

**Flash Report [Japanese GAAP] (Consolidated Basis)**

Results for the Nine months ended December 31, 2013

Company Name: **INTAGE HOLDINGS, Inc.** Stock listing: The First Section of the Tokyo Stock Exchange  
 Code number: 4326 URL <http://www.intageholdings.co.jp/>  
 Representative: Kenji Miyakubi, President and Representative Director  
 Contact person: Kenji Ikeya, Corporate Officer, Director of Finance & IR Department Tel: +81-3-5294-7411  
 Planned filing of a quarterly report: February 14, 2014 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 Nine Months Ended December 31, 2013**

**(1) Operating Results**

Nine months ended December 31

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	28,889	2.6	1,920	(8.8)	1,838	(10.9)	913	(20.1)
2012	28,145	8.6	2,105	10.0	2,062	9.6	1,143	35.7

(Note) Comprehensive income: Nine months ended December 31, 2013: ¥1,050 million, (8.6) %;  
 Nine months ended December 31, 2012: ¥1,149 million, 54.9 %

	Net income per share	Net income per share after dilution
	Yen	Yen
2013	45.44	—
2012	56.84	—

(Note) On October 1, 2013 the Company implemented a stock split at a ratio of two shares for each share of common stock. The net income per share for the quarter is calculated assuming this stock split took place at the beginning of the previous consolidated fiscal year.

**(2) Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2013	29,834	16,115	53.7
March 31, 2013	29,398	15,493	52.5

(Reference) Total shareholders' equity: December 31, 2013: ¥16,014 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	—	0.00	—		
2014 (Forecast)				27.50	27.50

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

(Note) On October 1, 2013 the Company implemented a stock split at a ratio of two shares for each share of common stock. The (projected) year-end 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	%
Fiscal year	43,052	7.8	3,606	9.0	3,383	5.3

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	1,861	48.9	92.55

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

(Note) On October 1, 2013 the Company implemented a stock split at a ratio of two shares for each share of common stock. The (projected) net income per share for the fiscal year is stated considering the impact from this stock split.

#### Notes

1. Significant changes in subsidiaries during the subject period (Transfer of particular subsidiaries following a change in the scope of consolidation): None  
Additions: None                      Deletions: None
2. Adoption of special accounting policy for quarterly financial reporting: None
3. Changes in Accounting Policies, Changes in Accounting Estimates, Restatements:
  - 1) Changes in accordance with revisions to accounting standards: None
  - 2) Changes other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatements: None

#### 4. Number of shares issued and outstanding (Common share)

	Nine months ended December 31, 2013	Year ended March 31, 2013
1) Number of shares issued (including treasury stock)	20,808,000	20,808,000
2) Number of treasury stock	695,052	695,018
		Nine months ended December 31, 2012
3) Average number of shares issued for each period	20,112,969	20,113,060

(Note) On October 1, 2013 the Company implemented a stock split at a ratio of two shares for each share of common stock. The number of shares outstanding (common stock) is calculated assuming this stock split took place at the beginning of the previous consolidated fiscal year.

#### Indication of quarterly review procedure implementation status

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 implemented a stock split on October 1, 2013 at a ratio of two shares for each share of common stock. Accordingly, the net income per share for the quarter, the (projected) year-end dividend for the year ending March 2014, the (projected) net income per share for the fiscal year in the consolidated performance projections and the number of shares outstanding (common stock) 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 third-quarter cumulative period of fiscal 2014 (the nine-month period from April 1, 2013 to December 31, 2013), the Japanese economy showed a wide-ranging upturn from the effects of various economic stimulus measures by the government and monetary easing by the Bank of Japan, with a gradual recovery trend. Nevertheless, the situation continues to warrant careful monitoring with downside risks from the consumption tax rate increase and the various problems in the global economy.

Under these conditions, during the nine months ended December 31, 2013 the INTAGE Group posted consolidated net sales of ¥28,889 million (up 2.6% from the same period of the previous fiscal year), with operating income of ¥1,920 million (down 8.8%), recurring profit of ¥1,838 million (down 10.9%), and net income of ¥913 million (down 20.1%).

The results by business segment were as follows.

### 1) Marketing Research and Consulting

In syndicated panel data services, revenues and earnings both increased. Sales of SCI-personal (nationwide individual consumer panel data) and of i-SSP (INTAGE Single Source Panel), which collects and analyzes purchasing and media/advertisement exposure data, rose and investment expenses declined.

In custom research, sales were steady for both conventional and Internet research. As a result, sales in the Marketing Research and Consulting segment amounted to ¥20,880 million (up 5.2% year on year), with operating income of ¥1,892 million (up 3.1%).

### 2) System Solutions

In System Solutions, revenue and earnings both rose as new and existing orders and conditions remained firm with a recovery in corporate investment in IT systems.

As a result, sales in the System Solutions segment amounted to ¥3,410 million (up 3.2% year on year), with operating income of ¥112 million (compared to an operating loss of ¥31 million in the same period of the previous fiscal year).

### 3) Drug Development Solutions

In Drug Development Solutions, revenue and earnings both declined. While orders received in the end of the first half began to contribute and there were signs of improvement in both monitoring and data management and analysis services, these were not sufficient to cover the weak performance for the whole first half.

As a result, sales in the Drug Development Solutions segment amounted to ¥4,599 million (down 8.0% year on year), with an operating loss of ¥84 million (compared to an operating loss of ¥301 million in the same period of the previous fiscal year).

## **(2) Explanation of Financial Position**

### **Assets**

Current assets increased ¥553 million from the end of the previous fiscal year (March 31, 2013) to ¥18,822 million. While notes and accounts receivable-trade declined ¥1,397 million, work in progress rose ¥1,636 million.

Noncurrent assets decreased ¥116 million from the end of the previous fiscal year to ¥11,011 million. This was mostly because buildings and structures, net declined ¥133 million.

As a result, total assets increased ¥436 million to ¥29,834 million.

### **Liabilities**

Current liabilities decreased ¥337 million from the end of the previous fiscal year to ¥7,392 million. While other current liabilities rose ¥851 million and short-term bank loans increased ¥161million, income taxes payable decreased ¥827 million and accrued employee's bonuses declined ¥715 million.

Long-term liabilities increased ¥152 million from the end of the previous fiscal year to ¥6,327 million. This was mostly because retirement benefits rose ¥124 million.

As a result, total liabilities decreased ¥184 million to ¥13,719 million.

### **Net Assets**

Total net assets increased ¥621 million from the end of the previous fiscal year to ¥16,115 million. This was because retained earnings increased ¥411 million and foreign currency translation adjustments rose ¥170 million.

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

Consolidated performance forecasts for 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 period**

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	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and deposits	5,986,046	<b>5,984,887</b>
Note and accounts receivable—trade	9,278,009	<b>7,880,242</b>
Work in progress	1,314,762	<b>2,950,841</b>
Stored item	56,439	<b>52,530</b>
Deferred tax assets	1,161,411	<b>936,929</b>
Other current assets	477,695	<b>1,017,551</b>
Less allowance for doubtful accounts	(4,699)	<b>—</b>
Total current assets	18,269,665	<b>18,822,983</b>
Noncurrent assets:		
Property and equipment:		
Buildings and structures, net	2,028,588	<b>1,894,872</b>
Equipment and fixtures, net	371,300	<b>368,052</b>
Land	1,998,156	<b>1,998,156</b>
Lease assets, net	742,850	<b>748,717</b>
Other, net	29	<b>7</b>
Property and equipment, net	5,140,925	<b>5,009,806</b>
Intangible assets:		
Goodwill	1,142,536	<b>1,258,019</b>
Other intangible assets	1,353,623	<b>1,216,484</b>
Total intangible fixed assets	2,496,159	<b>2,474,504</b>
Investments and other assets:		
Investment in securities	1,070,569	<b>981,032</b>
Deferred income tax	1,225,437	<b>1,275,997</b>
Other	1,195,681	<b>1,270,612</b>
Total investments and other assets	3,491,688	<b>3,527,642</b>
Total noncurrent assets	11,128,773	<b>11,011,953</b>
Total assets	29,398,439	<b>29,834,936</b>

	March 31, 2013	December 31, 2013
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable—trade	1,729,578	<b>1,868,560</b>
Short-term bank loans	461,602	<b>623,343</b>
Lease obligations	358,152	<b>327,574</b>
Income taxes payable	1,176,162	<b>348,930</b>
Accrued employee's bonuses	1,435,119	<b>720,027</b>
Allowance for point program	756,417	<b>841,896</b>
Accrued directors' bonuses	6,100	<b>4,001</b>
Other current liabilities	1,806,710	<b>2,657,882</b>
Total current liabilities	<b>7,729,843</b>	<b>7,392,217</b>
Long-term liabilities:		
Long-term borrowings	3,100,000	<b>3,097,450</b>
Retirement benefits	2,563,987	<b>2,688,466</b>
Retirement allowance for directors	29,000	<b>29,000</b>
Lease obligations	481,647	<b>512,550</b>
Total long-term liabilities	<b>6,174,635</b>	<b>6,327,467</b>
Total liabilities	<b>13,904,478</b>	<b>13,719,685</b>
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	1,681,400	<b>1,681,400</b>
Capital surplus	1,336,688	<b>1,336,688</b>
Retained earnings	12,873,127	<b>13,284,232</b>
Treasury stock, at cost	(533,056)	<b>(533,097)</b>
Total shareholders' equity	<b>15,358,159</b>	<b>15,769,222</b>
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	22,346	<b>23,644</b>
Foreign currency translation adjustments	52,013	<b>221,550</b>
Total valuation and translation adjustments	<b>74,359</b>	<b>245,195</b>
Minority interests	61,441	<b>100,833</b>
Total net assets	<b>15,493,960</b>	<b>16,115,251</b>
Total liabilities and net assets	<b>29,398,439</b>	<b>29,834,936</b>

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

### Consolidated Statements of Income

Nine months ended December 31	Thousands of yen	
	2012	2013
Net sales	28,145,210	<b>28,889,502</b>
Cost of sales:	20,517,913	<b>21,218,327</b>
Gross profit	7,627,296	<b>7,671,175</b>
Selling, general and administrative expenses:	5,521,455	<b>5,750,212</b>
Operating income	2,105,841	<b>1,920,962</b>
Non-operating revenues:		
Interests income	2,620	<b>3,917</b>
Dividends income	4,767	<b>26,911</b>
Insurance benefit received and dividends	27,422	<b>15,404</b>
Others	35,504	<b>41,343</b>
Total	70,315	<b>87,577</b>
Non-operating expenses:		
Interests expenses	43,543	<b>37,897</b>
Equity in losses of affiliates	48,726	<b>94,617</b>
Commission fee	7,803	<b>7,508</b>
Loss on disposal of equipment and fixtures	9,353	<b>11,526</b>
Foreign exchange losses	2,898	<b>6,517</b>
Others	1,515	<b>12,127</b>
Total	113,840	<b>170,196</b>
Recurring profit	2,062,315	<b>1,838,343</b>
Extraordinary income:		
Gain on step acquisitions	10,224	—
Gain on bargain purchase	27,080	—
Total	37,305	—
Extraordinary loss:		
Loss on transfer of business	—	<b>13,626</b>
Loss on cancellation of lease contracts	96,643	—
Total	96,643	<b>13,626</b>
Income before income taxes	2,002,977	<b>1,824,716</b>
Income taxes and enterprise taxes	657,393	<b>773,581</b>
Adjustment for income taxes	203,656	<b>173,308</b>
Total	861,049	<b>946,890</b>
Income before minority interests	1,141,927	<b>877,826</b>
Minority interests in income (loss)	(1,291)	<b>(36,102)</b>
Net income	1,143,219	<b>913,929</b>

## Consolidated of Comprehensive Income

Nine months ended December 31	Thousands of yen	
	2012	2013
Income before minority interests	1,141,927	<b>877,826</b>
Other comprehensive income:		
Valuation difference on available-for-sale securities	3,244	<b>1,298</b>
Foreign currency translation adjustments	4,028	<b>170,974</b>
Total of other comprehensive income	<u>7,273</u>	<u><b>172,273</b></u>
Comprehensive income	<u>1,149,201</u>	<u><b>1,050,099</b></u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,150,137	<b>1,084,764</b>
Comprehensive income attributable to minority interests	(936)	<b>(34,665)</b>

### (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. Nine Months Ended December 31, 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	19,843,293	3,303,611	4,998,305	28,145,210
Intra-group net sales and transfers	—	—	—	—
Total	19,843,293	3,303,611	4,998,305	28,145,210
Operating income (loss)	1,836,270	(31,608)	301,179	2,105,841

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. Nine Months Ended December 31, 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	20,880,139	3,410,138	4,599,225	28,889,502
Intra-group net sales and transfers	—	—	—	—
Total	20,880,139	3,410,138	4,599,225	28,889,502
Operating income (loss)	1,892,927	112,991	(84,957)	1,920,962

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

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