



Consolidated Financial Results
for the Six Months Ended September 30, 2015 [IFRS]

Oct 26, 2015

Listed Company:	M3, Inc.	Listed Stock Exchange: Tokyo
Securities Code:	2413	URL: http://corporate.m3.com/en/
Representative:	(Title) CEO (Name) Itaru Tanimura	TEL: 03-6229-8900
Contact:	(Title) Director (Name) Takahiro Tsuji	Dividend payment commencement date:—
Submission of quarterly report:	November 11, 2015	
Preparation of explanatory materials for quarterly financial result:	Yes	
Assembly for briefing of quarterly financial results:	Yes (For analysts)	

(Amounts of less than one million yen are rounded.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2015

(From April 1, 2015 to September 30, 2015)

(1) Consolidated Operating Results (Cumulative)

(% figure show year-on-year change)

	Net sales		Operating profit		Pre-tax profit		Net profit	
	Million Yen	%	Million yen	%	Million Yen	%	Million Yen	%
Six months ended September 30, 2015	30,525	23.9	9,158	22.1	9,182	21.8	6,148	28.5
Six months ended September 30, 2014	24,630	47.6	7,500	22.9	7,542	19.6	4,785	20.3

	Profit attributable to owners of the parent		Total comprehensive profit		Basic earnings per share	Diluted earnings per share
	Million Yen	%	Million Yen	%	Yen	Yen
Six months ended September 30, 2015	5,559	26.0	6,520	26.8	17.18	17.16
Six months ended September 30, 2014	4,413	19.8	5,142	16.4	13.65	13.62

(Note) 1 In accordance with provisional accounting treatment of business combinations taken place during the six months ended September 30, 2014, the Interim Consolidated Financial Statements for the six months ended September 30, 2014 have been retroactively adjusted.

(2) Consolidated Financial Position

	Total assets	Net equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company	Equity per share attributable to owners of the parent company
	Million Yen	Million Yen	Million Yen	%	Yen
As of September 30, 2015	63,568	49,959	48,684	76.6	149.85
As of March 31, 2015	60,126	46,510	45,223	75.2	139.30

2. Dividends

	Annual per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	-	0.00	-	8.00	8.00
Fiscal year ending March 31, 2016	-	0.00			
Fiscal year ending March 31, 2016 (Forecast)			-	-	-

(Note) 1 Amendment to forecasts of dividends recently announced: None

2 Dividend forecast for the fiscal year ending March 31, 2016 is currently undetermined.

It is to be determined after consideration of capital needs and condition of cash flow hereafter.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016

(from April 1, 2015 to March 31, 2016)

(% shown for change versus previous year)

	Net sales		Operating profit		Pre-tax profit		Net profit		Net profit attributable to owners of the parent company		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Annual	63,000	22.7	19,000	18.3	19,000	17.5	12,000	15.1	11,300	15.8	34.93

(Note) 1 Amendments to forecasts of dividends recently announced: None

2 Basic earnings per share has been calculated using 323,544,929 shares, which is the average number of shares outstanding during the six months ended September 30, 2015.

※ Explanatory Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanying changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates:

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

(i) Number of shares outstanding at the end of the period (including treasury stock)		
As of September 30, 2015	323,600,600	shares
As of March 31, 2015	323,499,400	shares
(ii) Number of treasury stock at the end of the period		
As of September 30, 2015	32,400	shares
As of March 31, 2015	32,400	shares
(iii) Average number of shares during the period (cumulative)		
As of September 30, 2015	323,544,929	shares
As of September 30, 2014	323,281,495	shares

※ Indication regarding implementation status of the quarterly review procedures

This quarterly financial report is outside the scope of the review procedures for quarterly financial statements under the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, review procedures for the Quarterly Consolidated Financial Statements are in progress.

※ Explanation of proper use of financial results forecasts, and other special matters

(1) Caution regarding statements concerning the future

The forward-looking statements herein are based on information available to the Company and on certain assumptions deemed to be reasonable at the date of publication of this document. They are not intended as the Company's commitment to achieve such forecasts, and actual results may differ significantly due to various factors.

(2) Explanatory materials for quarterly financial result

Explanatory materials for quarterly financial result will be posted on our website on Monday, October 26, 2015.

1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results

Various services are provided for the 250,000+ physician members via the “m3.com” website designed for medical professionals.

Existing services remained stable with further penetration of each service across our clients. Marketing support for pharmaceutical companies (“MR-kun” family) offers a selection of services catering to various agendas and purposes, and include the basic “Affiliates” service which a majority of key pharmaceutical companies operating within Japan are utilizing, “MR-kun” service which provides continuous information via voluntary reception by member physicians, and “m3MT” service which provides a more direct approach to member physicians via e-mail.

In addition, clinical trial related services centered around “Mr. Finder” which excavates institutions and patient participants for clinical studies, are provided by Mebix Inc. which provides IT supported large-scale clinical study services, MIC Medical Corp and MEDISCIENCE Planning Inc. (“MPI” below) which assists in clinical trial operations, by e-SMO Inc. and Neues, Co, Ltd. (“Neues” below) which provides administrative and operations support across the entire clinical trial process as SMOs, and by Integrated Development Associates Co., Ltd. (“IDA” below) which provides support services mainly for overseas bio-pharmaceutical companies looking to include Japan and Asia in global drug development. Additionally, POC Clinical Research Inc. (“POC” below), which provides comprehensive support in research and development aimed for early practical application of bio-technology centered on advanced medical technology, was consolidated in July 2015.

Furthermore, new services such as market research services that panel member physicians, “QOL-kun” which provides marketing support for non-medical related corporations desiring to advertise daily life services to doctors, “AskDoctors” (<http://www.AskDoctors.jp/>) website which connects public users with member physicians for answers to general health questions, and “Practice Management” (m3.com Kaigyo/Keiei) services which support the establishment and management of clinics, are all being expanded.

Services at M3 Career, Inc. (“M3 Career” below) which provides job search and placement services for physicians and pharmacists, iTICKET Corporation which provides online reservation services for clinics, Reno Medical Inc. which provides prescription drug related media services, C.M.S Co.Ltd (“C.M.S” below) which supports development and sales of electronic medical record systems, and M3 Marketing, Inc (“M3 Marketing” below) which develops and provides next generation “Medical Marketers,” are also all being expanded.

As for business overseas, the U.S. portal website, “MDLinx,” designed for healthcare professionals, continues to expand its services towards pharmaceutical companies, as well as expand its career services for physicians through M&As. It now has access to over 600,000 physician members, in part boosted by business partnerships. The U.K. portal website, “Doctors.net.uk,” with roughly 200,000 physician members, is also expanding services for pharmaceutical companies with the launch of the U.K. version of MR-kun. Furthermore, the China portal website has now topped 1 million physician members, and the Chinese version of MR-kun continues to expand steadily.

Additionally, membership and panel participation at websites operated by M3 group starting with Japan, U.S., U.K., China, and Korea, now totals over 3 million physicians, enabling provision of marketing research services that span across a global scale.

Consolidated quarterly results for the second quarter (cumulative) is as below.

(Unit: Million Yen)

	Six month ended September 30, 2014 (April 1, 2014 to Sep 30, 2014, cumulative)	Six month ended September 30, 2015 (April 1, 2015 to Sep 30, 2015, cumulative)	Second quarter comparison		(Reference) Previous consolidated fiscal year (April 1, 2014 to March 31, 2015)
Net sales	24,630	30,525	+5,895	+23.9%	51,346
Operating Profit	7,500	9,158	+1,657	+22.1%	16,061
Pre-Tax Profit	7,542	9,182	+1,640	+21.8%	16,174
Net Profit	4,785	6,148	+1,363	+28.5%	10,428

(Note) In accordance with provisional accounting treatment of business combinations taken place during the six months ended September 30, 2014, the Interim Consolidated Financial Statements for the six months ended September 30, 2014 have been retroactively adjusted.

(Segment results)

(Unit: Million yen)

		Six month ended September 30, 2014 (April 1, 2014 to Sep 30, 2014, cumulative)	Six month ended September 30, 2015 (April 1, 2015 to Sep 30, 2015, cumulative)	Second quarter comparison	
Medical Portal	Segment Net Sales	11,098	11,961	+863	+7.8%
	Segment Profit	6,426	7,069	+643	+10.0%
Evidence Solution	Segment Net Sales	6,333	9,770	+3,438	+54.3%
	Segment Profit	635	1,786	+1,151	+181.1%
Overseas	Segment Net Sales	4,784	6,405	+1,621	+33.9%
	Segment Profit	609	577	(32)	(5.2%)
Clinical Platform	Segment Net Sales	1,466	1,305	(161)	(11.0%)
	Segment Profit	175	133	(42)	(24.0%)
Sales Platform	Segment Net Sales	601	664	+63	+10.5%
	Segment Profit	(153)	12	+165	-
Others	Segment Net Sales	675	933	+259	+38.3%
	Segment Profit	17	110	+93	+531.8%
Adjustment	Segment Net Sales	(326)	(513)		
	Segment Profit	(209)	(533)		
Profit from re-measurement in accordance with business combinations		-	3	+3	
Total	Net Sales	24,630	30,525	+5,895	+23.9%
	Operating Profit	7,500	9,158	+1,657	+22.1%

(Note) 1 In accordance with provisional accounting treatment of business combinations taken place during the six months ended September 30, 2014, the Interim Consolidated Financial Statements for the six months ended September 30, 2014 have been retroactively adjusted.

1) Medical Portal

Marketing support sector targeting healthcare related companies produced sales of 5,746 million yen, higher by 0.1% year on year. “MR-kun family” services centered around “MR-kun” remained in line with the previous year due to some clients temporarily suppressing activity in the face of special factors, as well as due to resources appropriated towards preparing of the transition into new co success-based business schemes for “MR-kun.”

Marketing research sector sales were 1,067 million yen, higher by 12.0% year on year. Improvements in sales structure expanded direct sales to pharmaceutical companies.

Others sector produced sales of 5,148 million yen, higher by 16.9% year on year, led by M3 Career’s job placement services targeting physicians.

The above results totaled 11,961 million yen, higher by 7.8% year on year, in sales for the Medical Portal segment.

COGS and SGA amounted to 5,066 million yen, higher by 7.4% year on year, largely due to increases in personnel expenses across the entire M3 group to accommodate business growth.

Combining the above results, the Medical Portal segment produced profits of 7,069 million yen, higher by 10.0% year on year.

2) Evidence Solution

Healthy progress in clinical trial projects in addition to the consolidation of IDA consolidated in March 2015, Neues in April 2015, and POC Clinical Research in July 2015, sales amounted to 9,770 million yen, higher by 54.3% year on year. Increase in sales from the progress in clinical trial projects, costs related to aggressive upfront investment in headcount corresponding to the accumulation of project backlog (segment total roughly xxx million yen), and absorption of losses from Neues, produced segment profits of 1,786 million yen, higher by 181.1% year on year.

3) Overseas

In the U.S. and U.K., expansions in both marketing research services for pharmaceutical firms and career services produced sales of 5,735 million yen, higher by 28.1% year on year. In the U.S., accidental recognition of our email server as a spam source impacted sales negatively for advertising services. China saw strong progress such as the increase in MR-kun service users now totaling 6 firms and 15 drugs, which increased sales. A cost of 44 million yen was incurred in association with the transfer of business from Profiles, Inc. Combining the above, segment sales amounted to 6,405 million yen, higher by 33.9% year on year, and profits of 577 million yen, lower by 5.2% year on year.

4) Clinical Platform

Business at C.M.S saw a recoil from the previous increase in demand caused by the timing of revisions to the medical payment system. Resulting sales were 1,305 million yen, lower by 11.0% year on year, and segment profits were 133 million yen, lower by 24.0% year on year.

5) Sales Platform

M3 Marketing operations expanded steadily. Absorbing an increase in personnel costs due to aggressive headcount expansion as an upfront investment, resulting segment sales were 664 million yen, higher by 10.5% year on year, and segment profits were 12 million yen, higher by 165 million yen year on year.

6) Others

Overall business progressed steadily with segment sales of 933 million yen, higher by 38.3% year on year, and segment profits of 110 million yen, higher by 531.8% year on year.

Combining the above segments, results for the entire group for the consolidated second quarter (cumulative) amounted to sales of 30,525 million yen, higher by 23.9% year on year, operating profit of 9,158 million yen, higher by 22.1% year on year, pre-tax profit of 9,182 million yen, higher by 21.8% year on year, and net profit of 6,148 million yen, higher by 28.5% year on year.

(2) Explanation of consolidated financial position

1) Condition of assets, liabilities, and net assets

Total assets were 63,568 million yen, an increase of 3,442 million yen compared to the end of the previous fiscal year. Under current assets, while cash and cash equivalents decreased by 2,637 million yen, an increase in operating receivables and other receivables of 2,182 million yen associated with the consolidation of Neues as well as business expansion, resulted in a net decrease of 551 million yen versus last fiscal year end to total 31,799 million yen. Under illiquid assets, effects such as the increase in goodwill by 2,152 million yen from consolidation on Neues, along with increase in available-for-sale financial assets by 1,057 million yen due to the change in fair value of available-for-sale financial assets, netted to an increase of 3,993 million yen versus last fiscal year end to total 31,769 million yen.

Total liabilities decreased by 7 million yen versus last fiscal year end to total 13,609 million yen. Under current liabilities, effects such as the decrease of 673 million yen in operating receivables and other receivables resulted in a net decrease of 625 million yen versus last fiscal year to total 11,668 million yen. Illiquid liabilities increased by 618 million yen versus last fiscal year end to total 1,941 million yen.

Total shareholder's equity increased by 3,449 million yen compared to the end of the previous fiscal year to total 49,959 million yen. While dividend of surplus was paid in the amount of 2,588 million yen, quarterly profit attributed to owners of the parent company amounted to 5,559 million yen, resulting in an increase of 2,972 million yen in retained earnings.

2) Condition of Cashflow

Cash and cash equivalents for the consolidated second quarter (cumulative) decreased by 2,637 million yen versus last fiscal year end to total 17,270 million yen.

Cash flows from operating activities produced an income of 4,388 million yen, an increase of 563 million yen year on year. The major component of inflow was pre-tax profit of 9,182 million yen, and the major component of outflow was corporate income tax of 3,209 million yen.

Cash flows from investment activities resulted in a decrease in outflow of 1,003 million yen year on year, to total an outflow of 1,608 million yen. Outflows such as the 643 million yen paid for the transfer of business from Profiles has occurred.

Cash flows from financing activities resulted in an increase in outflow of 2,803 million yen year on year, to total an outflow of 5,241 million yen. The major component was dividend payments of 2,586 million yen paid to the owners of the parent company, and repayment of short-term borrowings of 1,845 million yen for newly consolidated subsidiaries such as Neues.

(3) Forward-looking statements and consolidated results forecasts

We anticipate increases in sales and profits for the group for the current fiscal year.

1) Medical Portal segment

The marketing support business targeting healthcare related companies is expected to continue to expand its services centered around “MR-kun.”

The marketing research business is expected to remain steady within the backdrop of demand mainly from pharmaceutical companies.

As for the others businesses, expansion is expected in various services with growth lead by M3 Career and “Mr. Finder.”

Expenditure resulting from aggressive headcount increases geared for further growth is expected, however, no structural changes in costs relating to existing services should occur.

As a combined result of the above, we expect the Medical Portal segment to see increased sales and profits.

2) Evidence Solution segment

For the Evidence Solution segment, we expect the operations at each subsidiary to remain healthy. We also expect contributions to consolidated earnings from IDA, newly consolidated as a subsidiary in March 2015, and from Neues, newly consolidated in April 2015, to increase sales and profits for the segment.

3) Overseas segment

Within the Overseas segment, we expect marketing support and marketing research businesses within in the U.S., U.K., and China to individually expand its services to result in increased sales and profits.

4) Clinical Platform segment

We expect further growth at C.M.S to increase sales and profits.

5) Sales Platform segment

We expect expansion of the M3 Marketing business to increase sales, however, costs from aggressive investment in personnel looks to keep profits in line with the previous year.

Based on the above, we forecast the below for consolidated financial results for the fiscal year ending March 31, 2016.

(Unit: Million Yen)

	Net sales	Operating profit	Pre-tax profit	Net profit	Net profit attributable to the owners of the parent company
Annual	63,000	19,000	19,000	12,000	11,300

※ Above forecasts and forward-looking statements are based on assumptions and beliefs derived from information currently available, and is subject to change due to but not limited to fluctuations in global economic conditions.

2. Summary Information (notes)

(1) Changes in significant subsidiaries during the period

No items to report.

(2) Changes in accounting policies and accounting estimates

No items to report.

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