MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended June 30, 2013, and Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of MACROMILL, INC.:

We have audited the accompanying consolidated balance sheet of MACROMILL, INC. (the "Company") and its consolidated subsidiaries as of June 30, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MACROMILL, INC. and its consolidated subsidiaries as of June 30, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As discussed in Note 2.z to the consolidated financial statements, the Company has changed an allowance for panelists-points estimate for the fiscal year under review.
2. As discussed in Note 17 to the consolidated financial statements, the Company resolved to conclude a term loan agreement at the Board of Directors' meeting held on August 8, 2013.

3. As discussed in Note 17 to the consolidated financial statements, the Company resolved to purchase its treasury stock at the Board of Directors' meeting held on August 8, 2013.
4. As discussed in Note 17 to the consolidated financial statements, the Company resolved to undertake a third-party allocation of new stocks of GLIDER associates, INC., at the Board of Directors' meeting held on August 8, 2013.

Our opinion is not qualified in respect of these matters.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC.

September 25, 2013

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Balance Sheet
June 30, 2013

ASSETS	Thousands of Yen 2013	Thousands of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT ASSETS:			
Cash and cash equivalents (Note 4)	¥ 8,068,258	¥ 7,601,156	$ 81,498
Marketable securities (Notes 4 and 14)	1,156,200		11,679
Short-term investments (Note 14)	600,000	819,237	6,061
Receivables (Note 14):			
Trade notes	120,211	99,029	1,214
Trade accounts	3,475,663	2,854,285	35,108
Unconsolidated subsidiaries and associated companies	767	66,042	8
Other	14,761	6,438	148
Allowance for doubtful receivables	(34,625)	(65,213)	(350)
Inventories (Note 5)	19,110	19,961	193
Deferred tax assets (Note 11)	432,026	573,521	4,364
Prepaid expenses and other current assets (Note 19)	242,701	335,217	2,452
Total current assets	14,095,072	12,309,673	142,375
PROPERTY AND EQUIPMENT:			
Land	445	445	4
Buildings and structures	579,453	458,947	5,853
Furniture and fixtures	873,001	702,115	8,818
Construction in progress		44,159	
Other	4,079	4,891	42
Total	1,456,978	1,210,557	14,717
Accumulated depreciation	(861,764)	(705,914)	(8,705)
Net property and equipment	595,214	504,643	6,012
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 14)	1,916,973	2,453,446	19,363
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 14)	304,358	80,149	3,074
Long-term loans (Note 14)		753,000	
Goodwill (Note 3)	1,188,317	1,022,094	12,003
Software	795,335	505,876	8,034
Deferred tax assets (Note 11)	148,322	131,669	1,498
Other assets (Note 6)	1,129,820	1,010,213	11,413
Total investments and other assets	5,483,125	5,956,447	55,385
TOTAL	¥20,173,411	¥18,770,763	$203,772

(Continued)

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Balance Sheet
June 30, 2013

LIABILITIES AND EQUITY	Thousands of Yen 2013	Thousands of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT LIABILITIES:			
Short-term bank loans (Notes 6 and 14)	¥ 240,742	¥ 207,776	$ 2,432
Current portion of long-term debt (Notes 6 and 14)		2,293	
Accounts payable (Note 14)	1,044,813	803,018	10,554
Income taxes payable (Notes 10 and 14)	309,632	1,039,016	3,128
Allowance for panelists-points	961,793	1,090,330	9,715
Accrued bonuses	50,265	141,032	508
Other current liabilities	309,803	351,420	3,128
Total current liabilities	2,917,048	3,634,885	29,465
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6 and 14)	1,660,000	5,006,497	16,768
Liability for employees' retirement benefits (Note 7)	49,076	76,975	496
Retirement allowances for directors and Audit & Supervisory Board members	54,696	37,842	552
Asset retirement obligations (Note 8)	128,976	111,786	1,303
Other long-term liabilities (Note 11)		2,813	
Total long-term liabilities	1,892,748	5,235,913	19,119
EQUITY (Notes 8, 10 and 17):			
Common stock—authorized, 167,424,000 shares in 2013 and 2012; issued, 63,159,350 shares in 2013 and 61,736,800 shares in 2012	1,953,009	1,644,095	19,727
Capital surplus	5,711,896	4,885,021	57,696
Stock acquisition rights	30,616	31,980	309
Retained earnings	7,236,610	5,427,120	73,097
Treasury stock—at cost, 102,074 shares in 2013 and 5,671,400 shares in 2012	(40,404)	(2,228,326)	(408)
Accumulated other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities	87	(48,445)	1
Foreign currency translation adjustments	139,172	(38,494)	1,406
Total	15,030,986	9,672,951	151,828
Minority interests	332,629	227,014	3,360
Total equity	15,363,615	9,899,965	155,188
TOTAL	¥20,173,411	¥18,770,763	$203,772

See notes to consolidated financial statements.

(Concluded)

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended June 30, 2013

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET SALES	¥17,120,363	¥14,229,768	$172,933
COST OF SALES	8,797,744	7,143,864	88,866
Gross profit	8,322,619	7,085,904	84,067
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 12)	4,484,192	4,002,947	45,295
Operating income	3,838,427	3,082,957	38,772
OTHER INCOME (EXPENSES):			
Interest and dividend income (Note 19)	124,221	69,880	1,255
Interest expenses	(10,439)	(4,648)	(105)
Loss on disposal of fixed assets	(22,652)	(8,338)	(229)
Gain on sales of investment securities—net (Note 4)	17,198	45,937	174
Equity in loss of associated companies	(1,381)	(184,998)	(14)
Loss on sales of stocks of subsidiaries and affiliates—net	(66,170)		(668)
Loss on valuation of investment securities	(63,443)		(641)
Provision for allowance for doubtful accounts	(12,236)		(124)
Advisory expenses	(42,622)		(431)
Other—net	1,771	13,937	18
Other expenses—net	(75,753)	(68,230)	(765)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	3,762,674	3,014,727	38,007
INCOME TAXES (Note 11):			
Current	1,067,870	1,593,161	10,787
Deferred	113,872	(42,069)	1,150
Total income taxes	1,181,742	1,551,092	11,937
NET INCOME BEFORE MINORITY INTERESTS (Note 1)	2,580,932	1,463,635	26,070
MINORITY INTERESTS IN NET INCOME (LOSS)	72,627	(62,097)	733
NET INCOME	¥ 2,508,305	¥ 1,525,732	$ 25,337

(Continued)

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended June 30, 2013

	Yen		U.S. Dollars
	2013	2012	2013
PER SHARE OF COMMON STOCK (Notes 2.x and 16):			
Basic net income	¥44.14	¥26.33	$0.45
Diluted net income	37.57	22.66	0.38
Cash dividends applicable to the year	25	23	0.25

See notes to consolidated financial statements.

(Concluded)

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended June 30, 2013

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET INCOME BEFORE MINORITY INTERESTS	¥2,580,932	¥1,463,635	$26,070
OTHER COMPREHENSIVE INCOME (LOSS) (Note 15):			
Unrealized gain (loss) on available-for-sale securities	48,532	(4,659)	490
Foreign currency translation adjustments	205,200	(40,674)	2,073
Total other comprehensive income (loss)	253,732	(45,333)	2,563
COMPREHENSIVE INCOME (Note 15)	¥2,834,664	¥1,418,302	$28,633
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥2,734,503	¥1,484,775	$27,621
Minority interests	100,161	(66,473)	1,012

See notes to consolidated financial statements.

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended June 30, 2013

		Thousands of Yen									
							Accumulated Other Comprehensive Income (Loss)				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, JULY 1, 2011	30,541,400	¥1,597,858	¥4,865,040	¥40,128	¥5,583,316	¥(1,106,675)	¥(43,785)	¥ (2,197)	¥10,933,685	¥227,841	¥11,161,526
Issuance of common stock	158,000	46,237	46,237						92,474		92,474
Net income					1,525,732				1,525,732		1,525,732
Cash dividends, ¥19 per share					(564,545)				(564,545)		(564,545)
Purchase of treasury stock	(2,768,100)					(2,333,144)			(2,333,144)		(2,333,144)
Cancellation of treasury stock			(26,256)		(1,107,561)	1,133,817					
Disposal of treasury stock	101,400				(9,822)	77,676			67,854		67,854
Net change in the year				(8,148)			(4,660)	(36,297)	(49,105)	(827)	(49,932)
BALANCE, JUNE 30, 2012	28,032,700	1,644,095	4,885,021	31,980	5,427,120	(2,228,326)	(48,445)	(38,494)	9,672,951	227,014	9,899,965
Issuance of common stock	195,600	58,914	58,913						117,827		117,827
Conversion of convertible bond-type bonds with stock acquisition rights	515,675	250,000	250,000						500,000		500,000
Net income					2,508,305				2,508,305		2,508,305
Cash dividends, ¥25 per share					(698,815)				(698,815)		(698,815)
Purchase of treasury stock	(182,970)					(159,946)			(159,946)		(159,946)
Disposal of treasury stock	2,967,633		517,962			2,347,868			2,865,830		2,865,830
Net change in the year				(1,364)			48,532	177,666	224,834	105,615	330,449
BALANCE, JUNE 30, 2013	31,528,638	¥1,953,009	¥5,711,896	¥30,616	¥7,236,610	¥ (40,404)	¥ 87	¥139,172	¥15,030,986	¥332,629	¥15,363,615

(Continued)

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended June 30, 2013

	Thousands of U.S. Dollars (Note 1)									
						Accumulated Other Comprehensive Income (Loss)				
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, JUNE 30, 2012	$16,607	$49,344	$323	$54,819	$(22,508)	$(489)	$ (389)	$ 97,707	$2,293	$100,000
Issuance of common stock	595	595						1,190		1,190
Conversion of convertible bond-type bonds with stock acquisition rights	2,525	2,525						5,050		5,050
Net income				25,337				25,337		25,337
Cash dividends, $0.25 per share				(7,059)				(7,059)		(7,059)
Purchase of treasury stock					(1,616)			(1,616)		(1,616)
Disposal of treasury stock		5,232			23,716			28,948		28,948
Net change in the year			(14)			490	1,795	2,271	1,067	3,338
BALANCE, JUNE 30, 2013	$19,727	$57,696	$309	$73,097	$ (408)	$ 1	$1,406	$151,828	$3,360	$155,188

See notes to consolidated financial statements.

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended June 30, 2013

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥3,762,674	¥3,014,727	$38,007
Adjustments for:			
Income taxes—paid	(1,802,063)	(1,213,443)	(18,203)
Depreciation	427,941	394,715	4,323
Amortization of goodwill	110,021	96,368	1,111
Decrease in allowance for doubtful receivables	(27,152)	(5,313)	(274)
Increase (decrease) in allowance for panelists-points	(196,853)	102,989	(1,988)
Increase (decrease) in accrued bonuses	(91,089)	95,993	(920)
Equity in loss of associated companies	1,381	184,998	14
Gain on sales of investment securities—net	(17,198)	(45,937)	(174)
Loss on disposal of fixed assets	22,652	8,338	229
Loss on valuation of investment securities	63,443		641
Loss on sales of stocks of subsidiaries and affiliates—net	66,170		668
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(549,712)	(446,933)	(5,553)
Increase (decrease) in accounts payable	121,972	(25,067)	1,232
Decrease in consumption tax payable	(22,899)	(74,194)	(231)
Decrease in liability for employees' retirement benefits	(53,258)	(7,179)	(538)
Increase in retirement allowances for directors and Audit & Supervisory Board members	6,672	19,832	67
Other—net	57,267	(37,359)	579
Total adjustments	(1,882,705)	(952,192)	(19,017)
Net cash provided by operating activities—(Forward)	¥1,879,969	¥2,062,535	$18,990

(Continued)

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended June 30, 2013

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Net cash provided by operating activities—(Forward)	¥1,879,969	¥2,062,535	$18,990
INVESTING ACTIVITIES:			
Increase in short-term investments	(139,618)	(300,000)	(1,410)
Proceeds from maturity of deposits	378,954		3,828
Purchases of marketable securities	(86,200)	(31,840)	(871)
Proceeds from redemption of marketable securities		231,840	
Purchase of investment in consolidated subsidiary		(57,500)	
Proceeds from sales of investments in subsidiaries	8,000		81
Purchases of property and equipment	(280,795)	(152,204)	(2,836)
Purchases of software	(541,282)	(375,990)	(5,467)
Purchases of investment securities	(137,605)	(1,649,411)	(1,390)
Proceeds from sales of investment securities	518,485	358,206	5,237
Refunds of lease deposits	70,488	7,841	712
Payments for lease deposits	(126,534)	(26,526)	(1,278)
Cash decrease due to acquisition of a newly consolidated subsidiary		(475,770)	
Cash decrease due to a sale of investment in subsidiary resulting in change in scope of consolidation	(494,777)		(4,998)
Payments of loans	(30,136)	(1,319,544)	(304)
Collection of loans	155,380	550,000	1,569
Other—net	809	363,044	7
Net cash used in investing activities	(704,831)	(2,877,854)	(7,120)
FINANCING ACTIVITIES:			
Increase in short-term bank loans	272,968		2,757
Repayments of short-term bank loans	(294,447)	(41,820)	(2,974)
Repayments of long-term debt	(10,093)	(1,162)	(102)
Proceeds from long-term debt		4,993,643	
Proceeds from issuance of stock acquisition rights to shares	3,775		38
Proceeds from issuance of common stock	105,624	85,320	1,067
Purchase of treasury stock	(162,021)	(2,354,302)	(1,637)
Disposal of treasury stock	25,708	67,532	260
Dividends paid	(697,685)	(565,848)	(7,047)
Proceeds from stock issuance to minority shareholders		2,000	
Net cash (used in) provided by financing activities	(756,171)	2,185,363	(7,638)
FORWARD	¥ 418,967	¥1,370,044	$ 4,232

(Continued)

MACROMILL, INC. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended June 30, 2013

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
FORWARD	¥ 418,967	¥1,370,044	$ 4,232
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	48,135	(12,250)	486
NET INCREASE IN CASH AND CASH EQUIVALENTS	467,102	1,357,794	4,718
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,601,156	6,243,362	76,780
CASH AND CASH EQUIVALENTS, END OF YEAR	¥8,068,258	¥7,601,156	$81,498
ADDITIONAL CASH FLOW INFORMATION:			
The assets, liabilities, and cash outflow on a sale of investment in a subsidiary resulting in a change in the scope of consolidation are as follows:			
Macromill Asset Management, INC. (currently MAM, INC.):			
Current assets	¥ 531,834		$ 5,372
Noncurrent assets	1,556,878		15,726
Current liabilities	(2,009,996)		(20,303)
Loss on sale of stock	(68,716)		(694)
Sale of shares	10,000		101
Cash and cash equivalents included in the above current assets	(504,777)		(5,099)
Net—cash outflow due to sale	¥ (494,777)		$ (4,998)

See notes to consolidated financial statements.

(Concluded)

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MACROMILL, INC. (the "Company"), is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥99 to $1, the approximate rate of exchange at June 30, 2013. Such translation should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation***—The consolidated financial statements as of June 30, 2013, include the accounts of the Company and its five (six in 2012) significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in two (two in 2012) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period from 5 to 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—The Group applies the Accounting Standards Board of Japan (the "ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of related research and development; (d) cancellation of fair value model accounting for property, plant, and equipment and investment properties and incorporation of cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c. ***Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method***—In December 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments." The standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of research and development; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

d. ***Business Combinations***—In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as uniting of interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

   In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred.

Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

During the year ended June 30, 2013, the Company established a new subsidiary, misecolle, INC., which is included in the consolidation. In addition, Macromill Asset Management, INC., a subsidiary of the Company, in prior periods included in the consolidation was excluded from consolidation since the Company sold all shares. M-Warp, INC., was excluded from the scope of consolidation because of merger and liquidation.

During the year ended June 30, 2013, one affiliated company, Mark-i, INC., became a company accounted for by the equity method because of stock acquisition. Furthermore, MACROMILL Korea, INC., was excluded from the scope of companies accounted for by the equity method, due to liquidation.

e. ***Cash Equivalents***—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. All of the companies cash equivalents mature or become due within three months of the date of acquisition.

f. ***Inventories***—Inventories are stated at the lower of cost, determined by the specific identification method for work in process and by the first-in, first-out method for supplies, or net selling value.

g. ***Marketable and Investment Securities***—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (i) held-to-maturity debt securities, for which there is the positive intent and ability to hold to maturity are reported at amortized cost, and (ii) available-for-sale securities, which are not classified as held-to-maturity securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Costs of sold securities are determined by the moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. ***Property and Equipment (except for Leased Assets)***—Property and equipment are stated at cost. Depreciation of property and equipment is computed using the declining-balance method on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired on or after April 1, 1998. The range of useful lives is principally from 3 to 34 years for buildings and structures, and from 2 to 15 years for furniture and fixtures.

i. ***Intangible Assets (except for Leased Assets)***—Intangible assets are stated at cost less accumulated amortization, which is calculated by the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of five years.

j. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. ***Stock Issuance Costs***—Stock issuance costs are charged to income as incurred.

l. ***Allowance for Doubtful Receivables***—Allowance for doubtful receivables is provided at an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible account with respect to certain identified doubtful receivables and the amount calculated based on the historical rate of losses.

m. ***Allowance for Panelists-Points***—The Group grants points to its panelists as an incentive (panelists-points), which can be exchanged for certain gifts. Allowance is provided for the estimated future cost of the point usage.

n. ***Accrued Bonuses***—Accrued bonuses are provided for the estimated future bonus payments to employees.

o. ***Retirement and Pension Plans***—A certain consolidated subsidiary accounted for the liability for employees' retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

p. ***Retirement Allowances for Directors and Audit & Supervisory Board Members***—Retirement allowances for directors and Audit & Supervisory Board members of a certain consolidated subsidiary are recorded as a liability at the amount that would be required if all directors and Audit & Supervisory Board members retire at each balance sheet date.

q. ***Asset Retirement Obligations***—In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

r. ***Stock Options***—In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant recognize compensation expense and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

s. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

t. ***Leases***—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective July 1, 2008, and continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

u. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

v. ***Foreign Currency Transactions***—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

w. ***Foreign Currency Financial Statements***—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income/loss in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

x. ***Per-Share Information***—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if stock acquisition rights were exercised into common stock. Diluted net income per share of common stock assumes full exercise of the outstanding rights at the beginning of the year (or at the time of grant).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

On July 1, 2013, the Company completed a two-for-one stock split by way of a free share distribution based on the resolution of the Board of Directors' meeting held on May 31, 2013. The number of shares in the prior year and per-share figures have been restated to reflect the impact of the stock split and to provide data on a basis comparable to the year ended June 30, 2013. Such restatements include calculations regarding the Company's weighted-average number of common shares, basic net income per share, diluted net income per share, and stock option data of the Company's common stock.

y. ***Change of Accounting Policy, Which Is Not Easily Distinguished from Change of Accounting Estimate***—Effective April 1, 2012, as a result of the revision of Japanese corporate tax law, the Company and its domestic consolidated subsidiaries changed their depreciation method for property, plant, and equipment acquired on or after April 1, 2012, to the method stipulated under the revised corporate tax law.

The effect of this change was immaterial.

z. ***Change in Accounting Estimates***—The Group grants points to its panelists as an incentive (panelists-points), which can be exchanged for certain gifts. Allowance is provided for the estimated future cost of the point usage.

As a result of development of a new panelist-points tallying system, taking into consideration the fact that it has become possible to make more sophisticated estimation, the Company changed accounting estimates in the fiscal year ended June 30, 2013, based on the new system.

As a result, operating income and income before income taxes and minority interests for the fiscal year ended June 30, 2013, increased by ¥251,968 thousand ($2,545 thousand).

*aa. **Accounting Changes and Error Corrections***—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

3. BUSINESS COMBINATION

No significant items to be reported.

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of June 30, 2013 and 2012, consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current:			
Debt securities (corporate bonds)	¥1,070,000		$10,808
Debt securities (other)	86,200		871
Total	¥1,156,200		$11,679
Noncurrent:			
Equity securities	¥1,259,085	¥1,409,861	$12,718
Debt securities (corporate bonds)		99,137	
Debt securities (other)	657,888	944,448	6,645
Total	¥1,916,973	¥2,453,446	$19,363

The costs and aggregate fair values of marketable and investment securities at June 30, 2013 and 2012, were as follows:

	Thousands of Yen			
June 30, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥104,576	¥25,577		¥130,153
Debt securities (other)	686,200		¥25,440	660,760
Held to maturity	83,328		20,348	62,980

June 30, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	Thousands of Yen			
Securities classified as:				
Available for sale:				
Equity securities	¥399,457		¥66,424	¥333,033
Debt securities (corporate bonds)	87,500	¥11,637		99,137
Debt securities (other)	620,000	60	16,740	603,320
Held to maturity	82,491		27,231	55,260

June 30, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	Thousands of U.S. Dollars			
Securities classified as:				
Available for sale:				
Equity securities	$1,056	$258		$1,314
Debt securities (other)	6,931		$257	6,674
Held to maturity	842		206	636

The information for available-for-sale securities, which were sold during the years ended June 30, 2013 and 2012, is as follows:

June 30, 2013	Proceeds	Realized Gains	Realized Losses
	Thousands of Yen		
Available for sale:			
Equity securities	¥335,043	¥22,463	¥4,600
Debt securities (other)	69,361		665
Total	¥404,404	¥22,463	¥5,265
June 30, 2012			
Available for sale:			
Equity securities	¥358,206	¥44,802	¥ 19
Debt securities (other)	31,755	1,155	
Total	¥389,961	¥45,957	¥ 19

June 30, 2013	Proceeds	Realized Gains	Realized Losses
	Thousands of U.S. Dollars		
Available for sale:			
Equity securities	$3,384	$227	$46
Debt securities (other)	701		7
Total	$4,085	$227	$53

5. INVENTORIES

Inventories at June 30, 2013 and 2012, consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Finished products		¥ 793	
Work in process	¥16,065	16,012	$162
Supplies	3,045	3,156	31
Total	¥19,110	¥19,961	$193

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at June 30, 2013 and 2012, consisted of notes to banks. The average annual interest rates applicable to the short-term bank loans were 3.66% and 5.98% at June 30, 2013 and 2012.

Long-term debt at June 30, 2013 and 2012, consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
6.38% Loan from a Korean bank due 2013		¥ 8,790	
Zero coupon convertible bonds due in August 2014	¥1,660,000	5,000,000	$16,768
Total	1,660,000	5,008,790	16,768
Less current portion		(2,293)	
Long-term debt, less current portion	¥1,660,000	¥5,006,497	$16,768

Annual maturity of long-term debt at June 30, 2013, was as follows:

Year Ending June 30	Thousands of Yen	Thousands of U.S. Dollars
2014		
2015	¥1,660,000	$16,768
2016		
2017		
2018		
2019 and thereafter		
Total	¥1,660,000	$16,768

The conversion price of the convertible bonds is subject to adjustments to reflect stock splits and certain other events. Each stock acquisition right may be exercised at any time during the period from September 2, 2011 to August 5, 2014.

7. RETIREMENT AND PENSION PLANS

Consolidated subsidiary MACROMILL EMBRAIN CO., LTD., has a defined benefit plan and a defined contribution pension plan.

The liability for employees' retirement benefits at June 30, 2013 and 2012, consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥108,782	¥90,981	$1,099
Fair value of plan assets	(59,706)	(14,006)	(603)
Net liability	¥ 49,076	¥76,975	$ 496

Note: The calculation of the liability for employees' retirement benefits is based on the simplified method.

The components of net periodic benefit costs for the years ended June 30, 2013 and 2012, are as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥29,611	¥10,148	$299
Other	17,724	3,166	179
Net periodic benefit costs	¥47,335	¥13,314	$478

Notes: 1. The calculation of retirement benefit costs is based on the simplified method.

2. This amount represents payments for defined contribution pension plans.

8. ASSET RETIREMENT OBLIGATIONS

No significant items to be reported.

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. ***Dividends***—Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. ***Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus***—The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. ***Treasury Stock and Treasury Stock Acquisition Rights***—The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. STOCK OPTIONS

The stock options outstanding as of June 30, 2013, are as follows:

(1) *MACROMILL, INC.*

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2009 Stock Option	227 employees	528,800 shares	2009.7.16	¥540 ($5)	From July 16, 2011, to July 15, 2016

Note: Number of options granted and exercise price in the table above have been adjusted for a 200-for-1 stock split, dated January 1, 2011.

(2) *MACROMILL EMBRAIN CO., LTD.*

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2012 Stock Option	2 directors 1 Audit & Supervisory Board member 32 employees	71,000 shares	2012.9.26	₩6,000 ($5)	From September 26, 2015, to September 25, 2018

The stock option activity is as follows:

	2009 Stock Option (Shares)
Year Ended June 30, 2012	
Nonvested	
June 30, 2011—Outstanding	447,400
Granted	
Canceled	
Vested	447,400
June 30, 2012—Outstanding	
Vested	
June 30, 2011—Outstanding	
Vested	447,400
Exercised	78,000
Canceled	17,200
June 30, 2012—Outstanding	352,200
Year Ended June 30, 2013	
Nonvested	
June 30, 2012—Outstanding	
Granted	
Canceled	
Vested	
June 30, 2013—Outstanding	
Vested	
June 30, 2012—Outstanding	352,200
Vested	
Exercised	135,600
Canceled	10,800
June 30, 2013—Outstanding	205,800
Exercise price	¥540 ($5)
Average stock price at exercise	¥1,150 ($12)
Fair value price at grant date	¥17,735 ($179)

Notes: 1. Estimated number of options vested is determined based on past results of forfeited stock options because of difficulties in a reasonable estimation for future forfeiture.

2. Gains on expiration of unexercised stock options recorded for the year ended June 30, 2013, amounted to ¥968 thousand ($10 thousand).

Year Ended June 30, 2013	2012 Stock Option (Shares)
Nonvested	
June 30, 2012—Outstanding	
Granted	71,000
Canceled	13,750
Vested	
June 30, 2013—Outstanding	57,250
Vested	
June 30, 2012—Outstanding	
Vested	
Exercised	
Canceled	
June 30, 2013—Outstanding	
Exercise price	₩6,000 ($5)
Fair value price at grant date	₩1,477 ($1)

Note: Estimated number of options vested is determined based on past results of forfeited stock options because of difficulties in a reasonable estimation for future forfeiture.

The Assumptions Used to Measure Fair Value of 2012 Stock Option

Estimated method:	Black-Scholes Model
Volatility of stock price:	28%*1
Estimated remaining outstanding period:	6 years*2
Estimated dividend:	¥0 per share*3
Risk free interest rate:	2.87%*4

*1 Calculations are on the basis of one year (2011-08-08–2012-08-07) stock price change of KOSDAQ.

*2 Under the articles of incorporation, the call option contract period is six years.

*3 Based on dividends in FY 2012.

*4 The rate of national debt yield for the expected remaining period.

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 38.0% for the year ended June 30, 2013, and 40.7% for the year ended June 30, 2012. Foreign subsidiaries were subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at June 30, 2013 and 2012, are as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Allowance for panelists-points	¥333,680	¥391,782	$3,371
Asset adjustment account	81,093	121,639	819
Allowance for doubtful receivables	23,777	13,977	240
Liability for employees' retirement benefits	20,108	18,758	203
Enterprise taxes	33,852	77,567	342
Unrealized loss on available-for-sale securities		29,640	
Loss on valuation of investment securities	46,317	43,984	468
Accrued bonuses and accounts payable—bonuses	27,126	55,642	274
Tax loss carryforwards	123,183	271,747	1,244
Other	136,925	78,907	1,383
Less valuation allowance	(123,183)	(271,747)	(1,244)
Total	702,878	831,896	7,100
Deferred tax liabilities:			
Customer related assets	(86,846)	(106,313)	(877)
Unrealized gain on available-for-sale securities	(49)	(2,813)	
Other	(35,635)	(20,393)	(361)
Total	(122,530)	(129,519)	(1,238)
Net deferred tax assets	¥580,348	¥702,377	$5,862

Total deferred tax assets and liabilities for the years ended June 30, 2013 and 2012, were included in the following accounts:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current assets—Deferred tax assets	¥432,026	¥573,521	$4,364
Investments and other assets—Deferred tax assets	148,322	131,669	1,498
Long-term liabilities—Other long-term liabilities		(2,813)	
Total	¥580,348	¥702,377	$5,862

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended June 30, 2013, with the corresponding figures for 2012 is as follows:

	2013	2012
Normal effective statutory tax rate	38.0%	40.7%
Change in the valuation allowance	0.8	7.0
Amortization of goodwill	0.5	1.3
Equity in loss of associated companies	(3.7)	2.5
Decrease in deferred tax assets due to tax rate change		1.0
Exclusion of subsidiaries and affiliates from consolidation	(5.5)	
Other—net	1.3	(1.0)
Actual effective tax rate	31.4%	51.5%

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥48,177 thousand ($487 thousand) and ¥40,496 thousand for the years ended June 30, 2013 and 2012, respectively.

13. LEASES

No significant items to be reported.

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

Cash surpluses, if any, are invested in low-risk financial assets. Borrowings are used to fund necessary cash based on the Group's business plan.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables, such as trade notes and trade accounts are exposed to customer credit risk. Marketable and investment securities, mainly debt securities for investment of cash surplus and equity securities acquired in conjunction with business or capital alliance, are exposed to both investee credit risk and risk of market price fluctuations. Long-term loan receivable is exposed to credit risk. Payment terms of payables are less than one year with their balance maintained at less than that of trade accounts receivable to manage liquidity risk. Short-term borrowings are mainly for financing related to operating activities, while long-term borrowings are mainly for financing related to capital investment. In addition, borrowings are based on variable interest rates and hence exposed to interest change risk. The issuance of convertible bonds with stock acquisition rights is aimed at generating fund for treasury stock acquisition and M&A, etc., for increased corporate value.

(3) *Risk Management for Financial Instruments*

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms.

The Group manages its credit risk from trade receivables on the basis of internal credit exposure management regulations, which include monitoring of payment term and balances of major customers at least semiannually.

To manage the credit risk associated with marketable and investment securities, the Group periodically monitors the financial condition of issuers.

With respect to long-term loans receivable, the Group periodically monitors the financial status of the borrowers in terms of credit risk management.

Market risk (risk of market value fluctuation) management

Marketable and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis. Moreover, market values of equity securities acquired in conjunction with business or capital alliance are periodically reported to the Board of Directors and are used to evaluate reasonableness of each share holding taking into account the relationship with the Group on an ongoing basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by balancing both receivables and payables.

(4) *Fair Values of Financial Instruments*

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. The results of valuation may differ among assumptions because the rational valuation techniques include variable factors.

(*a*) *Fair value of financial instruments*

	Thousands of Yen		
June 30, 2013	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 8,068,258	¥ 8,068,258	
Short-term investments (Note a)	600,000	600,000	
Receivables	3,611,400		
Less: allowance for doubtful receivables (Note b)	(34,625)		
	3,576,775	3,576,775	
Marketable and investment securities:			
Held-to-maturity securities	83,328	62,980	¥ (20,348)
Available-for-sale securities	790,913	790,913	
Total	¥13,119,274	¥13,098,926	¥ (20,348)
Short-term bank loans	¥ 240,742	¥ 240,742	
Accounts payable	1,044,813	1,044,813	
Income taxes payable	309,632	309,632	
Long-term debt (Note c)	1,660,000	2,044,289	¥384,289
Total	¥ 3,255,187	¥ 3,639,476	¥384,289

	Thousands of Yen		
June 30, 2012	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 7,601,156	¥ 7,601,156	
Short-term investments (Note a)	819,237	819,237	
Receivables	3,025,795		
Less: allowance for doubtful receivables (Note b)	(65,213)		
	2,960,582	2,960,582	
Marketable and investment securities:			
Held-to-maturity securities	82,491	55,260	¥ (27,231)
Available-for-sale securities	1,035,490	1,035,490	
Long-term loans	753,000	813,536	60,536
Total	¥13,251,956	¥13,285,261	¥ 33,305
Short-term bank loans	¥ 207,776	¥ 207,776	
Accounts payable	803,018	803,018	
Income taxes payable	1,039,016	1,039,016	
Long-term debt (Note c)	5,008,790	5,138,790	¥130,000
Total	¥ 7,058,600	¥ 7,188,600	¥130,000

	Thousands of U.S. Dollars		
June 30, 2013	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 81,498	$ 81,498	
Short-term investments (Note a)	6,061	6,061	
Receivables	36,479		
Less: allowance for doubtful receivables (Note b)	(350)		
	36,129	36,129	
Marketable and investment securities:			
Held-to-maturity securities	842	636	$ (206)
Available-for-sale securities	7,989	7,989	
Total	$132,519	$132,313	$ (206)
Short-term bank loans	$ 2,432	$ 2,432	
Accounts payable	10,554	10,554	
Income taxes payable	3,128	3,128	
Long-term debt (Note c)	16,768	20,649	$3,881
Total	$ 32,882	$ 36,763	$3,881

Notes: a. Short-term investments represent time deposits, which mature or become due in over three months of the date of acquisition.

b. Allowance for doubtful receivables corresponding to these receivables is deducted in the above table.

c. Long-term debt is stated the amount, including current portion.

Cash and Cash Equivalents, Short-Term Investments, Receivables less Allowance for Doubtful Receivables, Accounts Payable, and Income Taxes Payable

The carrying values of cash and cash equivalents, short-term investments, receivables less allowance for doubtful receivables, accounts payable, and income taxes payable approximate fair value because of their short maturities.

Marketable and Investment Securities

The fair values of investment securities are measured at the quoted market price on the stock exchange for equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for marketable and investment securities by classification is included in Note 4.

Long-Term Loans

The fair values of long-term loans are calculated by discounting the total amount of principal and interests using the expected rate of new similar loans.

Short-Term Bank Loans and Long-Term Debt

As debts based on floating rates reflect market interest rates over a short period of time, the book values of the short-term bank loans and long-term debt approximate fair values.

The fair value of the Company's convertible bonds with stock acquisition rights is based on the market price.

(*b*) *Carrying amount of financial instruments whose fair value cannot be reliably determined*

	Carrying Amount		
	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investments in equity instruments that do not have a quoted market price in an active market	¥1,433,290	¥1,156,977	$14,478
Other	1,070,000	258,637	10,808

(5) ***Maturity Analysis for Financial Assets and Securities with Contractual Maturities***

	Thousands of Yen			
June 30, 2013	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 8,068,258			
Short-term investments	600,000			
Receivables	3,611,400			
Marketable and investment securities:				
Held-to-maturity securities—debt securities (other)				¥100,000
Available-for-sale securities with contractual maturities:				
Debt securities (corporate bonds)	1,070,000			
Debt securities (other)	86,200		¥600,000	
Total	¥13,435,858		¥600,000	¥100,000
June 30, 2012				
Cash and cash equivalents	¥ 7,601,156			
Short-term investments	819,237			
Receivables	3,025,795			
Marketable and investment securities:				
Held-to-maturity securities—debt securities (other)				¥100,000
Available-for-sale securities with contractual maturities:				
Debt securities (corporate bonds)		¥100,000		
Debt securities (other)				600,000
Long-term loans		753,000		
Total	¥11,446,188	¥853,000		¥700,000

June 30, 2013	Thousands of U.S. Dollars Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 81,498			
Short-term investments	6,061			
Receivables	36,479			
Marketable and investment securities:				
Held-to-maturity securities—debt securities (other)				$1,010
Available-for-sale securities with contractual maturities:				
Debt securities (corporate bonds)	10,808			
Debt securities (other)	871		$6,061	
Total	$135,717		$6,061	$1,010

Please see Note 6 for annual maturities of long-term debt.

15. COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended June 30, 2013 and 2012, were the follows:

	Thousands of Yen 2013	Thousands of Yen 2012	Thousands of U.S. Dollars 2013
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ 92,605	¥ 1,088	$ 935
Reclassification adjustments to profit or loss	(17,198)	(2,522)	(174)
Amount before income tax effect	75,407	(1,434)	761
Income tax effect	(26,875)	(3,225)	(271)
Total	¥ 48,532	¥ (4,659)	$ 490
Foreign currency translation adjustments—Adjustments arising during the year	¥205,200	¥(40,674)	$2,073
Total other comprehensive income (loss)	¥253,732	¥(45,333)	$2,563

16. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended June 30, 2013 and 2012, is as follows:

	Thousands of Yen	Number of Shares	Yen	U.S. Dollars
Year Ended June 30, 2013	Net Income	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥2,508,305	56,830,638	¥44.14	$0.45
Effect of dilutive securities:				
Stock acquisition rights		627,045		
Convertible bonds		9,310,889		
Diluted EPS—Net income for computation	¥2,508,305	66,768,572	¥37.57	$0.38
Year Ended June 30, 2012				
Basic EPS—Net income available to common shareholders	¥1,525,732	57,942,370	¥26.33	
Effect of dilutive securities:				
Stock acquisition rights		487,994		
Convertible bonds		8,910,700		
Diluted EPS—Net income for computation	¥1,525,732	67,341,064	¥22.66	

Note: According to a resolution at the Board of Directors' meeting held on May 31, 2013, number of shares granted in the table above has been adjusted for a 2-for-1 stock split, dated July 1, 2013. Diluted earnings per share for the previous year assume full exercise of stock options at the beginning of the previous year.

17. SUBSEQUENT EVENTS

a. *Stock Split*

According to the resolution at the Board of Directors' meeting held on May 31, 2013, the Company conducted a stock split on July 1, 2013.

(1) *Purpose of the stock split*

The Company aims to increase its liquidity and expand its shareholder base by reducing its investment unit.

(2) *Outline of the stock split*

(i) Method of the stock split

Each common share held by a shareholder as recorded in the final version of the register of shareholders as of June 30, 2013, will be divided into two.

(ii) Increase in the number of shares after the stock split

Number of shares issued before the stock split:	31,579,675 shares
Increase in the number of shares after the stock split:	31,579,675 shares
Number of shares issued after the stock split:	63,159,350 shares
Number of authorized shares before the stock split:	83,712,000 shares
Number of authorized shares after the stock split:	167,424,000 shares

(3) *Effective date of the stock split*

July 1, 2013

(4) *Effect on per share information*

The figures (in the per share information) are calculated as if the stock split had been conducted at the beginning of the previous fiscal year.

b. Additional Investment in the Consolidated Subsidiary

At the meeting of the Board of Directors held on August 8, 2013, the Company resolved to make an additional investment in misecolle, INC., the consolidated subsidiary of the Company.

(1) *Purpose*

The Group considers the rapidly growing penetration rate of smart devices to be a business opportunity. To achieve its next innovation, the Group has endeavored to create a low-cost marketing service in the promotion field that anyone can easily use.

The Group has decided that it needs to increase the amount of its investment in misecolle, INC. so it can enhance the service as a new core business and quickly expand the number of restaurants, stores, and companies involved, as well as the number of users.

(2) *Outline of additional investment*

(i) Amount of additional investment	¥270 million
(ii) Number of shares issued	5,400 shares
(iii) Number of shares issued after capital increase	12,000 shares
(iv) Allotment	MACROMILL, INC., 100%
(v) Date of capital increase	August 30, 2013 (scheduled)

(3) *Outline of the subsidiary*

(i) Name	misecolle, INC.
(ii) Head office address	2-16-1, Konan, Minato-ku, Tokyo
(iii) Title and name of representative	CEO, Tetsuya Sugimoto
(iv) Business	The development and operation of "misecolle," a smartphone application to promote stores and restaurants
(v) Capital	Before the capital increase: ¥165 million After the capital increase: ¥300 million
(vi) Established	April 1, 2013
(vii) Major shareholder and its shareholding ratio	MACROMILL, INC., 100%

c. ***Borrowing***

At the meeting of the Board of Directors held on August 8, 2013, the Company resolved to conclude an agreement on a term loan with a commitment period and credit limit (per: MMIR) of ¥5 billion.

Outline of the term loan with commitment period

(1) Agreement date	August 8, 2013
(2) Lender	Mizuho Bank, Ltd.
(3) Purpose	Treasury stock acquisition funds, etc.
(4) Commitment period	From August 29, 2013 to December 28, 2013
(5) Contract deadline	July 28, 2018
(6) Pledged asset	None
(7) Financial covenant	(a) Borrower, not to record operating loss for two consecutive years in its nonconsolidated and consolidated statements of income (b) Borrower, during the term of this Agreement, to maintain positive total net assets in nonconsolidated and consolidated balance sheets at each balance sheet date

d. ***Purchase of Treasury Stock***

At the meeting of the Board of Directors held on August 8, 2013, the Company resolved to purchase treasury stock according to Article 156 of the Companies Act, as applied by a reading of the terms under Article 165, Paragraph 3 of the same act.

(1) *Reason for stock buybacks*

The Company has decided to purchase its treasury stock to enhance its shareholder return and capital efficiency and to execute flexible capital policies in response to changes in the business environment.

(2) *Details of purchase of treasury stock*

(i) Type of stock to be purchased	Common stock of the Company
(ii) Number of shares to be purchased	8,000,000 shares (maximum) (Percentage of the number of shares outstanding: 12.7%)
(iii) Total purchasing cost	¥5 billion (maximum)
(iv) Period of purchase	September 1, 2013 to August 31, 2014
(v) Method of purchase	Market transaction on the Tokyo Stock Exchange

e. Acquisition of GLIDER associates, INC. Stock

At the Board of Directors' meeting held on August 8, 2013, the Company resolved to undertake a third-party allocation of new stocks of GLIDER associates, INC. GLIDER's major shareholder Mr. Sugimoto Tetsuya is a related party. As a result, GLIDER will become an equity method affiliate of the Company.

(1) *Reason for underwriting capital increase by third-party allotment*

The Company views today's dramatic diffusion of smart devices as its business opportunity for innovation. The Company's business strategy is to expand its business from marketing research to a comprehensive marketing business; this strategy includes downsizing and long-tail businesses for smart devices. To understand GLIDER's shared business fields and business strategies, the Company decided on a capital tie-up to provide a one-stop marketing service, which would use its marketing expertise and network.

(2) *Outline of GLIDER associates, INC.*

(i) Name	GLIDER associates, INC.
(ii) Representative	CEO: Ken Machino
(iii) Head office address	1, Minamiaoyama, Minato-ku, Tokyo
(iv) Established	February 6, 2012
(v) Business description	Management and development of smart device application "Antenna"

(3) *Outline of underwriting capital increase by third-party allotment*

(i) Date of payment	August 30, 2013
(ii) Total amount of value	¥1,500 million (Ownership after acquisition: 25.64%)

18. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and issued Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) *Description of Reportable Segments*

The business segments the Company reports are the business units for which the Company is able to obtain individual financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business performance.

The major business of the Group is online research using AIRs. As its economic characteristics and markets where the services are sold are almost similar, the segments reported by the Company are limited solely to the online research business segment.

(2) ***Methods of Measurement for the Amounts of Sales, Income (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment***

Disclosures on this information are omitted because the Group has only one reportable segment.

(3) ***Information about Sales, Income (Loss), Assets, Liabilities, and Other Items***

Disclosures on this information are omitted because the Group has only one reportable segment.

Related Information

a. ***Information about Products and Services***

	Thousands of Yen									
	2013									
	Automatic Research	Tabulation	Analysis	Qualitative Research Services	Customized Research	Global Research	QPR	Overseas Business	Other Services	Total
Sales to external customers	¥7,948,065	¥966,739	¥1,640,760	¥1,371,460	¥1,293,626	¥677,479	¥1,015,147	¥1,654,614	¥552,473	¥17,120,363

	Thousands of Yen									
	2012									
	Automatic Research	Tabulation	Analysis	Qualitative Research Services	Customized Research	Global Research	QPR	Overseas Business	Other Services	Total
Sales to external customers	¥7,349,613	¥878,954	¥1,384,393	¥1,200,982	¥1,356,982	¥477,850	¥841,043	¥301,516	¥438,435	¥14,229,768

	Thousands of U.S. Dollars									
	2013									
	Automatic Research	Tabulation	Analysis	Qualitative Research Services	Customized Research	Global Research	QPR	Overseas Business	Other Services	Total
Sales to external customers	$80,283	$9,765	$16,573	$13,853	$13,067	$6,843	$10,254	$16,713	$5,582	$172,933

b. Information about Geographical Areas

(*a*) *Sales*

Disclosures on sales are omitted, as the sales to external customers in Japan exceed 90% of total sales in the consolidated statement of income.

(*b*) *Property and equipment*

Disclosures on property and equipment are omitted, as the sum of this asset exceeds 90% of total sales in the consolidated balance sheet.

c. Information about Major Customers

Disclosures on this information are omitted, as there are no client accounts exceeding 10% of total sales to external customers in the consolidated statement of income.

19. RELATED-PARTY TRANSACTIONS

Related party transactions for Yasunori Fukuha who is a director of the Company; Masanobu Takeda who is a director of the Company; Tetsuya Sugimoto who is a director of the Company; and Naoya Sugiyama who is a director of the Company for the years ended June 30, 2013 and 2012, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Yasunori Fukuha—Exercise of stock acquisition rights		¥35,771	
Masanobu Takeda—Exercise of stock acquisition rights		35,771	
Tetsuya Sugimoto—Exercise of stock acquisition rights	¥46,631		$471
Naoya Sugiyama—Exercise of stock acquisition rights	16,240		164

Note: In regard to the receivables which the Company had against MACROMILL Korea, Inc., the total allowance for doubtful receivables had been added up during the year ended June 30, 2012. However, as it has been judged impossible to collect the debts at June 30, 2012, the total amount of credit loss has been directly deducted from the receivables.

Transactions of the consolidated subsidiary with Masanobu Takeda, who is a director of the Company, for the year ended June 30, 2013 and 2012, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Masanobu Takeda:			
Payments of loans (receivable)		¥36,000	
Collection of loans (receivable)		36,000	
Interest income		83	

* * * * * *