

[Translation for reference only]

This is an English translation and excerpt of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

Translation



July 28, 2014

## Consolidated Financial Results for the Nine Months of the Fiscal Year Ending 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](mailto:ir-info@mri.co.jp)

Scheduled date to submit Quarterly Securities Report: August 5, 2014  
Scheduled date to commence dividend payments: -  
Preparation of supplementary material on quarterly financial results: Yes  
Holding of quarterly financial results presentation meeting: None

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

### 1. Consolidated performance for the nine months of the fiscal year ending September 30, 2014 (from October 1, 2013 to June 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
June 30, 2014	67,830	7.4	5,109	6.0	5,428	8.5	2,956	11.7
June 30, 2013	63,157	10.1	4,817	72.0	5,005	69.5	2,647	129.4

Note: Comprehensive income

For the nine months ended June 30, 2014: 3,518 million yen [(6.2)%]

For the nine months ended June 30, 2013: 3,752 million yen [160.3%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
June 30, 2014	180.04	-
June 30, 2013	161.18	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2014	63,840	42,022	57.2
September 30, 2013	61,047	40,115	55.7

Reference: Equity (Net assets – Minority interests)

As of June 30, 2014: 36,536 million yen

As of September 30, 2013: 34,033 million yen

**2. Cash dividends**

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2013	–	15.00	–	20.00	35.00
Fiscal year ending September 30, 2014	–	20.00	–		
Fiscal year ending September 30, 2014 (Forecast)				20.00	40.00

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

**3. Consolidated earnings forecasts for the fiscal year ending September 30, 2014  
(from October 1, 2013 to September 30, 2014)**

(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
Fiscal year ending September 30, 2014	86,800	7.0	5,500	2.4	5,650	1.5	2,940	1.9	179.01

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

**\*Notes**

- (1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting in preparing consolidated quarterly financial statements: Yes  
Note: For the details, please refer to “(2) Application of special accounting in preparing consolidated quarterly financial statements” of “2. Matters regarding summary information (Notes)” on page 3 of the attached materials.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - Changes in accounting policies due to other reasons: None
  - Changes in accounting estimates: None
  - Restatement of prior period financial statements after error corrections: None

## (4) Number of issued shares (common stock)

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

As of June 30, 2014	16,424,080 shares
As of September 30, 2013	16,424,080 shares

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

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

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

Nine months ended June 30, 2014	16,423,882 shares
Nine months ended June 30, 2013	16,423,974 shares

**\* Indication regarding execution of quarterly review procedures**

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

**\* Appropriate use of business forecasts; other special items**

(Caution regarding forward-looking statements, etc.)

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

(Availability of supplementary material on financial results)

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

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

During the nine months under review (from October 1, 2013 to June 30, 2014), the Japanese economy maintained a basic recovery trend driven by healthy internal demand. Although demand declined after a surge ahead of the consumption tax hike, recovery in the income environment, including improved employment and higher wages, has been a supporting factor for the economy. On the investment front, the recovery in capital expenditure continued on the back of improved corporate earnings. Furthermore, the global economy moved to an overall recovery track, although growth has slowed somewhat in emerging economies.

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, while actively pursuing initiatives to support earthquake-related restoration, 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. 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 nine months under review, the MRI Group recorded net sales of 67,830 million yen, up 7.4% year on year, operating income of 5,109 million yen, up 6.0%, ordinary income of 5,428 million yen, up 8.5%, and net income of 2,956 million yen, up 11.7%.

The results by segment are as follows.

**<Think tank and consulting business>**

In the nine months under review, projects that contributed to sales included government policy support for such projects as radioactive material removal, and research services related to climate change and natural disaster risk evaluations as well as national science and technology policies and international standardization strategies, for government and public offices. 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 21,198 million yen, an increase of 15.9% year on year, and operating income of 2,481 million yen, up 9.4% year on year.

**<IT solutions business>**

In the nine months 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 46,632 million yen, an increase of 3.9% year on year, and operating income of 2,682 million yen, up 2.1% year on year.

**(2) Explanation regarding financial position**

As of the end of the nine months under review, total assets stood at 63,840 million yen, an increase of 2,792 million yen, or 4.6%, compared with the end of the previous fiscal year. Broken down, current assets decreased 0.3% to 35,879 million yen, while noncurrent assets increased 11.5% to 27,960 million yen. The decrease in current assets reflected a decline of 2,665 million yen in notes and accounts receivable–trade against an increase of 2,503 million yen in cash and deposits. The rise in noncurrent assets mainly reflected rises of 1,019 million yen in intangible assets related to the construction of a group-wide information system and 1,519 million yen in investments and other assets mainly relating to the acquisition of the shares of JBS, Inc.

Liabilities increased 886 million yen, or 4.2%, compared with the end of the previous fiscal year to 21,817 million yen. This mainly reflected an increase of 2,739 million yen in other in current liabilities, which was partially offset by decreases of 1,465 million yen in provision for bonuses and 671 million yen in income taxes payable.

Net assets increased 1,906 million yen, or 4.8%, compared with the end of the previous fiscal year to 42,022 million yen.

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

There is no change to the consolidated earnings forecasts announced on October 31, 2013.

## **2. Matters regarding summary information (Notes)**

### **(1) Changes in significant subsidiaries during the nine months under review**

Not applicable

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

Tax expenses for the nine months under review are calculated by multiplying income before income taxes and minority interests for the nine months under review by the reasonably estimated effective tax rate after applying tax effect accounting for the fiscal year including the nine months under review.

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

Not applicable

### **(4) Additional information**

(Effect of change in corporation tax rates)

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014) was promulgated on March 31, 2014. With this revision, the special reconstruction corporation tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will no longer be imposed from the fiscal year beginning on or after April 1, 2014.

As a result of the tax rate change in accordance with this revision, income taxes payable and income taxes both increased by 85 million yen for the nine months under review.

**3. Consolidated quarterly financial statements****(1) Consolidated quarterly balance sheets**

(Millions of yen)

	As of September 30, 2013	As of June 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	10,185	12,689
Notes and accounts receivable–trade	10,922	8,256
Securities	5,999	5,998
Inventories	5,803	5,543
Deferred tax assets	1,880	1,876
Other	1,196	1,520
Allowance for doubtful accounts	(8)	(4)
Total current assets	35,979	35,879
Noncurrent assets		
Property and equipment		
Buildings and structures, net	6,926	6,651
Machinery, equipment and vehicles, net	2	1
Tools, furniture and fixtures, net	1,564	1,828
Land	720	720
Lease assets, net	763	1,251
Construction in progress	174	53
Total property and equipment	10,153	10,507
Intangible assets		
Software	1,988	2,083
Software in progress	1,962	2,825
Other	248	308
Total intangible assets	4,198	5,217
Investments and other assets		
Other	10,720	12,239
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	10,715	12,235
Total noncurrent assets	25,067	27,960
Total assets	61,047	63,840

(Millions of yen)

	As of September 30, 2013	As of June 30, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable–trade	3,883	3,481
Accounts payable–other	1,211	1,250
Accrued expenses	1,036	1,186
Income taxes payable	1,668	997
Provision for bonuses	3,438	1,972
Provision for loss on order received	48	5
Other	1,705	4,444
<b>Total current liabilities</b>	<b>12,991</b>	<b>13,338</b>
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	7,432	7,657
Other	507	822
<b>Total noncurrent liabilities</b>	<b>7,940</b>	<b>8,479</b>
<b>Total liabilities</b>	<b>20,931</b>	<b>21,817</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	21,704	24,004
Treasury stock	(0)	(0)
<b>Total shareholders' equity</b>	<b>32,891</b>	<b>35,191</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,131	1,333
Deferred gains or losses on hedges	–	(0)
Foreign currency translation adjustment	9	11
<b>Total accumulated other comprehensive income</b>	<b>1,141</b>	<b>1,344</b>
<b>Minority interests</b>	<b>6,082</b>	<b>5,486</b>
<b>Total net assets</b>	<b>40,115</b>	<b>42,022</b>
<b>Total liabilities and net assets</b>	<b>61,047</b>	<b>63,840</b>

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

(Millions of yen)

	Nine months ended June 30, 2013	Nine months ended June 30, 2014
Net sales	63,157	67,830
Cost of sales	49,658	53,213
Gross profit	13,498	14,616
Selling, general and administrative expenses	8,680	9,507
Operating income	4,817	5,109
Non-operating income		
Interest income	3	3
Dividends income	87	182
Equity in earnings of affiliates	61	95
Other	45	51
Total non-operating income	197	331
Non-operating expenses		
Interest expenses	7	12
Loss on investments in partnership	2	-
Other	0	0
Total non-operating expenses	9	12
Ordinary income	5,005	5,428
Extraordinary income		
Gain on sales of noncurrent assets	15	0
Gain on sales of investment securities	18	-
Subsidy income	-	1
Other	0	-
Total extraordinary income	34	1
Extraordinary loss		
Loss on retirement of noncurrent assets	8	20
Office transfer expenses	10	-
Other	6	4
Total extraordinary losses	26	25
Income before income taxes and minority interests	5,013	5,405
Income taxes	2,038	2,131
Income before minority interests	2,974	3,274
Minority interests in income	327	317
Net income	2,647	2,956

**Consolidated quarterly statements of comprehensive income**

(Millions of yen)

	Nine months ended June 30, 2013	Nine months ended June 30, 2014
Income before minority interests	2,974	3,274
Other comprehensive income		
Valuation difference on available-for-sale securities	754	244
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	9	2
Share of other comprehensive income of associates accounted for using equity method	13	(1)
Total other comprehensive income	777	244
Comprehensive income	3,752	3,518
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,285	3,160
Comprehensive income attributable to minority interests	467	358

**(3) Segment information, etc.****I Nine months ended June 30, 2013****A. Information regarding amounts of net sales and profit/loss by reportable segment**

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated quarterly statements of income (Note 2)
	Think tank and consulting business	IT solutions business			
Net sales					
Outside customers	18,282	44,874	63,157	–	63,157
Inter-segment sales and transfers	284	1,435	1,720	(1,720)	–
Total	18,567	46,310	64,877	(1,720)	63,157
Segment profit	2,268	2,626	4,895	(77)	4,817

Notes: 1. The adjustment of negative 77 million yen on segment profit includes negative 49 million yen as inter-segment transaction eliminations, 2 million yen as inventory adjustments and negative 31 million yen as noncurrent asset adjustments.

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

**B. Information regarding impairment loss of noncurrent assets or regarding goodwill by reportable segment**

There are no significant matters for the nine months under review.

**II Nine months ended June 30, 2014****A. Information regarding amounts of net sales and profit/loss by reportable segment**

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated quarterly statements of income (Note 2)
	Think tank and consulting business	IT solutions business			
Net sales					
Outside customers	21,198	46,632	67,830	–	67,830
Inter-segment sales and transfers	245	1,841	2,087	(2,087)	–
Total	21,443	48,474	69,918	(2,087)	67,830
Segment profit	2,481	2,682	5,164	(55)	5,109

Notes: 1. The adjustment of negative 55 million yen on segment profit includes 4 million yen as inter-segment transaction eliminations, 1 million yen as inventory adjustments and negative 61 million yen as noncurrent asset adjustments.

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

**B. Information regarding impairment loss of noncurrent assets or regarding goodwill by reportable segment**

There are no significant matters for the nine months under review.

**(4) Per share information**

Net income per share and basis for calculating net income per share are as shown below.

	Nine months ended June 30, 2013	Nine months ended June 30, 2014
Net income per share (yen)	161.18	180.04
(Basis for calculating)		
Net income (millions of yen)	2,647	2,956
Profit not attributable to common shareholders (millions of yen)	–	–
Net income related to common stock (millions of yen)	2,647	2,956
Average number of outstanding shares of common stock during the period (thousand shares)	16,423	16,423

Note: Please note that diluted net income per share is not shown because MRI has not issued potential shares.

## 4. Supplementary information

### Status of orders received and sales

#### (1) Status of orders received

Status of orders received by segment is as shown below.

(Millions of yen)

Segment name	Nine months ended June 30, 2014			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	20,523	14.8	17,993	21.0
IT solutions business	48,398	7.0	43,463	5.0
IT consulting and system development	33,587	6.9	25,791	7.9
Outsourcing services	14,811	7.4	17,671	1.0
Total	68,921	9.2	61,456	9.2

- Notes:
1. Inter-segment transactions have been eliminated.
  2. Consumption taxes are not included in the above amounts.
  3. For services where services are continually rendered and fees commensurate with performance are received, an estimate of sales for a year after June 30, 2014 is recorded in the balance of orders received.

#### (2) Sales performance

Sales performance by segment is as shown below.

(Millions of yen)

Segment name	Nine months ended June 30, 2014	Year-on-year change (%)
Think tank and consulting business	21,198	15.9
IT solutions business	46,632	3.9
IT consulting and system development	31,909	1.3
Outsourcing services	14,722	10.1
Total	67,830	7.4

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