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***Macromill, Inc. and  
Consolidated Subsidiaries***

*Consolidated Financial Statements  
for the Year Ended June 30, 2012,  
and Independent Auditor's Report*

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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 consolidated subsidiaries as of June 30, 2012, 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 conformity 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 conformity 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 the Company and consolidated subsidiaries as of June 30, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### 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 conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

September 26, 2012

## Macromill, Inc. and Consolidated Subsidiaries

### Consolidated Balance Sheet June 30, 2012

ASSETS	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Notes 6 and 14)	¥ 7,601,156	¥ 6,243,362	\$ 96,217
Marketable securities (Notes 4 and 14)		200,081	
Short-term investments (Note 14)	819,237	500,000	10,370
Receivables (Note 14):			
Trade notes	99,029	50,994	1,254
Trade accounts	2,854,285	2,302,873	36,130
Unconsolidated subsidiaries and associated companies	66,042	5,506	836
Other	6,438	5,410	81
Allowance for doubtful receivables	(65,213)	(943)	(825)
Inventories (Note 5)	19,961	17,310	253
Deferred tax assets (Note 10)	573,521	518,001	7,260
Prepaid expenses and other current assets (Note 19)	335,217	157,563	4,243
<b>Total current assets</b>	<b>12,309,673</b>	<b>10,000,157</b>	<b>155,819</b>
<b>PROPERTY AND EQUIPMENT:</b>			
Land	445	445	6
Buildings and structures	458,947	377,113	5,809
Furniture and fixtures	702,115	561,604	8,888
Construction in progress	44,159	534	559
Other	4,891		62
<b>Total</b>	<b>1,210,557</b>	<b>939,696</b>	<b>15,324</b>
Accumulated depreciation	(705,914)	(417,648)	(8,936)
<b>Net property and equipment</b>	<b>504,643</b>	<b>522,048</b>	<b>6,388</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 4 and 14)	2,453,446	1,130,275	31,056
Investments in and advances to unconsolidated subsidiaries and associated companies (Notes 14 and 19)	80,149	147,680	1,015
Long-term loans (Note 14)	753,000		9,532
Goodwill (Note 3)	1,022,094	482,771	12,938
Software	505,876	259,353	6,403
Deferred tax assets (Note 10)	131,669	91,723	1,667
Other assets (Note 6)	1,010,213	1,297,197	12,787
<b>Total investments and other assets</b>	<b>5,956,447</b>	<b>3,408,999</b>	<b>75,398</b>
<b>TOTAL</b>	<b>¥18,770,763</b>	<b>¥13,931,204</b>	<b>\$237,605</b>

## Macromill, Inc. and Consolidated Subsidiaries

### Consolidated Balance Sheet June 30, 2012

LIABILITIES AND EQUITY	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>CURRENT LIABILITIES:</b>			
Short-term bank loans (Notes 6 and 14)	¥ 207,776		\$ 2,630
Current portion of long-term debt (Notes 6 and 14)	2,293		29
Accounts payable (Note 14)	803,018	¥ 747,254	10,165
Income taxes payable (Notes 10 and 14)	1,039,016	658,167	13,152
Allowance for panelists-points	1,090,330	848,437	13,802
Accrued bonuses	141,032	45,027	1,785
Other current liabilities	351,420	369,321	4,449
<b>Total current liabilities</b>	<b>3,634,885</b>	<b>2,668,206</b>	<b>46,012</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt (Notes 6 and 14)	5,006,497		63,373
Liability for employees' retirement benefits (Note 7)	76,975		974
Retirement allowances for directors and corporate auditors	37,842		479
Asset retirement obligations	111,786	99,454	1,415
Other long-term liabilities (Note 10)	2,813	2,018	36
<b>Total long-term liabilities</b>	<b>5,235,913</b>	<b>101,472</b>	<b>66,277</b>
<b>EQUITY (Notes 8, 9 and 17):</b>			
Common stock—authorized, 83,712,000 shares in 2012 and 2011; issued, 30,868,400 shares in 2012 and 32,315,600 shares in 2011	1,644,095	1,597,858	20,811
Capital surplus	4,885,021	4,865,040	61,836
Stock acquisition rights	31,980	40,128	405
Retained earnings	5,427,120	5,583,316	68,698
Treasury stock—at cost, 2,835,700 shares in 2012 and 1,774,200 shares in 2011	(2,228,326)	(1,106,675)	(28,207)
Accumulated other comprehensive loss:			
Unrealized loss on available-for-sale securities	(48,445)	(43,785)	(613)
Foreign currency translation adjustments	(38,494)	(2,197)	(488)
Total	9,672,951	10,933,685	122,442
Minority interests	227,014	227,841	2,874
<b>Total equity</b>	<b>9,899,965</b>	<b>11,161,526</b>	<b>125,316</b>
<b>TOTAL</b>	<b>¥18,770,763</b>	<b>¥13,931,204</b>	<b>\$237,605</b>

See notes to consolidated financial statements.

## Macromill, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Income Year Ended June 30, 2012

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2012</u>	<u>2011</u>	<u>2012</u>
NET SALES	¥14,229,768	¥12,210,393	\$ 180,124
COST OF SALES	<u>7,143,864</u>	<u>6,183,964</u>	<u>90,429</u>
Gross profit	7,085,904	6,026,429	89,695
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	<u>4,002,947</u>	<u>3,422,309</u>	<u>50,670</u>
Operating income	<u>3,082,957</u>	<u>2,604,120</u>	<u>39,025</u>
OTHER INCOME (EXPENSES):			
Interest and dividend income (Note 19)	69,880	53,868	885
Interest expenses	(4,648)		(59)
Loss on disposal of fixed assets	(8,338)	(150,511)	(106)
Gain on sales of investment securities—net (Note 4)	45,937		581
Gain on sale of investments in consolidated subsidiaries		9,957	
Foreign exchange gain	190	2,268	2
Equity in loss of associated companies	(184,998)	(157,238)	(2,342)
Gain on reversal of stock acquisition rights	1,525		19
Loss on business integration (Note 12)		(84,487)	
Loss on adjustment for adoption of accounting standard for asset retirement obligations		(24,323)	
Other—net	<u>12,222</u>	<u>19,539</u>	<u>156</u>
Other expenses—net	<u>(68,230)</u>	<u>(330,927)</u>	<u>(864)</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	<u>3,014,727</u>	<u>2,273,193</u>	<u>38,161</u>
INCOME TAXES (Note 10):			
Current	1,593,161	1,092,742	20,167
Deferred	<u>(42,069)</u>	<u>44,856</u>	<u>(533)</u>
Total income taxes	<u>1,551,092</u>	<u>1,137,598</u>	<u>19,634</u>
NET INCOME BEFORE MINORITY INTERESTS (Note 1)	1,463,635	1,135,595	18,527
MINORITY INTERESTS	<u>62,097</u>	<u>35,457</u>	<u>786</u>
NET INCOME	<u>¥ 1,525,732</u>	<u>¥ 1,171,052</u>	<u>\$ 19,313</u>

## Macromill, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Income Year Ended June 30, 2012

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	Yen		U.S. Dollars
	<u>2012</u>	<u>2011</u>	<u>2012</u>
PER SHARE OF COMMON STOCK (Notes 2.x and 16):			
Basic net income	¥52.66	¥ 38.50	\$0.67
Diluted net income	45.31	38.14	0.57
Cash dividends applicable to the year	23	2,009	0.29

See notes to consolidated financial statements.

## Macromill, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Comprehensive Income Year Ended June 30, 2012

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	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2012</u>	<u>2011</u>	<u>2012</u>
NET INCOME BEFORE MINORITY INTERESTS	<u>¥1,463,635</u>	<u>¥1,135,595</u>	<u>\$18,527</u>
OTHER COMPREHENSIVE LOSS (Note 15):			
Unrealized loss on available-for-sale securities	(4,659)	(14,781)	(59)
Foreign currency translation adjustments	<u>(40,674)</u>	<u>(2,442)</u>	<u>(515)</u>
Total other comprehensive loss	<u>(45,333)</u>	<u>(17,223)</u>	<u>(574)</u>
COMPREHENSIVE INCOME (Note 15)	<u>¥1,418,302</u>	<u>¥1,118,372</u>	<u>\$17,953</u>
TOTAL COMPREHENSIVE INCOME (LOSS)			
ATTRIBUTABLE TO:			
Owners of the parent	¥1,484,775	¥1,154,074	\$18,795
Minority interests	(66,473)	(35,702)	(842)

See notes to consolidated financial statements.

Macromill, Inc. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity  
Year Ended June 30, 2012

	Thousands of Yen										
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss		Total	Minority Interests	Total Equity
							Unrealized Loss on Available-for- Sale Securities	Foreign Currency Translation Adjustments			
BALANCE, JULY 1, 2010	133,560	¥1,597,858	¥1,631,400	¥22,480	¥4,959,382	¥ (447,797)	¥(29,004)		¥ 7,734,319		¥ 7,734,319
Increase due to business combination via an absorption-type company split	22,992		3,207,384						3,207,384		3,207,384
Stock split, 200 shares for each 1 share	30,517,645										
Net income					1,171,052				1,171,052		1,171,052
Cash dividends, ¥3,800 per share					(547,118)				(547,118)		(547,118)
Purchase of treasury stock	(164,496)					(749,129)			(749,129)		(749,129)
Disposal of treasury stock	31,699		26,256			90,251			116,507		116,507
Net change in the year				17,648			(14,781)	¥ (2,197)	670	¥227,841	228,511
BALANCE, JUNE 30, 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	<u>28,032,700</u>	<u>¥1,644,095</u>	<u>¥4,885,021</u>	<u>¥31,980</u>	<u>¥5,427,120</u>	<u>¥(2,228,326)</u>	<u>¥(48,445)</u>	<u>¥(38,494)</u>	<u>¥ 9,672,951</u>	<u>¥227,014</u>	<u>¥ 9,899,965</u>



**Macromill, Inc. and Consolidated Subsidiaries**

**Consolidated Statement of Changes in Equity  
Year Ended June 30, 2012**

Thousands of U.S. Dollars (Note 1)

	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss		Total	Minority Interests	Total Equity
						Unrealized Loss on Available-for- Sale Securities	Foreign Currency Translation Adjustments			
BALANCE, JUNE 30, 2011	\$20,226	\$61,583	\$508	\$70,675	\$(14,009)	\$(554)	\$ (28)	\$138,401	\$2,884	\$141,285
Issuance of common stock	585	585						1,170		1,170
Net income				19,313				19,313		19,313
Cash dividends, \$0.24 per share				(7,146)				(7,146)		(7,146)
Purchase of treasury stock					(29,533)			(29,533)		(29,533)
Cancellation of treasury stock		(332)		(14,020)	14,352					
Disposal of treasury stock				(124)	983			859		859
Net change in the year			(103)			(59)	(460)	(622)	(10)	(632)
BALANCE, JUNE 30, 2012	<u>\$20,811</u>	<u>\$61,836</u>	<u>\$405</u>	<u>\$68,698</u>	<u>\$(28,207)</u>	<u>\$(613)</u>	<u>\$(488)</u>	<u>\$122,442</u>	<u>\$2,874</u>	<u>\$125,316</u>

See notes to consolidated financial statements.

## Macromill, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Cash Flows Year Ended June 30, 2012

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2012</u>	<u>2011</u>	<u>2012</u>
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥3,014,727	¥2,273,193	\$38,161
Adjustments for:			
Income taxes—paid	(1,213,443)	(965,095)	(15,360)
Depreciation	394,715	419,177	4,996
Amortization of goodwill	96,368	42,792	1,220
Decrease in allowance for doubtful receivables	(5,313)	(86)	(67)
Increase (decrease) in allowance for panelists-points	102,989	(19,342)	1,304
Increase in accrued bonuses	95,993	21,064	1,215
Foreign exchange loss (gain)	229	(1,760)	3
Equity in loss of associated companies	184,998	157,238	2,342
Gain on sales of investment securities—net	(45,937)		(581)
Loss on disposal of fixed assets	8,338	150,511	106
Gain on sale of investments in consolidated subsidiaries		(9,957)	
Loss on adjustment for adoption of accounting standard for asset retirement obligations		24,323	
Gain on reversal of stock acquisition rights	(1,525)		(19)
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(446,933)	(91,403)	(5,657)
Decrease in inventories	5,153	47,426	65
(Decrease) increase in accounts payable	(25,067)	104,440	(317)
(Decrease) increase in consumption tax payable	(74,194)	114,892	(939)
Decrease in liability for employees' retirement benefits	(7,179)		(91)
Increase in retirement allowances for directors and corporate auditors	19,832		251
Other—net	(41,216)	(38,839)	(524)
Total adjustments	<u>(952,192)</u>	<u>(44,619)</u>	<u>(12,053)</u>
Net cash provided by operating activities—(Forward)	<u>¥2,062,535</u>	<u>¥2,228,574</u>	<u>\$26,108</u>

## Macromill, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Cash Flows Year Ended June 30, 2012

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Net cash provided by operating activities—(Forward)	¥2,062,535	¥2,228,574	\$26,108
INVESTING ACTIVITIES:			
Increase in short-term investments	(300,000)	(500,000)	(3,797)
Decrease in short-term investments		300,000	
Purchases of marketable securities	(31,840)	(350,940)	(403)
Proceeds from redemption of marketable securities	231,840	450,500	2,935
Purchase of investment in consolidated subsidiary	(57,500)		(728)
Purchases of property and equipment	(152,204)	(468,307)	(1,927)
Purchases of software	(375,990)	(156,888)	(4,759)
Purchases of investment securities	(1,649,411)	(399,403)	(20,879)
Proceeds from sales of investment securities	358,206		4,534
Refunds of lease deposits	7,841	272,295	99
Payments for lease deposits	(26,526)	(171,057)	(336)
Cash decrease due to acquisition of a newly consolidated subsidiary	(475,770)		(6,022)
Proceeds from sale of investments in consolidated subsidiaries		97,500	
Payments of loans	(1,319,544)		(16,703)
Collection of loans	550,000		6,962
Other—net	363,044	(577,255)	4,595
Net cash used in investing activities	<u>(2,877,854)</u>	<u>(1,503,555)</u>	<u>(36,429)</u>
FINANCING ACTIVITIES:			
Repayments of short-term bank loans	(41,820)		(529)
Repayments of long-term debt	(1,162)		(15)
Proceeds from long-term debt	4,993,643		63,211
Proceeds from issuance of common stock	85,320		1,080
Payments for issuance of common stock		(1,841)	
Purchase of treasury stock	(2,354,302)	(755,152)	(29,801)
Disposal of treasury stock	67,532	116,409	855
Dividends paid	(565,848)	(547,829)	(7,163)
Proceeds from stock issuance to minority shareholders	2,000	176,000	25
Net cash provided by (used in) financing activities	<u>2,185,363</u>	<u>(1,012,413)</u>	<u>27,663</u>
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	<u>(12,250)</u>	<u>(438)</u>	<u>(155)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)	¥1,357,794	¥ (287,832)	\$17,187

## Macromill, Inc. and Consolidated Subsidiaries

### Consolidated Statement of Cash Flows Year Ended June 30, 2012

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2012</u>	<u>2011</u>	<u>2012</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)	¥1,357,794	¥ (287,832)	\$17,187
INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM ABSORPTION-TYPE COMPANY SPLIT		1,622,131	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,243,362</u>	<u>4,909,063</u>	<u>79,030</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥7,601,156</u>	<u>¥6,243,362</u>	<u>\$96,217</u>
ADDITIONAL CASH FLOW INFORMATION:			
Cash decrease due to acquisition of a newly consolidated subsidiary:			
Current assets	¥ 416,005		\$ 5,266
Non-current assets	384,236		4,864
Goodwill	607,195		7,686
Current liabilities	(518,974)		(6,569)
Long-term liabilities	(114,670)		(1,452)
Minority interests	<u>(81,633)</u>		<u>(1,033)</u>
Acquisition cost	692,159		8,762
Cash and cash equivalents included in the above current assets	<u>(216,389)</u>		<u>(2,740)</u>
Cash decrease due to acquisition of a newly consolidated subsidiary	<u>¥ 475,770</u>		<u>\$ 6,022</u>

See notes to consolidated financial statements.

# Macromill, Inc. and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements Year Ended June 30, 2012

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### 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 conformity 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 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥79 to \$1, the approximate rate of exchange at June 30, 2012. 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, 2012 include the accounts of the Company and its six (four in 2011) 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 (one in 2011) 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 of 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 (1) 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, (2) 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, (3) however, the following items 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: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (3) expensing capitalized development costs of research and development; (4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and (5) 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 allows 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 a 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 is 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 allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

The Company acquired 51% of MACROMILL EMBRAIN CO., LTD. on February 28, 2012 and accounted for it by the purchase method of accounting. The related goodwill is systematically amortized over 13 years.

- 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 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 finished products and 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.

Non-marketable 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 their 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 newly 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 Corporate Auditors**—Retirement allowances for directors and corporate auditors of a certain newly consolidated subsidiary are recorded to state the liability at the amount that would be required if all directors and corporate auditors 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 increase or a decrease in 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 standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees 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 issued in June 1993. 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 did 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 stock acquisition 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.

(Change in Accounting Policies)

Effective for the year ended June 30, 2012, "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, issued on June 30, 2010) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, issued on June 30, 2010) have been adopted. As a result, in calculating diluted earnings per share for stock options for which the right to exercise options is vested after a specified service period, the fair value of the service expected to be provided to the Group in the future is added to the proceeds assumed to be received when the options are exercised.

- y. **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 with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) *Changes in presentations*

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.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

**3. BUSINESS COMBINATION**

**(1) *Outline of Business Combination***

(a) *The name of the acquired company and its business*

Name of the acquired company: MACROMILL EMBRAIN CO., LTD.

Major business: Research and consulting, online advertising and software development

(b) *Main reasons for business combination*

For market expansion in South Korea, where the Internet research has a relatively small share within marketing research, we had to improve the quality of our Internet research and gain trust from clients. In order to achieve that, the Group aims to create synergy by utilizing knowledge and brand power of MACROMILL EMBRAIN CO., LTD. which has a profound knowledge of the Korean market and clients and has already achieved good business results, combined with the Company's system and sales expertise and sufficient funds enhanced by the expansion of the Internet research business. We believe that this synergy will help us to quickly increase the client trust level and the awareness of the Internet research, which will contribute to improve the overseas performance of the Group. Moreover, reduced outsourcing costs for conducting overseas research could be expected by utilizing the panel members of MACROMILL EMBRAIN CO., LTD.

The Company has made MACROMILL EMBRAIN CO., LTD., the leading company in South Korean Internet research market, a subsidiary to build secure business foundation in South Korea and accelerate overseas business expansion in Asia, mainly in China and South Korea.

(c) *Date of business combination*

February 28, 2012

(d) *Legal form of the business combination and name after business combination*

Legal form of the business combination: Cash acquisition of shares

Name after business combination: MACROMILL EMBRAIN CO., LTD.

(e) *Percentage of ownership ratio acquired*

51%

(f) *Principal bases for determining an acquirer*

The Company acquired the shares of MACROMILL EMBRAIN CO., LTD. by cash.

(2) **Period of the Acquiree's Profit and Loss Included in the Consolidated Financial Statements of the Company**

April 1, 2012–June 30, 2012

(3) **Acquisition Cost of the Acquiree and Its Breakdown Detail**

	<u>Thousands of Yen</u>	<u>Thousands of U.S. Dollars</u>
Acquisition price (cash)	¥671,700	\$8,503
Acquisition expense (advisory fee and other)	<u>20,459</u>	<u>259</u>
Total	<u>¥692,159</u>	<u>\$8,762</u>

(4) **Amount of Goodwill Recorded, Reasons for Goodwill, Amortization Method and Period**

Amount of goodwill recorded: ¥607,195 thousand (\$7,686 thousand)  
Reasons for goodwill: Expectation for excess earning power in business development in the Korean market  
Amortization method and period: Amortized over 13 years using the straight-line method

(5) **Acquired Assets and Liabilities on the Date of Acquisition**

	<u>Thousands of Yen</u>	<u>Thousands of U.S. Dollars</u>
Current assets	¥ 416,005	\$ 5,266
Non-current assets	<u>384,236</u>	<u>4,864</u>
Total assets acquired	<u>¥ 800,241</u>	<u>\$10,130</u>
Current liabilities	¥(518,974)	\$ (6,569)
Long-term liabilities	<u>(114,670)</u>	<u>(1,452)</u>
Total liabilities assumed	<u>¥(633,644)</u>	<u>\$ (8,021)</u>

(6) **Pro forma Consolidated Statement of Income**

If this business combination had been completed as of July 1, 2011, the beginning of the current fiscal year, the unaudited approximate effects on the consolidated statement of income for the year ended June 30, 2012 would be as follows:

	<u>Thousands of Yen</u>	<u>Thousands of U.S. Dollars</u>
Net sales	¥757,758	\$9,592
Operating income	(34,463)	(436)
Income before income taxes and minority interests	(43,829)	(555)
Net income	(63,603)	(805)

#### 4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of June 30, 2012 and 2011 consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Current—Debt securities (corporate bonds)		¥ 200,081	
Total		¥ 200,081	
Non-current:			
Equity securities	¥1,409,861	¥ 402,361	\$17,846
Debt securities (corporate bonds)	99,137	94,140	1,255
Debt securities (other)	944,448	633,774	11,955
Total	¥2,453,446	¥1,130,275	\$31,056

The costs and aggregate fair values of marketable and investment securities at June 30, 2012 and 2011 were as follows:

	Thousands of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
<u>June 30, 2012</u>				
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
<u>June 30, 2011</u>				
Securities classified as:				
Available-for-sale:				
Equity securities	¥104,576		¥34,167	¥ 70,409
Debt securities (corporate bonds)	276,940	¥17,699	418	294,221
Debt securities (other)	600,000		47,880	552,120
Held-to-maturity	81,654		30,034	51,620

<u>June 30, 2012</u>	Thousands of U.S. Dollars			<u>Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Securities classified as:				
Available-for-sale:				
Equity securities	\$5,056		\$840	\$4,216
Debt securities (corporate bonds)	1,108	\$147		1,255
Debt securities (other)	7,848	1	212	7,637
Held-to-maturity	1,044		345	699

The information for available-for-sale securities which were sold during the year ended June 30, 2012 was as follows:

<u>June 30, 2012</u>	Thousands of Yen		
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
Equity securities	¥358,206	¥44,802	¥19
Debt securities (other)	31,755	1,155	—
Total	<u>¥389,961</u>	<u>¥45,957</u>	<u>¥19</u>

<u>June 30, 2012</u>	Thousands of U.S. Dollars		
	<u>Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
Equity securities	\$4,534	\$567	—
Debt securities (other)	402	15	—
Total	<u>\$4,936</u>	<u>\$582</u>	<u>—</u>

## 5. INVENTORIES

Inventories at June 30, 2012 and 2011 consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Finished products	¥ 793	¥ 4,794	\$ 10
Work in process	16,012	10,497	203
Supplies	3,156	2,019	40
Total	<u>¥19,961</u>	<u>¥17,310</u>	<u>\$253</u>

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

Short-term bank loans at June 30, 2012 consisted of notes to banks. The average annual interest rate applicable to the short-term bank loans was 5.98% at June 30, 2012.

Long-term debt at June 30, 2012 and 2011 consisted of the following:

	<u>Thousands of Yen</u>		<u>Thousands of</u>
	<u>2012</u>	<u>2011</u>	<u>U.S. Dollars</u>
6.38% loan from a Korean bank due 2013 to 2014	¥ 8,790		\$ 111
Zero coupon convertible bonds due in August 2014	<u>5,000,000</u>		<u>63,291</u>
Total	<u>5,008,790</u>		<u>63,402</u>
Less current portion	<u>(2,293)</u>		<u>(29)</u>
Long-term debt, less current portion	<u>¥5,006,497</u>		<u>\$63,373</u>

Annual maturities of long-term debt at June 30, 2012 were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Thousands of Yen</u>	<u>Thousands of</u> <u>U.S. Dollars</u>
2013	¥ 2,293	\$ 29
2014	6,497	82
2015	5,000,000	63,291
2016		
2017		
2018 and thereafter		
Total	<u>¥5,008,790</u>	<u>\$63,402</u>

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥199,520 thousand (\$2,526 thousand) at June 30, 2012 were as follows:

	<u>Thousands of Yen</u>	<u>Thousands of</u> <u>U.S. Dollars</u>
Cash and cash equivalents	¥11,696	\$148
Investment and other assets (other assets)	<u>35,914</u>	<u>455</u>
Total	<u>¥47,610</u>	<u>\$603</u>

The conversion price of the convertible bonds due in August 2014 was ¥972 per share at June 30, 2012. If all the outstanding convertible bonds had been exercised at June 30, 2012, 4,455 thousand shares of common stock would have been issued.

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, 2012 and 2011 consisted of the following:

	<u>Thousands of Yen</u>		<u>Thousands of</u> <u>U.S. Dollars</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Projected benefit obligation	¥90,981		\$1,151
Fair value of plan assets	<u>(14,006)</u>	_____	<u>(177)</u>
Net liability	<u>¥76,975</u>	=====	<u>\$ 974</u>

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, 2012 and 2011 are as follows:

	<u>Thousands of Yen</u>		<u>Thousands of</u> <u>U.S. Dollars</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Service cost	¥13,314	_____	\$169
Net periodic benefit costs	<u>¥13,314</u>	=====	<u>\$169</u>

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

2. The expenses which contributed to the defined contribution plan have been included in the service costs.

## 8. 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 a Board of Corporate Auditors, 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.

## 9. STOCK OPTIONS

The stock options outstanding as of June 30, 2012 are as follows:

<u>Stock Option</u>	<u>Persons Granted</u>	<u>Number of Options Granted</u>	<u>Date of Grant</u>	<u>Exercise Price</u>	<u>Exercise Period</u>
2009 Stock Option	227 employees	352,200 shares	2009.7.16	¥540 (\$7)	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.

The stock option activity is as follows:

	<u>2009 Stock Option</u> (Shares)
<u>Year Ended June 30, 2011</u>	
<u>Non-vested</u>	
June 30, 2010—Outstanding	
Granted	511,600
Canceled	64,200
Vested	
June 30, 2011—Outstanding	447,400
<u>Vested</u>	
June 30, 2010—Outstanding	
Vested	
Exercised	
Canceled	
June 30, 2011—Outstanding	
<u>Year Ended June 30, 2012</u>	
<u>Non-vested</u>	
June 30, 2011—Outstanding	447,400
Granted	78,000
Canceled	17,200
Vested	
June 30, 2012—Outstanding	352,200
<u>Vested</u>	
June 30, 2011—Outstanding	
Vested	
Exercised	
Canceled	
June 30, 2012—Outstanding	
Exercise price	¥540 (\$7)
Fair value price at grant date	¥17,735 (\$224)

- Notes: 1. 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. 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.
3. Gains on expiration of unexercised stock options recorded for the year ended June 30, 2012 amounted to ¥1,525 thousand (\$19 thousand).

## 10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended June 30, 2012 and 2011. 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, 2012 and 2011 are as follows:

	<u>Thousands of Yen</u>		<u>Thousands of</u> <u>U.S. Dollars</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Deferred tax assets:			
Allowance for panelists-points	¥391,782	¥345,314	\$ 4,959
Asset adjustment account	121,639	173,663	1,540
Allowance for doubtful receivables	13,977	161	177
Liability for employees' retirement benefits	18,758		237
Enterprise taxes	77,567	54,253	982
Unrealized loss on available-for-sale securities	29,640	32,070	375
Loss on valuation of investment securities	43,984	39,696	557
Accrued bonuses and accounts payable—bonuses	55,642	20,694	704
Tax loss carryforwards	271,747	111,441	3,440
Other	78,907	95,778	999
Less valuation allowance	<u>(271,747)</u>	<u>(111,441)</u>	<u>(3,440)</u>
Total	<u>831,896</u>	<u>761,629</u>	<u>10,530</u>
Deferred tax liabilities:			
Customer related assets	(106,313)	(113,186)	(1,346)
Unrealized gain on available-for-sale securities	(2,813)	(2,018)	(36)
Other	<u>(20,393)</u>	<u>(38,719)</u>	<u>(257)</u>
Total	<u>(129,519)</u>	<u>(153,923)</u>	<u>(1,639)</u>
Net deferred tax assets	<u>¥702,377</u>	<u>¥607,706</u>	<u>\$ 8,891</u>

Total deferred tax assets and liabilities for the years ended June 30, 2012 and 2011 were included in the following accounts:

	<u>Thousands of Yen</u>		<u>Thousands of</u> <u>U.S. Dollars</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>
Current assets—Deferred tax assets	¥573,521	¥518,001	\$7,260
Investments and other assets—Deferred tax assets	131,669	91,723	1,667
Long-term liabilities—Other long-term liabilities	<u>(2,813)</u>	<u>(2,018)</u>	<u>(36)</u>
Total	<u>¥702,377</u>	<u>¥607,706</u>	<u>\$8,891</u>

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, 2012 with the corresponding figures for 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Normal effective statutory tax rate	40.7%	40.7%
Gain on sale of investments in consolidated subsidiaries		(0.2)
Change in the valuation allowance	7.0	4.9
Amortization of goodwill	1.3	0.8
Equity in loss of associated companies	2.5	2.8
Decrease in deferred tax assets due to tax rate change	1.0	
Other—net	<u>(1.0)</u>	<u>1.0</u>
Actual effective tax rate	<u>51.5%</u>	<u>50.0%</u>

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.7% to 38.0% effective for the fiscal years beginning on or after July 1, 2012 through June 30, 2015, and to 35.6% afterwards. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of June 30, 2012 by ¥52,452 thousand (\$664 thousand), and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥48,651 thousand (\$616 thousand) and to decrease unrealized gain on available-for-sale securities in the consolidated balance sheet as of June 30, 2012 by ¥3,801 thousand (\$48 thousand).

At June 30, 2012, certain subsidiaries have tax loss carryforwards aggregating approximately ¥1,148,737 thousand (\$14,541 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

<u>Year Ending June 30</u>	<u>Thousands of Yen</u>	<u>Thousands of U.S. Dollars</u>
2013		
2014		
2015		
2016		
2017	¥ 34,732	\$ 440
2018	354,320	4,485
2019 and thereafter	<u>759,685</u>	<u>9,616</u>
Total	<u>¥1,148,737</u>	<u>\$14,541</u>

#### 11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥40,496 thousand (\$513 thousand) and ¥80,604 thousand for the years ended June 30, 2012 and 2011, respectively.

## 12. LOSS ON BUSINESS INTEGRATION

Loss on business integration for the year ended June 30, 2011 consists mainly of organizational and human resource restructuring after the acquisition of the marketing research business of Yahoo Japan Value Insight Corporation ("YVI").

## 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. Borrowing is 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 semi-annually.

To manage the credit risk associated with marketable and investment securities, the Group periodically monitors issuer's financial condition.

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 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 holdings 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*

<u>June 30, 2012</u>	<u>Thousands of Yen</u>		
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
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)	<u>(65,213)</u>		
	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	<u>753,000</u>	<u>813,536</u>	<u>60,536</u>
Total	<u>¥13,251,956</u>	<u>¥13,285,261</u>	<u>¥ 33,305</u>
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 d)	<u>5,008,790</u>	<u>5,138,790</u>	<u>¥130,000</u>
Total	<u>¥ 7,058,600</u>	<u>¥ 7,188,600</u>	<u>¥130,000</u>

<u>June 30, 2011</u>	Thousands of Yen		
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and cash equivalents	¥ 6,243,362	¥ 6,243,362	
Short-term investments (Note a)	500,000	500,000	
Receivables	2,364,783		
Less: allowance for doubtful receivables (Note b)	(943)		
	<u>2,363,840</u>	<u>2,363,840</u>	
Marketable and investment securities:			
Held-to-maturity securities	81,654	51,620	¥(30,034)
Available-for-sale securities	916,750	916,750	
Investments in and advances to an associated company (Note c)	<u>82,078</u>	<u>82,078</u>	
Total	<u>¥10,187,684</u>	<u>¥10,157,650</u>	<u>¥(30,034)</u>
Accounts payable	¥ 747,254	¥ 747,254	
Income taxes payable	<u>658,167</u>	<u>658,167</u>	
Total	<u>¥ 1,405,421</u>	<u>¥ 1,405,421</u>	

<u>June 30, 2012</u>	Thousands of U.S. Dollars		
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and cash equivalents	\$ 96,217	\$ 96,217	
Short-term investments (Note a)	10,370	10,370	
Receivables	38,301		
Less: allowance for doubtful receivables (Note b)	(825)		
	<u>37,476</u>	<u>37,476</u>	
Marketable and investment securities:			
Held-to-maturity securities	1,044	700	\$ (344)
Available-for-sale securities	13,107	13,107	
Long-term loans	<u>9,532</u>	<u>10,298</u>	<u>766</u>
Total	<u>\$167,746</u>	<u>\$168,168</u>	<u>\$ 422</u>
Short-term bank loans	\$ 2,630	\$ 2,630	
Accounts payable	10,165	10,165	
Income taxes payable	13,152	13,152	
Long-term debt	<u>63,402</u>	<u>65,048</u>	<u>\$1,646</u>
Total	<u>\$ 89,349</u>	<u>\$ 90,995</u>	<u>\$1,646</u>

- 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. Investments in an associated company are not included in the above table.
  - d. 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. The information of the fair value for the 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.

Investment in and Advances to an Associated Company

The fair value of investments in and advances to an associated company is measured at the book value after deduction of estimated uncollectible amount based on the review of collectability of each loan. The estimated uncollectible amount of the loan is directly deducted from investments in and advances to an associated company as equity in loss of an associated company.

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
	2012	2011	U.S. Dollars 2012
Investments in equity instruments that do not have a quoted market price in an active market	¥1,156,977	¥331,953	\$14,645
Convertible bonds with stock acquisition rights		65,602	
Other	258,637		3,274

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

		Thousands of Yen			
		Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>June 30, 2012</u>					
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	<u>¥11,446,188</u>		<u>¥853,000</u>		<u>¥700,000</u>
<u>June 30, 2011</u>					
Cash and cash equivalents	¥ 6,243,362				
Short-term investments	500,000				
Receivables	2,364,783				
Marketable and investment securities:					
Held-to-maturity securities—					
debt securities (other)					¥100,000
Available-for-sale securities with contractual maturities:					
Debt securities (corporate bonds)	200,000		¥100,000		
Debt securities (other)					600,000
Total	<u>¥ 9,308,145</u>		<u>¥100,000</u>		<u>¥700,000</u>

Note: Investment in and advances to an associated company are not included in the above table, because collection date cannot be reasonably estimated.

	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
<u>June 30, 2012</u>				
Cash and cash equivalents	\$ 96,217			
Short-term investments	10,370			
Receivables	38,301			
Marketable and investment securities:				
Held-to-maturity securities—				
debt securities (other)				\$1,266
Available-for-sale securities with				
contractual maturities:				
Debt securities (corporate bonds)		\$ 1,266		
Debt securities (other)				7,595
Long-term loans		9,532		
Total	<u>\$144,888</u>	<u>\$10,798</u>		<u>\$8,861</u>

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, 2012 were the follows:

	Thousands of Yen	Thousands of U.S. Dollars
	<u>2012</u>	<u>2012</u>
Unrealized gain on available-for-sale securities:		
Gains arising during the year	¥ 1,088	\$ 14
Reclassification adjustments to profit or loss	(2,522)	(32)
Amount before income tax effect	(1,434)	(18)
Income tax effect	(3,225)	(41)
Total	<u>¥ (4,659)</u>	<u>\$ (59)</u>
Foreign currency translation adjustments—		
Adjustments arising during the year	<u>¥(40,674)</u>	<u>\$ (515)</u>
Total other comprehensive loss	<u>¥(45,333)</u>	<u>\$ (574)</u>

The corresponding information for the year ended June 30, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

## 16. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended June 30, 2012 and 2011, is as follows:

	<u>Thousands of Yen</u>	<u>Number of Shares Weighted- Average Shares</u>	<u>Yen</u>	<u>U.S. Dollars</u>
<u>Year Ended June 30, 2012</u>	<u>Net Income</u>		<u>EPS</u>	
Basic EPS—Net income available to common shareholders	¥1,525,732	28,971,185	<u>¥52.66</u>	<u>\$0.67</u>
Effect of dilutive securities:				
Stock acquisition rights		243,997		
Convertible bonds		<u>4,455,350</u>		
Diluted EPS—Net income for computation	<u>¥1,525,732</u>	<u>33,670,532</u>	<u>¥45.31</u>	<u>\$0.57</u>
 <u>Year Ended June 30, 2011</u>				
Basic EPS—Net income available to common shareholders	¥1,171,052	30,420,600	<u>¥38.50</u>	
Effect of dilutive securities—				
Stock acquisition rights		<u>285,800</u>		
Diluted EPS—Net income for computation	<u>¥1,171,052</u>	<u>30,706,400</u>	<u>¥38.14</u>	

Note: Number of shares granted in the table above has been adjusted for a 200-for-1 stock split, dated January 1, 2011. Diluted earnings per share for the previous year assume full exercise of stock options at the beginning of the previous year.

### (Change in Accounting Policies)

Effective for the year ended June 30, 2012, "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, issued on June 30, 2010) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, issued on June 30, 2010) have been adopted. As a result, in calculating diluted earnings per share for stock options for which the right to exercise options is vested after a specified service period, the fair value of the service expected to be provided to the Group in the future is added to the proceeds assumed to be received when the options are exercised. Diluted earnings per share for the previous year, in which this accounting standard had not yet been adopted, was ¥38.14.

## 17. SUBSEQUENT EVENTS

### *a. Issuance of Stock Acquisition Rights*

At its meeting on August 24, 2012, the Board of Directors resolved to grant stock acquisition rights as a component of compensation for the Company's directors and employees. Allotment has been completed on September 11, 2012, and payment of cash exchanged for warrant has been completed on September 24, 2012.

Outline of stock acquisition rights are as follows:

(1) *Number of stock acquisition rights*

9,868

(2) *Class and number of shares given to stock acquisition rights*

A total of 986,800 shares of common stock

(3) *Issue price*

¥385 per unit

(4) *Exercise price*

¥947 per share

(5) *Exercise period*

From September 12, 2012 through September 11, 2019

(6) *Total amount of common shares to be issued upon exercise of stock acquisition rights*

¥934,499,600

(7) *Eligibility and number of allotted shares*

A total of 9,868 units, wherein 1 unit equals 100 shares, will be offered to 2 directors 3,200 units and 87 employees 6,668 units.

(8) *Increases in common stock and capital surplus in the event shares are issued through the exercise of stock acquisition rights*

(a) The amount by which common stock increases through the issuance of shares upon the exercise of stock acquisition rights will be half the maximum increase of common stock, as calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules, and any fraction less than 1 yen that results from such calculation will be rounded up to the nearest whole yen.

- (b) The amount by which capital surplus increases through the issuance of shares upon the exercise of stock acquisition rights will be the amount that remains after the aforementioned maximum increase in common stock is subtracted from the aforementioned capital increase.

***b. Appropriations of Retained Earnings***

The following appropriation of retained earnings at June 30, 2012 was approved at the Company's shareholders meeting held on September 26, 2012:

	<u>Thousands of Yen</u>	<u>Thousands of U.S. Dollars</u>
Year-end cash dividends, ¥13.00 (\$0.16) per share	¥364,425	\$4,613

**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, for the Group has only one reportable segment.

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

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

## Related Information

### a. Information about Product and Services

	Thousands of Yen								
	2012								
	Automatic Research	Tabulation	Analysis	Qualitative Research Services	Customized Research	Global Research	Mobile Research	Other Services	Total
Sales to external customers	¥7,349,613	¥878,954	¥1,384,393	¥1,200,982	¥1,356,982	¥477,850	¥75,602	¥1,505,392	¥14,229,768

  

	Thousands of Yen								
	2011								
	Automatic Research	Tabulation	Analysis	Qualitative Research Services	Customized Research	Global Research	Mobile Research	Other Services	Total
Sales to external customers	¥6,802,934	¥744,386	¥1,174,658	¥995,668	¥1,220,700	¥427,586	¥82,696	¥761,765	¥12,210,393

  

	Thousands of U.S. Dollars								
	2012								
	Automatic Research	Tabulation	Analysis	Qualitative Research Services	Customized Research	Global Research	Mobile Research	Other Services	Total
Sales to external customers	\$93,033	\$11,126	\$17,524	\$15,202	\$17,177	\$6,049	\$957	\$19,056	\$180,124

### b. Information about Geographical Areas

#### (a) Sales

Disclosures on sales are omitted, as the sales to external customers in Japan exceed 90% of it 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 it in the consolidated balance sheet.

### c. Information about Major Customer

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

## 19. RELATED PARTY TRANSACTIONS

Transactions of the Company with YVI which is owned by majority shares; MACROMILL Korea, Inc., which is an associated company with 38.5% of its voting stock owned by the Company; Yasuhiko Ichihara who is a director of the Company; Yasunori Fukuha who is a director of the Company; and Masanobu Takeda who is a director of the Company for the years ended June 30, 2012 and 2011 were as follows:

	<u>Thousands of Yen</u>		<u>Thousands of</u>
	<u>2012</u>	<u>2011</u>	<u>U.S. Dollars</u>
			<u>2012</u>
YVI:			
Acquisition of assets via an absorption-type company split		¥3,848,045	
Assumption of liabilities via an absorption-type company split		1,050,959	
MACROMILL Korea, Inc.:			
Interest income on advances		8,104	
Yasuhiko Ichihara:			
Exercise of stock acquisition rights		14,052	
Yasunori Fukuha:			
Exercise of stock acquisition rights	¥35,771		\$453
Masanobu Takeda:			
Exercise of stock acquisition rights	35,771		453

The balance due to or due from related parties listed in the above table at June 30, 2012 and 2011 were as follows:

	<u>Thousands of Yen</u>		<u>Thousands of</u>
	<u>2012</u>	<u>2011</u>	<u>U.S. Dollars</u>
			<u>2012</u>
MACROMILL Korea, Inc.:			
Investment in an associated company		¥65,602	
Advances to an associated company		82,078	
Interest receivable		4,052	

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, 2012 were as follows:

	<u>Thousands of Yen</u>		<u>Thousands of</u>
	<u>2012</u>	<u>2011</u>	<u>U.S. Dollars</u>
			<u>2012</u>
Masanobu Takeda:			
Payments of loans (receivable)	¥36,000		\$456
Collection of loans (receivable)	36,000		456
Interest income	83		1

\* \* \* \* \*