

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the three months ended June 30, 2011

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

Code number: 4326

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

Representative: Kenji Miyakubi, President and Representative Director

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Planned filing of a quarterly report: August 12, 2011 Planned start of dividend payments: —

Preparation of supplementary explanations of quarterly financial results: None

Quarterly financial results presentation held: None

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

1. Consolidated Financial Results of Three Months Ended June 30, 2011

(1) Operating Results

Three months ended June 30

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	%
2011	7,435	(6.4)	130	(84.0)	109	(86.5)	50	(88.3)
2010	7,940	7.6	817	56.8	806	60.9	434	97.0

(Note) Comprehensive income: Three months ended June 30, 2011: ¥62 million, (85.6) %;

Three months ended June 30, 2010: ¥430 million, —%

	Net income per share	Net income per share after dilution
	Yen	Yen
2011	5.06	—
2010	43.17	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2011	24,017	13,316	55.4
March 31, 2011	24,660	13,757	55.8

(Reference) Total shareholders' equity: June 30, 2011: ¥ 13,311million, March 31, 2011: ¥13,751 million

2. Dividends

Year ended March 31, 2011/ Year ending March 31, 2012

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2011	—	—	—	50.00	50.00
2012	—				
2012 (Forecast)		—	—	50.00	50.00

(Note) Revision of dividends forecast: None

3. Forecasts for Fiscal Year ending March 31, 2012

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	16,600	(2.6)	715	(54.6)	690	(55.2)
Fiscal year	38,262	4.7	3,163	(8.7)	3,149	(8.4)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	361	(57.4)	35.94
Fiscal year	1,659	(13.4)	165.04

(Note) Revision of earnings forecast for this period: Yes

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. Adoption of special accounting policy for quarterly financial reporting: None
3. Changes in accounting rules, accounting estimates and retrospective restatements in the consolidated financial statements
 - 1) Changes in accordance with revisions to accounting standards: None
 - 2) Changes other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatements: None
4. Number of shares issued and outstanding (Common share)

	Three months ended June 30, 2011	Years ended March 31, 2011
1) Number of shares issued (including treasury stock)	10,404,000	10,404,000
2) Number of treasury stock	347,431	347,431
		Three months ended June 30, 2010
3) Average number of shares issued for each period	10,056,569	10,056,790

Indication regarding the status of review procedures

These financial statements are not subject to review procedures under the Financial Instruments and Exchange Act. The review of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

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.

1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE SUBJECT PERIOD

(1) Qualitative Information on Consolidated Operating Results

During the first quarter ended June 30, 2011 economic activity in the Japanese economy, which had been on a gradual recovery trend, suddenly contracted from the Great East Japan Earthquake of March 11, 2011 and business confidence greatly deteriorated. The quarter also began under a harsh economic environment as electricity supply shortages and environmental issues are casting a shadow on the future of the economy, since the accident at the Fukushima Daiichi Nuclear Power Station remains unresolved.

Under these conditions, during the subject quarter the INTAGE Group posted consolidated net sales of ¥7,435 million, down 6.4% from the same period of the previous fiscal year. Operating income totaled ¥130 million (down 84.0%), with recurring profit of ¥109 million (down 86.5%) and net income of ¥50 million (down 88.3%).

The results by business segment were as follows.

1) Market Research and Consulting

In syndicated panel data services, each product remained firm with sales remaining around the same level as the previous year. Expenses increased year-on-year, however, from the investment for the development of SCI-personal (nationwide individual consumer panel data) which was launched from July 2010.

In custom research, sales turned to an increase in June along with the recovery in business confidence. With the decreased sales in April and May under the poor business environment following the earthquake disaster, however, the first quarter custom research sales and profits both declined from the same period of the previous year.

As a result of these developments, sales in the Marketing Research and Consulting segment amounted to ¥5,152 million (down 2.1% year on year), with operating income of ¥157 million (down 71.4%).

2) System Solutions

In Systems Solutions, sales and profits declined from the previous fiscal year with decreased sales to the travel industry, which is one of the main customer areas, from the effects of the earthquake disaster.

As a result of these developments, sales in the System Solutions segment amounted to ¥1,011 million (down 8.1% year on year), with an operating loss of ¥41 million (compared with an operating loss of ¥9 million the previous year).

3) Drug Development Solutions

In the Contract Research Organization (CRO) business, sales and profits both declined. While monitoring services remained strong, new project orders in data management and analysis services were sluggish.

As a result of these developments, sales in the Drug Development Solutions segment amounted to ¥1,271 million (down 19.3% year on year), with operating income of ¥15 million (down 94.5%).

(2) Qualitative Information on the Consolidated Financial Position

Assets

Current assets decreased ¥524 million from the end of the previous fiscal year (March 31, 2011) to ¥13,946 million. While cash and deposits rose ¥1,234 million, notes and accounts receivable-trade were down ¥2,566 million.

Noncurrent assets decreased ¥118 million from the end of the previous fiscal year to ¥10,070 million. Property and equipment decreased ¥52 million and intangible assets declined ¥65 million.

As a result of these developments, total assets decreased ¥643 million to ¥24,017 million.

Liabilities

Current liabilities decreased ¥248 million from the end of the previous fiscal year to ¥5,859 million. While other current liabilities rose ¥1,443 million, income taxes payable decreased ¥985 million and accrued employees' bonuses declined ¥656 million.

Long-term liabilities increased ¥46 million from the end of the previous fiscal year to ¥4,841 million. While other long-term liabilities declined ¥52 million, long-term loans payable rose ¥80 million.

As a result of these developments, total liabilities decreased ¥202 million to ¥10,700 million.

Net Assets

Total net assets declined ¥440 million from the end of the previous fiscal year to ¥13,316 million. Net assets increased from posting the quarterly net income of ¥50 million, but declined from the ¥502 million in dividend payments for the business results during the previous fiscal year.

(3) Qualitative Information Related to the Consolidated Performance Forecasts

The consolidated performance projections for the first half of FY2012 were left pending because it was difficult to produce a rational forecast considering the impact of the Great East Japan Earthquake. INTAGE is announcing those projections now considering the recent conditions and performance trends. For a summary, see the press release "INTAGE Announces Consolidated Performance Forecasts for the First Half of FY2012" released today (August 8, 2011).

For the full fiscal year (ending March 31, 2012), INTAGE is leaving the forecasts for FY2012 presented in the "Flash Report [Japanese GAAP] (Consolidated Basis) Results for FY2011" announced May 11, 2011 unchanged.

The performance projections in this document are calculated based on information available to the management at the time of this document's release. Actual results may differ from the projections due to future economic conditions and other factors.

2. MATTERS REGARDING SUMMARY INFORMATION (OTHER)

(1) Significant changes in subsidiaries during the subject fiscal year

Not applicable

(2) Adoption of special accounting policy for quarterly financial reporting

Not applicable

(3) Changes in accounting rules, accounting estimates and retrospective restatements in the consolidated financial statements

Not applicable

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

Thousands of yen

	March 31, 2011	June 30, 2011
ASSETS		
Current assets:		
Cash and deposits	4,337,216	5,571,481
Note and accounts receivable—trade	7,462,074	4,895,407
Work in progress	1,336,074	2,018,524
Stored item	30,760	31,959
Deferred tax assets	971,606	919,486
Other current assets	338,011	514,208
Less allowance for doubtful accounts	(4,699)	(4,699)
Total current assets	14,471,043	13,946,367
Noncurrent assets:		
Property and equipment:		
Buildings and structures, net	2,037,271	2,052,333
Equipment and fixtures, net	439,110	416,331
Land	1,998,156	1,998,156
Lease assets, net	755,995	711,175
Other, net	91	83
Construction in progress	305	750
Property and equipment, net	5,230,930	5,178,831
Intangible assets:		
Goodwill	1,022,324	933,999
Other intangible assets	1,326,641	1,349,927
Total intangible fixed assets	2,348,965	2,283,926
Investments and other assets:		
Investment in securities	233,092	234,976
Deferred income tax	1,096,469	1,113,638
Other	1,279,627	1,259,325
Total investments and other assets	2,609,190	2,607,941
Total noncurrent assets	10,189,086	10,070,699
Total assets	24,660,129	24,017,066

	March 31, 2011	June 30, 2011
LIABILITIES		
Current liabilities:		
Accounts payable—trade	1,587,783	1,431,803
Short-term bank loans	183,512	257,989
Income taxes payable	1,046,059	60,139
Accrued employee's bonuses	1,367,878	711,747
Allowance for point program	278,152	325,714
Accrued directors' bonuses	21,500	5,900
Other current liabilities	1,622,736	3,065,867
Total current liabilities	6,107,622	5,859,161
Long-term liabilities:		
Long-term borrowings	2,000,000	2,080,000
Retirement benefits	2,201,701	2,220,074
Retirement allowance for directors	29,000	29,000
Other long-term liabilities	564,733	512,582
Total long-term liabilities	4,795,434	4,841,657
Total liabilities	10,903,057	10,700,819
NET ASSETS		
Shareholders' equity:		
Common stock	1,681,400	1,681,400
Capital surplus	1,336,688	1,336,688
Retained earnings	11,302,819	10,850,843
Treasury stock, at cost	(532,923)	(532,923)
Total shareholders' equity	13,787,984	13,336,007
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	9,552	10,198
Foreign currency translation adjustments	(46,268)	(34,516)
Total valuation and translation adjustments	(36,716)	(24,318)
Minority interests	5,804	4,557
Total net assets	13,757,072	13,316,246
Total liabilities and net assets	24,660,129	24,017,066

(2) Consolidated Statements of Income and Consolidated of Comprehensive Income

Consolidated Statements of Income

Three months ended June 30	Thousands of yen	
	2010	2011
Net sales	7,940,695	7,435,861
Cost of sales:	5,405,563	5,293,116
Gross profit	2,535,132	2,142,745
Selling, general and administrative expenses:	1,717,649	2,011,779
Operating income	817,482	130,965
Non-operating revenues:		
Interests income	248	301
Dividends income	2,678	2,976
Others	6,254	7,014
Total	9,181	10,292
Non-operating expenses:		
Interests expenses	9,968	11,034
Foreign exchange losses	5,879	9,026
Loss on cancel of lease contracts	—	6,965
Others	4,414	5,059
Total	20,261	32,085
Recurring profit	806,402	109,172
Extraordinary gain:		
Reversal of allowance for doubtful accounts	261	—
Dividends of liquidated marketable securities	10,304	—
Total	10,565	—
Extraordinary loss:		
Loss on transfer-related expenses	—	20,050
Loss on revision of retirement benefit plan	12,634	—
Loss on revaluation of investment securities	1,123	—
Total	13,758	20,050
Income before income taxes	803,209	89,122
Income taxes and enterprise taxes	159,878	5,288
Adjustment for income taxes	210,407	34,508
Total	370,286	39,797
Income before minority interests	432,922	49,325
Minority interests in loss	(1,276)	(1,526)
Net income	434,199	50,852

Consolidated of Comprehensive Income

Three months ended June 30	Thousands of yen	
	2010	2011
Income before minority interests	432,922	49,325
Other comprehensive income:		
Valuation difference on available-for-sale securities	(3,973)	646
Foreign currency translation adjustments	1,490	12,031
Total of other comprehensive income	(2,483)	12,677
Comprehensive income	430,439	62,002
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	431,628	63,250
Comprehensive income attributable to minority interests	(1,188)	(1,247)

(3) Note on Assumptions for Going Concern

Three months ended June 30, 2011

Not applicable

(4) Additional Information

For accounting changes and error corrections to be conducted from the beginning of the first quarter of the subject fiscal year, the Company has applied "Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, December 4, 2009).

(5) Segment Information

Business Segment

1. Three months ended June 30, 2010

1. Information on Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

Thousands of yen

	Reported Segment			Total
	Marketing Research and Consulting	System Solutions	Drug Development Solutions	
Net sales:				
Net sales to third parties	5,264,038	1,100,847	1,575,809	7,940,695
Intra-group net sales and transfers	—	—	—	—
Total	5,264,038	1,100,847	1,575,809	7,940,695
Operating income	548,959	(9,254)	277,778	817,482

Note: The total of the segment profit and loss figures equals the operating income reported on the consolidated statements of income.

2. Three months ended June 30, 2011

1. Information on Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

Thousands of yen

	Reported Segment			Total
	Marketing Research and Consulting	System Solutions	Drug Development Solutions	
Net sales:				
Net sales to third parties	5,152,965	1,011,224	1,271,671	7,435,861
Intra-group net sales and transfers	—	—	—	—
Total	5,152,965	1,011,224	1,271,671	7,435,861
Operating income	157,138	(41,552)	15,380	130,965

Note: The total of the segment profit and loss figures equals the operating income reported on the consolidated statements of income.

(6) Notes in the Event of Major Change in Shareholders' Equity

Three months ended June 30, 2011

Not applicable.

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