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Summary of Consolidated Financial Statements for the First Quarter of the Year Ending June 30, 2013 [Japan GAAP]

November 13, 2012

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 the filing of quarterly report:	November 13, 2012
Scheduled date of the start of dividend payments:	-
Supplemental materials for quarterly financial results:	Yes
Presentation of quarterly financial results:	No

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

1. Consolidated Financial Results for the First Quarter of the Year Ending June 30, 2013 (July 1, 2012 to September 30, 2012)

(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 quarter of year ending June 2013	3,978	24.2	870	35.8	881	33.1	648	89.1
First quarter of year ended June 2012	3,204	12.5	641	12.9	661	13.7	342	21.0

(Note) Comprehensive income	First quarter of year ending June 2013	661 million yen	106.3%
	First quarter of year ended June 2012	320 million yen	9.1%

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of year ending June 2013	23.27	19.51
First quarter of year ended June 2012	11.52	10.56

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter of year ending June 2013	18,305	10,044	53.4
Year ended June 30, 2012	18,770	9,899	51.4

(Reference) Shareholders' equity	First quarter of year ending June 2013	9,767 million yen
	Year ended June 2012	9,640 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, 2012	-	10.00	-	13.00	23.00
Year ending June 30, 2013	-				
Year ending June 30, 2013 (forecast)		12.00	-	13.00	25.00

(Note) Revisions to the dividend forecast published most recently: No

3. Forecast of Consolidated Financial Results for the Year Ending June 30, 2013 (July 1, 2012 to June 30, 2013)

(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
First half	8,200	20.5	1,930	24.7	1,930	22.4	1,000	25.0	35.67
Full year	16,800	18.1	3,900	26.5	3,900	31.1	2,100	37.6	74.91

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

* Notes

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

New: –

Exception: –

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

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

(Note) Application of simplified accounting methods or accounting methods unique to the preparation of quarterly consolidated financial statements

(3) Changes in accounting policies and changes or restatement of accounting assumptions

(i) Changes in accounting policies associated with the revision of accounting standards, etc.: Yes

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting assumptions: No

(iv) Restatement: No

(Note) For details, please refer to 2. Matters Relating to Summary Information (Notes), (3) Changes in accounting policies and changes or restatement of accounting assumptions on page 4 of the accompanying materials.

(4) Number of shares outstanding (common stock)

(i) Number of shares issued (including treasury stock) at the end of the term:

September 30, 2012	30,873,800 shares	June 30, 2012	30,868,400 shares
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(ii) Number of shares of treasury stock at the end of the term:

September 30, 2012	3,018,600 shares	June 30, 2012	2,835,700 shares
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(iii) Average number of shares during the period

First quarter ended September 30, 2012	27,871,618 shares	First quarter ended September 30, 2011	29,767,982 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

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.

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1. Qualitative Information on First Quarter Results

(1) Qualitative information on consolidated business performance

In the first quarter of the consolidated fiscal year ending June 30, 2013 (from July 1, 2012 to September 30, 2012; hereinafter “the first quarter under review”), the Japanese economy staged a gradual recovery, reflecting relatively steady domestic demand, mainly related to reconstruction projects in areas affected by the Great East Japan Earthquake. However, the outlook remained uncertain, given concerns over a slowdown in economic growth in China, the European financial crisis, and other negative factors.

In this environment, Macromill, Inc. (the “Company”) and its consolidated subsidiaries (together, the “Group”) focused on not only strengthening the domestic online research business, the Group’s mainstay business, but also on collecting information and developing new business opportunities in an strategic manner in preparation for medium-term growth. Meanwhile, the Group aggressively sought to develop global operations and new services. Consequently, the Group revised upward the targets for the current fiscal year in the Medium-Term Management Plan announced in August 2011.

In the domestic online research business, which accounts for most of the Group’s net sales, net sales and income for the first quarter under review increased by double digits, chiefly due to a significant rise in orders from food manufacturers. In an effort to achieve the next-stage growth, the Group restructured its organizations in October 2012, and it developed a flexible and efficient operating structure by further enhancing cooperation between the marketing research business segment and the data base business segment. By carrying out these initiatives, further strengthening product quality, and steadily bolstering its ability to propose plans, the Group has been resolved to develop and expand relationships with its customers.

Overseas, the Company started to offer the research service using product samples to Japanese companies in China jointly with Shanghai United-Cities Industry Co., Ltd. (hereinafter Shanghai UC), in which the Company had invested. Through these services, the Company will develop a promotion business, in which Japanese companies are able to carry out promotional activities for Shanghai UC’s approximately 15 million UC club members.

In the new business domain, the Company will promptly develop a promotion service readily accessible to anybody by using smartphones, to be launched next spring.

Based on its policy of “by pursuing innovation, realize a society in which anybody can use a marketing service,” the Company is united in its determination to continue to grow and expand its businesses in the future.

In the first quarter, the Group recorded net sales of 3,978 million yen (an increase of 24.2% year on year), operating income of 870 million yen (an increase of 35.8%), ordinary income of 881 million yen (up 33.1%), and net income of 648 million yen (up 89.1%).

Following are the net sales by service categories. Because disclosure classifications have been changed since the quarter under review, the year on year changes of each service segment were calculated by adjusting the results for the previous fiscal year based on the revised service segments.

(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. In the first quarter of the consolidated fiscal year under review, demand for research remained strong from information and telecommunications companies, research companies, and consulting firms, among others. As a result, total net sales in this service segment came to 1,874 million yen (up 6.2% year on year).

(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. Given the increasing need for an integrated service from fieldwork to data collection, tabulation and analysis, the increase in the number of projects requiring tabulation ancillary to fieldwork and an improved ability to manage operations based on teams proved effective, and boosted total net sales in this service segment by 14.7% year on year, to 223 million yen.

(iii) Analysis Service

Analysis Service covers designing survey forms and questionnaire as well as producing a range of reports after collecting research data. To respond to the increasing need for analysis services associated with increasingly diversified and sophisticated marketing issues that customers confront, the Company has been working to bolster the skills of specialist employees and develop management structures in a systematical manner. As a result, with robust orders from a wide range of general companies, total net sales in this service segment rose 14.9% year on year, to 351 million yen.

(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. The Company focused on strengthening its management structures and the ability to effectively handle projects. As a result, both sales and the number of projects increased, and orders particularly from information and telecommunication companies and food manufacturers remained strong. Reflecting these developments, total net sales in this service segment rose 33.2% year on year, to 347 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 to the functionality of AIRs have extended the scope of research that can be covered by automatic research services, the number of projects that required the preparation of unique research screens and research using special analytical methods increased. As a result, total net sales in this service segment increased 4.7% year on year, to 329 million yen.

(vi) Global Research Service

This service includes research into overseas markets for domestic companies as well as marketing research for overseas companies. Orders particularly from food manufacturers and other companies, including consumer-goods companies, remained robust, and the number of overseas research accounts for customers continued to increase. As a result, total net sales in this service segment jumped 51.6% year on year, to 143 million yen.

(vii) QPR Service

QPR Service carries out research services that offer the data of consumers' daily purchasing trends that are collected through the special portable bar code scanner. This service comprises QPR-TRACE, a system that prepares a report in regular format about purchasing trends based on purchasing data collected on a daily basis, QPRMill, a net research service using QPR monitors, QPR-ANALYZE, a system that offers on-the-spot analysis of purchasing data and is able to respond to even sophisticated tabulation in accordance with individual issues, and QPR-SCAPE, a system that offers a profile of purchasers by lifestyle and values. Given a rise in orders, in tandem with steady increases in the number of companies with a yearly contract and the expansion of the scope of customers, net sales in QPR Service jumped 62.4% year on year, to 254 million yen.

(viii) Overseas business domain

Overseas business domain comprises sales of consolidated subsidiaries in China and South Korea. The business expanded on the strength of progress developing customers in China and the fact that the integrated management of MACROMILL EMBRAIN started to generate positive results in South Korea. As a result, total net sales in this service segment rose 11,539.2% year on year, to 359 million yen.

(ix) Other Services

Other Services chiefly consist of AIRsMEMBERS (SaaS-type customer management services), a service that combines the functionality of AIRs with customer management systems, Brand Data Bank (bdb), a database subscription service that provides consumer profiles based on surveys of 30,000 panel members into possessions, interests, and brand preferences, Mobile Research Service, a service that collects data by using mobile phones, and sales of domestic consolidated subsidiaries. Partly due to the fact that the Company allocated sales resources to Automatic Research Service and other services on a priority basis, sales of Other Services fell 12.9%, to 92 million yen.

(2) Qualitative information on consolidated financial status

At the end of the first quarter under review, total assets were valued at 18,305 million yen, a decline of 464 million yen from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts receivable—trade of 326 million yen, which was offset by a decrease in cash and deposits of 818 million yen and other factors.

Liabilities stood at 8,261 million yen, decreasing 609 million yen from the end of the previous fiscal year. This principally reflects a decline in income taxes payable of 773 million yen, as a result of payments of income taxes.

Net assets were 10,044 million yen, an increase of 144 million yen. This is mainly due to a rise in retained earnings of 284 million yen, offsetting a decrease of 159 million yen from the purchase of treasury stock.

(3) Qualitative information on consolidated results forecast

There has been no change to the consolidated results forecasts for the year ending June 30, 2013 announced on August 8, 2012.

2. Matters Relating to Summary Information (Notes)

(1) Changes in significant subsidiaries during the period

None applicable

(2) Application of accounting methods unique to the preparation of quarterly consolidated financial statements

None applicable

(3) Changes in accounting policies and changes or restatement of accounting assumptions

(Changes to the depreciation method)

In accordance with the revision of the Corporation Tax Act of Japan, from the first quarter of the consolidated fiscal year under review, the Company and its domestic consolidated subsidiaries have changed the depreciation method for the property, plant and equipment acquired on or after July 1, 2012 to the method under the revised act.

The impact of this change on income and loss for the first quarter under review is immaterial.

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, 2012 Amount	As of September 30, 2012 Amount
Assets		
Current assets		
Cash and deposits	8,420,393	7,601,497
Notes and accounts receivable–trade	2,978,743	3,304,986
Work in process	16,011	24,452
Preproduction	793	–
Supplies	3,155	2,643
Deferred tax assets	573,521	482,932
Other	382,265	278,285
Allowance for doubtful accounts	(65,212)	(70,348)
Total current assets	12,309,672	11,624,450
Fixed assets		
Property, plant and equipment	504,643	512,527
Intangible assets		
Software	505,876	497,404
Goodwill	1,022,094	1,102,405
Other	513,222	572,924
Total intangible assets	2,041,192	2,172,734
Investments and other assets		
Investment securities	2,533,594	2,481,097
Other	1,382,910	1,516,313
Allowance for doubtful accounts	(1,250)	(1,250)
Total investments and other assets	3,915,254	3,996,159
Total noncurrent assets	6,461,090	6,681,421
Total assets	18,770,763	18,305,872

(Unit: thousand yen)

	As of June 30, 2012 Amount	As of September 30, 2012 Amount
Liabilities		
Current liabilities		
Short-term loans payable	207,776	210,782
Current portion of long-term loans payable	2,293	1,161
Accounts payable–other	803,018	1,013,502
Income taxes payable	1,039,015	265,482
Reserve for bonuses	141,031	25,120
Allowance for panelists–points	1,090,330	1,162,067
Other	351,420	348,997
Total current liabilities	3,634,885	3,027,113
Long-term liabilities		
Corporate bonds with stock acquisition rights	5,000,000	5,000,000
Long-term loans payable	6,497	6,582
Provision for retirement benefits	76,975	75,809
Provision for directors' retirement benefits	37,841	39,891
Asset retirement obligations	111,785	112,197
Other	2,813	–
Total long-term liabilities	5,235,912	5,234,480
Total liabilities	8,870,798	8,261,593
Net assets		
Shareholders' equity		
Capital stock	1,644,095	1,645,792
Capital surplus	4,885,021	4,886,718
Retained earnings	5,427,119	5,711,378
Treasury stock	(2,228,326)	(2,388,190)
Total shareholders' equity	9,727,909	9,855,699
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(48,444)	(61,562)
Foreign currency translation adjustment	(38,494)	(26,781)
Total of accumulated other comprehensive income	(86,939)	(88,344)
Stock acquisition rights	31,980	35,276
Minority interests	227,014	241,646
Total net assets	9,899,965	10,044,278
Total liabilities and net assets	18,770,763	18,305,872

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
 (Quarterly consolidated statements of income)
 (First quarter of consolidated fiscal year)

(Unit: thousand yen)

	First quarter ended September 30, 2011 Amount	First quarter ended September 30, 2012 Amount
Net sales	3,204,065	3,978,141
Cost of sales	1,620,333	2,100,823
Gross profit	1,583,731	1,877,317
Selling, general and administrative expenses	942,223	1,006,425
Operating income	641,508	870,892
Non-operating income		
Interest income	5,215	11,710
Foreign exchange gains	3,694	–
Equity in earnings of affiliates	–	176
Other	27,838	10,003
Total non-operating income	36,749	21,890
Non-operating expenses		
Interest expenses	–	3,200
Loss on transfer of accounts receivable	974	377
Equity in losses of affiliates	2,762	–
Stock issuance cost	94	187
Foreign exchange losses	–	1,400
Bond issuance cost	6,358	–
Commission for purchase of treasury stock	6,061	2,074
Other	129	4,485
Total non-operating expenses	16,379	11,726
Ordinary income	661,877	881,055
Extraordinary income		
Gain on sales of investment securities	–	2,846
Total extraordinary income	–	2,846
Extraordinary loss		
Loss on retirement of fixed assets	3,796	3,436
Loss on valuation of investment securities	–	7,823
Total extraordinary losses	3,796	11,260
Income before income taxes and minority interests	658,080	872,641
Income taxes–current	298,499	260,501
Income taxes–deferred	38,189	(49,868)
Total income taxes	336,689	210,633
Income before minority interests	321,391	662,008
Minority interests in income (loss)	(21,582)	13,324
Net income	342,973	648,684

(Quarterly consolidated statements of comprehensive income)
(First quarter of consolidated fiscal year)

(Unit: thousand yen)

	First quarter ended September 30, 2011 Amount	First quarter ended September 30, 2012 Amount
Income before minority interests	321,391	662,008
Other comprehensive income		
Valuation difference on available-for-sale securities	3,839	(13,117)
Foreign currency translation adjustment	(4,402)	12,941
Total other comprehensive income	(562)	(176)
Comprehensive income	320,828	661,832
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent company	342,851	647,279
Comprehensive income attributable to minority interests	(22,022)	14,553

(3) Notes regarding the premise of a going concern

None applicable

(4) Significant changes in shareholders' equity

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 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.