

[Translation for reference only]

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

Translation



April 26, 2013

Consolidated Financial Results for the Six 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
Inquiries: Kyoko Adachi, Manager, Investor Relations Office
E-mail: ir-info@mri.co.jp

Scheduled date to submit Quarterly Securities Report: May 8, 2013
Scheduled date to commence dividend payments: June 4, 2013
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly 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 six months of the fiscal year ending September 30, 2013 (from October 1, 2012 to March 31, 2013)

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

Six months ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2013	37,898	3.6	2,891	51.6	2,970	51.3	1,550	127.1
March 31, 2012	36,569	3.4	1,906	(4.2)	1,962	(11.8)	682	(31.9)

Note: Comprehensive income

For the six months ended March 31, 2013: 2,523 million yen [140.9%]

For the six months ended March 31, 2012: 1,047 million yen [(22.8)%]

Six months ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2013	94.41	—
March 31, 2012	41.57	—

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
March 31, 2013	63,108	38,760	52.1
September 30, 2012	56,088	36,458	55.1

Reference: Equity (Net assets – Minority interests)

As of March 31, 2013: 32,861 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	80,000	6.1	4,500	45.6	4,660	42.9	2,370	107.8	144.30

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

***Notes**

(1) Changes in significant subsidiaries during the six 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 March 31, 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 March 31, 2013	114 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)

Six months ended March 31, 2013	16,423,980 shares
Six months ended March 31, 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 six months****(1) Qualitative information regarding consolidated operating results**

During the six months under review (from October 1, 2012 to March 31, 2013), conditions in the global economy and the domestic economy improved overall, albeit at a moderate pace. Conditions varied depending on the country, but emerging economies as a whole, including China, showed signs of recovery. In the U.S., consumer spending and housing investment were firm, supporting a moderate upturn in the economy. However, the European economy remained lackluster, with many countries continuing to implement fiscal austerity policies.

The Japanese economy was weak in 2012 due to deterioration in external demand. However, moving into the new year, exports and production picked up as economic conditions improved overseas, and consumer spending gained strength amid a weakening in the yen and gains in equity markets spurred by expectations regarding the economic policies of the new government.

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 six months under review, the MRI Group recorded net sales of 37,898 million yen, up 3.6% year on year, operating income of 2,891 million yen, up 51.6%, ordinary income of 2,970 million yen, up 51.3%, and net income of 1,550 million yen, up 127.1%.

The results by segment are as follows.

<Think tank and consulting business>

In the six 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 radioactive material removal and other projects, and consulting projects related to business efficiency improvements in the financial institutions and overseas expansion for clients in the private sector. However, the segment reported net sales (outside sales) of 7,212 million yen, a decline of 14.3% year on year, due to factors such as an increase in the number of projects for government and public offices that will be booked as sales from April. Operating income totaled 869 million yen, a decline of 13.9% year on year, reflecting the drop in sales.

<IT solutions business>

In the six months under review, core 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 contributed to sales. As a result, the segment reported net sales (outside sales) of 30,686 million yen, an increase of 9.0% 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 2,099 million yen, a significant improvement of 130.5% over the same period of the previous fiscal year.

(2) Qualitative information regarding consolidated financial position**A. Financial position**

As of the end of the six months under review, total assets stood at 63,108 million yen, an increase of 7,020 million yen, or 12.5%, compared with the end of the previous fiscal year. Broken down, current assets increased 14.5% to 39,547 million yen, while noncurrent assets increased 9.4% to 23,561 million yen. The major factors behind the rise in current assets were increases of 5,764 million yen in notes and accounts receivable–trade and 5,422 million yen in inventories both owing to seasonal variation, offsetting a decrease of 5,200 million yen in redemption of short-term investment securities.

Liabilities increased 4,717 million yen, or 24.0%, compared with the end of the previous fiscal year to 24,348 million yen. This increase mainly reflected a rise of 3,800 million yen in accounts payable–trade owing to seasonal variation.

Net assets increased 2,302 million yen, or 6.3%, compared with the end of the previous fiscal year to 38,760 million yen.

B. Cash flow position

As of the end of the six months under review, cash and cash equivalents decreased 4,039 million yen compared with the end of the previous fiscal year to 9,618 million yen. The respective cash flow positions for the six months under review and main factors behind changes are as follows.

Cash used in operating activities was 4,162 million yen, compared with 1,951 million yen used in the same period of the previous fiscal year. The main reasons include increases of 5,764 million yen in notes and accounts receivable–trade, 5,417 million yen in inventories, and 3,800 million yen in notes and accounts payable–trade, all owing to seasonal variation. The cash flow of operating activities tends to be negative in the first six months, because, in the first two quarters, payments, which precede receipts in nature, exceed receipts for the many projects of the MRI Group that are completed during the March to April period.

Cash provided by investing activities was 201 million yen compared with 193 million yen used in the same period of the previous fiscal year.

Cash used in financing activities was 81 million yen, compared with 237 million yen provided in the same period of the previous fiscal year.

(3) Qualitative information regarding consolidated earnings forecasts

In the six months under review, the think tank and consulting business reported lower sales and operating income compared with the same period of the previous fiscal year due to factors such as a deferral in the booking of some projects. However, a strong performance by the IT solutions business and a decline in costs due to improving quality outweighed this shortfall, supporting increases in consolidated sales and profits compared with the same period of the previous fiscal year. As a result, the MRI Group has revised its consolidated and nonconsolidated earnings forecasts for the fiscal year ending September 30, 2013, announced on November 2, 2012, 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)	78,500	4,000	4,100	2,160	131.51
Revised forecast (B)	80,000	4,500	4,660	2,370	144.30
Amount change (B-A)	1,500	500	560	210	–
Rate change (%)	1.9	12.5	13.7	9.7	–
(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)	30,000	2,301	1,474	89.75
Revised forecast (B)	30,500	2,450	1,587	96.63
Amount change (B-A)	500	149	113	–
Rate change (%)	1.7	6.5	7.7	–
(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 six months under review

Not applicable

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

Tax expenses for the six months under review are calculated by multiplying income before income taxes and minority interests for the six months under review by the reasonably estimated effective tax rate after applying tax effect accounting for the fiscal year including the six 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 six 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 March 31, 2013
Assets		
Current assets		
Cash and deposits	10,658	9,618
Notes and accounts receivable–trade	10,893	16,657
Short-term investment securities	5,200	-
Inventories	4,966	10,388
Deferred tax assets	1,692	1,736
Other	1,142	1,168
Allowance for doubtful accounts	(11)	(22)
Total current assets	34,541	39,547
Noncurrent assets		
Property and equipment		
Buildings and structures, net	5,977	5,625
Machinery, equipment and vehicles, net	2	2
Tools, furniture and fixtures, net	1,207	1,253
Land	887	720
Lease assets, net	836	758
Construction in progress	-	1,095
Total property and equipment	8,912	9,456
Intangible assets		
Software	1,984	2,079
Other	1,188	1,598
Total intangible assets	3,173	3,678
Investments and other assets		
Other	9,467	10,432
Allowance for doubtful accounts	(6)	(5)
Total investments and other assets	9,461	10,427
Total noncurrent assets	21,546	23,561
Total assets	56,088	63,108

(Millions of yen)

	As of September 30, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Accounts payable–trade	3,209	7,010
Short-term loans payable	-	300
Accounts payable–other	1,198	1,424
Accrued expenses	2,008	2,000
Income taxes payable	1,054	1,324
Provision for bonuses	1,698	1,931
Provision for loss on order received	193	138
Other	2,174	2,142
Total current liabilities	11,537	16,272
Noncurrent liabilities		
Provision for retirement benefits	7,401	7,552
Other	691	522
Total noncurrent liabilities	8,092	8,075
Total liabilities	19,630	24,348
Net assets		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	19,278	20,616
Treasury stock	(0)	(0)
Total shareholders' equity	30,465	31,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	450	1,055
Foreign currency translation adjustment	-	2
Total accumulated other comprehensive income	450	1,058
Minority interests	5,541	5,899
Total net assets	36,458	38,760
Total liabilities and net assets	56,088	63,108

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

(Millions of yen)

	Six months ended March 31, 2012	Six months ended March 31, 2013
Net sales	36,569	37,898
Cost of sales	28,882	29,274
Gross profit	7,686	8,623
Selling, general and administrative expenses	5,780	5,732
Operating income	1,906	2,891
Non-operating income		
Interest income	9	2
Dividends income	14	22
Equity in earnings of affiliates	25	39
Other	18	21
Total non-operating income	68	86
Non-operating expenses		
Interest expenses	6	5
Loss on investments in partnership	1	2
Rent expenses	4	-
Other	0	0
Total non-operating expenses	12	7
Ordinary income	1,962	2,970
Extraordinary income		
Gain on sales of noncurrent assets	-	15
Gain on sales of investment securities	-	14
Other	-	0
Total extraordinary income	-	30
Extraordinary loss		
Loss on retirement of noncurrent assets	21	6
Loss on valuation of investment securities	62	-
Office transfer expenses	111	-
Compensation for damage, etc.	46	3
Other	1	1
Total extraordinary losses	243	11
Income before income taxes and minority interests	1,718	2,989
Income taxes	968	1,193
Income before minority interests	750	1,795
Minority interests in income	67	244
Net income	682	1,550

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Six months ended March 31, 2012	Six months ended March 31, 2013
Income before minority interests	750	1,795
Other comprehensive income		
Valuation difference on available-for-sale securities	299	720
Foreign currency translation adjustment	-	2
Share of other comprehensive income of associates accounted for using equity method	(2)	4
Total other comprehensive income	297	727
Comprehensive income	1,047	2,523
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	943	2,157
Comprehensive income attributable to minority interests	103	365

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Six months ended March 31, 2012	Six months ended March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,718	2,989
Depreciation and amortization	996	1,046
Amortization of goodwill	46	46
Increase (decrease) in provision for bonuses	111	233
Increase (decrease) in provision for retirement benefits	225	151
Increase (decrease) in allowance for doubtful accounts	19	9
Increase (decrease) in provision for loss on order received	(52)	(54)
Interest and dividends income	(24)	(24)
Interest expenses	6	5
Equity in (earnings) losses of affiliates	(25)	(39)
Loss (gain) on sales of noncurrent assets	-	(15)
Loss on retirement of noncurrent assets	21	6
Loss (gain) on sales of investment securities	-	(14)
Loss (gain) on valuation of investment securities	62	-
Decrease (increase) in notes and accounts receivable-trade	(5,603)	(5,764)
Decrease (increase) in inventories	(3,670)	(5,417)
Increase (decrease) in notes and accounts payable-trade	3,260	3,800
Other, net	1,290	(166)
Subtotal	(1,617)	(3,208)
Interest and dividends income received	33	38
Interest expenses paid	(6)	(5)
Income taxes paid	(361)	(986)
Net cash provided by (used in) operating activities	(1,951)	(4,162)
Net cash provided by (used in) investing activities		
Proceeds from redemption of securities	992	2,205
Purchase of property and equipment	(521)	(1,337)
Proceeds from sales of property and equipment	1	238
Purchase of intangible assets	(671)	(925)
Purchase of investment securities	(1)	(3)
Proceeds from sales of investment securities	-	19
Payments of loans receivable	(2)	(0)
Collection of loans receivable	3	2
Payments for lease and guarantee deposits	(8)	(10)
Proceeds from collection of lease and guarantee deposits	16	6
Other, net	(1)	6
Net cash provided by (used in) investing activities	(193)	201

(Millions of yen)

	Six months ended March 31, 2012	Six months ended March 31, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	700	300
Repayments of lease obligations	(159)	(122)
Cash dividends paid	(246)	(246)
Cash dividends paid to minority shareholders	(26)	(7)
Other, net	(29)	(5)
Net cash provided by (used in) financing activities	237	(81)
Effect of exchange rate change on cash and cash equivalents	-	2
Net increase (decrease) in cash and cash equivalents	(1,907)	(4,039)
Cash and cash equivalents at beginning of period	13,496	13,658
Cash and cash equivalents at end of period	11,589	9,618

(4) Segment information, etc.**I Six months ended March 31, 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	8,419	28,150	36,569	–	36,569
Inter-segment sales and transfers	462	277	740	(740)	–
Total	8,882	28,428	37,310	(740)	36,569
Segment profit	1,009	910	1,920	(13)	1,906

Notes: 1. The adjustment of negative 13 million yen on segment profit includes 6 million yen as inter-segment transaction eliminations, negative 6 million yen as inventory adjustments and negative 13 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 six months under review.

II Six months ended March 31, 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	7,212	30,686	37,898	–	37,898
Inter-segment sales and transfers	226	1,014	1,241	(1,241)	–
Total	7,438	31,701	39,139	(1,241)	37,898
Segment profit	869	2,099	2,968	(77)	2,891

Notes: 1. The adjustment of negative 77 million yen on segment profit includes negative 23 million yen as inter-segment transaction eliminations, negative 20 million yen as inventory adjustments and negative 33 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 six months under review.

(5) Per share information

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

	Six months ended March 31, 2012	Six months ended March 31, 2013
Net income per share (yen)	41.57	94.41
(Basis for calculating)		
Net income (millions of yen)	682	1,550
Profit not attributable to common shareholders (millions of yen)	–	–
Net income related to common stock (millions of yen)	682	1,550
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	Six months ended March 31, 2013			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	9,416	(15.4)	17,486	8.9
IT solutions business	30,243	3.9	40,621	9.9
IT consulting and system development	21,285	5.5	23,614	16.6
Outsourcing services	8,958	0.2	17,007	1.8
Total	39,659	(1.4)	58,108	9.6

- 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 March 31, 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	Six months ended March 31, 2013	Year-on-year change (%)
Think tank and consulting business	7,212	(14.3)
IT solutions business	30,686	9.0
IT consulting and system development	21,653	14.7
Outsourcing services	9,032	(2.5)
Total	37,898	3.6

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