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Summary of Consolidated Financial Statements for the First Half of the Year Ending June 30, 2012 [Japan GAAP]

February 10, 2012

Listed Company:	MACROMILL, INC.
Stock Exchange:	Tokyo Stock Exchange
Code Number:	3730
URL:	http://www.macromill.com/
Representative:	Tetsuya Sugimoto, Chairman and President
Contact:	Yasuhiro Kihara, Senior Executive Officer and Chief Financial Officer
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Scheduled date of the filing of quarterly report:	February 14, 2012
Scheduled date of the start of dividend payments:	March 19, 2012
Supplemental materials for quarterly financial results:	Yes
Presentation of quarterly financial results:	Yes (for securities analysts and institutional investors)

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

1. Consolidated Financial Results for the First Half of the Year Ending June 30, 2012 (July 1, 2011 to December 31, 2011)

(1) Consolidated Business Performance

(Percentages calculated on year-on-year basis.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of year ending June 2012	6,802	8.3	1,547	8.5	1,577	8.4	799	15.8
First half of year ended June 2011	6,283	77.4	1,425	62.4	1,455	67.9	690	17.4
(Note) Comprehensive income	First half of year ending June 2012		745 million yen		6.9%			
	First half of year ended June 2011		697 million yen		-			

	Net income per share		Diluted net income per share	
	Yen		Yen	
First half of year ending June 2012	27.22		23.07	
First half of year ended June 2011	22.79		22.66	

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

The figures for the first half ended December 31, 2010 are calculated under assumption that the stock split was carried out at the beginning of the term.

(2) Consolidated Financial Position

	Total assets		Net assets		Shareholders' equity ratio	
	Million yen		Million yen		%	
First half of year ending June 2012	18,159		10,209		55.0	
Year ended June 30, 2011	13,931		11,161		78.2	

(Reference) Shareholders' equity
 First half of year ending June 2012 9,989 million yen
 First half of year ended June 2011 10,893 million yen

2. Dividends

Record date	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2011	-	10.00	-	9.00	19.00
Year ending June 30, 2012	-	10.00	-	-	-
Year ending June 30, 2012 (forecast)	-	-	-	13.00	23.00

(Note) Revisions to the dividend forecast published most recently: Yes

(Note) The Company carried out a 200-for-1 stock split for its common shares, effective on January 1, 2011. The figures above are calculated based on the number of shares after the stock split.

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

(Percentages calculated on year-on-year basis.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	14,200	16.3	2,900	11.4	2,900	15.0	1,500	28.1	49.30	

(Note) Revisions to the forecast of consolidated financial results published most recently: No

4. Others

(1) Important changes in subsidiaries during this period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No

New: —

Exception: —

(Note) This refers to any changes in specific subsidiaries accompanied by a change in the scope of consolidation during this period.

(2) Application of simplified accounting method and accounting methods unique to the preparation of quarterly consolidated financial statements: No

(Note) This refers to 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

(iii) Changes in accounting assumptions: No

(iv) Restatement: No

(Note) This refers to 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 issued (including treasury stock) at the end of the term:	December 31, 2011	30,815,200 shares	June 30, 2011	32,315,600 shares
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(ii) Number of shares of treasury stock at the end of the term:	December 31, 2011	1,847,900 shares	June 30, 2011	1,774,200 shares
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(iii) Average number of shares during the period	First half ended December 31, 2011	29,380,185 shares	First half ended December 31, 2010	30,305,373 shares
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* Disclosure on Quarterly Review Procedures

This summary of consolidated financial statements is not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. The quarterly review procedures for the financial statements are in progress at the time of disclosure of this report.

* Note regarding proper use of results forecasts and other special comments

(Note regarding forward-looking statements)

The forward-looking statements, such as results forecasts, included in this document are based on information available to management as of the date of the document and certain assumptions that management 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.

Accompanying Materials — Contents

1. Qualitative Information on First Half Results	
(1) Qualitative information on consolidated business performance	2
(2) Qualitative information on consolidated financial position	3
(3) Qualitative information on consolidated results forecast.....	4
2. Matters Relating to Summary Information (Other)	
(1) Changes in significant subsidiaries during the period	4
(2) Application of simplified accounting treatment and special accounting treatment	4
(3) Changes in accounting principles and changes or restatement of accounting estimates	4
3. Significant Events regarding the Premise of a Going Concern	4
4. Quarterly Consolidated Financial Statements	5
(1) Quarterly consolidated balance sheets	5
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	7
Quarterly consolidated statements of income	
Consolidated first half of the fiscal year.....	7
Quarterly consolidated statements of comprehensive income	
Consolidated first half of the fiscal year.....	8
(3) Quarterly consolidated statement of cash flow.....	9
(4) Notes regarding the premise of a going concern	11
(5) Segment information	11
(6) Significant changes in shareholders' equity.....	11
(7) Significant subsequent events	11

1. Qualitative Information on First Half Results

(1) Qualitative information on consolidated business performance

In the first half of the consolidated fiscal year ending June 30, 2012 (from July 1, 2011 to December 31, 2011; hereafter “the first half under review”), in addition to movement towards recovery from the Great East Japan Earthquake, consumer spending also improved as economic activity in the domestic market headed for recovery but, with the prolonged strong yen and the European financial crisis in the background, the outlook remains uncertain.

In this environment, Macromill, Inc. (the “Company”) and its consolidated subsidiaries (together, the “Group”) which must strive to solidify the domestic online research business and, at the same time, to develop new mainstay businesses, made up-front investments in developing business in China and in the development of applications (apps) for smartphones.

The domestic online research business, which makes up the majority of sales, saw a decline in orders dependent upon overseas demand because of the prolonged strength of the yen but sales largely to advertising agencies, research companies, consulting firms and consumer goods manufacturers turned positive and finished just about according to plan.

To implement the solidification of the domestic online research business, in addition to forming a business collaboration with Dentsu, Inc. and Dentsu Marketing Insight, Inc., the Company and Dentsu Marketing Insight have agreed to establish a new, joint venture company.

Furthermore, a business and capital tie up with TechFirm, Inc. was concluded and the Company is now studying ways to implement a business that, by using TechFirm’s high-level IT technology in combination with the Company’s marketing know-how based on a consumer’s point of view, will provide high-level solutions to respond to customers’ needs to improve business performance.

For the first half under review, the Group recorded net sales of 6,802 million yen (an increase of 8.3% year on year), operating income of 1,547 million yen (a rise of 8.5%), ordinary income of 1,577 million yen (up 8.4%), and net income of 799 million yen (up 15.8%).

Following are the Net sales by service segment:

(i) Automatic Research Service

Automatic Research Service uses the Company’s proprietary Automatic Internet Research system (hereafter AIRs) to conduct market research, which is the Company’s core business. During the first half under review, sales increased 1.6% from the same period last year to 3,661 million yen as there was a shift to strong demand for research centering on consumer goods manufacturers, research companies and consulting firms while demand for other services expanded due to the diversification of customers’ needs.

(ii) Tabulation Service

Tabulation Service is a service where, after data collection via AIRs, specialist employees produce specific tables and graphs matching the purpose of the relevant research. As transactions with general companies expand, needs for an integrated service from data collection to tabulation and analysis are increasing. Sales increased 12.4% year on year to 425 million yen due to an increase in inquiries for tabulation services in conjunction with fieldwork.

(iii) Analysis Service

Analysis Service covers designing survey forms and questionnaire as well as producing a range of reports after collecting research data. To provide analytical reports in accordance with the marketing issues and research objectives of customers, the Company has been working to improve its capabilities to propose projects and analyze data. Sales increased 10.7% year on year to 633 million yen as transactions with general business companies increased and the need for analysis with a high degree of difficulty led to a positive shift in orders.

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

Qualitative Research Service carries out group or one-on-one interviews for in-depth insights into the psychology of respondents. Demand for qualitative research is steadily rising as consumer-goods companies in particular seek to better identify the diversified interests and preferences of consumers. Orders from advertising agencies and others increased sharply during the first half under review as sales increased 24.3% to 572 million yen.

(v) Customized Research Service

Customized Research Service prepares tailor-made survey sheets and collects research data for more individualized research projects beyond the scope manageable by AIRs. Although enhancements of AIRs functionality resulted in more research projects being

carried out by AIRs, sales increased by 8.5% year on year to 694 million yen due to an increase in the number of proposals using conjoint analysis and analysis using Maximum difference scaling (MaxDiff) that required the creation of special research screens.

(vi) Global Research Service

This service includes research into overseas markets for domestic companies as well as marketing research for overseas companies. During the first half under review, sales increased 1.7% to 227 million yen as a shift to strong orders from advertising agencies and consulting firms compensated for reduced budgets for overseas research from general business companies due to the effect of the strong yen.

(vii) Mobile Research Service

Mobile Research Service collects data using mobile phones. Even though mobile phones are used in the research scene to collect photo images from camera-equipped mobile phones and to understand consumer psychology immediately after a purchase, sales declined 8.8% year on year to 40 million yen as, due to the increased diffusion of smartphones, there was a decline in demand for specialized, feature phone research.

(viii) Other Services

Other Services consist of sales of consolidated subsidiaries, QPR, a consumer purchase database service, AIRsMEMBERS (SaaS-type customer management services), a service that combines the functionality of AIRs with customer management systems, and Brand Data Bank (bdb), a database subscription service that provides consumer profiles based on surveys of 30,000 panel members with questions such as possessions, interests, and brand preferences. In addition, M-Cube and Associates, Inc., a consolidated subsidiary that constructs QPR panels and collects data, saw increased data sales to a joint venture company with the result that Other Services segment sales increased 52.2% year on year to 545 million yen.

(2) Qualitative information on consolidated financial position

As of the end of the first half under review, total assets were valued at 18,159 million yen, a rise of 4,227 million yen from the end of the previous fiscal year, mainly attributable to an increase in cash and deposits of 3,259 million yen.

Liabilities stand at 7,949 million yen, increasing 5,179 million yen from the end of the previous fiscal year, primarily attributable to the issuing of bonds with subscription rights of 5,000 million yen.

Net assets were 10,209 million yen, a decrease of 951 million yen, primarily because of a decrease in treasury stock of 1,543 million yen.

Cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the first half under review totaled 9,503 million yen.

Cash flows for the first half under review and primary factors behind the reported results are as follows:

(Cash flows from operating activities)

Cash provided by operating activities during the first half under review was 382 million yen (down 62.6% year on year).

Major uses of cash included 622 million in income taxes paid and an increase of 676 million yen in notes and accounts receivable–trade, were offset by major sources of cash including income before income taxes and minority interests of 1,570 million yen and depreciation and amortization of 177 million yen.

(Cash flows from investing activities)

Cash used in investing activities during the first half under review was 407 million yen (down 75.4% year on year).

The major source of cash was 100 million yen from proceeds from sales of securities, offset by major uses of cash including the purchase of investment securities for 345 million yen and payments of loans receivable of 436 million yen.

(Cash flows from financing activities)

Cash provided by financing activities during the first half under review was 3,286 million yen (compared to cash used by financing activities of 738 million yen during the same period last year).

The major use of cash was 1,554 million yen of purchase of treasury stock, offset by proceeds of 4,993 million yen from a corporate bond issue.

(3) Qualitative information on consolidated results forecast

There has been no change to the consolidated results forecasts for the year ending June 30, 2012 announced on August 3, 2011.

2. Matters Relating to Summary Information (Other)

(1) Changes in significant subsidiaries during the period

None applicable

(2) Application of simplified accounting treatment and special accounting treatment

None applicable

(3) Changes in accounting principles and changes or restatement of accounting estimates

None applicable

3. Significant Events regarding the Premise of a Going Concern

None applicable

4. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Unit: thousand yen)

	As of June 30, 2011 Amount	As of December 31, 2011 Amount
Assets		
Current assets		
Cash and deposits	6,743,362	10,003,128
Notes and accounts receivable–trade	2,359,373	3,024,220
Short-term investment securities	200,081	99,900
Work in process	10,496	6,143
Preproduction	4,793	5,558
Supplies	2,019	4,880
Deferred tax assets	518,001	566,824
Other	162,972	235,486
Allowance for doubtful accounts	(942)	(301)
Total current assets	10,000,157	13,945,840
Noncurrent assets		
Property, plant and equipment	522,047	483,908
Intangible assets		
Software	259,352	344,917
Goodwill	482,770	460,485
Other	433,634	460,732
Total intangible assets	1,175,757	1,266,134
Investments and other assets		
Investment securities	1,195,877	1,540,519
Other	1,038,235	922,721
Allowance for doubtful accounts	(871)	–
Total investments and other assets	2,233,240	2,463,241
Total noncurrent assets	3,931,046	4,213,284
Total assets	13,931,204	18,159,125
Liabilities		
Current liabilities		
Accounts payable–other	747,254	790,037
Income taxes payable	658,166	854,281
Allowance for panelists–points	848,436	926,668
Reserve for bonuses	45,026	85,000
Other	369,321	191,417
Total current liabilities	2,668,205	2,847,405
Long-term liabilities		
Bonds with subscription rights to shares	–	5,000,000
Asset retirement obligations	99,454	100,188
Other	2,018	1,540
Total long-term liabilities	101,472	5,101,728
Total liabilities	2,769,678	7,949,133

(Unit: thousand yen)

	As of June 30, 2011 Amount	As of December, 2011 Amount
Net assets		
Shareholders' equity		
Capital stock	1,597,858	1,627,372
Capital surplus	4,865,040	4,868,298
Retained earnings	5,583,316	4,991,119
Treasury stock	(1,106,674)	(1,441,370)
Total shareholders' equity	10,939,539	10,045,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(43,785)	(50,788)
Foreign currency translation adjustment	(2,197)	(5,264)
Total of accumulated other comprehensive income	(45,982)	(56,053)
Subscription rights to shares	40,127	37,239
Minority interests	227,841	183,386
Total net assets	11,161,526	10,209,991
Total liabilities and net assets	13,931,204	18,159,125

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

(Quarterly consolidated statements of income)

(Consolidated first half of the fiscal year)

(Unit: thousand yen)

	First half ended December 31, 2010 Amount	First half ended December 31, 2011 Amount
Net sales	6,283,956	6,802,564
Cost of sales	3,143,393	3,318,235
Gross profit	3,140,563	3,484,329
Selling, general and administrative expenses	1,715,251	1,937,193
Operating income	1,425,311	1,547,135
Non-operating income		
Interest income	26,879	24,978
Dividends income	1,185	-
Foreign exchange gains	345	2,286
Other	9,091	28,964
Total non-operating income	37,501	56,229
Non-operating expenses		
Loss on transfer of accounts receivable	1,886	2,051
Equity in losses of affiliates	-	5,110
Stock issuance cost	640	971
Bond issuance cost	-	6,358
Commission for purchase of treasury stock	3,988	10,275
Other	720	1,472
Total non-operating expenses	7,236	26,241
Ordinary income	1,455,576	1,577,124
Extraordinary income		
Gain on reversal of subscription rights to shares	-	993
Total extraordinary income	-	993
Extraordinary loss		
Loss on retirement of noncurrent assets	146,368	7,525
Loss on adjustment for changes of accounting standard for asset retirement obligations	24,323	-
Integration-related expenses	84,487	-
Total extraordinary losses	255,179	7,525
Income before income taxes and minority interests	1,200,397	1,570,591
Income taxes-current	558,456	836,385
Income taxes-deferred	(48,600)	(21,409)
Total income taxes	509,856	814,975
Income before minority interests	690,541	755,616
Minority interests in income (loss)	-	(44,113)
Net income	690,541	799,729

(Quarterly consolidated statements of comprehensive income)
(Consolidated first half of the fiscal year)

(Unit: thousand yen)

	First half ended December 31, 2010 Amount	First half ended December 31, 2011 Amount
Income before minority interests	690,541	755,616
Other comprehensive income		
Valuation difference on available-for-sale securities	6,846	(7,003)
Foreign currency translation adjustment	–	(3,408)
Total other comprehensive income	6,846	(10,411)
Comprehensive income	697,387	745,204
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	697,387	789,659
Comprehensive income attributable to minority interests	–	(44,454)

(3) Quarterly consolidated statement of cash flow

(Unit: thousand yen)

	First half ended December 31, 2010 Amount	First half ended December 31, 2011 Amount
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,200,397	1,570,591
Depreciation and amortization	194,295	177,981
Amortization of goodwill	20,506	22,285
Increase (decrease) in allowance for doubtful accounts	104	(1,512)
Increase (decrease) in allowance for panelists–points	123,955	78,231
Increase (decrease) in reserve for bonuses	85,720	39,973
Interest and dividend income	(28,064)	(24,978)
Foreign exchange losses (gains)	–	(1,981)
Equity in (earnings) losses of affiliates	–	5,110
Loss on retirement of noncurrent assets	146,368	7,525
Loss on adjustment for changes of accounting standard for asset retirement obligations	24,323	–
Integration-related expenses	84,487	–
Gain on reversal of subscription rights to shares	–	(993)
Decrease (increase) in notes and accounts receivable–trade	(525,627)	(676,216)
Decrease (increase) in inventories	44,067	688
Increase (decrease) in accounts payable–other	15,487	19,542
Increase (decrease) in consumption taxes payable	51,995	(91,885)
Other, net	69,419	(140,767)
Subtotal	1,507,438	983,595
Interest and dividend income received	31,856	20,731
Management integration-related expenses paid	(21,400)	–
Income taxes paid	(494,987)	(622,117)
Net cash provided by (used in) operating activities	1,022,907	382,209
Net cash provided by (used in) investing activities		
Payments into time deposits	(500,000)	–
Proceeds from withdrawal of time deposits	300,000	–
Purchase of short-term investment securities	(150,000)	–
Proceeds from sales of short-term investment securities	–	100,000
Purchase of property, plant and equipment	(263,290)	(51,200)
Purchase of software	(45,856)	(165,753)
Purchase of investment securities	(393,715)	(345,828)
Payments for lease and guarantee deposits	(117,200)	(884)
Proceeds from collection of lease and guarantee deposits	38,561	–
Payments of loans receivable	–	(436,000)
Collection of loans receivable	–	36,000

(Unit: thousand yen)

	First half ended December 31, 2010 Amount	First half ended December 31, 2011 Amount
Expenditure on the acquisition of other investments	(500,000)	-
Proceeds from the recovery of other investments	-	500,000
Other, net	(23,767)	(63,171)
Net cash provided by (used in) investing activities	(1,655,268)	(407,738)
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds with subscription rights to shares	-	4,993,641
Proceeds from (payments of) issuance of common stock	(1,841)	56,592
Purchase of treasury stock	(593,033)	(1,554,128)
Proceeds from sale of treasury stock	95,763	65,534
Cash dividends paid	(239,013)	(274,967)
Net cash provided by (used in) financing activities	(738,125)	3,286,672
Effect of exchange rate change on cash and cash equivalents	-	(1,376)
Net increase (decrease) in cash and cash equivalents	(1,370,486)	3,259,766
Cash and cash equivalents at beginning of period	4,909,063	6,243,362
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	5,160,707	9,503,128

(4) Notes regarding the premise of a going concern

None applicable

(5) Segment information

Overview of reportable segments

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

(6) Significant subsequent events

Consolidated second quarter under review (from October 1, 2011 to December 31, 2011)

Acquisition of shares and underwriting of shares through private placement (Converting to subsidiary)

On February 10, 2012, a special meeting of the Board of Directors resolved to acquire and underwrite shares of EMBRAIN Co. Ltd. through private placement and to make EMBRAIN Co., Ltd. a subsidiary and, on the same day, entered into contracts for the purchase and sale of shares and to underwrite new shares.

(1) Acquired company corporate name and business details

Acquired company corporate name	EMBRAIN Co., Ltd.
Business details	1. Research and consulting 2. Online advertising and software development 3. Cyber shopping 4. Database business 5. Provision of academic research 6. Other businesses related to those listed above

(2) Reasons for business combination

In South Korea, while the level of the use of the internet is high, the ratio of the internet survey in overall marketing research remains low at 16% in 2010, compared with a global average of 22% (in accordance with ESOMAR in fiscal year 2011).

To expand the market, it is necessary to eliminate customer misunderstanding about the quality of internet research, and gain the trust of customers. The Company aims to generate synergies from the know-how and the brand of EMBRAIN, which has strong expertise in the South Korean market and customers and has a solid track record in the market, and the Company's system capabilities, sales know-how, and financial strength that are required for expanding the internet research business. In this way, the Company believes that the awareness and the credibility of internet research in the South Korean market will improve at a faster pace, helping to bolster the performance of the Group's overseas operations.

Moreover, the Company can expect a reduction in outsourcing expenses when it makes overseas research by using the panels held by EMBRAIN.

By making EMBRAIN, a leading company in the internet research market in South Korea, its subsidiary, the Company will solidify its business foundation in South Korea, and accelerate the development of overseas operations mainly in China, South Korea, and other Asian countries.

(3) Date of business combination

Date of share acquisition February 29, 2012 (scheduled)

(4) Legal form of business combination

Acquisition of shares for cash consideration

(5) Corporate name following business combination

EMBRAIN Co. Ltd.

(6) Ratio of voting rights acquired

i	Ownership prior to change	0 share Number of voting shares: - Share of ownership: 0%
ii	Number of shares acquired	597,159 shares Number of voting shares: 597,159 Share of shares issued: 51.0%
iii	Ownership after the change	597,159 shares Number of voting shares: 597,159 Share of ownership: 51.0%

(7) Main justification for the decision to acquire the company

Because the Company acquired shares in EMBRAIN Co., Ltd. for cash consideration.

(8) Acquisition cost of the acquired company

Acquisition cost 9,326 million won

(Notes) The above figure excludes advisory fees and other related fees.