

March 2002 Financial Results

May 15, 2002

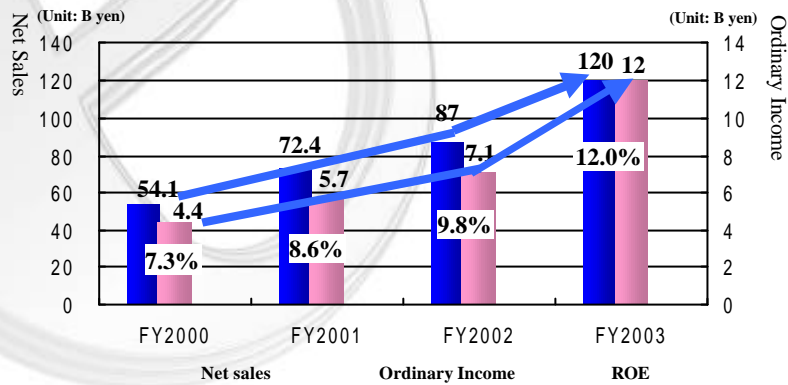
Information Services International-Dentsu, Ltd.

Jutaro Takinami
President & CEO

Fy2003 (ending in March 2004) Consolidated Business Target

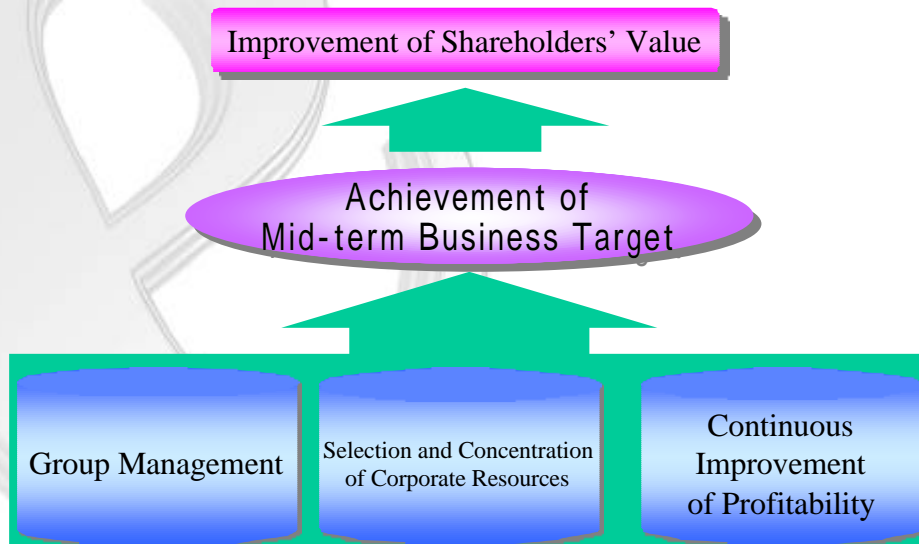


Net Sales	120 billion yen
Ordinary Income	12 billion yen
ROE	12%



* 01/3 ROE was calculated by Shareholders' equity at end of fiscal year.

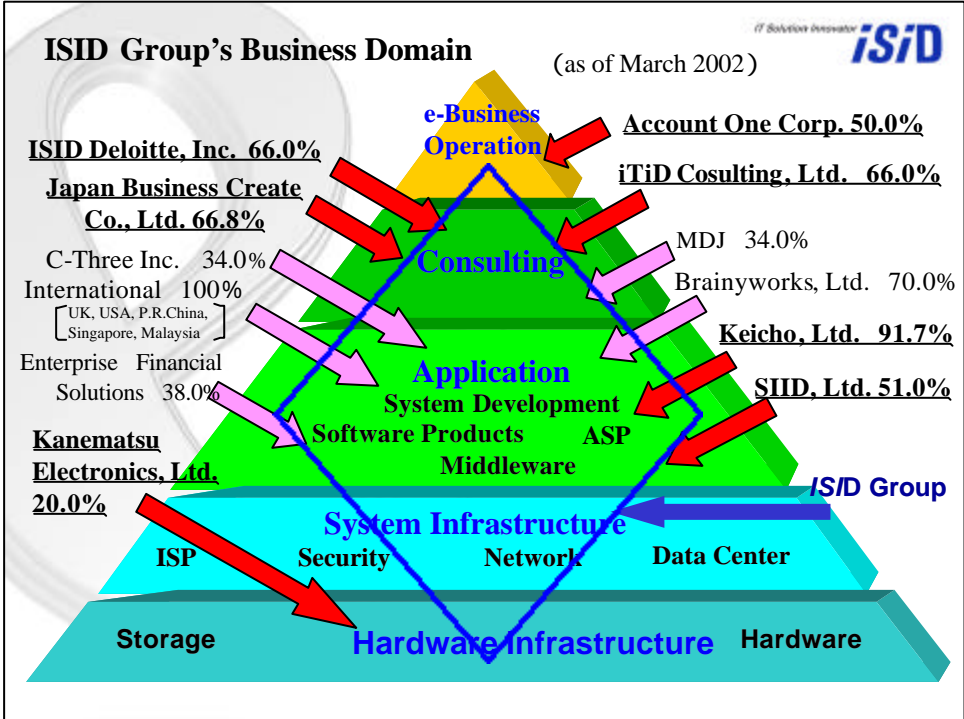
For Shareholders' Value



IT Solution Innovator **iSiD**

Group Management

	2001/3	2002/3	2003/3 (est.)
(Consolidation Leverage)			
Net Sales	1.04	1.27	1.36
Ordinary Income	1.03	1.30	1.37
(affect P/L)			
Consolidated Subsidiaries	6	10	12
Affiliated companies subject to equity method	4	5	5
(affect P/L)			
Consolidated Number of Employees	1,216	1,782	1,900



Our Efforts to Increase Shareholders' Value

Review of FY2001

- Stock split 1:1.1
- Dividend 20yen
- Discontinuance of additional reserve of retirement allowance for executive directors

Abolishment of Retirement Allowance System

- Stock Option Program (Directors & Divisional Manager)



Plan of FY2002

- Stock split 1:2
- Dividend 20yen
- Converted to a defined-contribution pension system

- Stock Option Program (Presidents of the group companies)

Ryu Kenji
Senior Executive Director

FY2001 Financial Results

FY2001 Statement of Income (Consolidated)

(Unit: Myen, %)

	FY2000	Ratio	FY2001	Ratio	Growth Rate	Consolidation Leverage
Net Sales	54,174	100.0	72,447	100.0	33.7	1.27
Gross Profit	16,800	31.0	20,250	28.0	20.5	1.31
Operating Income	4,481	8.3	5,361	7.4	19.6	1.26
Ordinary Income	4,477	8.3	5,761	8.0	28.7	1.30
Net Income	2,252	4.2	2,752	3.8	22.2	1.90

FY2001 Statement of Income (Consolidated)
- compared with the initial estimation

(unit: Myen, %)

	Estimation	Ratio	Actual	Ratio	Excess Rate
Net Sales	72,500	100.0	72,447	100.0	0.1
Operating Income	5,900	8.1	5,361	7.4	9.1
Ordinary Income	6,200	8.6	5,761	8.0	7.1
Net Income	3,400	4.7	2,752	3.8	19.1

FY2001 Statement of Income (Non-Consolidated)

(unit: Myen, %)

	FY2000	Ratio	FY2001	Ratio	Growth Rate
Net Sales	52,185	100.0	57,204	100.0	9.6
Gross Profit	15,892	30.5	15,414	26.9	3.0
Operating Income	4,380	8.4	4,247	7.4	3.0
Ordinary Income	4,353	8.3	4,424	7.7	1.6
Net Income	2,170	4.2	1,452	2.5	33.1

FY2001 Statement of Income (Non-Consolidated) - compared with the initial estimation

(unit: Myen, %)

	Estimation	Ratio	Actual	Ratio	Excess Rate
Net Sales	58,700	100.0	57,204	100.0	2.5
Operating Income	5,000	8.5	4,247	7.4	15.1
Ordinary Income	5,000	8.5	4,424	7.7	11.5
Net Income	1,500	2.6	1,452	2.5	3.2

FY2001 Financial Results of Brainyworks, Ltd.

(unit: Myen, %)

	Results	Ratio
Net Sales	12,405	100.0
Ordinary Income	1,381	11.1
# of Employee (as of 2002/3)	317	

- Systems development for a large financial institute
- Network connection system between ATM in Convenience store and Bank
- Own software package sales: MARKETBRAIN, STAFFBRAIN, JUSTBRAIN, COLLECTBRAIN
- Sales ratio to ISiD FY2001: 14% of total sales



FY2001 Consolidated Balance Sheets Highlights

(unit: Myen) 

	FY2000	FY2001	Increase /Decrease
Current assets	41,611	40,781	830
Property & equipment	774	997	223
Intangible assets	4,561	5,260	699
Investments & other assets	4,854	9,048	4,194
Total fixed assets	10,190	15,306	5,116
Total assets	51,802	56,087	4,285
Current liabilities	17,136	19,250	2,114
Long-term liabilities	3,708	3,256	452
Total liabilities	20,844	22,507	1,663
Minority interest in consolidated subsidiaries	-	335	335
Shareholders' equity	30,958	33,244	2,286
Total liabilities & shareholders' equity	51,802	56,087	4,285

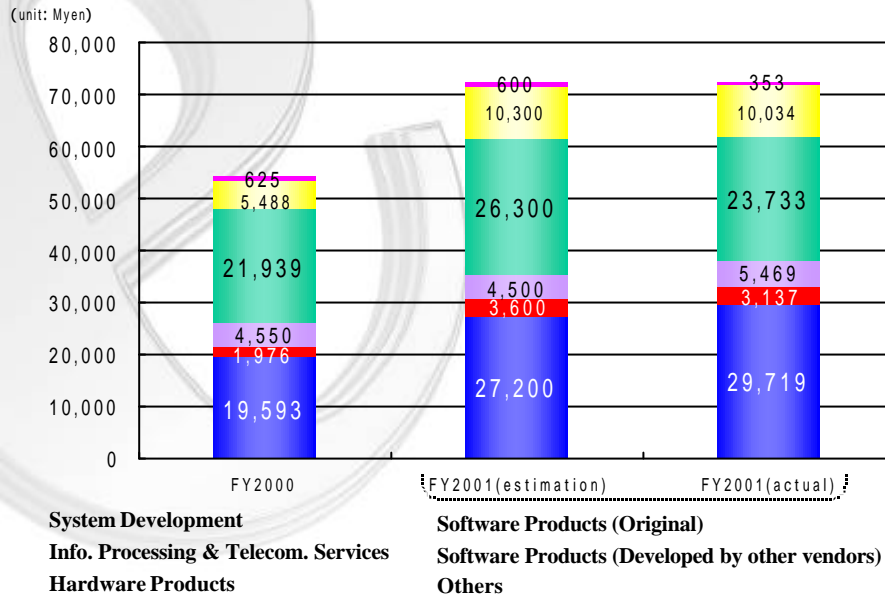
FY2001 Consolidated Statement of Cash Flows Highlights

(unit: Myen) 

	FY2000	FY2001	Increase /Decrease
Cash flows from operating activities	5,138	485	4,653
Cash flows from investing activities	4,602	8,669	4,067
Cash flows from financing activities	20,560	966	21,526
Net increase (decrease) in cash and cash equivalents	21,185	9,081	30,266
Cash and cash equivalents at beginning of year	2,969	24,154	21,185
Cash and cash equivalents at end of year	24,154	15,072	9,081

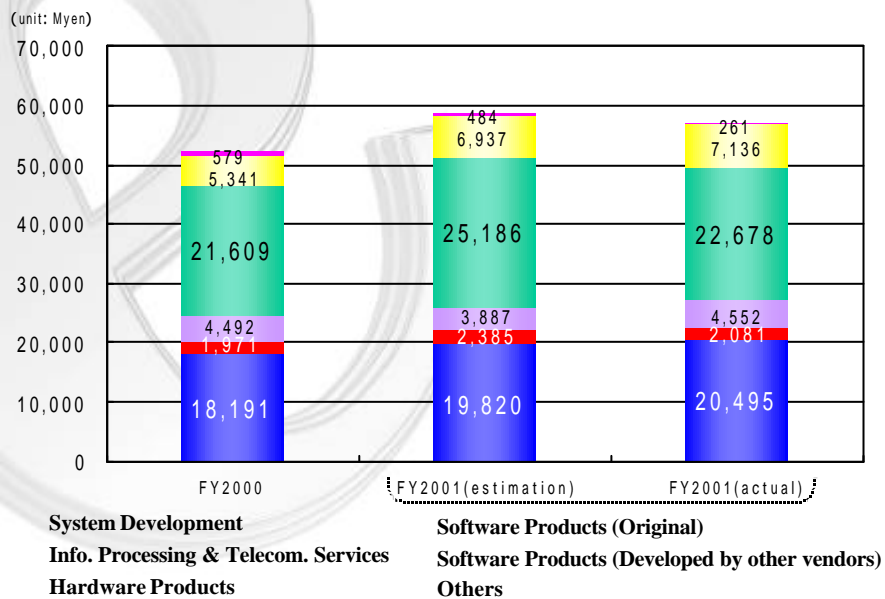
Sales by Service Line (Consolidated)

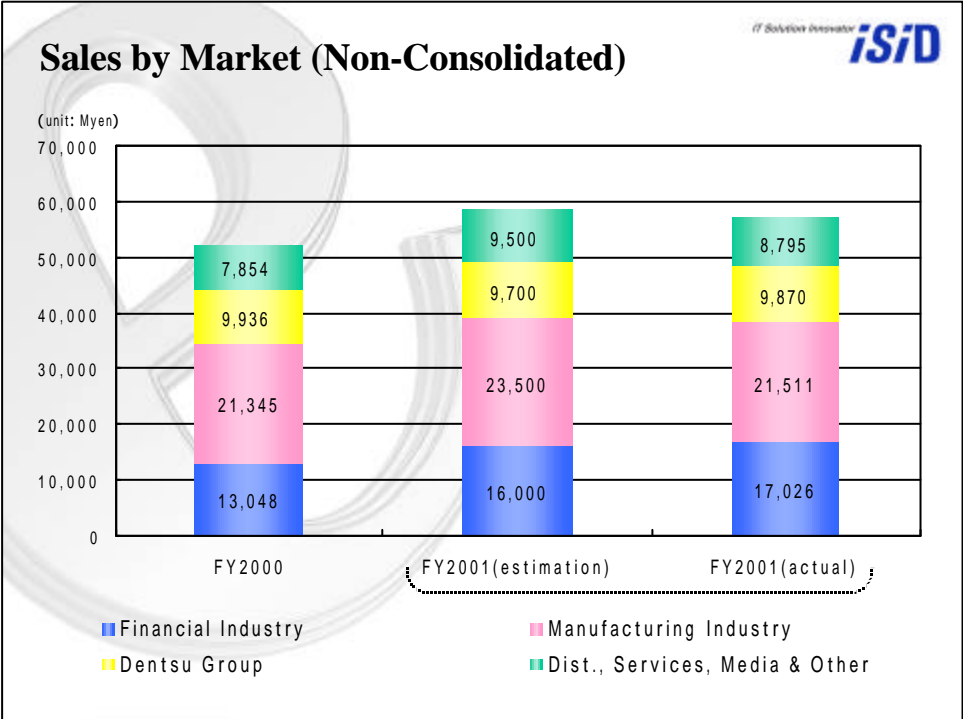
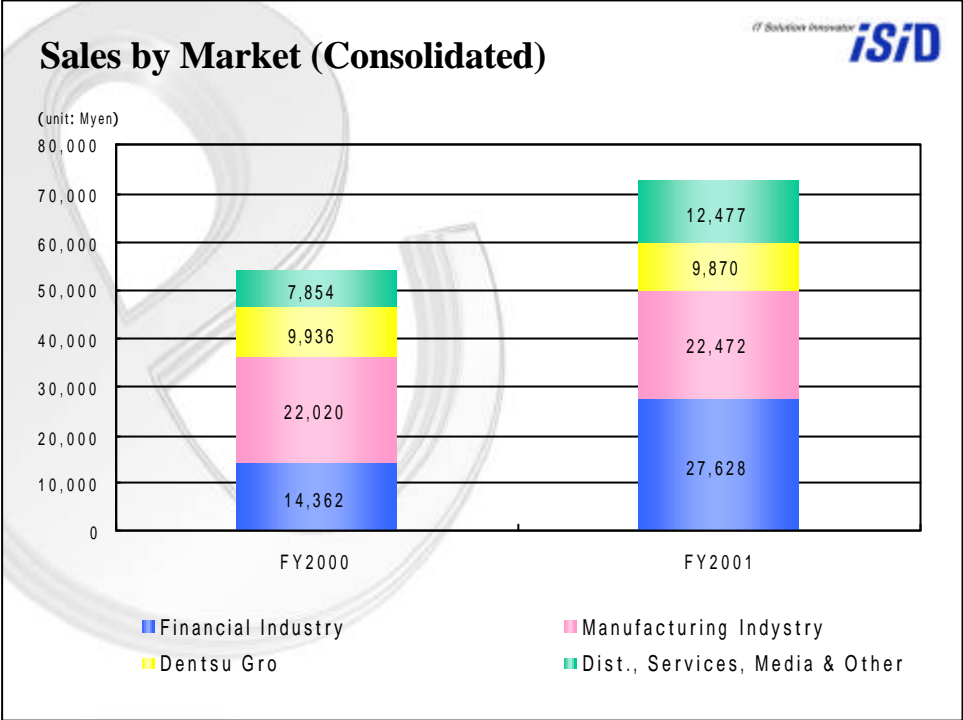
IT Solution Innovator **ISI**D



Sales by Service Line (Non-Consolidated)


IT Solution Innovator **ISI**D






FY2001 Sales and gross margin rate ranking (Non-Consolidated)

	Gross Margin Rate	Financial Industry	Manufacturing Industry	Dentsu Group	Dist., Services & Other
System Development	3	1		1	1
Software Products(Original)	1				
Info. Process. & Telecom. Services				2	2
Software Products	2	2	1		
Hardware Products			2		
Others					

 Gross Margin Rate Ranking by Service Line

 Sales Ranking in Each Industry

FY2001 Financial Industry Solution Business

- **Customer Service Application**
 - New or additional development of Internet banking system (Bank of Tokyo Mitsubishi, IY Bank, Daiwa Bank)
 - Development of B to B Financial service system (Tokyo Stock Exchange, Major Banks)
 - Set-up of Account One Corp. to provide account aggregation service
 - World's first feasibility test of Identrus payment application system with UFJ Bank
- **Settlement Application**
 - Provided STP solution service
 - Completed development of "S.T.P. Engine". Started marketing from July and implemented to Taiyo Life Insurance, a major trust bank
- **Investment Application**
 - Provided market risk management system, FX front dealing support system and etc.
 - Responded to system integration needs derived from banking industry's reform
- **Global Application**
 - Development of core banking systems for overseas offices of Japanese banks
- **Contribution of ISiD group companies**
 - Increase of talented development resources and market enlargement by Brainyworks and Keicho

FY2002 Financial Industry Solution Business

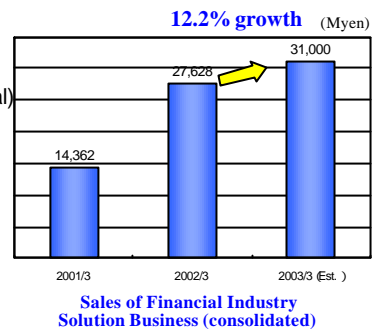
ISiD

External Business Environment

- Customer Service Application:
 - Continuous improvement of customer service by financial institutions
- Settlement Application:
 - Continuous growth of STP solution needs for effective settlement process
 - Acceleration of investment for T+1 system toward year 2005
- Investment Application:
 - Growing needs for credit risk management system, responding to new BIS regulations
 - Continuous system needs for new financial products
- Global Application:
 - XML standardization in global financial market

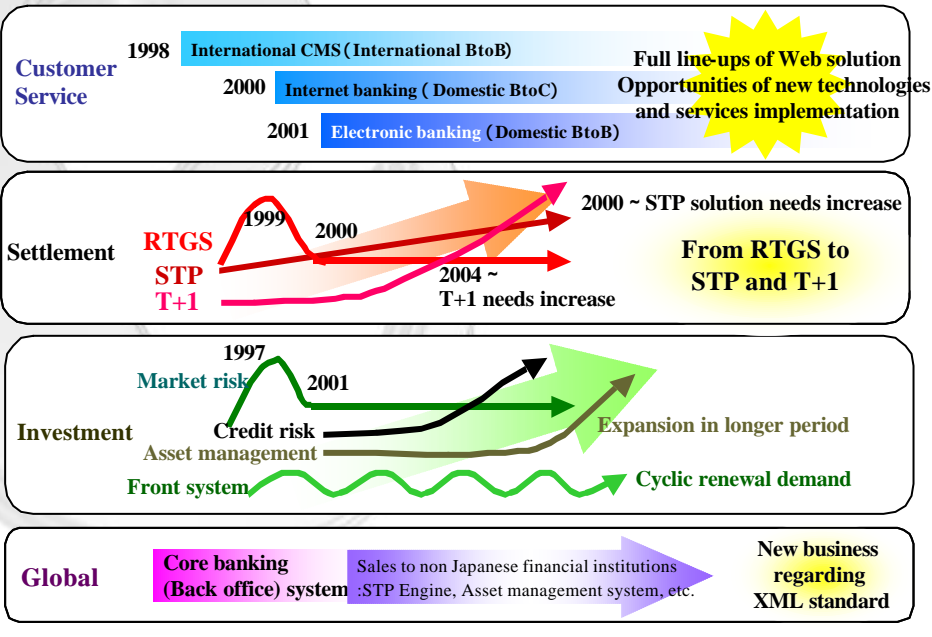
Strategy

- Concentration in 4 strategic areas (Customer Service, Settlement, Investment and Global)
- Business development of securities industry solution by utilizing business know-how and technology at 4 strategic areas
- Business development regarding XML standard application
- Improvement of system development productivity by D FORCE II – ISiD's new inhouse development platform for java based application
- Reinforcement of group companies' synergistic effect



Financial Industry Solution Business Strategy

ISiD



FY2001 Manufacturing Industry Solution Business

- **Software license sales lower than expectation**
 - Investment repression among IT appliance manufactures
 - Mid-range CAD vs High-end CAD
 - Fair business performance for automotive and precision industries
- **Fair performance for consulting and implementation support**
 - Continued investment in business infrastructure systems and business process reengineering
 - Fair performance of ERP and PDM business
 - Growth of consulting and implementation support business as planned
- **Background of lowered gross profit rate**
 - Impact of weakness of JPY against USD

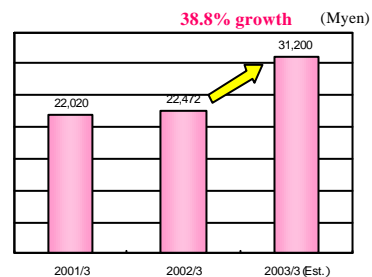
FY2002 Manufacturing Industry Solution Business

➤ **External Business Environment**

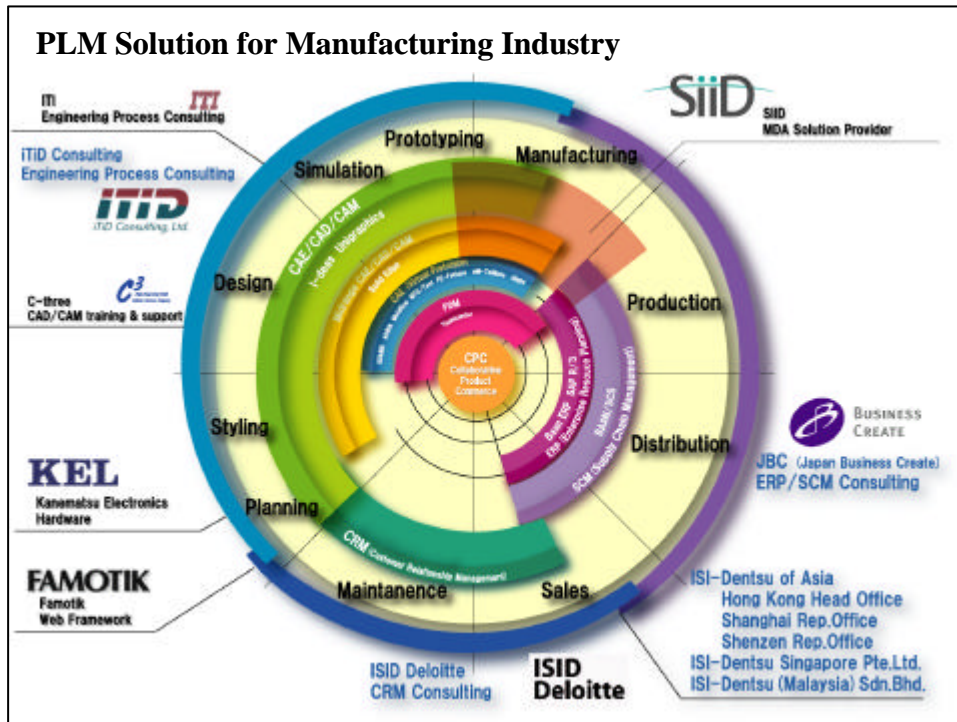
- Active investment in business infrastructure system
- Accelerated expansion of mid-range CAD
- Increased demand for PDM, accompanied with the spread of 3-D CAD

➤ **Strategy**

- Reinforcement of solution portfolio
 - Expansion of CAE products
 - Promotion of mid-range CAD sales (synergy with SIID, Ltd.)
- Expansion of ERP and PDM business
 - Synergy with JBC and iTiD Consulting
 - Set-up of the dedicated sales organization for PDM



Sales of Manufacturing Industry Solution Business (consolidated)



FY2001 Broadband Solution Business

IT Solution Innovator **ISiD**

- Started as a new business in FY2001
 - Approached advanced companies and received orders
 - From utility companies: Consulting service for the feasibility testing of their new network-based business
 - From media company: Development of the testing site for contents streaming service
 - From precision machinery companies: Development of e-CRM site
 - Sales was active sales for the business expansion in FY2002
 - Establishment of ISID Deloitte, Inc.
 - Reinforcement of e-Business consulting

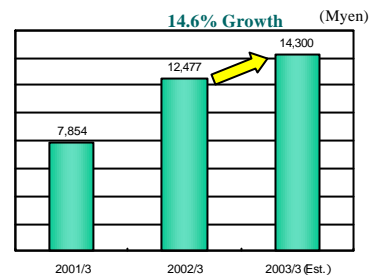
FY2002 Broadband Solution Business

External Business Environment

- Expansion of the broadband environment
Broadband technology is becoming essential for SI.
- Increasing needs for systems utilizing the broadband technologies
 - Investment in Digital Rights Management (DRM) system and Media Asset Management system in contents delivery business
 - Investment in e-CRM system in global based marketing strategies

Strategy

- Concentration in contents delivery application and e-CRM system
- Continuous R & D for obtaining advanced technologies
- Synergy with Dentsu group companies
- Reinforcement of consulting service by collaboration with ISiD Deloitte



Sales of Solution Business for Distribution, Services, Media and Other (consolidated)

Strategy of Broadband Solution Business

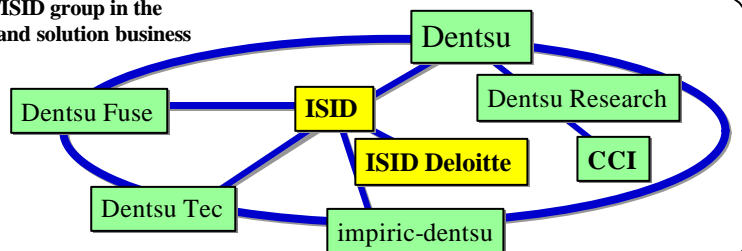
ISiD's strength

- Technology of MAM, DRM, Electronic Commerce
- Capable of mission critical system development and implementation
- Global support by overseas offices
- CRM system development, utilizing Dentsu group's marketing know-how
- Total solution provided by ISiD group

Business Case

- Development of Electronic Software Distribution system and Digital Rights Management system for Network VAIO marketed through SonyStyle.com

Dentsu/ISiD group in the broadband solution business



FY 2001 Research and Development

➤ Research and Development

- Security in network
- Practical use of IPV6
- Practical use of Identrus
- XML studies

➤ Software Development

- STP Engine
- D FORCE (Development platform for JAVA based application)
- Addition of Management Accounting System to SCOPE (Consolidated Accounting System)
- e-MARKETBRAIN(CRM System) : Brainyworks

(unit: Myen)

R & D Costs	FY2000	FY2001	FY2002(Est.)
Consolidated	675	951	1,200
Non-Consolidated	631	662	900

FY2002 Estimation

FY2002 Estimated Statement of Income (Consolidated)

(unit : Myen,%)

	FY2001	Ratio	FY2002	Ratio	Growth Rate	Consolidation Leverage
Net Sales	72,447	100.0	87,000	100.0	20.1	1.36
Operating Income	5,361	7.4	6,600	7.6	23.1	1.29
Ordinary Income	5,761	8.0	7,100	8.2	23.2	1.37
Net Income	2,752	3.8	3,400	3.9	23.5	1.21

FY2002 Estimated Statement of Income (Non-Consolidated)

(unit : Myen, %)

	FY2001	Ratio	FY2002	Ratio	Growth Rate
Net Sales	57,204	100.0	64,000	100.0	11.9
Operating Income	4,247	7.4	5,100	8.0	20.1
Ordinary Income	4,424	7.7	5,200	8.1	17.5
Net Income	1,452	2.5	2,800	4.4	92.8

