

[Translation for reference only]

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Translation



April 27, 2012

## Consolidated Financial Results for the Six 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: May 11, 2012  
Scheduled date to commence dividend payments: June 5, 2012  
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, 2012 (from October 1, 2011 to March 31, 2012)

#### (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, 2012	36,569	3.4	1,906	(4.2)	1,962	(11.8)	682	(31.9)
March 31, 2011	35,360	(2.2)	1,990	(38.2)	2,225	(32.2)	1,001	(40.3)

Note: Comprehensive income

For the six months ended March 31, 2012: 1,047 million yen [(22.8)%]  
For the six months ended March 31, 2011: 1,355 million yen [-%]

Six months ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2012	41.57	—
March 31, 2011	61.01	—

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
March 31, 2012	61,270	36,134	50.0
September 30, 2011	53,185	35,366	56.3

Reference: Equity (Net assets – Minority interests)

As of March 31, 2012: 30,633 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

**4. Others**

(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 (Others)” 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: None

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

c. Changes in accounting estimates: None

d. 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 March 31, 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 March 31, 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)

Six months ended March 31, 2012	16,423,993 shares
Six months ended March 31, 2011	16,424,023 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 six months****(1) Qualitative information regarding consolidated operating results**

During the six months under review (from October 1, 2011 to March 31, 2012), the Japanese economy generally remained sluggish despite the spread of various recovery initiatives after the Great East Japan Earthquake. In the second half of the period under review, share prices recovered from recent lows as excessive pessimism about the economic outlook receded. This reflected an easing in supply-chain disruption caused by the flooding in Thailand, a lull in the European sovereign debt crisis, and a correction to the strong yen.

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, we focused our resources on fields involved in the creation of future social frameworks, including assistance in the formulation of perspectives and policies for medium-term projects related to the environment, energy, and information-communication.

As a result, during the six months under review, the MRI Group recorded net sales of 36,569 million yen, up 3.4% year on year, operating income of 1,906 million yen, down 4.2%, and ordinary income of 1,962 million yen, down 11.8%. Net income totaled 682 million yen, down 31.9%, 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.

## &lt;Think tank and consulting business&gt;

In the six months under review, the segment reported net sales (outside sales) of 8,419 million yen, up 2.3% 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 consulting projects related to medium-term marketing strategy and new business development for private sector customers. Operating income significantly improved 255.2% year on year to 1,009 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.

## &lt;IT solutions business&gt;

In the six months under review, the segment reported net sales (outside sales) of 28,150 million yen, up 3.7% 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, projects to provide SWIFT (Society for Worldwide Interbank Financial Telecommunication) connection services for regional financial institutions, and projects for management systems for the manufacturing sector. However, operating income declined 46.1% year on year to 910 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****A. Financial position**

As of the end of the six months under review, total assets stood at 61,270 million yen, an increase of 8,084 million yen, or 15.2%, compared with the end of the previous fiscal year. Broken down, current assets increased 23.8% to 39,477 million yen, while noncurrent assets increased 2.3% to 21,793 million yen. The major factors behind the rise in current assets were increases of 5,603 million yen in notes and accounts receivable-trade and 3,670 million yen in inventories both owing

to seasonal variation, offsetting a decrease of 4,488 million yen in redemption of short-term investment securities.

Liabilities increased 7,316 million yen, or 41.1%, compared with the end of the previous fiscal year to 25,135 million yen. This increase mainly reflected a rise of 3,260 million yen in accounts payable–trade owing to seasonal variation.

Net assets increased 767 million yen, or 2.2%, compared with the end of the previous fiscal year to 36,134 million yen.

#### B. Cash flow position

As of the end of the six months under review, cash and cash equivalents decreased 1,907 million yen compared with the end of the previous fiscal year to 11,589 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 1,951 million yen, compared with 3,858 million yen used in the same period of the previous fiscal year. The main reasons include increases of 5,603 million yen in notes and accounts receivable–trade, 3,670 million yen in inventories, and 3,260 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 used in investing activities was 193 million yen compared with 1,533 million yen provided in the same period of the previous fiscal year.

Cash provided by financing activities was 237 million yen, compared with 1,033 million yen provided in the same period of the previous fiscal year.

### (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.

The non-consolidated earnings forecasts for the full-year, announced on February 3, 2012, have been revised as follows.

Revised figures of the non-consolidated earnings forecasts for the fiscal year ending September 30, 2012 (from October 1, 2011 to September 30, 2012)

	Net sales	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	28,000	1,828	929	56.56
Revised forecast (B)	28,850	2,120	1,080	65.76
Amount change (B-A)	850	292	151	–
Rate change (%)	3.0	16.0	16.3	–
(Reference) Actual results of the fiscal year ended September 30, 2011	28,012	1,247	820	49.97

Forward-looking statements including earnings forecasts 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 for net sales and earnings to differ from forecasts.

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

### **(1) Changes in significant subsidiaries during the six 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.

### **(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**

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 198 million yen for the six months under review.

### 3. Consolidated quarterly financial statements

#### (1) Consolidated quarterly balance sheets

(Millions of yen)

	As of September 30, 2011	As of March 31, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	8,996	11,589
Notes and accounts receivable—trade	10,096	15,700
Short-term investment securities	5,494	1,006
Inventories	4,438	8,108
Deferred tax assets	1,751	1,765
Other	1,122	1,333
Allowance for doubtful accounts	(10)	(26)
Total current assets	31,890	39,477
Noncurrent assets		
Property and equipment		
Buildings and structures, net	6,342	6,349
Machinery, equipment and vehicles, net	16	8
Tools, furniture and fixtures, net	1,120	1,180
Land	1,035	1,035
Lease assets, net	497	786
Construction in progress	109	—
Total property and equipment	9,122	9,359
Intangible assets		
Software	1,585	1,828
Other	920	938
Total intangible assets	2,506	2,767
Investments and other assets		
Other	9,671	9,673
Allowance for doubtful accounts	(4)	(7)
Total investments and other assets	9,667	9,666
Total noncurrent assets	21,295	21,793
Total assets	53,185	61,270

(Millions of yen)

	As of September 30, 2011	As of March 31, 2012
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	3,443	6,704
Short-term loans payable	–	700
Accounts payable–other	863	2,221
Accrued expenses	2,083	2,351
Income taxes payable	408	1,031
Provision for bonuses	1,646	1,757
Provision for loss on order received	74	21
Other	1,736	2,511
Total current liabilities	10,256	17,299
Noncurrent liabilities		
Provision for retirement benefits	6,940	7,166
Other	622	670
Total noncurrent liabilities	7,562	7,836
Total liabilities	17,819	25,135
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	18,630	19,066
Treasury stock	(0)	(0)
Total shareholders' equity	29,817	30,254
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	118	379
Total accumulated other comprehensive income	118	379
Minority interests	5,430	5,500
Total net assets	35,366	36,134
Total liabilities and net assets	53,185	61,270

**(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, 2011	Six months ended March 31, 2012
Net sales	35,360	36,569
Cost of sales	27,653	28,882
Gross profit	7,707	7,686
Selling, general and administrative expenses	5,716	5,780
Operating income	1,990	1,906
Non-operating income		
Interest income	2	9
Dividends income	14	14
Equity in earnings of affiliates	212	25
Other	16	18
Total non-operating income	246	68
Non-operating expenses		
Interest expenses	3	6
Rent expenses	3	4
Other	4	1
Total non-operating expenses	12	12
Ordinary income	2,225	1,962
Extraordinary income		
Gain on change in equity	25	–
Other	4	–
Total extraordinary income	30	–
Extraordinary loss		
Non-recurring depreciation on noncurrent assets	213	–
Loss on retirement of noncurrent assets	38	21
Loss on valuation of investment securities	117	62
Office transfer expenses	–	111
Loss on adjustment for changes of accounting standard for asset retirement obligations	100	–
Other	24	48
Total extraordinary losses	494	243
Income before income taxes and minority interests	1,761	1,718
Income taxes	627	968
Income before minority interests	1,133	750
Minority interests in income	131	67
Net income	1,001	682

**Consolidated quarterly statements of comprehensive income**

(Millions of yen)

	Six months ended March 31, 2011	Six months ended March 31, 2012
Income before minority interests	1,133	750
Other comprehensive income		
Valuation difference on available-for-sale securities	220	299
Share of other comprehensive income of associates accounted for using equity method	2	(2)
Total other comprehensive income	222	297
Comprehensive income	1,355	1,047
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,183	943
Comprehensive income attributable to minority interests	172	103

**(3) Consolidated quarterly statements of cash flows**

(Millions of yen)

	Six months ended March 31, 2011	Six months ended March 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,761	1,718
Depreciation and amortization	967	996
Non-recurring depreciation on noncurrent assets	213	–
Amortization of goodwill	52	46
Increase (decrease) in provision for bonuses	(72)	111
Increase (decrease) in provision for retirement benefits	228	225
Increase (decrease) in allowance for doubtful accounts	24	19
Increase (decrease) in provision for loss on order received	231	(52)
Interest and dividends income	(17)	(24)
Interest expenses	3	6
Equity in (earnings) losses of affiliates	(212)	(25)
Loss on retirement of noncurrent assets	38	21
Loss on adjustment for changes of accounting standard for asset retirement obligations	100	–
Loss (gain) on sales of investment securities	(4)	–
Loss (gain) on valuation of investment securities	117	62
Decrease (increase) in notes and accounts receivable–trade	(6,656)	(5,603)
Decrease (increase) in inventories	(2,746)	(3,670)
Increase (decrease) in notes and accounts payable–trade	3,142	3,260
Other, net	63	1,290
Subtotal	(2,764)	(1,617)
Interest and dividends income received	23	33
Interest expenses paid	(2)	(6)
Income taxes paid	(1,115)	(361)
Net cash provided by (used in) operating activities	(3,858)	(1,951)
Net cash provided by (used in) investing activities		
Proceeds from redemption of securities	2,000	992
Purchase of property and equipment	(592)	(521)
Proceeds from sales of property and equipment	–	1
Purchase of intangible assets	(359)	(671)
Purchase of investment securities	(270)	(1)
Proceeds from sales of investment securities	11	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(50)	–
Payments of loans receivable	(2)	(2)
Collection of loans receivable	4	3
Payments for lease and guarantee deposits	(784)	(8)
Proceeds from collection of lease and guarantee deposits	1,597	16
Other, net	(19)	(1)
Net cash provided by (used in) investing activities	1,533	(193)

(Millions of yen)

	Six months ended March 31, 2011	Six months ended March 31, 2012
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,800	700
Repayments of lease obligations	(267)	(159)
Cash dividends paid	(451)	(246)
Cash dividends paid to minority shareholders	(34)	(26)
Other, net	(12)	(29)
Net cash provided by (used in) financing activities	1,033	237
Net increase (decrease) in cash and cash equivalents	(1,291)	(1,907)
Cash and cash equivalents at beginning of period	12,263	13,496
Cash and cash equivalents at end of period	10,972	11,589

**(4) Segment information, etc.****I Six months ended March 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	8,226	27,134	35,360	–	35,360
Inter-segment sales and transfers	401	216	618	(618)	–
Total	8,627	27,350	35,978	(618)	35,360
Segment profit	284	1,689	1,973	16	1,990

- Notes: 1. The adjustment of 16 million yen on segment profit includes 6 million yen as inter-segment transaction eliminations, 2 million yen as inventory adjustments and 8 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, 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.

**(5) Per share information**

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

(Millions of yen)

	Six months ended March 31, 2011	Six months ended March 31, 2012
Net income per share	61.01	41.57
(Basis for calculating)		
Net income	1,001	682
Profit not attributable to common shareholders	–	–
Net income related to common stock	1,001	682
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.

Six months ended March 31, 2012

(Millions of yen)

Segment name	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	11,123	32.0	16,064	20.7
IT solutions business	29,110	20.1	36,957	10.1
IT consulting and system development	20,171	31.6	20,253	17.8
Outsourcing services	8,938	0.3	16,704	2.1
Total	40,233	23.2	53,022	13.1

- 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 a year after March 31, 2012 is recorded in the balance of orders received.

#### (2) Sales performance

Sales performance by segment is as shown below.

Six months ended March 31, 2012

(Millions of yen)

Segment name	Six months ended March 31, 2012	Year-on-year change (%)
Think tank and consulting business	8,419	2.3
IT solutions business	28,150	3.7
IT consulting and system development	18,886	3.8
Outsourcing services	9,264	3.7
Total	36,569	3.4

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