

**INTAGE, Inc.**  
**Flash Report (Consolidated Basis)**  
**Results for the six months second quarter ended September 30, 2008**

Company Name: **INTAGE, Inc.** Stock listing: The Second Section of the Tokyo Stock Exchange Code  
number: 4326 URL <http://www.intage.co.jp>  
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Quarterly report filing date (Planned): November 14, 2008

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

**1. Consolidated Financial Results of Six Months ended September 30, 2008**

**(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	%
2008	16,307	—	1,577	—	1,548	—	829	—
2007	15,113	7.1	1,392	2.7	1,385	3.9	727	(9.2)

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	80.91	—
2007	70.10	—

**(2) Financial Position**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2008	20,975	10,724	50.6	1,035.69
March 31, 2008	21,261	10,288	47.9	994.41

(Reference) Total shareholders' equity: September 30, 2008: ¥10,612 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	%
Fiscal year	35,231	6.4	3,575	7.9	3,568	7.6

	Net income		Net income per share
	Millions of yen	%	Yen
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: Yes
4. Number of shares outstanding (Common share)
  - 1) Number of shares outstanding:  
September 30, 2009: 10,404,000 shares    March 31, 2008: 10,404,000 shares
  - 2) Number of treasury stock  
September 30, 2009: 157,109 shares    March 31, 2008: 157,109 shares
  - 3) Average number of shares outstanding for each period (cumulative term):  
Six months ended September 30    2008: 10,246,891 shares    2007: 10,372,629 shares

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.

Effective the fiscal year ending March 2009, the Company applies "Accounting Standard for Quarterly Reporting" (ASBJ Statement No. 12) and "Implementation Guidance for Accounting Standard for Quarterly Reporting" (ASBJ Guidance No. 14). The Company also prepares quarterly reports according to "Rules for Quarterly Consolidated Financial Statements."

## QUALITATIVE INFORMATION RELATED TO BUSINESS PERFORMANCE AND FINANCIAL STATEMENTS

INTAGE has applied accounting standards for quarterly reports from the subject fiscal year. Accordingly, year-on-year comparisons are provided in “1. Qualitative Information on Consolidated Operating Results” as a reference.

### 1. Qualitative Information on Consolidated Operating Results

For the second quarter of fiscal 2008 (the six-month period from April 1 to September 30, 2008) the INTAGE Group posted net sales of ¥16,307 million, up 7.9% from the same period of the previous fiscal year. Operating income totaled ¥1,577 million (up 13.3 %), with ordinary income of ¥1,548 million (up 11.8%) and net income of ¥829 million (up 14.0%).

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 for the sector as a whole was on a par with a year earlier due to a large conventional research project during the first quarter of the previous fiscal year. As a result, sales in the Marketing Research and Consulting segment amounted to ¥11,070 million (up 10.2% from the same period of the previous fiscal year), with operating income of ¥1,529 million (up 28.5%).

#### (2) System Solutions

INTAGE continued to strengthen the medical and other fields where it excels, as well as liquefy underperforming operations in existing business fields, but incurred expenses for the transition from a central computer to a more dispersed (server-based) system. As a result, net sales for the System Solutions segment amounted to ¥2,683 million (down 9.5% from the same period of the previous fiscal year), with an operating income of ¥90 million (compared to an operating loss of ¥50 million in the previous first half).

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 3.0% year on year, and increased 8.3% 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. At the same time, however, INTAGE made investments for future overseas business development. As a result, sales in the Drug Development Solutions segment amounted to ¥2,553 million (up 21.6% from the same period of the previous fiscal year), through operating income was ¥138 million (down 8.7%).

### 2. Qualitative Information on the Consolidated Financial Position

Total assets at the end of the subject second quarter (September 30, 2008) amounted to ¥20,975 million, a decline of ¥286 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 work-in-progress.

Total liabilities amounted to ¥10,250 million, a decline of ¥722 million from the end of the previous fiscal year. This was due mainly to decreases in account payable—trade, and short-term bank loans, offsetting an increase in accrued employee's bonuses, and the allocation of the August redemption of corporate bonds to long-term debt.

Total net assets amounted to ¥10,724 million, an increase of ¥435 million from the end of the previous fiscal year. Despite expenditures of ¥409 million in dividend payments related to business results in the previous fiscal year, Total net assets increased due to net income for the first half of ¥829 million.

### 3. Qualitative Information on Consolidated Forecasts

First half results have exceeded plan, but with the current sense of uncertainty regarding the economic outlook there are substantial elements that could affect second half performance. Consequently, we maintain our earnings forecasts for the full fiscal year 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 ¥85 million under property and equipment, with ¥6 million under intangible fixed assets. The impact of this change on profit and loss is minimal.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance sheets

	Thousands of yen	
	September 30, 2008	March 31, 2008
<b>ASSETS</b>		
Current assets:		
Cash and deposits	3,390,512	3,480,530
Note and accounts receivable—trade	5,300,106	6,453,783
Goods-in-process	2,425,994	1,656,404
Inventories of merchandise and supplies	43,614	25,458
Other	1,196,405	1,038,047
Less allowance for doubtful accounts	(3,029)	(2,810)
Total current assets	12,353,604	12,651,413
Fixed assets:		
Property and equipment		
Buildings and structures	1,903,596	1,917,383
Land	1,998,156	1,988,156
Other	556,781	430,308
Net property and equipment	4,458,535	4,345,848
Intangible fixed assets		
Goodwill	948,832	1,091,106
Other	906,915	988,356
Total intangible assets	1,855,748	2,079,463
Investments and other assets:		
Deferred income tax	1,010,778	1,042,512
Other	1,296,486	1,151,185
Allowance for doubtful accounts	-	(8,505)
Total investments and other assets	2,307,265	2,185,192
Total fixed assets	8,621,548	8,610,505
Total assets	20,975,153	21,261,918

	Thousands of yen	
	September 30, 2008	March 31, 2008
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable—trade	1,522,990	1,815,750
Short-term bank loans	2,457,140	2,787,420
Current portion of redemption of corporate bonds	-	1,000,000
Income taxes payable	784,577	794,676
Accrued employees' bonuses	1,518,976	1,361,118
Allowance for loss on cancellation of contracts	22,012	38,000
Allowance for point program	15,350	9,300
Other current liabilities	1,059,097	1,159,221
Total current liabilities	7,380,144	8,965,486
Long-term liabilities:		
Long-term bank loans	776,000	-
Retirement benefits	1,986,315	1,979,073
Retirement allowance for directors	29,000	29,000
Other long-term liabilities	79,507	-
Total long-term liabilities	2,870,822	2,008,073
Total liabilities	10,250,966	10,973,560
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	1,681,400	1,681,400
Capital surplus	1,336,688	1,336,688
Retained earnings	7,822,822	7,403,581
Treasury stock, at cost	(247,706)	(247,406)
Total shareholders' equity	10,593,504	10,174,263
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	17,832	13,409
Foreign currency translation adjustments	1,293	1,960
Total valuation and translation adjustments	19,126	15,369
Minority interests	111,555	98,725
Total net assets	10,724,186	10,288,358
Total liabilities and net assets	20,975,153	21,261,918

**(2) Consolidated Statements of Income**

	Thousands of yen
	Six months ended September 30, 2008
Net sales	16,307,910
Cost of sales	11,103,189
Gross profit	5,204,721
Selling, general and administrative expenses:	3,627,124
Operating income	1,577,597
Non-operating revenues:	
Interests	2,233
Dividends	7,750
Other	7,138
Total	17,122
Non-operating expenses:	
Interests expenses	18,829
Loss on disposal of equipment and fixtures	19,775
Other	7,735
Total	46,340
Recurring profit	1,548,379
Extraordinary gain:	
Reversal of allowance for doubtful accounts	8,277
Total	8,277
Income before income taxes	1,556,657
Income taxes and enterprise taxes	764,312
Adjustment for income taxes	(44,616)
Total	719,696
Minority interests	7,844
Net income	829,116

	Thousands of yen
	Three months ended September 30, 2008
Net sales	8,842,301
Cost of sales	5,939,410
Gross profit	2,902,891
Selling, general and administrative expenses:	1,926,581
Operating income	976,310
Non-operating revenues:	
Interests	2,084
Dividends	5,360
Other	3,435
Total	10,880
Non-operating expenses:	
Interests expenses	10,582
Loss on disposal of equipment and fixtures	16,622
Other	4,414
Total	31,620
Recurring profit	955,570
Extraordinary gain:	
Reversal of allowance for doubtful accounts	8,124
Total	8,124
Income before income taxes	963,694
Income taxes and enterprise taxes	655,412
Adjustment for income taxes	(243,706)
Total	411,706
Minority interests	3,908
Net income	548,079

**(3) Consolidated Statement of Cash Flows**

	Thousands of yen
	Six months ended September 30, 2008
Cash flows from operating activities:	
Income before income tax and minority interests	1,556,657
Depreciation	438,113
Amortization of goodwill	142,274
Increase in employees' retirement benefits	7,241
Increase in accrued employees' bonuses	157,858
Decrease in directors' bonuses	(15,988)
Decrease in allowance for doubtful accounts	(8,286)
Increase in allowance for point program	6,049
Interest and dividend income	(9,984)
Interest expenses	18,829
Disposal of equipment and fixtures	19,775
Decrease in notes and accounts receivable – trade	1,165,244
Increase in inventories	(787,516)
Decrease in accounts payable — trade	(305,857)
Decrease in accrued consumption taxes	(66,617)
Other	(135,951)
Sub total	2,181,842
Proceeds from interests and dividend income	10,036
Payment of interests Interest expenses paid	(16,105)
Payment of income taxes Income taxes paid	(771,151)
Cash flows from operating activities	1,404,622
Cash flows from investing activities:	
Payments for time deposits	(59,635)
Proceeds from time deposits	57,800
Payments for purchases of property and equipment	(330,894)
Payments for purchases of investment securities	(732)
Payments for loans	(500)
Proceeds from the loans collected	1,536
Payments for acquisition of intangible assets	(189,168)
Proceeds from redemption of security deposits	1,114
Payments for security deposits	(450)
Other	(12,625)
Net cash used in investing activities	(533,526)

	Thousands of yen
	Six months ended September 30, 2008
Cash flows from financing activities:	
Proceeds from short-term bank loans	2,905,000
Repayments of short-term bank loans	(3,426,680)
Proceeds from long-term bank loans	1,200,000
Repayments of long-term bank loans	(232,600)
Payments for redemption of corporate bonds	(1,000,000)
Dividends paid	(411,461)
Proceeds from minority shareholder payments	5,010
Other	(2,086)
Net cash used in financing activities	(962,818)
Effect of exchange rate changes on cash and cash equivalents	(130)
Net decrease in cash and cash equivalents	(91,852)
Cash and cash equivalents at beginning of year	3,394,165
Cash and cash equivalents at end of year	3,302,313

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

No applicable items.

#### (5) Segment Information

##### 1. Business segment

Three months ended September 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	6,164,792	1,370,877	1,306,631	8,842,301	—	8,842,301
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Operating expenses	5,191,163	1,410,943	1,263,883	7,865,991	(—)	7,865,991
Operating income (loss)	973,628	(40,066)	42,747	976,310	—	976,310

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.

Six months ended September 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	11,070,528	2,683,670	2,553,712	16,307,910	—	16,307,910
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Operating expenses	9,541,303	2,774,232	2,414,777	14,730,313	(—)	14,730,313
Operating income (loss)	1,529,224	(90,561)	138,934	1,577,597	—	1,577,597

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 September 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.

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

For the six months ended September 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**

No applicable items.

## Reference Materials

Results for the second quarter of fiscal 2007 (from April 1, 2007 to September 30, 2007)

### 1. Consolidated Statement of Income

	Thousands of yen
	Six months ended September 30, 2007
Net sales	15,113,066
Cost of sales	10,400,971
Gross profit	4,712,094
Selling, general and administrative expenses	3,319,225
Operating income	1,392,869
Non-operating revenues:	
Interests	1,798
Dividends	7,236
Commission fee	7,048
Other	9,178
Total	25,262
Non-operating expenses:	
Interests expenses	19,744
Loss on disposal of equipment and fixtures	2,031
Other	11,335
Total	33,111
Recurring profit	1,385,020
Extraordinary gain:	
Dividends of liquidated marketable securities	1,040
Loss on sales of property and equipment	5,893
Total	6,933
Extraordinary loss:	
Removal expenses	14,454
Loss on sales of property and equipment	3,091
Total	17,546
Income before income taxes	1,374,407
Income taxes and enterprise taxes	582,279
Adjustment for income taxes	39,995
Total	622,274
Minority interests	25,059
Net income	727,074

## 2. Consolidated Statement of Cash Flows

	Thousands of yen
	Six months ended June 30, 2007
Cash flows from operating activities:	
Income before income tax and minority interests	1,374,407
Depreciation	348,965
Amortization of goodwill	135,681
Decrease in employees' retirement benefits	(115,312)
Decrease in directors' and statutory auditors' retirement benefits	(6,300)
Increase in accrued employees' bonuses	157,701
Decrease in directors' bonuses	(16,600)
Decrease in allowance for doubtful accounts	(1,040)
Interest and dividend income	(9,035)
Interest expenses	19,744
Removal expenses	4,074
Disposal of equipment and fixtures	2,031
Sales of shares of affiliates	3,091
Gain on redemption of marketable securities	(7,048)
Decrease in notes and accounts receivable – trade	1,296,873
Decrease (increase) in inventories	(923,567)
Decrease in accounts payable — trade	(381,136)
Decrease in accrued consumption taxes	(65,987)
Other	(164,120)
Sub total	1,652,422
Proceeds from interests and dividend income	8,807
Payment of interests Interest expenses paid	(19,693)
Payment of income taxes Income taxes paid	(890,064)
Refund of income taxes	6,204
Cash flows from operating activities	757,677
Cash flows from investing activities:	
Payments for time deposits	(62,012)
Proceeds from time deposits	39,600
Payments for purchases of property and equipment	(109,189)
Payments for purchases of investment securities	(87,215)
Payments for loans	(1,500)
Proceeds from the loans collected	1,082
Payments for acquisition of intangible assets	(140,371)
Proceeds from sales of property and equipment	68,971
Proceeds from sale of marketable securities	300
Proceeds from redemption of marketable securities	37,048
Payments for security deposits	(4,240)
Proceeds from refund of security deposits	1,348
Other	(16,458)
Net cash used in investing activities	(272,637)

	Thousands of yen
	Six months ended June 30, 2007
Cash flows from financing activities:	
Proceeds from short-term bank loans	2,980,000
Repayments of short-term bank loans	(2,856,656)
Repayments of long-term bank loans	(311,960)
Dividends paid	(311,307)
Net cash used in financing activities	(499,923)
Effect of exchange rate changes on cash and cash equivalents	3,146
Net decrease in cash and cash equivalents	(11,736)
Cash and cash equivalents at beginning of year	2,721,032
Cash and cash equivalents at end of term	2,709,295

### 3. Segment Information Business segment

Six 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	10,046,131	2,966,443	2,100,492	15,113,066	—	15,113,066
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Operating expenses	8,856,027	2,915,865	1,948,303	13,720,196	(—)	13,720,196
Operating income	1,190,103	50,577	152,188	1,392,869	—	1,392,869

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