

Flash Report (Consolidated Basis)

Results for fiscal year ended March 31, 2009

Company Name: **INTAGE, Inc.** Stock listing: The First Section of the Tokyo Stock Exchange

Code number: 4326

URL <http://www.intage.co.jp>

Representative: Norio Taori, President

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Date of the General Meeting of the Shareholders: June 24, 2009

Planned filing of an annual security report: June 24, 2009

Planned start of dividend payments: June 25, 2009

(Figures less than ¥1 million have been omitted.)

1. Consolidated Performance

(1) Operating Results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2009	34,345	3.7	3,320	0.2	3,317	0.0	1,728	(2.1)
2008	33,104	7.5	3,314	13.1	3,316	14.1	1,765	8.5

	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2009	168.69	—	15.9	15.6	9.7
2008	170.10	—	18.6	16.0	10.0

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2009: —, Year ended March 31, 2008: —

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2009	21,180	11,590	54.2	1,120.90
2008	21,261	10,288	47.9	994.41

(Reference) Total shareholders' equity: March 31, 2009: ¥11,485 million, March 31, 2008: ¥10,189 million

(3) Cash Flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalent at end of year
	Million of yen	Million of yen	Million of yen	Million of yen
2009	3,190	(1,554)	(1,707)	3,303
2008	2,247	(1,033)	(546)	3,394

2. Dividends

Years ended/ending March 31

Record date	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen	Million of yen	%	%
2008	—	0.00	—	40.00	40.00	409	23.5	4.3
2009	—	0.00	—	50.00	50.00	512	29.6	4.7
2010 (Forecast)	—	0.00	—	50.00	50.00		28.7	

3. Forecasts for Fiscal Year ending March 31, 2010

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	16,313	0.0	1,394	(11.6)	1,384	(10.6)
Fiscal year	35,279	2.7	3,346	0.8	3,340	0.7

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	721	(13.0)	70.42
Fiscal year	1,783	3.2	174.05

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements (Matters included in changes to significant items that form the basis for preparation of the consolidated financial statements).
 - a. Changes in accordance with revisions to accounting standards: Yes
 - b. Other changes: None

3. Number of Shares Outstanding (Common stock)

Number of shares outstanding at fiscal year-end:

2009: 10,404,000 shares 2008: 10,404,000 shares

Number of treasury stocks at fiscal year-end:

2009: 157,109 shares 2008: 157,109 shares

(Reference) Flash Report (Non-Consolidated Basis)

Results for fiscal year ended March 31, 2009

1. Non-Consolidated Performance

(1) Operating Results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2009	26,622	1.8	2,466	11.0	2,484	6.3	1,414	(0.4)
2008	26,143	2.9	2,222	15.5	2,337	19.5	1,419	22.6

	Net income per share	Net income per share after dilution
	Yen	Yen
2009	138.07	—
2008	136.78	—

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2009	18,105	9,101	50.3	888.22
2008	18,168	8,097	44.6	790.26

(Reference) Total shareholders' equity: March 31, 2009: ¥9,101 million, March 31, 2008: ¥8,097 million

2. Forecasts for Fiscal Year ending March 31, 2010

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	12,615	0.1	997	(17.6)	1,068	(13.6)
Fiscal year	26,894	1.0	2,318	(6.0)	2,383	(4.0)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	632	(14.9)	61.71
Fiscal year	1,403	(0.8)	136.99

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements. Please refer to p. 4 of "1. Operating Results, (1) Analysis of Operating Results" for information on performance forecast and other related matters.

1. OPERATING RESULTS

(1) Analysis of Operating Results

1) Overview of Fiscal 2009 (ended March 31, 2009)

The Japanese economy was particularly difficult during fiscal 2009, with the economy slowing from rising raw material prices and wide fluctuations in exchange rates, and further exacerbated by the global financial crisis triggered by the collapse of Lehman Brothers.

In the information services industry of which the INTAGE Group is a part, according to the Survey of Selected Service Industries prepared by the Ministry of Economy, Trade and Industry (METI), although monthly sales for the fiscal year rose year-on-year through August, revenue was down for every month from September except January.

In this operating environment, the INTAGE Group fused its market research and system solution functions, and worked to improve customer satisfaction by providing the solutions required by clients, with the aim of “Realizing the Intelligence Provider Business through Concerted Action as ‘Team INTAGE’”.

INTAGE’s guiding principle for the subject fiscal year was “Establish a New Business Model and Strengthen the Business Foundation,” under which we worked to clarify our industry-specific strategies and establish new business models. The Sales Division was reorganized along industry lines to pursue industry-specific strategies, and a Business Development Division established to develop new business models based on industry-specific platforms. We also further advanced the Internet shift strategy, and took steps to strengthen the foundation for existing businesses.

On March 23, 2009, with the support of many shareholders and business partners, INTAGE successfully listed on the First Section of the Tokyo Stock Exchange, following its listing on the Second Section in the previous fiscal year.

As a result of these efforts, consolidated net sales for fiscal 2009 amounted to ¥34,345 million (up 3.7% year on year), with operating income of ¥3,320 million (up 0.2%), recurring profit of ¥3,317 million (up 0.0%) and net income of ¥1,728 million (down 2.1%). Net sales, operating income and recurring profit all continued to rise, but net income declined as a result of extraordinary losses from retirement of software assets, impairment losses, and loss on valuation of investment securities.

Results by business segment were as follows.

Marketing Research and Consulting

In syndicated panel data services, both revenue and earnings rose from the previous fiscal year. Although the revenue increases in the first half stemming from the withdrawal from the market of a competitor’s retail panel have now subsided, sales in the SRI (syndicated POS retail panel data) business continued to rise with the acquisition of new clients, and the expansion of contracted categories.

In custom research services, the impact from the economic downturn led to a substantial slowdown in business. Although revenue rose from the previous fiscal year, earnings were down as a result of the deceleration of growth in Internet research—the growth driver for the past several years—and a decline in the unit value of orders due to more intense competition.

INTAGE also made investments during the subject fiscal year for development of new businesses. These included creation of a platform to further collaboration in production and marketing, development of next-generation consumer data, an increased number of Internet survey monitors, and the development of new IT systems.

As a result, sales in the Marketing Research and Consulting business amounted to ¥23,105 million (up 6.0% from the previous fiscal year), with operating income of ¥2,922 million (up 0.3%).

System Solutions

Revenues fell below initial plan as a result of the economic slowdown during the second half. Operating income, however, was positive despite the forecast of an operating loss, due to the benefits from such measures as wide-ranging cuts in outsourcing and other administrative costs, and optimization of human resource costs through personnel transfers to other business segments.

As a result, sales in the System Solutions segment amounted to ¥5,906 million (down 11.9% from the previous fiscal year), with operating income of ¥13 million (compared to an operating loss of ¥39 million in the previous fiscal year).

Drug Development Solutions

In the Contract Research Organization (CRO) business, revenue from data management and analysis services increased considerably. Operating income, however, was down from the previous fiscal year since sales volume in monitoring services and the Site Management Organization (SMO) were below target, and because investments for future overseas business development.

As a result, sales in the Drug Development Solutions segment amounted to ¥5,333 million (up 15.8% from the previous fiscal year), through operating income was ¥384 million (down 12.5%).

2) Forecast for Fiscal 2010 (ending March 31, 2010)

In the Marketing Research and Consulting business, for the syndicated panel data services the INTAGE Group forecasts increased revenues with declining earnings due to a combination of continued steady growth centered on syndicated panel data, and investments to restructure the syndicated consumer panel business. In custom research services, we anticipate a quick recovery in growth and earnings stemming from a full-scale shift to Internet research, and initiatives in business process re-engineering (BPR).

In the System Solutions business, we will bolster our capacity to provide industry-specific solutions, and sustain the trend toward greater earnings.

In the Drug development support sector, for the CRO business INTAGE forecasts increases in both revenue and earnings as it works to maintain its leading position in the industry for post-marketing surveillance (PMS), and to gain a competitive advantage in clinical development (GCP). For the SMO business, we will restructure the operations of ASKLEP MEDIO Inc. (a subsidiary of ASKLEP Inc.) to be a self-sustaining profitable business.

In accordance with this outlook, for fiscal 2010 the INTAGE Group forecasts consolidated net sales of ¥35,279 million (up 2.7% year on year), with operating income of ¥3,346 million (up 0.8%), recurring profit of ¥3,340 million (up 0.7%), and net income of ¥1,783 million (up 3.2%).

(2) Analysis of Financial Position

Cash Flows

Cash and cash equivalents (“cash”) at March 31, 2009 totaled ¥3,303 million, a decrease of ¥90 million from the end of the previous fiscal year. This was the result of ¥3,190 million in cash provided by operating activities, against ¥1,554 million in cash used in investing activities, and ¥1,707 million in cash used in financing activities.

Cash Flow from Operating Activities

Cash provided by operating activities amounted to ¥3,190 million, an increase of ¥943 million from the previous fiscal year. This was due mainly to decreases in inventories and notes and accounts receivable – trade, offsetting a decrease in income before income taxes and minority interests.

Cash Flow from Investing Activities

Cash used in investing activities amounted to ¥1,554 million, an increase of ¥520 million from the previous fiscal year. This was due mainly to an increase in expenditures for purchases of property and equipment.

Cash Flow from Financing Activities

Cash used in financing activities amounted to ¥1,707 million, an increase of ¥1,161 million from the previous fiscal year. This was due mainly to a decline in proceeds from short-term bank loans, despite the allocation of proceeds from redemption of corporate bonds toward long-term bank loans.

(Reference) Trends in cash flow indices are shown below:

Years ended March 31

	2007	2008	2009
Equity ratio (%)	43.4	47.9	54.2
Equity ratio, based on market value (%)	142.3	81.0	59.5
Cash flow/Interest-bearing debt (%)	185.2	168.5	78.5
Interest coverage ratio	76.4	47.0	67.9

Equity ratio=total shareholders' equity/total assets

Equity ratio based on market value: Total market value of stocks/total assets

Cash flow/Interest-bearing debt: interest-bearing debt/operating cash flows

Interest coverage ratio: operating cash flows/interest payments

*1. All indices are calculated on a consolidated basis.

*2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total amount of outstanding stock at the end of the term (excluding treasury stock).

*3. “Operating cash flows” refers to cash flows used in operating activities.

*4. “Interest-bearing debt” refers to all debts listed in the consolidated balance sheets on which the Company pays interest. “Interest payments” denotes interest payments as reflected in the consolidated cash flow statements.

(3) Basic Policy on Earnings Distribution

The INTAGE Group's basic policy is to distribute earnings in consideration of the balance between dividends and retained earnings, based on the consolidated results that reflect the success of the Group's management. INTAGE considers the return of earnings to shareholders to be one of its highest management priorities, and has paid dividends at a consolidated payout ratio of around 25%.

Retained earnings are used for investment to continually enhance the Group's growth and earnings capacity. Our aim is to provide greater returns to shareholders through efforts to enhance performance.

As previously announced, INTAGE plans to pay a year-end dividend of ¥40 per share, which includes a commemorative dividend of ¥6 per share.

For fiscal 2009, INTAGE plans to pay a year-end dividend of ¥50 per share (for a consolidated payout ratio of 29.6%). For fiscal 2010, INTAGE is planning to maintain this amount with a year-end dividend of ¥50 per share (for a payout ratio of 28.7%).

(4) Operational Risks

Among the matters pertaining to the business overview and financial overview described in the Annual Securities Report, the following could have a material impact on the decisions of investors. Forward-looking statements in this section are based on the assumptions and beliefs of the management of the INTAGE Group as of March 31, 2009.

1. Information Management

Owing to the nature of the information services industry in which the INTAGE Group operates, the Group handles large volumes of diverse information relating to companies and individuals. Since long before the Personal Information Protection Law took effect in April 2005, the INTAGE Group has exercised adequate care in information management by means of measures including application of the Privacy Mark personal information protection system and the establishment of a dedicated organization for information management and the ongoing construction of an Information Security Management System (ISMS).

Nevertheless, the unauthorized disclosure of such information would result in the loss of public trust in the INTAGE Group and could adversely affect the INTAGE Group's business performance.

2. Disproportionate Dependence on Second-Half Performance

The business performance of the INTAGE Group is disproportionately weighted toward the second half of the fiscal year. This imbalance is attributable to three main factors: in the Marketing Research and Consulting business, research required by corporations for the preparation of the following year's marketing plans is concentrated toward the end of the fiscal year; completion and delivery periods for reports commissioned by governmental agencies are concentrated toward the end of the fiscal year; and, in the System Solutions business, a high proportion of systems development contracts stipulate delivery at the fiscal year-end.

Consequently, the slippage of fiscal year-end sales into the following fiscal year could adversely affect the INTAGE Group's business performance.

3. Business Investment

The INTAGE Group actively makes up-front investments with a view to securing growth, increasing competitive advantage, and expanding its business domain. Management makes investment decisions on the basis of sufficient deliberation of factors including the prospects for investment recovery.

However, it is difficult to accurately forecast results and profits commensurate with those upfront investments, and demand could fail to develop in line with forecasts. For this reason, the inability to achieve results and profits commensurate with investment within a certain period of time could adversely affect the INTAGE Group's business performance.

4. Business Risk

i) In the INTAGE Group's mainstay Marketing Research and Consulting operation, the syndicated panel data services that heretofore have supported growth and profits are approaching the upper limits of market share. To secure further potential growth the Group is introducing new products and working to increase added value through a shift from data provision to solutions provision. Should these efforts fail to develop as anticipated, it could adversely affect the INTAGE Group's business performance.

In custom research services, the INTAGE Group has made an Internet shift a critical business strategy and is investing to achieve further growth. However, competition in this sector is intensifying, and the results of competition could adversely affect the INTAGE Group's business performance.

ii) In the System Solutions Business, although the integrated solutions business involving the integration of research and solutions is gradually delivering results, it has not reached the scale necessary to contribute to the INTAGE Group's profits. INTAGE plans to continue to devote effort to this sector and develop integrated solutions into a major business. However, should considerable time be required to transform the business structure, this could adversely affect the INTAGE Group's business performance.

iii) The Drug Development Solutions Business is at times greatly affected by trends in the pharmaceuticals industry. Should the market contract as a result of factors such as a reduction in the number of customers due to mergers between pharmaceutical companies or a decrease in new medical development or clinical testing in Japan, this could adversely affect the INTAGE Group's business performance. Also, as this is a business that could be affected by regulations such as the Pharmaceutical Affairs Law, regulatory trends could adversely affect the INTAGE Group's business performance.

5. Office Integration and Relocation

The INTAGE Group opened new offices in the Akihabara district of Tokyo in November 2005 for the purpose of realizing an office environment to support future growth and activating communications by reducing physical distance from clients. A series of relocation projects was completed with extraordinary smoothness and efficiency. The Group expects the true value of the office integration and relocation to be demonstrated over a long period of time and anticipates being able to absorb the increase in costs associated with opening the new offices by maintaining the trend of higher revenue and earnings.

However, should business performance fail to develop as planned, inability to absorb the

increase in costs could adversely affect the INTAGE Group's business performance.

6. Personnel Recruitment

As the INTAGE Group engages in many highly specialized business processes, the recruitment and development of personnel is an important matter.

Accordingly, INTAGE has formulated a personnel development plan to improve the personnel recruitment, development, and evaluation structure and personnel utilization measures in keeping with the policy, and is continuously reviewing the plan. Furthermore, the Group is implementing measures to develop the next generation of leaders as an important management priority.

Nevertheless, should personnel development fail to progress satisfactorily, it could adversely affect the INTAGE Group's business performance.

7. The Situation in China

The INTAGE Group engages in marketing research business in China through consolidated subsidiary INTAGE Marketing Consulting (Shanghai) Co., Ltd. Changes in legal regulations governing the Group's business in China or circumstances in which political factors affect business operation could adversely affect the INTAGE Group's business performance.

8. Management Issues

The INTAGE Group maintains the Management Systems Committee to respond to various management issues. Furthermore, INTAGE newly established the Internal Control Implementation Committee in April 2006 and is placing particular emphasis on reinforcement of the compliance structure.

Nevertheless, should these mechanisms fail to function adequately and inadequate inculcation of the spirit of compliance at the individual employee level occur, it could adversely affect the INTAGE Group's business performance.

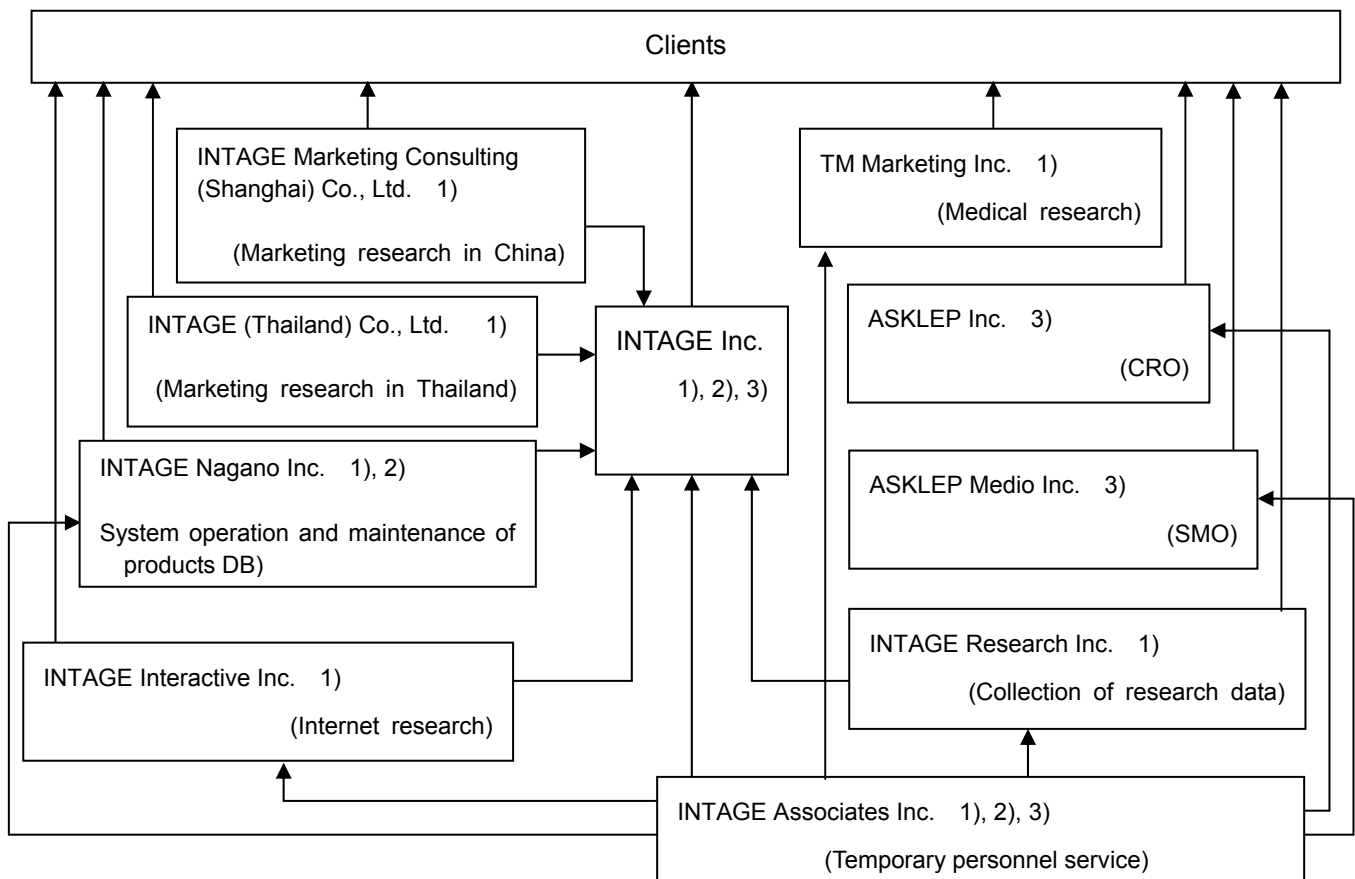
9. Systems Failure

The Company's data center is manned around the clock, and the management system incorporates thorough security measures including the installation of surveillance cameras and Information control at the time of entrance and exit by means of electronic key cards. Furthermore, all possible measures have been taken to ensure stable operation around the clock, 365 days a year, including an earthquake-resistant structure, fire-extinguishing equipment, and power supply redundancy. Nevertheless, the inability to use the Company's facilities or networks due to unexpected serious events such as the occurrence of system or hardware failure, a malicious computer virus, a hacker attack, a large-scale power outage, an earthquake of unexpected magnitude, or fire, flooding, or accident could adversely affect the INTAGE Group's business performance.

2. STATUS OF THE CORPORATE GROUP

The INTAGE Group consists of INTAGE Inc. (the Company), nine consolidated subsidiaries and one affiliate. Its main businesses are market research and consulting, system solutions, and Drug development solutions.

The organization of the INTAGE Group as of March 31, 2009, is as follows.



Notes:

1. Arrows represent the flow of services and data.
2. Business segments are as follows
 - 1) Marketing Research and Consulting
 - 2) System Solutions
 - 3) Drug Development Solutions

3. MANAGEMENT POLICIES

(1) Basic Policy on Management

The corporate mission of the INTAGE Group is to “contribute to the advancement of society and the enrichment of consumers’ lives through the comprehensive support of our clients’ business success.” We aim to be a corporate group that creates highly-processed, intelligent information, with a vision of being an “intelligence provider.”

With an understanding of integrated marketing acquired over many years, we combine our research techniques, system development technology, industry and service knowledge, consulting abilities and other specialties to create “intelligence,” the type of information that is extremely valuable for decision-making. By providing “intelligence” we help resolve the business issues faced by our clients, as well as propose new business models.

(2) Management Indices

The INTAGE Group’s fundamental goal is to achieve growth and profitability, and it conducts its corporate management with the aim of continually enhancing sales and its operating margin. From a shareholder-oriented standpoint, we also consider net income per share to be an important indicator.

(3) Medium- to Long-Term Management Strategies

The INTAGE Group has formulated its three-year, Ninth Medium-Term Management Plan covering the period from fiscal 2008 through fiscal 2010 (April 2008 through March 2011).

The INTAGE Group will mark the 50th anniversary of its founding in fiscal 2010, the final year of this business plan. We have designated these three years as “Transition to a business model for the next 50 years (NEXT 50)” and set a basic policy of “Establish industry-specific platforms to realize a full-fledged intelligence provider business—Foundation of ‘NEXT 50’”.

The priority issues of the medium-term business plan are 1. Establish new business models by creating industry-specific platforms; 2. Strengthen existing businesses through reform of business processes; 3. Pursue marketing innovations; 4. Strengthen technological platforms; 5. Enhance personnel and human resource strategies; and 6. Strengthen Group management capabilities. We will seek to establish a foundation for sustainable growth in order to transition to NEXT 50.

(4) Issues to Be Addressed

For fiscal 2010 (ending March 31, 2010), INTAGE will seek to further advance its industry-specific strategies, and by shortening the distance with its customers further enhance awareness of its corporate value as a trusted business partner.

To further advance industry-specific strategies, while INTAGE already restructured its Sales Division along industry lines during fiscal 2009, in fiscal 2010 we will further reorganize the solutions business functions by industry in order to allow for a faster response to customer issues and needs. In particular, we will fuse the solutions functions of the syndicated panel data services and customer research services to provide faster presentations and response, focusing on the food, drink and household goods industries.

INTAGE will also establish a Marketing Innovations Unit to bring together the businesses,

products and functions acquired by the Company in a single solution that will work together with the Sales Division to help resolve customer issues. We will also integrate the management structures for Internet research and internal BPR to enhance the growth and profit potential for Internet research.

For new business development INTAGE will continue to move forward with establishing industry-specific platforms, as well as develop next-generation consumer data, and expand its total health care strategies and overseas business.

In particular, INTAGE will continue to develop its overseas business, with a focus on China and Southeast Asia. In March 2009 we concluded a share purchase agreement for Shanghai Hyperlink Marketing and Research Co., Ltd., which we plan to incorporate as a subsidiary after July following approval of the acquisition by the Chinese authorities, and receipt of a business operating license.

In terms of management issues, INTAGE is undertaking a strategic effort to train and develop business leaders, researchers, IT personnel and other professionals. We are also enhancing management systems and staff capabilities to provide group management able to respond in a crisis.

The INTAGE Group will make a concerted effort as a Group to enhance performance, and stabilize its business foundations.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

At March 31

Thousands of yen

	2008	2009
ASSETS		
Current assets:		
Cash and deposits	3,480,530	3,393,655
Note and accounts receivable-trade	6,453,783	6,299,126
Inventories	1,681,863	—
Work in progress	—	1,257,037
Stored item	—	40,162
Deferred tax assets	727,805	731,479
Other current assets	310,241	390,816
Less allowance for doubtful accounts	(2,810)	(2,689)
Total current assets	12,651,413	12,109,588
Fixed assets:		
Property and equipment:		
Buildings and structures	4,846,410	5,268,103
Accumulated depreciation	(2,929,026)	(3,156,834)
Net buildings and structures	1,917,383	2,111,268
Equipment and fixtures	916,442	1,162,924
Accumulated depreciation	(486,478)	(619,422)
Net equipment and fixtures	429,963	543,502
Land	1,998,156	1,998,156
Lease assets	—	254,823
Accumulated depreciation	—	(21,787)
Net lease assets	—	233,036
Other	420	420
Accumulated depreciation	(74)	(198)
Net other	345	221
Net property and equipment	4,345,848	4,886,186
Intangible fixed assets:		
Goodwill	1,091,106	806,557
Other intangible assets	988,356	997,811
Total intangible fixed assets	2,079,463	1,804,369
Investments and other assets:		
Investment in securities	208,393	197,924
Deferred income tax	1,042,512	957,657
Other	942,791	1,224,509
Allowance for doubtful accounts	(8,505)	—
Total investments and other assets	2,185,192	2,380,091
Total fix assets	8,610,505	9,070,647
Total assets	21,261,918	21,180,236

	2008	2009
LIABILITIES		
Current liabilities:		
Accounts payable-trade	1,815,750	1,601,309
Short-term bank loans	2,787,420	1,942,300
Current portion of redemption of corporate bonds	1,000,000	—
Income taxes payable	794,676	831,196
Accrued employee's bonuses	1,361,118	1,321,194
Allowance for point program	9,300	36,743
Accrued directors' bonuses	38,000	27,800
Other current liabilities	1,159,221	982,269
Total current liabilities	8,965,486	6,742,814
Long-term liabilities:		
Long-term borrowings	—	564,000
Retirement benefits	1,979,073	2,058,220
Retirement allowance for directors	29,000	29,000
Other long-term liabilities	—	195,621
Total long-term liabilities	2,008,073	2,846,841
Total liabilities	10,973,560	9,589,656
NET ASSETS		
Shareholders' equity:		
Common stock	1,681,400	1,681,400
Capital surplus	1,336,688	1,336,688
Retained earnings	7,403,581	8,722,229
Treasury stock, at cost	(247,406)	(247,406)
Total shareholders' equity	10,174,263	11,492,911
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	13,409	10,418
Deferred gains or losses on hedges	—	1,947
Foreign currency translation adjustments	1,960	(19,498)
Total valuation and translation adjustments	15,369	(7,132)
Minority interests	98,725	104,800
Total net assets	10,288,358	11,590,580
Total liabilities and net assets	21,261,918	21,180,236

(2) Consolidated Statements of Income

Years ended March 31

Thousands of yen

	2008	2009
Net sales	33,104,564	34,345,787
Cost of sales:	22,755,051	23,870,281
Gross profit	10,349,513	10,475,505
Selling, general and administrative expenses:	7,034,793	7,154,845
Operating income	3,314,720	3,320,659
Non-operating revenues:		
Interests income	3,599	4,046
Dividends income	8,130	23,660
Insurance benefit received and dividends	23,186	26,573
Commission fee	4,672	5,476
Gain on redemption of corporate bonds	7,048	—
Subsidies	11,142	—
Penalties	—	15,394
Others	11,099	12,462
Total	68,877	87,612
Non-operating expenses:		
Interests expenses	44,467	46,664
Commission fee	8,360	9,077
Loss on disposal of equipment and fixtures	3,923	31,599
Others	10,390	3,569
Total	67,141	90,910
Recurring profit	3,316,456	3,317,361
Extraordinary gain:		
Dividends of liquidated marketable securities	—	8,617
Gain on sales of property and equipment	5,893	—
Gain on the sale of investment securities	15,540	—
Total	21,433	8,617
Extraordinary loss:		
Removal expenses	14,454	—
Loss on sales of property and equipment	3,091	—
Special retirement benefit	11,836	—
Loss on disposal of property and equipment	—	107,586
Loss on revaluation of investment securities	—	6,940
Loss on impairment	—	7,425
Total	29,382	121,952
Income before income taxes	3,308,507	3,204,026
Income taxes and enterprise taxes	1,347,757	1,389,506
Adjustment for income taxes	122,882	83,233
Total	1,470,639	1,472,739
Minority interests	72,256	2,763
Net income	1,765,611	1,728,523

(3) Consolidated Statements of Changes in Net Assets

Years ended March 31

Thousands of yen

	2008	2009
Shareholders' equity:		
Common stock:		
Balance at the previous year-end	1,681,400	1,681,400
Change in the fiscal year:		
Total	—	—
Balance at the current year-end	1,681,400	1,681,400
Capital surplus:		
Balance at the previous year-end	1,125,788	1,336,688
Change in the fiscal year:		
Issuance of new stocks	210,900	—
Total	210,900	—
Balance at the current year-end	1,336,688	1,336,688
Retained earnings:		
Balance at the previous year-end	5,947,657	7,403,581
Change in the fiscal year:		
Dividends from surplus	(309,686)	(409,875)
Net income	1,765,611	1,728,523
Total	1,455,924	1,318,647
Balance at the current year-end	7,403,581	8,722,229
Treasury stock, at cost:		
Balance at the previous year-end	(7,406)	(247,406)
Change in the fiscal year:		
Acquisition of treasury stock	(240,000)	—
Total	(240,000)	—
Balance at the current year-end	(247,406)	(247,406)
Total shareholders' equity:		
Balance at the previous year-end	8,747,439	10,174,263
Change in the fiscal year:		
Issuance of new stocks	210,900	—
Dividends from surplus	(309,686)	(409,875)
Net income	1,765,611	1,728,523
Acquisition of treasury stock	(240,000)	—
Total	1,426,824	1,318,647
Balance at the current year-end	10,174,263	11,492,911

	2008	2009
Valuation and translation adjustments:		
Net unrealized holding gain on securities:		
Balance at the previous year-end	41,285	13,409
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(27,876)	(2,990)
Total	(27,876)	(2,990)
Balance at the current year-end	13,409	10,418
Deferred gains or losses on hedges:		
Balance at the previous year-end	—	—
Change in the fiscal year:		
Net changes in items other than shareholders' equity	—	1,947
Total	—	1,947
Balance at the current year-end	—	1,947
Total foreign currency translation adjustments		
Balance at the previous year-end	(346)	1,960
Change in the fiscal year:		
Net changes in items other than shareholders' equity	2,306	(21,458)
Total	2,306	(21,458)
Balance at the current year-end	1,960	(19,498)
Total valuation and translation adjustments:		
Balance at the previous year-end	40,938	15,369
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(25,569)	(22,502)
Total	(25,569)	(22,502)
Balance at the current year-end	15,369	(7,132)
Minority interests:		
Balance at the previous year-end	246,593	98,725
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(147,867)	6,075
Total	(147,867)	6,075
Balance at the current year-end	98,725	104,800
Total net assets:		
Balance at the previous year-end	9,034,971	10,288,358
Change in the fiscal year:		
Issuance of new stocks	210,900	—
Dividends from surplus	(309,686)	(409,875)
Net income	1,765,611	1,728,523
Acquisition of treasury stock	(240,000)	—
Net changes in items other than shareholders' equity	(173,437)	(16,426)
Total	1,253,387	1,302,221
Balance at the current year-end	10,288,358	11,590,580

(4) Consolidated Statements of Cash Flows

Years ended March 31

Thousands of yen

	2008	2009
Cash flows from operating activities:		
Income before income tax and minority interests	3,308,507	3,204,026
Depreciation	740,652	939,383
Impairment loss	—	7,425
Amortization of goodwill	279,625	284,549
Increase (decrease) in employee's retirement benefits	(181,792)	79,146
Decrease in directors' and statutory auditors' retirement benefits	(6,300)	—
Increase (decrease) in accrued employees' bonuses	89,654	(39,923)
Increase in directors' bonuses	1,000	(10,200)
Increase (decrease) in allowance for doubtful accounts	9,963	(8,626)
Increase in allowance for point program	9,300	27,442
Interest and dividend income	(11,729)	(27,706)
Interest expenses	44,467	46,664
Removal expenses	4,074	—
Disposal of equipment and fixtures	3,923	31,599
Disposal of fixed assets	—	107,586
Loss on sale of property and equipment	3,091	—
Gain on sale of property and equipment	(5,893)	—
Gain on redemption of marketable securities	(7,048)	—
(Gain) loss on sale of marketable securities	(15,540)	—
Loss on revaluation of marketable securities	—	6,940
Increase in notes and accounts receivable – trade	(209,984)	89,610
Decrease (increase) in inventories	(99,398)	383,337
Increase in accounts payable — trade	(9,554)	(214,101)
Increase in accrued consumption taxes	(33,967)	(2,416)
Other	(198,084)	(272,511)
Sub total	3,714,966	4,632,228
Proceeds from interests and dividend income	11,730	27,758
Payment of interests Interest expenses paid	(47,797)	(46,979)
Payment of income taxes Income taxes paid	(1,437,190)	(1,422,056)
Refund of income taxes	6,204	—
Net cash provided by operating activities	2,247,912	3,190,950

	2008	2009
Cash flows from investing activities:		
Payments for time deposits	(118,645)	(119,280)
Proceeds from time deposits	113,874	115,600
Payments for purchases of property and equipment	(340,964)	(868,977)
Proceeds from sales of property and equipment	68,971	—
Payments for purchases of investment securities	(87,940)	(1,513)
Proceeds from sale of marketable securities	65,540	—
Proceeds from redemption of marketable securities	37,048	—
Payments for loans	(2,800)	(1,700)
Proceeds from the loans collected	1,948	2,257
Payments for acquisition of intangible assets	(531,190)	(620,184)
Proceeds from sales of shares of affiliates	(204,259)	—
Payments for acquisition of business	(14,500)	—
Payments for security deposits	(5,370)	(1,497)
Proceeds from refund of security deposits	1,757	1,655
Other	(16,881)	(60,454)
Net cash used in investing activities	(1,033,412)	(1,554,094)
Cash flows from financing activities:		
Proceeds from short-term bank loans	8,880,000	7,420,000
Repayments of short-term bank loans	(8,270,016)	(8,348,320)
Proceeds from long-term bank loans	—	1,200,000
Repayments of long-term bank loans	(604,380)	(552,800)
Repayments of lease obligations	—	(23,329)
Payments for redemption of corporate bonds	—	(1,000,000)
Proceeds from minority interests	—	5,010
Payments for acquisition of treasury stock	(240,000)	—
Dividends paid	(311,781)	(408,523)
Net cash used in financing activities	(546,177)	(1,707,963)
Effect of exchange rate changes on cash and cash equivalents	4,810	(19,447)
Net increase in cash and cash equivalents	673,133	(90,554)
Cash and cash equivalents at beginning of year	2,721,032	3,394,165
Cash and cash equivalents at end of year	3,394,165	3,303,611

(5) Business Information

1. By Type of Business

Year ended March 31, 2008

Thousands of yen

	Marketing Research and Consulting	System Solutions	Medical Solutions	Total	Eliminations or corporation	Consolidation
Net sales and operating income						
Net sales						
(1) Net sales to third parties	21,795,354	6,702,315	4,606,893	33,104,564	—	33,104,564
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Total	21,795,354	6,702,315	4,606,893	33,104,564	(—)	33,104,564
Operating expenses	18,880,557	6,741,830	4,167,456	29,789,844	(—)	29,789,844
Operating income	2,914,797	(39,514)	439,437	3,314,720	—	3,314,720
Assets, depreciation, and capital expenditures:						
Total assets	11,014,183	5,112,753	2,041,076	18,168,014	3,093,904	21,261,918
Depreciation	452,452	270,428	13,884	736,765	—	736,765
Capital expenditures	576,426	360,429	20,720	957,576	—	957,576

Notes: 1. The segments adopted below are those used for internal control purposes.

2 Major operations by segment

- (1) Marketing Research and Consulting Syndicated panel data, custom research
- (2) System Solutions System development, operation and maintenance management
- (3) Medical Solutions CRO, SMO

3. Within assets, the main company-wide assets (¥3,093,904 thousand) included in Eliminations and Corporate are surplus operating funds from the parent company (cash and deposits), long-term investment funds (investment securities) and funds related to the Corporate Administration Department.

Year ended March 31, 2009

Thousands of yen

	Marketing Research and Consulting	System Solutions	Drug Development Solutions	Total	Eliminations or corporation	Consolidation
Net sales and operating income						
Net sales						
(1) Net sales to third parties	23,105,292	5,906,762	5,333,731	34,345,787	—	34,345,787
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Total	23,105,292	5,906,762	5,333,731	34,345,787	(—)	34,345,787
Operating expenses	20,182,802	5,893,048	4,949,275	31,025,127	(—)	31,025,127
Operating income	2,922,489	13,714	384,456	3,320,659	—	3,320,659
Assets, depreciation, impairment loss and capital expenditures:						
Total assets	10,597,704	5,284,856	2,325,032	18,207,594	2,972,642	21,180,236
Depreciation	602,847	307,344	11,392	921,586	—	921,586
Impairment loss	7,425	—	—	7,425	—	7,425
Capital expenditures	827,967	672,567	119,811	1,620,346	—	1,620,346

Notes: 1. The segments adopted below are those used for internal control purposes.

2 Major operations by segment

- (1) Marketing Research and Consulting Syndicate panel data, custom research

- | | |
|--------------------------------|--|
| (2) System Solutions | System development, operation and maintenance management |
| (3) Drug Development Solutions | CRO, SMO |

3. From the subject fiscal year the former Medical Solutions segment has been renamed Drug Development Solutions to more accurately reflect the business content of the segment.
4. Within assets, the main company-wide assets (¥2,972,642 thousand) included in Eliminations and Corporate are surplus operating funds from the parent company (cash and cash deposits), long-term investment funds (investment securities) and funds related to the Corporate Administration Department.
5. Changes in Accounting Policy

Accounting Standard for Valuation of Inventory Assets

From the subject fiscal year, the Company has applied *Accounting Standard for Measurement of Inventories* (ASBJ Statement No. 9, July 5, 2006).

As a result of this change, compared to the former method, operating expenses increased in Marketing Research and Consulting ¥45,504 thousand; System Solutions ¥31,681 thousand; and Drug Development Solutions ¥1,475 thousand. Operating income decreased by the same amounts in all segments.

2. Geographical segment information

For the fiscal years ended March 31, 2008 and 2009, geographical segment information is not disclosed because businesses within Japan occupied more than 90% of total sales (operating revenue) of all segments, and of total assets of all segments.

3. Overseas sales (Operating revenue)

For the fiscal years ended March 31, 2008 and 2009, overseas sales (operating revenue) is not disclosed because it was under 10% of consolidated sales (operating revenue).