRI Group continues to receive orders for product development through analysis of internal data and for consulting services related to risk management and other aspects of business. Looking forward, the MRI Group expects transactions with the financial sector to continue steadily. However, it is possible that earnings will be affected in the event of sudden change in the business environment, changes to the business situation of major clients and changes to information system investment policy.

D. Risks related to outsourcing

The MRI Group outsources part of its work to utilize the knowledge and knowhow of outside specialists or to boost productivity.

In addition to the outsourcing of software programming work for system development in the IT services segment, we outsource part of other work such as various studies and data entry work in the think tank and consulting services segment.

The MRI Group strives to maintain stable ties with outsourcing partners such as by routinely examining the level of quality and management structure of outsourcing partners and by providing guidance for improvement when necessary. However, it is possible that earnings will be affected in the event that unexpected circumstances occur on the contracting partners' side, leading to an increase in cost to maintain quality or compensation for damages paid to clients due to late delivery.

E. Risks related to securing and training personnel

The MRI Group provides services to solve a wide range of customer needs. We therefore recognize the immense importance to secure and train personnel who possess advanced specialist skills, originality and creativity in order for us to maintain or expand our business size.

With this goal in mind, the MRI Group strives to ensure that its work environments and employment conditions are conducive to flexible and vigorous performance by enhancement of new-graduate and mid-career recruitment, implementation of human resource development programs, and enhancement of welfare benefits such as a child-rearing support system. However, it is possible that earnings will be affected in the event that personnel possessing high specialist skills cannot be adequately secured as a result of recruitment difficulty arising from the declining birthrate or an outflow of personnel due to high fluidity in the overall labor market.

F. Risks related to information security

As part of business operations, the MRI Group handles a large amount of personal information, confidential information of clients and other such information. The information management and security management that this requires is a matter of utmost importance. Accordingly, the MRI Group strengthens information management and ensures its strict practice through measures such as management of people's entry/exit of office, security measures for information and network equipment, and regular training for employees. Nevertheless, it is possible that earnings will be affected in the event of information being leaked, lost, or destroyed due to an infection by a computer virus, unauthorized external access such as a cyber-attack, or the occurrence of a natural disaster, if such an event leads to a claim of compensation for damages from a client, etc. or a loss of trust in the MRI Group.

G. Risks related to intellectual property

The MRI Group recognizes intellectual property as an important management resource from the perspective of ensuring competitive business strength. Accordingly we make proactive efforts to protect intellectual property. At the same time, we respect and do not infringe the intellectual property rights of third parties.

However, it is possible that earnings will be affected in the event that infringement of a third party's intellectual property rights or other rights occurs, resulting in a claim of compensation for damages or the loss of trust in the MRI Group.

H. Risks related to retirement benefit obligations

The retirement benefit expenses and the retirement benefit obligations of the MRI Group are calculated based on actuarial assumptions such as discount rates and expected rate of return on plan assets. However, it is possible that earnings will be affected in the event that retirement benefit expenses increase due to a fall in the fair value of plan assets, changes to the interest environment or other factors.

I. Relationship between subsidiary Mitsubishi Research Institute DCS Co., Ltd. and its minority-interest shareholder (Mitsubishi UFJ Financial Group, Inc.)

At the end of the fiscal year under review, the composition of shareholders of Mitsubishi Research Institute DCS Co., Ltd. (hereinafter in this section "DCS"), which plays a leading role in the MRI Group's IT services segment, is MRI holding 80.0% and the Mitsubishi UFJ Financial Group holding 20.0%. Currently, the Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter in this section "BTMU"), a subsidiary of the Mitsubishi UFJ Financial Group, is a major and important client of DCS as described below, and there is bilateral agreement for both shareholders to maintain the current ownership ratios.

In the fiscal year ended September 30, 2015, 29.0% of DCS's net sales were from transactions with BTMU. Although there are multiple system development companies in which BTMU invests, DCS has a proven track record, spanning many years, of receiving contracts for work related to development, operation and maintenance for BTMU's core systems and in the future, MRI expects the favorable work transaction relationship with BTMU to continue satisfactorily.

At the end of the fiscal year under review, of the 11 corporate officers who are either directors or auditors of DCS, 3 hold concurrent positions as officer or employee of MRI and 1 officer is from MRI. There is currently 1 DCS officer holding a concurrent position as officer or employee at BTMU and 5 are from BTMU. A management structure has been constructed to ensure governance of DCS functions in a way that is appropriate for a consolidated subsidiary of MRI. Moreover, in the future, MRI will continue to ensure the appointment of competent and appropriate personnel with specialist business knowledge and management experience from inside and outside DCS.

J. Seasonal variation in earnings

Because most projects of the MRI Group are completed around March or April of each year due to the fiscal year of major clients, including government and public offices and corporations, earnings of the second and third quarters are higher compared with the other quarters, and in the second quarter in particular operational efficiency is also high, resulting in the likelihood of operating income being higher than at any other time of the fiscal year.

In addition, in the first and fourth quarters, where net sales are lower, operating losses may occur due to evenness throughout the four quarters of expenses such as selling, general and administrative expenses.

The table below shows the MRI Group's operating results for the last two fiscal years on a quarterly basis.

(Millions of yen)

	Fiscal year ended September 30, 2014				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Net sales	13,974	28,236	25,619	19,569	87,400
Operating income (loss)	(526)	4,487	1,148	970	6,079

(Millions of yen)

	Fiscal year ended September 30, 2015				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Net sales	13,967	25,481	26,858	19,046	85,354
Operating income (loss)	(318)	3,524	1,560	786	5,552

Note: Consumption taxes are not included in net sales.

2. Management policy

(1) Basic management policy

The MRI Group's basic policy on corporate activities is to utilize its strength in having the three main functions of think tank, consulting, and IT solutions to contribute to the creation of value for its customers and society.

The MRI Group's corporate mission is as follows.

A. Use wisdom and information to contribute to society
   We constantly strive to be a knowledge-creating company, contributing to the prosperity of our customers as well as society.
B. Maintain integrity and fairness in business activities
   We maintain the utmost social trust and faith from our customers by pursuing integrity and fairness in business activities.
C. Apply integrated strengths by combining the ability of diverse individuals
   We demonstrate comprehensive competence as an organization by combining the ability of diverse individuals

Based on this corporate mission, the MRI Group provides services to help customers and society solve the wide-ranging issues they face and to contribute to the creation of an ideal future society. This will underpin our efforts in "co-creating a brighter future" to build a prosperous future in partnership with our customers.

(2) Management targets

The MRI Group manages its business through policies designed to enable sustainable business growth and increased earnings power from a medium- to long-term perspective.

Based on this thinking, we use growth potential in net sales and profit and profitability in terms of ROE and other measures as key management indicators. Delivering sustained improvement in these indicators is one of our medium- to long-term management targets.

(3) Medium- to long-term management strategy

Japan continues to face a large number of issues that need to be overcome, such as resolving long-term structural issues, breaking free from economic deflation, improving the international competitiveness of Japanese industry and companies, and utilizing advanced ITC. As a comprehensive think tank, the MRI Group's efforts to envisage a prosperous future through analyzing and organizing such issues, and mobilizing all manner of knowledge and experience are both its social mission and a business opportunity.

The MRI Group has re-acknowledged its original function as a think tank and will promote business development with a six-year plan looking ahead to 2020, aiming to achieve "sustainable growth for individuals and the organization."

For the near future, the MRI Group will work to extend its business steadily in its areas of strength—the public and financial sectors; while accelerating its business expansion by adding new strengths in fields such as private-sector business, overseas business, and pioneering new business.

Furthermore, the MRI Group promoting enhancement and improvement of its management platform, for example by proactively developing its human resources, which are an important asset, while pursuing more sophisticated business and risk management and promoting cooperation between group companies.

Based on the above policy, the MRI Group will promote the following two strategies.

A. Business strategy

The MRI Group will promote business strategy based on the following four key themes.

a. Strengthen conceptual capability + proposal capability (strengthen and demonstrate imaginative and creative capability as the original function of a think tank)
   Promote proposals and disseminations with a wide perspective that will contribute to "co-creating a brighter future" and increase brand power
b. Extend current strengths
   Expand business for the public sector (think tank) and strengthen business for financial institutions (solutions)
c. Add new strengths
   Develop and strengthen business for private sector, expand overseas business, and develop new business utilizing new technology and innovation
d. Take active initiatives in the area of strategic capital and business alliances
   Discover opportunities and projects for business expansion and diversification, as well as synergies

B. Management improvement strategy

The MRI Group will promote management improvement strategy based on the following three key themes.

a. Promote group management and collaboration
   Increase the sophistication of consolidated group management in both business and management aspects
   Develop and utilize subsidiaries, and cooperate with group companies
b. Develop and reinforcement of human assets
   Undertake comprehensive human asset development, and promote diversity
c. Improve productivity and strengthen risk management and governance
   Increase the sophistication of management and productivity through use of the renewed internal information system
   Strengthen risk management and governance at the group level

3. Basic approach to adoption of accounting standard

The MRI Group applies the Japanese GAAP.
We intend to respond appropriately to the adoption of IFRS giving consideration to the situation in Japan and overseas.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2014	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	8,880	11,055
Accounts receivable - trade	12,096	10,747
Securities	6,499	9,499
Inventories	6,165	5,595
Prepaid expenses	1,229	1,106
Deferred tax assets	1,838	1,389
Other	48	605
Allowance for doubtful accounts	(9)	(11)
Total current assets	36,747	39,987
Non-current assets		
Property and equipment		
Buildings and structures	14,026	13,998
Accumulated depreciation	(7,560)	(8,036)
Buildings and structures, net	6,466	5,962
Machinery, equipment and vehicles	122	102
Accumulated depreciation	(121)	(101)
Machinery, equipment and vehicles, net	1	0
Tools, furniture and fixtures	5,668	5,497
Accumulated depreciation	(3,959)	(4,006)
Tools, furniture and fixtures, net	1,708	1,490
Land	720	720
Leased assets	1,862	1,956
Accumulated depreciation	(666)	(824)
Leased assets, net	1,195	1,131
Construction in progress	51	515
Total property and equipment	10,143	9,820
Intangible assets		
Software	2,083	4,472
Software in progress	3,043	545
Goodwill	230	130
Other	45	22
Total intangible assets	5,402	5,170
Investments and other assets		
Investment securities	6,990	6,355
Long-term loans receivable	5	5
Lease and guarantee deposits	2,494	2,586
Net defined benefit asset	654	–
Deferred tax assets	2,157	2,458
Other	762	714
Allowance for doubtful accounts	(4)	(5)
Total investments and other assets	13,060	12,115
Total non-current assets	28,607	27,106
Total assets	65,354	67,094

(Millions of yen)

	As of September 30, 2014	As of September 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	4,320	3,467
Accounts payable - other	999	1,191
Accrued expenses	2,288	1,055
Income taxes payable	1,345	877
Accrued consumption taxes	1,178	1,698
Advances received	195	303
Provision for bonuses	2,633	3,080
Provision for loss on order received	–	1
Other	1,028	834
Total current liabilities	13,988	12,510
Non-current liabilities		
Lease obligations	661	624
Net defined benefit liability	8,499	9,790
Other	50	34
Total non-current liabilities	9,211	10,449
Total liabilities	23,199	22,960
Net assets		
Shareholders’ equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	24,453	26,250
Treasury shares	(0)	(0)
Total shareholders’ equity	35,640	37,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,398	1,451
Deferred gains or losses on hedges	(2)	(5)
Foreign currency translation adjustment	9	36
Remeasurements of defined benefit plans	(537)	(486)
Total accumulated other comprehensive income	868	995
Minority interests	5,646	5,700
Total net assets	42,155	44,134
Total liabilities and net assets	65,354	67,094

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Net sales	87,400	85,354
Cost of sales	68,661	66,478
Gross profit	18,738	18,876
Selling, general and administrative expenses	12,659	13,323
Operating income	6,079	5,552
Non-operating income		
Interest income	5	7
Dividend income	203	112
Share of profit of entities accounted for using equity method	85	95
Other	84	71
Total non-operating income	380	286
Non-operating expenses		
Interest expenses	16	14
Foreign exchange losses	–	10
Other	0	1
Total non-operating expenses	16	25
Ordinary income	6,442	5,813
Extraordinary income		
Gain on sales of non-current assets	0	–
Gain on sales of investment securities	0	475
Subsidy income	1	–
Total extraordinary income	2	475
Extraordinary losses		
Loss on retirement of non-current assets	84	41
Loss on cancellation of leases	2	16
Other	2	1
Total extraordinary losses	90	59
Income before income taxes and minority interests	6,354	6,230
Income taxes - current	2,527	1,437
Income taxes - deferred	(15)	686
Total income taxes	2,512	2,124
Income before minority interests	3,842	4,106
Minority interests in income	436	413
Net income	3,405	3,692

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Income before minority interests	3,842	4,106
Other comprehensive income		
Valuation difference on available-for-sale securities	320	(52)
Deferred gains or losses on hedges	(2)	(2)
Foreign currency translation adjustment	0	29
Remeasurements of defined benefit plans	–	44
Share of other comprehensive income of entities accounted for using equity method	3	23
Total other comprehensive income	321	41
Comprehensive income	4,164	4,147
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,670	3,802
Comprehensive income attributable to minority interests	494	345

(3) Consolidated statements of changes in net assets

Fiscal year ended September 30, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,336	4,851	21,704	(0)	32,891
Cumulative effects of changes in accounting policies					–
Restated balance	6,336	4,851	21,704	(0)	32,891
Changes of items during period					
Dividends of surplus			(656)		(656)
Net income			3,405		3,405
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,748	–	2,748
Balance at end of current period	6,336	4,851	24,453	(0)	35,640

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,131	–	9	–	1,141	6,082	40,115
Cumulative effects of changes in accounting policies							–
Restated balance	1,131	–	9	–	1,141	6,082	40,115
Changes of items during period							
Dividends of surplus							(656)
Net income							3,405
Purchase of treasury shares							
Net changes of items other than shareholders' equity	267	(2)	(0)	(537)	(273)	(436)	(709)
Total changes of items during period	267	(2)	(0)	(537)	(273)	(436)	2,039
Balance at end of current period	1,398	(2)	9	(537)	868	5,646	42,155

Fiscal year ended September 30, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,336	4,851	24,453	(0)	35,640
Cumulative effects of changes in accounting policies			(1,073)		(1,073)
Restated balance	6,336	4,851	23,379	(0)	34,566
Changes of items during period					
Dividends of surplus			(821)		(821)
Net income			3,692		3,692
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,871	(0)	2,871
Balance at end of current period	6,336	4,851	26,250	(0)	37,437

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,398	(2)	9	(537)	868	5,646	42,155
Cumulative effects of changes in accounting policies							(1,073)
Restated balance	1,398	(2)	9	(537)	868	5,646	41,081
Changes of items during period							
Dividends of surplus							(821)
Net income							3,692
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	52	(2)	26	51	126	54	181
Total changes of items during period	52	(2)	26	51	126	54	3,052
Balance at end of current period	1,451	(5)	36	(486)	995	5,700	44,134

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	6,354	6,230
Depreciation	2,105	2,844
Amortization of goodwill	96	100
Increase (decrease) in provision for bonuses	(804)	447
Decrease (increase) in net defined benefit asset	(410)	654
Increase (decrease) in net defined benefit liability	144	1,394
Increase (decrease) in allowance for doubtful accounts	1	2
Increase (decrease) in provision for loss on order received	(48)	1
Interest and dividend income	(209)	(119)
Interest expenses	16	14
Share of (profit) loss of entities accounted for using equity method	(85)	(95)
Loss (gain) on sales of non-current assets	(0)	–
Loss on retirement of non-current assets	84	41
Loss (gain) on sales of investment securities	(0)	(475)
Decrease (increase) in notes and accounts receivable - trade	(1,173)	1,356
Decrease (increase) in inventories	(362)	569
Increase (decrease) in notes and accounts payable - trade	437	(855)
Increase (decrease) in accrued consumption taxes	594	544
Increase (decrease) in advances received	(4)	107
Other, net	998	(3,302)
Subtotal	7,733	9,460
Interest and dividend income received	239	152
Interest expenses paid	(16)	(14)
Income taxes paid	(2,900)	(1,820)
Net cash provided by (used in) operating activities	5,056	7,778
Cash flows from investing activities		
Payments into time deposits	(300)	(300)
Purchase of securities	(2,998)	(3,998)
Proceeds from redemption of securities	1,999	3,998
Purchase of property and equipment	(917)	(870)
Proceeds from sales of property and equipment	0	–
Purchase of intangible assets	(1,911)	(1,358)
Purchase of investment securities	(1,067)	(48)
Proceeds from sales of investment securities	279	1,068
Purchase of shares of subsidiaries	(974)	–
Payments of loans receivable	(4)	(4)
Collection of loans receivable	3	4
Payments for lease and guarantee deposits	(24)	(128)
Proceeds from collection of lease and guarantee deposits	19	36
Other, net	160	(7)
Net cash provided by (used in) investing activities	(5,733)	(1,608)

(Millions of yen)

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Cash flows from financing activities		
Repayments of lease obligations	(336)	(346)
Cash dividends paid	(656)	(821)
Cash dividends paid to minority shareholders	(129)	(150)
Other, net	(5)	(0)
Net cash provided by (used in) financing activities	(1,127)	(1,319)
Effect of exchange rate change on cash and cash equivalents	0	25
Net increase (decrease) in cash and cash equivalents	(1,804)	4,875
Cash and cash equivalents at beginning of period	15,185	13,380
Cash and cash equivalents at end of period	13,380	18,255

(5) Significant matters forming the basis of preparing the consolidated financial statements

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 11
   Names of principal companies:
   MRI Business, Inc.
   MRI Research Associates, Inc.
   Mitsubishi Research Institute DCS Co., Ltd.
   MRI Value Consulting & Solutions Co., Ltd.
   MD Business Partner Co., Ltd.
   Tohoku Diamond Computer Service Co., Ltd.
   OPT JAPAN Co., Ltd.
   UBS Co., Ltd.
   IT-ONE CO., LTD.
   DCS Information Technology (Shanghai) Co., Ltd.
   MRIDCS Americas, Inc.

   Changes in the fiscal year under review are as follows:
   MRI conducted an absorption-type merger on Intellectual Property Information Services Co., Ltd., which was a consolidated subsidiary, on April 1, 2015. As a result, the aforesaid company was removed from the scope of consolidation.
   (2) Names of principal unconsolidated subsidiaries
   Not applicable because there is no unconsolidated subsidiary.

2. Application of the equity method
   (1) Number of affiliates accounted for by the equity method: 3
   Names of principal companies:
   Minori Solutions Co., Ltd.
   JBS, Inc.
   Nippon Care Communications Co., Ltd.
   (2) The affiliate that is not accounted for by the equity method (Kyocera TCL Solar LLC) is excluded from the scope of equity method companies since such exclusion has immaterial effect on MRI's consolidated financial statements in terms of net income or loss (amount corresponding to MRI's equity position), retained earnings (amount corresponding to MRI's equity position) and others, and it is not material as a whole.
   (3) For the equity method companies for which the balance sheet dates are different from the consolidated balance sheet date, the companies' financial statements prepared based on the most recent quarterly balance sheet dates were used for consolidation purposes. In addition, for some of the equity method companies, financial statements prepared based on the most recent quarterly balance sheet dates available were used in order to expedite disclosure of operating results.

3. Fiscal year-end dates of consolidated subsidiaries
   Of the consolidated subsidiaries, the balance sheet dates of MRIDCS Americas, Inc. and DCS Information Technology (Shanghai) Co., Ltd. are June 30 and December 31, respectively. Consequently, their financial statements as of the most recent quarterly balance sheet date were used to prepare consolidated financial statements. Appropriate adjustments have been made for significant transactions that occurred between the consolidated balance sheet date and the balance sheet dates of June 30 and December 31.
   The balance sheet dates of consolidated subsidiaries other than MRIDCS Americas, Inc. and DCS Information Technology (Shanghai) Co., Ltd. coincide with the consolidated balance sheet date.

4. Accounting policies
   (1) Valuation bases and methods of significant assets
   A. Securities
   (i) Bonds held to maturity
   Stated at amortized cost (straight-line method).
   (ii) Other securities (available-for-sale securities)
   Securities with available fair market values:
   Stated at fair value based on the market price or the like on the consolidated balance sheet date (unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined based upon the moving-average method).
   Securities without available fair market values:
   Stated at cost using the moving-average method.

   B. Derivatives
   Valued at fair value.

C. Inventories
Stated mainly using the identified cost method (figures on the balance sheet are determined based on the method of writing down the book value in accordance with the declining in profitability of assets).

(2) Depreciation and amortization methods of significant depreciable and amortizable assets
A. Property and equipment (except for leased assets)
Depreciated using the declining-balance method.
However, the buildings and structures of Mitsubishi Research Institute DCS Co., Ltd.'s Chiba Business Center and overseas consolidated subsidiaries are depreciated using the straight-line method. In addition, buildings (except for building attachments) acquired on or after April 1, 1998 are depreciated using the straight-line method.
The estimated useful lives of major items are as follows:

Buildings and structures:	3 to 50 years
Machinery, equipment and vehicles:	5 to 10 years
Tools, furniture and fixtures:	2 to 20 years

B. Intangible assets (except for leased assets)
Amortized using the straight-line method.
However, capitalized software for internal use is amortized using the straight-line method over their estimated useful lives as internally determined (3 to 5 years).
Software intended for commercial sale is amortized at either the amortization amount based on projected sales profit, or the equally allocated amount based on the residual estimated useful life (within 3 years), whichever is larger.

C. Leased assets
Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming that lease periods are useful lives and salvage values are zero.

(3) Significant reserves
A. Allowance for doubtful accounts
To prepare for losses from bad debt, an estimated uncollectible amount is provided at the amount estimated by either using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.

B. Provision for bonuses
To prepare for payment of bonuses to employees, an amount to be borne during the fiscal year under review, among the estimated future bonus payment, is provided at MRI and certain consolidated subsidiaries.

C. Provision for loss on order received
To prepare for future loss on orders received, an estimated loss amount in or after the following fiscal year is provided for orders received outstanding as of the end of the fiscal year under review whose future loss is expected and whose loss amount is reasonably estimable.

(4) Accounting method for retirement benefits
A. Method for attributing expected retirement benefits to accounting periods
In the calculation of retirement benefit obligations, expected retirement benefits are attributed to accounting periods up to the end of the fiscal year under review using the benefit formula basis.
B. Method for recognizing actuarial gains and losses, prior service cost and net retirement benefit obligation at transition
MRI amortizes net retirement benefit obligation at transition (2,381 million yen) at an amount equally allocated over 15 years. Unrecognized actuarial gains and losses are amortized at an amount equally allocated over a fixed number of years (10 years) set within the average remaining service period of employees as occurred, starting in the respective following fiscal years.
Mitsubishi Research Institute DCS Co., Ltd. charges to income full amounts of unrecognized actuarial gains and losses in the year when occurred. Prior service cost is amortized using the straight-line method over a fixed number of years (10 years) set within the average remaining service period of employees as occurred.
Certain consolidated subsidiaries adopt the simplified method to determine a provision for retirement benefits.

(5) Recognition of significant revenues and expenses
Recognition of net sales and cost of sales regarding made-to-order software
A. Construction activity whose outcome is deemed to be definite during the course of the activity by the end of the fiscal year under review
The percentage-of-completion method (the cost to cost method is used to estimate the percentage of completion)
B. Other construction activities
The completed-contract method

(6) Translation of important assets or liabilities denominated in foreign currencies into Japanese yen
Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rates as of the consolidated balance sheet date and the translation differences are treated as profit or loss. Assets and liabilities of overseas subsidiaries and the like are translated into yen at the spot exchange rates as of the consolidated balance sheet date, while their revenues and expenses are translated into yen at the average exchange rates during the period. The translation differences are recorded within foreign currency translation adjustment and minority interests under net assets.

(7) Method of significant hedge accounting
A. Method of hedge accounting
In principle, hedging activities are accounted for with deferred hedge accounting. Those that satisfy the requirements for an accounting method in which monetary claims and liabilities denominated in foreign currencies are translated at a predetermined rate to hedge against exchange rate fluctuation risk are accounted for under this method.
B. Hedging instruments and hedged items
(i) Hedging instruments: Forward foreign exchange contracts
(ii) Hedged items: Mainly exchange rate fluctuation risk from monetary receivables and payables denominated in foreign currencies.
C. Hedging policy
Hedging is mainly conducted as a measure against exchange rate fluctuation risk based on MRI's internal regulations.
D. Method of assessing hedge effectiveness
MRI compares the cumulative amounts of fluctuations in the rates or in the cash flows of the hedged items with the cumulative amounts of fluctuations in the rates or in the cash flows of the hedging instruments, and assesses the effectiveness of hedging transactions based on the ratio between the two amounts.
In the case of forward foreign exchange contracts, an assessment of hedge effectiveness is not provided because significant terms of the hedged items and the hedging instruments are almost the same, and hedge effectiveness is deemed to be high.

(8) Amortization and amortization period of goodwill
Goodwill is equally amortized over the period of the future economic benefits for each investment.
However, goodwill is amortized in lump-sum in the fiscal year when incurred if the amount is minimal.

(9) Definition of cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hands, at-call deposits with banks, and short-term investments having maturities within three months from acquisition which are readily convertible to cash and involve only an insignificant risk in their value.

(10) Other significant matters forming the basis of preparing the consolidated financial statements
Accounting for consumption taxes
Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(6) Changes in accounting policies

Adoption of the Accounting Standard for Retirement Benefits and relevant regulations
With regard to the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits were adopted effective from the fiscal year under review, and MRI reviewed its calculation method for retirement benefit obligations and service costs. Accordingly, MRI changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. MRI also changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees to one using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment. Application of the Accounting Standard for Retirement Benefits and relevant regulations is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the change to the calculation method for retirement benefit obligations and service costs has been added to or deducted from retained earnings as of the beginning of the fiscal year under review.
As a result, net defined benefit liability as of the beginning of the fiscal year under review increased 1,668 million yen, deferred tax assets increased 594 million yen, and retained earnings decreased 1,073 million yen. The effect of this application on operating income, ordinary income and income before income taxes and minority interests for the fiscal year under review is immaterial.
Net assets per share decreased by 65.37 yen for the fiscal year under review.

(7) Accounting standards and relevant regulations that are not yet adopted

Accounting Standard for Business Combinations and relevant regulations
"Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013)
"Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013)
"Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013)
"Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, September 13, 2013)
"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013)
"Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, September 13, 2013)

1. Overview
   The Accounting Standards and relevant regulations were revised mainly with a focus on (i) the treatment of changes to a parent company's ownership of a subsidiary if control is maintained in the acquisition of additional shares of the subsidiary, etc., (ii) the treatment of acquisition-related costs, (iii) the presentation of net income and change from minority interests to non-controlling interests, and (iv) the handling of tentative accounting treatment.

2. Scheduled date for adoption
   The revised Accounting Standards and relevant regulations are scheduled to be adopted from the beginning of the fiscal year ending September 30, 2016. The handling of tentative accounting treatment is scheduled to be applied to business combinations carried out at or after the beginning of the fiscal year ending September 30, 2016.

3. Effects of adoption of the Accounting Standards and relevant regulations
   The effects of the adoption of the Accounting Standards and relevant regulations on consolidated financial statements when preparing those statements are currently under assessment.

(8) Changes in presentation

Consolidated statements of income
Loss on cancellation of leases, included in other under extraordinary losses in the previous fiscal year, was reported as a separate item in the fiscal year under review as its materiality has increased. To reflect the change to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.
As a result, 5 million yen presented in other under extraordinary losses in the consolidated statements of income of the previous fiscal year has been reclassified as 2 million yen in loss on cancellation of leases and 2 million yen in other under extraordinary losses.

Matters related to retirement benefits
Following the revision of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015), the presentation method of notes relating to retirement benefits under multi-employer plans has been changed, and the consolidated financial statements of the previous fiscal year have been reclassified.

(9) Additional information

Revision of deferred tax assets and liabilities relating to changes in the income taxes rates
The Act for Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) and the Act on Partial Revision of the Local Tax Act, etc. (Act No. 2 of 2015) were promulgated on March 31, 2015. With these revisions, corporation tax rates were lowered from the fiscal year beginning on or after April 1, 2015, among other changes. In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities will be changed from 35.6% previously to 33.1% for temporary differences expected to reverse in the fiscal year beginning on October 1, 2015, and 32.3% for temporary differences expected to reverse in fiscal years beginning on or after October 1, 2016.
These changes in the income tax rate have reduced the amount of deferred tax assets (the amount after deducting the amount of deferred tax liabilities) by 347 million yen, increased the amount of income taxes-deferred by 405 million yen and the amount of valuation difference on available-for-sale securities by 81 million yen, respectively, and decreased the amount of deferred gains or losses on hedges by 0 million yen and the amount of remeasurements of defined benefit plans by 23 million yen, respectively.

(10) Segment information

A. Overview of reportable segments

The reportable segments of MRI are constituent units of the MRI Group about which separate financial information is available. These segments are regularly reviewed by the Board of Directors in deciding the allocation of business resources and in assessing performance.

When classifying its businesses into segments, the MRI Group considers the type and nature of service, the similarities of business formats and other factors. We develop our business activities by proposing comprehensive strategies for the products and services handled.

Following a reorganization conducted in October 2014 based on the business strategy of MRI's new medium-term management plan, from the fiscal year under review, the reportable segments have been changed to "Think tank and consulting services" and "IT services." As a result of this change, the IT consulting and solutions services that had been included in "IT solutions business" under the previous segment classification are now included in "Think tank and consulting services" under the new segment classification.

From the fiscal year under review, the figures used for segment profit were changed from operating income to ordinary income.

The information relating to net sales, segment profit, assets, and other items for each reportable segment for the segment information of the previous fiscal year have been prepared based on the above changes.

<Think tank and consulting services>

The segment businesses provide research and study, and consulting services regarding public policies and general businesses; management consulting services; IT consulting and solutions services; etc.

<IT services>

The segment businesses provide software development, operation and maintenance; data processing services; outsourcing services; sales of system equipment; etc.

B. Method of calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting method for the business segments that are reported is largely the same as the description in "Significant matters forming the basis of preparing the consolidated financial statements." The profit from reportable segments is the figure based on ordinary income. Inter-segment sales and transfers are based on actual market values.

C. Information regarding amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended September 30, 2014 (from October 1, 2013 to September 30, 2014)

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Think tank and consulting services	IT services			
Net sales					
Outside customers	32,532	54,867	87,400	–	87,400
Inter-segment sales and transfers	86	2,571	2,657	(2,657)	–
Total	32,619	57,438	90,058	(2,657)	87,400
Segment profit	2,870	3,666	6,537	(94)	6,442
Segment assets	24,752	41,457	66,209	(854)	65,354
Other items					
Depreciation	319	1,791	2,111	(5)	2,105
Amortization of goodwill	–	96	96	–	96
Investment in equity method affiliates	869	1,011	1,881	–	1,881
Increase in property and equipment, and intangible assets	956	2,577	3,534	(188)	3,346

Notes: 1. The details of adjustment amounts are as follows:

(1) The adjustment of negative 94 million yen on segment profit represents negative 94 million yen in inter-segment transaction eliminations.

(2) The adjustment of negative 854 million yen on segment assets represents negative 854 million yen in inter-segment transaction eliminations.

(3) The adjustment of negative 5 million yen on depreciation represents negative 5 million yen in inter-segment transaction eliminations.

(4) The adjustment of negative 188 million yen on increase in property and equipment, and intangible assets represents negative 188 million yen in inter-segment transaction eliminations.

2. Segment profit is adjusted with ordinary income in the consolidated financial statements.

Fiscal year ended September 30, 2015 (from October 1, 2014 to September 30, 2015)

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Think tank and consulting services	IT services			
Net sales					
Outside customers	35,030	50,324	85,354	–	85,354
Inter-segment sales and transfers	91	2,084	2,176	(2,176)	–
Total	35,122	52,408	87,530	(2,176)	85,354
Segment profit	3,546	2,231	5,777	35	5,813
Segment assets	27,319	40,444	67,763	(669)	67,094
Other items					
Depreciation	874	2,045	2,920	(76)	2,844
Amortization of goodwill	–	100	100	–	100
Investment in equity method affiliates	874	980	1,854	–	1,854
Increase in property and equipment, and intangible assets	490	2,000	2,491	(37)	2,453

Notes: 1. The details of adjustment amounts are as follows:

(1) The adjustment of 35 million yen on segment profit represents 35 million yen in inter-segment transaction eliminations.

(2) The adjustment of negative 669 million yen on segment assets represents negative 669 million yen in inter-segment transaction eliminations.

(3) The adjustment of negative 76 million yen on depreciation represents negative 76 million yen in inter-segment transaction eliminations.

(4) The adjustment of negative 37 million yen on increase in property and equipment, and intangible assets represents negative 37 million yen in inter-segment transaction eliminations.

2. Segment profit is adjusted with ordinary income in the consolidated financial statements.

(11) Per share information

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Net assets per share	2,222.92 yen	2,340.10 yen
Net income per share	207.36 yen	224.83 yen

Notes: 1. Diluted net income per share is not shown because MRI has not issued potential shares.
2. Basis for calculating net income per share is as shown below.

	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015
Net income (millions of yen)	3,405	3,692
Profit not attributable to common shareholders (millions of yen)	–	–
Net income related to common shares (millions of yen)	3,405	3,692
Average number of outstanding common shares during the fiscal year (thousand shares)	16,423	16,423

(12) Significant subsequent events

Not applicable

5. Others

As noted in "4. Consolidated financial statements, (5) Significant matters forming the basis of preparing the consolidated financial statements," changes have been made to the classification of reportable segments from the fiscal year under review. The year-on-year change figures shown below are comparisons made against values retroactively adjusted to reflect the segment classification after the change.

(1) Production performance

Production performance by segment for the fiscal year under review is as shown below.

(Millions of yen)

Segment name	Fiscal year ended September 30, 2015	Year-on-year change (%)
Think tank and consulting services	34,823	5.9
IT services	39,841	(10.4)
Total	74,665	(3.5)

Notes: 1. Amounts are based on sales prices. Inter-segment transactions have been eliminated.

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

(2) Status of orders received

Status of orders received by segment for the fiscal year under review is as shown below.

(Millions of yen)

Segment name	Fiscal year ended September 30, 2015			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting services	32,591	(8.9)	22,975	(9.6)
IT services	50,390	(5.1)	36,510	0.2
System development	31,345	(5.0)	18,375	1.6
Outsourcing services	19,044	(5.4)	18,135	(1.3)
Total	82,981	(6.6)	59,485	(3.8)

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 the next fiscal year is recorded in the balance of orders received.

(3) Sales performance

Sales performance by segment for the fiscal year under review is as shown below.

(Millions of yen)

Segment name	Fiscal year ended September 30, 2015	Year-on-year change (%)
Think tank and consulting services	35,030	7.7
IT services	50,324	(8.3)
System development	31,047	(12.6)
Outsourcing services	19,276	(0.4)
Total	85,354	(2.3)

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

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

3. The table below shows sales results by major transaction partner and the ratio to total sales results of those sales results for the last two fiscal years.

(Millions of yen)

Transaction partner	Fiscal year ended September 30, 2014		Fiscal year ended September 30, 2015	
	Amount	Ratio (%)	Amount	Ratio (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,122	20.7	15,462	18.1
Mitsubishi UFJ NICOS Co., Ltd.	13,060	14.9	12,136	14.2