Note: This English translation is solely for reference purposes and not a legally definitive translation of the original Japanese text. In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

February 3, 2011

Consolidated Financial Results for the Third Quarter of FY 2010 (Japan GAAP)

Name of Listed Company:	Information Services International-Dentsu, Ltd.
Listed Exchange:	Tokyo
Code Number:	4812
URL:	http://www.isid.co.jp/english/index.html
Representative:	Setsuo Kamai, President and COO
Contact for Inquiries:	Jiro Sakai, General Manager, Accounting & Finance Department Tel: (03) 6713-6160

Date of scheduled filing of securities report:	February 10, 2011
Quarterly earnings supplementary explanatory documents:	Yes
Quarterly earnings presentation:	No
Date of scheduled payment of dividends:	---

(Amounts less than one million yen are rounded down.)

1. Consolidated Business Performance for the Nine Months Ended December 31, 2010 (from April 1, 2010 to December 31, 2010)

(1) Consolidated Operating Results (Cumulative) Percentages indicate year-on-year increase/(decrease).

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2010	42,171	3.5	103	—	266	—	(1,581)	—
Nine months ended December 31, 2009	40,761	(22.8)	(2,706)	—	(2,569)	—	(2,184)	—

	Net income (loss) per share	Net income per share after dilution
	Yen	Yen
Nine months ended December 31, 2010	(48.55)	—
Nine months ended December 31, 2009	(67.04)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2010	46,197	31,022	67.2	952.10
As of March 31, 2010	49,910	33,480	66.5	1,018.81

(Reference) Total shareholders' equity: As of December 31, 2010: ¥31,022 million
As of March 31, 2010: ¥33,196 million

2. Dividends

	Dividends per share				
Record date	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2010	—	10.00	—	10.00	20.00
Fiscal year ending March 31, 2011	—	10.00	—		
Fiscal year ending March 31, 2011 (Forecast)				10.00	20.00

Note: Revision to dividend forecasts during the three months ended December 31, 2010: No

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2011 (from April 1, 2010 to March 31, 2011)

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

	Net sales		Operating income (loss)		Ordinary income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2011	61,737	1.0	1,284	—	1,275	—

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2011	(913)	—	(28.02)

Note: Revision to consolidated forecasts during the three months ended December 31, 2010: No

4. Other Items (for details, see "Other Information" on pages six and seven of the Attachment)

1. Changes in the scope of consolidation for significant subsidiaries during three months: None
   Added: __ companies ( ) Removed: __ companies ( )
   Note: Indicates whether there was any change in a specific subsidiary related to a change in the scope of consolidation during the subject accounting period.
2. Application of simplified accounting procedures or special accounting procedures for the quarterly consolidated financial statements: None
   Note: Indicates whether simplified accounting procedures or special accounting procedures in the preparation of the quarterly consolidated financial statements were applied.
3. Changes in significant accounting policies, procedures or presentation method, etc. for the quarterly consolidated financial statements:
   1) Adoption new of accounting standards: Yes
   2) Changes other than 1): None
   Note: Indicates whether there were any changes in accounting policies, procedures, or presentation method, etc. related to the preparation of the quarterly consolidated financial statements.
4. Issued and outstanding common stock
   1) Number of shares issued and outstanding at end of period, including treasury stock:
   December 31, 2010: 32,591,240 shares March 31, 2010: 32,591,240 shares
   2) Number of treasury stock at end of period: December 31, 2010: 7,810 shares March 31, 2010: 7,733 shares
   3) Average number of shares outstanding for each period (cumulative quarterly period):
   Nine months ended December 31, 2010: 32,583,486 shares Nine months ended December 31, 2009: 32,583,523 shares

Notes: 1 Indication regarding the status of quarterly review procedures
These financial statements are not subject to quarterly 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.
2 The above forecast has been calculated based on the currently available information as of the disclosure date of this document. The actual performance results of operation may differ from the forecast in accordance with changes in the various business factors.

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1. Qualitative Information on the Results for the Subject Period

(1) Qualitative Information on Consolidated Results

In the Japanese economy during the nine-month period through the third quarter of FY 2010 (April 1, 2010 to December 31, 2010), despite some initial signs of a recovery in certain areas of capital expenditure following improvement in corporate earnings, the economic outlook remained clouded by concerns over persistent deflation, stagnant conditions for employment, and appreciation of the yen. Corporate investment in IT failed to reach the level of a full-scale recovery overall, and business conditions for the ISID Group remained tight.

Under such conditions, the ISID Group actively marketed solution proposals to address the priority issues of its clients. For the financial industry, we concentrated on such areas as systems for overseas locations, cash management systems, Capital market solutions, and Internet banking systems. This resulted in the successful expansion of projects for major clients, and opening of business with new clients. For the manufacturing industry, to help companies further improve their product development capabilities, we worked to build information systems that utilize shared design data across the entire company, and actively marketed iPRIME, the ISID Group's unique integrated solution to derive an optimal product development process, which we have received new orders from more than 10 companies since April.

In the area of common solutions for all industries, ISID secured solid orders by focusing on consulting services for compliance with International Financial Reporting Standards (IFRS), and through proposals to a broad range of industries for the POSITIVE human resource management system. In the field of cloud computing, we expanded our service lineup through tie-ups with partner firms, and strengthened both our cooperative alliance with Dentsu, and our internal structure.

As a result, consolidated net sales for the subject nine-month period amounted to ¥42,171 million (up 3.5% year on year).

In terms of earnings, gross profit improved, with an increase of ¥1,297 million from the same period of the previous fiscal year. This was due mainly to the boost to earnings from greater revenues, as well as to more careful project management, to cost reductions stemming from greater internal product development and use of offshore services, and to expanded license sales for in-house software, which have high profit margins. Selling, general and administrative (SG&A) expenses decreased ¥1,513 million from a year earlier. Although R&D expenditures rose as a result of proactive backing for research and development programs, this was more than offset by curbing personnel costs with workforce reductions, and far-reaching revision of various administrative expenses. As a result, earnings improved considerably, with operating income for the subject period amounting to ¥103 million (compared to an operating loss of ¥2,706 million in the same period of the previous fiscal year), and ordinary income of ¥266 million (compared to an ordinary loss of ¥2,569 million in the same period of the previous fiscal year).

However, ISID recorded a net loss for the subject period of ¥1,581 million (compared to a net loss of ¥2,184 million in the same period of the previous fiscal year). This was due to the recording of extraordinary losses that included ¥1,541 million in expenses for personnel reductions and other rationalization measures, ¥357 million for the impact from the adoption of new accounting standards for asset retirement obligations, and ¥156 million for loss on valuation of investment securities.

ISID Group net sales by business segment are as follows (figures for the same period of the previous fiscal year are reference figures):

Financial Solutions

¥12,899 million (¥12,148 million in previous fiscal year)

ISID expanded custom system development projects, mainly overseas branch office systems for major banks, cash management systems, and Capital market solutions. We acquired new system development projects for securities companies, insurance companies, and regional financial institutions. We also expanded add-on development services for Liquidity Management System, a software product developed by ISID to provide compatibility with the real time gross settlement system on the Bank of Japan financial network. As a result, segment sales rose from the same period of the previous fiscal year.

Enterprise Solutions—Business

¥8,861 million (¥8,827 million in previous fiscal year)

Third-party software sales rose for ERP products for the manufacturing industry. In-house software also generated increased revenue, including expanded sales of licenses for the POSITIVE system to large corporations. However, segment sales remained on a par with the same period of the previous fiscal year, due to revenue declines in custom system development and IT equipment sales.

Enterprise Solutions—Engineering

¥12,899 million (¥12,880 million in previous fiscal year)

In-house software sales increased, centered on license sales for iPRIME NAVI in line with orders for the iPRIME integration solution for the manufacturing industry, as well as for Q-style. However, sales were sluggish for third-party software, mainly CAD, CAM, CAE, PLM and other design aids, due to slowdown in license maintenance. As a result, segment sales were on a par with the same period of the previous fiscal year.

Communications IT

¥7,510 million (¥6,904 million in previous fiscal year)

Segment sales rose from the same period of the previous fiscal year, due mainly to increases in custom system development projects for major customers, and sales of IT equipment.

ISID Group net sales by service category are as follows:

Consulting services

Net Sales: ¥1,174 million (down 1.9% year on year)

Consulting services in the product design and development field for the manufacturing industry, which had been sluggish in the first half, regained momentum during the third quarter, resulting in sales on a par with the same period of the previous fiscal year.

Custom system development

Net Sales: ¥12,204 million (up 8.9% year on year)

ISID expanded development projects, including overseas branch office systems for major banks, cash management systems, and Capital market solutions, and secured new development projects from securities companies, insurance companies, and regional financial institutions. Sales were also strong to major customers in the advertising industry, resulting in an increase in revenue year on year.

In-house software (Including maintenance, add-on development, and technical support services)

Net Sales: ¥6,151 million (up 15.0% year on year)

Revenue growth stemmed mainly from greater sales of software licenses for Liquidity Management System, POSITIVE, iPRIME NAVI, and Q-stlye.

Third-party software (Including maintenance, add-on development, and technical support services)

Net Sales: ¥14,654 million (up 3.1% year on year)

Revenue rose mainly as a result of increases in license sales for ERP systems, along with related add-on development and maintenance services.

Outsourcing, operation and maintenance services

Net Sales: ¥3,753 million (up 0.6% year on year)

Sales were on a par with the same period of the previous fiscal year, centered on major clients in the advertising industry.

IT equipment sales and others

Net Sales: ¥4,233 million (down 16.4% year on year)

Sales declined, centered on the finance industry.

(2) Qualitative Information on the Consolidated Financial Position

(i) Assets, Liabilities and Net Assets

Assets

Total assets at the end of the subject period (December 31, 2010) amounted to ¥46,197 million, a decrease of ¥3,713 million from ¥49,910 million at the end of the previous fiscal year (March 31, 2010). This was due mainly to a ¥3,661 million decrease in current assets, stemming from a decrease in notes and accounts receivable—trade (¥3,396 million); a decrease in deposit paid (¥1,415 million); an increase in work in process (¥817 million); and an increase in advance payments—trade (¥208 million); together with a ¥52 million decrease in noncurrent assets, stemming from a decrease in intangible assets such as software (¥430 million); a decrease in goodwill (¥342 million) arising primarily from amortization; an increase in property, plant and equipment (¥388 million) arising primarily from application of "Accounting Standards for Asset Retirement Obligations," an increase in deferred tax assets (¥211 million); and an increase in investment securities (¥168 million).

Liabilities

Total liabilities at the end of the subject period amounted to ¥15,174 million, a decrease of ¥1,255 million from ¥16,429 million at the end of the previous fiscal year. This was due mainly to a ¥2,026 million decrease in current liabilities, stemming from a decrease in notes and accounts payable—trade (¥2,744 million); a decrease in accrued expenses (¥866 million); an increase in advances received (¥1,155 million); and an increase in accounts payable (¥258 million); together with a ¥771 million increase in noncurrent liabilities, stemming from an increase in asset retirement obligations (¥702 million) arising from application of "Accounting Standards for Asset Retirement Obligations"; and an increase in lease obligations (¥93 million).

Net Assets

Total net assets at the end of the subject period amounted to ¥31,022 million, a decrease of ¥2,458 million from ¥33,480 million at the end of the previous fiscal year. This was due mainly to a decrease in retained earnings (¥2,233 million) arising from the recording of a net loss for the period (¥1,581 million), and dividends from surplus (¥651 million).

(ii) Cash Flows

Cash and cash equivalents ("cash") on a consolidated basis at the end of the subject period (December 31, 2010) decreased ¥1,158 million from the end of the previous fiscal year (March 31, 2010), for a total of ¥10,056 million.

The main factors affecting cash flows during the subject period are as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities amounted to ¥1,646 million at the end of the subject period. This was due mainly to the recording of a loss before income taxes and minority interests (¥1,895 million); a decrease in notes and accounts payable—trade (¥2,743 million); a decrease in accrued expenses (¥861 million); and an increase in inventories (¥844 million); against a decrease in notes and accounts receivable—trade (¥3,376 million); an increase in advances received (¥1,172 million); depreciation and amortization (¥2,336 million); loss on adjustment for changes of accounting standard for asset retirement obligations (¥357 million); and amortization of goodwill (¥252 million).

Compared to the same period of the previous fiscal year, net cash provided by operating activities increased ¥1,961 million. This was due mainly to increases in cash that included a decrease in the loss before income taxes and minority interests (¥1,375 million); a decrease in income taxes paid (¥1,340 million); a decrease in inventories (¥1,254 million); an increase in advances received (¥639 million); and loss on adjustment for changes of accounting standard for asset retirement obligations (¥357 million); which exceeded decreases in cash that included an increase in notes and accounts receivable—trade (¥2,065 million); an increase in advance payments (¥642 million); a decrease in loss on retirement of noncurrent assets (¥472 million); and a decrease in notes and accounts payable—trade (¥418million).

Cash Flow from Investing Activities

Net cash used in investing activities amounted to ¥1,088 million at the end of the subject period. This was due mainly to expenditures for purchases of intangible assets such as software (¥845 million); and purchase of shares in subsidiaries and affiliates (¥209 million).

Compared to the same period of the previous fiscal year, cash used in investing activities decreased ¥1,371 million. This was due mainly to decreases in net cash used including a decrease in expenditures for purchases of investment securities (¥1,211 million); an increase in proceeds from withdrawal of time deposits (¥362 million); and a decrease in expenditures for purchase of property, plant and equipment (¥157 million); which exceeded increases in cash used that included expenditures for purchase of stocks of subsidiaries and affiliates (¥209 million); and a decrease in collection of loans receivable (¥200 million).

Cash Flow from Financing Activities

Net cash used in financing activities amounted to ¥1,579 million at the end of the subject period. This was due mainly to expenditures for repayments of lease obligations (¥927 million); and cash dividends paid (¥651 million).

Compared to the same period of the previous fiscal year, net cash used in financing activities decreased ¥160 million. This was due mainly to a decrease in expenditures for repayments of lease obligations (¥160 million).

(3) Qualitative Information on Consolidated Results Forecasts

ISID's sales and operating income both improved considerably during the subject nine-month period compared to the same period of the previous fiscal year.

However, corporate investment in IT has not reached the level of a full-scale recovery, and business conditions for the ISID Group remained tight overall. Accordingly, ISID is maintaining its full-year earnings forecasts announced on October 26, 2010.

Note: Forecasts and other forward-looking statements in this report are based on information available at the time of release. Actual results may vary from forecasts as a result of a variety of factors.

2. Other Information

(1) Summary of Significant Changes in Subsidiaries

Not applicable

(2) Summary of Simplified or Special Accounting Practices

Not applicable

(3) Summary of Changes in Accounting Principles, Procedures, or Presentation Method

- Application of accounting standard for asset retirement obligations

From the first quarter of the subject fiscal year, ISID has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

As a result, operating income and ordinary income for the subject nine-month period both decreased by ¥44 million, and the loss before income taxes and minority interests increased by ¥402 million. The variation in asset retirement obligations as a result of the application of this accounting standard is ¥698 million.

- Application of accounting standard for business combinations

From the third quarter of the subject fiscal year, ISID has applied "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008); "Accounting Standard for Consolidated Financial Statements" (ASBJ

Statement No. 22, December 26, 2008); “Partial amendments to ‘Accounting Standard for Research and Development Costs’” (ASBJ Statement No. 23, December 26, 2008); “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008); “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008); and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

(4) Summary of Significant Events Affecting the Premise of the Company as a Going Concern

Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen; amounts less than one million yen are rounded down.)

Item \ Period	**As of December 31, 2010**	As of March 31, 2010
	Amount	Amount
(Assets)		
Current assets:		
Cash and deposits	2,320	2,218
Notes and accounts receivable—trade	9,487	12,883
Merchandise and finished goods	36	10
Work in process	1,373	556
Raw materials and supplies	8	9
Advance payments—trade	3,807	3,599
Deposit paid	7,903	9,318
Other	1,880	1,884
Allowance for doubtful accounts	(26)	(27)
Total current assets	26,791	30,452
Noncurrent assets:		
Property, plant and equipment	6,105	5,717
Intangible assets:		
Goodwill	245	587
Other	4,464	4,894
Total intangible assets	4,710	5,481
Investments and other assets:		
Investment and other assets	8,592	8,271
Allowance for doubtful accounts	(2)	(12)
Total investments and other assets	8,590	8,258
Total noncurrent assets	19,405	19,457
Total assets	46,197	49,910

(Millions of yen; amounts less than one million yen are rounded down.)

Item / Period	As of December 31, 2010	As of March 31, 2010
	Amount	Amount
(Liabilities)		
Current liabilities:		
Notes and accounts payable—trade	3,482	6,226
Income taxes payable	294	129
Advances received	4,959	3,804
Provision for loss on order received	28	—
Other	3,972	4,602
Total current liabilities	12,737	14,763
Noncurrent liabilities:		
Provision for directors' retirement benefits	62	63
Asset retirement obligations	702	—
Other	1,672	1,602
Total noncurrent liabilities	2,437	1,666
Total liabilities	15,174	16,429
(Net assets)		
Shareholders' equity:		
Capital stock	8,180	8,180
Capital surplus	15,285	15,285
Retained earnings	7,665	9,898
Treasury stock	(28)	(28)
Total shareholders' equity	31,103	33,336
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	342	109
Deferred gains or losses on hedges	(3)	8
Foreign currency translation adjustments	(419)	(258)
Total valuation and translation adjustments	(80)	(140)
Minority interests	—	284
Total net assets	31,022	33,480
Total liabilities and net assets	46,197	49,910

(2) Consolidated Statements of Income

(Millions of yen; amounts less than one million yen are rounded down.)

Item \ Period	Nine months ended December 31, 2009	**Nine months ended December 31, 2010**
	Amount	Amount
Net sales	40,761	42,171
Cost of sales	28,807	28,921
Gross profit	11,953	13,250
Selling, general and administrative expenses	14,659	13,146
Operating income (loss)	(2,706)	103
Non-operating income:		
Interest income	47	33
Dividends income	31	35
Foreign exchange gains	82	107
Miscellaneous income	39	42
Total non-operating income	201	218
Non-operating expenses:		
Interest expenses	50	40
Equity in losses of affiliates	6	8
Miscellaneous loss	6	6
Total non-operating expenses	64	55
Ordinary income (loss)	(2,569)	266
Extraordinary income:		
Gain on negative goodwill	—	17
Settlement received	151	—
Total extraordinary income	151	17
Extraordinary loss:		
Loss on sales of noncurrent assets	3	—
Impairment loss	—	88
Loss on retirement of noncurrent assets	478	6
Loss on sales of investment securities	—	28
Loss on valuation of investment securities	0	156
Loss on cancel of lease contracts	0	—
Loss on valuation of membership	10	—
Loss on business restructuring	299	—
Office transfer expenses	53	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	357
Compensation for damage	6	—
Special retirement expenses	—	1,541
Total extraordinary loss	851	2,179
Loss before income taxes and minority interests	(3,270)	(1,895)
Income taxes—current	108	269
Income taxes for prior periods	(70)	(34)
Income taxes—deferred	(1,093)	(524)
Total income taxes	(1,055)	(289)
Loss before minority interests.	—	(1,606)
Minority interests in income (loss)	(30)	(24)
Net loss	(2,184)	(1,581)

(3) Consolidated Statements of Cash Flows

(Millions of yen; amounts less than one million yen are rounded down.)

Item / Period	Nine months ended December 31, 2009	**Nine months ended December 31, 2010**
	Amount	Amount
Net cash provided by (used in) operating activities:		
Loss before income taxes and minority interests	(3,270)	(1,895)
Depreciation and amortization	2,424	2,336
Impairment loss	—	88
Amortization of goodwill	311	252
Increase (decrease) in allowance for doubtful accounts	8	(0)
Increase (decrease) in provision for directors' retirement benefits	—	(1)
Increase (decrease) in provision for loss on order received	330	28
Interest and dividends income	(79)	(69)
Interest expenses	50	40
Equity in (earnings) losses of affiliates	6	8
Loss on retirement of noncurrent assets	478	6
Gain on negative goodwill	—	(17)
Settlement received	(151)	—
Loss on business restructuring	299	—
Loss (gain) on adjustment for changes of accounting standard for asset retirement obligations	—	357
Special retirement expenses	—	1,541
Office transfer expenses	53	—
Loss on compensation for damage	6	—
Loss (gain) on sales of investment securities	—	28
Loss (gain) on valuation of investment securities	0	156
Loss on valuation of membership	10	—
Decrease (increase) in notes and accounts receivable—trade	5,441	3,376
Decrease (increase) in inventories	(2,098)	(844)
Decrease (increase) in advance payments	428	(214)
Increase (decrease) in notes and accounts payable—trade	(2,325)	(2,743)
Increase (decrease) in accrued expenses	(1,010)	(861)
Increase (decrease) in advances received	533	1,172
Increase (decrease) in accrued consumption taxes	(361)	(134)
Other, net	47	563
Subtotal	1,134	3,176
Interest and dividends income received	95	69
Interest expenses paid	(51)	(40)
Proceeds from settlement	151	—
Payments for extra retirement payments	—	(1,503)
Payments for business restructuring	(186)	(45)
Payments for office transfer expenses	(53)	—
Compensation for damage paid	(6)	—
Income taxes paid	(1,399)	(59)
Income taxes refund	—	49
Net cash provided by (used in) operating activities	(315)	1,646

(Millions of yen; amounts less than one million yen are rounded down.)

Item \ Period	Nine months ended December 31, 2009	**Nine months ended December 31, 2010**
	Amount	Amount
Net cash provided by (used in) investing activities:		
Payments into time deposits	(485)	(482)
Proceeds from withdrawal of time deposits	248	610
Purchase of property, plant and equipment	(327)	(170)
Purchases of intangible assets	(939)	(845)
Payments for execution of assets retirement obligations	—	(7)
Purchases of investment securities	(1,229)	(18)
Purchase of stocks of subsidiaries and affiliates	—	(209)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(6)	—
Payments of loans receivable	(14)	(1)
Collection of loans receivable	202	2
Payments for lease and guarantee deposits	(43)	(14)
Proceeds from collection of lease and guarantee deposits	113	38
Other, net	23	10
Net cash used in investing activities	(2,459)	(1,088)
Net cash provided by (used in) financing activities:		
Repayments of lease obligations	(1,087)	(927)
Cash dividends paid	(651)	(651)
Other, net	(0)	(0)
Net cash used in financing activities	(1,739)	(1,579)
Effect of exchange rate change on cash and cash equivalents	(52)	(138)
Net increase (decrease) in cash and cash equivalents	(4,565)	(1,158)
Cash and cash equivalents at beginning of period	14,174	11,215
Increase in cash and cash equivalents from newly consolidated subsidiary	38	—
Cash and cash equivalents at end of period	9,646	10,056

(4) Notes regarding Assumption of a Going Concern

No events to be noted for this purpose.

(5) Segment Information

1. Overview of Reportable Segments

Nine months ended December 31, 2010 (from April 1, 2010 to December 31, 2010)

The ISID Group's reportable segments are the structural units of the corporate group from which individual financial data are acquirable, and are reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The ISID Group conducts an information services business comprising consulting services, custom system development, sales of in-house developed and third party software, and outsourcing and maintenance services, as well as sales of IT equipment. The Company has business divisions separated by industry and solution type. Each business division formulates business strategies on a consolidated basis, and conducts business activities.

Accordingly, the ISID Group comprises business segments divided by industry and solution type, based on the business divisions. The Group's four reportable business segments are "Financial Solutions," "Enterprise Solutions—Business," "Enterprise Solutions—Engineering," and "Communications IT."

Reportable Segment	Business Description
Financial Solutions	Provides a range of financial services solutions to the finance industry
Enterprise Solutions—Business	Provides a range of ERP systems solutions to all industries, as well as business solutions mainly for the administrative field
Enterprise Solutions—Engineering	Provides engineering solutions mainly for product development and manufacturing field in the manufacturing industry
Communications IT	Provides a range of corporate solutions in collaboration with the Dentsu Group

2. Sales and Earnings (or Loss) by Reportable Segment

Nine months ended December 31, 2010 (from April 1, 2010 to December 31, 2010)

(Millions of yen)

	Reportable Segment				
	Financial Solutions	Enterprise Solutions—Business	Enterprise Solutions—Engineering	Communications IT	Total
Net sales					
Sales to customers	12,899	8,861	12,899	7,510	42,171
Inter-segment sales and transfers	—	—	—	—	—
Total	12,899	8,861	12,899	7,510	42,171
Segment income (loss)	728	(943)	(267)	584	103

Note: Total values for segment income or loss (in parenthesis) matches that for the operating income on the "Consolidated Statements of Income."

3. Impairment Losses on Noncurrent Assets or Goodwill by Reportable Segment

Nine months ended December 31, 2010 (from April 1, 2010 to December 31, 2010)

Significant changes in goodwill

In the “Enterprise Solutions—Engineering” segment ISID recorded ¥88 million in impairment losses on goodwill.

Additional information

From the first quarter of the subject fiscal year, ISID has applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009), and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

(6) Note on Significant Changes in Shareholders’ Equity

Not applicable

4. Supplementary Information

Status of Production, Orders and Sales

Many of ISID's client companies that submit consolidated financial statements implement IT systems and begin running software either at the start of their fiscal year, or at the start of the third quarter. Consequently, completions of system development, and shipments/deliveries of software are concentrated in March, when many clients close their fiscal year, or in September, the end of the second quarter. As a result, the ISID Group's sales tend to be concentrated in March and September, and there is seasonal variation in the ISID Group's production, orders and sales.

(1) Production

The status of production through the nine months (April 1–December 31, 2010) by segment is as follows.

Segment	Production output (Millions of yen)	YoY (%)
Financial Solutions	10,795	—
Enterprise Solutions—Business	4,904	—
Enterprise Solutions—Engineering	2,259	—
Communications IT	2,955	—
Total	20,915	—

The status of production through the nine months (April 1–December 31, 2010) by business line is as follows.

Business line	Production output (Millions of yen)	YoY (%)
Custom system development	12,831	100.3
In-house software add-on development	3,401	87.9
Third-party software add-on development	4,682	90.8
Total	20,915	95.8

Notes

1. In-house software add-on development and third-party software add-on development includes technical support services.
2. Figures are calculated from sales prices.
3. Figures do not include consumption tax or other additions.

(2) Orders

The status of orders through the nine months (April 1–December 31, 2010) by segment is as follows.

Segment	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Financial Solutions	11,957	—	3,662	—
Enterprise Solutions—Business	4,328	—	1,174	—
Enterprise Solutions—Engineering	2,377	—	614	—
Communications IT	3,691	—	953	—
Total	22,355	—	6,403	—

The status of orders through the nine months (April 1–December 31, 2010) by business line is as follows.

Business line	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Custom system development	14,832	111.2	4,202	108.7
In-house software add-on development	2,812	75.3	1,211	71.3
Third-party software add-on development	4,709	92.4	990	54.5
Total	22,355	100.8	6,403	86.7

Notes

1. In-house software add-on development and third-party software add-on development includes technical support services.
2. Figures do not include consumption tax or other additions.

(3) Sales

The status of sales through the nine months (April 1–December 31, 2010) by segment is as follows.

Segment	Sales volume (Millions of yen)	YoY (%)
Financial Solutions	12,899	—
Enterprise Solutions—Business	8,861	—
Enterprise Solutions—Engineering	12,899	—
Communications IT	7,510	—
Total	42,171	—

The status of sales through the nine months (April 1–December 31, 2010) by business line is as follows.

Business line	Sales volume (Millions of yen)	YoY (%)
Consulting services	1,174	98.1
Custom system development	12,204	108.9
In-house software	6,151	115.0
Third-party software	14,654	103.1
Outsourcing, operation and maintenance services	3,753	100.6
IT equipment sales and others	4,233	83.6
Total	42,171	103.5

Notes

1. Figures do not include consumption tax or other additions.
2. Sales to major clients and the proportion of total sales are as follows.

Client	Nine months ended December 31, 2009 (from April 1, 2009 to December 31, 2009)		Nine months ended December 31, 2010 (from April 1, 2010 to December 31, 2010)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Dentsu, Inc.	5,765	14.1	5,958	14.1