

INTAGE Inc. Briefing on Business Results

Business Results for the Fiscal Year Ended March 31, 2004 and Future Business Development



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

May 19, 2004

INTAGE Inc.

Plans, expectations, and strategies included in this document that are not historical facts are forward-looking statements related to INTAGE Inc. or the INTAGE Group decided by management based on currently available information. Accordingly, the reader should avoid placing undue reliance on these forward-looking statements. INTAGE cautions that a number of factors affecting the business could cause actual results to differ materially from these forward-looking statements. These include, but are not limited to, general economic conditions and changes or reforms in the industries in which our clients operate.

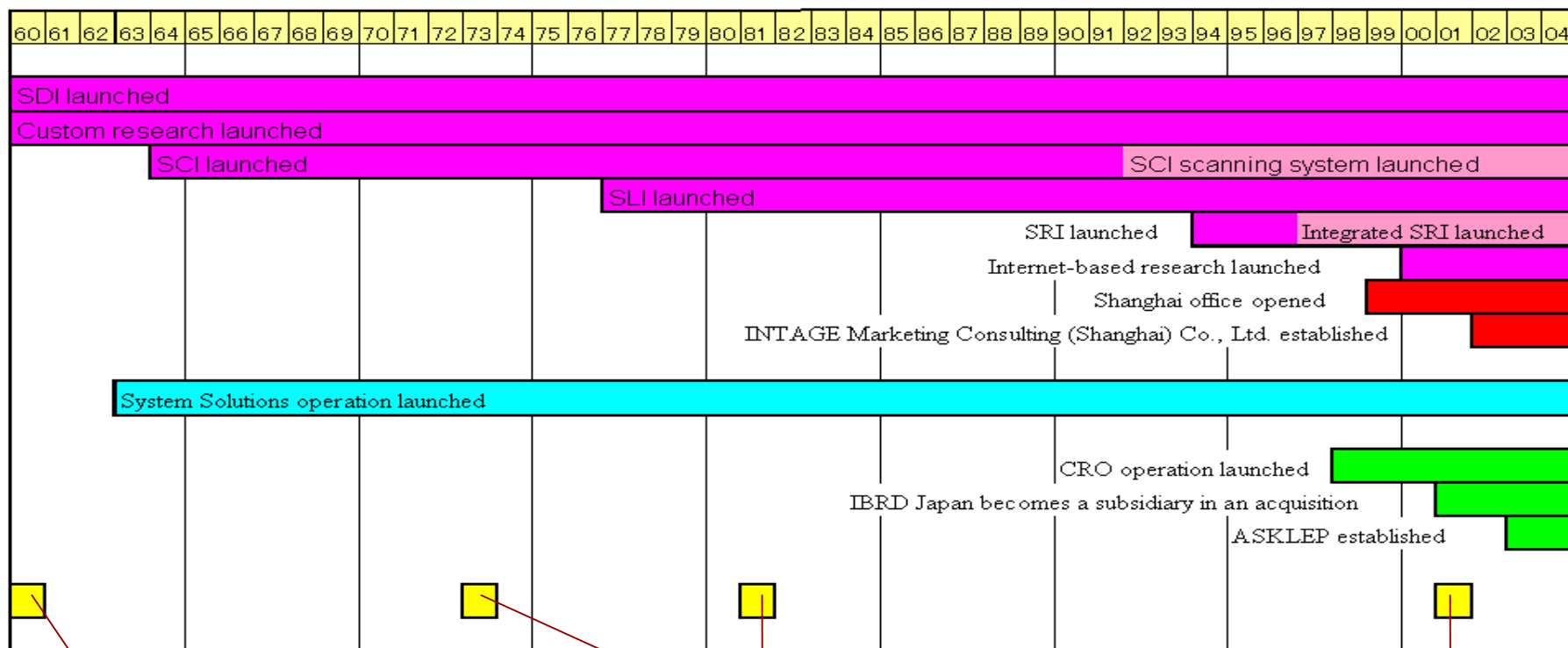


Overview of INTAGE Inc.

Company Profile

Name	INTAGE Inc.
Origin of company name	Combination of " Intelligence " and " Age "
President & CEO	Norio Taori
Date of establishment	March 1960
Capitalization	¥1.6814 billion * At March 31, 2004
Annual sales	¥21.3 billion (¥23.8 billion consolidated) * FY ended Mar 31, 2004
Number of employees	823 (1,350 in the group) * At March 31, 2004
Web site	http://www.intage.co.jp/

Company History



March 1960 Marketing Intelligence Corporation established

March 1973 Headquarters building completed

1981 POS system project launched

April 2001 Company name changed to INTAGE Inc.
November 2001 INTAGE Shares listed on JASDAQ

Marketing Research and Consulting

Global Business

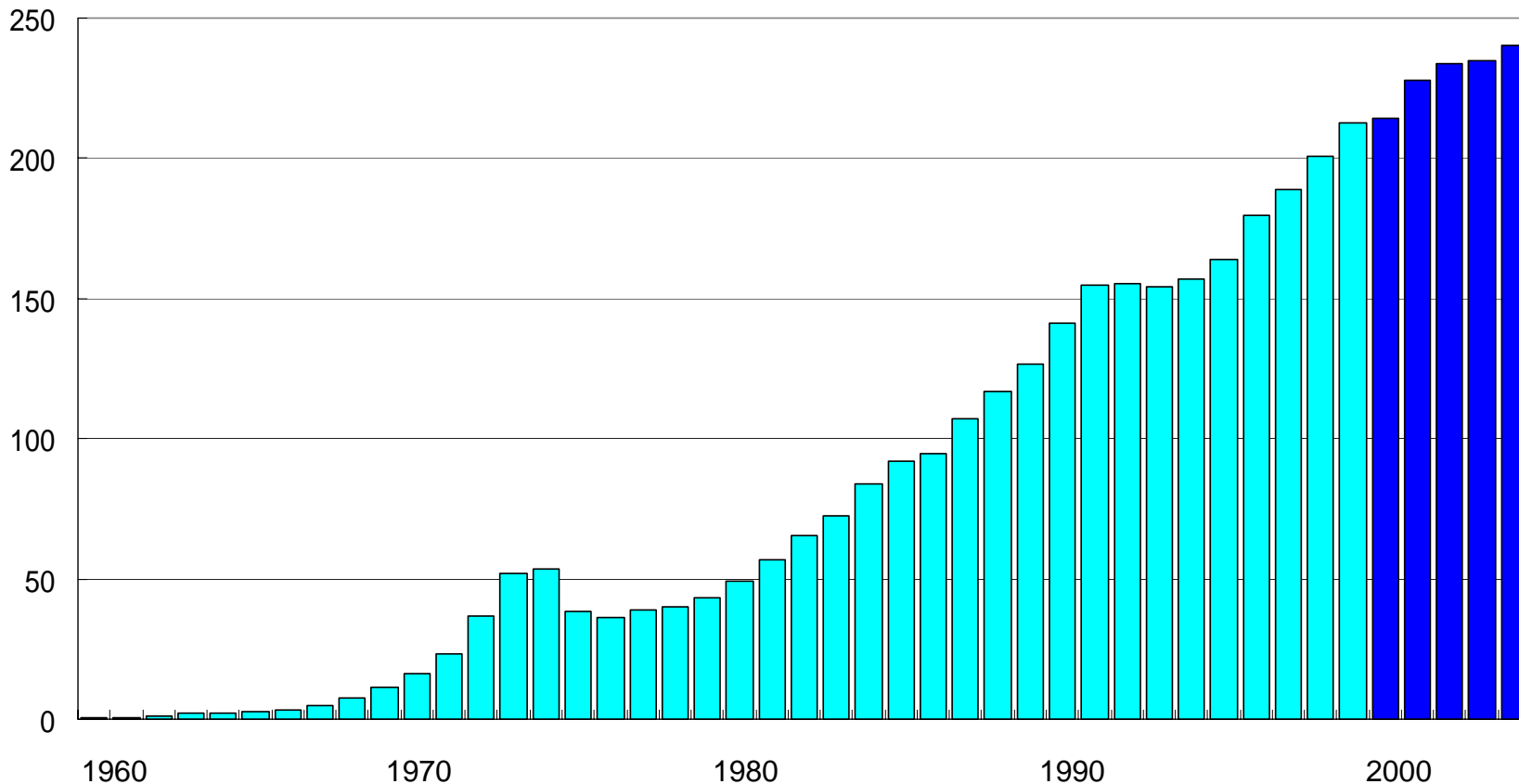
System Solutions

Medical Solutions

Milestones

Change in Sales

(Hundred millions of yen)



Note: Figures for the fiscal year ended March 2000 and subsequent years are consolidated sales.

Scope of Services

Marketing Research and Consulting

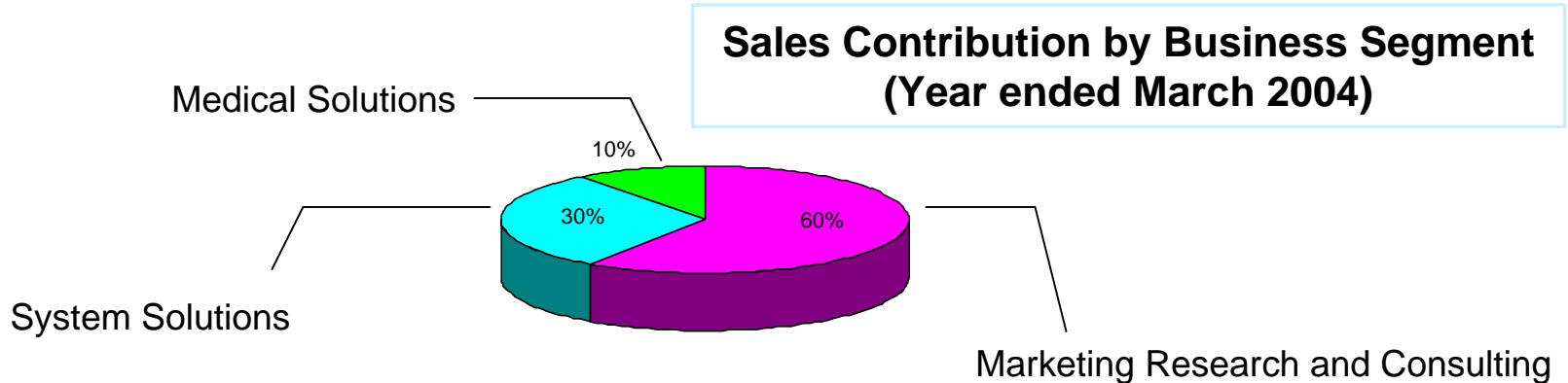
- One of Japan's leading marketing research firms. Panel surveys are a particular forte
- Ranks 19th in sales worldwide among marketing research firms (AMA study)

System Solutions

- Solutions encompassing everything from systems development, operation and maintenance to the construction of data usage models

Medical Solutions

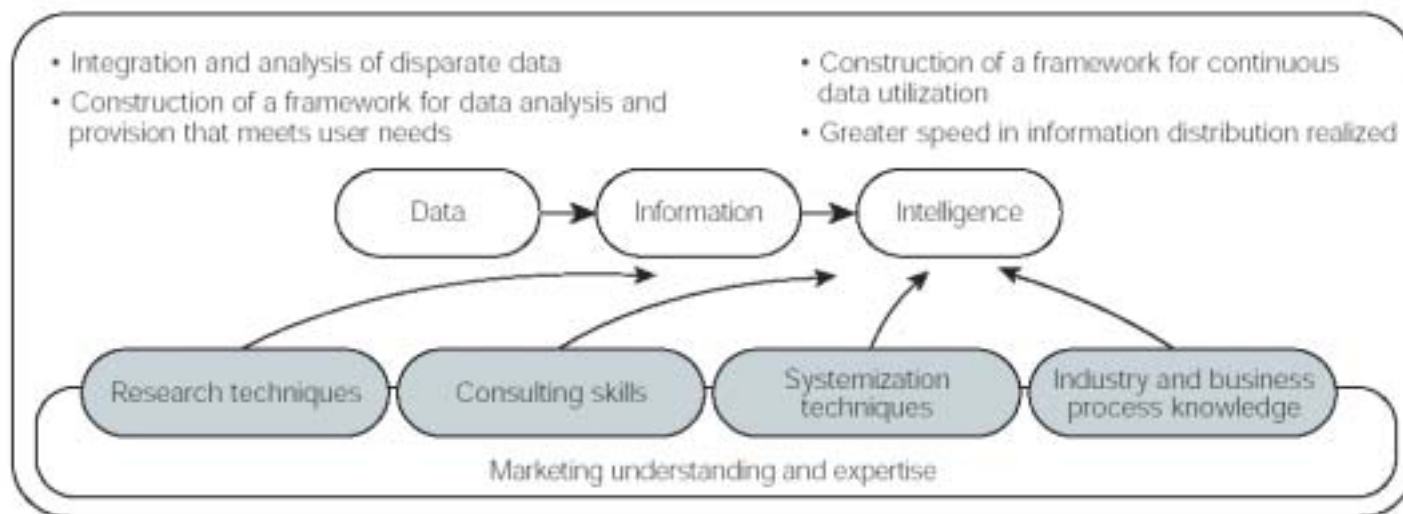
- A full-support CRO and SMO solutions business



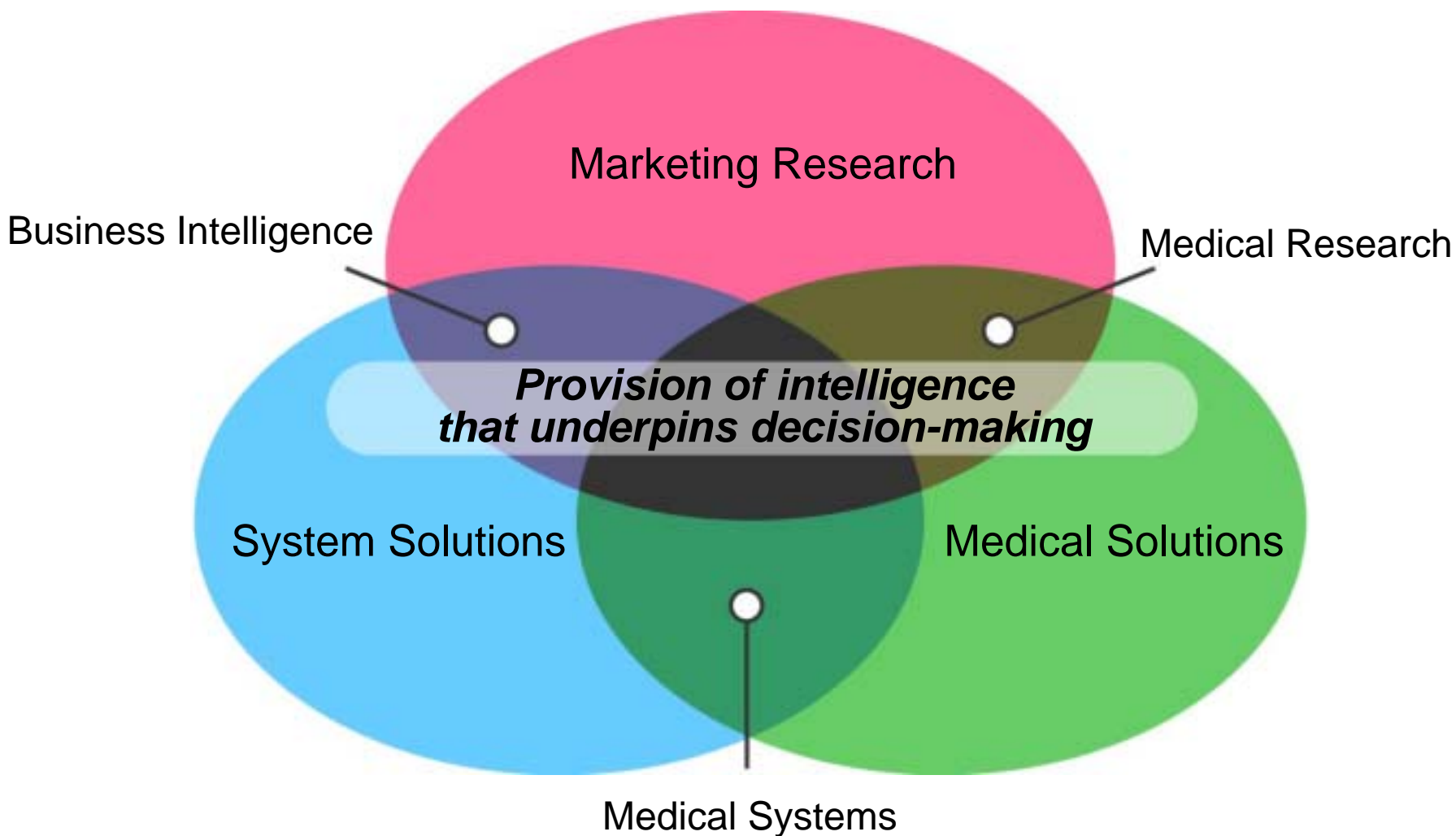
The INTAGE Corporate Vision

The Intelligence Provider

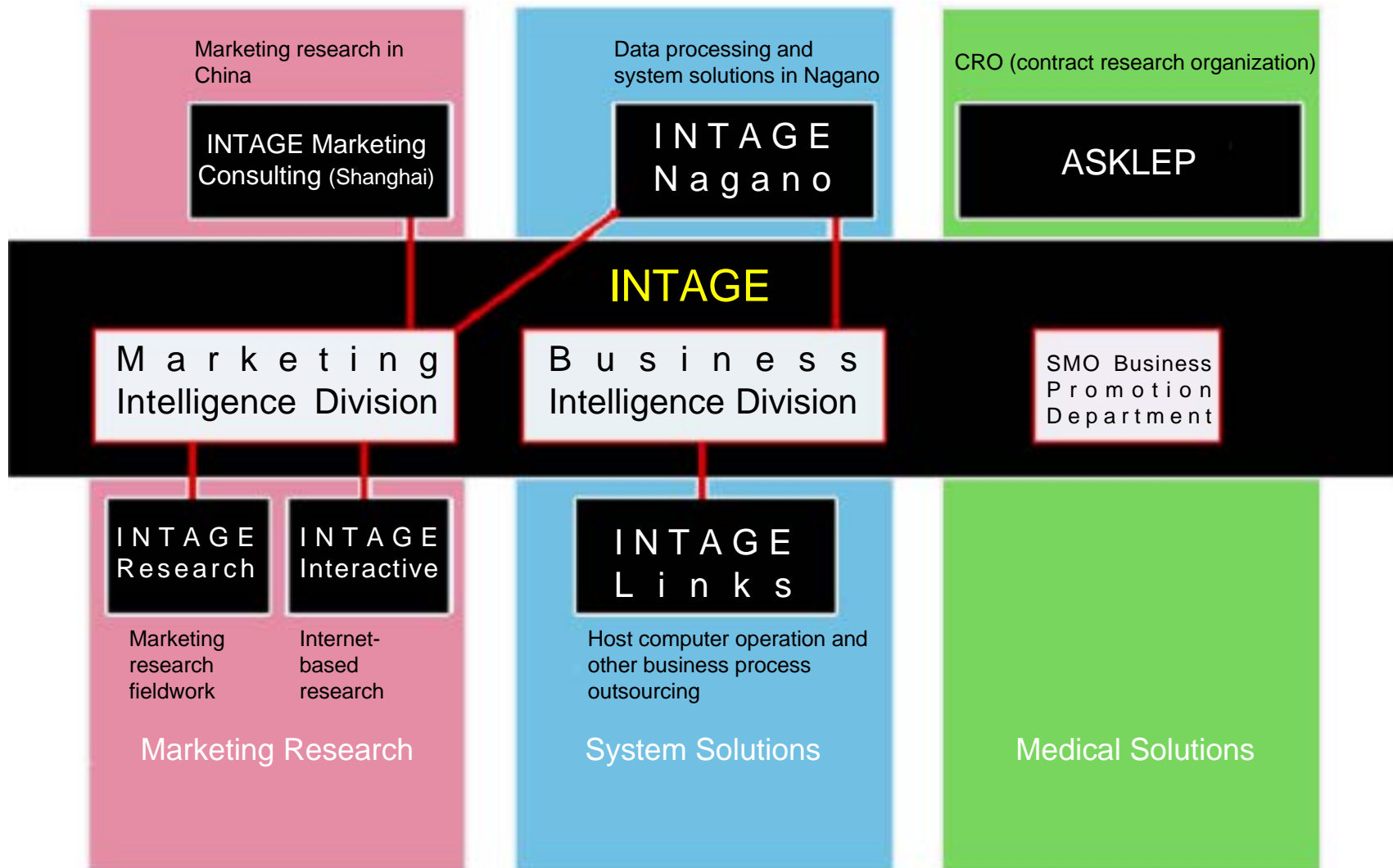
We define intelligence as the aggregation of the techniques, expertise, knowledge and wisdom necessary for the collection, evaluation, analysis, use and systematization of data and the valuable information obtained thereby.



The INTAGE Group's Pursuit of Synergy



The INTAGE Group





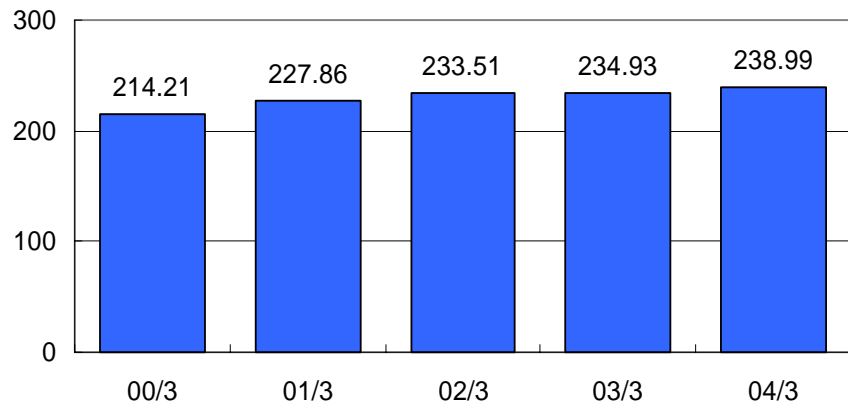
Summary Description of Financial Results

Financial Highlights (Consolidated)

– Higher Revenues, Lower Earnings

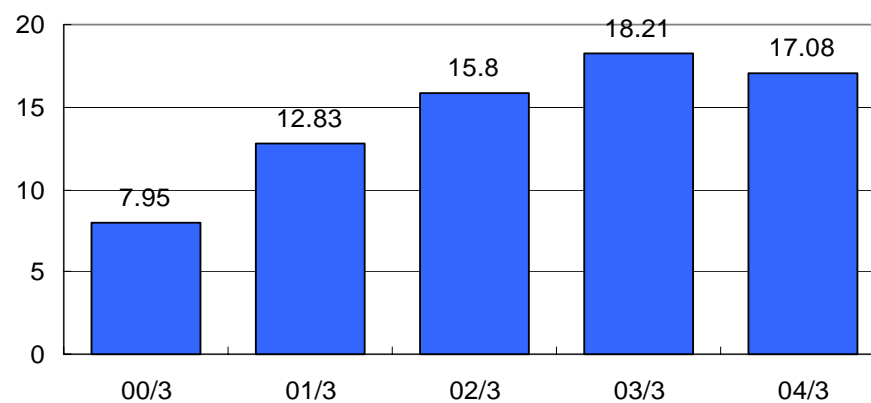
(Hundred millions of yen)

S a l e s



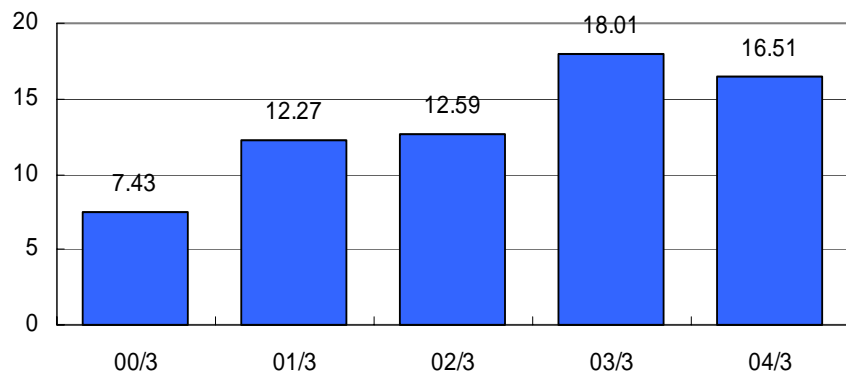
(Hundred millions of yen)

O p e r a t i n g I n c o m e



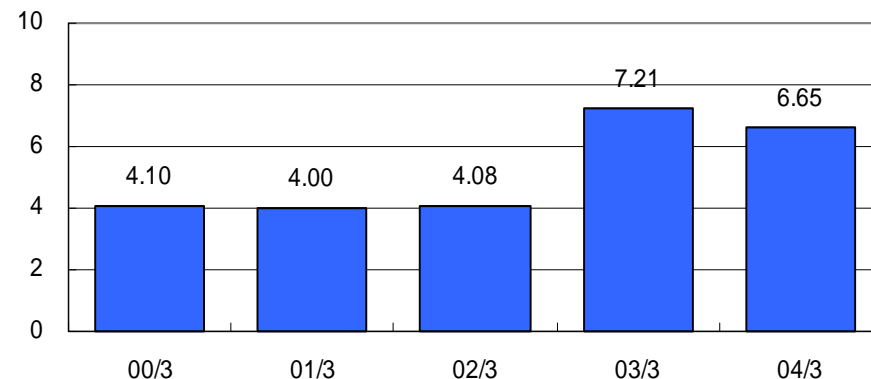
(Hundred millions of yen)

O r d i n a r y I n c o m e



(Hundred millions of yen)

N e t I n c o m e



Profit and Loss Summary for the Fiscal Year Ended March 2004

(Millions of yen)

		Year ended 3/03 Actual	Year ended 3/04 Initial forecast	Year ended 3/04 Actual	Year-on-year change
Consolidated	Sales	23,493	24,984	23,899	+1.7%
	Operating income	1,821	2,014	1,708	(6.2%)
	Ordinary income	1,801	1,997	1,651	(8.3%)
	Net income	721	824	665	(7.7%)
	EPS	¥68.39		¥63.33	
	ROE	15.8%		13.1%	
	ROA	12.6%		11.1%	
	Operating margin	7.8%		7.1%	
Non-Consolidated	Sales	22,352	22,217	21,312	(4.7%)
	Operating income	1,513	1,643	1,258	(16.9%)
	Ordinary income	1,501	1,636	1,209	(19.4%)
	Net income	589	672	456	(22.5%)
	EPS	55.65¥		43.10¥	
	ROE	13.6%		9.7%	
	ROA	10.8%		8.6%	
	Operating margin	6.8%		5.9%	

Balance Sheet Summary for the Fiscal Year Ended March 2004

(Millions of yen)

Balance sheet summary (Consolidated)	Year ended 3/03	Year ended 3/04	Variance	Remarks
Current assets	8,942	9,252	309	Increase in cash and cash equivalents, decrease in accounts receivable — trade
Fixed assets	5,695	5,938	243	
Tangible and intangible assets	4,234	4,222	(12)	Tangible: Decrease owing to sale of land and buildings, etc. Intangible: Increase in software, decrease in the consolidated adjustment account, etc.
Investments and other assets	1,460	1,715	255	Increase in deferred tax assets owing to excess allowance for retirement benefits
Total assets	14,638	15,191	552	
Current liabilities	6,008	6,044	35	Decrease in accounts payable, increase in short-term borrowings
Fixed liabilities	3,767	3,724	(42)	
Total liabilities	9,775	9,769	(6)	
Minority interests	27	55	28	INTAGE Interactive (equity participation: INTAGE 51%, Yahoo 49%) profit increase
Shareholders' equity	4,835	5,366	531	Increase in retained earnings
Total liabilities, minority interest, and shareholders' equity	14,638	15,191	552	

(Millions of yen)

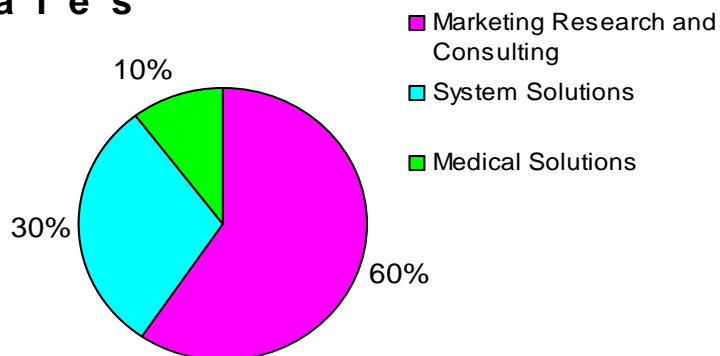
Balance sheet summary (Non-consolidated)	Year ended 3/03	Year ended 3/04	Variance
Current assets	8,332	7,810	(521)
Fixed assets	5,798	6,129	330
Tangible and intangible assets	4,016	3,947	(69)
Investments and other assets	1,781	2,182	400
Total assets	14,130	13,939	(190)
Current liabilities	5,843	5,384	(459)
Fixed liabilities	3,723	3,662	(60)
Total liabilities	9,566	9,046	(519)
Total shareholders' equity	4,563	4,892	329
Total liabilities and shareholders' equity	14,130	13,939	(190)

(Millions of yen)

Consolidated cash flows summary	Year ended 3/03	Year ended 3/04
Cash flows from operating activities	1,061	967
Cash flows from investing activities	(180)	(376)
Cash flows from financing activities	(789)	97
Effect of exchange rate changes on cash and cash equivalents	(6)	(6)
Net increase in cash and cash equivalents	84	681
Cash and cash equivalents at the beginning of year	1,582	1,667
Cash and cash equivalents at the end of year	1,667	2,348

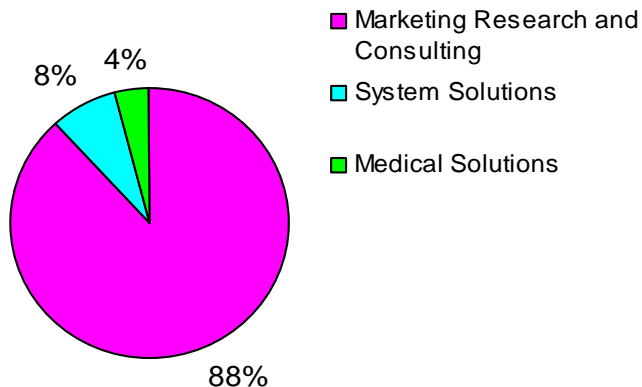
Segment Information

Sales



- An increase of about ¥1 billion in revenue from the Market Research and Consulting business led to a higher contribution to sales from this segment. (56% Year ended 3/03 60% Year ended 3/04)
- A decrease in revenue from the Market Research and Consulting business led to a lower contribution to sales from this segment. (35% Year ended 3/03 30% Year ended 3/04)
- A revenue increase led to a slightly higher contribution to sales from the Medical Solutions segment. (9% Year ended 3/03 10% Year ended 3/04)

Operating Income



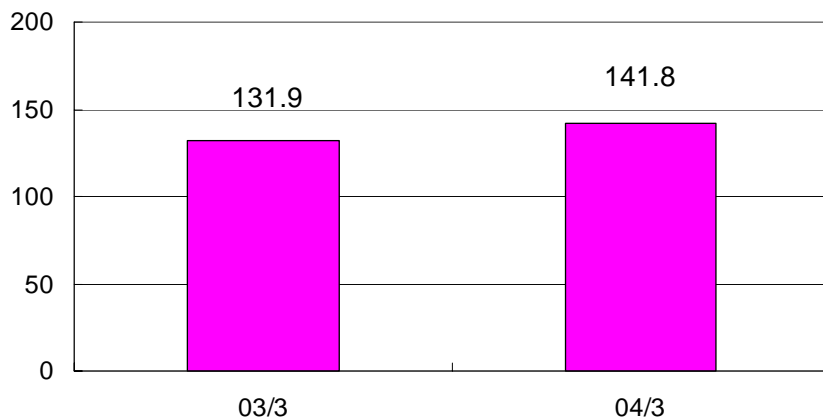
- Owing to a decrease in profit from the other segments, the contribution to operating income from the from the Market Research and Consulting Business rose sharply. (76% Year ended 3/03 88% Year ended 3/04)

Segment Information

— Marketing Research and Consulting

(Hundred millions of yen)

Sales



(Hundred millions of yen)

Operating Income



- An increase in sales was achieved.

Growth from SRI propelled overall sales.

Sales of custom research also increased. Online research accounted for most of the growth.

- Operating income decreased slightly.

Renewal of SRI entailed development costs.

Although custom research profitability improved, it fell short of the planned level.

Losses from SSJ (TV commercial effectiveness measurement panel survey) exceeded the planned level.

Change in Sales and Number of Clients for Principal Syndicated Panel Services

(Hundred millions of yen, companies)

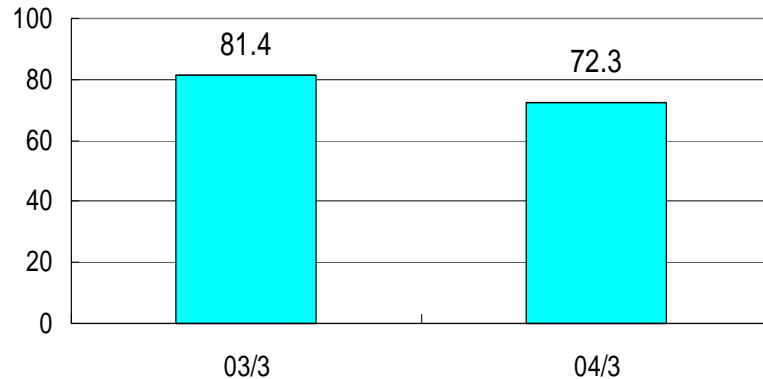
		Year ended 3/00	Year ended 3/01	Year ended 3/02	Year ended 3/03	Year ended 3/04
SRI Nationwide retailer panel survey	Sales	32.3	35.7	40.3	41.8	48.1
	No. of clients	138	146	165	165	186
SDI Nationwide pharmacy and drugstore panel survey	Sales	11.0	11.7	12.1	12.1	12.3
	No. of clients	75	78	74	75	69
SCI Nationwide household panel survey	Sales	30.1	30.9	30.5	30.4	30.2
	No. of clients	135	137	139	147	141
SLI Nationwide female consumer panel survey	Sales	4.6	5.1	7.3	6.5	6.4
	No. of clients	25	29	38	34	31

- Growth in sales from SRI is attributable to new client acquisition.
- Sales from other indexes were mostly flat. These are mature, near-monopoly products.

Segment Information — System Solutions

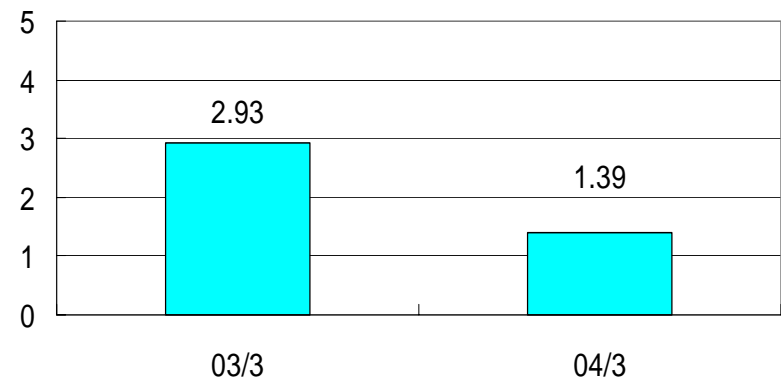
(Hundred millions of yen)

S a l e s



(Hundred millions of yen)

Operating Income



- Sales decreased, in part because INTAGE is in a period of transition from traditional business pursuits to Business Intelligence operations.

Although INTAGE is engaged in aggressive marketing activities centered on business intelligence projects, the decline in sales from traditional businesses was substantial and sales fell short of the planned level.

- Operating income fell sharply owing to the higher than expected sales shortfall.

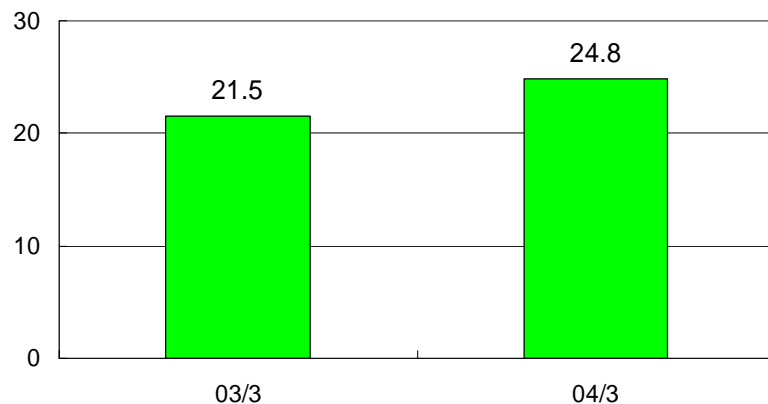
We were unable to recover the SG&A costs and labor costs associated with the increased emphasis on business intelligence activities.

The INTAGE Group defines business intelligence as the processing of business information generated day to day within client companies (such as sales, distribution and customer information) into information that is meaningful in the conduct of marketing activities (= intelligence) and the provision of frameworks for using that intelligence (= solutions).

Segment Information — Medical Solutions

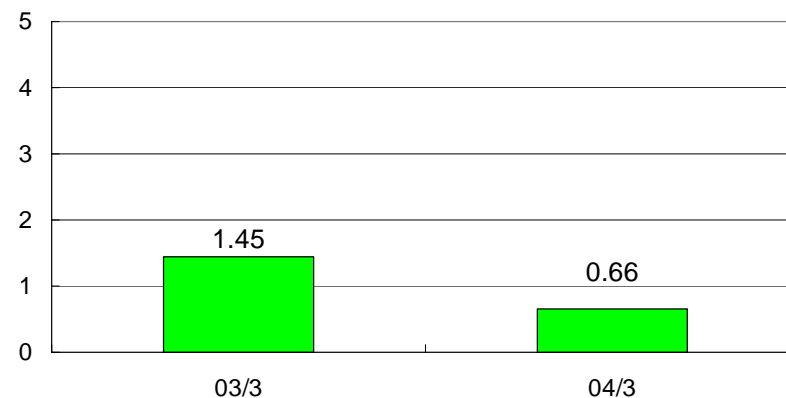
(Hundred millions of yen)

Sales



(Hundred millions of yen)

Operating Income



- Although sales fell short of the planned level, the growth trend was sustained.

Sales of CRO monitoring developed favorably.

In data management and analysis, we were unable to collect the budgeted volume of case registration cards.

- Operating income decreased.

In data management and analysis, we were unable to obtain the anticipated volume of business.

Up-front investment in recruitment and training was incurred in the SMO operation.



***Business Performance
for the Fiscal Year Ending March 31, 2005
and
Future Outlook***

Forecast of Business Results for the Fiscal Year Ending March 31, 2005

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
Forecast for the year ending 3/05 (Consolidated)	25,880	1,940	1,885	790
Year-on-year variance	+1,981	+232	+234	+125
Rate of growth	+8.3%	+13.6%	+14.2%	+18.8%

- Increased revenues and profits are expected to lead to record high earnings for the INTAGE Group.
- A 7.5% operating income margin is forecast.

Note: Forward-looking statements are based on information currently available and involve risks, uncertainties, and assumptions. Actual results may differ from those projected.

Next Stage Strategy for SDS (Syndicated Data Services)

- SSJ (TV commercial effectiveness measurement panel survey)

Although expected to serve as a foothold for entry into the media sector, SSJ has reached a crucial stage.

- SRI (Nationwide retailer panel survey)

Renewal of SRI was implemented in January 2004.

INTAGE has established competitive advantage in quality and quantity of data, and the upward trend in sales continues.

- In line with the success achieved with SRI, INTAGE will make the following investments in the current fiscal year.

Renewal of SCI	Launch the Individual Panel Survey
<ul style="list-style-type: none"> · To ascertain consumption circumstances in the seniors market, expand the SCI sample, increase the maximum age of panel family housewives to 79, and increase data accuracy. · Implementation of the renewal is planned for January 2005. 	<ul style="list-style-type: none"> · Distribute dedicated handheld scanning devices to 2,000 people in the Tokyo metropolitan area and commercially launch a new index. Make it possible to ascertain the consumption circumstances of people who live alone and consumption away from home, components of personal consumption not adequately captured to date. · Focus the sales effort on beverage manufacturers and confectioners. · Release is planned for January 2005.

Expansion of the Custom Research Business through Business Category Specialization

- Demand from panel clients (FMCG manufacturers) is stable.
- Obtain continuing orders from automobile manufacturers on the basis of database marketing.
- Pursue an expansion strategy in the medical research sector.

Construction of an Internet-based physician panel to make it possible to satisfy overseas demand is an urgent task.

Strengthen collaboration with ASKLEP.

- Pursue further expansion of the research business in China.

Orders at wholly owned subsidiary INTAGE Marketing Consulting (Shanghai) are increasing steadily.

Business is coming from Japanese-affiliated companies in China and companies in Japan.

The key factor in these strategies is online research.

INTAGE Involvement in Online Research

- Anticipating that the Internet will become the main method of data gathering for custom research, INTAGE aggressively invests in online research. INTAGE vies with newly established online research companies for industry leadership.
- In an alliance with Yahoo! Japan Corporation, in October 2003 INTAGE established INTAGE Interactive (equity participation: INTAGE 51%, Yahoo 49%).

Registration of product and service monitors (Yahoo! Research) on Yahoo! Japan, Japan's largest general information website.

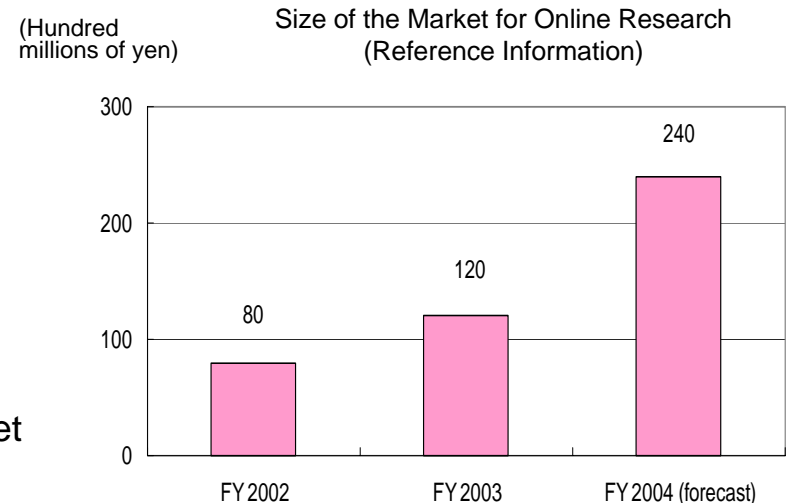
To prevent impersonation, monitors are required to open bank accounts.

· INTAGE's Outlook Concerning the Online Research Market

The role of research and online research

The rate of dissemination of Internet use and the validity of research findings

New value obtained through the use of the Internet



Source: Internet Research Forum of Japan study

Establishment of Online Research Beneficial in Marketing Decision Making

Quality

- Data evaluation and analysis, report preparation, and support for client decision making
- Confirmation of validity of online research by means of comparison with conventional research methods

Prospective Clients

- Development of online research that reflects industry-specific characteristics (automobile panel, physician panel, patient panel, others)

Price Strategy

- Average unit order value is ¥ 1.37 million (year ended March 2004)
- Pursuit of an approach targeting the low end of the price range

New Developments

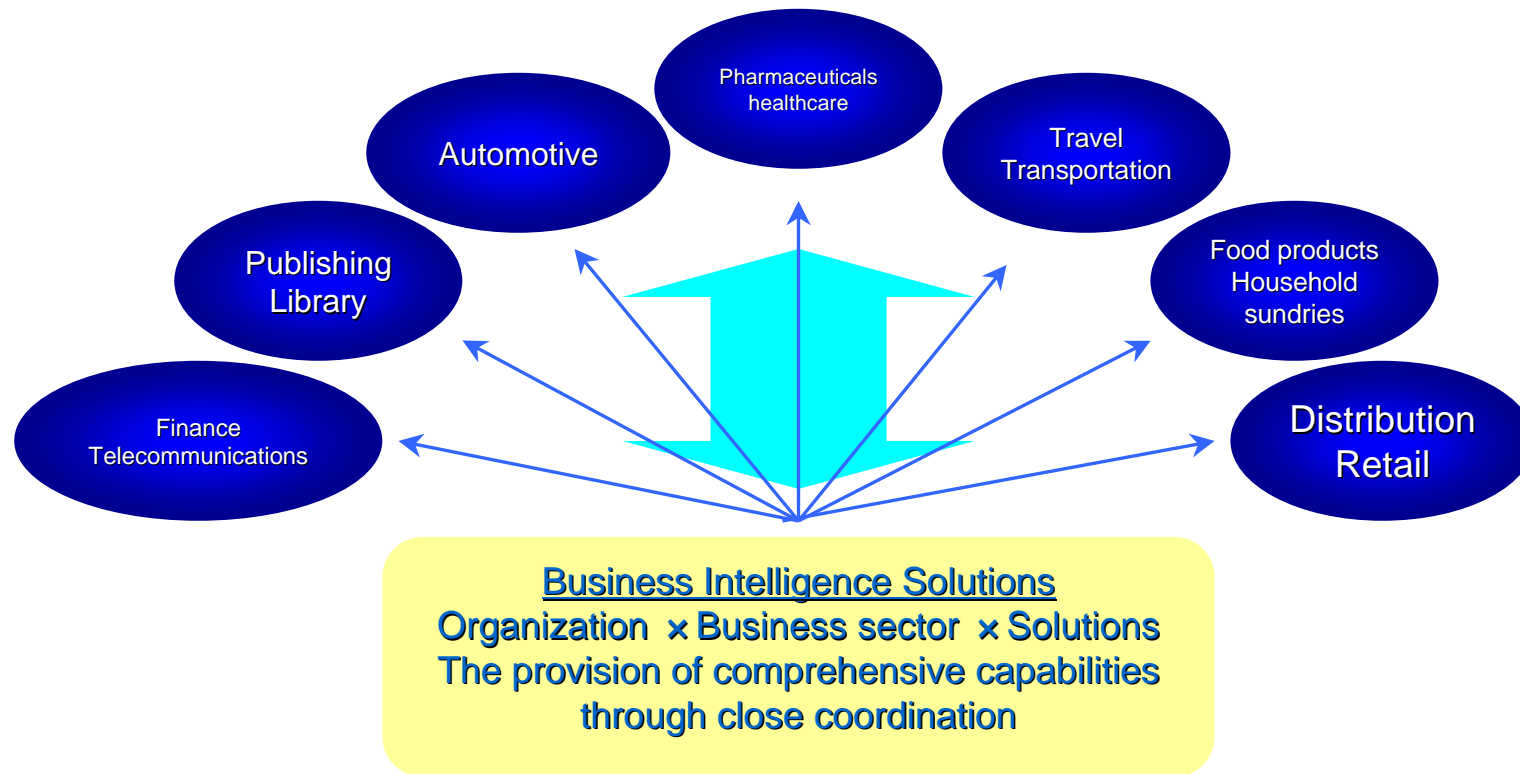
Yahoo! Research Standard	Mainstay product. Addresses demand from clients converting from conventional research methods and satisfies requirements for full-scale research.
Yahoo! Research Compact	Product to compete against low-priced online research.
Yahoo! Research Mobile	Approach that emphasizes speed and young consumers. This method makes it possible to collect photographs from respondents.
Yahoo! Research Hosting	Addresses demand for questionnaires targeting respondents from client lists.
Yahoo! Research Online Discussion	Approach for collecting qualitative information on the Internet.

Applying Business Intelligence to Boost Selling Power and Set the Tone for Higher Revenues and Earnings

- Strengthen marketing and planning capabilities
 - New directions for the systems business involving data utilization as a core competence
 - ... Promotion to existing systems clients
 - A sales offensive targeting panel research clients (FMCG manufacturers) and the retail industry
- Improvement of development, operation and maintenance, and technological capabilities
 - Project management, quality improvement management
 - Measures to reduce costs
 - Skill-up program
- Data center investment
 - Provide outsourcing for major clients
 - Major reinforcement of security for global services and construction of a framework for 24 x 36 operation
- Business development that capitalizes on package software

Sukoyaka Support 21	Health promotion support system that utilizes a model for forecasting disease outbreaks
FASP	FSP data tabulation and analysis outsourcing service to support client data utilization
ForeSight	Web-based reporting system that utilizes purchase analysis and forecasting models
AreaManager-Pro	Location evaluation, catchment area analysis, and customer analysis software for the retail industry

The Integration of INTAGE's Comprehensive Capabilities into Business Intelligence Solutions



Product + core competence ((Business process models + Data utilization models) x IT)
 Industry and business process knowledge, Data utilization capabilities, Research techniques,
 Systems construction capabilities, Systems operation and maintenance, IT expertise

Seeking to Establish Competitive Advantage in CRO and SMO Operations

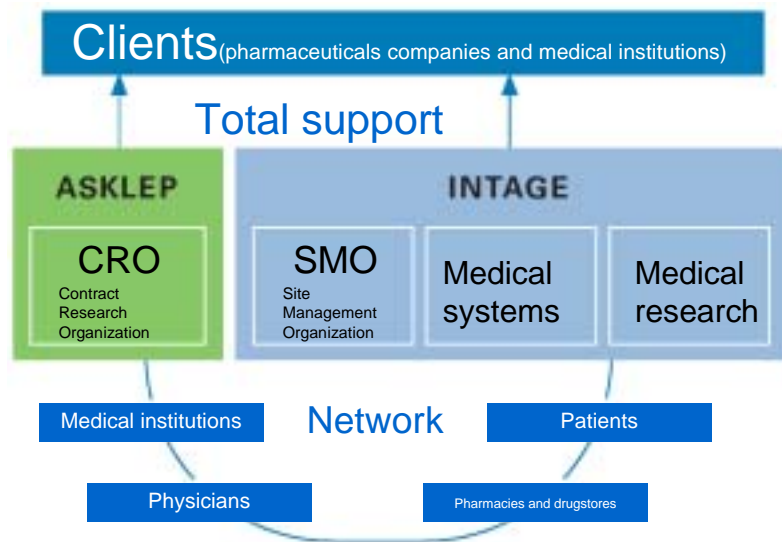
- One Year Since the Establishment of ASKLEP

IBRD Japan (monitoring) and INTAGE's CRO business unit (data management and analysis) integrated to make a valuable contribution to pharmaceuticals development.

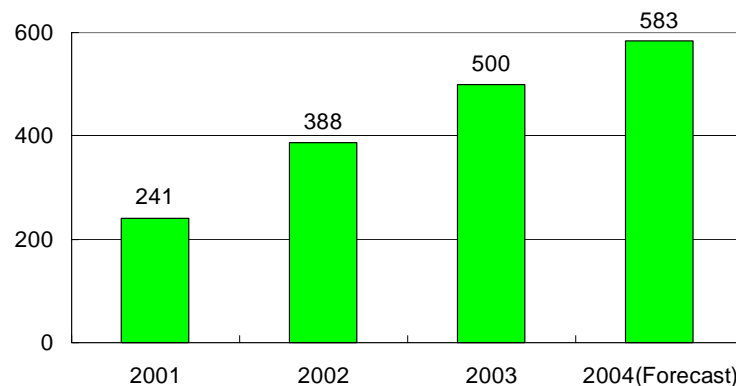
Co-action between monitoring, data management and analysis realized.

Transformation into a total solutions corporate group underway.

- Seeking business expansion and the establishment of a solid business base for INTAGE's SMO operation



Change in the Size of the CRO Market
(Hundred millions of yen)



Source: Japanese CRO Association annual report

Making the Transition from Co-Action to Vital Action

- Increased profitability through quality improvement, greater speed, and higher rates of operation
- Risk hedging in core businesses
 - Monitoring... Conversion from fixed-amount guaranteed contracts to performance incentive contracts
 - Data management and analysis ... Conversion from performance incentive contracts to hybrid contracts that combine basic fees and performance incentives
- Restructuring of the selling structure
 - Implementation of a by-client selling structure, greater efficiency
- Business development that takes advantage of the comprehensive capabilities of the INTAGE Group
 - Collaboration with medical research
 - Promotion of electronic data capturing



<http://www.asklep.co.jp/>



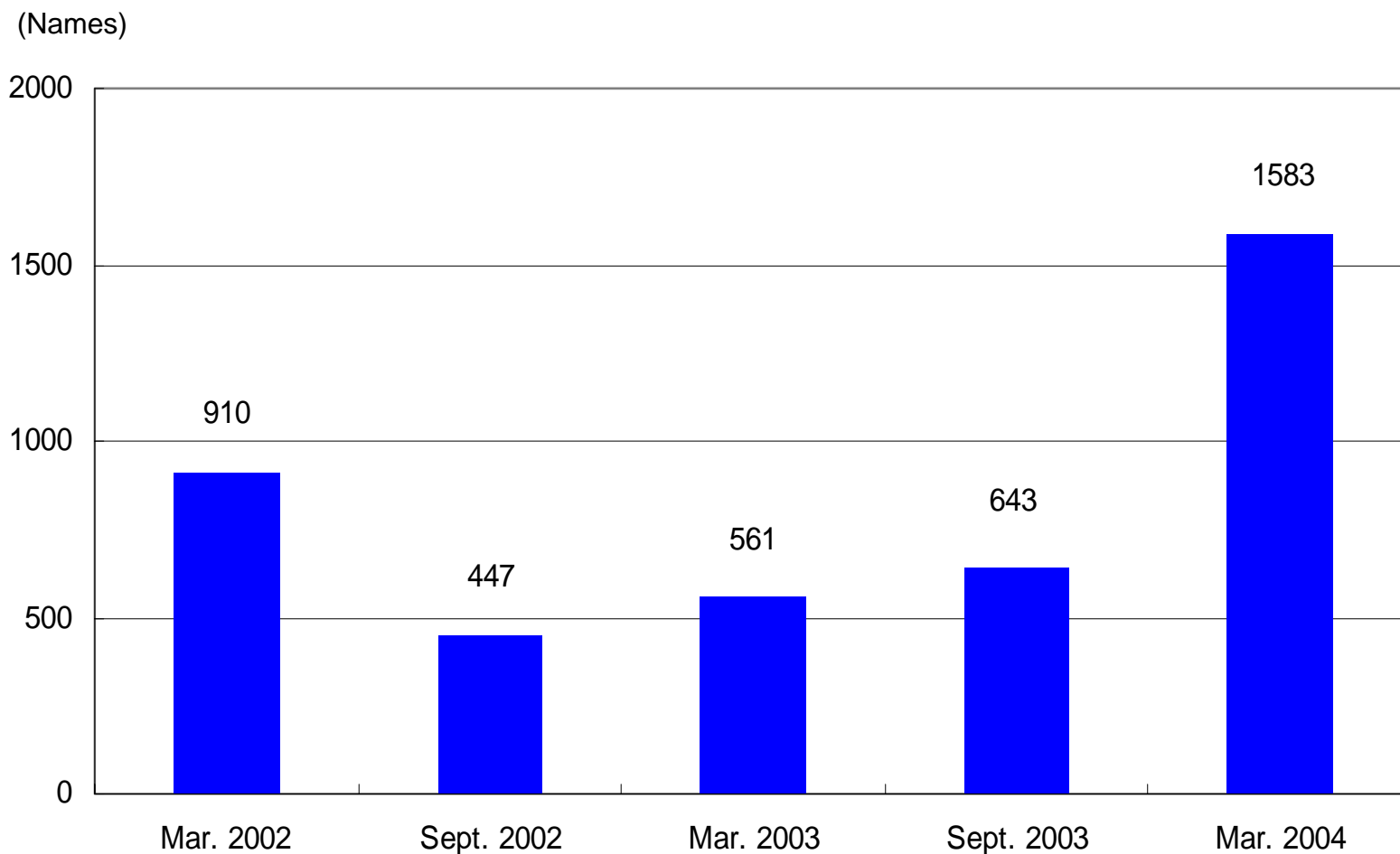
Other Information

Factors That May Affect Future Business Performance

Upside Factors	Risk Factors
<ul style="list-style-type: none"> · SRI becomes a de facto industry standard, and INTAGE gains share and attains supremacy in the market. · Successful SCI renewal and introduction of the Individual Panel survey brings overwhelming synergy to the product line. · INTAGE establishes a strong position in the online research sector as the market expands. · The business intelligence concept wins client recognition, INTAGE secures a distinct position in the industry, and a clear trend toward increased revenue develops. · The CRO and SMO markets continue to grow, and INTAGE continues to expand the Medical Solutions business. · Marketing-oriented thinking penetrates industries and companies, and budgets for marketing, data utilization, business intelligence, and systems increase. 	<ul style="list-style-type: none"> · Other research companies expand and enhance their services through alliances, newly established companies enter the market, and new rivalries develop. · INTAGE becomes entangled in global realignment of the marketing research industry. · It takes time for SSJ and the Individual Panel survey to gain recognition as industry standards, and return on investment is delayed. · Cannibalization from SRI reduces revenues from SCI, SLI, or other consumer panels. · The System Solutions business is plunged into more cutthroat price competition. · INTAGE fails to keep up with expansion of the CRO and SMO markets. · Stalling of the economy forces companies into budget cutting, or industry realignment reduces the number of clients.

The above factors include items related to forecasts. Actual results may vary substantially from these forecasts due to various factors. Factors that may affect the results of operations are not limited to those expressed or implied in these descriptions.

Sharp Increase in the Number of Shareholders



Note: Number of shareholders excluding shareholders who hold less than a trading unit and treasury stock

Share Liquidity Improves

