

[Translation for reference only]

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Translation



February 3, 2012

## Consolidated Financial Results for the Three 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: February 10, 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 three months of the fiscal year ending September 30, 2012 (from October 1, 2011 to December 31, 2011)

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

Three months ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2011	12,821	8.0	(823)	–	(788)	–	(681)	–
December 31, 2010	11,866	(2.2)	(980)	–	(755)	–	(637)	–

Note: Comprehensive income

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

For the three months ended December 31, 2010: (399) million yen [–%]

Three months ended	Net income per share	Diluted net income per share
	Yen	Yen
December 31, 2011	(41.49)	–
December 31, 2010	(38.80)	–

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2011	52,232	34,390	55.5
September 30, 2011	53,185	35,366	56.3

Reference: Equity (Net assets – Minority interests)

As of December 31, 2011: 29,010 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	–				
Fiscal year ending September 30, 2012 (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, 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
Six months ending March 31, 2012	36,800	4.1	1,840	(7.6)	1,880	(15.5)	639	(36.2)	38.91
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: Yes

**4. Others**

- (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 (Others)” 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
- 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 December 31, 2011	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 December 31, 2011	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)

Three months ended December 31, 2011	16,423,993 shares
Three months ended December 31, 2010	16,424,029 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 complete.

**\* 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.
- Because sales of projects of the MRI Group, particularly in the think tank and consulting business, are concentrated during the March to April period of each year due to the fiscal year of major clients, including government and public offices, and corporations, that ends in March and begins in April, operating results of the first quarter tend to be substantially lower compared with the other quarters.

**(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, 2011 to December 31, 2011), the Japanese economy generally remained stagnant owing to the worsening of conditions in the external environment such as the European debt crisis becoming more serious, the persistently strong yen, and delays in parts procurement as a result of flooding in Thailand. This was despite the commencement of various initiatives towards restoration from the Great East Japan Earthquake. Looking ahead, although the economic recovery is expected to progress gradually thanks to such factors as the passage of the 3rd Supplementary Budget of FY2011 and the resumption of forward-looking investment by corporations, it is expected to take some time before the economy will pickup to a steady pace.

Operating under such conditions, Mitsubishi Research Institute, Inc. and its consolidated subsidiaries (the MRI Group) remained steadfastly committed to making improvements in quality and customer satisfaction its highest priority, and we continued to develop services that make maximum use of the scientific methods that we have accumulated as a think tank. In particular, while actively pursuing initiatives to support earthquake-related restoration, we focused our resources on fields involved in the creation of the future frameworks of society, including assistance in the formulation of perspectives and policies for medium-term projects related to environment and energy.

As a result, during the three months under review, the MRI Group recorded net sales of 12,821 million yen, up 8.0% year on year, operating loss of 823 million yen (operating loss of 980 million yen in the same period of the previous fiscal year), ordinary loss of 788 million yen (ordinary loss of 755 million yen in the same period of the previous fiscal year) and net loss of 681 million yen (net loss of 637 million yen in the same period of the previous fiscal year).

Because sales of projects of the MRI Group, particularly in the think tank and consulting business, are concentrated during the March to April period of each year due to the fiscal year of major clients, including government and public offices, and corporations, that ends in March and begins in April, operating results of the first quarter tend to be substantially lower compared with the other quarters.

The results by segment are as follows.

**<Think tank and consulting business>**

In the three months under review, the projects that contributed to sales included 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 the private sector. However, in addition to the seasonal factor that few projects are completed during this period, there were also some deferred sales. As a result, the segment achieved net sales (outside sales) of 832 million yen, down 13.5% year on year. On the other hand, operating loss improved to 729 million yen (operating loss of 910 million yen in the same period of the previous fiscal year) as a result of concerted efforts to reduce costs.

**<IT solutions business>**

Firm sales were achieved in the three months under review. 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 projects for management systems for the manufacturing sector contributed to this result. However, there was also an increase in costs, such as MRI's forward-looking investment related to the new establishment of the "Tokyo Business Center," opened in January 2012, aimed at improving quality and security and boosting efficiency of our BPO (Business Process Outsourcing). There were also costs related to the continuation from the previous fiscal year of quality control measures. As a result, the segment achieved net sales

(outside sales) of 11,988 million yen, up 9.9% year on year, while operating loss was 98 million yen (operating loss of 77 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 52,232 million yen, a decrease of 953 million yen, or 1.8%, compared with the end of the previous fiscal year. Broken down, current assets fell 4.2% to 30,551 million yen, while noncurrent assets increased 1.8% to 21,680 million yen. The major factors behind the decrease in current assets were decreases of 1,890 million yen in notes and accounts receivable–trade and 4,496 million yen in redemption of short-term investment securities (commercial papers) offsetting an increase of 3,331 million yen in inventories owing to seasonal variation.

Liabilities increased 23 million yen, or 0.1%, compared with the end of the previous fiscal year to 17,842 million yen.

Net assets stood at 34,390 million yen, a decrease of 976 million yen, or 2.8%, compared with the end of the previous fiscal year, due to the payment of dividends and the recording of a net loss.

## (3) Qualitative information regarding consolidated earnings forecasts

Following the promulgation on December 2, 2011 of the Revised Corporation Tax Act and the Act for Securing Financial Resources for Reconstruction, tax expenses will increase as a result of a reversal of deferred tax assets. In addition, loss on valuation of stocks was recorded as extraordinary loss in the three months under review. For these reasons, the consolidated earnings forecasts for the six months and the full-year of the fiscal year ending September 30, 2012, announced on November 7, 2011, have been revised as follows.

Revised figures of the consolidated earnings forecasts for the six months ending March 31, 2012 (from October 1, 2011 to March 31, 2012)

	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)	36,800	1,840	1,880	840	51.14
Revised forecast (B)	36,800	1,840	1,880	639	38.91
Amount change (B-A)	–	–	–	(201)	–
Rate change (%)	–	–	–	(23.9)	–
(Reference) Actual results of the six months ended March 31, 2011	35,360	1,990	2,225	1,001	61.01

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

	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)	75,500	3,570	3,690	1,760	107.16
Revised forecast (B)	75,500	3,570	3,690	1,371	83.48
Amount change (B-A)	–	–	–	(389)	–
Rate change (%)	–	–	–	(22.1)	–
(Reference) Actual results of the fiscal year ended September 30, 2011	72,503	2,537	2,905	1,255	76.45

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 three 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 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**

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, deferred tax assets and income taxes payable increased by 93 million yen and 22 million yen, respectively, and income taxes decreased by 71 million yen for the three months under review.

### 3. Consolidated quarterly financial statements

#### (1) Consolidated quarterly balance sheets

(Millions of yen)

	As of September 30, 2011	As of December 31, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	8,996	10,025
Notes and accounts receivable—trade	10,096	8,206
Short-term investment securities	5,494	998
Inventories	4,438	7,769
Deferred tax assets	1,751	2,186
Other	1,122	1,372
Allowance for doubtful accounts	(10)	(6)
Total current assets	31,890	30,551
Noncurrent assets		
Property and equipment		
Buildings and structures, net	6,342	6,515
Machinery, equipment and vehicles, net	16	11
Tools, furniture and fixtures, net	1,120	1,206
Land	1,035	1,035
Lease assets, net	497	811
Construction in progress	109	37
Total property and equipment	9,122	9,617
Intangible assets		
Software	1,585	1,659
Other	920	870
Total intangible assets	2,506	2,530
Investments and other assets		
Other	9,671	9,538
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	9,667	9,533
Total noncurrent assets	21,295	21,680
Total assets	53,185	52,232



(Millions of yen)

	As of September 30, 2011	As of December 31, 2011
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	3,443	3,679
Accounts payable–other	863	1,467
Accrued expenses	2,083	1,621
Income taxes payable	408	158
Provision for bonuses	1,646	868
Provision for loss on order received	74	27
Other	1,736	2,236
Total current liabilities	10,256	10,060
Noncurrent liabilities		
Provision for retirement benefits	6,940	7,063
Other	622	719
Total noncurrent liabilities	7,562	7,782
Total liabilities	17,819	17,842
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	18,630	17,702
Treasury stock	(0)	(0)
Total shareholders' equity	29,817	28,889
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	118	120
Total accumulated other comprehensive income	118	120
Minority interests	5,430	5,379
Total net assets	35,366	34,390
Total liabilities and net assets	53,185	52,232

**(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, 2010	Three months ended December 31, 2011
Net sales	11,866	12,821
Cost of sales	9,982	10,767
Gross profit	1,884	2,053
Selling, general and administrative expenses	2,865	2,876
Operating loss	(980)	(823)
Non-operating income		
Interest income	1	5
Dividends income	11	11
Equity in earnings of affiliates	212	14
Other	3	8
Total non-operating income	228	40
Non-operating expenses		
Interest expenses	1	2
Rent expenses	1	2
Other	0	0
Total non-operating expenses	3	5
Ordinary loss	(755)	(788)
Extraordinary income		
Reversal of allowance for doubtful accounts	3	-
Gain on change in equity	25	-
Total extraordinary income	29	-
Extraordinary loss		
Loss on retirement of noncurrent assets	11	9
Loss on valuation of investment securities	100	126
Office transfer expenses	-	67
Loss on adjustment for changes of accounting standard for asset retirement obligations	100	-
Other	13	42
Total extraordinary losses	225	245
Loss before income taxes and minority interests	(952)	(1,034)
Income taxes	(344)	(350)
Loss before minority interests	(608)	(683)
Minority interests in income (loss)	29	(2)
Net loss	(637)	(681)

**Consolidated quarterly statements of comprehensive income**

(Millions of yen)

	Three months ended December 31, 2010	Three months ended December 31, 2011
Loss before minority interests	(608)	(683)
Other comprehensive income		
Valuation difference on available-for-sale securities	208	(17)
Share of other comprehensive income of associates accounted for using equity method	–	(1)
Total other comprehensive income	208	(18)
Comprehensive income	(399)	(702)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(468)	(679)
Comprehensive income attributable to minority interests	68	(22)

**(3) Segment information, etc.**

## I Three months ended December 31, 2010

## A. Information regarding amounts of net sales and profit/loss by reportable segment

	Reportable segments		Total	Adjustment (Note 1)	(Millions of yen)
	Think tank and consulting business	IT solutions business			Amount recorded in the consolidated quarterly statements of income (Note 2)
Net sales					
Outside customers	962	10,904	11,866	–	11,866
Inter-segment sales and transfers	219	107	327	(327)	–
Total	1,182	11,011	12,193	(327)	11,866
Segment profit (loss)	(910)	(77)	(987)	7	(980)

Notes: 1. The adjustment of 7 million yen on segment profit (loss) includes 2 million yen as inter-segment transaction eliminations, negative 0 million yen as inventory adjustments and 4 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.

## II Three months ended December 31, 2011

## A. Information regarding amounts of net sales and profit/loss by reportable segment

	Reportable segments		Total	Adjustment (Note 1)	(Millions of yen)
	Think tank and consulting business	IT solutions business			Amount recorded in the consolidated quarterly statements of income (Note 2)
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 profit (loss)	(729)	(98)	(828)	5	(823)

Notes: 1. The adjustment of 5 million yen on segment profit (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 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.

(Millions of yen)

	Three months ended December 31, 2010	Three months ended December 31, 2011
Net loss per share	(38.80)	(41.49)
(Basis for calculating)		
Net loss	(637)	(681)
Profit not attributable to common shareholders	–	–
Net loss related to common stock	(637)	(681)
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 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.

Three months ended December 31, 2011

(Millions of yen)

Segment name	Orders received	Year-on-year change (%)	Balance	Year-on-year change (%)
Think tank and consulting business	4,308	23.9	16,835	7.8
IT solutions business	15,211	22.6	39,220	3.3
IT consulting and system development	10,727	35.4	22,089	3.0
Outsourcing services	4,483	(0.1)	17,130	3.8
Total	19,519	22.9	56,055	4.6

- 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 December 31, 2011 is recorded in the balance of orders received.

#### (2) Sales performance

Sales performance by segment is as shown below.

Three months ended December 31, 2011

(Millions of yen)

Segment name	Three months ended December 31, 2011	Year-on-year change (%)
Think tank and consulting business	832	(13.5)
IT solutions business	11,988	9.9
IT consulting and system development	7,605	16.3
Outsourcing services	4,382	0.4
Total	12,821	8.0

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