[Translation for reference only]
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Translation

October 31, 2014

Consolidated Financial Results for the Fiscal Year Ended September 30, 2014 <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
Inquiries:	Kyoko Adachi, Manager, Investor Relations Office E-mail: ir-info@mri.co.jp

Scheduled date of annual general meeting of shareholders:	December 18, 2014
Scheduled date to commence dividend payments:	December 19, 2014
Scheduled date to submit Annual Securities Report:	December 18, 2014
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, 2014 (from October 1, 2013 to September 30, 2014)

(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, 2014	87,400	7.7	6,079	13.2	6,442	15.7	3,405	18.0
September 30, 2013	81,127	7.6	5,370	73.7	5,566	70.6	2,885	152.9

Note: Comprehensive income
For the fiscal year ended September 30, 2014: 4,164 million yen [0.1%]
For the fiscal year ended September 30, 2013: 4,160 million yen [159.2%]

	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, 2014	207.36	–	9.7	10.2	7.0
September 30, 2013	175.67	–	8.9	9.5	6.6

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended September 30, 2014: 85 million yen
For the fiscal year ended September 30, 2013: 63 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, 2014	65,354	42,155	55.9	2,222.92
September 30, 2013	61,047	40,115	55.7	2,072.18

Reference: Equity (Net assets – Minority interests)
As of September 30, 2014: 36,508 million yen
As of September 30, 2013: 34,033 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, 2014	5,056	(5,733)	(1,127)	13,380
September 30, 2013	5,518	(3,216)	(787)	15,185

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, 2013	–	15.00	–	20.00	35.00	574	19.9	1.8
Fiscal year ended September 30, 2014	–	20.00	–	25.00	45.00	739	21.7	2.1
Fiscal year ending September 30, 2015 (Forecast)	–	25.00	–	25.00	50.00		22.2	

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2015 (from October 1, 2014 to September 30, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending March 31, 2015	40,200	(4.8)	3,210	(18.9)	3,340	(17.8)	1,850	(12.2)	112.64
Fiscal year ending September 30, 2015	90,000	3.0	6,100	0.3	6,500	0.9	3,700	8.6	225.28

***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 "3. Consolidated financial statements, (6) Changes in accounting policies" on page 20 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, 2014	16,424,080 shares
As of September 30, 2013	16,424,080 shares

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

As of September 30, 2014	198 shares
As of September 30, 2013	198 shares

c. Average number of outstanding shares during the period

Fiscal year ended September 30, 2014	16,423,882 shares
Fiscal year ended September 30, 2013	16,423,955 shares

Note: For the number of shares as basis for calculating net income per share (consolidated), please refer to "3. Consolidated financial statements, (10) 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 current fiscal year

During the fiscal year under review (from October 1, 2013 to September 30, 2014), the Japanese economy maintained a basic recovery trend. Prior to the consumption tax hike, a rush in demand was a factor driving consumption. After the take hike, consumption was negatively impacted by a fallback in demand, higher prices, and unseasonable weather. Overall, however, the economy was supported by a recovery in the income environment, including improved employment and higher wages. On the investment front, the recovery in capital expenditure continued on the back of improved corporate earnings. Meanwhile, the global economy moved to a recovery track, although growth in emerging economies was lacking in vigor.

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 pushed ahead with the creation of new social frameworks, consulting related to business strategies and business innovation for private companies, and the construction of systems for financial institutions, while pursuing initiatives to support earthquake-related restoration. The Group also worked to develop new businesses under its “Think & Act Tank” concept, with a view to offering even higher value to customers and society.

As a result, during the fiscal year under review, the MRI Group recorded net sales of 87,400 million yen, up 7.7% year on year, operating income of 6,079 million yen, up 13.2%, ordinary income of 6,442 million yen, up 15.7%, and net income of 3,405 million yen, up 18.0%.

The results by segment are as follows.

<Think tank and consulting business>

In the fiscal year under review, of the projects that contributed to sales, those for government and public offices included government policy support for such projects as radioactive material removal, introduction of energy-efficient facilities and development of medical equipment, and research services related to climate change and natural disaster risk evaluations as well as national science and technology policies and international standardization strategies, while projects for clients in the private sector included cost management projects for financial institutions and consulting projects related to medium- to long-term business strategies. As a result, the segment reported net sales (outside sales) of 24,698 million yen, an increase of 17.4% year on year, and operating income of 2,310 million yen, up 17.8% year on year.

<IT solutions business>

In the fiscal year under review, projects that contributed to sales included those for clients in the private sector, such as system infrastructure upgrades and risk-related system projects for financial institutions and customer data analysis projects, as well as projects to support the design and development of business support systems for government and public offices. As a result, the segment reported net sales (outside sales) of 62,702 million yen, an increase of 4.3% year on year, and operating income of 3,839 million yen, up 10.7% year on year.

B. Outlook for the next fiscal year

The Japanese economy seems likely to return to a growth track through to the end of March 2015, supported by an improving environment for employment and personal incomes, and increasing capital expenditure. From April 2015, if the planned consumption tax rate increase goes ahead in October, there will be a short-term impact of demand fluctuations before and after the increase; on balance however, the gradual recovery will likely continue, supported by a positive cycle of internal demand.

For the fiscal year ending September 30, 2015, the MRI Group forecasts consolidated net sales of 90,000 million yen, up 3.0% compared with the fiscal year under review, operating income of 6,100 million yen, up 0.3%, ordinary income of 6,500 million yen, up 0.9%, and net income of 3,700 million yen, up 8.6%.

As noted in “3. Consolidated financial statements, (11) Significant subsequent events,” the MRI Group will change its segment classification from the fiscal year ending September 30, 2015. The forecast for net sales by segment in the next fiscal year based on the new segment classification is given below.

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 information and communication technology (ICT). We also forecast demand in the private sector market for support in management and new business development, increasing sophistication in marketing and ICT management support. Based on the above, we forecast net sales (outside sales) of 34,000 million yen, up 4.5% year on year.

In IT services, we forecast expanded construction of global and settlement system and credit card- and risk-related systems for financial institutions, as well as development in fields such as securities and insurance. Based on the above, we forecast net sales (outside sales) of 56,000 million yen, up 2.1% year on year.

Consolidated earnings forecasts for the fiscal year ending September 30, 2015

	Fiscal year ended September 30, 2014 (Actual result) (Millions of yen)	Fiscal year ending September 30, 2015 (Forecast) (Millions of yen)	Change	
			Amount (Millions of yen)	Rate (%)
Net sales	87,400	90,000	2,599	3.0
Think tank and consulting services	32,532	34,000	1,467	4.5
IT services	54,867	56,000	1,132	2.1
Operating income	6,079	6,100	20	0.3
Ordinary income	6,442	6,500	57	0.9
Net income	3,405	3,700	294	8.6
Net income per share	(Yen) 207.36	(Yen) 225.28	(Yen) 17.92	8.6

Notes: 1. Net sales actual results and forecasts by segment are presented based on the new segment classification.

2. Net income 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, 2014: 16,423 thousand shares
Fiscal year ending September 30, 2015: 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 65,354 million yen, an increase of 4,307 million yen, or 7.1%, compared with the end of the previous fiscal year. Broken down, current assets increased 2.1% to 36,747 million yen, while non-current assets increased 14.1% to 28,607 million yen. The increase in current assets mainly reflected increases of 1,173 million yen in notes and accounts receivable - trade and 499 million yen in securities. Additionally, the rise in non-current assets mainly reflected rises of 1,204 million yen in intangible assets related to the development of a group-wide information system and others.

Liabilities increased 2,267 million yen, or 10.8%, compared with the end of the previous fiscal year to 23,199 million yen. This mainly reflected increases of 1,251 million yen in accrued expenses and 549 million yen in accrued consumption taxes.

Net assets increased 2,039 million yen, or 5.1%, compared with the end of the previous fiscal year to 42,155 million yen. This mainly reflected an increase of 2,748 million yen in retained earnings. The equity ratio stood at 55.9%.

B. Cash flow position

At the end of the fiscal year under review, cash and cash equivalents decreased 1,804 million yen compared with the end of the previous fiscal year to 13,380 million yen. The respective cash flow positions and the factors thereof are as follows.

Cash provided by operating activities was 5,056 million yen, compared with 5,518 million yen provided in the previous fiscal year. The main reasons were 6,354 million yen in income before income taxes and minority interests, 2,105 million yen in depreciation and amortization, and income taxes paid of 2,900 million yen.

Cash used in investing activities was 5,733 million yen, compared with 3,216 million yen used in the previous fiscal year. The main reasons were 1,911 million yen in purchase of intangible assets, 1,067 million yen in purchase of investment securities in connection with the capital and business alliance and 974 million yen in purchase of shares of subsidiaries in relation to ownership ratio increase.

Cash used in financing activities was 1,127 million yen, compared with 787 million yen used in the previous fiscal year. The main reasons were 656 million yen in cash dividends paid and 336 million yen in repayments of lease obligations.

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

	Fiscal year ended September 30, 2010	Fiscal year ended September 30, 2011	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Equity ratio (%)	56.8	56.3	55.1	55.7	55.9
Market value equity ratio (%)	53.5	42.8	48.6	57.5	68.9
Interest-bearing debt to cash flow ratio (%)	5.4	11.7	18.0	11.8	19.8
Interest coverage ratio (factor)	479.5	505.2	350.2	498.1	307.9

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 current fiscal year and next fiscal year

MRI aims to increase corporate value by achieving sustained growth through contributing to the development of society and its customers 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 45 yen per share as the annual dividend distribution for the fiscal year under review. MRI has already paid an interim cash dividend of 20 yen per share, and accordingly plans to pay a year-end dividend of 25 yen per share.

With regard to dividend distribution in the next fiscal year, MRI plans to pay 25 yen per share for both interim and year-end cash dividends to make an annual dividend distribution of 50 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 (Business Process Outsourcing: Contracted services for outsourced business processes, primarily related to data entry and retrieval required by administrative departments of corporations that handle human resources, accounting, payroll and other tasks) 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.

b. System development

Although system development in the IT solutions business 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. Outsourcing services (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 information 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, 2014, sales from work for government and public offices made up 23.8% 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 earthquake-related restoration, strengthening national resilience, medical and nursing care services, the environment and energy, and food and agriculture 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, 2014, sales from work for the financial sector made up 47.0% 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 solutions business, we outsource part of other work such as various studies and data entry work in the think tank and consulting business.

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 solutions business, 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, 2014, 30.1% 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, maintenance and operation 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 10 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 4 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, 2013				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Net sales	13,653	24,244	25,258	17,970	81,127
Operating income (loss)	(317)	3,208	1,926	552	5,370

(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

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 society and its customers.

The MRI Group's corporate mission is as follows.

A. Contribution to society based on knowledge and information
We constantly strive to be a knowledge-creating company, contributing to the prosperity of our customers as well as society.
B. Corporate activities with fairness and transparency
We maintain the utmost social trust and faith from our customers by pursuing our corporate activities with fairness and transparency.
C. Demonstration of comprehensive competence through diverse individuality
We demonstrate comprehensive competence by integrating the capabilities of diverse individuals and forming links inside and outside the MRI Group.

Based on this corporate mission, the MRI Group provide services to help customers solve the wide-ranging issues they face and to contribute to the creation of an ideal future society. This will underpin our efforts to build a prosperous future in partnership with our customers. And, we are aiming to become a corporate group that meets the expectations of all our stakeholders:

- Meet the expectations of society by contributing to the creation of an ideal future society and by taking a progressive approach to corporate social responsibility.
- Meet the expectations of customers by demonstrating imaginative and creative capability to provide the highest quality and new value.
- Meet the expectations of shareholders by ensuring sustainable business development supported by a solid financial base and strong earnings power.
- Meet the expectations of employees by creating a working environment and an open corporate culture that develop their professional capacity and allow them to fully demonstrate it.

(2) Management targets

The MRI Group seeks to boost the growth potential and earnings power of its businesses while ensuring business risk remains at an appropriate level.

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—recovery and reconstruction after the Great East Japan Earthquake, resolving long-term structural issues, restoring the international competitiveness of Japanese industry and companies, and utilizing advanced ICT. However, for the MRI Group as a comprehensive think tank, systematically organizing and analyzing these kinds of economic and social issues, and generally mobilizing our knowledge, experience and business resources to show the direction for a desirable future is both its social mission and a business opportunity.

Thanks to the "three arrows" of the government's economic policy, the Tokyo 2020 Olympic and Paralympic Games, and other factors, Japan is seeing increased activity nationwide, and is poised to break out of its long period of economic stagnation. At the same time, the country is also reaching a critical point for responding to its longstanding issues (population decline, population aging, regional issues, environmental and resources issues, etc.), and this presents an excellent opportunity for a comprehensive think tank group to fully demonstrate its true capabilities.

Under the MRI Group's newly formulated medium-term management plan (from the fiscal year ending September 30, 2015 to the fiscal year ending September 30, 2017), it will re-acknowledge its original purpose as a think tank, while aiming for "sustainable growth of people and the organization" by promoting and accelerating efforts to reform and reinforce management. For the near future, while the MRI Group can expect numerous business opportunities in its areas of strength—the public and financial sectors, to sustain growth it must take steps to develop new strengths, such as strengthening its private-sector businesses, developing its overseas business and pioneering new businesses. Moreover, the MRI Group must continue to improve management by increasing the sophistication of consolidated group management and developing human resources. In light of this situation, in addition to covering the next three years, the MRI Group has incorporated a medium- to long-term perspective of a "six-year plan" that looks beyond this period into the formulation of the medium-term management plan, which it will then proceed to execute.

Based on the above recognition and policy, the MRI Group will promote the following two reforms.

A. Business structure reform

The MRI Group will promote business structure reforms 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 "joint creation of a prosperous 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 general private sector companies (digital innovation, etc.), 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 and realize opportunities and projects for business expansion and multifaceted development, as well as synergies

B. Business process reform

The MRI Group will promote business process reforms 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 strengthen human resources
   Realize continuous growth of human resources through systematic development measures (career path, education and training)
   Promote appropriate assignment of appropriate human resources, rotation, and diversity
c. Improve productivity and strengthen risk management and governance
   Improve productivity by utilizing the management platform developed over the past three years (group-wide information system and internal information platform), and strengthen risk management and governance at the group level

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2013	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	10,185	8,880
Notes and accounts receivable - trade	10,922	12,096
Securities	5,999	6,499
Inventories	5,803	6,165
Prepaid expenses	1,125	1,229
Deferred tax assets	1,880	1,838
Other	71	48
Allowance for doubtful accounts	(8)	(9)
Total current assets	35,979	36,747
Non-current assets		
Property and equipment		
Buildings and structures	14,371	14,026
Accumulated depreciation	(7,444)	(7,560)
Buildings and structures, net	6,926	6,466
Machinery, equipment and vehicles	145	122
Accumulated depreciation	(143)	(121)
Machinery, equipment and vehicles, net	2	1
Tools, furniture and fixtures	5,270	5,668
Accumulated depreciation	(3,705)	(3,959)
Tools, furniture and fixtures, net	1,564	1,708
Land	720	720
Leased assets	1,221	1,862
Accumulated depreciation	(457)	(666)
Leased assets, net	763	1,195
Construction in progress	174	51
Total property and equipment	10,153	10,143
Intangible assets		
Software	1,988	2,083
Software in progress	1,962	3,043
Goodwill	178	230
Other	69	45
Total intangible assets	4,198	5,402
Investments and other assets		
Investment securities	5,636	6,990
Long-term loans receivable	5	5
Lease and guarantee deposits	2,490	2,494
Net defined benefit asset	–	654
Deferred tax assets	2,002	2,157
Other	585	762
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	10,715	13,060
Total non-current assets	25,067	28,607
Total assets	61,047	65,354

(Millions of yen)

	As of September 30, 2013	As of September 30, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	3,883	4,320
Accounts payable - other	1,211	999
Accrued expenses	1,036	2,288
Income taxes payable	1,668	1,345
Accrued consumption taxes	628	1,178
Advances received	200	195
Provision for bonuses	3,438	2,633
Provision for loss on order received	48	–
Other	876	1,028
Total current liabilities	12,991	13,988
Non-current liabilities		
Lease obligations	415	661
Provision for retirement benefits	7,432	–
Net defined benefit liability	–	8,499
Other	92	50
Total non-current liabilities	7,940	9,211
Total liabilities	20,931	23,199
Net assets		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	21,704	24,453
Treasury shares	(0)	(0)
Total shareholders' equity	32,891	35,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,131	1,398
Deferred gains or losses on hedges	–	(2)
Foreign currency translation adjustment	9	9
Remeasurements of defined benefit plans	–	(537)
Total accumulated other comprehensive income	1,141	868
Minority interests	6,082	5,646
Total net assets	40,115	42,155
Total liabilities and net assets	61,047	65,354

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Net sales	81,127	87,400
Cost of sales	64,068	68,661
Gross profit	17,059	18,738
Selling, general and administrative expenses	11,688	12,659
Operating income	5,370	6,079
Non-operating income		
Interest income	6	5
Dividend income	89	203
Share of profit of entities accounted for using equity method	63	85
Other	49	84
Total non-operating income	209	380
Non-operating expenses		
Interest expenses	11	16
Other	2	0
Total non-operating expenses	13	16
Ordinary income	5,566	6,442
Extraordinary income		
Gain on sales of non-current assets	15	0
Gain on sales of investment securities	18	0
Subsidy income	–	1
Other	0	–
Total extraordinary income	34	2
Extraordinary losses		
Loss on sales of non-current assets	0	–
Loss on retirement of non-current assets	31	84
Impairment loss	31	–
Other	18	5
Total extraordinary losses	82	90
Income before income taxes and minority interests	5,518	6,354
Income taxes - current	2,329	2,527
Income taxes - deferred	(129)	(15)
Total income taxes	2,199	2,512
Income before minority interests	3,319	3,842
Minority interests in income	434	436
Net income	2,885	3,405

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Income before minority interests	3,319	3,842
Other comprehensive income		
Valuation difference on available-for-sale securities	814	320
Deferred gains or losses on hedges	–	(2)
Foreign currency translation adjustment	12	0
Share of other comprehensive income of entities accounted for using equity method	14	3
Total other comprehensive income	841	321
Comprehensive income	4,160	4,164
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,576	3,670
Comprehensive income attributable to minority interests	584	494

(3) Consolidated statements of changes in net assets

Fiscal year ended September 30, 2013

(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	19,278	(0)	30,465
Changes of items during period					
Dividends of surplus			(492)		(492)
Net income			2,885		2,885
Purchase of treasury shares				(0)	(0)
Change of scope of equity method			33		33
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,426	(0)	2,425
Balance at end of current period	6,336	4,851	21,704	(0)	32,891

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	450	–	450	5,541	36,458
Changes of items during period					
Dividends of surplus					(492)
Net income					2,885
Purchase of treasury shares					(0)
Change of scope of equity method					33
Net changes of items other than shareholders' equity	681	9	690	541	1,232
Total changes of items during period	681	9	690	541	3,657
Balance at end of current period	1,131	9	1,141	6,082	40,115

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
Changes of items during period					
Dividends of surplus			(656)		(656)
Net income			3,405		3,405
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
Changes of items during period							
Dividends of surplus							(656)
Net income							3,405
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

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	5,518	6,354
Depreciation	2,169	2,105
Impairment loss	31	–
Amortization of goodwill	133	96
Increase (decrease) in provision for bonuses	1,740	(804)
Increase (decrease) in provision for retirement benefits	31	–
Increase (decrease) in allowance for doubtful accounts	(4)	1
Increase (decrease) in provision for loss on order received	(145)	(48)
Increase (decrease) in net defined benefit liability	–	144
Interest and dividend income	(96)	(209)
Interest expenses	11	16
Share of (profit) loss of entities accounted for using equity method	(63)	(85)
Loss (gain) on sales of non-current assets	(15)	(0)
Loss on retirement of non-current assets	31	84
Loss (gain) on sales of investment securities	(18)	(0)
Loss (gain) on valuation of investment securities	0	–
Decrease (increase) in notes and accounts receivable - trade	(21)	(1,173)
Decrease (increase) in inventories	(832)	(362)
Decrease (increase) in net defined benefit asset	–	(410)
Increase (decrease) in notes and accounts payable - trade	673	437
Increase (decrease) in accrued consumption taxes	68	594
Increase (decrease) in advances received	28	(4)
Other, net	(2,100)	998
Subtotal	7,140	7,733
Interest and dividend income received	124	239
Interest expenses paid	(11)	(16)
Income taxes paid	(1,735)	(2,900)
Net cash provided by (used in) operating activities	5,518	5,056
Cash flows from investing activities		
Payments into time deposits	–	(300)
Purchase of securities	(2,998)	(2,998)
Proceeds from redemption of securities	4,205	1,999
Purchase of property and equipment	(2,686)	(917)
Proceeds from sales of property and equipment	238	0
Purchase of intangible assets	(1,983)	(1,911)
Purchase of investment securities	(12)	(1,067)
Proceeds from sales of investment securities	28	279
Purchase of shares of subsidiaries	–	(974)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(14)	–
Payments of loans receivable	(2)	(4)
Collection of loans receivable	5	3
Payments for lease and guarantee deposits	(100)	(24)
Proceeds from collection of lease and guarantee deposits	98	19
Other, net	5	160
Net cash provided by (used in) investing activities	(3,216)	(5,733)

(Millions of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Cash flows from financing activities		
Repayments of lease obligations	(241)	(336)
Cash dividends paid	(492)	(656)
Cash dividends paid to minority shareholders	(43)	(129)
Other, net	(10)	(5)
Net cash provided by (used in) financing activities	(787)	(1,127)
Effect of exchange rate change on cash and cash equivalents	12	0
Net increase (decrease) in cash and cash equivalents	1,526	(1,804)
Cash and cash equivalents at beginning of period	13,658	15,185
Cash and cash equivalents at end of period	15,185	13,380

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

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 12
   Names of principal companies:
   MRI Business Co., Ltd.
   MRI Research Associates Co., Ltd.
   Intellectual Property Information Services Co., Ltd.
   Mitsubishi Research Institute DCS Co., Ltd.
   MRI Value Consulting & Solutions Co., Ltd.
   MD Business Partner Co., Ltd.
   Tohoku DCS 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:
   On May 9, 2014, Mitsubishi Research Institute DCS Co., Ltd., a consolidated subsidiary of MRI, newly established MRIDCS Americas, Inc. As a consequence, MRIDCS Americas, Inc. is included in 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.
   MRI and Mitsubishi Research Institute DCS Co., Ltd. acquired the shares of JBS, Inc. on April 8, 2014. As a consequence, JBS, Inc. is included in the scope of equity method companies.
   (2) The affiliate that is not accounted for by the equity method 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 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.
However, finance lease transactions that do not transfer ownership whose transaction commenced on or before September 30, 2008 are continuously accounted for by the accounting treatment similar to that of ordinary rental transactions.

(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 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 straight-line 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
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, May 17, 2012) were adopted effective the end of the fiscal year under review; provided however, they were adopted except for the provisions specified in the main clause of Paragraph 35 of the Accounting Standard for Retirement Benefits and the main clause of Paragraph 67 of the Guidance on the Accounting Standard for Retirement Benefits. Under the new accounting policy, the amount of retirement benefit obligations net of plan assets is recorded as net defined benefit asset and net defined benefit liability, while the unrecognized actuarial gains and losses and unrecognized prior service cost are recorded in net defined benefit asset and net defined benefit liability.
Adoption of the Accounting Standard for Retirement Benefits and relevant regulations is in line with transitional treatment in Paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the change has been added to, or deducted from remeasurements of defined benefit plans in accumulated other comprehensive income at the end of the fiscal year under review.
As a result, at the end of the fiscal year under review, net defined benefit asset of 654 million yen and net defined benefit liability of 8,499 million yen were recorded. In addition, accumulated other comprehensive income decreased by 537 million yen and minority interests increased by 24 million yen.
Net assets per share decreased by 32.73 yen.

(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.

Accounting Standard for Retirement Benefits and relevant regulations
"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012)
"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

1. Overview
   The method for recognizing unrecognized actuarial gains and losses and unrecognized prior service cost, the method for calculating retirement benefit obligations and service cost, the enhancement of disclosure and other items were revised.

2. Scheduled date for adoption
   The revision to the calculation method for retirement benefit obligations and service cost is scheduled to be adopted from the beginning of the fiscal year ending September 30, 2015.
   Because the Accounting Standard and relevant regulations have transitional treatment stipulated in them, they will not be adopted retrospectively for the consolidated financial statements of prior periods.

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

(8) Changes in presentation

Consolidated balance sheets

Software in progress, included in other under intangible assets in the previous fiscal year, was reported as a separate item under intangible assets from the fiscal year under review, because 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, 2,032 million yen presented in other under intangible assets in the consolidated balance sheets of the previous fiscal year has been reclassified as 1,962 million yen in software in progress and 69 million yen in other under intangible assets.
Lease obligations, included in other under non-current liabilities in the previous fiscal year, was reported as a separate item under non-current liabilities from the fiscal year under review, because it now accounts for more than 1% of total assets. To reflect the change to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.
As a result, 507 million yen presented in other under non-current liabilities in the consolidated balance sheets of the previous fiscal year has been reclassified as 415 million yen in lease obligations and 92 million yen in other under non-current liabilities.

Consolidated statements of income

Dividend income of insurance under non-operating income, reported separately in the previous fiscal year, was included in other under non-operating income in the fiscal year under review because the amount became immaterial. To reflect this change to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.
As a result, 22 million yen presented as dividend income of insurance under non-operating income in the consolidated statements of income of the previous fiscal year has been reclassified to other under non-operating income.
Loss on investments in partnership under non-operating expenses, reported separately in the previous fiscal year, was included in other under non-operating expenses in the fiscal year under review because the amount became immaterial. To reflect this change to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.
As a result, 2 million yen presented as loss on investments in partnership under non-operating expenses in the consolidated statements of income of the previous fiscal year has been reclassified to other under non-operating expenses.
Loss on valuation of investment securities, office transfer expenses, and compensation for damage, etc. under extraordinary losses, reported separately in the previous fiscal year, were included in other under extraordinary losses in the fiscal year under review because the amount became immaterial. To reflect this change to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.
As a result, 0 million yen presented as loss on valuation of investment securities, 10 million yen presented as office transfer expenses, and 3 million yen presented as compensation for damage, etc., under extraordinary losses in the consolidated statements of income of the previous fiscal year have been reclassified to other under extraordinary losses.

(9) 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.

Accordingly, the MRI Group has two reportable segments, the "think tank and consulting business" and the "IT solutions business."

<Think tank and consulting business>

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

<IT solutions business>

The segment businesses provide IT consulting and solutions services; data processing services; software development, maintenance and operation; 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 operating 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, 2013 (from October 1, 2012 to September 30, 2013)

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Think tank and consulting business	IT solutions business			
Net sales					
Outside customers	21,038	60,088	81,127	–	81,127
Inter-segment sales and transfers	358	1,978	2,337	(2,337)	–
Total	21,397	62,067	83,464	(2,337)	81,127
Segment profit	1,961	3,468	5,429	(58)	5,370
Segment assets	10,304	44,692	54,997	6,050	61,047
Other items					
Depreciation and amortization	211	1,967	2,178	(9)	2,169
Amortization of goodwill	2	131	133	–	133
Investment in equity method affiliates	76	685	761	–	761
Increase in property and equipment, and intangible assets	740	4,211	4,952	(45)	4,906

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

(1) The adjustment of negative 58 million yen on segment profit represents negative 58 million yen in inter-segment transaction eliminations.

(2) The adjustment of 6,050 million yen on segment assets includes corporate assets of 26,787 million yen not allocated to any reportable segment and negative 20,736 million yen in inter-segment transaction eliminations. Corporate assets mainly consist of cash and deposits, surplus operating funds (securities), long-term investment funds (investment securities) and other investments of MRI that are not attributable to any reportable segment.

(3) The adjustment of negative 9 million yen on depreciation and amortization represents negative 9 million yen in inter-segment transaction eliminations.

(4) The adjustment of negative 45 million yen on increase in property and equipment, and intangible assets represents negative 45 million yen in inter-segment transaction eliminations.

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

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 business	IT solutions business			
Net sales					
Outside customers	24,698	62,702	87,400	–	87,400
Inter-segment sales and transfers	318	2,357	2,675	(2,675)	–
Total	25,016	65,059	90,075	(2,675)	87,400
Segment profit	2,310	3,839	6,149	(70)	6,079
Segment assets	11,490	48,867	60,358	4,996	65,354
Other items					
Depreciation and amortization	210	1,901	2,111	(5)	2,105
Amortization of goodwill	–	96	96	–	96
Investment in equity method affiliates	97	1,783	1,881	–	1,881
Increase in property and equipment, and intangible assets	444	3,089	3,534	(188)	3,346

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

(1) The adjustment of negative 70 million yen on segment profit represents negative 70 million yen in inter-segment transaction eliminations.

(2) The adjustment of 4,996 million yen on segment assets includes corporate assets of 24,382 million yen not allocated to any reportable segment and negative 19,386 million yen in inter-segment transaction eliminations. Corporate assets mainly consist of cash and deposits, surplus operating funds (securities), long-term investment funds (investment securities) and other investments of MRI that are not attributable to any reportable segment.

(3) The adjustment of negative 5 million yen on depreciation and amortization 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 operating income in the consolidated financial statements.

(10) Per share information

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Net assets per share	2,072.18 yen	2,222.92 yen
Net income per share	175.67 yen	207.36 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, 2013	Fiscal year ended September 30, 2014
Net income (millions of yen)	2,885	3,405
Profit not attributable to common shareholders (millions of yen)	–	–
Net income related to common shares (millions of yen)	2,885	3,405
Average number of outstanding common shares during the fiscal year (thousand shares)	16,423	16,423

(11) Significant subsequent events

Change in reportable segment classification

MRI has previously had the "think tank and consulting business" and the "IT solutions business" as its reportable segments. However, following a reorganization conducted in October 2014 based on the business strategy of its new medium-term management plan, from the fiscal year ending September 30, 2015, the new reportable segments, "think tank and consulting services" and "IT services" have been adopted.

As a result of this change, the IT consulting and solutions services that had been included in the "IT solutions business" under the previous segment classification are now included under "think tank and consulting services" under the new segment classification.

The principal products and services of each reportable segment after the change are as follows.

Reportable segments	Principal products and services
Think tank and consulting services	Research and study, and consulting services regarding public policies and general businesses, management consulting services, and IT consulting and solutions services
IT services	Software development, maintenance and operation, data processing services, outsourcing services, and sales of system equipment

Furthermore, information regarding the amounts of net sales and profit by reportable segment for the fiscal year under review under the new segment classification is as follows.

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	2,797	3,363	6,161	(81)	6,079

Notes: 1. The adjustment of negative 81 million yen on segment profit represents negative 81 million yen in inter-segment transaction eliminations.
2. Segment profit is adjusted with operating income in the consolidated financial statements.

4. Others

(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, 2014	Year-on-year change (%)
Think tank and consulting business	25,051	13.5
IT solutions business	52,298	0.7
Total	77,350	4.5

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, 2014			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	26,528	8.6	20,499	9.8
IT solutions business	62,364	2.7	41,359	(0.8)
IT consulting and system development	42,232	(0.6)	22,991	(4.7)
Outsourcing services	20,132	10.3	18,367	4.5
Total	88,893	4.4	61,858	2.5

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, 2014	Year-on-year change (%)
Think tank and consulting business	24,698	17.4
IT solutions business	62,702	4.3
IT consulting and system development	43,355	2.4
Outsourcing services	19,347	9.0
Total	87,400	7.7

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, 2013		Fiscal year ended September 30, 2014	
	Amount	Ratio (%)	Amount	Ratio (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,168	22.4	18,122	20.7
Mitsubishi UFJ NICOS Co., Ltd.	10,013	12.3	13,060	14.9