

[Translation for reference only]

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Translation



July 26, 2013

## Consolidated Financial Results for the Nine Months of the Fiscal Year Ending 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  
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Scheduled date to submit Quarterly Securities Report: August 5, 2013  
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, 2013 (from October 1, 2012 to June 30, 2013)

#### (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, 2013	63,157	10.1	4,817	72.0	5,005	69.5	2,647	129.4
June 30, 2012	57,358	3.2	2,800	20.7	2,952	11.5	1,154	(4.3)

Note: Comprehensive income

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

For the nine months ended June 30, 2012: 1,441 million yen [(6.4)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended		
June 30, 2013	161.18	–
June 30, 2012	70.27	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2013	60,962	39,708	55.3
September 30, 2012	56,088	36,458	55.1

Reference: Equity (Net assets – Minority interests)

As of June 30, 2013: 33,742 million yen

As of September 30, 2012: 30,916 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, 2012	–	15.00	–	15.00	30.00
Fiscal year ending September 30, 2013	–	15.00	–		
Fiscal year ending September 30, 2013 (Forecast)				15.00	30.00

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

**3. Consolidated earnings forecasts for the fiscal year ending September 30, 2013  
(from October 1, 2012 to September 30, 2013)**

(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, 2013	80,800	7.2	5,000	61.7	5,190	59.1	2,630	130.6	160.13

Note: Revisions to the earnings forecasts most recently announced: Yes

**\*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 4 of the attached materials.

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

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: Yes

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

Note: For the details, please refer to “(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections” of “2. Matters regarding summary information (Notes)” on page 4 of the attached materials.

(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, 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 June 30, 2013	150 shares
As of September 30, 2012	87 shares

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

Nine months ended June 30, 2013	16,423,974 shares
Nine months ended June 30, 2012	16,423,993 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) Qualitative information regarding consolidated operating results**

During the nine months under review (from October 1, 2012 to June 30, 2013), conditions in the global economy and the domestic economy picked up overall. Emerging economies as a whole showed signs of improvement, while consumer spending and housing investment were firm in the U.S., supporting a continued moderate recovery.

In the Japanese economy, exports and production picked up, partly due to the upturn in overseas economic conditions, while yen depreciation and equity market gains underpinned an improvement in consumer confidence, supporting firm consumer spending.

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, such as efforts to remove radioactive material, the MRI Group pushed ahead with the creation of future social frameworks, consulting related to new business development and business innovation for private corporations, and the construction of systems for financial institutions.

As a result, during the nine months under review, the MRI Group recorded net sales of 63,157 million yen, up 10.1% year on year, operating income of 4,817 million yen, up 72.0%, ordinary income of 5,005 million yen, up 69.5%, and net income of 2,647 million yen, up 129.4%.

The results by segment are as follows.

**<Think tank and consulting business>**

In the nine months 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 launch of certification systems to promote 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 18,282 million yen, an increase of 4.2% year on year. Operating income totaled 2,268 million yen, up 6.7% year on year, reflecting the increase in sales and an improvement in the profitability of projects.

**<IT solutions business>**

In the nine months 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 44,874 million yen, an increase of 12.7% year on year. This increase in sales, as well as a sharp year-on-year decline in costs related to improving quality, resulted in operating income of 2,626 million yen, a significant improvement of 269.2% over the same period of the previous fiscal year.

**(2) Qualitative information regarding consolidated financial position**

As of the end of the nine months under review, total assets stood at 60,962 million yen, an increase of 4,873 million yen, or 8.7%, compared with the end of the previous fiscal year. Broken down, current assets increased 6.0% to 36,627 million yen, while noncurrent assets increased 12.9% to 24,334 million yen. The rise in current assets reflected a decline of 1,941 million yen in notes and accounts receivable–trade, against increases of 2,366 million yen in cash and deposits and 1,798 million yen in short-term investment securities. The rise in noncurrent assets reflected an increase of 1,102 million yen in buildings and structures, net, due to upgrades to facilities at the Chiba Business Center, and an increase of 1,070 million yen in investment securities accompanying gains in share prices.

Liabilities increased 1,623 million yen, or 8.3%, compared with the end of the previous fiscal year to 21,254 million yen. This increase mainly reflected increases of 472 million yen in accounts payable–trade, 377 million yen in accounts payable–other, and 352 million yen in income taxes payable.

Net assets increased 3,250 million yen, or 8.9%, compared with the end of the previous fiscal year to 39,708 million yen.

**(3) Qualitative information regarding consolidated earnings forecasts**

In the nine months under review, the think tank and consulting business performed favorably and the IT solutions business was strong. These solid performances, together with a decline in costs related to improving quality, supported increases in consolidated sales and profits.

As a result, the MRI Group has revised its consolidated and non-consolidated earnings forecasts for the fiscal year ending September 30, 2013 (announced April 26, 2013). Details are as follows.

Revised figures of the consolidated earnings forecasts for the fiscal year ending September 30, 2013 (from October 1, 2012 to September 30, 2013)

	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
Previous forecast (A)	80,000	4,500	4,660	2,370	144.30
Revised forecast (B)	80,800	5,000	5,190	2,630	160.13
Amount change (B-A)	800	500	530	260	–
Rate change (%)	1.0	11.1	11.4	11.0	–
(Reference) Actual results of the fiscal year ended September 30, 2012	75,365	3,091	3,262	1,140	69.45

Revised figures of the non-consolidated earnings forecasts for the fiscal year ending September 30, 2013 (from October 1, 2012 to September 30, 2013)

	Net sales	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	30,500	2,450	1,587	96.63
Revised forecast (B)	30,500	2,560	1,594	97.05
Amount change (B-A)	–	110	7	–
Rate change (%)	–	4.5	0.4	–
(Reference) Actual results of the fiscal year ended September 30, 2012	28,602	2,087	1,016	61.88

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. 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**

(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 nine months under review was immaterial.

### 3. Consolidated quarterly financial statements

#### (1) Consolidated quarterly balance sheets

(Millions of yen)

	As of September 30, 2012	As of June 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	10,658	13,024
Notes and accounts receivable–trade	10,893	8,952
Short-term investment securities	5,200	6,998
Inventories	4,966	4,647
Deferred tax assets	1,692	1,715
Other	1,142	1,296
Allowance for doubtful accounts	(11)	(6)
Total current assets	34,541	36,627
Noncurrent assets		
Property and equipment		
Buildings and structures, net	5,977	7,079
Machinery, equipment and vehicles, net	2	2
Tools, furniture and fixtures, net	1,207	1,299
Land	887	720
Lease assets, net	836	765
Construction in progress	–	160
Total property and equipment	8,912	10,027
Intangible assets		
Software	1,984	2,054
Other	1,188	1,878
Total intangible assets	3,173	3,933
Investments and other assets		
Other	9,467	10,378
Allowance for doubtful accounts	(6)	(4)
Total investments and other assets	9,461	10,374
Total noncurrent assets	21,546	24,334
Total assets	56,088	60,962



(Millions of yen)

	As of September 30, 2012	As of June 30, 2013
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	3,209	3,682
Accounts payable–other	1,198	1,576
Accrued expenses	2,008	1,016
Income taxes payable	1,054	1,406
Provision for bonuses	1,698	1,779
Provision for loss on order received	193	4
Other	2,174	3,617
Total current liabilities	11,537	13,084
Noncurrent liabilities		
Provision for retirement benefits	7,401	7,628
Other	691	541
Total noncurrent liabilities	8,092	8,169
Total liabilities	19,630	21,254
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	19,278	21,466
Treasury stock	(0)	(0)
Total shareholders' equity	30,465	32,653
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	450	1,081
Foreign currency translation adjustment	–	7
Total accumulated other comprehensive income	450	1,088
Minority interests	5,541	5,966
Total net assets	36,458	39,708
Total liabilities and net assets	56,088	60,962

**(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, 2012	Nine months ended June 30, 2013
Net sales	57,358	63,157
Cost of sales	45,942	49,658
Gross profit	11,415	13,498
Selling, general and administrative expenses	8,614	8,680
Operating income	2,800	4,817
Non-operating income		
Interest income	11	3
Dividends income	79	87
Equity in earnings of affiliates	42	61
Other	35	45
Total non-operating income	169	197
Non-operating expenses		
Interest expenses	9	7
Loss on investments in partnership	1	2
Other	6	0
Total non-operating expenses	17	9
Ordinary income	2,952	5,005
Extraordinary income		
Gain on sales of noncurrent assets	-	15
Gain on sales of investment securities	-	18
Other	-	0
Total extraordinary income	-	34
Extraordinary loss		
Loss on retirement of noncurrent assets	23	8
Loss on valuation of investment securities	194	0
Office transfer expenses	122	10
Other	53	5
Total extraordinary losses	394	26
Income before income taxes and minority interests	2,558	5,013
Income taxes	1,355	2,038
Income before minority interests	1,202	2,974
Minority interests in income	48	327
Net income	1,154	2,647

**Consolidated quarterly statements of comprehensive income**

(Millions of yen)

	Nine months ended June 30, 2012	Nine months ended June 30, 2013
Income before minority interests	1,202	2,974
Other comprehensive income		
Valuation difference on available-for-sale securities	237	754
Foreign currency translation adjustment	–	9
Share of other comprehensive income of associates accounted for using equity method	1	13
Total other comprehensive income	239	777
Comprehensive income	1,441	3,752
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,370	3,285
Comprehensive income attributable to minority interests	71	467

**(3) Segment information, etc.****I Nine months ended June 30, 2012****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	17,548	39,809	57,358	–	57,358
Inter-segment sales and transfers	524	698	1,223	(1,223)	–
Total	18,073	40,508	58,581	(1,223)	57,358
Segment profit	2,127	711	2,838	(37)	2,800

Notes: 1. The adjustment of negative 37 million yen on segment profit includes 7 million yen as inter-segment transaction eliminations, negative 6 million yen as inventory adjustments and negative 38 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, 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.

**(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, 2012	Nine months ended June 30, 2013
Net income per share (yen)	70.27	161.18
(Basis for calculating)		
Net income (millions of yen)	1,154	2,647
Profit not attributable to common shareholders (millions of yen)	–	–
Net income related to common stock (millions of yen)	1,154	2,647
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, 2013			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	17,873	2.8	14,874	12.7
IT solutions business	45,214	0.7	41,404	0.7
IT consulting and system development	31,428	0.1	23,913	(0.3)
Outsourcing services	13,786	2.0	17,490	2.2
Total	63,088	1.2	56,279	3.6

- 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, 2013 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, 2013	Year-on-year change (%)
Think tank and consulting business	18,282	4.2
IT solutions business	44,874	12.7
IT consulting and system development	31,497	19.4
Outsourcing services	13,377	(0.4)
Total	63,157	10.1

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