

[Translation for reference only]

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Translation



July 30, 2012

## Consolidated Financial Results for the Nine Months of the Fiscal Year Ending September 30, 2012 <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 6, 2012  
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, 2012 (from October 1, 2011 to June 30, 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	%
Nine months ended								
June 30, 2012	57,358	3.2	2,800	20.7	2,952	11.5	1,154	(4.3)
June 30, 2011	55,560	(3.7)	2,320	(51.9)	2,648	(46.8)	1,206	(52.4)

Note: Comprehensive income

For the nine months ended June 30, 2012: 1,441 million yen [(6.4)%]  
For the nine months ended June 30, 2011: 1,540 million yen [–%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
June 30, 2012	70.27	–
June 30, 2011	73.43	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2012	56,633	36,295	54.4
September 30, 2011	53,185	35,366	56.3

Reference: Equity (Net assets – Minority interests)

As of June 30, 2012: 30,814 million yen  
As of September 30, 2011: 29,936 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, 2011	–	15.00	–	15.00	30.00
Fiscal year ending September 30, 2012	–	15.00	–		
Fiscal year ending September 30, 2012 (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, 2012  
(from October 1, 2011 to September 30, 2012)**

(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, 2012	75,500	4.1	3,570	40.7	3,690	27.0	1,371	9.2	83.48

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

**\*Notes**

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

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

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

As of June 30, 2012	16,424,080 shares
As of September 30, 2011	16,424,080 shares

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

As of June 30, 2012	87 shares
As of September 30, 2011	87 shares

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

Nine months ended June 30, 2012	16,423,993 shares
Nine months ended June 30, 2011	16,424,013 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. 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.

**(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, 2011 to June 30, 2012), the Japanese economy continued to show signs of recovery, reflecting full-scale demand for reconstruction from the Great East Japan Earthquake and firm personal consumption. The pace of recovery, however, remained slow due to changes in overseas situations and the resultant appreciation of the yen. There is now even greater uncertainty about the global economy because, although there was a brief lull in the European sovereign debt crisis around the start of 2012, the problem has been flaring up again since May, and there is a stronger sense of slowdown in the Chinese economy, which has acted as a propelling force of the global economy up until now.

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 and continued to develop services 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 and to promote cooperation among agriculture, commerce and industry centering on plant factories, we focused our resources on fields involved in the creation of future social frameworks, including assistance in the formulation of perspectives, regulatory reforms, and policies for medium-term projects related to the environment, energy, information-communication and medical nursing care.

As a result, during the nine months under review, the MRI Group recorded net sales of 57,358 million yen, up 3.2% year on year, operating income of 2,800 million yen, up 20.7%, and ordinary income of 2,952 million yen, up 11.5%. Net income totaled 1,154 million yen, down 4.3%, reflecting an increase in income taxes due to a change in the corporation tax rates following tax code revisions.

The results by segment are as follows.

**<Think tank and consulting business>**

In the nine months under review, the segment reported net sales (outside sales) of 17,548 million yen, up 4.3% year on year, owing to contributions from the abovementioned earthquake recovery-related projects, resource recycling and overseas energy-related research and consulting projects for government and public offices, and support for the formulation of regulatory reforms and industry creation in the medical nursing care field, as well as consulting projects related to medium-term marketing strategy and new business development for private sector customers. Operating income significantly improved 208.3% year on year to 2,127 million yen, reflecting this growth in sales, as well as the benefits of cost reduction and improvement in capacity utilization rates due to strong orders.

**<IT solutions business>**

In the nine months under review, the segment reported net sales (outside sales) of 39,809 million yen, up 2.8% year on year, owing to firm sales generated by projects for the assistance of system update and migration for government and public offices, projects for the construction of core systems and risk-related systems for financial institutions, and revenue management systems for the transportation sector (revenue optimization systems based on demand prediction). However, operating income declined 55.7% year on year to 711 million yen, reflecting temporary costs related to the integration of business sites in the BPO (Business Process Outsourcing) business, and additional costs to deal with unprofitable projects continuously handled from 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 56,633 million yen, an increase of 3,447 million yen, or 6.5%, compared with the end of the previous fiscal year. Broken down, current assets increased 10.0% to 35,091 million yen, while noncurrent assets increased 1.2% to 21,541 million yen. The major factors behind the rise in current assets were increases of 2,748 million yen in cash and deposits and 2,208 million yen in short-term investment securities, respectively, offsetting a decrease of 2,568 million yen in notes and accounts receivable–trade.

Liabilities increased 2,518 million yen, or 14.1%, compared with the end of the previous fiscal year to 20,337 million yen. This increase mainly reflected rises of 600 million yen in income taxes payable and 364 million yen in provision for retirement benefits.

Net assets increased 929 million yen, or 2.6%, compared with the end of the previous fiscal year to 36,295 million yen.

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

There is no change to the consolidated earnings forecasts for the full-year announced on February 3, 2012.

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

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

Our consolidated subsidiary DCS Business Partners Co., Ltd. is no longer included in the scope of consolidation because it was dissolved on December 31, 2011 through an absorption-type merger with our consolidated subsidiary Mitsubishi Research Institute DCS Co., Ltd., which became the surviving company.

Also, our consolidated subsidiary MRI Staff Service, Inc. is no longer included in the scope of consolidation because it was dissolved on April 1, 2012 through an absorption-type merger with our consolidated subsidiary MD BusinessPartner Co., Ltd. (name of former DC Operations Co., Ltd. after name change on December 26, 2011), which became the surviving company.

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

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

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

Not applicable

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

(Adoption of “Accounting Standard for Accounting Changes and Error Corrections” and its guidance)

MRI has adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) to accounting changes and corrections of prior period errors that were made on or after October 1, 2011.

(Effect of change in corporation tax rates)

The “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction from the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011, therefore corporation tax rates will be reduced, and the special reconstruction corporation tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will be imposed for the fiscal years beginning on or after April 1, 2012. As a result of this change in the tax rate, income taxes payable and income taxes both increased by 259 million yen for the nine months under review.

### 3. Consolidated quarterly financial statements

#### (1) Consolidated quarterly balance sheets

(Millions of yen)

	As of September 30, 2011	As of June 30, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	8,996	11,744
Notes and accounts receivable–trade	10,096	7,527
Short-term investment securities	5,494	7,702
Inventories	4,438	4,986
Deferred tax assets	1,751	1,762
Other	1,122	1,374
Allowance for doubtful accounts	(10)	(6)
Total current assets	31,890	35,091
Noncurrent assets		
Property and equipment		
Buildings and structures, net	6,342	6,188
Machinery, equipment and vehicles, net	16	5
Tools, furniture and fixtures, net	1,120	1,085
Land	1,035	1,035
Lease assets, net	497	786
Construction in progress	109	5
Total property and equipment	9,122	9,106
Intangible assets		
Software	1,585	1,776
Other	920	1,130
Total intangible assets	2,506	2,906
Investments and other assets		
Other	9,671	9,535
Allowance for doubtful accounts	(4)	(6)
Total investments and other assets	9,667	9,528
Total noncurrent assets	21,295	21,541
Total assets	53,185	56,633

(Millions of yen)

	As of September 30, 2011	As of June 30, 2012
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	3,443	3,692
Accounts payable–other	863	1,158
Accrued expenses	2,083	1,032
Income taxes payable	408	1,008
Provision for bonuses	1,646	1,664
Provision for loss on order received	74	117
Other	1,736	3,692
Total current liabilities	10,256	12,365
Noncurrent liabilities		
Provision for retirement benefits	6,940	7,305
Other	622	666
Total noncurrent liabilities	7,562	7,971
Total liabilities	17,819	20,337
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	18,630	19,291
Treasury stock	(0)	(0)
Total shareholders' equity	29,817	30,479
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	118	335
Total accumulated other comprehensive income	118	335
Minority interests	5,430	5,481
Total net assets	35,366	36,295
Total liabilities and net assets	53,185	56,633



**(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, 2011	Nine months ended June 30, 2012
Net sales	55,560	57,358
Cost of sales	44,648	45,942
Gross profit	10,911	11,415
Selling, general and administrative expenses	8,591	8,614
Operating income	2,320	2,800
Non-operating income		
Interest income	3	11
Dividends income	70	79
Equity in earnings of affiliates	226	42
Other	46	35
Total non-operating income	346	169
Non-operating expenses		
Interest expenses	5	9
Rent expenses	7	6
Other	5	1
Total non-operating expenses	17	17
Ordinary income	2,648	2,952
Extraordinary income		
Gain on change in equity	25	-
Other	6	-
Total extraordinary income	32	-
Extraordinary loss		
Non-recurring depreciation on noncurrent assets	213	-
Loss on retirement of noncurrent assets	46	23
Loss on valuation of investment securities	122	194
Office transfer expenses	-	122
Loss on adjustment for changes of accounting standard for asset retirement obligations	100	-
Other	25	53
Total extraordinary losses	507	394
Income before income taxes and minority interests	2,172	2,558
Income taxes	813	1,355
Income before minority interests	1,358	1,202
Minority interests in income	152	48
Net income	1,206	1,154

**Consolidated quarterly statements of comprehensive income**

(Millions of yen)

	Nine months ended June 30, 2011	Nine months ended June 30, 2012
Income before minority interests	1,358	1,202
Other comprehensive income		
Valuation difference on available-for-sale securities	177	237
Share of other comprehensive income of associates accounted for using equity method	4	1
Total other comprehensive income	181	239
Comprehensive income	1,540	1,441
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,355	1,370
Comprehensive income attributable to minority interests	185	71

**(3) Segment information, etc.****I Nine months ended June 30, 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	16,819	38,740	55,560	–	55,560
Inter-segment sales and transfers	595	312	908	(908)	–
Total	17,415	39,052	56,468	(908)	55,560
Segment profit	689	1,607	2,297	23	2,320

Notes: 1. The adjustment of 23 million yen on segment profit includes 7 million yen as inter-segment transaction eliminations, 2 million yen as inventory adjustments and 12 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, 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.

**(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, 2011	Nine months ended June 30, 2012
Net income per share (yen)	73.43	70.27
(Basis for calculating)		
Net income (millions of yen)	1,206	1,154
Profit not attributable to common shareholders (millions of yen)	–	–
Net income related to common stock (millions of yen)	1,206	1,154
Average number of outstanding shares of common stock during the period (thousand shares)	16,424	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.

Nine months ended June 30, 2012

(Millions of yen)

Segment name	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	17,389	15.8	13,201	16.8
IT solutions business	44,921	11.3	41,109	8.0
IT consulting and system development	31,404	17.1	23,992	13.5
Outsourcing services	13,516	(0.1)	17,117	1.2
Total	62,310	12.6	54,310	10.0

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

#### (2) Sales performance

Sales performance by segment is as shown below.

Nine months ended June 30, 2012

(Millions of yen)

Segment name	Nine months ended June 30, 2012	Year-on-year change (%)
Think tank and consulting business	17,548	4.3
IT solutions business	39,809	2.8
IT consulting and system development	26,380	2.5
Outsourcing services	13,428	3.3
Total	57,358	3.2

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