

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the three months ended June 30, 2013

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: August 12, 2013 Planned start of dividend payments: —
 Preparation of supplementary explanations of quarterly financial results: None
 Quarterly financial results presentation held: None

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

1. Consolidated Financial Results of Three Months Ended June 30, 2013

(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	%
2013	8,725	4.5	231	60.6	199	137.9	33	—
2012	8,349	12.3	144	10.2	83	(23.1)	(35)	—

(Note) Comprehensive income: Three months ended June 30, 2013: ¥169 million, 301.0 %;
 Three months ended June 30, 2012: ¥42 million, (31.8) %

	Net income per share	Net income per share after dilution
	Yen	Yen
2013	3.31	—
2012	(3.53)	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2013	28,680	15,193	52.6
March 31, 2013	29,398	15,493	52.5

(Reference) Total shareholders' equity: June 30, 2013: ¥15,100 million, March 31, 2013: ¥15,432 million

2. Dividends

Year ended March 31, 2013/ Year ending March 31, 2014

	Annual dividend				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2013	—	0.00	—	50.00	50.00
2014	—				
2014 (Forecast)		0.00	—	27.50	27.50

(Note) Revisions to the most recently disclosed dividend forecasts: Yes

(Note) As announced in "Notice of Stock Split, Partial Changes to Articles of Incorporation with the Stock Split, and Revision to Dividend Forecast" released August 8, 2013, the Company intends to implement a stock split on October 1, 2013 at a ratio of two shares for each share of common stock. Accordingly, the projected annual dividend for the year ending March 2014 is stated considering the impact from this stock split.

3. Forecasts for Fiscal Year ending March 31, 2014

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	19,765	8.9	1,125	6.5	1,003	0.7
Fiscal year	43,052	7.8	3,606	9.0	3,383	5.3

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	485	(2.7)	48.28
Fiscal year	1,861	48.9	92.55

(Note) Revisions to the most recently disclosed earnings forecasts: None

(Note) As announced in "Notice of Stock Split, Partial Changes to Articles of Incorporation with the Stock Split, and Revision to Dividend Forecast" released August 8, 2013, the Company intends to implement a stock split on October 1, 2013 at a ratio of two shares for each share of common stock. Accordingly, the projected net income per share for the full fiscal year is stated considering the impact from this stock split.

Notes

- 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
- Adoption of special accounting policy for quarterly financial reporting: None
- Changes in accounting rules, accounting estimates and retrospective restatements in the consolidated financial statements
 - Changes in accordance with revisions to accounting standards: None
 - Changes other than 1) above: None
 - Changes in accounting estimates: None
 - Retrospective restatements: None
- Number of shares issued and outstanding (Common share)

	Three months ended June 30, 2013	Year ended March 31, 2013
1) Number of shares issued (including treasury stock)	10,404,000	10,404,000
2) Number of treasury stock	347,509	347,509
		Three months ended June 30, 2012
3) Average number of shares issued for each period	10,056,491	10,056,569

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. Regarding the forecast of financial results, please refer to "Explanation of Consolidated Performance Forecasts and other Projected Information" on page 4.

As announced in "Notice of Stock Split, Partial Changes to Articles of Incorporation with the Stock Split, and Revision to Dividend Forecast" released August 8, 2013, the Company intends to implement a stock split on October 1, 2013 at a ratio of two shares for each share of common stock. Accordingly, the projected dividends and net income per share in the performance projections are stated considering the impact from this stock split.

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

(1) Explanation of Operating Results

During the first quarter period of fiscal 2014 (April 1, 2013 to June 30, 2013), in the Japanese economy domestic demand held firm from the effects of monetary easing and various economic stimulus measures by the government and the Bank of Japan, and there were bright signs toward economic recovery with the further depreciation of the yen and the rise in share prices. Nevertheless, anxiety about the global economy continued and the outlook remained unclear.

Under these conditions, during the subject first quarter period the INTAGE Group posted consolidated net sales of ¥8,725 million (up 4.5% from the same period of the previous fiscal year), with operating income of ¥231 million (up 60.6%), recurring profit of ¥199 million (up 137.9%) and net income of ¥33 million (compared to a net loss of ¥35 million in the same period of the previous fiscal year).

The results by business segment were as follows.

1) Market Research and Consulting

In syndicated panel data services, revenues and earnings both increased. Sales of SCI-personal (nationwide individual consumer panel data) and SRI (syndicated POS retail panel data) remained firm, and earnings also rose from higher sales and lower investment expenses as i-SSP (INTAGE Single Source Panel) services were initiated.

In custom research, sales were steady at all strategic business units (SBUs) for both conventional and Internet research from the strengthening and advancement of industry-specific strategies.

As a result, sales in the Marketing Research and Consulting segment amounted to ¥6,231 million (up 8.3% year on year), with operating income of ¥271 million (up 98.2%).

2) System Solutions

In System Solutions, revenue and earnings both rose as corporate investment in IT systems recovered while the Company held down expenses and improved operating efficiency.

As a result, sales in the System Solutions segment amounted to ¥1,009 million (up 2.4% year on year), with operating income of ¥9 million (compared to an operating loss of ¥42 million in the same period of the previous fiscal year).

3) Drug Development Solutions

In Drug Development Solutions, revenue and earnings declined in both monitoring services and data management and analysis services from decreased new orders under intensified competition and increased leading investment in international business.

As a result, sales in the Drug Development Solutions segment amounted to ¥1,484 million (down 7.8% year on year), with an operating loss of ¥49 million (compared to an operating profit of ¥50 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Assets

Current assets decreased ¥494 million from the end of the previous fiscal year (March 31, 2013) to ¥17,775 million. While cash and deposits increased ¥995 million and work in progress rose ¥671 million, notes and accounts receivable—trade declined ¥2,226 million.

Noncurrent assets decreased ¥222 million from the end of the previous fiscal year to ¥10,905 million. Lease assets, net, declined ¥88 million, other intangible assets were down ¥87 million and buildings and structures, net, fell ¥46 million.

As a result, total assets decreased ¥717 million to ¥28,680 million.

Liabilities

Current liabilities decreased ¥360 million from the end of the previous fiscal year to ¥7,369 million. While other current liabilities increased ¥1,523 million, income taxes payable declined ¥1,099 million, accrued employees' bonuses fell ¥646 million and accounts payable—trade were down ¥231 million.

Long-term liabilities decreased ¥57 million from the end of the previous fiscal year to ¥6,117 million. This was mostly because other long-term liabilities declined ¥66 million.

As a result, total liabilities decreased ¥417 million to ¥13,487 million.

Net Assets

Total net assets decreased ¥300 million from the end of the previous fiscal year to ¥15,193 million. While foreign currency translation adjustments rose ¥137 million and minority interests increased ¥32 million, retained earnings declined ¥469 million from dividend payments related to business results from the previous fiscal year.

(3) Explanation of Consolidated Performance Forecasts and other Projected Information

Consolidated performance forecasts for the cumulative second quarter and the full fiscal year (ending March 31, 2014) are unchanged from those announced in the May 10, 2013 release "Flash Report [Japanese GAAP] (Consolidated Basis) Results for fiscal year ended March 31, 2013."

* 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 (NOTES)

(1) Significant changes in subsidiaries during the subject fiscal year

Not applicable

(2) Adoption of special accounting policy for quarterly financial reporting

Not applicable

(3) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements

Not applicable

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

Thousands of yen

	March 31, 2013	June 30, 2013
ASSETS		
Current assets:		
Cash and deposits	5,986,046	6,942,015
Note and accounts receivable—trade	9,278,009	7,051,684
Work in progress	1,314,762	1,986,260
Stored item	56,439	58,742
Deferred tax assets	1,161,411	1,000,576
Other current assets	477,695	740,474
Less allowance for doubtful accounts	(4,699)	(4,699)
Total current assets	18,269,665	17,775,054
Noncurrent assets:		
Property and equipment:		
Buildings and structures, net	2,028,588	1,981,755
Equipment and fixtures, net	371,300	356,680
Land	1,998,156	1,998,156
Lease assets, net	742,850	654,287
Other, net	29	494
Property and equipment, net	5,140,925	4,991,374
Intangible assets:		
Goodwill	1,142,536	1,150,516
Other intangible assets	1,353,623	1,266,109
Total intangible fixed assets	2,496,159	2,416,625
Investments and other assets:		
Investment in securities	1,070,569	1,040,176
Deferred income tax	1,225,437	1,251,007
Other	1,195,681	1,206,601
Total investments and other assets	3,491,688	3,497,785
Total noncurrent assets	11,128,773	10,905,785
Total assets	29,398,439	28,680,840

	March 31, 2013	June 30, 2013
LIABILITIES		
Current liabilities:		
Accounts payable—trade	1,729,578	1,497,725
Short-term bank loans	461,602	567,683
Lease obligations	358,152	327,679
Income taxes payable	1,176,162	76,419
Accrued employee's bonuses	1,435,119	788,781
Allowance for point program	756,417	780,130
Accrued directors' bonuses	6,100	1,152
Other current liabilities	1,806,710	3,330,118
Total current liabilities	7,729,843	7,369,689
Long-term liabilities:		
Long-term borrowings	3,100,000	3,075,000
Retirement benefits	2,563,987	2,598,703
Retirement allowance for directors	29,000	29,000
Other long-term liabilities	481,647	414,655
Total long-term liabilities	6,174,635	6,117,359
Total liabilities	13,904,478	13,487,048
NET ASSETS		
Shareholders' equity:		
Common stock	1,681,400	1,681,400
Capital surplus	1,336,688	1,336,688
Retained earnings	12,873,127	12,403,576
Treasury stock, at cost	(533,056)	(533,056)
Total shareholders' equity	15,358,159	14,888,608
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	22,346	21,627
Foreign currency translation adjustments	52,013	189,899
Total valuation and translation adjustments	74,359	211,527
Minority interests	61,441	93,655
Total net assets	15,493,960	15,193,791
Total liabilities and net assets	29,398,439	28,680,840

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

Consolidated Statements of Operations

Three months ended June 30	Thousands of yen	
	2012	2013
Net sales	8,349,028	8,725,561
Cost of sales:	6,372,881	6,550,381
Gross profit	1,976,146	2,175,180
Selling, general and administrative expenses:	1,831,782	1,943,286
Operating income	144,364	231,893
Non-operating revenues:		
Interests income	480	1,413
Dividends income	2,823	24,867
Others	18,003	5,623
Total	21,307	31,905
Non-operating expenses:		
Interests expenses	14,627	11,138
Equity in losses of affiliates	38,063	30,162
Foreign exchange losses	20,542	12,199
Others	8,514	10,654
Total	81,747	64,155
Recurring profit	83,924	199,644
Extraordinary loss:		
Loss on transfer of business	—	13,626
Loss on cancellation of lease contracts	96,643	—
Total	96,643	13,626
Income (loss) before income taxes	(12,719)	186,017
Income taxes and enterprise taxes	28,552	19,224
Adjustment for income taxes	(3,587)	135,651
Total	24,964	154,876
Income (loss) before minority interests	(37,683)	31,141
Minority interests in loss	(2,198)	(2,134)
Net income (loss)	(35,485)	33,276

Consolidated of Comprehensive Income

Three months ended June 30	Thousands of yen	
	2012	2013
Income (loss) before minority interests	(37,683)	31,141
Other comprehensive income:		
Valuation difference on available-for-sale securities	690	(718)
Foreign currency translation adjustments	79,303	139,233
Total of other comprehensive income	79,993	138,514
Comprehensive income	42,309	169,656
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	43,751	170,443
Comprehensive income attributable to minority interests	(1,441)	(787)

(3) Note to Financial Statements

Note on Assumptions for Going Concern

Not applicable

Note in the Event of Major Change in Shareholders' Equity

Not applicable.

(4) Segment Information

Business Segment

1. Three months ended June 30, 2012

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	5,752,269	986,639	1,610,119	8,349,028
Intra-group net sales and transfers	—	—	—	—
Total	5,752,269	986,639	1,610,119	8,349,028
Operating income (loss)	137,065	(42,849)	50,149	144,364

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

2. Items Concerning Changes, Etc. in Reported Segments

As stated in "Changes in Accounting Policies Difficult to Distinguish from Changes in Accounting Estimates," in accordance with revisions to the Corporation Tax Act, from the first quarter of the subject fiscal year the Company and its consolidated subsidiaries changed the accounting policy for property and equipment acquired on or after April 1, 2012 to the depreciation method based on the revised Corporation Tax Act.

The effect on consolidated financial statements is negligible.

2. Three months ended June 30, 2013

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	6,231,239	1,009,854	1,484,467	8,725,561
Intra-group net sales and transfers	—	—	—	—
Total	6,231,239	1,009,854	1,484,467	8,725,561
Operating income (loss)	271,632	9,751	(49,490)	231,893

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

(5) Material Subsequent Events

Stock Split

The issuance of new stock from a stock split was approved at the Board of Directors meeting held August 8, 2013 as follows.

(1) Purpose of the Stock Split

The purpose is to arrange an environment that makes it easier to invest and to increase the range of investors by decreasing the price per investment unit and increasing share liquidity.

(2) Outline of the Stock Split

1) Split Method

Split of the Company's common stock at a ratio of two shares for every one share for shares owned by the last shareholders of record in the shareholder registry on September 30, 2013.

2) Share Increase from the Stock Split

Total number of shares outstanding as of September 30, 2013:	10,404,000 shares
Number of shares increased from the stock split:	10,404,000 shares
Total number of shares outstanding after the stock split:	20,808,000 shares
Maximum number of shares outstanding after the stock split:	74,000,000 shares

(3) Share Split Schedule

The split will come into effect from October 1, 2013, with September 30, 2013 as the record date.

(4) Impact on Per Share Information

The per share information would be as follows if the stock split had taken place at the beginning of the previous fiscal year.

Per share quarterly net income, etc.

Item	Three months ended June 30	
	2012	2013
Net income (loss) per share	(1.76)	1.65

(Note) The fully diluted per share quarterly net income (loss) is not stated because there are no convertible securities.

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