

[Translation for reference only]

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Translation



February 1, 2013

## Consolidated Financial Results for the Three 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: February 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 three months of the fiscal year ending September 30, 2013 (from October 1, 2012 to December 31, 2012)

#### (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	%
Three months ended								
December 31, 2012	13,653	6.5	(317)	–	(272)	–	(310)	–
December 31, 2011	12,821	8.0	(823)	–	(788)	–	(681)	–

Note: Comprehensive income

For the three months ended December 31, 2012: 91 million yen [–%]

For the three months ended December 31, 2011: (702) million yen [–%]

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
December 31, 2012	(18.91)	–
December 31, 2011	(41.49)	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2012	54,753	36,328	56.0
September 30, 2012	56,088	36,458	55.1

Reference: Equity (Net assets – Minority interests)

As of December 31, 2012: 30,662 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	–				
Fiscal year ending September 30, 2013 (Forecast)		15.00	–	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
Six months ending March 31, 2013	37,550	2.7	2,390	25.3	2,410	22.8	1,250	83.1	76.11
Fiscal year ending September 30, 2013	78,500	4.2	4,000	29.4	4,100	25.7	2,160	89.4	131.51

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

**\*Notes**

(1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

Note: For the details, please refer to “(2) Application of special accounting in preparing consolidated quarterly financial statements” of “2. Matters regarding summary information (Notes)” on page 3 of the attached materials.

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

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 3 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 December 31, 2012	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 December 31, 2012	100 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)

Three months ended December 31, 2012	16,423,983 shares
Three months ended December 31, 2011	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 three months****(1) Qualitative information regarding consolidated operating results**

During the three months under review (from October 1, 2012 to December 31, 2012), conditions in the global economy showed signs of bottoming out after a sustained period of deterioration. Market concerns about the European economy receded sharply amid progress in creating a financial stability mechanism for the region. The U.S. economy continued to recover at a moderate pace, despite some political disruption surrounding the management of national finances. Emerging market economies also appear to have bottomed out, with China showing renewed growth in consumer spending and investment and a recovery in exports, which had weighed on the economy. Meanwhile, the Japanese economy was weak, due to a large impact from a downturn in sales of automobiles following the end of eco-car subsidies and a contraction in exports caused by deteriorating Japan-China relations. However, in addition to the bottoming out in the global economy, there were some bright signs for the domestic economy in the second half of the period under review, such as a correction to the strong yen on expectations of economic policies from the new government and a rise in share prices.

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 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 focused on contributing to the creation of future social frameworks and on areas related to new business development and business innovation for private corporations.

As a result, during the three months under review, the MRI Group recorded net sales of 13,653 million yen, up 6.5% year on year, an operating loss of 317 million yen (compared with an operating loss of 823 million yen in the same period of the previous fiscal year), an ordinary loss of 272 million yen (compared with an ordinary loss of 788 million yen in the same period of the previous fiscal year), and a net loss of 310 million yen (compared with a net loss of 681 million yen in the same period of the previous fiscal year).

The MRI Group, particularly its think tank and consulting business, tends to book a large proportion of sales in the March to April period, as the fiscal year of major clients such as government and public offices and corporations ends in March and begins in April. Consequently, operating results for the first quarter of the MRI Group’s fiscal year tend to be substantially lower than in the other quarters.

The results by segment are as follows.

**<Think tank and consulting business>**

In the three months under review, projects that contributed to sales included overseas energy-related research and consulting projects for government and public offices and consulting projects related to new business development, business innovation and overseas expansion for clients in the private sector. As a result, the segment reported net sales (outside sales) of 1,115 million yen, an increase of 33.9% year on year. The segment operating loss improved to 565 million yen (compared with an operating loss of 729 million yen in the same period of the previous fiscal year), reflecting the growth in sales, as well as an improvement in capacity utilization rates and the benefits of cost reduction.

**<IT solutions business>**

In the three months under review, core system and risk-related system projects for financial institutions, credit card new application assessment system projects, production management system projects for the manufacturing sector, and business support system projects for government and public offices contributed to sales. As a result, the segment reported net sales (outside sales) of

12,538 million yen, an increase of 4.6% year on year. This increase in sales, as well as a decline in costs related to improving quality, resulted in a sharp improvement in operating income to 386 million yen (compared with an operating loss of 98 million yen in the same period of the previous fiscal year).

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

As of the end of the three months under review, total assets stood at 54,753 million yen, a decrease of 1,335 million yen, or 2.4%, compared with the end of the previous fiscal year. Broken down, current assets decreased 7.8% to 31,841 million yen, while noncurrent assets increased 6.3% to 22,911 million yen. The major factors behind the decrease in current assets were decreases of 2,380 million yen in notes and accounts receivable–trade and 3,200 million yen in redemption of short-term investment securities offsetting an increase of 4,128 million yen in inventories owing to seasonal variation.

Liabilities decreased 1,205 million yen, or 6.1%, compared with the end of the previous fiscal year to 18,424 million yen, due to a decrease in income taxes payable.

Net assets decreased 129 million yen, or 0.4%, compared with the end of the previous fiscal year to 36,328 million yen, mainly due to the recording of a net loss.

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

There is no change to the consolidated earnings forecasts announced on November 2, 2012.

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

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

Not applicable

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

Tax expenses for the three months under review are calculated by multiplying income before income taxes and minority interests for the three months under review by the reasonably estimated effective tax rate after applying tax effect accounting for the fiscal year including the three 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 three 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 December 31, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	10,658	9,004
Notes and accounts receivable–trade	10,893	8,513
Short-term investment securities	5,200	1,999
Inventories	4,966	9,095
Deferred tax assets	1,692	1,970
Other	1,142	1,263
Allowance for doubtful accounts	(11)	(5)
Total current assets	34,541	31,841
Noncurrent assets		
Property and equipment		
Buildings and structures, net	5,977	5,761
Machinery, equipment and vehicles, net	2	2
Tools, furniture and fixtures, net	1,207	1,214
Land	887	720
Lease assets, net	836	797
Construction in progress	–	1,046
Total property and equipment	8,912	9,543
Intangible assets		
Software	1,984	2,012
Other	1,188	1,379
Total intangible assets	3,173	3,392
Investments and other assets		
Other	9,467	9,983
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	9,461	9,975
Total noncurrent assets	21,546	22,911
Total assets	56,088	54,753

(Millions of yen)

	As of September 30, 2012	As of December 31, 2012
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	3,209	3,755
Accounts payable–other	1,198	1,544
Accrued expenses	2,008	1,404
Income taxes payable	1,054	300
Provision for bonuses	1,698	937
Provision for loss on order received	193	223
Other	2,174	2,218
Total current liabilities	11,537	10,384
Noncurrent liabilities		
Provision for retirement benefits	7,401	7,469
Other	691	570
Total noncurrent liabilities	8,092	8,040
Total liabilities	19,630	18,424
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	19,278	18,754
Treasury stock	(0)	(0)
Total shareholders' equity	30,465	29,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	450	720
Total accumulated other comprehensive income	450	720
Minority interests	5,541	5,665
Total net assets	36,458	36,328
Total liabilities and net assets	56,088	54,753



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

(Millions of yen)

	Three months ended December 31, 2011	Three months ended December 31, 2012
Net sales	12,821	13,653
Cost of sales	10,767	11,110
Gross profit	2,053	2,543
Selling, general and administrative expenses	2,876	2,861
Operating loss	(823)	(317)
Non-operating income		
Interest income	5	1
Dividends income	11	18
Equity in earnings of affiliates	14	17
Other	8	10
Total non-operating income	40	47
Non-operating expenses		
Interest expenses	2	2
Rent expenses	2	-
Other	0	0
Total non-operating expenses	5	2
Ordinary loss	(788)	(272)
Extraordinary income		
Gain on sales of noncurrent assets	-	15
Total extraordinary income	-	15
Extraordinary loss		
Loss on retirement of noncurrent assets	9	5
Loss on valuation of investment securities	126	-
Office transfer expenses	67	-
Other	42	1
Total extraordinary losses	245	7
Loss before income taxes and minority interests	(1,034)	(263)
Income taxes	(350)	(19)
Loss before minority interests	(683)	(244)
Minority interests in income (loss)	(2)	66
Net loss	(681)	(310)

**Consolidated quarterly statements of comprehensive income**

(Millions of yen)

	Three months ended December 31, 2011	Three months ended December 31, 2012
Loss before minority interests	(683)	(244)
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	335
Share of other comprehensive income of associates accounted for using equity method	(1)	0
Total other comprehensive income	(18)	335
Comprehensive income	(702)	91
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(679)	(40)
Comprehensive income attributable to minority interests	(22)	132

**(3) Segment information, etc.****I Three months ended December 31, 2011****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	832	11,988	12,821	–	12,821
Inter-segment sales and transfers	212	95	308	(308)	–
Total	1,045	12,083	13,129	(308)	12,821
Segment loss	(729)	(98)	(828)	5	(823)

Notes: 1. The adjustment of 5 million yen on segment loss includes 3 million yen as inter-segment transaction eliminations, negative 1 million yen as inventory adjustments and 3 million yen as noncurrent asset adjustments.

2. Segment loss is adjusted with operating loss 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 three months under review.

**II Three months ended December 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	1,115	12,538	13,653	–	13,653
Inter-segment sales and transfers	103	593	697	(697)	–
Total	1,218	13,132	14,351	(697)	13,653
Segment profit (loss)	(565)	386	(178)	(138)	(317)

Notes: 1. The adjustment of negative 138 million yen on segment profit (loss) includes negative 92 million yen as inter-segment transaction eliminations, negative 13 million yen as inventory adjustments and negative 32 million yen as noncurrent asset adjustments.

2. Segment profit (loss) is adjusted with operating loss 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 three months under review.

**(4) Per share information**

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

	Three months ended December 31, 2011	Three months ended December 31, 2012
Net loss per share (yen)	(41.49)	(18.91)
(Basis for calculating)		
Net loss (millions of yen)	(681)	(310)
Profit not attributable to common shareholders (millions of yen)	–	–
Net loss related to common stock (millions of yen)	(681)	(310)
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 a net loss per share was recorded and 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	Three months ended December 31, 2012			
	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	3,678	(14.6)	17,846	6.0
IT solutions business	15,258	0.3	43,784	11.6
IT consulting and system development	10,644	(0.8)	26,500	20.0
Outsourcing services	4,614	2.9	17,283	0.9
Total	18,936	(3.0)	61,630	9.9

- 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 December 31, 2012 is recorded in the balance of orders received.

#### (2) Sales performance

Sales performance by segment is as shown below.

(Millions of yen)

Segment name	Three months ended December 31, 2012	Year-on-year change (%)
Think tank and consulting business	1,115	33.9
IT solutions business	12,538	4.6
IT consulting and system development	8,126	6.8
Outsourcing services	4,412	0.7
Total	13,653	6.5

- Notes:
1. Inter-segment transactions have been eliminated.
  2. The MRI Group, particularly its think tank and consulting business, completes only a small number of projects during the first quarter as the fiscal year of major clients such as government and public offices and corporations ends in March and begins in April. Consequently, sales results for the first quarter of the MRI Group's fiscal year tend to be substantially lower than in the other quarters.
  3. Consumption taxes are not included in the above amounts.