

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the six months ended September 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: November 14, 2011 Planned start of dividend payments: —

Preparation of supplementary explanations of quarterly financial results: Yes

Quarterly financial results presentation held: Yes

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

1. Consolidated Financial Results of the Six Months Ended September 30, 2011

(1) Operating Results

Six months ended September 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	16,601	(2.6)	873	(44.6)	836	(45.7)	432	(49.0)
2010	17,042	8.2	1,576	19.4	1,542	18.9	848	34.5

(Note) Comprehensive income: Six months ended September 30, 2011: ¥396 million, (52.0) %;
Six months ended September 30, 2010: ¥825 million, —%

	Net income per share	Net income per share after dilution
	Yen	Yen
2011	43.00	—
2010	84.34	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2011	24,659	13,660	55.4
March 31, 2011	24,660	13,757	55.8

(Reference) Total shareholders' equity: September 30, 2011: ¥13,654 million, 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	—	0.00	—	50.00	50.00
2012	—	0.00			
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	%
Fiscal year	36,649	0.3	2,687	(22.5)	2,641	(23.2)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	1,410	(26.4)	140.24

(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)

	Six months ended September 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
		Six months ended September 30, 2010
3) Average number of shares issued for each period	10,056,569	10,056,714

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. Please refer to p. 5 of "(3) Qualitative Information Related to the Consolidated Performance Forecasts" for information on performance forecast and other related matters.

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

(1) Qualitative Information on Consolidated Operating Results

During the first half of FY2012 (the six-month period from April 1, 2011 through September 30, 2011) the Japanese economy turned toward recovery from the chaos of the Great East Japan Earthquake, and there were signs of recovery in personal consumption. Meanwhile the sense of a slowdown in the global economy grew more pronounced from market concerns about debt problems in Western countries, and the yen is holding at a historically high level for a prolonged period. As a result, corporate production activities were sluggish and the future outlook remains uncertain.

Under these conditions, during the first half of FY2012 ended September 30, 2011 the INTAGE Group posted consolidated net sales of ¥16,601 million, down 2.6% from the same period of the previous fiscal year. Operating income totaled ¥873 million (down 44.6%), with recurring profit of ¥836 million (down 45.7%) and net income of ¥432 million (down 49.0%).

The results by business segment were as follows.

1) Market Research and Consulting

In syndicated panel data services, SRI (syndicated POS retail panel data), SLI (syndicated female consumer panel data) and Rep Track (MR activities evaluation index) remained firm and realized increased sales. While syndicated panel data services sales increased overall, the profits declined because of continued investment in SCI-personal (nationwide individual consumer panel data).

In custom research, sales decreased in April and May under the poor business environment following the earthquake disaster but turned to a recovery from June centered on Internet surveys, resulting in increased sales and profits for the first half overall.

As a result of these developments, sales in the Marketing Research and Consulting segment amounted to ¥11,699 million (up 1.7% year on year), with operating income of ¥823 million (down 28.1%).

2) System Solutions

In Systems Solutions, sales and profits declined from the same period of the previous fiscal year with decreased sales to the travel industry from the effects of the earthquake disaster.

As a result, sales in the System Solutions segment amounted to ¥2,205 million (down 8.3% year on year), with operating income of ¥1 million (down 95.8%).

3) Drug Development Solutions

In the Contract Research Organization (CRO) business, sales and profits both declined. While monitoring services sales rose from an increase in the receipt of new orders, large-scale long-term orders in data management and analysis services were sluggish.

As a result of these developments, sales in the Drug Development Solutions segment amounted to ¥2,697 million (down 13.9% year on year), with operating income of ¥49 million (down 87.7%).

(2) Qualitative Information on the Consolidated Financial Position

Assets

Current assets increased ¥17 million from the end of the previous fiscal year (March 31, 2011) to ¥14,488 million. While notes and accounts receivable-trade declined ¥1,209 million, work in progress increased ¥756 million and cash and deposits rose ¥454 million.

Noncurrent assets decreased ¥17 million from the end of the previous fiscal year to ¥10,171 million. Investments and other assets increased ¥107 million, but property and equipment declined ¥130 million.

As a result of these developments, total assets decreased by less than ¥1 million to ¥24,659 million.

Liabilities

Current liabilities increased ¥76 million from the end of the previous fiscal year to ¥6,184 million. While income taxes payable decreased ¥531 million and other current liabilities were down ¥229 million, short-term bank loans rose ¥773 million.

Long-term liabilities increased ¥19 million from the end of the previous fiscal year to ¥4,814 million. While other long-term liabilities declined ¥68 million, long-term borrowings rose ¥50 million and provision for retirement benefits increased ¥37 million.

As a result of these developments, total liabilities increased ¥96 million to ¥10,999 million.

Net Assets

Total net assets declined ¥96 million from the end of the previous fiscal year to ¥13,660 million. Net assets increased from posting net income of ¥432 million, but declined from the ¥502 million in dividend payments for the business results during the previous fiscal year.

Cash Flows Analyses

Cash and cash equivalents ("cash") on September 30, 2011 totaled ¥4,791 million, an increase of ¥454 million from the end of the previous fiscal year. In detail, there was ¥1,184 million in cash provided by operating activities, ¥898 million in cash used in investing activities and ¥187 million in cash provided by financing activities.

The conditions of each of the cash flows during the first half of FY2012 were as follows.

Cash Flow from Operating Activities

Cash provided by operating activities amounted to ¥1,184 million, a decrease of ¥324 million from the same period of the previous fiscal year. While amount of the decline in accounts payable-trade decreased, income before income taxes decreased.

Cash Flow from Investing Activities

Cash used in investing activities amounted to ¥898 million, which was ¥201 million more than in the previous fiscal year. While expenditures recorded from guarantee money deposited declined, expenditures rose from the acquisition of property and equipment and there were also transfer of business expenditures during the first half.

Cash Flow from Financing Activities

Cash provided by financing activities amounted to ¥187 million, which was ¥403 million more than in the previous fiscal year. While expenditures for repayment of short-term bank loans increased, proceeds from short-term bank loans increased, and proceeds from long-term borrowings increased.

(3) Qualitative Information Related to the Consolidated Performance Forecasts

The consolidated performance for the first half of FY2012 shows sales around the same level and higher profits compared with the projections in “INTAGE Announces Consolidated Performance Forecasts for the First Half of FY2012” released on August 8, 2011.

From the third quarter forward, while the Company expects the performance of the Market Research and Consulting and the System Solutions segments to basically proceed as planned, in Drug Development Solutions the data management and analysis services sales are sluggish. Accordingly, INTAGE is revising the forecasts for the full fiscal year FY2012 presented in “Flash Report [Japanese GAAP] (Consolidated Basis) Results for FY2011” announced May 11, 2011. For the new FY2012 full-year forecast, see “INTAGE Announces Revised Consolidated Performance Forecasts for FY2012,” released today.

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 Period

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	September 30, 2011
ASSETS		
Current assets:		
Cash and deposits	4,337,216	4,791,376
Note and accounts receivable—trade	7,462,074	6,252,878
Work in progress	1,336,074	2,092,418
Stored item	30,760	30,439
Deferred tax assets	971,606	928,035
Other current assets	338,011	397,979
Less allowance for doubtful accounts	(4,699)	(4,699)
Total current assets	14,471,043	14,488,427
Noncurrent assets:		
Property and equipment:		
Buildings and structures, net	2,037,271	1,993,563
Equipment and fixtures, net	439,110	400,653
Land	1,998,156	1,998,156
Lease assets, net	755,995	706,063
Other, net	91	75
Construction in progress	305	1,534
Property and equipment, net	5,230,930	5,100,046
Intangible assets:		
Goodwill	1,022,324	955,049
Other intangible assets	1,326,641	1,399,763
Total intangible fixed assets	2,348,965	2,354,812
Investments and other assets:		
Investment in securities	233,092	232,716
Deferred income tax	1,096,469	1,228,591
Other	1,279,627	1,255,027
Total investments and other assets	2,609,190	2,716,335
Total noncurrent assets	10,189,086	10,171,194
Total assets	24,660,129	24,659,622

	March 31, 2011	September 30, 2011
LIABILITIES		
Current liabilities:		
Accounts payable—trade	1,587,783	1,536,667
Short-term bank loans	183,512	957,386
Income taxes payable	1,046,059	514,421
Accrued employee's bonuses	1,367,878	1,411,742
Allowance for point program	278,152	359,293
Accrued directors' bonuses	21,500	11,800
Other current liabilities	1,622,736	1,393,221
Total current liabilities	6,107,622	6,184,532
Long-term liabilities:		
Long-term borrowings	2,000,000	2,050,000
Retirement benefits	2,201,701	2,239,076
Retirement allowance for directors	29,000	29,000
Other long-term liabilities	564,733	496,495
Total long-term liabilities	4,795,434	4,814,572
Total liabilities	10,903,057	10,999,104
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	11,232,444
Treasury stock, at cost	(532,923)	(532,923)
Total shareholders' equity	13,787,984	13,717,609
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	9,552	8,768
Foreign currency translation adjustments	(46,268)	(71,792)
Total valuation and translation adjustments	(36,716)	(63,023)
Minority interests	5,804	5,931
Total net assets	13,757,072	13,660,517
Total liabilities and net assets	24,660,129	24,659,622

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

Consolidated Statements of Income

Six months ended September 30

Thousands of yen

	2010	2011
Net sales	17,042,621	16,601,415
Cost of sales:	12,018,249	11,662,992
Gross profit	5,024,372	4,938,422
Selling, general and administrative expenses:	3,447,736	4,064,863
Operating income	1,576,635	873,559
Non-operating revenues:		
Interests income	979	977
Dividends income	3,128	3,426
Insurance and dividends income	490	4,594
Others	10,378	13,623
Total	14,976	22,621
Non-operating expenses:		
Interests expenses	22,696	24,753
Commission fee	6,737	5,476
Loss on retirement of equipment and fixtures	1,218	2,231
Foreign exchange losses	18,632	19,545
Loss on cancel of lease contracts	—	6,965
Others	191	349
Total	49,475	59,321
Recurring profit	1,542,136	836,859
Extraordinary gain:		
Gain on allotment of stock	10,304	—
Insurance income	45,438	—
Total	55,742	—
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	1,584,120	816,809
Income taxes and enterprise taxes	845,143	473,225
Adjustment for income taxes	(107,304)	(88,014)
Total	737,838	385,211
Income before minority interests	846,282	431,597
Minority interests in loss	(1,889)	(855)
Net income	848,171	432,453

Consolidated Statements of Comprehensive Income

Six months ended September 30	Thousands of yen	
	2010	2011
Income before minority interests	846,282	431,597
Other comprehensive income:		
Valuation difference on available-for-sale securities	(6,008)	(783)
Foreign currency translation adjustments	(14,475)	(34,730)
Total of other comprehensive income	(20,484)	(35,513)
Comprehensive income	825,797	396,084
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	827,967	406,147
Comprehensive income attributable to minority interests	(2,170)	(10,062)

(3) Consolidated Statements of Cash Flows

Six months ended September 30

Thousands of yen

	2010	2011
Cash flows from operating activities:		
Income before income tax and minority interests	1,584,120	816,809
Depreciation	566,107	645,815
Amortization of goodwill	187,143	166,155
Loss on revision of retirement benefit plan	12,634	—
Increase (decrease) in employee's retirement benefits	(66,141)	37,375
Increase (decrease) in accrued employees' bonuses	135,869	43,864
Increase in directors' bonuses	(13,030)	(9,700)
Increase (decrease) in allowance for doubtful accounts	281	—
Increase in allowance for point program	70,480	81,141
Loss on valuation of investment securities	1,123	—
Interest and dividend income	(4,107)	(4,403)
Interest expenses	22,696	24,753
Disposal of equipment and fixtures	1,218	2,231
Gain on allotment of stocks	(10,304)	—
Increase in notes and accounts receivable – trade	1,304,506	1,381,829
Decrease (increase) in inventories	(891,962)	(756,416)
Increase in accounts payable — trade	(308,867)	(55,847)
Increase in accrued consumption taxes	(18,797)	(105,958)
Other	(80,964)	(69,352)
Sub total	2,492,006	2,198,296
Proceeds from interests and dividend income	4,107	4,403
Payment of interests Interest expenses paid	(21,158)	(24,362)
Payment of income taxes Income taxes paid	(966,232)	(993,801)
Net cash provided by operating activities	1,508,724	1,184,536

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	2010	2011
Cash flows from investing activities:		
Payments for time deposits	(1,200)	—
Proceeds from time deposits	37,122	—
Payments for purchases of property and equipment	(56,350)	(298,797)
Payments for purchases of investment securities	(8,401)	(943)
Payments for loans	(900)	(1,230)
Proceeds from the loans collected	654	646
Payments for acquisition of intangible assets	(405,904)	(391,486)
Purchase of investments in subsidiaries	—	(5,090)
Payments for transfer of business	—	(197,844)
Proceeds from collection of guarantee deposits	12,843	5,712
Payments for guarantee deposits	(248,100)	(5,199)
Other	(26,934)	(3,977)
Net cash used in investing activities	(697,171)	(898,211)
Cash flows from financing activities:		
Proceeds from short-term bank loans	600,000	1,062,640
Repayments of short-term bank loans	—	(269,012)
Proceeds from long-term bank loans	—	200,000
Repayments of long-term bank loans	(212,000)	(170,000)
Payments for acquisition of treasury stock	(287)	—
Dividends paid	(501,446)	(500,325)
Repayments of lease obligations	(101,709)	(135,415)
Net cash used in financing activities	(215,443)	187,886
Effect of exchange rate changes on cash and cash equivalents	5,551	(20,051)
Net increase in cash and cash equivalents	601,660	454,160
Cash and cash equivalents at beginning of year	3,484,364	4,337,216
Cash and cash equivalents at end of year	4,086,024	4,791,376

(4) Note on Assumptions for Going Concern

Six months ended September 30, 2011

Not applicable

(5) 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).

(6) Segment Information

Business Segment

1. Six months ended September 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	11,503,925	2,404,694	3,134,002	17,042,621
Intra-group net sales and transfers	—	—	—	—
Total	11,503,925	2,404,694	3,134,002	17,042,621
Operating income	1,144,672	31,495	400,468	1,576,635

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

2. Six months ended September 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	11,699,052	2,205,118	2,697,244	16,601,415
Intra-group net sales and transfers	—	—	—	—
Total	11,699,052	2,205,118	2,697,244	16,601,415
Operating income	823,186	1,314	49,058	873,559

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

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

Six months ended September 30, 2011

Not applicable.

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