

# Summary of Financial Statements for the Year Ended June 30, 2011

August 3, 2011

Listed Company: MACROMILL, INC.  
 Stock Exchange: Tokyo Stock Exchange  
 Code Number: 3730  
 URL: <http://www.macromill.com/>  
 Representative: Tetsuya Sugimoto, Chairman and President  
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 Scheduled date of ordinary general meeting of shareholders: September 28, 2011  
 Scheduled reporting date of annual security report: September 29, 2011  
 Planned date of dividend payments: September 29, 2011

(Figures are rounded down to the nearest million yen.)

## 1. Consolidated Financial Results for the Year Ended June 30, 2011 (July 1, 2010 to June 30, 2011)

### (1) Consolidated Results of Operations for the Year Ended June 30, 2011

(The percentages are year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year Ended June 30, 2011	12,210	66.1	2,604	22.3	2,522	18.1	1,171	(7.5)
Year Ended June 30, 2010	7,353	(5.2)	2,129	22.0	2,135	21.8	1,266	34.5

(Note) Comprehensive income  
 Year Ended June 30, 2011 1,118 million yen (16.4)%  
 Year Ended June 30, 2010 1,337 million yen - %

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year Ended June 30, 2011	38.50	38.14	12.6	21.7	21.3
Year Ended June 30, 2010	10,182.23	10,126.47	19.2	25.8	29.0

(Reference) Equity in (earnings) losses of affiliates  
 Year Ended June 30, 2011 (157) million yen  
 Year Ended June 30, 2010 (21) million yen

(Note) The Company carried out a 200-for-1 stock split for its common shares, effective on January 1, 2011, and the year-end dividend is calculated based on the number of shares after the stock split.

### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year Ended June 30, 2011	13,931	11,161	78.2	356.68
Year Ended June 30, 2010	9,313	7,734	82.8	57,740.64

(Reference) Shareholders' equity  
 Year Ended June 30, 2011 10,893 million yen  
 Year Ended June 30, 2010 7,711 million yen

(Note) The Company carried out a 200-for-1 stock split for its common shares, effective on January 1, 2011, and the year-end dividend is calculated based on the number of shares after the stock split.

### (3) Consolidated Cash Flow Statements

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Year-end cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Year Ended June 30, 2011	2,228	(1,503)	(1,012)	6,243
Year Ended June 30, 2010	1,774	(621)	924	4,909

## 2. Dividends

Record date	Dividend per share					Total amount of annual cash dividends	Dividend payout ratio (Consolidated)	Dividend to net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen			
Year ended June 30, 2010	-	1,500.00	-	1,800.00	3,300.00	425	32.4	6.5
Year ended June 30, 2011	-	2,000.00	-	9.00	2,009.00	581	49.4	5.9
Year ending June 30, 2012 (forecast)	-	10.00	-	11.00	21.00	-	42.6	-

(Note) The Company carried out a 200-for-1 stock split for its common shares, effective on January 1, 2011, and the year-end dividend is calculated based on the number of shares after the stock split.

3. Forecast of Consolidated Financial Results for the Year Ending June 2012 (July 1, 2011 to June 30, 2012)

(The percentages are year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	7,000	11.4	1,455	2.1	1,455	0.0	730	5.7	23.99
Full year	14,200	16.3	2,900	11.4	2,900	15.0	1,500	28.1	49.30

(Note) The Company carried out a 200-for-1 stock split for its common shares, effective on January 1, 2011, and the year-end dividend is calculated based on the number of shares after the stock split.

(Note) The net income per share, if calculated on pre-stock-split basis, would be 9,860 yen per share.

4. Other

(1) Important changes in subsidiaries during the fiscal year under review (changes in specific subsidiaries accompanied by a change in the scope of consolidation): Yes

New: 1 (Name of company: M-Cube and Associates, Inc.)

Exception: -

(Note) Any changes in specific subsidiaries accompanied by a change in the scope of consolidation during the fiscal year under review

(2) Application of simplified accounting method and accounting methods unique to the preparation of quarterly consolidated financial statements No  
(Note) Adoption of simplified accounting methods or accounting methods unique to the preparation of consolidated financial statements.

(3) Changes in accounting principles and procedures and the representation method relating to the preparation of consolidated financial statements (included in Changes in Important Items, Etc. That Are Used as Basic Materials for Preparation of Consolidated Financial Statements)

(i) Changes due to amendment of accounting standards, etc.: Yes

(ii) Changes other than (i): No

(Note) Any changes in accounting principles, procedures, or representation method of the accounting methods for the preparation of quarterly consolidated financial statements included in "Changes in Important Items, Etc. That Are Used as Basic Materials for Preparation of Consolidated Financial Statements"

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding (including treasury stock) at the end of the term: Year ended June 2011 32,315,600 shares Year ended June 2010 138,586 shares

(ii) Number of shares of treasury stock at the end of the term: Year ended June 2011 1,774,200 shares Year ended June 2010 5,026 shares

(iii) Average number of shares Year ended June 2011 30,420,600 shares Year ended June 2010 124,382 shares

(Reference) Non-consolidated Results

1. Non-consolidated Financial Results for the Year Ended June 30, 2011 (July 1, 2010 to June 30, 2011)

(1) Non-consolidated Results of Operations for the Year Ended June 30, 2011

(The percentages are year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year Ended June 30, 2011	12,212	70.3	2,858	32.6	2,912	32.1	1,424	22.0
Year Ended June 30, 2010	7,171	4.4	2,155	22.6	2,205	21.8	1,167	10.8

	Net income per share	Diluted net income per share
	Yen	Yen
Year Ended June 30, 2011	46.84	46.41
Year Ended June 30, 2010	9390.00	9338.58

[Notes]

1. This earnings release report is not subject to audit procedures based on the Financial Instruments and Exchange Act.

At the time of disclosure of this report, the audit procedures for the financial statements are in progress.

2. The forward-looking statements, such as results forecasts, included in this document are based on information available to the Company as of the date of the document and certain assumptions that the Company considers reasonable. Actual results may differ significantly due to a range of factors.

The Company carried out a 200-for-1 stock split for its common shares, effective on January 1, 2011.

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## 1. Results of Operations

### (1) Analysis on results of operations

In the consolidated fiscal year under review (from July 1, 2010 to June 30, 2011), the Japanese economy was on a modest recovery path, reflecting recovery in corporate earnings due to growth in overseas demand, especially in emerging market economies. However, on March 11, 2011 the Great East Japan Earthquake struck, blocking supply chains, creating power shortages, and causing steep declines in production activity and personal consumption. Despite emerging signs of recovery that will lead to reconstruction and revival, the outlook remains uncertain, with concerns over rising oil prices and summer electricity shortages.

According to the 36<sup>th</sup> Marketing Research Business Status Survey published by the Japan Marketing Research Association, Japan's marketing research industry grew 1.6% year on year to 169.9 billion yen in fiscal 2010 (April 2010 to March 2011). The market showed only slight year on year growth because, just when the industry showed signs of recovering from the fallout of the collapse of Lehman Brothers, the Great East Japan Earthquake struck, affecting services ordered at the end of the fiscal year in March. Meanwhile, the online research market, which is the Company's key market, grew 9.1% to 43 billion yen, indicating a shift away from traditional research methods to online research.

In the consolidated fiscal year under review, the Macromill Group consolidated the domestic online research business through management integration and other initiatives, and, at the same time, sought to develop online research overseas and expand new business domains.

In domestic online research business, Macromill took over the marketing research business of Yahoo Japan Value Insight Corporation (YVI) by absorption-type demerger on August 1, 2010, and completed management integration in all aspects, including organizations and systems, at the end of December 2010. Although operations were affected immediately after the Great East Japan due to the cancellation or postponement of services that had been ordered, totalling loss of 650 million yen, Macromill recorded significant year-on-year sales growth due to sustained recovery in demand, especially among general operating companies, following the earthquake, in addition to the smooth progress of management integration and strong demand for research services in the first half.

Overseas, Macromill prepared to expand into other parts of Asia after Korea, establishing MACROMILL China, INC. in China, where the online research market is expected to grow. The Company also expanded beyond the research business into new business domains, with consolidated subsidiary M-WARP, INC. starting to provide applications for smartphones.

As a result of the above initiatives, in the consolidated fiscal year under review, Macromill recorded net sales of 12,210 million yen (an increase of 66.1 % year on year), operating income of 2,604 million yen (a rise of 22.3%), ordinary income of 2,522 million yen (up 18.1%), and net income of 1,171 million yen (a fall of 7.5%).

Net sales by service segment are as follows:

#### (i) Automatic Research Service

The automatic research service is the market research service using the Automatic Internet Research system (hereinafter "AIRs") uniquely developed by the Company. This is the core service of the Macromill Group. Although the segment was most affected by cancellations of services due to the earthquake because the period from the commencement of research to delivery is very short, demand remained solid across a wide range of industries throughout the consolidated fiscal year under review. As a consequence, total net sales in this service segment came to 6,802 million yen (up 54.4% year on year).

#### (ii) Tallying Service

In the tallying service, specialist staff tally data after collecting research data and prepare them as spreadsheets and graphs tailored to research objectives. As transactions with general companies increase, needs for an integrated service covering physical inspection, tallying, and analysis are increasing. The enhancement of the operation structure in association with the management integration also contributed, and total net sales in this service segment amounted to 744 million yen (up 53.7% year on year).

(iii) Analysis Service

The analysis service prepares reports after designing survey sheets and collecting research data. To provide analytical reports in accordance with the marketing issues and research objectives of customers, Macromill has been working to improve our capabilities to propose projects and analyze data. With an increase in transactions with general companies that have strong needs for analytical services, orders were favorable. Meanwhile, demand from advertising agencies, whose needs for analytical services had been weak, rose. In addition, the workforce was significantly strengthened after the management integration, and as a result, orders from a wide range of industries were strong. Total net sales in this service segment rose to 1,174 million yen (up 106.8% year on year).

(iv) Qualitative Research Service (Group Interview, etc.)

The qualitative research service emphasizes quality, to probe deeply into the psychology of subjects by interviewing them at a roundtable talk or face-to-face. Qualitative services and services provided alongside qualitative services are increasing as general operating companies in particular wish to identify the more diversified interests and preferences of individuals. With Macromill taking steps to strengthen its operational systems and internal facilities, such as group interview rooms, to meet customer needs, total net sales in this service segment came to 995 million yen (up 145.3% year on year).

(v) Customized Research Service

The customized research service prepares and conducts tailor-made survey sheets and research data collection for more individualized research projects beyond the scope manageable by the AIRs. Although the expansion of the scope manageable by the automatic research service with the enhanced function of the AIRs reduced sales in the customized research service, requests for large surveys, which had stalled in the previous fiscal year, recovered. As a result, this service segment recorded total net sales of 1,220 million yen (up 105.3% year on year).

(vi) Global Research Service

The global research service provides an overseas research service to domestic companies and a market research service to overseas companies. Japanese firms continued to show a tendency for overseas expansion, and demand remained strong, especially among manufacturers of consumer goods. At the same time, demand from advertising agencies, orders from which had been weak, increased. Meanwhile, the Company has bolstered its system for receiving orders for global research. Consequently, total net sales in this service segment amounted to 427 million yen (a rise of 47.6%).

(vii) Mobile Research Service

The mobile research provides a service to collect data using mobile phones. This service is used in research specific to mobile phones, such as understanding purchasing psychology immediately after the purchase of goods. Despite steady orders, especially from general operating companies, sales resources were focused on sales of automatic research services, among other services. As a result, total net sales in this service segment were 82 million yen (a decline of 5.7%).

(viii) Other Services

Other services consist of the QPR (Quick Service Report)<sup>TM</sup>, a product purchase research service, the AIRsMEMBERS (SaaS-type customer member management business), a service that provides the hybrid functions of AIRs and the customer management system, and the Brand Data Bank (bdb). With respect to QPR<sup>TM</sup>, net sales rose, thanks to an increase in the number of monitors to 29,000 (Note) in May 2011 as well as the enhancement of the operation system and proactive sales activities. Demand for AIRsMEMBERS and Brand Data Bank (bdb) was also solid, especially among general operating companies. Despite the effect of lost sales for the marketing system business of AIP, Inc., which was excluded from the scope of consolidation in the second quarter of the previous fiscal year, total net sales of other services reached 764 million yen (up 47.0% year on year).

(Note) The number of QPR monitors expanded to 30,000 throughout Japan in July 2011.

Outlook for the fiscal year ending June 30, 2012

Production activity and personal consumption are showing signs of recovery after falling in the wake of the Great East Japan Earthquake. However, it will take time for them to regain their pre-earthquake levels. Consequently, Japan's marketing research industry is expected to stay the same size as in the previous year. However, the online research

market is expected to continue its modest upward trend, reflecting the ongoing shift in demand away from conventional research methods to online research. Meanwhile, demand for research services overseas is expected to grow significantly in the future, bolstered by the economic expansion of Asian countries and the overseas expansion of Japanese firms.

In such an environment, the Macromill Group will further expand its operations by focusing on “Domestic Marketing Research Business,” “Global Expansion Centered on Asia, and “Creation of New Businesses,” as set forth in the “2012 – 2014 Macromill, Inc. Medium-Term Management Plan” announced August 3, 2011.

In the fiscal year ending June 20, 2012, Macromill forecasts consolidated net sales of 14,200 million yen (up 16.3%), consolidated operating income of 2,900 million yen (an increase of 11.4%), consolidated ordinary income of 2,900 million yen (rising 15.0%) and consolidated net income of 1,500 million yen (up 28.1%).

## (2) Analysis on financial position

### (i) Assets, Liabilities and Net Assets

Assets, liabilities and net assets at the end of the fiscal year under review rose significantly from the end of the previous fiscal year, attributable to the takeover of the marketing research business of YVI through an absorption-type demerger. Assets totalled 13,931 million yen, an increase of 4,617 million yen from the end of the previous fiscal year. Major factors include an increase in cash and deposits of 1,534 million yen and an increase in notes and accounts receivable of 907 million.

Liabilities amounted to 2,769 million yen, increasing 1,190 million yen from the end of the previous fiscal year, primarily attributable to an increase in accounts payable-other of 444 million yen and a rise in allowance for panelists-points of 262 million yen.

Net assets were 11,161 million yen, a rise of 3,427 million yen, primarily because of an increase in capital surplus by 3,233 million yen.

### (ii) Cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year under review increased 1,334 million yen from the end of the previous fiscal year, to 6,243 million yen. Cash flows for the fiscal year under review and primary factors behind the reported results are as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities stood at 2,228 million yen (up 25.6% year on year).

Cash outflows, including income taxes paid of 965 million yen and a decrease in notes and accounts receivable-trade of 91 million yen, were more than offset by cash inflows, including income before income taxes and minority interests of 2,273 million yen and depreciation and amortization of 419 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 1,503 million yen. (up 142.0% year on year)

The result is mainly attributable to purchase of property, plant and equipment of 468 million yen, and purchase of investment securities of 399 million yen, which offset proceeds from redemption of securities of 450 million yen.

#### (Cash flows from financing activities)

Net cash used in financing activities was 1,012 million yen (compared with net cash provided by financing activities of 924 million yen in the same period of the previous year). The result is mainly attributable to the purchase of treasury stock of 755 million yen and cash dividends paid of 547 million yen.

(Reference) Cash Flow-Related Indicators

	Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
Shareholders' equity ratio (%)	82.8	78.2
Shareholders' equity ratio on market value basis (%)	197.2	192.2
Ratio of interest-bearing liabilities to cash flow (%)	–	–
Interest coverage ratio (x)	–	–

Shareholders' equity ratio = shareholders' equity/total assets

Shareholders' equity ratio on market value basis = total market value of shares/total assets

Ratio of interest-bearing liabilities to cash flow = interest bearing liabilities/cash flow

Interest coverage ratio = cash flow/interest paid

Note 1: All figures are calculated based on consolidated financial values.

Note 2: The total market value of shares is calculated based on the number of issued shares minus treasury stock.

Note 3: Cash flow is represented by operating cash flow.

Note 4: Interest-bearing liabilities include all liabilities accounted for on the consolidated balance sheet for which interest is paid.

## 2. Management Policy

### (1) Macromill's Basic Management policy

"Management Policy" has been omitted, as there were no significant changes from the matters disclosed in the "Financial Highlights" for the fiscal year ended June 30, 2010 (released on August 13, 2010).

The aforementioned information is available on the following Web sites.

Macromill Web site:

<http://www.macromill.com/ir/>

Tokyo Stock Exchange Group, Inc. Web site(listed company search page):

<http://www/tse.or.jp/listing/compsearch/index.html>

4. Consolidated Financial Statements  
(1) Consolidated balance sheet

(Unit: thousand yen)

	As of June 30, 2010 Amount	As of June 30, 2011 Amount
Assets		
Current assets		
Cash and deposits	5,209,063	6,743,362
Notes and accounts receivable - trade	1,451,541	2,359,373
Short-term investment securities	220,000	200,081
Work in process	3,270	10,496
Preproduction	6,264	4,793
Supplies	1,490	2,019
Deferred tax assets	287,873	518,001
Other	116,716	162,972
Allowance for doubtful accounts	(1,028)	(942)
Total current assets	7,295,192	10,000,157
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	59,287	267,517
Tools, furniture and fixtures, net	110,683	253,551
Land	445	445
Construction in progress	5,328	533
Total property, plant and equipment	175,744	522,047
Intangible assets		
Software	314,809	259,352
Goodwill	98,721	482,770
Other	8,565	433,634
Total intangible assets	422,096	1,175,757
Investments and other assets		
Investment securities	960,217	1,195,877
Long-term loans receivable	164,155	82,077
Other	296,848	956,157
Allowance for doubtful accounts	(871)	(871)
Total investments and other assets	1,420,349	2,233,240
Total noncurrent assets	2,018,190	3,931,046
Total assets	9,313,382	13,931,204



(Unit: thousand yen)

	As of June 30, 2010 Amount	As of June 30, 2011 Amount
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	303,232	747,254
Income taxes payable	515,105	658,166
Reserve for bonuses	–	45,026
Allowance for panelists - points	586,220	848,436
Other	174,505	369,321
Total current liabilities	1,579,063	2,668,205
Long-term liabilities		
Asset retirement obligations	–	99,454
Other	–	2,018
Total long-term liabilities	–	101,472
Total liabilities	1,579,063	2,769,678
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,597,858	1,597,858
Capital surplus	1,631,399	4,865,040
Retained earnings	4,959,382	5,583,316
Treasury stock	(447,796)	(1,106,674)
Total shareholders' equity	7,740,843	10,939,539
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(29,004)	(43,785)
Foreign currency translation adjustment	–	(2,197)
Total of accumulated other comprehensive income	(29,004)	(45,982)
Subscription rights to shares	22,479	40,127
Minority interests	–	227,841
Total net assets	7,734,319	11,161,526
Total liabilities and net assets	9,313,382	13,931,204

(2) Consolidated statements of income and consolidated statements of comprehensive income  
(Consolidated statements of income)

(Unit: thousand yen)

	Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
Net sales	7,353,423	12,210,392
Cost of sales	3,285,862	6,183,963
Gross profit	4,067,561	6,026,429
Selling, general and administrative expenses	1,938,165	3,422,309
Operating income	2,129,395	2,604,119
Non-operating income		
Interest income	50,993	50,707
Dividends income	3,160	3,160
Foreign exchange gains	–	2,267
Other	4,311	36,276
Total non-operating income	58,464	92,411
Non-operating expenses		
Loss on transfer of accounts receivable	2,387	3,785
Foreign exchange losses	20,374	–
Equity in losses of affiliates	21,475	157,237
Deferred organization expenses	–	2,913
Stock issuance cost	5,874	640
Commission for purchase of treasury stock	–	6,022
Other	1,971	3,375
Total non-operating expenses	52,082	173,974
Ordinary income	2,135,778	2,522,556
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	2,083	9,957
Gain on reversal of subscription rights to shares	36,377	–
Total extraordinary income	38,461	9,957
Extraordinary loss		
Loss on retirement of noncurrent assets	7,003	150,510
Loss on valuation of investment securities	97,533	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	24,323
Integration-related expenses	–	84,487
Total extraordinary losses	104,537	259,321
Income before income taxes and minority interests	2,069,702	2,273,192
Income taxes-current	895,205	1,092,742
Income taxes-deferred	(79,836)	44,856
Total income taxes	815,368	1,137,598
Income before minority interests	–	1,135,594
Minority interests in income (loss)	(12,151)	(35,457)
Net income	1,266,484	1,171,052

(Consolidated statements of comprehensive income)

(Unit: thousand yen)

	Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
Income before minority interests	–	1,135,594
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(14,781)
Foreign currency translation adjustment	–	(2,441)
Total other comprehensive income	–	(17,222)
Comprehensive income	–	1,118,371
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	–	1,154,073
Comprehensive income attributable to minority interests	–	(35,701)

## (3) Consolidated statements of changes in net assets

(Unit: thousand yen)

	Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
<b>Shareholders' equity</b>		
Capital stock		
Balance at the end of previous period	930,358	1,597,858
Changes of items during the period		
Issuance of new shares	667,500	—
Total changes of items during the period	667,500	—
Balance at the end of current period	1,597,858	1,597,858
Capital surplus		
Balance at the end of previous period	963,899	1,631,399
Changes of items during the period		
Issuance of new shares	667,500	—
Increase by corporate division	—	3,207,384
Disposal of treasury stock	—	26,256
Total changes of items during the period	667,500	3,233,640
Balance at the end of current period	1,631,399	4,865,040
Retained earnings		
Balance at the end of previous period	4,097,676	4,959,382
Changes of items during the period		
Dividends from surplus	(407,748)	(547,118)
Net income	1,266,484	1,171,052
Change of scope of consolidation	2,968	—
Total changes of items during the period	861,705	623,934
Balance at the end of current period	4,959,382	5,583,316
Treasury stock		
Balance at the end of previous period	(447,796)	(447,796)
Changes of items during the period		
Purchase of treasury stock	—	(749,129)
Disposal of treasury stock	—	90,250
Total changes of items during the period	—	(658,878)
Balance at the end of current period	(447,796)	(1,106,674)
Total shareholders' equity		
Balance at the end of previous period	5,544,138	7,740,843
Changes of items during the period		
Issuance of new shares	1,335,000	—
Increase by corporate division	—	3,207,384
Dividends from surplus	(407,748)	(547,118)
Net income	1,266,484	1,171,052
Purchase of treasury stock	—	(749,129)
Disposal of treasury stock	—	116,507
Change of scope of consolidation	2,968	—
Total changes of items during the period	2,196,705	3,198,696
Balance at the end of current period	7,740,843	10,939,539

(Unit: thousand yen)

	Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(70,163)	(29,004)
Changes of items during the period		
Net changes of items other than shareholders' equity	41,158	(14,781)
Total changes of items during the period	41,158	(14,781)
Balance at the end of current period	(29,004)	(43,785)
Foreign currency translation adjustment		
Balance at the end of previous period	(26,426)	–
Changes of items during the period		
Net changes of items other than shareholders' equity	26,426	(2,197)
Total changes of items during the period	26,426	(2,197)
Balance at the end of current period	–	(2,197)
Total of accumulated other comprehensive income		
Balance at the end of previous period	(96,589)	(29,004)
Changes of items during the period		
Net changes of items other than shareholders' equity	67,585	(16,978)
Total changes of items during the period	67,585	(16,978)
Balance at the end of current period	(29,004)	(45,982)
Subscription rights to shares		
Balance at the end of previous period	36,377	22,479
Changes of items during the period		
Net changes of items other than shareholders' equity	(13,898)	17,648
Total changes of items during the period	(13,898)	17,648
Balance at the end of current period	22,479	40,127
Minority interests		
Balance at the end of previous period	425,840	–
Changes of items during the period		
Net changes of items other than shareholders' equity	(425,840)	227,841
Total changes of items during the period	(425,840)	227,841
Balance at the end of current period	–	227,841
Total net assets		
Balance at the end of previous period	5,909,767	7,734,319
Changes of items during the period		
Issuance of new shares	1,335,000	–
Increase by corporate division	–	3,207,384
Dividends from surplus	(407,748)	(547,118)
Net income	1,266,484	1,171,052
Purchase of treasury stock	–	(749,129)
Disposal of treasury stock	–	116,507
Change of scope of consolidation	2,968	–
Net changes of items other than shareholders' equity	(372,154)	228,510
Total changes of items during the period	1,824,551	3,427,206
Balance at the end of current period	7,734,319	11,161,526

## (4) Consolidated statement of cash flow

(Unit: thousand yen)

	Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,069,702	2,273,192
Depreciation and amortization	239,932	419,177
Amortization of goodwill	44,660	42,792
Increase (decrease) in allowance for doubtful accounts	(623)	(85)
Increase (decrease) in allowance for panelists - points	67,038	(19,341)
Increase (decrease) in reserve for bonuses	—	21,063
Interest and dividend income	(54,153)	(53,867)
Foreign exchange losses (gains)	10,449	(1,759)
Equity in (earnings) losses of affiliates	21,475	157,237
Loss on retirement of noncurrent assets	7,003	150,510
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	24,323
Integration-related expenses	—	84,487
Loss (gain) on sales of stocks of subsidiaries and affiliates	(2,083)	(9,957)
Gain on reversal of subscription rights to shares	(36,377)	—
Loss (gain) on valuation of investment securities	97,533	—
Decrease (increase) in notes and accounts receivable - trade	(94,940)	(91,403)
Decrease (increase) in inventories	(6,507)	47,425
Increase (decrease) in accounts payable - other	(10,634)	104,439
Increase (decrease) in consumption taxes payable	15,652	114,891
Other, net	75,292	(30,216)
Subtotal	2,443,421	3,232,910
Interest and dividend income received	48,077	45,245
Management integration-related expenses paid	—	(84,487)
Income taxes paid	(716,754)	(965,095)
Net cash provided by (used in) operating activities	1,774,743	2,228,573
Net cash provided by (used in) investing activities		
Payments into time deposits	(300,000)	(500,000)
Proceeds from withdrawal of time deposits	—	300,000
Purchase of short-term investment securities	—	(350,940)
Proceeds from redemption of securities	—	450,500
Purchase of property, plant and equipment	(44,837)	(468,307)
Purchase of software	(105,857)	(156,888)
Purchase of investment securities	(89,000)	(399,402)
Proceeds from sales and redemption of investment securities	300,000	—
Proceeds from collection of lease and guarantee deposits	6,838	272,294
Payments for lease and guarantee deposits	—	(171,056)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(117,026)	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(100,271)	—
Proceeds from sales of investments in subsidiaries	—	97,500
Payments of loans receivable	(164,155)	—
Decrease (increase) in other investments	—	(500,000)
Other, net	(7,050)	(77,255)
Net cash provided by (used in) investing activities	(621,360)	(1,503,555)

(Unit: thousand yen)

	Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
Net cash provided by (used in) financing activities		
Cash dividends paid	(406,206)	(547,828)
Proceeds from issuance of common stock	1,330,327	—
Payments for issuance of common stock	—	(1,841)
Purchase of treasury stock	—	(755,152)
Proceeds from sale of treasury stock	—	116,409
Proceeds from stock issuance to minority shareholders	—	176,000
Net cash provided by (used in) financing activities	924,121	(1,012,413)
Effect of exchange rate change on cash and cash equivalents	(10,482)	(437)
Net increase (decrease) in cash and cash equivalents	2,067,021	(287,832)
Cash and cash equivalents at beginning of period	2,842,041	4,909,063
Increase (decrease) in cash and cash equivalents resulting from integration of absorption-type split	—	1,622,131
Cash and cash equivalents at end of period	4,909,063	6,243,362

(5) Notes regarding the premise of a going concern

Not applicable

(6) Significant changes to the basis of presenting consolidated financial statements

Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
	<p>(1)Application of the “Accounting Standard for Equity Method Accounting for Investments” and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” Effective the fiscal year under review, the Company has adopted the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issues Task Force (PITF) No. 24 issued on March 10, 2008). This change had no effect on ordinary income or income before income taxes and minority interests.</p> <p>(2)Application of Accounting Standard for Asset Retirement Obligations Effective the fiscal year under review, the Company has adopted the “Accounting Standard For Asset Retirement Obligations” (ASBJ Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 of March 31, 2008). The effect of this change was to decrease operating income and ordinary income each by 2,635 thousand yen, and income before income taxes and minority interests by 26,958 thousand yen.</p> <p>(3)Application of Accounting Standard for Business Combinations Effective the fiscal year under review, the Company has adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the “Partial Revision of Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23 of December 26, 2008), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of December 26, 2008), the “Accounting Standard for Equity Method Accounting for Investments” (ASBJ Statement No. 16 of December 26, 2008), and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guideline No. 10 of December 26, 2008).</p> <p>(4) Accounting Standard for Key Reserves Bonus reserve The bonus reserve is recorded based on the estimated amount of bonus payments to prepare for the payment of bonuses to employees. (Additional Information) The above accounting standard has been adopted due to the introduction of a bonus system from the fiscal year under review.</p>



Matters to Note

(Consolidated statements of comprehensive income)

Current consolidated fiscal year (from July 1, 2010 to June 30, 2011)

1. Comprehensive income in the last consolidated fiscal year before the consolidated fiscal year under review

Comprehensive income attributable to owners of the parent	1,334,070 thousand yen
<u>Comprehensive income attributable to minority interests</u>	<u>3,372 thousand yen</u>
Total	1,337,442 thousand yen

2. Other comprehensive income in the last consolidated fiscal year before the consolidated fiscal year under review

Valuation difference on available-for-sale securities	41,158 thousand yen
Foreign currency translation adjustment	35,612 thousand yen
<u>Share of other comprehensive income of associates accounted for using equity method</u>	<u>6,337 thousand yen</u>
Total	83,108 thousand yen

(Segment information, etc.)

a. Segment information by types of business

Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010)

Segment information by types of business is omitted, since the sales, operating income and assets of the online research business account for more than 90% of the total sales, operating income and assets for all segments.

b. Geographic segments

Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010)

Information on geographic segments is omitted, since Japanese sales and assets account for more than 90% of the total sales and assets for all segments.

c. Overseas sales

Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010)

Information on overseas sales is omitted, since overseas sales account for less than 10% of the total consolidated sales in each year.

d. Segment information

Current consolidated fiscal year (from July 1, 2010 to June 30, 2011)

The major business of the Company and its consolidated subsidiaries is online research using the AIRs online research system. Its economic characteristics and markets where the services are sold are almost similar. Consequently, the segments reported by the Company are limited solely to the online research business segment. Accordingly, segment information is omitted,

e. Related information

Current consolidated fiscal year (from July 1, 2010 to June 30, 2011)

1. Information by product and service

(Unit: thousand yen)

	Automatic Research	Tallying	Analysis	Qualitative Research	Customized Research	Global Research	Mobile Research	Other	Total
Sales of external customers	6,802,933	744,386	1,174,657	995,667	1,220,700	427,586	82,695	761,765	12,210,392

2. Information by region

(1) Sales

Sales by region are omitted, since sales to external customers in Japan account for more than 90% of sales stated in the consolidated statement of income.

(2) Property, plant and equipment

Property, plant and equipment by region is omitted, since the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment stated in the consolidated statement of income.

3. Information by major customer

Sales to specific customers are omitted because all such sales account for less than 10% of the sales stated in the consolidated statement of income.

f. Information on loss on impairment of fixed assets by reportable segment

Current consolidated fiscal year (from July 1, 2010 to June 30, 2011)

Not applicable

g. Information on amortization of goodwill and unamortized balance by reportable segment

Current consolidated fiscal year (from July 1, 2010 to June 30, 2011)

Information on amortization of goodwill and unamortized balance by reportable segment is omitted, since the Company only has one reportable segment.

h. Information on gains on negative goodwill by reportable segment

Current consolidated fiscal year (from July 1, 2010 to June 30, 2011)

Not applicable

(Per share information)

Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount		Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount	
Net assets per share	57,740.64 yen	Net assets per share	356.68 yen
Basic net income per share	10,182.23 yen	Basic net income per share	38.50 yen
Diluted net income per share	10,126.47 yen	Diluted net income per share	38.14 yen
		<p>The Company carried out a 200 for 1 stock split, effective January 1, 2001. Per share information for the previous consolidated fiscal year calculated on the assumption that the stock split took place at the beginning of the previous fiscal year is as follows.</p>	
		Net assets per share	288.70 yen
		Basic net income per share	50.91 yen
		Diluted net income per share	50.63 yen

Note: Basis for calculation of net income per share and diluted net income per share

	Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
Basic net income per share		
Net income (thousand yen)	1,266,484	1,171,052
Amount not attributed to common stock (thousand yen)	—	—
Net income on common stock (thousand yen)	1,266,484	1,171,052
Average number of common stock (shares)	124,382	30,417,800
Diluted net income per share		
Net income adjustments	—	—
Number of common stock increased (shares)	685	286,800
(share options)	(685)	(286,800)
Summary of latent shares not included in the calculation of diluted net income per share due to lack of dilution effect	<p>Two types of shares options (Number of share options 806 units Common stock 1,244 shares)</p> <p>Stock options (438 units) granted in accordance with a resolution of the ordinary general meeting of shareholders held on September 29, 2004 were acquired and cancelled without consideration on July 31, 2009. Stock options (368 units) granted in accordance with a resolution of the ordinary general meeting of shareholders held on September 27, 2006 were acquired and cancelled without consideration on October 30, 2009. Latent shares relating to the above cancelled stock options did not exist as of June 30, 2010.</p>	

## (Significant subsequent events)

Previous consolidated fiscal year (from July 1, 2009 to June 30, 2010) Amount	Current consolidated fiscal year (from July 1, 2010 to June 30, 2011) Amount
<p>1. Succession to business through absorption type demerger At an extraordinary meeting of its Board of Directors held on June 11, 2010, the Company passed a resolution to succeed to the marketing research business of Yahoo Japan Value Insight Corporation (hereinafter referred to as "YVI") through an absorption-type demerger, and entered into an absorption-type demerger agreement dated June 11, 2010. The Company completed the absorption-type demerger on August 1, 2010, in accordance with the absorption-type demerger agreement.</p> <p>(1) Name of the company to be combined and its primary businesses Name of company to be combined Yahoo Japan Value Insight Corporation Primary businesses Planning, design, implementation, tallying and analysis of online research and preparation of online research analysis reports</p> <p>(2) Reason for business combination The purpose of the business combination is to combine the Company's system building capacity and strong sales force and YVI's ability to propose solutions to maximize synergies and improve the competitiveness and quality of services. At the same time, it will integrate client assets, improve the efficiency of business management and enhance sales promotion, leading to greater corporate value and further business expansion.</p> <p>(3) Date of business combination August 1, 2010</p> <p>(4) Legal form of the business combination and name of the company after the business combination Legal form of the business combination Absorption-type demerger in which YVI is the splitting company and the Company is the successor company. Name of the company after business combination Macromill, Inc.</p> <p>(5) Principal grounds for determining the acquiring company The Company and YVI decided to make the Company the acquiring company based upon comprehensive consideration of factors such as structure of shareholders and executive officers after the business combination and the financial position and assets of both companies.</p> <p>(6) Acquisition cost of acquired company and breakdown of acquisition cost Consideration for acquisition (common stock of the Company) 3,207,384 thousand yen Direct costs of acquisition (advisory expense, etc.) 16,542 thousand yen Acquisition cost 3,223,926 thousand yen</p> <p>(7) Number of shares delivered and appraised value of delivered shares Number of shares delivered 22,992 shares Appraised value of delivered shares 3,207,384 thousand yen</p>	<p>1. Issuance of Euro Yen Zero Coupon Convertible Bonds due 2014 The issuance of Zero Coupon Convertible Bonds due 2014 resolved at the meeting of the Board of Directors held on August 3, 2011.</p> <p>(1) Securities Offered ¥5,000,000,000 Zero Coupon Convertible Bonds due 2014 (bonds with stock acquisition rights, tenkanshasaigata shinkabu yoyakuken-tsuki shasai).</p> <p>(2) Issue Price 100.0 per cent.</p> <p>(3) Offer Price 102.5 per cent.</p> <p>(4) Closing Date 19 August 2011.</p> <p>(5) Listing Approval in-principle has been received for the listing on the Singapore Exchange Securities Trading Limited.</p> <p>(6) Lead Manager and Bookrunner Deutsche Bank AG, London Branch (the "Manager").</p> <p>(7) Lock-up of the Company Lock-up of the Company In connection with the issue and offering of the Bonds, the Company has agreed not to, and not to direct any entities or any persons acting at the direction of the Company to, for a period beginning on the date of the Subscription Agreement and ending on the date without the prior written consent of the Manager:</p> <p>(a) issue, offer, pledge, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, any Shares or any other capital stock of the Company or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, Shares or any other capital stock of the Company; or</p> <p>(b) enter into any derivative transaction or any other transaction that transfers, in whole or in part, directly or indirectly, ownership (or any economic consequences thereof) of Shares or any other capital stock of the Company, whether settled in cash or otherwise, other than:</p> <p>(i) the issue and offering by the Company of the Bonds or the issue or transfer of Shares upon exercise of the Stock Acquisition Rights;</p> <p>(ii) the issue or transfer by the Company of Shares upon the exercise of any warrants to subscribe for shares, share subscription rights or stock acquisition rights (including any bonds with stock acquisition rights) outstanding; and</p> <p>(iii) the grant of stock options, stock acquisition rights or warrants to directors and employees of the Company, or directors and employees of any of its subsidiaries and associated company pursuant to its or their stock option plans.</p>

<p>2. Establishment of subsidiary</p> <p>At an extraordinary meeting of its Board of Directors held on September 24, 2010, the Company passed a resolution to join forces with Hakuholdo DY Holdings, Inc. (hereinafter "Hakuholdo DY Holdings") and Tokyu Agency, Inc. (hereinafter "Tokyu Agency") in establishing a new company with the purpose of collecting and selling data on consumer purchases, and reached a basic agreement with the two companies dated September 24, 2010.</p> <p>(1) Purpose</p> <p>The Company and Tokyu Agency jointly provide the QPR (Quick Purchase Report) service (See Note), a one-stop shop for data on actual purchases and consumer attitudes. The service is popular, especially among manufacturers of food, beverages and daily necessities, and has also attracted a great deal of interest from marketing support firms such as advertising agencies and distribution firms in recent years. However, the Company decided it was necessary to enhance the service and provide/generate reliable panel data that will permit businesses to conduct marketing activities based on research into consumer purchasing patterns. As an initial step, the Company has joined forces with Tokyu Agency, which has many years experience providing product selection research, and Hakuholdo DY Holdings, which is pursuing next-generation, comprehensive marketing solutions, in establishing a new company with the purpose of collecting and selling data on consumer purchases.</p> <p>Note: QPR service</p> <p>Refers to a database of purchase data collected by portable scanners and a related service operated jointly by the Company and Tokyu Agency.</p> <p>(2) Name, business and size of company to be established</p> <table border="0"> <tr> <td>Name</td> <td>To be determined</td> </tr> <tr> <td>Business</td> <td>Collection and sale of data on consumer product purchases</td> </tr> <tr> <td>Capitalization</td> <td>400,000 thousand yen (capital to be invested 800 million yen)</td> </tr> </table> <p>(3) Date of incorporation</p> <p>Middle of January 2011 (planned)</p> <p>(4) Number of shares to be acquired and acquisition price, ownership ratios after acquisition, etc.</p> <table border="0"> <tr> <td>Number of shares to be acquired and acquisition price</td> <td>To be determined</td> </tr> <tr> <td>Ownership ratios after acquisition</td> <td></td> </tr> <tr> <td></td> <td>The Company 82% (planned)</td> </tr> <tr> <td></td> <td>Hakuholdo DY Holdings 15% (planned)</td> </tr> <tr> <td></td> <td>Tokyu Agency 3% (planned)</td> </tr> </table>	Name	To be determined	Business	Collection and sale of data on consumer product purchases	Capitalization	400,000 thousand yen (capital to be invested 800 million yen)	Number of shares to be acquired and acquisition price	To be determined	Ownership ratios after acquisition			The Company 82% (planned)		Hakuholdo DY Holdings 15% (planned)		Tokyu Agency 3% (planned)	<p>Lock-up of Certain Shareholders</p> <p>In connection with the issue and offering of the Bonds, each of Tetsuya Sugimoto and Vanillasky Corporation (each, a "Lock-up Shareholder") have agreed pursuant to separate lock-up letters dated the date of the Subscription Agreement that neither they, nor any person controlled by, or acting on behalf of, such company or individual will:</p> <p>(a) issue, offer, pledge, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, any Shares or any other capital stock of the Company or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, Shares or any other capital stock of the Company; or</p> <p>(b) enter into any derivative transaction or any other transaction that transfers, in whole or in part, directly or indirectly, ownership (or any economic consequences hereof) of Shares or any other capital stock of the Company, (except in each case for such actions as the Company may take in accordance with the terms of the Subscription Agreement and, except in each case for any lending of Shares or arrangements related thereto pursuant to any stock lending agreements entered in between a Lock-up Shareholder and the Manager or any of its subsidiaries and affiliates), for a period beginning on the date of such lock-up letters (which are dated the date of the Subscription Agreement) and ending on the date 180 calendar days after 19 August 2011 (or, if later, the date of payment for the Bonds), whether settled in cash or otherwise, in each case without the prior written consent of the Manager.</p> <p>(8) Early Redemption – Redemption at the Option of the Company upon Increased Share Prices</p> <p>The Company may, at any time on or after 20 August 2012 and on or prior to 5 August 2014, having given not less than 45 nor more than 60 days' prior notice, redeem all, but not some only, of the Bonds then outstanding at 100 per cent. of their principal amount on the date fixed for such redemption, provided, however, that no such redemption may be made unless the VWAP of the Shares for each of the 20 consecutive trading days, the last of which occurs not more than 30 days prior to the date upon which the notice of such redemption is first given by the Company, is at least 120 per cent of the Conversion Price in effect on each such Trading Day.</p>
Name	To be determined																
Business	Collection and sale of data on consumer product purchases																
Capitalization	400,000 thousand yen (capital to be invested 800 million yen)																
Number of shares to be acquired and acquisition price	To be determined																
Ownership ratios after acquisition																	
	The Company 82% (planned)																
	Hakuholdo DY Holdings 15% (planned)																
	Tokyu Agency 3% (planned)																

## 2. Share Repurchase

A resolution on items relating to the share repurchase, in accordance with Article 156 of the Companies Act of Japan, passed at the meeting of the Board of Directors held on August 3, 2011.

### (1) Reason for share repurchase

The Company is acquiring its own shares as part of a flexible capital policy in response to changes in the business environment.

### (2) Details of the items relating to the acquisition

- (i) Type of shares to be acquired: Common shares
- (ii) Total number of shares to be acquired:  
3,200,000 shares (upper limit)  
(Ratio to total number of issued and outstanding shares (excluding treasury shares) 10.47%)
- (iii) Total acquisition costs: 2,500,000,000 yen  
(upper limit)
- (iv) Acquisition period:  
From August 4, 2011 to August 3, 2012
- (v) Method of acquisition: Purchase on the Tokyo Stock Exchange

## 3. Cancellation of Treasury Shares

At the Board of Directors' meeting held on August 3, 2011, pursuant to the provisions of Article 178 of the Corporation Law, to cancel its treasury shares as stated below.

### (1) Class of shares to be cancelled

Common stock

### (2) Number of shares to be cancelled

1,605,200 shares

(4.97% of total issued shares before the cancellation)

### (3) Date of cancellation

August 11, 2011

#### 4. Others

##### (1) Change of Board

###### (i) Change of Representative

Not applicable

###### (ii) Change of other directors

- Retiring Director:  
Director Yasuhiko Ichihara (to be nominated as Corporate Auditor)
- Nominee for new Corporate Auditor:  
Statutory Corporate Auditor (Full-time) Yasuhiko Ichihara
- Retiring Corporate Auditor:  
Statutory Corporate Auditor (Full-time) Ikuo Okamoto

###### (iii) Change date

September 28, 2011