

**Flash Report (Consolidated Basis)**

**Results for the first quarter ended June 30, 2009**

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

Code number: 4326 URL <http://www.intage.co.jp>

Representative: Norio Taori, President and Representative Director

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Planned filing of an annual security report: August 12, 2009

Planned start of dividend payments: —

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

**1. Consolidated Financial Results of Three Months Ended June 30, 2009**

**(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	%
2009	7,377	(1.2)	521	(13.3)	501	(15.5)	220	(21.6)
2008	7,465	—	601	—	592	—	281	—

	Net income per share	Net income per share after dilution
	Yen	Yen
2009	21.51	—
2008	27.43	—

**(2) Financial Position**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2009	20,705	11,313	54.1	1,093.78
March 31, 2009	21,180	11,590	54.2	1,120.90

(Reference) Total shareholders' equity: June 30, 2009: ¥11,207 million, March 31, 2009: ¥11,485 million

**2. Dividends**

Year ended/ ending March 31

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2009	—	0.00	—	50.00	50.00
2010	—				
2010 (Forecast)		0.00	—	50.00	50.00

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



# QUALITATIVE INFORMATION RELATED TO BUSINESS PERFORMANCE AND FINANCIAL STATEMENTS

## 1. Qualitative Information on Consolidated Operating Results

For the first quarter of fiscal 2009 (the three-month period from April 1 to June 30, 2009), the INTAGE Group posted consolidated net sales of ¥7,377 million, down 1.2% from the same period of the previous fiscal year. Operating income totaled ¥521 million (down 13.3%), with recurring profit of ¥501 million (down 15.5%) and net income of ¥220 million (down 21.6%).

The results by business segment were as follows.

### (1) Marketing Research and Consulting

In the syndicated panel data services, revenues increased but earnings declined. While sales in the SRI (syndicated POS retail panel data), SPI (syndicated Promotion effectiveness measurement) and Rep Track (MR activities evaluation index) businesses continued to rise from the previous period, investments were made in the renewal of the SLI (syndicated female consumer panel data) for the development of next-generation consumer data.

In custom research services, revenues declined as the impact from the worsened business environment continued from the second half of the previous fiscal year, and under intensified competition with other companies.

As a result, sales in the Marketing Research and Consulting segment amounted to ¥4,790 million (down 2.4%), with operating income of ¥341 million (down 38.5%).

### (2) System Solutions

In the System Solutions segment, revenues decreased but earnings rose. Sales declined year-on-year because INTAGE eliminated unprofitable works, but profits rose from further reducing expenses and rationalizing operations.

As a result, sales in the System Solutions segment totaled ¥1,199 million (down 8.7%), with operating income of ¥5 million (compared with an operating loss of ¥50 million during the same period of the previous fiscal year).

### (3) Drug Development Solutions

In the Contract Research Organization (CRO) business, while monitoring services competition remained harsh from the second half of the previous fiscal year, data management and analysis services sales rose considerably, resulting in increased revenues and increased earnings overall.

As a result, sales in the Drug Development Solutions segment amounted to ¥1,387 million (up 11.3%), with operating income of ¥174 million (up 81.5%).

## 2. Qualitative Information on the Consolidated Financial Position

Total assets at the end of the subject first quarter (June 30, 2009) amounted to ¥20,705 million, a decline of ¥474 million from the end of the previous fiscal year (March 31, 2009). This was due mainly to decreases in notes receivable and accounts receivable-trade, offsetting an increase in work in progress.

Total liabilities amounted to ¥9,392 million, a decline of ¥197 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 bonuses, offsetting an increase in accounts payable-other.

Total net assets amounted to ¥11,313 million, a decline of ¥277 million from the end of the previous fiscal year. Despite posting net income for the first quarter of ¥220 million, net assets declined mainly due to ¥512 million in dividend payments for 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 from the second quarter. Our earnings forecasts announced on May 8, 2009 remain unchanged.

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 and 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)

No applicable items.

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

#### *Valuation of Inventories*

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

- (3) Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:

#### *Changes to the Accounting Standards for Revenues and Costs of Completed Construction Contracts*

In the past, INTAGE has adopted the completed-contract method as the standard for the posting of revenues on subcontracted works. From the subject first quarter consolidated accounting period, the Company has applied the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15; December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Guidance No. 18; December 27, 2007). Consequently, for construction works initiated from the subject first quarter the Company has adopted the percentage-of-completion method for the completed portions of construction contracts for which the outcome of construction activity is deemed certain, and the completed-contract method for all other construction works.

The effects of this change on the consolidated business results of the INTAGE Group will be negligible.

## 5. Consolidated Financial Statements

<b>(1) Consolidated Balance Sheets</b>	Thousands of yen	
	June 30, 2009	March 31, 2009
<b>ASSETS</b>		
Current assets:		
Cash and deposits	3,686,534	3,393,655
Note and accounts receivable-trade	4,602,513	6,299,126
Work-in-process	1,930,534	1,257,037
Stored item	41,561	40,162
Deferred tax assets	681,530	731,479
Other	530,470	390,816
Allowance for doubtful accounts	(2,563)	(2,689)
Total current assets	<b>11,470,581</b>	12,109,588
Noncurrent assets:		
Property and equipment:		
Buildings and structures, net	2,240,413	2,111,268
Equipment and fixtures, net	512,778	543,502
Lease assets, net	373,851	233,036
Land	1,998,156	1,998,156
Construction in progress	2,053	—
Other, net	202	221
Total property and equipment	<b>5,127,455</b>	4,886,186
Intangible assets:		
Goodwill	735,420	806,557
Other	989,393	997,811
Total intangible assets	<b>1,724,814</b>	1,804,369
Investments and other assets:		
Deferred tax assets	994,049	957,657
Other	1,388,522	1,422,434
Total investments and other assets	<b>2,382,572</b>	2,380,091
Total noncurrent assets	<b>9,234,842</b>	9,070,647
Total assets	<b>20,705,424</b>	21,180,236

Thousands of yen

	June 30, 2009	March 31, 2009
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable-trade	1,351,790	1,601,309
Short-term loans payable	1,428,130	1,942,300
Income taxes payable	201,439	831,196
Accrued employees' bonuses	724,210	1,321,194
Provision for loss on cancellation of contracts	6,800	27,800
Provision for point card certificates	55,302	36,743
Other	2,681,393	982,269
Total current liabilities	<b>6,449,065</b>	6,742,814
Noncurrent liabilities:		
Long-term loans payable	458,000	564,000
Provision for retirement benefits	2,134,906	2,058,220
Provision for directors' retirement benefits	29,000	29,000
Other	321,078	195,621
Total noncurrent liabilities	<b>2,942,984</b>	2,846,841
Total liabilities	<b>9,392,050</b>	9,589,656
<b>NET ASSETS</b>		
Shareholders' equity:		
Capital stock	1,681,400	1,681,400
Capital surplus	1,336,688	1,336,688
Retained earnings	8,430,283	8,722,229
Treasury stock	(247,406)	(247,406)
Total shareholders' equity	<b>11,200,966</b>	11,492,911
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	15,869	10,418
Deferred gains or losses on hedges	—	1,947
Foreign currency translation adjustments	(8,961)	(19,498)
Total valuation and translation adjustments	<b>6,907</b>	(7,132)
Minority interests	<b>105,500</b>	104,800
Total net assets	<b>11,313,374</b>	11,590,580
Total liabilities and net assets	<b>20,705,424</b>	21,180,236

**(2) Consolidated Statements of Income**

Three months ended June 30

Thousands of yen

	2008	2009
Net sales	7,465,609	<b>7,377,151</b>
Cost of sales	5,163,778	<b>5,076,780</b>
Gross profit	2,301,830	<b>2,300,370</b>
Selling, general and administrative expenses:	1,700,543	<b>1,779,027</b>
Operating income	601,286	<b>521,343</b>
Non-operating revenues:		
Interest income	149	<b>119</b>
Dividends income	2,390	<b>2,500</b>
Other	3,703	<b>4,277</b>
Total non-operating revenues	6,242	<b>6,896</b>
Non-operating expenses:		
Interests expenses	8,246	<b>8,396</b>
Commission fee	—	<b>2,464</b>
Foreign exchange losses	—	<b>13,434</b>
Loss on disposal of equipment and fixtures	3,152	<b>14</b>
Other	3,320	<b>2,840</b>
Total non-operating expenses	14,720	<b>27,150</b>
Recurring profit	592,809	<b>501,089</b>
Extraordinary gain:		
Reversal of allowance for doubtful accounts	153	<b>125</b>
Total extraordinary gain	153	<b>125</b>
Extraordinary loss:		
Loss on revision of retirement benefit plan	—	<b>78,433</b>
Total extraordinary loss	—	<b>78,433</b>
Income before income taxes	592,962	<b>422,781</b>
Income taxes-current	108,900	<b>192,395</b>
Income taxes-deferred	199,089	<b>9,817</b>
Total income taxes	307,990	<b>202,212</b>
Minority interests	3,935	<b>169</b>
Net income	281,037	<b>220,398</b>

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

Three months ended June 30

Thousands of yen

	2008	2009
Cash flows from operating activities:		
Income before income taxes	592,962	422,781
Depreciation and amortization	213,061	224,385
Amortization of goodwill	71,137	71,137
Loss on revision of retirement benefit plan	—	78,433
Increase (decrease) in provision for retirement benefits	7,218	(1,748)
Increase (decrease) in provision for bonuses	(598,906)	(596,984)
Increase (decrease) in provision for directors' bonuses	(26,994)	(21,000)
Decrease in allowance for doubtful accounts	(153)	(125)
Increase in provision for point card certificates	1,521	18,558
Interest and dividends income	(2,539)	(2,619)
Interest expenses	8,246	8,396
Loss on disposal of equipment and fixtures	3,152	14
Decrease (increase) in notes and accounts receivable-trade	1,886,346	1,752,766
Decrease (increase) in inventories	(737,803)	(673,855)
Increase (decrease) in notes and accounts payable-trade	(312,407)	(368,827)
Increase (decrease) in accrued consumption taxes	(28,295)	(36,470)
Other	1,140,050	1,400,361
Sub total	2,216,599	2,275,204
Interest and dividends income received	2,591	2,619
Interests expenses paid	(6,733)	(8,700)
Income taxes paid	(756,783)	(744,602)
Net cash provided by operating activities	1,455,674	1,524,521
Cash flows from investing activities:		
Payments into time deposits	(53,700)	(53,700)
Proceeds from withdrawal of time deposits	52,800	52,800
Purchases of property and equipment	(150,575)	(8,357)
Purchases of investment securities	(582)	(640)
Payments for loans receivable	(500)	(1,390)
Collection of loans receivable	728	397
Purchase of intangible assets	(92,796)	(137,301)
Proceeds from collection of guarantee deposits	1,144	30
Payments for guarantee deposits	—	(1,786)
Other	(31,574)	3,320
Net cash used in investing activities	(275,056)	(146,626)

*(Continued on page 9)*

Three months ended June 30	Thousands of yen	
	2008	2009
Cash flows from financing activities:		
Increase in short-term loans payable	1,005,000	<b>1,000,000</b>
Repayments of short-term loans payable	(2,410,840)	<b>(1,510,000)</b>
Repayments of long-term loans payable	(116,300)	<b>(110,170)</b>
Cash dividends paid	(385,752)	<b>(457,135)</b>
Repayments of lease obligations	—	<b>(15,938)</b>
Net cash used in financing activities	(1,907,892)	<b>(1,093,244)</b>
Effect of exchange rate changes on cash and cash equivalents	(8,512)	<b>7,328</b>
Net increase (decrease) in cash and cash equivalents	(735,787)	<b>291,978</b>
Cash and cash equivalents at beginning of term	3,394,165	<b>3,303,611</b>
Cash and cash equivalents at end of term	2,658,378	<b>3,595,589</b>

#### (4) Notes regarding premise of a going concern

Three months ended June 30, 2009

No applicable items.

#### (5) Business Information

##### 1. By Type of Business

Three months ended June 30, 2008

	Thousands of yen					
	Marketing Research and Consulting	System Solutions	Drug 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: Syndicated panel data, Custom research

(2) System Solutions: System development, Operation and maintenance management

(3) Drug Development Solutions: CRO, SMO

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

Three months ended June 30, 2009

	Thousands of yen					
	Marketing Research and Consulting	System Solutions	Drug Development Solutions	Total	Eliminations or Corporation	Consolidation
Net sales and operating income:						
(1) Net sales to third parties	4,790,302	1,199,043	1,387,805	7,377,151	—	7,377,151
(2) Intra-group net sales and transfers	—	—	—	—	(—)	—
Operating expenses	4,448,745	1,193,839	1,213,222	6,855,808	(—)	6,855,808
Operating income	341,557	5,203	174,582	521,343	—	521,343

Notes: 1. The segments adopted below are those used for internal control purposes.

2. Major operations by segment

(1) Marketing Research and Consulting: Syndicated panel data, Custom research

(2) System Solutions: System development, Operation and maintenance management

(3) Drug Development Solutions: CRO, SMO

##### 2. Geographical segment information

For the three months ended June 30, 2008 and 2009, geographical segment information is not disclosed because businesses within Japan occupied more than 90% of total sales of all segments, and of total assets of all segments.

**3. Overseas sales (Operating revenue)**

For the three months ended June 30, 2008 and 2009, overseas sales is not disclosed because it was under 10% of consolidated sales.

**(6) Note regarding Significant Change in Shareholders' Equity**

Three months ended June 30, 2009

No applicable items.