

INTAGE, Inc.
Flash Report (Consolidated Basis)
Results for the first quarter ended June 30, 2008

Company Name: **INTAGE, Inc.** Stock listing: The Second Section of the Tokyo Stock Exchange
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(Figures less than ¥1 million have been omitted.)

1. Consolidated Financial Results of Three Months ended June 30, 2008

(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	%
1Q F2008	7,465	—	601	—	592	—	281	—
1Q F2007	7,124	10.4	405	(4.9)	402	(4.6)	208	(13.4)

	Net income per share	Net income per share after dilution
	Yen	Yen
1Q F2008	27.43	—
1Q F2007	20.20	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2008	19,410	10,156	51.8	981.19
March 31, 2008	21,261	10,288	47.9	994.41

(Reference) Total shareholders' equity: June 30, 2008: ¥10,054 million, March 31, 2008: ¥10,189 million

2. Dividends

Years ended /ending March 31

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2008	—	—	—	40.00	40.00
2009	—	—	—	—	—
2009 (Forecast)	—	—	—	50.00	50.00

(Note) Revision of dividends forecast for this period: None

3. Forecasts for Fiscal Year ending March 31, 2009

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	16,151	6.9	1,439	3.4	1,426	3.0
Fiscal year	35,231	6.4	3,575	7.9	3,568	7.6

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	777	7.0	75.90
Fiscal year	1,985	12.5	193.79

(Note) Revision of earnings forecast for this period: None

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: Yes
3. Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:
 - 1) Changes based on revision of accounting standards: Yes
 - 2) Changes other than 1) above: None
4. Number of shares outstanding (Common share)
 - 1) Number of shares outstanding:
June 30, 2008: 10,404,000 shares March 31, 2008: 10,404,000 shares
 - 2) Number of treasury stock
June 30, 2008: 157,109 shares March 31, 2008: 157,109 shares
 - 3) Average number of shares outstanding for each period (cumulative term):
Three months ended June 30 2008: 10,246,891 shares 2007: 10,348,100 shares

QUALITATIVE INFORMATION RELATED TO BUSINESS PERFORMANCE AND FINANCIAL STATEMENTS

1. Qualitative Information on Consolidated Operating Results

For the first quarter of fiscal 2008 (the three-month period from April 1 to June 30, 2008) the INTAGE Group posted net sales of ¥7,465 million, up 4.8% from the same period of the previous fiscal year. Operating income totaled ¥601 million (up 48.3%), with ordinary income of ¥592 million (up 47.4%) and net income of ¥281 million (up 34.5%).

Results by business segment were as follows.

(1) Marketing Research and Consulting

In the panel research sector, both revenue and earnings rose as the SRI (nationwide retailer panel research) business posted increased sales and earnings following the cessation of a competitor's retail panel research business at the end of October 2007. The "personal eye" (individual consumer panel research) and SPI (nationwide in-store promotions panel index) businesses also recorded substantial sales increases.

In the custom research sector, despite growth in Internet research, revenue was down for the subject first quarter as a result of a large conventional research project during the previous first quarter.

As a result, sales in the Marketing Research and Consulting segment amounted to ¥4,905 million (up 4.2% from the same period of the previous fiscal year), with operating income of ¥555 million (up 44.3%).

(2) System Solutions

INTAGE continued to shift to high-value-added research and integrated solutions for IT systems, but increased costs for liquidation of underperforming operations in existing business fields resulted in net sales for the System Solutions segment of ¥1,312 million (down 9.7% from the same period of the previous fiscal year), with an operating loss of ¥50 million (compared to an operating loss of ¥44 million in the previous first quarter).

Note: From the subject fiscal year certain businesses have been transferred from the System Solutions segment to the Marketing Research and Consulting segment. Comparing the business groupings from the previous fiscal year with the subject fiscal year, net sales in the System Solutions segment declined 2.9% year on year, and increased 2.0% in the Marketing Research and Consulting segment.

(3) Drug Development Solutions

In the Contract Research Organization (CRO) business, both revenue and earnings for data management and analysis services increased considerably, while monitoring services also rose.

As a result, sales in the Drug Development Solutions segment amounted to ¥1,247 million (up 29.4% from the same period of the previous fiscal year), with operating income of ¥96 million (up 47.5%).

2. Qualitative Information on the Consolidated Financial Position

Total assets at the end of the subject first quarter (June 30, 2008) amounted to ¥19,410 million, a decline of ¥1,851 million from March 31, 2008 (the end of the previous fiscal year). This was due mainly to decreases in note and accounts receivable—trade, offsetting an increase in inventories.

Total liabilities amounted to ¥9,254 million, a decline of ¥1,719 million from the end of the previous fiscal year. This was due mainly to decreases in short-term bank loans, income taxes payable and accrued employee's bonuses, offsetting an increase in accounts payable—trade.

Total net assets amounted to ¥10,156 million, a decline of ¥131 million from the end of the previous fiscal year. Despite net income for the first quarter of ¥281 million, net assets declined mainly due to ¥409 million in dividend payments stemming from business results in the previous fiscal year.

3. Qualitative Information on Consolidated Forecasts

Although operating results for the first quarter exceeded forecasts, factors remain that could cause fluctuations in results during the second quarter and afterward. We maintain our earnings forecasts announced on May 8, 2008.

Earnings forecasts are calculated based on information available as of the date of this report. Actual results may differ from forecasts due to future economic conditions or other factors.

4. Other Items

- (1) Significant changes in subsidiaries during the subject fiscal period (Transfer of particular subsidiaries following a change in the scope of consolidation)

None

- (2) Application of simplified accounting methods or special accounting methods for the preparation of consolidated quarterly statements

Evaluation of inventories

For the devaluation of the book value of inventories, the net sale value of inventory assets for which profitability has clearly diminished is estimated and devalued accordingly.

- (3) Changes in accounting principles or procedures related to the preparation of consolidated quarterly statements, or style of presentation

1) From the first quarter of the subject fiscal year the Company has applied *Accounting Standard for Quarterly Financial Reporting* (Accounting Standards Board of Japan Statement No. 12, March 14, 2007) and *Guidance on Accounting Standard for Quarterly Financial Reporting* (ASBJ Guidance No. 14, March 14, 2007). Also, quarterly financial statements have been prepared in accordance with regulations regarding quarterly consolidated financial statements.

2) From the first quarter of the subject fiscal year the Company has applied *Accounting Standard for Measurement of Inventories* (ASBJ Statement No. 9, July 5, 2006), changing its evaluation standard from the cost method to the cost method (devaluation of the book value according to decreased profitability).

The impact of this change on profit and loss is minimal.

3) The Company has applied *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* (ASBJ PITF No. 18, May 17, 2006), and made the necessary revisions to its consolidated financial statements.

The impact of this change on profit and loss is minimal.

4) From the first quarter of the subject fiscal year the Company has applied early *Accounting Standard for Lease Transactions* (ASBJ Statement No. 13, June 17, 1993, last revised March 30, 2007), and *Guidance on Accounting Standard for Lease Transactions* (ASBJ Guidance No.16, January 18, 1994, last revised March 30, 2007). The accounting method for financial lease transactions other than ownership transfers has been changed from the method for ordinary lease transactions, to the method for ordinary sale transactions, and recorded as lease assets.

Depreciation for lease assets is calculated with the lease period equivalent to the serviceable life of the asset, with no residual value.

Financial lease transactions other than ownership transfers where the lease transaction commencement date is prior to the application of these standards will continue to be accounted for according to methods for ordinary lease transactions.

As a result, compared to the former method the Company has recorded lease assets of ¥43,212 thousand under property and equipment. The impact of this change on profit and loss is minimal.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Thousands of yen	
	June 30, 2008	March 31, 2008
ASSETS		
Current assets:		
Cash and deposits	2,745,642	3,480,530
Note and accounts receivable—trade	4,561,852	6,453,783
Goods-in-process	2,382,160	1,656,404
Inventories of merchandise and supplies	37,271	25,458
Other	987,172	1,038,047
Less allowance for doubtful accounts	(2,657)	(2,810)
Total current assets	10,711,442	12,651,413
Fixed assets:		
Property and equipment	4,487,193	4,345,848
Intangible fixed assets	1,951,630	2,079,463
Investments and other assets:		
Deferred income tax	1,020,855	1,042,512
Other	1,247,991	1,151,185
Allowance for doubtful accounts	(8,505)	(8,505)
Total investments and other assets	2,260,342	2,185,192
Total fix assets	8,699,165	8,610,505
Total assets	19,410,608	21,261,918
LIABILITIES		
Current liabilities:		
Accounts payable—trade	1,518,493	1,815,750
Short-term bank loans	1,265,280	2,787,420
Current portion of redemption of corporate bonds	1,000,000	1,000,000
Income taxes payable	120,059	794,676
Accrued employees' bonuses	762,211	1,361,118
Allowance for loss on cancellation of contracts	11,006	38,000
Allowance for point program	10,822	9,300
Other current liabilities	2,517,859	1,159,221
Total current liabilities	7,205,732	8,965,486
Long-term liabilities:		
Retirement benefits	1,986,292	1,979,073
Retirement allowance for directors	29,000	29,000
Other long-term liabilities	33,086	-
Total long-term liabilities	2,048,379	2,008,073
Total liabilities	9,254,112	10,973,560

	Thousands of yen	
	June 30, 2008	March 31, 2008
NET ASSETS		
Shareholders' equity:		
Common stock	1,681,400	1,681,400
Capital surplus	1,336,688	1,336,688
Retained earnings	7,274,743	7,403,581
Treasury stock, at cost	(247,406)	(247,406)
Total shareholders' equity	10,045,425	10,174,263
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	16,176	13,409
Foreign currency translation adjustments	(7,423)	1,960
Total valuation and translation adjustments	8,753	15,369
Minority interests	102,317	98,725
Total net assets	10,156,496	10,288,358
Total liabilities and net assets	19,410,608	21,261,918

(2) Consolidated Statements of Income

	Thousands of yen
	Three months ended June 30, 2008
Net sales	7,465,609
Cost of sales	5,163,778
Gross profit	2,301,830
Selling, general and administrative expenses:	1,700,543
Operating income	601,286
Non-operating revenues:	
Interests	149
Dividends	2,390
Insurance benefit received and dividends	910
Commission fee	1,113
Others	1,679
Total	6,242
Non-operating expenses:	
Interests expenses	8,246
Commission fee	2,294
Loss on disposal of equipment and fixtures	3,152
Others	1,026
Total	14,720
Recurring profit	592,809
Extraordinary gain:	
Reversal of allowance for doubtful accounts	153
Total	153
Income before income taxes	592,962
Income taxes and enterprise taxes	108,900
Adjustment for income taxes	199,089
Minority interests	3,935
Net income	281,037

(3) Consolidated Statements of Cash Flows

	Thousands of yen
	Three months ended June 30, 2008
Cash flows from operating activities:	
Income before income tax and minority interests	592,962
Depreciation	213,061
Amortization of goodwill	71,137
Increase in employees' retirement benefits	7,218
Decrease in accrued employees' bonuses	(598,906)
Decrease in directors' bonuses	(26,994)
Decrease in allowance for doubtful accounts	(153)
Increase in allowance for point program	1,521
Interest and dividend income	(2,539)
Interest expenses	8,246
Disposal of equipment and fixtures	3,152
Decrease in notes and accounts receivable – trade	1,886,346
Increase in inventories	(737,803)
Decrease in accounts payable — trade	(312,407)
Decrease in accrued consumption taxes	(28,295)
Other	1,140,050
Sub total	2,216,599
Proceeds from interests and dividend income	2,591
Payment of interests Interest expenses paid	(6,733)
Payment of income taxes Income taxes paid	(756,783)
Cash flows from operating activities	1,455,674
Cash flows from investing activities:	
Payments for time deposits	(53,700)
Proceeds from time deposits	52,800
Payments for purchases of property and equipment	(150,575)
Payments for purchases of investment securities	(582)
Payments for loans	(500)
Proceeds from the loans collected	728
Payments for acquisition of intangible assets	(92,796)
Proceeds from refund of security deposits	1,144
Other	(31,574)
Net cash used in investing activities	(275,056)

	Thousands of yen
	Three months ended June 30, 2008
Cash flows from financing activities:	
Proceeds from short-term bank loans	1,005,000
Repayments of short-term bank loans	(2,410,840)
Repayments of long-term bank loans	(116,300)
Dividends paid	(385,752)
Net cash used in financing activities	(1,907,892)
Effect of exchange rate changes on cash and cash equivalents	(8,512)
Net decrease in cash and cash equivalents	(735,787)
Cash and cash equivalents at beginning of year	3,394,165
Cash and cash equivalents at end of year	2,658,378

From the subject fiscal year the Company has applied *Accounting Standard for Quarterly Financial Reporting* (ASBJ Statement No. 12) and *Guidance on Accounting Standard for Quarterly Financial Reporting* (ASBJ Guidance No. 14). Quarterly financial statements have been prepared in accordance with regulations regarding quarterly consolidated financial statements.

(4) Notes regarding premise of a going concern

Three months ended June 30, 2008

No applicable items.

(5) Segment Information

1. Business segment

Three months ended June 30, 2008

	Thousands of yen					
	Marketing Research and Consulting	System Solutions	Medical Development Solutions	Total	Eliminations or Corporation	Consolidation
Net sales and operating income:						
(1) Net sales to third parties	4,905,735	1,312,793	1,247,080	7,465,609	—	7,465,609
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Operating expenses	4,350,140	1,363,288	1,150,893	6,864,322	(—)	6,864,322
Operating income (loss)	555,595	(50,495)	96,186	601,286	—	601,286

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) Medical Development Solutions.....CRO, SMO

3. From the subject fiscal year the former Medical Solutions segment has been renamed Medical Development Solutions to more accurately reflect the business content of the segment.

2. Geographical segment information

For the three months ended June 30, 2008, geographical segment information is not disclosed because businesses within Japan occupied more than 90% of total sales (operating revenue) of all segments, and of total assets of all segments.

3. Overseas sales (Operating revenue)

For the three months ended June 30, 2008, overseas sales (operating revenue) is not disclosed because it was under 10% of consolidated sales (operating revenue).

(6) Note regarding Significant Change in Shareholders' Equity

Three months ended June 30, 2008

No applicable items.

Reference Materials

Results for the first quarter of fiscal 2008 (from April 1, 2007 to June 30, 2007)

1. Consolidated Statement of Income

	Thousands of yen
	Three months ended June 30, 2007
Net sales	7,124,410
Cost of sales	5,070,565
Gross profit	2,053,845
Selling, general and administrative expenses	1,648,393
Operating income	405,451
Non-operating revenues:	
Interests	202
Dividends	1,996
Insurance benefit received and dividends	207
Commission fee	1,168
Gain on redemption of corporate bonds	7,048
Others	4,732
Total	15,356
Non-operating expenses:	
Interests expenses	8,824
Commission fee	2,408
Loss on disposal of equipment and fixtures	1,977
Others	5,366
Total	18,578
Recurring profit	402,229
Extraordinary gain:	
Dividends of liquidated marketable securities	597
Total	597
Extraordinary loss:	
Removal expenses	8,754
Loss on sales of property and equipment	3,091
Total	11,846
Income before income taxes	390,980
Income taxes and enterprise taxes	56,676
Adjustment for income taxes	129,510
Loss on Minority interests	(4,201)
Net income	208,996

2. Consolidated Statement of Cash Flows

	Thousands of yen
	Three months ended June 30, 2007
Cash flows from operating activities:	
Income before income tax and minority interests	390,980
Depreciation	173,457
Amortization of goodwill	63,713
Decrease in employees' retirement benefits	(45,802)
Decrease in directors' and statutory auditors' retirement benefits	(6,300)
Decrease in accrued employees' bonuses	(559,648)
Decrease in directors' bonuses	(26,800)
Decrease in allowance for doubtful accounts	(597)
Interest and dividend income	(2,199)
Interest expenses	8,824
Removal expenses	4,074
Disposal of equipment and fixtures	1,977
Sales of shares of affiliates	3,091
Gain on redemption of marketable securities	(7,048)
Decrease in notes and accounts receivable – trade	1,706,555
Decrease (increase) in inventories	(643,395)
Decrease in accounts payable — trade	(320,882)
Decrease in accrued consumption taxes	(71,033)
Other	1,179,039
Sub total	1,848,006
Proceeds from interests and dividend income	2,122
Payment of interests Interest expenses paid	(10,368)
Payment of income taxes Income taxes paid	(843,664)
Cash flows from operating activities	996,095
Cash flows from investing activities:	
Payments for time deposits	(54,900)
Proceeds from time deposits	34,600
Payments for purchases of property and equipment	(69,765)
Payments for purchases of investment securities	(569)
Payments for loans	(500)
Proceeds from the loans collected	265
Payments for acquisition of intangible assets	(76,897)
Proceeds from sales of property and equipment	11,000
Proceeds from sale of marketable securities	300
Proceeds from redemption of marketable securities	37,048
Payments for security deposits	(238)
Proceeds from refund of security deposits	1,348
Other	(4,937)
Net cash used in investing activities	(123,246)

	Thousands of yen
	Three months ended June 30, 2007
Cash flows from financing activities:	
Proceeds from short-term bank loans	1,050,000
Repayments of short-term bank loans	(1,865,836)
Repayments of long-term bank loans	(150,140)
Dividends paid	(286,006)
Net cash used in financing activities	(1,251,982)
Effect of exchange rate changes on cash and cash equivalents	(760)
Net decrease in cash and cash equivalents	(379,894)
Cash and cash equivalents at beginning of year	2,721,032
Cash and cash equivalents at end of year	2,341,138

3. Segment Information

Business segment

Three months ended June 30, 2007

	Thousands of yen					
	Marketing Research and Consulting	System Solutions	Medical Solutions	Total	Eliminations or Corporation	Consolidation
Net sales and operating income						
(1) Net sales to third parties	4,706,512	1,454,445	963,452	7,124,410	—	7,124,410
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Operating expenses	4,321,572	1,499,147	898,238	6,718,958	(—)	6,718,958
Operating income	384,940	(44,702)	65,214	405,451	—	405,451

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) Medical Solutions.....CRO, SMO

Geographical segment information

For the three months ended June 30, 2007, geographical segment information is not disclosed because businesses within Japan occupied more than 90% of total sales (operating revenue) of all segments, and of total assets of all segments.

Overseas sales (Operating revenue)

For the three months ended June 30, 2007, overseas sales (operating revenue) is not disclosed because it was under 10% of consolidated sales (operating revenue).