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July 29, 2011

## Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2012 (Japan GAAP)

Name of Listed Company: Information Services International-Dentsu, Ltd.  
Listed Exchange: Tokyo  
Code Number: 4812  
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Date of scheduled filing of securities report: August 5, 2011  
Date of scheduled payment of dividends: ---  
Quarterly earnings supplementary explanatory documents: Yes  
Quarterly earnings presentation: No

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

### 1. Consolidated Business Performance for the First Quarter of FY2011 (from April 1, 2011 to June 30, 2011)

#### (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	%
<b>First Quarter of FY2011</b>	12,866	4.0	(548)	—	(464)	—	(158)	—
First Quarter of FY2010	12,376	10.3	(1,118)	—	(1,049)	—	(2,111)	—

(Note) Comprehensive income: First Quarter of FY2011: (122) million yen; First Quarter of FY2010: (2,231) million yen

	Net income (loss) per share	Net income per share after dilution
	Yen	Yen
<b>First Quarter of FY2011</b>	(4.87)	—
First Quarter of FY2010	(64.81)	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
<b>As of June 30, 2011</b>	49,445	32,425	65.6
As of March 31, 2011	49,570	32,873	66.3

(Reference) Total shareholders' equity: As of June 30, 2011: 32,425 million yen; As of March 31, 2011: 32,873 million yen

### 2. Dividends

Record date	Dividends per share				
	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, 2011	—	10.00	—	10.00	20.00
Fiscal year ending March 31, 2012	—				
Fiscal year ending March 31, 2012 (Forecast)		10.00	—	10.00	20.00

(Note) Revision to the dividend forecasts from the latest announcement: No

### 3. Consolidated Forecasts for FY2011 (from April 1, 2011 to March 31, 2012)

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

	Net sales		Operating income (loss)		Ordinary income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of FY2011	29,194	1.1	(276)	—	(243)	—
FY2011	64,941	7.8	1,856	(15.5)	1,916	(18.5)

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
First half of FY2011	(21)	—	(0.64)
FY2011	1,258	—	(38.61)

(Note) Revision to the consolidated forecasts from the latest announcement: No

### 4. Other Items

- Changes in the scope of consolidation for significant subsidiaries during three months (Changes in specified subsidiaries resulting in change in the scope of consolidation):  
None  
Added: \_\_ companies ( ) Removed: \_\_ companies ( )
- Application of special accounting practices in the preparation of the quarterly consolidated financial statements: None
- Changes in accounting policies, changes in accounting estimates and restatements:
  - Changes in accounting policies in accordance with revision of accounting standards: None
  - Changes in accounting policies other than 1) above: None
  - Changes in accounting estimate: None
  - Restatements: None
- Issued and outstanding common stock
  - Number of shares issued and outstanding at end of period, including treasury stock:
 

June 30, 2011:	32,591,240 shares	March 31, 2011:	32,591,240 shares
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  - Number of treasury stock at end of period:
 

June 30, 2011:	7,810 shares	March 31, 2011:	7,810 shares
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  - Average number of shares outstanding for each period (cumulative quarterly period):
 

Three months ended June 30, 2011:	32,583,430 shares	Three months ended June 30, 2010:	32,583,507 shares
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### 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.

### Explanation regarding the appropriate use of forecasts of business results

The above forecasts of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, actual results may differ significantly from any expressed future performance herein due to various factors.

## **Index of the Attachment**

### **1. Qualitative Information on the Results for the Subject Period**

(1) Qualitative Information on Consolidated Results .....	2
(2) Qualitative Information on the Consolidated Financial Position.....	4
(3) Qualitative Information on Consolidated Results Forecasts.....	4

### **2. Matters Regarding Summary Information (Other)**

(1) Significant Changes in Subsidiaries during the Subject Period.....	5
(2) Application of Special Accounting Practices in the Preparation of the Consolidated Financial Statements .....	5
(3) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements .....	5

### **3. Summary of Significant Events Affecting the Premise of the Company as a Going Concern .....**

5

### **4. Consolidated Financial Statements**

(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	
(Consolidated Statements of Income).....	8
(Consolidated Statements of Comprehensive Income).....	9
(3) Notes regarding Assumption of a Going Concern .....	10
(4) Segment Information.....	10
(5) Note on Significant Changes in Shareholders' Equity .....	11

### **5. Supplementary Information**

Status of Production, Orders and Sales .....	11
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## 1. Qualitative Information on the Results for the Subject Period

### (1) Qualitative Information on Consolidated Results

The Japanese economy during the first quarter period of FY 2011 (April 1, 2011 to June 30, 2011), despite the beginnings of movement toward recovery in certain sectors, remained extremely tight as a result of the disruptions to production and supply chains, restrictions on power supplies and other difficulties in the aftermath of the Great East Japan Earthquake. Corporations also made moves to curb IT investment, with projects postponed or suspended, mainly in the manufacturing industry. The business climate for ISID remains strained.

Under such conditions, the ISID Group launched its medium-term management plan “ISID Open Innovation 2013,” a three-year plan through fiscal 2013 (ending March 2014). Under the theme of “joint-value creation,” through this plan ISID seeks to help resolve the issues faced by our customers and society by generating new value through collaboration with a wide range of partners, and to actively expand sales through highly-competitive proposals.

As a result, consolidated net sales for the subject first quarter period amounted to ¥12,866 million (up 4.0% from the same period of the previous fiscal year).

In terms of earnings, gross profit rose by ¥329 million from the same period of the previous fiscal year, due mainly to increased sales, and along with greater margins on third-party software. Selling, general and administrative (SG&A) expenses declined ¥241 million, due mainly to a decrease in amortization of goodwill. Earnings improved as a result, and ISID recorded an operating loss for the subject first quarter period of ¥548 million (compared to an operating loss of ¥1,118 million in the same period of the previous fiscal year), and an ordinary loss of ¥464 million (compared to an ordinary loss of ¥1,049 million). The net loss for the period improved considerably to ¥158 million (compared to a net loss of ¥2,111 million), due mainly to the absence of extraordinary losses recorded in the same period of the previous fiscal year for expenses related to personnel rationalization measures.

ISID Group net sales by business segment are as follows:

#### Financial Solutions

*¥4,131 million (up 12.0% year on year)*

Sales rose in this segment as a result of expansion in custom system development services for banks, securities companies, insurance firms and leasing companies, as well as an increase in sales of IT equipment to banks. In custom system development, ISID developed systems for banks including overseas branch office systems, cash management systems, and capital market solutions. We also recorded increases from development of capital market solutions for securities companies and web-based policy application systems for insurance companies, along with the development of core systems for leasing companies at our Shanghai subsidiary.

#### Enterprise Solutions—Business

*¥2,628 million (down 1.9% year on year)*

Sales declined in this segment, as expansion in consulting services for the accounting field in such areas as assistance with the introduction of IFRS was exceeded by the slowdown in custom system development and in-house software.

### Enterprise Solutions—Engineering

¥4,070 million (up 12.2% year on year)

Sales from consulting services and in-house software were on a par with the previous fiscal year. However, segment sales rose as a result of a sharp increase in sales of third-party software licenses for design support software (CAD, CAE, DM, PLM) to the precision equipment, automotive and shipbuilding industries.

### Communications IT

¥2,035 million (down 14.5% year on year)

Segment sales declined as a result of sluggish performance in custom system development, outsourcing, operations and maintenance services, and IT equipment sales to the Dentsu Group.

ISID Group net sales by service category are as follows:

#### Consulting services

¥263 million (up 34.9% year on year)

Revenue from consulting services rose mainly due to expansion in consulting services for the accounting field for assistance with the application of IFRS.

#### Custom system development

¥3,726 million (up 7.4% year on year)

Revenue from custom system development rose mainly as a result of the extension of system development services for the finance industry to banks, securities companies, insurance firms and leasing companies.

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

¥1,559 million (down 14.0% year on year)

Revenue from this service declined as a result of a falloff in add-on development services, following the conclusion in the previous year of large-scale projects for the consolidated accounting system STRAVIS and the Liquidity Management System package software for the banking industry.

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

¥4,694 million (up 9.0% year on year)

Revenue from this service rose as a result of an increase in sales of third-party software licenses for design support software (CAD, CAE, DM, PLM) to the precision instruments, automotive and shipbuilding industries, in the product design and development field for the manufacturing industry.

#### Outsourcing, operation and maintenance services

¥1,126 million (down 9.0% year on year)

Revenue from this service declined mainly as a result of a falloff in business to the Dentsu Group.

#### IT equipment sales and others

Sales: ¥1,496 million (up 10.4% year on year)

Revenue from this service rose mainly as a result of expanded sales to the finance industry.

### **(2) Qualitative Information on the Consolidated Financial Position**

#### Assets

Total assets at the end of the subject first quarter period (June 30, 2011) amounted to ¥49,445 million, a decrease of ¥125 million from ¥49,570 million at the end of the previous fiscal year (March 31, 2011). This was due mainly to a ¥146 million decrease in current assets, stemming mainly from a decrease in accounts receivable and an increase in inventories; against a ¥20 million increase in noncurrent assets, stemming mainly from an increase in intangible leased assets and a decrease in investment securities resulting from the sale of securities.

#### Liabilities

Total liabilities at the end of the subject first quarter period amounted to ¥17,019 million, an increase of ¥323 million from ¥16,696 million at the end of the previous fiscal year. This was due mainly to a ¥16 million increase in current liabilities, stemming mainly from an increase in advances received, a decrease in accounts payable, a decrease in accrued expenses resulting from bonus payments, and a decrease in income taxes payable resulting from payment of taxes; together with a ¥307 million increase in noncurrent liabilities, stemming mainly from an increase in lease obligations.

#### Net Assets

Total net assets at the end of the subject first quarter period amounted to ¥32,425 million, a decrease of ¥448 million from ¥32,873 million at the end of the previous fiscal year. This was due mainly to a decrease in retained earnings resulting from the recording of a net loss for the period, and dividends from surplus.

### **(3) Qualitative Information on Consolidated Results Forecasts**

Forecasts for the second-quarter cumulative and whole-year periods are unchanged from those announced on May 12, 2011.

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. Matters Regarding Summary Information (Other)**

### **(1) Significant Changes in Subsidiaries during the Subject Period**

Not applicable

### **(2) Application of Special Accounting Practices in the Preparation of the Consolidated Financial Statements**

Not applicable

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

Not applicable

## **3. Summary of Significant Events Affecting the Premise of the Company as a Going Concern**

Not applicable

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

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

Item	Period	As of March 31, 2011	As of June 30, 2011
		Amount	Amount
<b>(Assets)</b>			
<b>Current assets:</b>			
Cash and deposits		2,668	2,260
Notes and accounts receivable—trade		12,698	9,632
Merchandise and finished goods		140	62
Work in process		332	1,222
Raw materials and supplies		14	20
Advance payments—trade		4,139	5,073
Deposit paid		8,926	10,199
Other		2,399	2,703
Allowance for doubtful accounts		(27)	(26)
Total current assets		31,294	31,148
<b>Noncurrent assets:</b>			
Property, plant and equipment		5,851	5,694
Intangible assets:			
Goodwill		171	161
Other		4,320	4,732
Total intangible assets		4,492	4,893
Investments and other assets:			
Investment and other assets		7,935	7,710
Allowance for doubtful accounts		(2)	(2)
Total investments and other assets		7,932	7,708
Total noncurrent assets		18,276	18,296
<b>Total assets</b>		<b>49,570</b>	<b>49,445</b>



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

Item	Period	As of March 31, 2011	As of June 30, 2011
		Amount	Amount
<b>(Liabilities)</b>			
<b>Current liabilities:</b>			
Notes and accounts payable—trade		5,213	4,249
Income taxes payable		540	66
Advances received		3,921	6,134
Provision for loss on order received		—	55
Other		4,646	3,830
Total current liabilities		14,321	14,337
<b>Noncurrent liabilities:</b>			
Provision for directors’ retirement benefits		62	62
Asset retirement obligations		705	709
Other		1,606	1,911
Total noncurrent liabilities		2,375	2,682
<b>Total liabilities</b>		16,696	17,019
<b>(Net assets)</b>			
<b>Shareholders’ equity:</b>			
Capital stock		8,180	8,180
Capital surplus		15,285	15,285
Retained earnings		9,114	8,630
Treasury stock		(28)	(28)
Total shareholders’ equity		32,552	32,068
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities		683	765
Deferred gains or losses on hedges		6	(5)
Foreign currency translation adjustments		(369)	(402)
Total other comprehensive income		321	357
<b>Total net assets</b>		32,873	32,425
<b>Total liabilities and net assets</b>		49,570	49,445

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

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

Item	Period	First Quarter of FY2010 (Three months ended June 30, 2010)	First Quarter of FY2011 (Three months ended June 30, 2011)
		Amount	Amount
Net sales		12,376	12,866
Cost of sales		8,889	9,050
Gross profit		3,487	3,816
Selling, general and administrative expenses		4,605	4,364
Operating loss		(1,118)	(548)
Non-operating income:			
Interest income		11	15
Dividends income		14	15
Foreign exchange gains		48	28
Miscellaneous income		16	60
Total non-operating income		91	120
Non-operating expenses:			
Interest expenses		14	11
Equity in losses of affiliates		5	23
Miscellaneous loss		2	2
Total non-operating expenses		22	36
Ordinary loss		(1,049)	(464)
Extraordinary income:			
Gain on sales of investment securities		—	105
Total extraordinary income		—	105
Extraordinary loss:			
Impairment loss		88	—
Loss on retirement of noncurrent assets		0	—
Loss on valuation of investment securities		3	—
Loss on adjustment for changes of accounting standard for asset retirement obligations		357	—
Special retirement expenses		1,417	—
Total extraordinary loss		1,868	—
Loss before income taxes and minority interests		(2,918)	(359)
Income taxes—current		23	54
Income taxes for prior periods		(35)	—
Income taxes—deferred		(757)	(254)
Total income taxes		(770)	(200)
Loss before minority interests.		(2,147)	(158)
Minority interests in income (loss)		(35)	—
Net loss		(2,111)	(158)

**(Consolidated Statements of Comprehensive Income)**

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

Item	Period	First Quarter of FY2010 (Three months ended June 30, 2010)	First Quarter of FY2011 (Three months ended June 30, 2011)
		Amount	Amount
Loss before minority interests		(2,147)	(158)
Other comprehensive income:			
Valuation difference on available-for-sale securities		0	82
Deferred gains or losses on hedges		(12)	(12)
Foreign currency translation adjustment		(71)	(33)
Total other comprehensive income		(83)	36
Comprehensive income		(2,231)	(122)
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		(2,195)	(122)
Comprehensive income attributable to minority interests		(35)	—

### (3) Notes regarding Assumption of a Going Concern

No events to be noted for this purpose.

### (4) Segment Information

#### I. First Quarter of FY2010 (from April 1, 2010 to June 30, 2010)

##### 1. Sales and Earnings (or Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				
	Financial Solutions	Enterprise Solutions— Business	Enterprise Solutions— Engineering	Communications IT	Total
Net sales					
Sales to customers	3,688	2,679	3,628	2,380	12,376
Inter-segment sales and transfers	—	—	—	—	—
Total	3,688	2,679	3,628	2,380	12,376
Segment income (loss)	(120)	(522)	(551)	75	(1,118)

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

##### 2. Impairment Losses on Noncurrent Assets or Goodwill by Reportable Segment

###### Significant changes in goodwill

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

#### II. First Quarter of FY2011 (from April 1, 2011 to June 30, 2011)

##### 1. Sales and Earnings (or Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				
	Financial Solutions	Enterprise Solutions— Business	Enterprise Solutions— Engineering	Communications IT	Total
Net sales					
Sales to customers	4,131	2,628	4,070	2,035	12,866
Inter-segment sales and transfers	—	—	—	—	—
Total	4,131	2,628	4,070	2,035	12,866
Segment income (loss)	92	(321)	(178)	(140)	(548)

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

## (5) Note on Significant Changes in Shareholders' Equity

Not applicable

## 5. Supplementary Information

### Status of Production, Orders and Sales

Many of ISID's client companies 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 subject first quarter period (April 1–June 30, 2011) by segment is as follows.

Segment	Production output (Millions of yen)	YoY (%)
Financial Solutions	3,439	118.3
Enterprise Solutions—Business	1,554	85.7
Enterprise Solutions—Engineering	641	89.8
Communications IT	754	90.3
Total	6,390	101.9

The status of production through the subject first quarter period (April 1–June 30, 2011) by business line is as follows.

Business line	Production output (Millions of yen)	YoY (%)
Custom system development	4,149	119.3
In-house software add-on development	867	74.0
Third-party software add-on development	1,373	84.8
Total	6,390	101.9

#### 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 subject first quarter period (April 1–June 30, 2011) by segment is as follows.

Segment	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Financial Solutions	4,637	135.1	3,644	150.3
Enterprise Solutions—Business	1,908	115.2	1,782	100.6
Enterprise Solutions—Engineering	800	89.1	445	56.8
Communications IT	1,447	98.2	945	121.2
Total	8,795	117.9	6,817	118.4

The status of orders through the subject first quarter period (April 1–June 30, 2011) by business line is as follows.

Business line	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Custom system development	6,382	125.4	4,868	152.3
In-house software add-on development	747	100.7	998	75.5
Third-party software add-on development	1,665	102.3	950	76.7
Total	8,795	117.9	6,817	118.4

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 subject first quarter period (April 1–June 30, 2011) by segment is as follows.

Segment	Sales volume (Millions of yen)	YoY (%)
Financial Solutions	4,131	112.0
Enterprise Solutions—Business	2,628	98.1
Enterprise Solutions—Engineering	4,070	112.2
Communications IT	2,035	85.5
Total	12,866	104.0

The status of sales through the subject first quarter period (April 1–June 30, 2011) by business line is as follows.

Business line	Sales volume (Millions of yen)	YoY (%)
Consulting services	263	134.9
Custom system development	3,726	107.4
In-house software	1,559	86.0
Third-party software	4,694	109.0
Outsourcing, operation and maintenance services	1,126	91.0
IT equipment sales and others	1,496	110.4
Total	12,866	104.0

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	First Quarter of FY2010 (From April 1, 2011 to June 30, 2010)		First Quarter of FY2011 (From April 1, 2011 to June 30, 2011)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Dentsu, Inc.	1,811	14.6	1,665	12.9