[Translation for reference only]
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Translation

FASF MEMBERSHIP

October 31, 2013

Consolidated Financial Results for the Fiscal Year Ended September 30, 2013 <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
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Scheduled date of annual general meeting of shareholders: December 18, 2013
Scheduled date to commence dividend payments: December 19, 2013
Scheduled date to submit Annual Securities Report: December 18, 2013
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, 2013 (from October 1, 2012 to September 30, 2013)

(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, 2013	81,127	7.6	5,370	73.7	5,566	70.6	2,885	152.9
September 30, 2012	75,365	3.9	3,091	21.8	3,262	12.3	1,140	(9.2)

Note: Comprehensive income
For the fiscal year ended September 30, 2013: 4,160 million yen [159.2%]
For the fiscal year ended September 30, 2012: 1,604 million yen [3.6%]

	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, 2013	175.67	–	8.9	9.5	6.6
September 30, 2012	69.45	–	3.7	6.0	4.1

Reference: Equity in earnings (losses) of affiliates
For the fiscal year ended September 30, 2013: 63 million yen
For the fiscal year ended September 30, 2012: 53 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, 2013	61,047	40,115	55.7	2,072.18
September 30, 2012	56,088	36,458	55.1	1,882.39

Reference: Equity (Net assets – Minority interests)
As of September 30, 2013: 34,033 million yen
As of September 30, 2012: 30,916 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, 2013	5,518	(3,216)	(787)	15,185
September 30, 2012	4,157	(3,165)	(830)	13,658

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, 2012	–	15.00	–	15.00	30.00	492	43.2	1.6
Fiscal year ended September 30, 2013	–	15.00	–	20.00	35.00	574	19.9	1.8
Fiscal year ending September 30, 2014 (Forecast)	–	20.00	–	20.00	40.00		22.3	

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
Six months ending March 31, 2014	38,200	0.8	2,520	(12.8)	2,570	(13.5)	1,170	(24.5)	71.24
Fiscal year ending September 30, 2014	86,800	7.0	5,500	2.4	5,650	1.5	2,940	1.9	179.01

*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: Yes
  d. Restatement of prior period financial statements after error corrections: None

Note: The above changes fall under the scope of (Change in accounting policy that is difficult to distinguish from change in accounting estimate) in Article 14-7 of "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements." For the details, please refer to "3. Consolidated financial statements, (6) Changes in accounting policies" on page 21 of the attached materials.

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

As of September 30, 2013	16,424,080 shares
As of September 30, 2012	16,424,080 shares

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

As of September 30, 2013	198 shares
As of September 30, 2012	87 shares

  c. Average number of outstanding shares during the period

Fiscal year ended September 30, 2013	16,423,955 shares
Fiscal year ended September 30, 2012	16,423,993 shares

Note: For the number of shares as basis for calculating net income per share (consolidated), please refer to "(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

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, 2012 to September 30, 2013), the Japanese economy expanded strongly from the start of 2013, growing at an annualized rate of over 3%. The recovery was driven by consumer spending, with the correction to the strong yen, gains in equity markets and other factors supporting an improvement in household confidence. Also, the deterioration in the global economy essentially came to an end, although rebound in emerging economies lacked strength.

Against this backdrop, Mitsubishi Research Institute, Inc. and its consolidated subsidiaries (the MRI Group) remained fully committed to improving quality and customer satisfaction as its highest priority, while also aiming to become a "Think & Act Tank," by continuing to develop businesses that make maximum use of the scientific methods that 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 future social frameworks, consulting related to new business development and business innovation for private companies, and the construction of systems for financial institutions.

As a result, during the fiscal year under review, the MRI Group recorded net sales of 81,127 million yen, up 7.6% year on year, operating income of 5,370 million yen, up 73.7%, ordinary income of 5,566 million yen, up 70.6%, and net income of 2,885 million yen, up 152.9%.

The results by segment are as follows.

<Think tank and consulting business>

In the fiscal year under review, projects that contributed to sales included cyber security and energy-related research and consulting services for government and public offices, government policy support for projects such as radioactive material removal and the promotion of value chain integration in the primary, secondary and tertiary sectors of food supply, and consulting projects related to business efficiency improvements at financial institutions and overseas expansion for clients in the private sector. As a result, the segment reported net sales (outside sales) of 21,038 million yen, a decline of 0.2% year on year, almost the same as the previous fiscal year and operating income of 1,961 million yen, down 3.6%.

<IT solutions business>

In the fiscal year under review, projects that contributed to sales included global and settlement system and risk-related system projects for financial institutions, credit card new application assessment system projects, customer data analysis projects, and projects to manage the construction of business systems for government and public offices. As a result, the segment reported net sales (outside sales) of 60,088 million yen, an increase of 10.7% year on year. This increase in sales, as well as a sharp decline year on year in additional costs for quality improvements, resulted in operating income of 3,468 million yen, a significant improvement of 199.1% over the previous fiscal year.

B. Outlook for the next fiscal year

We expect the Japanese economy to register strong growth through to the end of March 2014, supported by factors such as a surge in demand ahead of increases to consumption tax. After April 2014, consumer spending is likely to drop temporarily due to a pull back from the surge in demand. However, we expect this correction to be short-lived, with the economy continuing to recover, partly due to the impact of public sector projects and other stimulus measures.

For the fiscal year ending September 30, 2014, the MRI Group forecasts consolidated net sales of 86,800 million yen, up 7.0% compared with the fiscal year under review, operating income of 5,500 million yen, up 2.4%, ordinary income of 5,650 million yen, up 1.5%, and net income of 2,940 million yen, up 1.9%. We see this profit growth coming on expansion in fields such as assistance for the recovery effort in disaster-affected areas, new energy, and the construction of global and settlement system and risk-related system projects for financial institutions.

In the think tank and consulting business, along with proactive efforts to support the Great East Japan Earthquake recovery effort, the MRI Group expects to receive orders for projects in strategic policy fields such as health, medical and nursing care services, social infrastructure, and energy, where the need for information and communication technology (ICT) is likely to increase further. We also forecast demand in the private sector market for assistance in developing new businesses and products, and for strategy consulting projects based on consumer market analysis and technology evaluations. Based on the above, we forecast net sales (outside sales) of 24,700 million yen, up 17.4% year on year.

In the IT solutions business, we forecast continued solid demand for the construction of global and settlement system and risk-related system projects for financial institutions. We also expect growth to be supported by a deepening of relationships with existing customers including megabanks and regional banks, and by an expansion into sectors such as credit card services, securities and insurance. In addition, in systems optimization support services for government and public offices, we plan to develop our business targeting government-designated cities and other major cities, complementing our existing focus on central government customers. Based on the above, we forecast net sales (outside sales) of 62,100 million yen, up 3.3% year on year.

Consolidated earnings forecasts for the fiscal year ending September 30, 2014

	Fiscal year ended September 30, 2013 (Actual result) (Millions of yen)	Fiscal year ending September 30, 2014 (Forecast) (Millions of yen)	Change	
			Amount (Millions of yen)	Rate (%)
Net sales	81,127	86,800	5,672	7.0
Think tank and consulting business	21,038	24,700	3,661	17.4
IT solutions business	60,088	62,100	2,011	3.3
Operating income	5,370	5,500	129	2.4
Ordinary income	5,566	5,650	83	1.5
Net income	2,885	2,940	54	1.9
Net income per share	(Yen) 175.67	(Yen) 179.01	(Yen) 3.34	1.9

Note: 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, 2013: 16,423 thousand shares
Fiscal year ending September 30, 2014: 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 61,047 million yen, an increase of 4,958 million yen, or 8.8%, compared with the end of the previous fiscal year. Broken down, current assets increased 4.2% to 35,979 million yen, while noncurrent assets increased 16.3% to 25,067 million yen. The major factors behind the rise in current assets were increases of 836 million yen in inventories and 799 million yen in securities. The rise in noncurrent assets mainly reflected an increase of 1,025 million yen in intangible assets related to the construction of a group-wide information system.

Liabilities increased 1,301 million yen, or 6.6%, compared with the end of the previous fiscal year to 20,931 million yen. This increase mainly reflected increases of 1,740 million yen in provision for bonuses and 614 million yen in income taxes payable.

Net assets increased 3,657 million yen, or 10.0%, compared with the end of the previous fiscal year to 40,115 million yen. This mainly reflected increases of 2,426 million yen in retained earnings and 690 million yen in accumulated other comprehensive income. The equity ratio stood at 55.7%.

B. Cash flow position

At the end of the fiscal year under review, cash and cash equivalents increased 1,526 million yen compared with the end of the previous fiscal year to 15,185 million yen. The respective cash flow positions and the factors thereof are as follows.

Cash provided by operating activities was 5,518 million yen, compared with 4,157 million yen provided in the previous fiscal year. The main reasons were 5,518 million yen in income before income taxes and minority interests, 2,169 million yen in depreciation and amortization, and income taxes paid of 1,735 million yen.

Cash used in investing activities was 3,216 million yen, compared with 3,165 million yen used in the previous fiscal year. The main reasons were 2,686 million yen in purchase of property and equipment and 1,983 million yen in purchase of intangible assets.

Cash used in financing activities was 787 million yen, compared with 830 million yen used in the previous fiscal year. The main reasons were 492 million yen in cash dividends paid and 241 million yen in repayments of lease obligations.

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

	Fiscal year ended September 30, 2009	Fiscal year ended September 30, 2010	Fiscal year ended September 30, 2011	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013
Equity ratio (%)	56.1	56.8	56.3	55.1	55.7
Market value equity ratio (%)	83.5	53.5	42.8	48.6	57.5
Interest-bearing debt to cash flow ratio (%)	2.5	5.4	11.7	18.0	11.8
Interest coverage ratio (factor)	120.5	479.5	505.2	350.2	498.1

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 indicators.

* 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 stock).

* The figure used for "Cash flow" is "Net cash provided by operating activities" on the consolidated statement of cash flows.
* Interest-bearing debt did not previously include lease obligations, but lease obligations are included from the fiscal year under review. Consequently, indices for the fiscal year ended September 30, 2009 and after are presented with lease obligations included in interest-bearing debt.
* 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 through sustained growth while effectively contributing to the development of society and the creation of value. MRI's basic 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 35 yen per share as the annual dividend distribution for the fiscal year under review. MRI has already paid an interim cash dividend of 15 yen per share, and accordingly plans to pay a year-end dividend of 20 yen per share.

With regard to dividend distribution in the next fiscal year, MRI plans to pay 20 yen per share for both interim and year-end cash dividends to make an annual dividend distribution of 40 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. While recognizing the possibility that the named risks could occur, the MRI Group is ready to respond when action is required to avoid occurrence or when a risk occurs. Some of the matters mentioned here are not necessarily considered as a business related risk for the MRI Group, 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 date of announcement of this consolidated financial results report.

A. Concerning 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 necessary 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 aforesaid 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. Transactions with government and public offices

In the fiscal year ended September 30, 2013, sales from work for government and public offices made up 22.1% of consolidated net sales.

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

The shift in priority policy fields to 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. Transactions with the financial sector

In the fiscal year ended September 30, 2013, sales from work for the financial sector made up 45.2% 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. Relationship between subsidiary Mitsubishi Research Institute DCS Co., Ltd. and its minority-interest shareholder (Mitsubishi UFJ Financial Group, Inc.)

Mitsubishi Research Institute DCS Co., Ltd. (hereinafter in this section "DCS"), which plays a leading role in the MRI Group's IT solutions business, was established in July 1970 when the department for commissioned computer-based calculations of the Mitsubishi Bank (currently the Bank of Tokyo-Mitsubishi UFJ, Ltd.; hereinafter in this section "BTMU") was spun out as an independent company. In December 2004, MRI, aiming to construct a system by which to provide a comprehensive range of solution services in a one-stop format, invested a 25.0% equity stake in DCS, which was a wholly owned subsidiary of the Mitsubishi UFJ Financial Group, and then steadily increased its equity stake, raising it to 60.3% in March 2005 and then to 80.0% in December 2008. As of the date of announcement of this report, the composition of shareholders of DCS is MRI holding 80.0% and Mitsubishi UFJ Financial Group holding 20.0%. Currently, 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, 2013, 32.3% 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 system development, maintenance and operation for core systems and in the future, MRI expects the favorable work transaction relationship with BTMU to continue satisfactorily.

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

E. Seasonal variation

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, in the second quarter in particular, and operational efficiency is also high, which results 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 lowest, 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, 2012				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Net sales	12,821	23,748	20,788	18,007	75,365
Operating income (loss)	(823)	2,729	894	290	3,091

(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

Note: Consumption taxes are not included in net sales.

F. 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.

G. 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.

H. Management of personal information and confidential information

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. However, it is possible that earnings will be affected in the event of information being leaked, lost, or destroyed that leads to a claim of compensation for damages from a client etc. or the loss of trust in the MRI Group.

I. 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.

J. 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.

2. Management policy

(1) Basic management policy

The MRI Group has three main functions: think tank, consulting and IT solutions services. Guided by our corporate mission defined below, our basic policy is to utilize this globally unique strength of the MRI Group in order to contribute to the development of society.

A. We constantly strive to be a knowledge-creating company, contributing to the prosperity of our customers as well as society.
B. We maintain the utmost social trust and faith from our customers by pursuing our corporate activities with fairness and transparency.
C. We encourage the self-fulfillment of our talented employees and further comprehensive competence through the integration of a diverse workforce.

Based on this corporate mission, we 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. Through these activities, 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 building a prosperous future for them through the creation of new value based on the highest-quality services.
- Meet the expectations of shareholders by ensuring sustainable business development supported by a solid financial base and strong earnings power, and by contributing to the creation of an ideal future society.
- Meet the expectations of employees by creating a working environment and open corporate culture that allows them to fully demonstrate their initiative, distinctiveness and creativity.

(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 net sales and gross profit as key indicators of growth potential, and operating margin and ROE as key indicators of profitability. 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 (societal aging, environmental and economic issues), restoring the international competitiveness of Japanese industry and companies, and utilizing advanced information and communication technologies (ICT). However, upbeat developments are emerging in the form of Abenomics and Tokyo’s role as the host city for the 2020 Olympic and Paralympic Games. We think these and other positive signs will give Japan the impetus to tackle its issues.

Given our basic role as a think tank, we believe our corporate mission is to help society and customers resolve these issues and to contribute to the development of future society. Leveraging the MRI Group’s scientific capabilities in information analysis and its network of experts in industry, academia and government, built up over many years, our basic policy is to provide integrated solutions that help customers implement and commercialize ideas developed through our research and studies as well as policy and strategy development, through a think tank approach that brings together consulting and IT solutions.

Based on this approach and policy, we have been focusing on business structure reform and business process reform for two years, and the results are now emerging in earnings. In the near term, we will strive to boost growth potential and earnings power by actively implementing and accelerating these two approaches and maximizing results. We will also begin work on devising and preparing a growth strategy for the medium-to-long-term.

A. Business structure reform

Of the issues and key themes for society, government and companies today, we identified 10 fields and positioned them as company-wide growth businesses where we can leverage our strengths as a Group. We have channeled personnel and resources from across the Company and the MRI Group into these areas to develop them into new growth businesses. Two years have passed since we began using this approach, and the results are already emerging. Going forward, we will continue to focus on the 10 fields, but with a greater emphasis on developing our private sector business, Think & Act business, and ICT business by leveraging our strengths as a think tank.

In addition, in existing core businesses, we are stepping up efforts to identify and channel resources into strategic areas in order to shift personnel and resources to company-wide growth businesses.

Issues for Japan	Company-wide growth businesses: 10 fields
Recovery and reconstruction after the Great East Japan Earthquake	1. Supporting recovery in disaster-affected areas
	2. Strengthening society's ability to respond to disasters
Solving long-term structural issues	3. Promoting the Platinum Society concept
	4. Medium-to-long-term environmental and energy strategy
Restoring corporate competitiveness	5. Supporting overseas business development
	6. Enhancing corporate competitiveness and the industry
	7. New-normal marketing business (Note 1)
Utilizing advanced ICT	8. ICT social infrastructure implementation (Note 2)
	9. Advanced IT solutions
	10. Utilizing information technology infrastructure

Notes: 1. The collapse of Lehman Brothers and the Great East Japan Earthquake have led to the emergence of new values and behavior in society (the new normal). In this business, we help client companies step up their marketing strategies by scientifically analyzing new business opportunities and threats associated with these developments from both a macro and micro economic standpoint.

2. In this business, we support clients to help them develop, design, assess and implement new concepts for social infrastructure that use ICT, such as the introduction of citizen ID numbers, the use of open data, and cyber security.

B. Business process reform

We identify key issues and tackle them across the Company to create structures for sustainable business growth, improve productivity and quality, and reinforce corporate organizations. We use a solid and ongoing approach for projects that seek to improve productivity and quality and reinforce corporate organizations. However, with projects aimed at creating structures for sustainable business growth, we focus on key initiatives that should be completed within one year, such as human resource training plan and personnel system reviews, private sector marketing systems, and internal information systems.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2012	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	10,658	10,185
Notes and accounts receivable–trade	10,893	10,922
Securities	5,200	5,999
Inventories	4,966	5,803
Prepaid expenses	988	1,125
Deferred tax assets	1,692	1,880
Other	153	71
Allowance for doubtful accounts	(11)	(8)
Total current assets	34,541	35,979
Noncurrent assets		
Property and equipment		
Buildings and structures	12,793	14,371
Accumulated depreciation	(6,815)	(7,444)
Buildings and structures, net	5,977	6,926
Machinery, equipment and vehicles	146	145
Accumulated depreciation	(143)	(143)
Machinery, equipment and vehicles, net	2	2
Tools, furniture and fixtures	4,646	5,270
Accumulated depreciation	(3,438)	(3,705)
Tools, furniture and fixtures, net	1,207	1,564
Land	887	720
Lease assets	1,082	1,221
Accumulated depreciation	(245)	(457)
Lease assets, net	836	763
Construction in progress	–	174
Total property and equipment	8,912	10,153
Intangible assets		
Software	1,984	1,988
Goodwill	309	178
Other	879	2,032
Total intangible assets	3,173	4,198
Investments and other assets		
Investment securities	4,469	5,636
Long-term loans receivable	7	5
Lease and guarantee deposits	2,483	2,490
Deferred tax assets	2,333	2,002
Other	173	585
Allowance for doubtful accounts	(6)	(4)
Total investments and other assets	9,461	10,715
Total noncurrent assets	21,546	25,067
Total assets	56,088	61,047

(Millions of yen)

	As of September 30, 2012	As of September 30, 2013
Liabilities		
Current liabilities		
Accounts payable–trade	3,209	3,883
Accounts payable–other	1,198	1,211
Accrued expenses	2,008	1,036
Income taxes payable	1,054	1,668
Accrued consumption taxes	617	628
Advances received	171	200
Provision for bonuses	1,698	3,438
Provision for loss on order received	193	48
Other	1,385	876
Total current liabilities	11,537	12,991
Noncurrent liabilities		
Provision for retirement benefits	7,401	7,432
Other	691	507
Total noncurrent liabilities	8,092	7,940
Total liabilities	19,630	20,931
Net assets		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	19,278	21,704
Treasury stock	(0)	(0)
Total shareholders' equity	30,465	32,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	450	1,131
Foreign currency translation adjustment	–	9
Total accumulated other comprehensive income	450	1,141
Minority interests	5,541	6,082
Total net assets	36,458	40,115
Total liabilities and net assets	56,088	61,047

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

(Millions of yen)

	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013
Net sales	75,365	81,127
Cost of sales	60,943	64,068
Gross profit	14,422	17,059
Selling, general and administrative expenses	11,331	11,688
Operating income	3,091	5,370
Non-operating income		
Interest income	16	6
Dividends income	85	89
Equity in earnings of affiliates	53	63
Dividends income of insurance	11	22
Other	29	27
Total non-operating income	195	209
Non-operating expenses		
Interest expenses	11	11
Loss on investments in partnership	5	2
Other	7	0
Total non-operating expenses	24	13
Ordinary income	3,262	5,566
Extraordinary income		
Gain on sales of noncurrent assets	56	15
Gain on sales of investment securities	–	18
Other	–	0
Total extraordinary income	56	34
Extraordinary loss		
Loss on sales of noncurrent assets	23	0
Loss on retirement of noncurrent assets	37	31
Loss on valuation of investment securities	201	0
Impairment loss	–	31
Office transfer expenses	128	10
Compensation for damage, etc.	50	3
Other	3	3
Total extraordinary losses	444	82
Income before income taxes and minority interests	2,873	5,518
Income taxes–current	1,459	2,329
Income taxes–deferred	190	(129)
Total income taxes	1,649	2,199
Income before minority interests	1,224	3,319
Minority interests in income	83	434
Net income	1,140	2,885

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013
Income before minority interests	1,224	3,319
Other comprehensive income		
Valuation difference on available-for-sale securities	380	814
Foreign currency translation adjustment	–	12
Share of other comprehensive income of associates accounted for using equity method	0	14
Total other comprehensive income	380	841
Comprehensive income	1,604	4,160
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,472	3,576
Comprehensive income attributable to minority interests	132	584

(3) Consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	6,336	6,336
Balance at the end of current period	6,336	6,336
Capital surplus		
Balance at the beginning of current period	4,851	4,851
Balance at the end of current period	4,851	4,851
Retained earnings		
Balance at the beginning of current period	18,630	19,278
Changes of items during the period		
Dividends from surplus	(492)	(492)
Net income	1,140	2,885
Change of scope of equity method	–	33
Total changes of items during the period	647	2,426
Balance at the end of current period	19,278	21,704
Treasury stock		
Balance at the beginning of current period	(0)	(0)
Changes of items during the period		
Purchase of treasury stock	–	(0)
Total changes of items during the period	–	(0)
Balance at the end of current period	(0)	(0)
Total shareholders' equity		
Balance at the beginning of current period	29,817	30,465
Changes of items during the period		
Dividends from surplus	(492)	(492)
Net income	1,140	2,885
Purchase of treasury stock	–	(0)
Change of scope of equity method	–	33
Total changes of items during the period	647	2,425
Balance at the end of current period	30,465	32,891

(Millions of yen)

	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	118	450
Changes of items during the period		
Net changes of items other than shareholders' equity	331	681
Total changes of items during the period	331	681
Balance at the end of current period	450	1,131
Foreign currency translation adjustment		
Balance at the beginning of current period	–	–
Changes of items during the period		
Net changes of items other than shareholders' equity	–	9
Total changes of items during the period	–	9
Balance at the end of current period	–	9
Total accumulated other comprehensive income		
Balance at the beginning of current period	118	450
Changes of items during the period		
Net changes of items other than shareholders' equity	331	690
Total changes of items during the period	331	690
Balance at the end of current period	450	1,141
Minority interests		
Balance at the beginning of current period	5,430	5,541
Changes of items during the period		
Net changes of items other than shareholders' equity	111	541
Total changes of items during the period	111	541
Balance at the end of current period	5,541	6,082
Total net assets		
Balance at the beginning of current period	35,366	36,458
Changes of items during the period		
Dividends from surplus	(492)	(492)
Net income	1,140	2,885
Purchase of treasury stock	–	(0)
Change of scope of equity method	–	33
Net changes of items other than shareholders' equity	443	1,232
Total changes of items during the period	1,091	3,657
Balance at the end of current period	36,458	40,115

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,873	5,518
Depreciation and amortization	2,089	2,169
Impairment loss	–	31
Amortization of goodwill	95	133
Increase (decrease) in provision for bonuses	51	1,740
Increase (decrease) in provision for retirement benefits	460	31
Increase (decrease) in allowance for doubtful accounts	2	(4)
Increase (decrease) in provision for loss on order received	118	(145)
Interest and dividends income	(101)	(96)
Interest expenses	11	11
Equity in (earnings) losses of affiliates	(53)	(63)
Loss (gain) on sales of noncurrent assets	(32)	(15)
Loss on retirement of noncurrent assets	37	31
Loss (gain) on sales of investment securities	–	(18)
Loss (gain) on valuation of investment securities	201	0
Decrease (increase) in notes and accounts receivable–trade	(796)	(21)
Decrease (increase) in inventories	(528)	(832)
Increase (decrease) in notes and accounts payable–trade	(233)	673
Increase (decrease) in accrued consumption taxes	80	68
Increase (decrease) in advances received	44	28
Other, net	541	(2,100)
Subtotal	4,861	7,140
Interest and dividends income received	121	124
Interest expenses paid	(11)	(11)
Income taxes paid	(813)	(1,735)
Net cash provided by (used in) operating activities	4,157	5,518

(Millions of yen)

	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013
Net cash provided by (used in) investing activities		
Purchase of securities	(2,205)	(2,998)
Proceeds from redemption of securities	992	4,205
Purchase of property and equipment	(835)	(2,686)
Proceeds from sales of property and equipment	230	238
Purchase of intangible assets	(1,446)	(1,983)
Payments for asset retirement obligations	(110)	–
Purchase of investment securities	(6)	(12)
Proceeds from sales of investment securities	–	28
Proceeds from redemption of investment securities	9	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(14)
Payments of loans receivable	(4)	(2)
Collection of loans receivable	6	5
Payments for lease and guarantee deposits	(15)	(100)
Proceeds from collection of lease and guarantee deposits	216	98
Other, net	2	5
Net cash provided by (used in) investing activities	(3,165)	(3,216)
Net cash provided by (used in) financing activities		
Repayments of lease obligations	(260)	(241)
Cash dividends paid	(492)	(492)
Cash dividends paid to minority shareholders	(42)	(43)
Other, net	(34)	(10)
Net cash provided by (used in) financing activities	(830)	(787)
Effect of exchange rate change on cash and cash equivalents	–	12
Net increase (decrease) in cash and cash equivalents	161	1,526
Cash and cash equivalents at beginning of period	13,496	13,658
Cash and cash equivalents at end of period	13,658	15,185

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

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 11
   Names of principal companies:
   MRI Business Co., Ltd.
   MRI Research Associates Co., Ltd.
   NU Intellectual Property Financial 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.

   Changes in the fiscal year under review are as follows:
   On May 23, 2013, MRI acquired all shares of NU Intellectual Property Financial Services Co., Ltd. As a consequence, NU Intellectual Property Financial Services Co., Ltd. is included in the scope of consolidation from the third quarter ended June 30, 2013.
   (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: 2
   Name of principal company:
   Minori Solutions Co., Ltd.
   Nippon Care Communications Co., Ltd.
   From the first quarter ended December 31, 2012, Nippon Care Communications Co., Ltd. is included in the scope of equity method companies as a result of an increase in its materiality.

   (2) The affiliates that are not accounted for by the equity method (Eco-assist Co., Ltd. and other 1 affiliate) are 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 they, as a whole, are not material.

   (3) Since the balance sheet dates of the equity method companies 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.

3. Fiscal year-end dates of consolidated subsidiaries
   Since the balance sheet date of DCS Information Technology (Shanghai) Co., Ltd. is December 31, its 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 December 31.
   The balance sheet dates of consolidated subsidiaries other than 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 of significant depreciable assets
A. Property and equipment (except for lease 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 lease 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 (2 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. Lease assets
Lease 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 MRI and certain consolidated subsidiaries.
(Additional information)
In the previous fiscal year, MRI recorded the determined amount of employee bonuses as accrued expenses, but for the fiscal year under review the amount to be paid has not been determined. Consequently, for the fiscal year under review the amount expected to be paid is recorded as provision for bonuses.

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.

D. Provision for retirement benefits
To prepare for payment of retirement benefits to employees, an amount deemed accrued at the end of the fiscal year under review, based on the projected retirement benefit obligation and the fair value of plan assets at the end of the fiscal year under review is provided. Certain consolidated subsidiaries adopt the conventional method to determine a provision for retirement benefits.
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 net retirement benefit obligation at transition and 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.

(4) 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

(5) 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.

(6) 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.

(7) 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 3 months from acquisition which are readily convertible to cash and involve only an insignificant risk in their value.

(8) 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

Change in accounting policy that is difficult to distinguish from change in accounting estimate
Following the revision of the Corporation Tax Act, MRI and its domestic consolidated subsidiaries applied the depreciation method in compliance with the revised Corporation Tax Act to property and equipment acquired on or after October 1, 2012, from the first quarter ended December 31, 2012.
The impact of this change on profit or loss for the fiscal year under review was immaterial.

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

"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
(1) Treatment in the consolidated balance sheets
Amounts of unrecognized actuarial gains and losses, unrecognized prior service cost and unrecognized net retirement benefit obligation at transition are recognized in net assets (accumulated other comprehensive income) after adjusting for tax effects, and the deficit or surplus is recognized as a liability or an asset.
(2) Treatment in the consolidated statements of income and consolidated statements of comprehensive income
Unrecognized actuarial gains and losses and unrecognized prior service cost that occurred in the fiscal year under review and are yet to be recognized in profit or loss are included in other comprehensive income, and amounts of unrecognized actuarial gains and losses, unrecognized prior service cost and unrecognized net retirement benefit obligation at transition that were previously recognized in accumulated other comprehensive income and were then recognized in profit or loss in the fiscal year under review, are treated as reclassification adjustments.
2. Scheduled date for adoption
From the end of the fiscal year beginning on or after April 1, 2013
3. Effects of adoption of new accounting standards and relevant regulations
Effects of the adoption of the new accounting standards and relevant regulations on consolidated financial statements when preparing those statements are currently under assessment.

(8) Changes in presentation

Consolidated statements of income

Dividends income of insurance, included in other under non-operating income in the previous fiscal year, was reported as a separate item under non-operating income from the fiscal year under review, because it now accounts for more than 10% of total non-operating income. To reflect this change to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, 40 million yen presented in other under non-operating income in the consolidated statements of income of the previous fiscal year has been reclassified as 11 million yen in dividends income of insurance and 29 million yen in other under non-operating income.

In addition, rent expenses 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, 7 million yen presented as rent expenses under non-operating expenses in the consolidated statements of income of the previous fiscal year has been reclassified to other under non-operating expenses.

(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, 2012 (from October 1, 2011 to September 30, 2012)

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated statements of income (Note 2)
	Think tank and consulting business	IT solutions business			
Net sales					
Outside customers	21,079	54,286	75,365	–	75,365
Inter-segment sales and transfers	593	1,297	1,890	(1,890)	–
Total	21,673	55,583	77,256	(1,890)	75,365
Segment profit	2,034	1,159	3,194	(103)	3,091
Segment assets	10,328	40,075	50,404	5,684	56,088
Other items					
Depreciation and amortization	250	1,853	2,103	(14)	2,089
Amortization of goodwill	–	95	95	–	95
Investment in equity method affiliates	–	643	643	–	643
Increase in property and equipment, and intangible assets	717	2,290	3,007	(117)	2,890

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

(1) The adjustment of negative 103 million yen on segment profit represents negative 103 million yen in inter-segment transaction eliminations.

(2) The adjustment of 5,684 million yen on segment assets includes corporate assets of 25,503 million yen not allocated to any reportable segment and negative 19,819 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 14 million yen on depreciation and amortization represents negative 14 million yen in inter-segment transaction eliminations.

(4) The adjustment of negative 117 million yen on increase in property and equipment, and intangible assets represents negative 117 million yen in inter-segment transaction eliminations.

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

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 statements of income (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 statements of income.

(10) Per share information

	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013
Net assets per share	1,882.39 yen	2,072.18 yen
Net income per share	69.45 yen	175.67 yen

Notes: 1. Please note that 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, 2012	Fiscal year ended September 30, 2013
Net income (millions of yen)	1,140	2,885
Profit not attributable to common shareholders (millions of yen)	–	–
Net income related to common stock (millions of yen)	1,140	2,885
Average number of outstanding shares of common stock during the fiscal year (thousand shares)	16,423	16,423

(11) Significant subsequent events

Not applicable.

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, 2013	Year-on-year change (%)
Think tank and consulting business	22,072	5.1
IT solutions business	51,925	11.0
Total	73,998	9.2

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, 2013			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	24,424	6.2	18,668	22.2
IT solutions business	60,721	2.3	41,697	1.5
IT consulting and system development	42,477	2.1	24,114	0.6
Outsourcing services	18,244	2.8	17,582	2.9
Total	85,145	3.4	60,365	17.1

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, 2013	Year-on-year change (%)
Think tank and consulting business	21,038	(0.2)
IT solutions business	60,088	10.7
IT consulting and system development	42,345	15.7
Outsourcing services	17,743	0.3
Total	81,127	7.6

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, 2012		Fiscal year ended September 30, 2013	
	Amount	Ratio (%)	Amount	Ratio (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,321	21.7	18,168	22.4
Mitsubishi UFJ NICOS Co., Ltd.	4,730	6.3	10,013	12.3