

Flash Report [Japanese GAAP] (Consolidated Basis)
Results for fiscal year ended March 31, 2014

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
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 Date of the General Meeting of the Shareholders: June 20, 2014
 Planned filing of an annual security report: June 20, 2014 Planned start of dividend payments: June 23, 2014
 Preparation of supplementary explanations of financial results: Yes
 Quarterly financial results presentation held: Yes

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

1. Consolidated Performance
(1) Operating Results

Years ended March 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	%
2014	42,508	6.5	3,505	5.9	3,382	5.3	1,642	31.4
2013	39,930	8.9	3,309	14.7	3,213	12.4	1,249	(5.7)

(Note) Comprehensive income: Year ended March 31, 2014: ¥1,935 million, 34.8%, Year ended March 31, 2013: ¥1,435 million, 15.3%

	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2014	81.66	—	10.1	10.7	8.2
2013	62.15	—	8.4	11.2	8.3

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2014: ¥(107) million, Year ended March 31, 2013: ¥(90) million

(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

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2014	33,740	17,171	50.5	846.49
2013	29,398	15,493	52.5	767.29

(Reference) Total shareholders' equity: March 31, 2014: ¥17,025 million, March 31, 2013: ¥15,432 million,

(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.

(3) Cash Flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2014	3,612	(1,151)	(592)	7,926
2013	3,433	(1,332)	(960)	5,906

2. Dividends

Years ended/ending March 31

	Dividends per share					Total amount of dividends (for the entire fiscal year) Millions of yen	Payout ratio %	Dividends-to-net assets ratio %
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen			
2013	—	0.00	—	50.00	50.00	502	40.2	3.4
2014	—	0.00	—	27.50	27.50	553	33.7	3.4
2015 (Forecast)	—	0.00	—	30.00	30.00		—	

(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, 2015

As announced in the April 14, 2014 press release "Notice of Transfer of Business to a New Company through a Company Split (Absorption-type Company Split), and Transfer of the Subject New Company's Shares," the Company's subsidiary ASKLEP Inc. will turn over its clinical development and ancillary businesses to the new company A2 Healthcare Corporation, which ASKLEP established as a wholly owned subsidiary (and which changed its name from AKP Inc. as of May 1, 2014), effective June 2, 2014, and on that same day transfer all the issued shares of the successor company to ITOCHU Corporation.

For that reason the consolidated performance forecast for the fiscal year ending March 31, 2015 needs to be adjusted for the assets and other items to be transferred until the transfer is completed, and at the present point in time the amount of the impact on business performance is unconfirmed, so the performance forecast will be released as soon as the performance outlook becomes clear.

Notes

- 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
- Changes in Accounting Policies, Changes in Accounting Estimates, Restatements:
 - Changes in accordance with revisions to accounting standards: Yes
 - Changes other than 1) above: None
 - Changes in accounting estimates: None
 - Retrospective restatements: None
- Number of shares issued and outstanding (Common share)

	Years ended March 31	
	2014	2013
1) Number of shares issued and outstanding (including treasury stock)	20,808,000	20,808,000
2) Number of treasury stock	695,052	695,018
3) Average number of shares outstanding for each period	20,112,964	20,113,041

(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.

(Reference) Flash Report (Non-Consolidated Basis)

Results for fiscal year ended March 31, 2014

1. Non-Consolidated Performance

(1) Operating Results

Years ended March 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	%
2014	13,965	(49.8)	984	(57.0)	1,193	(50.2)	845	7.0
2013	27,795	3.3	2,289	2.7	2,398	1.0	790	(39.1)

	Net income per share	Net income per share after dilution
	Yen	Yen
2014	42.04	—
2013	39.30	—

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2014	18,380	12,352	67.2	614.17
2013	24,680	12,118	49.1	602.54

(Reference) Total shareholders' equity: March 31, 2014: ¥12,352 million, March 31, 2013: ¥12,118 million,

(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.

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 5.

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1. ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

(1) Analysis of Operating Results

1) Overview of Fiscal 2014 (ended March 31, 2014)

In fiscal 2014, while there was downward risk from such global economic trends as the European debt problem and a slowdown in newly industrializing economies and resource-rich countries, in the Japanese economy personal consumption and other domestic demand held firm with the effects of various economic stimulus measures by the government and monetary easing by the Bank of Japan.

In the information services industry which the INTAGE Group is part of, sales are generally posting year-on-year increases each month according to the *Survey of Selected Services Industries* prepared by the Ministry of Economy, Trade and Industry (METI).

Under these conditions, INTAGE HOLDINGS shifted to a holding company structure from October 1, 2013 to clarify the authorities and responsibilities of each Group company to facilitate agile and flexible management decision making and realize a robust corporate constitution. With the basic Group policy of "Establish overwhelming competitive advantages in priority areas," we worked toward achieving the various goals.

As a result of these developments, sales and profits both increased. Consolidated net sales for fiscal 2014 amounted to ¥42,508 million (up 6.5% year on year), with operating income of ¥3,505 million (up 5.9%), recurring profit of ¥3,382 million (up 5.3%) and net income of ¥1,642 million (up 31.4%).

The results by business segment were as follows.

Marketing Research and Consulting

In Marketing Research and Consulting, sales and profits both increased with year-on-year increases in sales of SCI-personal (nationwide individual consumer panel data) and of i-SSP (INTAGE Single Source Panel) at INTAGE, Inc. as well as firm performance in the prescription data analysis service of Japan Medical Information Research Institute, Inc.

"Mighty Monitor" began operations from January 2014 as a new service with a maximum of 4.14 million Internet survey monitors, combining survey participants managed by DOCOMO InsightMarketing, INC. based NTT DOCOMO's Premier Club members with INTAGE Cue monitors.

Overseas, we established INTAGE SINGAPORE PTE. LTD. (Singapore) in June 2013, made Consumer Search Hong Kong Limited (Hong Kong) into a subsidiary in August, and established PT. INTAGE INDONESIA (Indonesia) in November, expanding our business foundations.

As a result of these developments, sales in the Market Research and Consulting segment amounted to ¥30,572 million (up 7.9% year on year), with operating income of ¥3,021 million (up 5.6%).

System Solutions

In System Solutions, sales and profits both increased with a recovery in corporate systems investment and firm orders at INTAGE Inc. and INTAGE NAGANO Inc.

As a result, sales in the System Solutions segment amounted to ¥5,661 million (up 14.0% year on year), with operating income of ¥489 million (up 222.9%).

Drug Development Solutions

In Drug Development Solutions, sales and profits both declined. Various efforts were made to cover the decline in orders at the start of the year and the expenses from leading investments in

international business. These led to sporadic signs of improvement in both the monitoring business and the data management business in the second half, but they were not sufficient to compensate for the weak tone in the first half.

As a result, sales in the Drug Development Solutions segment amounted to ¥6,274 million (down 5.5% year on year), with an operating loss of ¥5 million (compared with operating income of ¥296 million the previous fiscal year).

2) Forecast for Fiscal 2015 (ending March 31, 2015)

As for the future outlook, based on the 11th Medium-Term Management Plan which begins from fiscal 2015 (April 1, 2014 – March 31, 2015), we will review the main businesses of each company to generate free funds for further investment, and aim at building up solid revenue foundations.

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Assets

Current assets increased ¥3,456 million from the end of the previous fiscal year (March 31, 2013) to ¥21,726 million. This was mostly because cash and deposits increased ¥1,957 million and notes and accounts receivable-trade rose ¥552 million.

Noncurrent assets rose ¥884 million from the end of the previous fiscal year to ¥12,013 million. This was mostly because of the posting of ¥827 million in retirement assets.

As a result, total assets increased ¥4,341 million to ¥33,740 million.

Liabilities

Current liabilities increased ¥4,952 million from the end of the previous fiscal year to ¥12,681 million. This was mostly because short-term bank loans increased ¥3,431 million and accounts payable-trade rose ¥691 million.

Long-term liabilities declined ¥2,288 million to ¥3,886 million. This is mostly because of a decline of ¥3,063 million in long-term borrowings.

As a result, total liabilities increased ¥2,664 million to ¥16,568 million.

Net Assets

Total net assets increased ¥1,677 million from the end of the previous fiscal year to ¥17,171 million. This was mostly because while net assets declined ¥502 million from payments of dividends for the previous term, retained earnings rose ¥1,139 million from the posting of net income, and foreign currency translation adjustments rose ¥298 million.

Cash Flows

Cash and cash equivalents (“cash”) as of March 31, 2014 totaled ¥7,926 million, an increase of ¥2,020 million from the end of the previous year. In detail, there was ¥3,612 million in cash generated by operating activities versus ¥1,151 million in cash used in investing activities and ¥592 million in cash used in financing activities.

Cash Flow from Operating Activities

Cash provided by operating activities amounted to ¥3,612 million, an increase of ¥178 million from the previous fiscal year. This was mostly because while impairment loss declined and inventories

rose, the increase in notes and accounts receivable-trade declined and the increase in notes and accounts payable-trade rose.

Cash Flow from Investing Activities

Cash used in investing activities amounted to ¥1,151 million, which was ¥181 million less than in the previous fiscal year. This was mostly because of lower expenditures for the acquisition of intangible noncurrent assets.

Cash Flow from Investing Activities

Cash used in financing activities amounted to ¥592 million, which was ¥367 million less than in the previous fiscal year. This was mostly because while proceeds from long-term borrowings decreased, expenditures for repayment of short-term and long-term borrowings declined and proceeds from short-term borrowings rose.

(Reference) Trends in cash flow indices

Years ended March 31

	2012	2013	2014
Equity ratio (%)	52.3	52.5	50.5
Equity ratio, based on market value (%)	59.1	79.7	81.7
Cash flow/ Interest-bearing debt (%)	124.5	103.7	108.8
Interest coverage ratio	57.5	60.6	70.3

Equity ratio=total shareholders' equity/total assets

Equity ratio based on market value: Total market value of stocks/total assets

Cash flow/Interest-bearing debt: interest-bearing debt/operating cash flows

Interest coverage ratio: operating cash flows/interest payments

*1. All indices are calculated on a consolidated basis.

*2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total amount of outstanding stock at the end of the term (excluding treasury stock).

*3. "Operating cash flows" refers to cash flows used in operating activities.

*4. "Interest-bearing debt" refers to all debts listed in the consolidated balance sheets on which the Company pays interest. "Interest payments" denotes interest payments as reflected in the consolidated cash flow statements.

(3) Basic Policy on Earnings Distribution

The INTAGE Group's basic policy is to distribute earnings in consideration of the balance between dividends and retained earnings, based on the consolidated results which reflect the success of the Group's management. INTAGE HOLDINGS considers the return of earnings to shareholders to be one of its highest management priorities, and has paid dividends at a consolidated payout ratio of around 25%. Retained earnings are used for investment to continually enhance the Group's growth and earnings capacity. Our aim is to provide greater returns to shareholders through efforts to enhance performance.

For fiscal 2014, INTAGE HOLDINGS plans to pay a year-end dividend of ¥27.50 per share (for a consolidated payout ratio of 33.7%). For fiscal 2015, INTAGE HOLDINGS is planning to maintain this amount with a year-end dividend of ¥30.00 per share.

2. MANAGEMENT POLICIES

(1) Basic Policy on Management

THE INTAGE WAY is the foundation of the INTAGE Group's management.

THE INTAGE WAY

Significance of the INTAGE Group: Creating intelligence that empowers the global society of tomorrow.

Vision of the INTAGE Group: Through our expertise in information and system solution technologies, the INTAGE Group makes a valuable contribution to the business success of our clients. As a result, people's lives are enriched and we contribute to the sustainable development of global society.

Fundamental Values: Maintaining Our Values as a "Matomo"* Company.

*"Matomo" means "Decent and Serious-minded."

- Success in achieving high customer satisfaction and competitive advantage are our driving forces for growth.
Therefore, we focus all our efforts to improve the performance of both individuals and the whole organization.
- We are on the frontlines of innovation and take an aggressive approach to creating intelligence in an ever changing environment.
- We are continuously developing new processes for improving quality and precision to fulfill our responsibilities for data accountability.
- We enable management transparency through active information sharing and mutual respect.
- We recognize our responsibilities as a business entity as well as a social entity to contribute positively to society and our stakeholders.

Principles: Self-Sustainability as Professionals

- To make conscientious efforts and to fulfill our obligations in order to solve our clients' business issues.
- To empower imaginative abilities and creative skills through diverse values, respect for individuals and an open and vigorous company culture.
- To realize self-management by understanding clients' expectations and the targets of the organization in order to contribute to the development of the organization.
- To create intelligence based on understanding "Genba"; what actually happens where client's do business and combining it with consumer's viewpoints .
- To gain insights and drive international business through "Sumikomi" and adopting global best practices.

"Sumikomi" = "indwelling"; it means to be fully immersed and really understand the customs and culture.

(2) Management Indices

The INTAGE Group's fundamental goal is to achieve growth and profitability. INTAGE HOLDINGS conducts corporate management with the aim of continually enhancing sales and operating margins. From a shareholder-oriented standpoint, we also consider net income per share to be an important indicator.

(3) Medium- to Long-term Management Strategies

The INTAGE Group switched to a holding company structure from October 2013, and launched our 11th Medium-Term Management Plan this April, which has fiscal 2015 (April 1, 2014 – March 31, 2015) as the initial year.

The 11th Medium-term Management Plan adopts “consumer originated” and “fastidious attention to data” as keywords, with a review of the main businesses of each company to generate free funds for further investment, and aims at building up solid revenue foundations. The priority investment areas under the 10th Medium-term Management Plan “mobile, global, and healthcare” will now enter the investment recovery phase.

With “using renovation and innovation” (consumer understanding) as our greatest weapon for further growth” as the Group's basic policy, we will address the following objectives as priorities during the 11th Medium-term Management Plan: (1) boost market value by reinforcing mainline businesses, (2) achieve steady growth in the mobile, single source, global and healthcare fields, (3) seek and establish new business models transcending “research,” and (4) strengthen the management of strategic planning and implementation from optimal perspectives.

(4) Issues to be Addressed

According to “Economy of Japan 2013-2014” (Cabinet Office) while there are downward risks including the hike in the consumption tax this April and the downturn on overseas economies, the Japanese economy is expected to continue the gradual recovery seen last fiscal year.

Also according to the “Information and Communications White Paper” (Prime Minister's Office), “Utilizing the latest ICT trends of Smart ICT, including mobile, cloud, Big Data and social media is indispensable for realizing vigor and growth in Japan.” So we believe catching up with the latest ICT trends will lead to the overall growth of the INTAGE Group.

Accordingly, this April INTAGE NAGANO Inc. was revised organizationally as an operating company to lead improvements to the entire Group's IT foundations and systems development services, and began operations as INTAGE TECHNOSPHERE Inc. Along with the progress of IT technology, the quality and volume of information surrounding consumers has also increased dramatically. Supported by these trends, we will work to enhance services that only the INTAGE Group, with our orientation to consumer originated data, can provide.

In the global economy, growth in China and ASEAN economies is expected to be gradual or at a low rate, with large differences from country to country. We recognize it may be necessary to adapt to the circumstances in each country. INTAGE HOLDINGS Inc. has established a Regional Office in Thailand (Bangkok) for the integrated management of business strategies at each overseas base upgraded during the period of the 10th Medium-Term Management Plan (fiscal 2012 – fiscal 2014). The Regional Office will work to strengthen both the sales force and the product appeal in collaboration the concerned departments in Japan.

With the recent conspicuous changes in the healthcare environment and health needs, we will continue working toward Group synergy in the healthcare field with “pioneering patient-originated

next-generation healthcare marketing” as a common vision for all INTAGE Group companies involved.

Under our new holding company structure, the INTAGE Group is working to strengthen the management of strategic planning and implementation from optimal perspectives, further accelerate the growth of each business, and boost the corporate value of the INTAGE Group as a whole.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

At March 31

Thousands of yen

	2013	2014
ASSETS		
Current assets:		
Cash and deposits	5,986,046	7,943,759
Note and accounts receivable—trade	9,278,009	9,830,446
Work in progress	1,314,762	1,453,724
Stored item	56,439	45,682
Deferred tax assets	1,161,411	1,132,052
Other current assets	477,695	1,321,189
Less allowance for doubtful accounts	(4,699)	(519)
Total current assets	18,269,665	21,726,335
Fixed assets:		
Property and equipment:		
Buildings and structures	6,233,990	6,339,196
Accumulated depreciation	(4,205,401)	(4,482,812)
Net buildings and structures	2,028,588	1,856,383
Equipment and fixtures	1,502,021	1,544,841
Accumulated depreciation	(1,130,720)	(1,128,474)
Net equipment and fixtures	371,300	416,366
Land	1,998,156	1,998,156
Lease assets	1,570,246	1,475,208
Accumulated depreciation	(827,396)	(754,462)
Net lease assets	742,850	720,746
Other	420	420
Accumulated depreciation	(390)	(419)
Net other	29	0
Net property and equipment	5,140,925	4,991,652
Intangible fixed assets:		
Goodwill	1,142,536	1,345,256
Other intangible assets	1,353,623	1,222,813
Total intangible fixed assets	2,496,159	2,568,070
Investments and other assets:		
Investment in securities	1,070,569	965,748
Deferred income tax	1,225,437	1,373,076
Net defined benefit asset	—	827,425
Other	1,195,681	1,287,736
Total investments and other assets	3,491,688	4,453,986
Total fix assets	11,128,773	12,013,710
Total assets	29,398,439	33,740,045

	2013	2014
LIABILITIES		
Current liabilities:		
Accounts payable—trade	1,729,578	2,421,006
Short-term bank loans	461,602	3,893,056
Lease obligations	358,152	314,165
Income taxes payable	1,176,162	1,407,293
Accrued employee's bonuses	1,435,119	1,505,417
Allowance for point program	756,417	867,010
Accrued directors' bonuses	6,100	3,000
Other current liabilities	1,806,710	2,270,995
Total current liabilities	7,729,843	12,681,944
Long-term liabilities:		
Long-term borrowings	3,100,000	37,000
Retirement benefits	2,563,987	—
Retirement allowance for directors	29,000	29,000
Net defined benefit liability	—	3,321,845
Lease obligations	481,647	498,712
Total long-term liabilities	6,174,635	3,886,557
Total liabilities	13,904,478	16,568,501
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	14,012,756
Treasury stock, at cost	(533,056)	(533,097)
Total shareholders' equity	15,358,159	16,497,746
Valuation and translation adjustments:		
Unrealized gains on securities, net of taxes	22,346	21,738
Foreign currency translation adjustments	52,013	350,706
Remeasurements of defined benefit plans	—	155,211
Total valuation and translation adjustments	74,359	527,656
Minority interests	61,441	146,140
Total net assets	15,493,960	17,171,543
Total liabilities and net assets	29,398,439	33,740,045

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

Consolidated Statements of Income

Years ended March 31

Thousands of yen

	2013	2014
Net sales	39,930,705	42,508,819
Cost of sales:	29,121,697	31,107,494
Gross profit	10,809,007	11,401,324
Selling, general and administrative expenses:	7,499,962	7,895,468
Operating income	3,309,045	3,505,855
Non-operating revenues:		
Interests income	4,679	6,413
Dividends income	4,767	26,924
Insurance benefit received and dividends	28,530	16,461
Commission for insurance office work	3,920	3,762
Others	39,980	46,349
Total	81,879	99,910
Non-operating expenses:		
Interests expenses	56,661	51,398
Equity in losses of affiliates	90,428	107,200
Commission fee	10,307	9,855
Loss on disposal of equipment and fixtures	10,787	15,957
Foreign exchange losses	4,066	25,262
Others	5,532	14,047
Total	177,783	223,721
Recurring profit	3,213,141	3,382,045
Extraordinary income:		
Gain on step acquisitions	10,224	—
Gain on bargain purchase	39,241	—
Gain on sales of subsidiaries and affiliates' stocks	43,507	—
Total	92,973	—
Extraordinary loss:		
Impairment loss	605,389	38,555
Loss on transfer of business	—	13,626
Loss on cancellation of lease contracts	96,643	—
Total	702,033	52,182
Income before income taxes	2,604,081	3,329,862
Income taxes and enterprise taxes	1,600,773	1,851,773
Adjustment for income taxes	(249,949)	(152,806)
Total	1,350,824	1,698,967
Income before minority interests	1,253,257	1,630,895
Minority interests in income (loss)	3,271	(11,558)
Net income	1,249,985	1,642,453

Consolidated of Comprehensive Income

Years ended March 31	Thousands of yen	
	2013	2014
Income before minority interests	1,253,257	1,630,895
Other comprehensive income:		
Valuation difference on available-for-sale securities	9,733	(607)
Foreign currency translation adjustments	172,880	304,794
Total of other comprehensive income	182,614	304,186
Comprehensive income	1,435,872	1,935,081
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,431,377	1,940,538
Comprehensive income attributable to minority interests	4,495	(5,457)

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013

Thousands of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	1,681,400	1,336,688	12,125,969	(532,923)	14,611,134
Change in the fiscal year:					
Dividends from surplus	—	—	(502,828)	—	(502,828)
Net income	—	—	1,249,985	—	1,249,985
Purchase of treasury stock	—	—	—	(132)	(132)
Net changes of items other than shareholders' equity					
Total	—	—	—	—	—
Balance at the current year-end	—	—	747,157	(132)	747,024
	1,681,400	1,336,688	12,873,127	(533,056)	15,358,159

Thousands of yen

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total		
Balance at the previous year-end	12,612	(119,643)	—	(107,031)	13,333	14,517,437
Change in the fiscal year:						
Dividends from surplus	—	—	—	—	—	(502,828)
Net income	—	—	—	—	—	1,249,985
Purchase of treasury stock	—	—	—	—	—	(132)
Net changes of items other than shareholders' equity						
Total	9,733	171,657	—	181,391	48,107	229,498
Balance at the current year-end	9,733	171,657	—	181,391	48,107	976,523
	22,346	52,013	—	74,359	61,441	15,493,960

Year ended March 31, 2014 Thousands of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	1,681,400	1,336,688	12,873,127	(533,056)	15,358,159
Change in the fiscal year:					
Dividends from surplus	—	—	(502,824)	—	(502,824)
Net income	—	—	1,642,453	—	1,642,453
Purchase of treasury stock	—	—	—	(41)	(41)
Change of scope of equity method					
Net changes of items other than shareholders' equity	—	—	—	—	—
Total	—	—	1,139,629	(41)	1,139,587
Balance at the current year-end	1,681,400	1,336,688	14,012,756	(533,097)	16,497,746

Thousands of yen

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total		
Balance at the previous year-end	22,346	52,013	—	74,359	61,441	15,493,960
Change in the fiscal year:						
Dividends from surplus	—	—	—	—	—	(502,824)
Net income	—	—	—	—	—	1,642,453
Purchase of treasury stock	—	—	—	—	—	(41)
Change of scope of equity method						
Net changes of items other than shareholders' equity	(607)	298,692	155,211	453,296	84,699	537,995
Total	(607)	298,692	155,211	453,296	84,699	1,677,583
Balance at the current year-end	21,738	350,706	155,211	527,656	146,140	17,171,543

(4) Consolidated Statements of Cash Flows

Years ended March 31

Thousands of yen

	2013	2014
Cash flows from operating activities:		
Income before income tax and minority interests	2,604,081	3,329,862
Depreciation	1,467,198	1,445,126
Impairment loss	605,389	38,555
Amortization of goodwill	258,863	205,592
Increase (decrease) in employee's retirement benefits	198,076	—
Decrease (increase) in net defined benefit asset	—	(827,425)
Increase (decrease) in net defined benefit liability	—	756,148
Increase (decrease) in accrued employees' bonuses	65,704	69,983
Increase in directors' bonuses	6,100	(3,100)
Increase (decrease) in allowance for doubtful accounts	—	(4,196)
Increase in allowance for point program	137,191	110,592
Interest and dividend income	(9,447)	(33,337)
Interest expenses	56,661	51,398
Equity in (earnings) losses of affiliates	90,428	107,200
Loss on retirement of equipment and fixtures	10,787	15,957
Loss (gain) on sales of stocks of subsidiaries and affiliates	(43,507)	—
Loss (gain) on step acquisitions	(10,224)	—
Gain on bargain purchase	(39,241)	—
Decrease (increase) in notes and accounts receivable-trade	(749,945)	(167,802)
Decrease (increase) in inventories	169,220	(104,578)
Increase (decrease) in notes and accounts payable-trade	139,792	641,181
Increase (decrease) in accrued consumption taxes	(350)	189,030
Other	689	(577,975)
Sub total	4,957,467	5,242,213
Proceeds from interests and dividend income	9,447	32,600
Payment of interests Interest expenses paid	(56,844)	(50,919)
Payment of income taxes Income taxes paid	(1,476,231)	(1,611,325)
Net cash provided by operating activities	3,433,839	3,612,569

(Continued on page 18)

	2013	2014
Cash flows from investing activities:		
Payments into time deposits	—	(15,796)
Proceeds from withdrawal of time deposits	—	80,000
Payments for purchases of property and equipment	(269,375)	(209,021)
Payments for acquisition of intangible assets	(891,223)	(546,721)
Payments for purchases of investment securities	(1,908)	(1,981)
Payments for loans	(1,990)	(1,400)
Proceeds from the loans collected	1,096	1,883
Payments of long-term loans receivable	—	(46,760)
Proceeds from sales of stocks of subsidiaries and affiliates	91,748	—
Payments for transfer of business	—	(33,000)
Purchase of investments in affiliates resulting in change in scope of consolidation	(251,985)	(372,123)
Payments for security deposits	(19,651)	(39,426)
Proceeds from refund of security deposits	4,775	22,131
Other	5,743	10,728
Net cash used in investing activities	(1,332,771)	(1,151,487)
Cash flows from financing activities:		
Proceeds from short-term loans payable	1,347,020	1,746,488
Repayments of short-term loans payable	(2,247,020)	(1,470,489)
Proceeds from long-term loans payable	3,000,000	100,000
Repayments of long-term loans payable	(2,210,000)	(127,000)
Proceeds from stock issuance to minority shareholders	—	52,309
Repayments of lease obligations	(346,891)	(389,119)
Payments for acquisition of treasury stock	(132)	(41)
Dividends paid	(503,478)	(503,614)
Cash dividends paid to minority shareholders	—	(1,300)
Net cash used in financing activities	(960,503)	(592,767)
Effect of exchange rate changes on cash and cash equivalents	55,944	152,088
Net increase in cash and cash equivalents	1,196,508	2,020,402
Cash and cash equivalents at beginning of year	4,599,824	5,906,046
Increase in cash and cash equivalents resulting from merger	109,713	—
Cash and cash equivalents at end of year	5,906,046	7,926,449

(5) Notes to Consolidated Financial Statements

Note on Assumptions for Going Concern

Not applicable

Changes in Accounting Policies

From the end of the subject consolidated fiscal period, the Company has applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012, “Retirement Benefits Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012, “Retirement Benefits Guidance”) (but excluding the provisions in the body of Item 35 of the Retirement Benefits Accounting Standard and in the body of Item 67 of the Retirement Benefits Guidance). The Company has changed to a method of recording the amount of retirement benefit obligations less pension assets as liabilities pertaining to retirement benefits, and has recorded the transition obligation, unrecognized actuarial loss and unrecognized prior service cost, as liabilities pertaining to retirement benefits.

As a result, at the end of the subject fiscal year, the Company recorded ¥827,425 thousand in net defined benefit asset and ¥3,321,845 thousand in net defined benefit liability. Accumulated other comprehensive income (AOCI) increased ¥155,211 thousand.

The effect on per share information is presented in the relevant section.

Segment Information

1. Outline of Reportable Segments

The Company's reportable segments are constituent units for which separate financial data can be obtained, and are the subject of periodic examinations by the Board of Directors to determine the allocation of management resources and to evaluate business performance.

The INTAGE Group is engaged in the multiple businesses of marketing research and consulting, system solutions, and drug development solutions, and has categorized its operations into the three reportable segments Marketing Research and Consulting, System Solutions, and Drug Development Solutions considering the types and nature of the services provided, the similarity of the sales markets, and other factors.

The Marketing Research and Consulting segment provides syndicated panel data services and custom research services. The System Solutions segment provides system development, operation, maintenance and management services. The Drug Development Solutions segment comprises the Contract Research Organization (CRO) businesses.

2. Basis of Measurement Regarding the Amounts of Sales, Profits, Losses, Assets, Liabilities and Other Items by Reportable Segment

Reportable segment income represents operating income.

3. Information Regarding the Amounts of Sales, Profits, Losses, Assets, Liabilities and Other Items by Reportable Segment

Year ended March 31, 2013

Thousands of yen

	Reporting Segment				Adjustment	Total
	Marketing Research and Consulting	System Solutions	Drug Development Solutions	Total		
Net sales:						
Net sales to third parties	28,327,461	4,964,304	6,638,938	39,930,705	—	39,930,705
Intra-group net sales and transfers	—	—	—	—	—	—
Total	28,327,461	4,964,304	6,638,938	39,930,705	—	39,930,705
Operating income	2,860,716	151,690	296,638	3,309,045	—	3,309,045
Assets	17,913,018	2,515,716	4,144,889	24,573,624	4,824,814	29,398,439
Others:						
Depreciation	1,048,002	222,847	173,605	1,444,456	—	1,444,456
Increase in property and equipment and intangible assets	1,181,118	137,686	31,770	1,350,576	—	1,350,576

Notes: 1. The segment assets adjustment of ¥4,824,814 thousand comprises ¥4,824,814 thousand in group-wide assets not allocated to a particular reportable segment.

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

Year ended March 31, 2014

Thousands of yen

	Reporting Segment				Adjustment	Total
	Marketing Research and Consulting	System Solutions	Drug Development Solutions	Total		
Net sales:						
Net sales to third parties	30,572,370	5,661,549	6,274,899	42,508,819	—	42,508,819
Intra-group net sales and transfers	—	—	—	—	—	—
Total	30,572,370	5,661,549	6,274,899	42,508,819	—	42,508,819
Operating income	3,021,493	489,758	(5,395)	3,505,855	—	3,505,855
Assets	18,533,213	2,865,784	4,292,027	25,691,025	8,049,020	33,740,045
Others:						
Depreciation	1,142,867	203,968	82,638	1,429,474	—	1,429,474
Increase in property and equipment and intangible assets	1,030,367	81,740	69,190	1,181,298	—	1,181,298

Notes: 1. The segment assets adjustment of ¥8,049,020 thousand comprises ¥8,049,020 thousand in group-wide assets not allocated to a particular reportable segment.

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

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