

Flash Report (Consolidated Basis)

Results for fiscal year ended March 31, 2010

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 and Representative Director

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Date of the General Meeting of the Shareholders: June 24, 2010

Planned filing of an annual security report: June 24, 2010

Planned start of dividend payments: June 25, 2010

(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	%
2010	34,526	0.5	3,256	(1.9)	3,223	(2.8)	1,679	(2.8)
2009	34,345	3.7	3,320	0.2	3,317	0.0	1,728	(2.1)

	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	%	%	%
2010	164.31	—	14.1	14.5	9.4
2009	168.69	—	15.9	15.6	9.7

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2010: —, Year ended March 31, 2009: —

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2010	23,349	12,386	53.0	1,230.86
2009	21,180	11,590	54.2	1,120.90

(Reference) Total shareholders' equity: March 31, 2010: ¥12,378 million, March 31, 2009: ¥11,485 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
2010	2,905	(1,810)	(924)	3,484
2009	3,190	(1,554)	(1,707)	3,303

2. Dividends

Years ended/ending March 31

	Dividends per share					Total amount of dividends (for the entire fiscal year) Million of yen	Payout ratio %	Dividends-to-net assets ratio %
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen			
2009	—	0.00	—	50.00	50.00	512	29.6	4.7
2010	—	0.00	—	50.00	50.00	502	30.4	4.3
2011 (Forecast)	—	0.00	—	50.00	50.00		26.7	

3. Forecasts for Fiscal Year ending March 31, 2011

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	17,249	9.5	1,446	9.6	1,419	9.4
Fiscal year	37,229	7.8	3,399	4.4	3,359	4.2

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	776	23.1	77.21
Fiscal year	1,882	12.1	187.21

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

Additions: None Deletions: 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 (including treasury stock):

2010: 10,404,000 shares 2009: 10,404,000 shares

Number of treasury stocks at fiscal year-end:

2010: 347,209 shares 2009: 157,109 shares

(Reference) Flash Report (Non-Consolidated Basis)

Results for fiscal year ended March 31, 2010

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	%
2010	26,138	(1.8)	2,211	(10.3)	2,257	(9.1)	1,320	(6.6)
2009	26,622	1.8	2,466	11.0	2,484	6.3	1,414	(0.4)

	Net income per share	Net income per share after dilution
	Yen	Yen
2010	129.20	—
2009	138.07	—

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2010	19,713	9,626	48.8	957.19
2009	18,105	9,101	50.3	888.22

(Reference) Total shareholders' equity: March 31, 2010: ¥9,626 million, March 31, 2009: ¥9,101 million,

2. Forecasts for Fiscal Year ending March 31, 2011

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	12,592	4.1	1,154	20.8	1,201	18.6
Fiscal year	26,963	3.2	2,414	9.2	2,437	8.0

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	1,093	86.0	108.70
Fiscal year	1,822	38.0	181.21

Explanation for the Appropriate Use of the Forecasts of Financial Results and Other Special Instructions:

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 2010 (ended March 31, 2010)

Fiscal 2010 remained a difficult year for the Japanese economy. While Japan emerged from the worst conditions immediately after the Lehman Shock, the country remained far from realizing a self-sustaining recovery.

In the information services industry, of which the INTAGE Group is a part, monthly sales generally declined year on year according to the Survey of Selected Service Industries prepared by the Ministry of Economy, Trade and Industry (METI).

In this operating environment, during fiscal 2010 the INTAGE Group specified our Medium-term Management plan policies as (1) full-scale realization of the Intelligence Provider Business through the construction of industry-specific platforms, and (2) establishment of a business model for the next 50 years ("Next 50"), fusing our marketing research and systems solution functions, and striving to improve customer satisfaction by providing the solutions our customers require.

INTAGE's guiding principal for fiscal 2010 was "Improve our Ability to Partner with Customers to Overcome Current Difficulties and Establish a New Business Foundation for the Next 50 Years," under which we worked to respond to customer needs as a trusted business partner.

To improve our ability to partner with customers, INTAGE reorganized to an industry-based structure, which integrates production with sales. Our new business development efforts included investment in the panel research field and capital participation in the Internet research company MyVoice Communications, Inc. We concluded an operating alliance with Dentsu Inc. in the marketing intelligence field, and worked toward strengthening our solutions services. INTAGE also expanded our overseas custom research services with the purchase of Shanghai Hyperlink Marketing Research Co., Ltd. and Guangzhou Hyperlink Marketing Research Co., Ltd. in October 2009.

As a result of these efforts, consolidated net sales for fiscal 2010 amounted to ¥34,526 million (up 0.5% year on year), with operating income of ¥3,256 million (down 1.9%), recurring profit of ¥3,223 million (down 2.8%) and net income of ¥1,679 million (down 2.8%). Net sales rose, but profit figures declined.

INTAGE posted an extraordinary loss of ¥45 million associated with the fraudulent redemption of points paid as remuneration for survey cooperation to "Cue monitor" Internet survey respondents.

The results by business segment were as follows.

1. Marketing Research and Consulting

In syndicated panel data services, sales rose from the previous fiscal year on increased sales of SRI (syndicated POS retail panel data), SPI (syndicated promotion effectiveness measurement) and Rep Track (MR activities evaluation index). Operating income, however, declined on further syndicated panel data services investments.

Those investments included investments for development and expansion of Internet interface for the SLI (syndicated female consumer panel data), and for the launch of tests on follow-up services to personal eye (individual consumer panel data), as well as investments in the ongoing construction of a platform to advance production-sales collaboration.

In custom research, sales were down sharply during the first half of the fiscal year due to the economic environment. Sales recovered somewhat in the second half, and were roughly equal to the prior year's level for the full fiscal year. While the Internet survey sales growth rate slowed, profits rose on improved operating ratios and efficiencies.

As a result of these developments, sales in the Marketing Research and Consulting segment amounted to ¥23,493 million (up 1.7% year on year), with operating income of ¥2,640 million (down 9.7%).

2. System Solutions

While Systems Solutions sales declined from the previous fiscal year, operating income remained positive for the second consecutive year and greatly improved on reduced expenses and more efficient operations.

As a result of these developments, sales in the System Solutions segment amounted to ¥5,455 million (down 7.8% year on year), with operating income of ¥146 million (up ¥132 million).

3. Drug Development Solutions

In the Contract Research Organization (CRO) business, although the monitoring services remained tough, data management and analysis services sales greatly increased. Site Management Organization (SMO) sales and revenues were on target.

As a result of these developments, sales in the Drug Development Solutions segment amounted to ¥5,587 million (up 4.8% year on year), with operating income of ¥469 million (up 22.1%).

2) Forecast for Fiscal 2011 (ending March 31, 2011)

In the Marketing Research and Consulting business, the INTAGE Group forecasts increased revenues for syndicated panel data services from steady growth centered on retail panel surveys, but with decreased earnings due to continued investments to renew the consumer panel surveys. In custom research, there were signs of a recovery trend from the last half of fiscal 2010, and we expect growth to recover to the level prior to the worsening of the economic environment by actively advancing solution proposals using our ability to partner with customers. We also expect a large increase in Market Research and Consulting business revenues as the sales of Shanghai Hyperlink Marketing Research Co., Ltd. will contribute to consolidated sales for the full fiscal year.

In the System Solutions business, unprofitable operations have been eliminated. We now expect revenues to increase, and to maintain increased earnings. We will bolster our capacity to provide industry-specific solutions, based on our extensive knowledge of front-line operations for customers and industries cultivated through systems operations, maintenance, management and other hand-in-hand customer services.

In Drug Development Solutions, INTAGE forecasts increased revenues and earnings as we work to further reinforce our leading position in Post-Marketing Surveillance (PMS) in the Contract Research Organization (CRO) business and to gain competitive advantages in the Good Clinical Practice (GCP) business. We will also establish a Shanghai representative office to examine the development of business on the Chinese mainland and further strengthen our efforts in global clinical

trials.

In accordance with this outlook, for fiscal 2011 the INTAGE Group forecasts consolidated net sales of ¥37,229 million (up 7.8% year on year), with operating income of ¥3,399 million (up 4.4%), recurring profit of ¥3,359 million (up 4.2%), and net income of ¥1,882 million (up 12.1%).

Note: Forecasts are based on certain assumptions considered reasonable at the present time, and are subject to change.

(2) Analysis of Financial Position

Cash Flows

Cash and cash equivalents (“cash”) on March 31, 2010 totaled ¥3,484 million, an increase of ¥180 million from the end of the previous fiscal year. In detail, there was ¥2,905 million in cash provided by operating activities, against ¥1,810 million in cash used in investing activities and ¥924 million in cash used in financing activities.

Cash Flow from Operating Activities

Cash provided by operating activities amounted to ¥2,905 million, a decrease of ¥285 million from the previous fiscal year. This was due mainly to greater year-on-year increases in accounts receivable-trade and in inventory assets, although the increase in accounts payable-trade was also higher.

Cash Flow from Investing Activities

Cash used in investing activities amounted to ¥1,810 million, which was ¥256 million more than in the previous fiscal year. This was due mainly to an increase in expenditures to acquire the capital of affiliated companies accompanying changes in the range of consolidation, which were partially offset by lower expenditures to acquire tangible fixed assets.

Cash Flow from Financing Activities

Cash used in financing activities amounted to ¥924 million, which was ¥783 million less than in the previous fiscal year. This was due mainly to increased proceeds from long-term bank loans and relative to the previous fiscal year when funds were used for the redemption of corporate bonds, although proceeds from short-term bank loans also declined.

(Reference) Trends in cash flow indices

Years ended March 31

	2008	2009	2010
Equity ratio (%)	47.9	54.2	53.0
Equity ratio, based on market value (%)	81.0	59.5	69.0
Cash flow/Interest-bearing debt (%)	168.5	78.5	88.4
Interest coverage ratio	47.0	67.9	64.0

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.

For fiscal 2010, INTAGE plans to pay a year-end dividend of ¥50 per share (for a consolidated payout ratio of 30.4%). For fiscal 2011, INTAGE is planning to maintain this amount with a year-end dividend of ¥50 per share (for a consolidated payout ratio of 26.7%).

(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, 2010.

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 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).

Such systems are at risk of unauthorized malicious access, with the possibility of illegal acquisition and alteration of the stored data. The INTAGE Group arranges security for all our systems, with full verification and implementation of all necessary measures.

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 business, the syndicated panel data services that have supported growth and profits to date 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. 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 decrease in new drug 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. 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.

6. Overseas Conditions

The INTAGE Group is engaged in the market research business outside of Japan, with operations in China at our consolidated subsidiaries INTAGE Marketing Consulting (Shanghai) Co., Ltd., Shanghai Hyperlink Marketing Research Co., Ltd. and Guangzhou Hyperlink Marketing Research Co., Ltd. and in Southeast Asia at INTAGE (Thailand) Co., Ltd.

Consequently, changes in legal regulations and other systems that govern INTAGE Group businesses overseas and political developments that hinder operations could adversely affect the INTAGE Group's business performance.

7. 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.

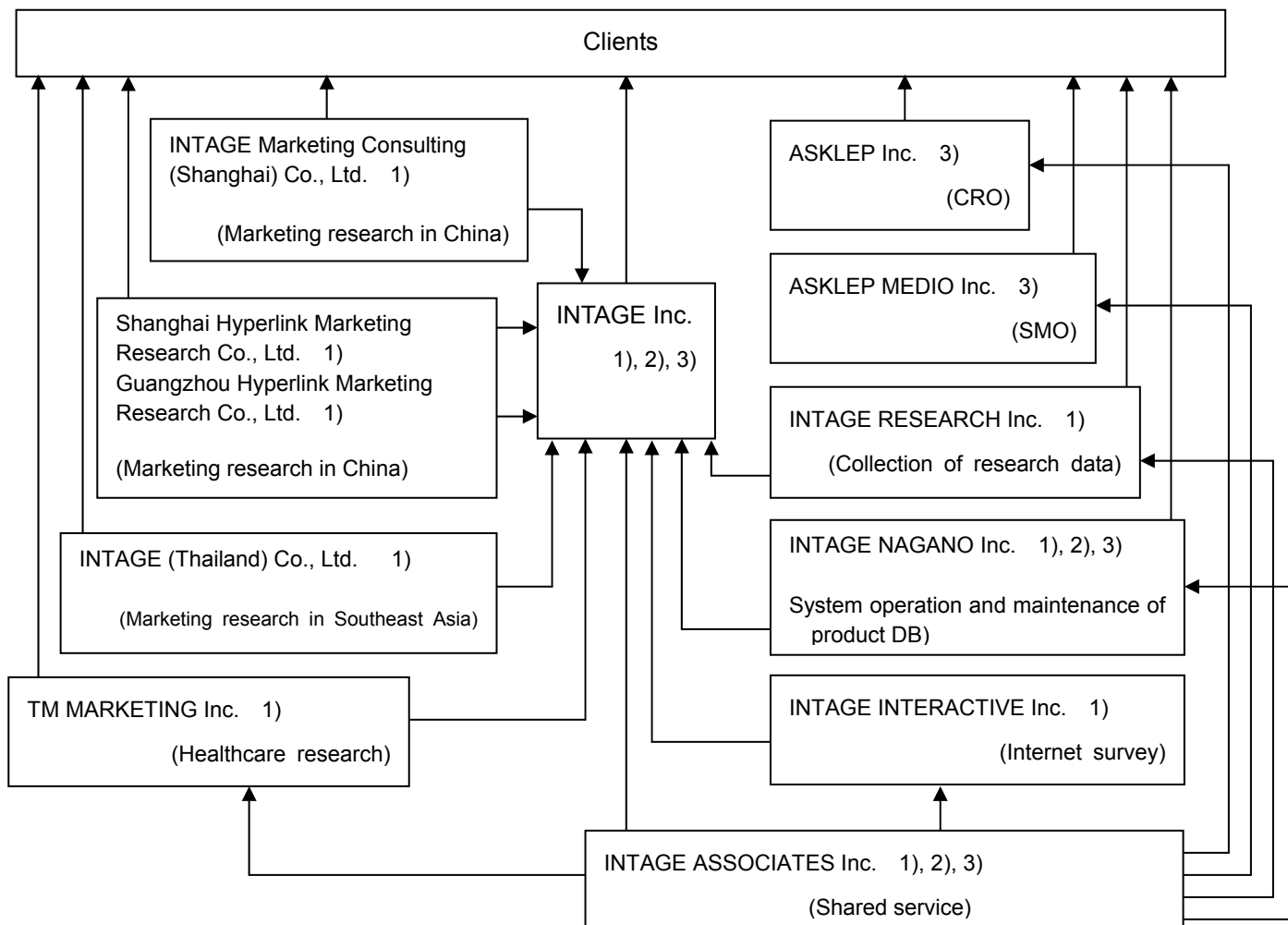
8. Systems Failure

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), 12 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, 2010, 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. INTAGE Interactive Inc. was absorbed in a merger with INTAGE Inc. on April 1, 2010.

4. In addition to the Group firms shown on the above figure, the special purpose company 英德知亞州控股有限公司 is also a member of the INTAGE Group.

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 2009 through fiscal 2011 (April 2008 through March 2011).

The INTAGE Group will mark the 50th anniversary of its founding in fiscal 2011, 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

In the aftermath of the post Lehman Shock, the global economy has not yet realized a self-sustaining recovery. Moreover, a new world order has begun to form with “new normal” conditions unlike those of the past, so even if the recovery proceeds, we will not return to the business environment of the past.

The business environment surrounding the INTAGE Group is also changing as firms in the research, consulting, IT, advertising and other industries intermingle and their business models converge. The Internet research field, which has been posting continuous growth, has also reached a turning point, and competing companies are starting to revise their services.

Amid such changes in the operating environment, along with rapid speed and low costs, our customers are making stronger demands to know the true face of the consumer.

In fiscal 2011 (ending March 31, 2011), the INTAGE Group seeks to immediately grasp consumer changes, provide our customers with the necessary insights (viewpoints and new knowledge), and enhance awareness of our corporate value as a trusted business partner by shortening distance with our customers.

To serve as intelligence professionals who instantaneously grasp consumer changes and pioneer the "Intelligence Age" (which is the source of our company name), INTAGE has positioned the ability to evaluate information, ability to attain insights, and the ability to partner with customers as our core competencies, and we are strengthening the capabilities of all our employees.

Following on last year's efforts to move closer to our customers, we will involve the sales headquarters and the entire INTAGE organization in the necessary strategic efforts to expand customer contacts while also strengthening our abilities to disseminate information.

In the Market Research and Consulting business, having absorbed INTAGE INTERACTIVE, Inc., we will now work to maintain competitive advantages by expediting Internet survey procedures and realizing greater efficiencies. In syndicated panel data services investment, we will maintain growth by launching a revised SLI with an Internet format and an expanded sample base, and initiating follow-up services to personal eye.

In overseas business development, we will enhance synergies with Shanghai Hyperlink Marketing Research Co., Ltd. and INTAGE Marketing Consulting (Shanghai) Co., Ltd., open a Shanghai representative office of our CRO business affiliate ASKLEP Inc., and advance into China with its expanding clinical trials market.

In management issues, INTAGE is undertaking a strategic effort to train and develop business leaders, researchers, personnel who can lead the development of new technologies and theories for the Internet era, and other professionals. We are also revising management systems to fully manifest Group synergies.

The INTAGE Group will maintain our concerted efforts to improve business performance and stabilize our management foundations.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

At March 31

Thousands of yen

	2009	2010
ASSETS		
Current assets:		
Cash and deposits	3,393,655	3,520,286
Note and accounts receivable—trade	6,299,126	7,083,585
Work in progress	1,257,037	1,305,879
Stored item	40,162	29,281
Deferred tax assets	731,479	823,295
Other current assets	390,816	378,961
Less allowance for doubtful accounts	(2,689)	(7,476)
Total current assets	12,109,588	13,133,814
Fixed assets:		
Property and equipment:		
Buildings and structures	5,268,103	5,517,180
Accumulated depreciation	(3,156,834)	(3,421,567)
Net buildings and structures	2,111,268	2,095,613
Equipment and fixtures	1,162,924	1,232,855
Accumulated depreciation	(619,422)	(779,192)
Net equipment and fixtures	543,502	453,663
Land	1,998,156	1,998,156
Lease assets	254,823	819,682
Accumulated depreciation	(21,787)	(133,576)
Net lease assets	233,036	686,105
Other	420	420
Accumulated depreciation	(198)	(277)
Net other	221	142
Net property and equipment	4,886,186	5,233,681
Intangible fixed assets:		
Goodwill	806,557	1,396,948
Other intangible assets	997,811	1,225,499
Total intangible fixed assets	1,804,369	2,622,448
Investments and other assets:		
Investment in securities	197,924	223,757
Deferred income tax	957,657	1,052,307
Other	1,224,509	1,083,825
Total investments and other assets	2,380,091	2,359,890
Total fix assets	9,070,647	10,216,020
Total assets	21,180,236	23,349,834

	2009	2010
LIABILITIES		
Current liabilities:		
Accounts payable—trade	1,601,309	1,735,007
Short-term bank loans	1,942,300	429,540
Income taxes payable	831,196	1,055,613
Accrued employee's bonuses	1,321,194	1,330,215
Allowance for point program	36,743	158,844
Accrued directors' bonuses	27,800	26,630
Other current liabilities	982,269	1,287,247
Total current liabilities	6,742,814	6,023,099
Long-term liabilities:		
Long-term borrowings	564,000	2,140,000
Retirement benefits	2,058,220	2,213,733
Retirement allowance for directors	29,000	29,000
Lease obligations	—	554,529
Other long-term liabilities	195,621	3,071
Total long-term liabilities	2,846,841	4,940,335
Total liabilities	9,589,656	10,963,434
NET ASSETS		
Shareholders' equity:		
Common stock	1,681,400	1,681,400
Capital surplus	1,336,688	1,336,688
Retained earnings	8,722,229	9,889,750
Treasury stock, at cost	(247,406)	(532,556)
Total shareholders' equity	11,492,911	12,375,283
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	10,418	13,710
Deferred gains or losses on hedges	1,947	—
Foreign currency translation adjustments	(19,498)	(10,469)
Total valuation and translation adjustments	(7,132)	3,240
Minority interests	104,800	7,876
Total net assets	11,590,580	12,386,399
Total liabilities and net assets	21,180,236	23,349,834

(2) Consolidated Statements of Income

Years ended March 31

Thousands of yen

	2009	2010
Net sales	34,345,787	34,526,393
Cost of sales:	23,870,281	24,138,872
Gross profit	10,475,505	10,387,521
Selling, general and administrative expenses:	7,154,845	7,131,184
Operating income	3,320,659	3,256,336
Non-operating revenues:		
Interests income	4,046	1,963
Dividends income	23,660	18,945
Insurance benefit received and dividends	26,573	23,305
Commission fee	5,476	4,449
Penalties	15,394	—
Others	12,462	8,901
Total	87,612	57,565
Non-operating expenses:		
Interests expenses	46,664	45,106
Commission fee	9,077	10,527
Loss on disposal of equipment and fixtures	31,599	5,241
Foreign exchange losses	—	16,097
Others	3,569	13,143
Total	90,910	90,117
Recurring profit	3,317,361	3,223,784
Extraordinary gain:		
Dividends of liquidated marketable securities	8,617	—
Gain on the sale of investment securities	—	895
Total	8,617	895
Extraordinary loss:		
Loss on revision of retirement benefit plan	—	78,433
Loss on disposal of property and equipment	107,586	—
Loss on revaluation of investment securities	6,940	24,778
Bad debts expenses	—	45,738
Loss on impairment	7,425	—
Total	121,952	148,950
Income before income taxes	3,204,026	3,075,729
Income taxes and enterprise taxes	1,389,506	1,580,889
Adjustment for income taxes	83,233	(188,724)
Total	1,472,739	1,392,165
Minority interests	2,763	3,698
Net income	1,728,523	1,679,865

(3) Consolidated Statements of Changes in Net Assets

Years ended March 31

Thousands of yen

	2009	2010
Shareholders' equity:		
Common stock:		
Balance at the previous year-end	1,681,400	1,681,400
Balance at the current year-end	1,681,400	1,681,400
Capital surplus:		
Balance at the previous year-end	1,336,688	1,336,688
Change in the fiscal year:		
Issuance of new stocks	—	—
Total	—	—
Balance at the current year-end	1,336,688	1,336,688
Retained earnings:		
Balance at the previous year-end	7,403,581	8,722,229
Change in the fiscal year:		
Dividends from surplus	(409,875)	(512,344)
Net income	1,728,523	1,679,865
Total	1,318,647	1,167,521
Balance at the current year-end	8,722,229	9,889,750
Treasury stock, at cost:		
Balance at the previous year-end	(247,406)	(247,406)
Change in the fiscal year:		
Acquisition of treasury stock	—	(285,150)
Total	—	(285,150)
Balance at the current year-end	(247,406)	(532,556)
Total shareholders' equity:		
Balance at the previous year-end	10,174,263	11,492,911
Change in the fiscal year:		
Issuance of new stocks	—	—
Dividends from surplus	(409,875)	(512,344)
Net income	1,728,523	1,679,865
Acquisition of treasury stock	—	(285,150)
Total	1,318,647	882,371
Balance at the current year-end	11,492,911	12,375,283

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	2009	2010
Valuation and translation adjustments:		
Net unrealized holding gain on securities:		
Balance at the previous year-end	13,409	10,418
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(2,990)	3,291
Total	(2,990)	3,291
Balance at the current year-end	10,418	13,710
Deferred gains or losses on hedges:		
Balance at the previous year-end	—	1,947
Change in the fiscal year:		
Net changes in items other than shareholders' equity	1,947	(1,947)
Total	1,947	(1,947)
Balance at the current year-end	1,947	—
Total foreign currency translation adjustments		
Balance at the previous year-end	1,960	(19,498)
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(21,458)	9,029
Total	(21,458)	9,029
Balance at the current year-end	(19,498)	(10,469)
Total valuation and translation adjustments:		
Balance at the previous year-end	15,369	(7,132)
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(22,502)	10,373
Total	(22,502)	10,373
Balance at the current year-end	(7,132)	3,240
Minority interests:		
Balance at the previous year-end	98,725	104,800
Change in the fiscal year:		
Net changes in items other than shareholders' equity	6,075	(96,924)
Total	6,075	(96,924)
Balance at the current year-end	104,800	7,876
Total net assets:		
Balance at the previous year-end	10,288,358	11,590,580
Change in the fiscal year:		
Issuance of new stocks	—	—
Dividends from surplus	(409,875)	(512,344)
Net income	1,728,523	1,679,865
Acquisition of treasury stock	—	(285,150)
Net changes in items other than shareholders' equity	(16,426)	(86,551)
Total	1,302,221	795,819
Balance at the current year-end	11,590,580	12,386,399

(4) Consolidated Statements of Cash Flows

Years ended March 31

Thousands of yen

	2009	2010
Cash flows from operating activities:		
Income before income tax and minority interests	3,204,026	3,075,729
Depreciation	939,383	979,947
Impairment loss	7,425	—
Amortization of goodwill	284,549	306,267
Loss on revision of retirement benefit plan	—	78,433
Increase (decrease) in employee's retirement benefits	79,146	77,079
Increase (decrease) in accrued employees' bonuses	(39,923)	9,020
Increase in directors' bonuses	(10,200)	(1,170)
Increase (decrease) in allowance for doubtful accounts	(8,626)	87
Increase in allowance for point program	27,442	122,101
Interest and dividend income	(27,706)	(20,909)
Interest expenses	46,664	45,106
Disposal of equipment and fixtures	31,599	5,241
Disposal of fixed assets	107,586	—
(Gain) loss on sale of marketable securities	—	(895)
Loss on revaluation of marketable securities	6,940	24,778
Increase in notes and accounts receivable – trade	89,610	(658,030)
Decrease (increase) in inventories	383,337	(32,560)
Increase in accounts payable — trade	(214,101)	114,380
Increase in accrued consumption taxes	(2,416)	(42,047)
Other	(272,511)	249,215
Sub total	4,632,228	4,331,777
Proceeds from interests and dividend income	27,758	20,909
Payment of interests Interest expenses paid	(46,979)	(45,400)
Payment of income taxes Income taxes paid	(1,422,056)	(1,401,688)
Net cash provided by operating activities	3,190,950	2,905,596

(Continued on page 20)

	2009	2010
Cash flows from investing activities:		
Payments for time deposits	(119,280)	(61,478)
Proceeds from time deposits	115,600	115,600
Payments for purchases of property and equipment	(868,977)	(313,378)
Payments for purchases of investment securities	(1,513)	(54,922)
Proceeds from sale of marketable securities	—	10,755
Payments for loans	(1,700)	(2,090)
Proceeds from the loans collected	2,257	2,511
Payments for acquisition of intangible assets	(620,184)	(634,930)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(857,664)
Payments for security deposits	(1,497)	(6,797)
Proceeds from refund of security deposits	1,655	6,853
Other	(60,454)	(14,894)
Net cash used in investing activities	(1,554,094)	(1,810,434)
Cash flows from financing activities:		
Proceeds from short-term bank loans	7,420,000	6,415,440
Repayments of short-term bank loans	(8,348,320)	(7,920,000)
Proceeds from long-term bank loans	1,200,000	2,000,000
Repayments of long-term bank loans	(552,800)	(432,300)
Repayments of lease obligations	(23,329)	(97,203)
Payments for redemption of corporate bonds	(1,000,000)	—
Proceeds from minority interests	5,010	—
Payments for acquisition of treasury stock	—	(385,309)
Dividends paid	(408,523)	(504,881)
Net cash used in financing activities	(1,707,963)	(924,253)
Effect of exchange rate changes on cash and cash equivalents	(19,447)	9,844
Net increase in cash and cash equivalents	(90,554)	180,753
Cash and cash equivalents at beginning of year	3,394,165	3,303,611
Cash and cash equivalents at end of year	3,303,611	3,484,364

(5) Segment Information

1. Business segment

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	602,848	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 Panel survey, 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 equivalents), 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.

Year ended March 31, 2010

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	23,493,079	5,445,808	5,587,506	34,526,393	—	34,526,393
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Total	23,493,079	5,445,808	5,587,506	34,526,393	(—)	34,526,393
Operating expenses	20,852,678	5,299,143	5,118,234	31,270,057	(—)	31,270,057
Operating income	2,640,400	146,664	469,271	3,256,336	—	3,256,336
Assets, depreciation, and capital expenditures:						
Total assets	13,465,951	4,413,405	2,494,002	20,373,360	2,976,474	23,349,834
Depreciation	601,327	338,033	17,138	956,499	—	956,499
Capital expenditures	1,015,123	329,468	169,608	1,514,200	—	1,514,200

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

2 Major operations by segment

- (1) Marketing Research and Consulting Panel survey, custom research
- (2) System Solutions System development, operation and maintenance management
- (3) Drug Development Solutions CRO, SMO

3. Within assets, the main company-wide assets (¥2,976,474 thousand) included in Eliminations and Corporate are surplus operating funds from the parent company (cash and cash equivalents), long-term investment funds (investment securities) and funds related to the Corporate Administration Department.

2. Geographical segment information

For the fiscal years ended March 31, 2009 and 2010, geographical segment information is not disclosed because businesses within Japan occupied more than 90% of total sales of all segments, and of total assets of all segments.

3. Overseas sales

For the fiscal years ended March 31, 2009 and 2010, overseas sales are not disclosed because they were under 10% of consolidated sales.