

Consolidated Financial Results for the Fiscal Year Ended March 31, 2010

Name of Listed Company: Information Services International-Dentsu, Ltd.
 Listed Exchange: Tokyo
 Code Number: 4812
 URL: <http://www.isid.co.jp/english/index.html>
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Date of the general meeting of the shareholders' meeting: June 23, 2010
 Date of scheduled payment of dividends: June 24, 2010
 Date of scheduled filing of securities report: June 23, 2010

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

1. Consolidated Financial Results for FY 2009 (From April 1, 2009 to March 31, 2010)

(1) Consolidated Financial Results

(% of change from previous year)

| | Net sales | | Operating income (loss) | | Ordinary income (loss) | |
|---------|---------------|--------|-------------------------|-------|------------------------|-------|
| | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) |
| FY 2009 | 61,155 | (18.6) | (295) | — | (238) | — |
| FY 2008 | 75,148 | (2.8) | 4,481 | (4.5) | 4,628 | (7.0) |

| | Net income (loss) | | EPS | Diluted EPS | ROE | ROA | Ratio of operating income to net sales |
|---------|-------------------|--------|--------|-------------|-------|-------|--|
| | (million yen) | (%) | (yen) | (yen) | (%) | (%) | (%) |
| FY 2009 | (137) | — | (4.23) | — | (0.4) | (0.5) | (0.5) |
| FY 2008 | 1,357 | (40.4) | 41.67 | — | 4.0 | 8.7 | 6.0 |

Ref.: Equity in earnings of affiliated companies: FY 2009: (23) million yen; FY 2008: 29 million yen

(Note) ROE: Ratio of net income to shareholders' equity ROA: Ratio of ordinary income to total assets

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Shareholders' equity per share |
|---------|---------------|---------------|--------------|--------------------------------|
| | (million yen) | (million yen) | (%) | (yen) |
| FY 2009 | 49,910 | 33,480 | 66.5 | 1,018.81 |
| FY 2008 | 53,239 | 34,170 | 63.6 | 1,039.25 |

Ref.: Shareholders' equity: FY 2009: 33,196 million yen; FY 2008: 33,862 million yen

(3) Consolidated Cash Flow

| | From operating activities | From investing activities | From financing activities | Cash and cash equivalents at end of period |
|---------|---------------------------|---------------------------|---------------------------|--|
| | (million yen) | (million yen) | (million yen) | (million yen) |
| FY 2009 | 1,937 | (2,785) | (2,108) | 11,215 |
| FY 2008 | 9,663 | (6,340) | (2,208) | 14,174 |

2. Dividends

| | Dividends per share | | | | | Total dividends paid (Annual) | Payout ratio (Consolidated) | Dividend on equity ratio (Consolidated) |
|---------------------|---------------------|----------------|---------------|----------------|-------|-------------------------------|-----------------------------|---|
| | First quarter | Second quarter | Third quarter | Fourth quarter | Total | | | |
| | (yen) | (yen) | (yen) | (yen) | (yen) | (million yen) | (%) | (%) |
| FY 2008 | — | 10.00 | — | 10.00 | 20.00 | 651 | 48.0 | 1.9 |
| FY 2009 | — | 10.00 | — | 10.00 | 20.00 | 651 | — | 1.9 |
| FY 2010 (Forecasts) | — | 10.00 | — | 10.00 | 20.00 | | — | |

3. Forecast of Consolidated Results for FY 2010 (From April 1, 2010 to March 31, 2011)

(% of change from the same period last year)

| | Net sales | | Operating income (loss) | | Ordinary income (loss) | | Net income (loss) | | EPS |
|-----------------------|---------------|-------|-------------------------|-----|------------------------|-----|-------------------|-----|---------|
| | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) | (yen) |
| First half of FY 2010 | 28,452 | (0.9) | (960) | — | (976) | — | (1,279) | — | (39.25) |
| FY 2010 | 62,913 | 2.9 | 944 | — | 935 | — | (561) | — | (17.22) |

4. Others

1. Changes in the scope of consolidation for significant subsidiaries during fiscal year ended March 31, 2010: None
2. Changes in significant accounting policies, procedures or presentation
 - (i) Adoption of new accounting standard: Yes
 - (ii) Changes other than (i): None
3. Issued and outstanding common stock
 - (i) Number of shares outstanding at end of period, including treasury stock:
FY 2009: 32,591,240 shares; FY 2008: 32,591,240 shares
 - (ii) Number of treasury stock at end of period:
FY 2009: 7,733 shares; FY 2008: 7,680 shares

(Reference) Summary of Non-Consolidated Financial Results

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

1. Non-Consolidated Results for FY 2009 (From April 1, 2009 to March 31, 2010)

(1) Non-Consolidated Financial Results

(% of change from previous year)

| | Net sales | | Operating income (loss) | | Ordinary income | |
|---------|---------------|--------|-------------------------|-----|-----------------|--------|
| | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) |
| FY 2009 | 52,992 | (10.9) | (23) | — | 343 | (91.5) |
| FY 2008 | 59,485 | (2.3) | 3,700 | 5.3 | 4,040 | 0.9 |

| | Net income | | EPS | Diluted EPS |
|---------|---------------|--------|-------|-------------|
| | (million yen) | (%) | (yen) | (yen) |
| FY 2009 | 100 | (89.8) | 3.09 | — |
| FY 2008 | 976 | (36.2) | 29.98 | — |

(2) Non-Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Shareholders' equity per share |
|---------|---------------|---------------|--------------|--------------------------------|
| | (million yen) | (million yen) | (%) | (yen) |
| FY 2009 | 49,547 | 32,166 | 64.9 | 987.19 |
| FY 2008 | 51,616 | 32,636 | 63.2 | 1,001.64 |

Ref.: Shareholders' equity: FY 2009: 32,166 million yen; FY 2008: 32,636 million yen

2. Forecast of Non-Consolidated Results for FY 2010 (From April 1, 2010 to March 31, 2011)

(% of change from the same period last year)

| | Net sales | | Operating income (loss) | | Ordinary income (loss) | | Net income (loss) | | EPS |
|-----------------------|---------------|------|-------------------------|-----|------------------------|-------|-------------------|-----|---------|
| | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) | (yen) |
| First half of FY 2010 | 25,290 | 13.0 | (930) | — | (841) | — | (1,132) | — | (34.74) |
| FY 2010 | 55,466 | 4.7 | 549 | — | 742 | 116.3 | (649) | — | (19.92) |

Note: 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.

1. Business Results

1) Analysis of Business Results

(1) Results for FY 2009 (Ended March 31, 2010)

The Japanese economy during FY 2009 (April 1, 2009–March 31, 2010) began to show signs of recovery, as manufacturing and exports bottomed out against the backdrop of economic stimulus measures enacted by governments around the world. However, with lingering concerns over deflation, tight conditions for employment and wages, and other negative factors, capital expenditure remained sluggish.

Under such conditions, the ISID Group actively made proposals that address the priority issues of its clients, namely, building systems to bolster the client's business, and introducing systems to reduce costs and improve operational efficiency. We also took steps to bolster the competitiveness of the corporate group, such as pursuing R&D aimed at developing unique solutions. The subsidiaries Brainyworks, Ltd. and ISID TechnoSolutions, Ltd. were absorbed by ISID and their business operations integrated into the Company to further strengthen the business foundation. In addition, we established the outsourcing operations and maintenance company ISID Advanced Outsourcing, Ltd., and concluded a capital and business tie-up with the Internet data center operator Bit-isle Inc.

However, IT investment remained tightly restrained overall throughout the subject fiscal year in the financial, manufacturing and service industries, which constitute the ISID Group's core client base, despite continued aggressive investment among certain client companies. The curbs on IT investment were particularly marked in fields that represent a new investment for customers, including the ISID Group's mainstay services of custom system development and software license sales, and orders received by the Group remained at extremely low levels.

As a result, consolidated net sales declined sharply during the subject fiscal year, down 18.6% from the previous fiscal year to ¥61,155 million.

In terms of earnings, gross profit declined from the previous fiscal year, due mainly to the falloff in revenue. Selling, general and administrative (SG&A) expenses, despite efforts to curb sales costs, remained on a par with the previous fiscal year mainly due to an increase in depreciation and amortization stemming from the implementation of a new internal IT system. As a result, ISID posted an operating loss for the subject fiscal year of ¥295 million (compared to operating income of ¥4,481 million in the previous fiscal year), with an ordinary loss of ¥238 million (compared to ordinary income of ¥4,628 million in the previous fiscal year).

In extraordinary gains and losses, the Company recorded an extraordinary gain of ¥151 million from a legal settlement received, but this was more than offset by extraordinary losses of ¥998 million mainly for restructuring of subsidiaries, and retirement of noncurrent assets for the old internal IT system following implementation of the new system. As a result, the Company posted a loss before income taxes and minority interests of ¥1,085 million, but as a result of the tax effect recorded in the subject fiscal year related to impairment losses in previous fiscal years for business restructuring, the net loss for the year was ¥137 million (compared to net income of ¥1,357 million in the previous fiscal year).

ISID Group net sales by service category, and status of business operations, are as follows.

Net Sales by Service Category

| | FY 2008 (From April 1, 2008 to March 31, 2009) | | FY 2009 (From April 1, 2009 to March 31, 2010) | | Change from the previous year |
|--|---|------------|---|------------|----------------------------------|
| | Amount (million yen) | Ratio % | Amount (million yen) | Ratio % | |
| | | | | | |
| Consulting services | 3,770 | 5.0 | 2,026 | 3.3 | 53.7 |
| Custom system development | 22,443 | 29.9 | 17,385 | 28.4 | 77.5 |
| In-house software | 9,782 | 13.0 | 8,535 | 14.0 | 87.3 |
| Third-party software | 25,222 | 33.6 | 21,096 | 34.5 | 83.6 |
| Outsourcing, operation and maintenance services | 5,938 | 7.9 | 5,111 | 8.4 | 86.1 |
| IT equipment sales and others | 7,990 | 10.6 | 7,000 | 11.4 | 87.6 |
| Total | 75,148 | 100.0 | 61,155 | 100.0 | 81.4 |

Note: "Consulting services" is consulting for business operations and IT. "Custom system development" is the building and maintenance of IT systems based on individual client specifications. "In-house software" is the sale of software developed internally, including add-on development, technical support and maintenance service. "Third-party software" is the sale of software purchased from other companies, including add-on development, technical support and maintenance service. "Outsourcing, operation and maintenance services" is the operation, maintenance, support for client IT systems, as well as business services on a contract basis. "IT equipment sales and others" is the sales and maintenance of hardware, as well as databases, middleware and other types of software and services.

Consulting services

Net Sales: ¥2,026 million (down 46.3% year on year)

Consulting services are provided mainly by iTiD Consulting, Ltd., and ESTECH Corporation. Sales declined from the previous fiscal year, mainly in consulting for the manufacturing industry in the product design and development field.

Custom system development

Net Sales: ¥17,385 million (down 22.5% year on year)

Sales declined from the previous fiscal year in the finance, service, distribution, and other industries. Revenue was down as a result of the backlash from numerous large-scale projects for major customers in the previous fiscal year, and was severely affected by clients' curbs on IT investment, particularly for new projects.

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

Net Sales: ¥8,535 million (down 12.7% year on year)

Sales were steady for the consolidated accounting system STRAVIS and the human resource management system POSITIVE, but revenue was down for in-house software overall on sluggish sales of software licenses and technical support services related to solutions for the financial industry, and various solutions tailored for the manufacturing product design and development field.

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

Net Sales: ¥21,096 million (down 16.4% year on year)

In the manufacturing product design and development field, despite steady performance in large-scale projects for major customers, sales declined overall from the previous fiscal year due mainly to declines in software license sales and technical support services for various design support systems (such as CAD, CAM, CAE, and PLM). In the ERP systems, sales declined mainly as a result of sluggishness in acquisition of new customers, with revenue down from software

license sales, add-on development and technical support services.

Outsourcing, operation and maintenance services

Net Sales: ¥5,111 million (down 13.9% year on year)

Sales were down from the previous fiscal year, mainly to major customers in the service industry, due to the impact from curbs on IT investment.

IT equipment sales and others

Net Sales: ¥7,000 million (down 12.4% year on year)

Sales of IT equipment, in line with the slow sales from custom system development, and licenses for in-house and third-party software, declined from the previous fiscal year, focused on the finance, manufacturing and service industries.

(2) Forecast for FY 2010 (Ending March 31, 2011)

Corporate earnings are clearly on an upward trend heading into FY 2010, but recovery in capital expenditures is likely to require more time. IT investment is beginning to show signs of recovery, but the pace and scale of investment are expected to be restrained for the immediate future.

Amid this environment, the ISID Group will increase revenue and restore operating profitability, as well as establish a business foundation for sustained increase in earnings responsive to the economic environment.

The ISID Group's forecasts for FY 2010 are as follows.

Earnings Forecast for FY 2010 (April 1, 2010 to March 31, 2011)

| | Consolidated | | Non-consolidated | |
|-------------------|-------------------------|--------------------------------------|-------------------------|--------------------------------------|
| | Amount (million yen) | Change from the previous year (%) | Amount (million yen) | Change from the previous year (%) |
| Sales | 62,913 | 102.9 | 55,466 | 104.7 |
| Operating income | 944 | — | 549 | — |
| Ordinary income | 935 | — | 742 | 216.3 |
| Net income (loss) | (561) | — | (649) | — |

In finance industry solutions, ISID will focus on system development for overseas branches of major banks, particularly in Asia. We will also expand sales of software licenses and technical support services for in-house software products such as the BANK·R financial operations system for regional financial institutions.

In manufacturing design and development solutions, ISID anticipates growth in software license sales for various design support systems (such as CAD, CAM, CAE, and PLM), centered on major customers. We also plan to expand consulting services, as well as sales of software licenses for in-house software, focusing on the iPRIME NAVI system to support design and development operations.

ISID will also concentrate on sales of software licenses and technical support services for in-house software products such as the consolidated accounting system STRAVIS and the human resource management system POSITIVE.

In terms of expenses, ISID will lower costs by producing software within the corporate group, or by making greater use of offshore development. For selling, general and administrative (SG&A) expenses, we will execute further reductions in sales and personnel costs. In particular, to reduce personnel expenses we will implement employee transfers to the group companies and an early retirement program, applicable to approximately 260 employees, by the end of September 2010.

At the same time, ISID will actively expand its investment in R&D to bolster its competitiveness. We will continue to focus on developing new software products and enhancing existing products, as well as conduct a wide range of technical research related to cloud computing, and adapting our software solutions for cloud computing.

Note: Forecasts and other forward-looking statements in this report are based on judgments and assumptions derived from information available at the time of preparation. Accordingly, actual results may vary from these forecasts as a result of inherent uncertainties, changes in internal or external business conditions, or other factors.

2) Analysis of Financial Position

Cash and cash equivalents (“cash”) on a consolidated basis at the end of the subject fiscal year (March 31, 2010) decreased ¥2,959 million from the end of the previous fiscal year (March 31, 2009), for a total of ¥11,215 million.

Cash Flow from Operating Activities

Net cash provided by operating activities amounted to ¥1,937 million at the end of the subject fiscal year. This was due mainly to a decrease in notes and accounts receivable—trade (¥539 million); a decrease in inventories (¥349 million); an increase in notes and accounts payable—trade (¥366 million), depreciation and amortization (¥3,238 million); a loss on retirement of noncurrent assets (¥483 million); and amortization of goodwill (¥415 million); against a loss before an income taxes and minority interests (¥1,085 million); income taxes paid (¥1,401 million); a decrease in advances received (¥408 million); and a decrease in accrued expenses (¥361 million).

Compared to the previous fiscal year, cash provided by operating activities decreased by ¥7,726 million. This was due mainly to decreases in cash that included a decrease in income before income taxes and minority interests (¥4,621 million); a decrease in recovery amount of notes and accounts receivable—trade (¥4,828 million); a narrowing of the decrease in value of inventories (¥1,052 million); and a decrease in amortization of goodwill (¥898 million), which exceeded increases in cash that included an increase in notes and accounts payable—trade (¥1,806 million); a decrease in income taxes paid (¥1,227 million); a decrease in advance payments (¥172 million); and an increase in depreciation and amortization (¥143 million).

Cash Flow from Investing Activities

Net cash used in investing activities amounted to ¥2,785 million at the end of the subject fiscal year. This was due mainly to expenditures for purchases of intangible assets such as software (¥1,308 million); purchases of investment securities (¥1,278 million); payments into time deposits (¥547 million); and purchase of property, plant and equipment (¥336 million); which exceeded proceeds from withdrawal of time deposits (¥313 million); and collection of loans receivable (¥303 million).

Compared to the same period of the previous fiscal year, cash used in investing activities decreased by ¥3,555 million. This was due mainly to decreases in cash used that included a decrease in purchase of property, plant and equipment (¥2,546 million); a decrease in purchases of intangible assets such as software (¥1,696 million); a decrease in payments of loans receivable (¥390 million); and collection of loans receivable (¥200 million); which exceeded increases in cash used that included an increase in expenditures for purchases of investment securities (¥1,107 million).

Cash Flow from Financing Activities

Net cash used in financing activities amounted to ¥2,108 million at the end of the subject fiscal year. This was due mainly to expenditures for repayments of lease obligations (¥1,457 million); and cash dividends paid (¥651 million).

Compared to the same period of the previous fiscal year, cash used in financing activities decreased by ¥100 million. This was due to a decrease in repayment of lease obligations (¥100 million).

Main financial indicators are as follows.

| | FY 2007 | FY 2008 | FY 2009 |
|---|---------|---------|---------|
| Equity ratio (%) | 62.9 | 63.6 | 66.5 |
| Equity ratio on a market value basis (%) | 52.8 | 31.5 | 32.7 |
| Cash flow / interest-bearing debt ratio (years) | — | 0.3 | 1.4 |
| Interest coverage ratio (times) | — | 127.8 | 29.3 |

Equity ratio: Shareholders' equity / total assets
 Equity ratio on a market value basis: Market value of all shares / total assets
 Cash flow / interest-bearing debt ratio: Interest-bearing debt / cash flow
 Interest coverage ratio: Cash flow / interest payments

Notes:

1. All figures have been calculated based on a consolidated basis.
2. Market value of all shares is calculated based on the total number of shares issued excluding treasury stock.
3. Cash flow used is cash flow from operating activities.
4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets that pay interest.

3) Basic Policy Regarding Earnings Distribution, and Dividends for FY 2009 and FY 2010

The basic policy of ISID is the long-term and stable return of profits to all shareholders.

In accordance with this policy, the Company decided at a meeting of the Board of Directors held November 4, 2009, that the distribution of retained earnings for the interim period (record date September 30, 2009) would be ¥10 per share.

The planned distribution of retained earnings for the year-end period (record date March 31, 2010) is ¥10 per share, for a full-year total equivalent to that of the previous fiscal year at ¥20 per share.

2. Management Policies

1) Basic Policy on Company Management

ISID's corporate philosophy is endeavor, as a group of innovative and creative professionals that makes a principle of honesty and sincerity, to contribute to the growth of our client companies and the advancement of society through the use of leading-edge technology. To realize our vision of being an "IT Solution Innovator," we provide cutting-edge, high quality services by continually responding appropriately to changes in the business environment, achieving long-term business development by earning the trust and satisfaction of customers.

2) Target Indicators, Medium- and Long-Term Management Strategies, and Issues to Address

The ISID Group continues to follow its three-year medium-term management plan to conclude in FY 2010 (March 2011). Over this three-year period, ISID is working to enhance its business foundation, and to establish a corporate individuality through development of new software products that will place ISID in a unique position distinct from its competitors.

The plan targets set for FY 2010 are consolidated net sales of ¥88,000 million, with an operating margin of 7%, and ROE of 8%.

However, the economic situation and business environment for the ISID Group has changed considerably since the announcement of this plan on May 11, 2008. In FY 2009 the ISID Group recorded a significant decline in year-on-year revenue, and posted an operating loss. Our forecasts for FY 2010, as of May 12, 2010, are for consolidated net sales of ¥62,913 million, with an operating margin of 1.5%, a significant divergence from the medium-term management plan. The external factor of acute curbs on IT investment is a major factor, but we also recognize that our poor performance is due in no small part to issues inherent to the ISID Group.

Two issues in particular are expanding the proportion of sales from maintenance and other areas with stable revenue streams, and redressing our high cost structure. We have been focusing on these issues for some time, and will accelerate measures to address them. Specifically, we will develop cloud computing business and maintenance businesses to strengthen the foundation for stable revenue streams, lower costs by improving development productivity and pursuing offshore development, and cut personnel expenses through employee transfers and an early retirement program. These measures will provide for the transformation to an operating structure able to withstand sudden shifts in the business climate.

In addition, ISID will continue to actively pursue R&D in an effort to establish new solutions, and strive to regain a growth track through enhanced competitiveness.

The status of the main measures in the medium-term business plan during the subject fiscal year is as follows.

(1) Generation of Solutions to Accelerate Customer Evolution

- With the compulsory adoption of International Financial Reporting Standards (IFRSs) in 2015 (planned), demand for renovating accounting and operational IT systems is expected to dramatically increase. To meet these needs, ISID began offering an "IFRS implementation support service," incorporating all aspects of adopting IFRSs from consulting to system implementation. We also announced a roadmap for IFRS compliance for the STRAVIS consolidated accounting system, and released the first IFRS-convergence version of the software.

- ISID enhanced the functionality of the Business Intelligence (BI) data-linked framework BusinessSPECTRE for operation in conjunction with representative ERP systems such as SAP, and began marketing the system.
- ISID established a Cloud Business Development Office on October 1, 2009, to facilitate a full-scale entry into the cloud computing business, an area that is expected to grow significantly in the future. We implemented measures including tie-ups with strategic partners, and formulating a unique cloud computing service menu.
- The absorption of Brainyworks, Ltd. integrated the subsidiary's solutions business with that of ISID. We built the BANK·R solution for regional financial institutions, and began marketing it to the approximately 100 clients of the combined company, as well as new customers.
- ISID announced the offering of Business ACXEL for SAP ERP, a cloud computing service for enterprise management that uses the SAP Business All-in-One solution from SAP Japan Co., Ltd. The monthly fee-based service using the SAP Business All-in-One solution is the first of its kind in Asia.
- ISID worked to enhance the functionality of and began selling iPRIME NAVI, an in-house software product to help ascertain the optimal technology procedures for product development, based on the design and development process reform method from iTiD Consulting, Ltd.

(2) Continued Evolution of the Business Foundation

- To enhance operational efficiency throughout the corporate group, ISID built an internal IT system for shared use across the ISID Group, and implemented the system in April 2009.
- To expand the foundation for businesses with stable revenue streams, ISID established ISID Advanced Outsourcing, Ltd., a firm specializing in outsourcing and maintenance operations. We also concluded an operational tie-up with the Internet data center service operator Bit-isle Inc., and a capital alliance with the firm on May 29, 2009.
- ISID merged with its subsidiaries Brainyworks, Ltd. and ISID TechnoSolutions, Ltd. on October 1, 2009.
- To enhance the efficiency of administrative operations throughout the corporate group, on October 1, 2009, ISID changed the company name of its subsidiary Sanki, Inc. to ISID Assist, Ltd., and began contracting out to it the administrative services of group companies.

Consolidated Financial Statements

Consolidated Balance Sheets

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

| Item | Period | As of March 31, 2009 | As of March 31, 2010 |
|-------------------------------------|--------|----------------------|----------------------|
| | | Amount | Amount |
| (Assets) | | | |
| Current assets: | | | |
| Cash and deposits | | 3,330 | 2,218 |
| Notes and accounts receivable—trade | | 13,429 | 12,883 |
| Lease investment assets | | 143 | 115 |
| Merchandise and finished goods | | 28 | 10 |
| Work in process | | 884 | 556 |
| Raw materials and supplies | | 16 | 9 |
| Deferred tax assets | | 1,260 | 1,014 |
| Advance payments—trade | | 3,775 | 3,599 |
| Deposit paid | | 10,940 | 9,318 |
| Other | | 522 | 754 |
| Allowance for doubtful accounts | | (38) | (27) |
| Total current assets | | 34,293 | 30,452 |
| Noncurrent assets: | | | |
| Property, plant and equipment: | | | |
| Buildings, net | | 1,275 | 1,405 |
| Tools, furniture and fixtures, net | | 338 | 282 |
| Land | | 2,137 | 2,137 |
| Lease assets, net | | 2,187 | 1,891 |
| Construction in progress | | 94 | — |
| Total property, plant and equipment | | 6,034 | 5,717 |
| Intangible assets: | | | |
| Software | | 4,822 | 4,262 |
| Goodwill | | 1,002 | 587 |
| Lease assets | | 720 | 590 |
| Other | | 52 | 42 |
| Total intangible assets | | 6,597 | 5,481 |
| Investments and other assets: | | | |
| Investment securities | | 1,805 | 3,074 |
| Long-term loans receivable | | 303 | — |
| Deferred tax assets | | 354 | 1,518 |
| Lease and guarantee deposits | | 3,492 | 3,426 |
| Other | | 364 | 251 |
| Allowance for doubtful accounts | | (5) | (12) |
| Total investments and other assets | | 6,314 | 8,258 |
| Total noncurrent assets | | 18,945 | 19,457 |
| Total assets | | 53,239 | 49,910 |

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

| Item | Period | As of March 31, 2009 | As of March 31, 2010 |
|---|--------|----------------------|----------------------|
| | | Amount | Amount |
| (Liabilities) | | | |
| Current liabilities: | | | |
| Notes and accounts payable—trade | | 5,881 | 6,226 |
| Lease obligations | | 1,338 | 1,152 |
| Accrued expenses | | 2,635 | 2,272 |
| Income taxes payable | | 1,451 | 129 |
| Advances received | | 4,238 | 3,804 |
| Other | | 1,581 | 1,177 |
| Total current liabilities | | 17,126 | 14,763 |
| Noncurrent liabilities: | | | |
| Lease obligations | | 1,742 | 1,477 |
| Provision for directors' retirement benefits | | 63 | 63 |
| Other | | 135 | 125 |
| Total noncurrent liabilities | | 1,942 | 1,666 |
| Total liabilities | | 19,068 | 16,429 |
| (Net assets) | | | |
| Shareholders' equity: | | | |
| Capital stock | | 8,180 | 8,180 |
| Capital surplus | | 15,285 | 15,285 |
| Retained earnings | | 10,645 | 9,898 |
| Treasury stock | | (28) | (28) |
| Total shareholders' equity | | 34,083 | 33,336 |
| Valuation and translation adjustments: | | | |
| Valuation difference on available-for-sale securities | | 26 | 109 |
| Deferred gains or losses on hedges | | 10 | 8 |
| Foreign currency translation adjustments | | (258) | (258) |
| Total valuation and translation adjustments | | (221) | (140) |
| Minority interests | | 308 | 284 |
| Total net assets | | 34,170 | 33,480 |
| Total liabilities and net assets | | 53,239 | 49,910 |

Consolidated Statements of Income

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

| Item | Period | Fiscal year ended March 31, 2009 | Fiscal year ended March 31, 2010 |
|--|--------|----------------------------------|----------------------------------|
| | | Amount | Amount |
| Net sales | | 75,148 | 61,155 |
| Cost of sales | | 51,751 | 42,411 |
| Gross profit | | 23,396 | 18,744 |
| Selling, general and administrative expenses | | 18,915 | 19,040 |
| Operating income (loss) | | 4,481 | (295) |
| Non-operating income: | | | |
| Interest income | | 110 | 58 |
| Dividends income | | 29 | 31 |
| Equity in earnings of affiliates | | 29 | — |
| Foreign exchange gains | | 28 | 36 |
| Miscellaneous income | | 77 | 51 |
| Total non-operating income | | 275 | 178 |
| Non-operating expenses: | | | |
| Interest expenses | | 75 | 66 |
| Provision of allowance for doubtful accounts | | 24 | 12 |
| Loss on investments in partnership | | 26 | — |
| Equity in losses of affiliates | | — | 23 |
| Miscellaneous loss | | 2 | 19 |
| Total non-operating expenses | | 129 | 121 |
| Ordinary income (loss) | | 4,628 | (238) |
| Extraordinary income: | | | |
| Gain on sales of investment securities | | 4 | — |
| Settlement received | | — | 151 |
| Surrender value of insurance | | 35 | — |
| Total extraordinary income | | 40 | 151 |
| Extraordinary loss: | | | |
| Loss on sales of noncurrent assets | | 1 | — |
| Loss on retirement of noncurrent assets | | 12 | 483 |
| Loss on valuation of investment securities | | 141 | 93 |
| Loss on valuation of membership | | 0 | 23 |
| Lump-sum amortization of goodwill | | 748 | — |
| Restructuring loss | | — | 343 |
| Loss on business of subsidiaries and affiliates | | 42 | — |
| Office transfer expenses | | — | 53 |
| Loss on valuation of software | | 45 | — |
| Loss on adjustment for changes of accounting standard for lease transactions | | 50 | — |
| Loss on abolishment of retirement benefit plan | | 85 | — |
| Special retirement expenses | | 4 | — |
| Total extraordinary loss | | 1,132 | 998 |
| Income (loss) before income taxes and minority interests | | 3,536 | (1,085) |
| Income taxes—current | | 2,023 | 120 |
| Income taxes for prior periods | | — | (70) |
| Income taxes—deferred | | 99 | (974) |
| Total income taxes | | 2,123 | (924) |
| Minority interests in income (loss) | | 55 | (23) |
| Net income (loss) | | 1,357 | (137) |

Consolidated Statements of Changes in Net Assets

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

| Period | Fiscal year ended March 31, 2009 | Fiscal year ended March 31, 2010 |
|--|----------------------------------|----------------------------------|
| | Amount | Amount |
| Item | | |
| Shareholders' equity: | | |
| Capital stock: | | |
| Balance at the end of previous period | 8,180 | 8,180 |
| Changes of items during the period: | | |
| Total changes of items during the period | — | — |
| Balance at the end of current period | 8,180 | 8,180 |
| Capital surplus: | | |
| Balance at the end of previous period | 15,285 | 15,285 |
| Changes of items during the period: | | |
| Total changes of items during the period | — | — |
| Balance at the end of current period | 15,285 | 15,285 |
| Retained earnings: | | |
| Balance at the end of previous period | 9,939 | 10,645 |
| Changes of items during the period: | | |
| Dividends from surplus | (651) | (651) |
| Net income (loss) | 1,357 | (137) |
| Disposal of treasury stock | — | (0) |
| Change of scope of consolidation | — | 42 |
| Total changes of items during the period | 706 | (747) |
| Balance at the end of current period | 10,645 | 9,898 |
| Treasury stock: | | |
| Balance at the end of previous period | (28) | (28) |
| Changes of items during the period: | | |
| Purchase of treasury stock | (0) | (0) |
| Disposal of treasury stock | — | 0 |
| Total changes of items during the period | (0) | 0 |
| Balance at the end of current period | (28) | (28) |
| Total shareholders' equity: | | |
| Balance at the end of previous period | 33,377 | 34,083 |
| Changes of items during the period: | | |
| Dividends from surplus | (651) | (651) |
| Net income (loss) | 1,357 | (137) |
| Purchase of treasury stock | (0) | (0) |
| Disposal of treasury stock | — | 0 |
| Change of scope of consolidation | — | 42 |
| Total changes of items during the period | 706 | (747) |
| Balance at the end of current period | 34,083 | 33,336 |

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

| Item | Period | Fiscal year ended March 31, 2009 | Fiscal year ended March 31, 2010 |
|---|--------|----------------------------------|----------------------------------|
| | | Amount | Amount |
| Valuation and translation adjustments: | | | |
| Valuation difference on available-for-sale securities: | | | |
| Balance at the end of previous period | | 88 | 26 |
| Changes of items during the period: | | | |
| Net changes of items other than shareholders' equity | | (61) | 82 |
| Total changes of items during the period | | (61) | 82 |
| Balance at the end of current period | | 26 | 109 |
| Deferred gains or losses on hedges: | | | |
| Balance at the end of previous period | | (20) | 10 |
| Changes of items during the period: | | | |
| Net changes of items other than shareholders' equity | | 31 | (2) |
| Total changes of items during the period | | 31 | (2) |
| Balance at the end of current period | | 10 | 8 |
| Foreign currency translation adjustments: | | | |
| Balance at the end of previous period | | (157) | (258) |
| Changes of items during the period: | | | |
| Net changes of items other than shareholders' equity | | (100) | 0 |
| Total changes of items during the period | | (100) | 0 |
| Balance at the end of current period | | (258) | (258) |
| Total valuation and translation adjustments: | | | |
| Balance at the end of previous period | | (89) | (221) |
| Changes of items during the period: | | | |
| Net changes of items other than shareholders' equity | | (131) | 80 |
| Total changes of items during the period | | (131) | 80 |
| Balance at the end of current period | | (221) | (140) |
| Minority interests: | | | |
| Balance at the end of previous period | | 253 | 308 |
| Changes of items during the period: | | | |
| Net changes of items other than shareholders' equity | | 55 | (23) |
| Total changes of items during the period | | 55 | (23) |
| Balance at the end of current period | | 308 | 284 |
| Total net assets: | | | |
| Balance at the end of previous period | | 33,541 | 34,170 |
| Changes of items during the period: | | | |
| Dividends from surplus | | (651) | (651) |
| Net income (loss) | | 1,357 | (137) |
| Purchase of treasury stock | | (0) | (0) |
| Disposal of treasury stock | | — | 0 |
| Change of scope of consolidation | | — | 42 |
| Net changes of items other than shareholders' equity | | (76) | 57 |
| Total changes of items during the period | | 629 | (690) |
| Balance at the end of current period | | 34,170 | 33,480 |

Consolidated Statements of Cash Flows

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

| Item | Period | Fiscal year ended March 31, 2009 | Fiscal year ended March 31, 2010 |
|---|--------|----------------------------------|----------------------------------|
| Net cash provided by (used in) operating activities: | | | |
| Income (loss) before income taxes and minority interests | | 3,536 | (1,085) |
| Depreciation and amortization | | 3,095 | 3,238 |
| Amortization of goodwill | | 1,313 | 415 |
| Increase (decrease) in allowance for doubtful accounts | | 12 | 1 |
| Increase (decrease) in provision for retirement benefits | | (97) | — |
| Interest and dividends income | | (140) | (89) |
| Interest expenses | | 75 | 66 |
| Equity in (earnings) losses of affiliates | | (18) | 23 |
| Loss on business of subsidiaries and affiliates | | 42 | — |
| Loss on retirement of noncurrent assets | | 12 | 483 |
| Loss on valuation of software | | 45 | — |
| Settlement received | | — | (151) |
| Loss on business restructuring | | — | 343 |
| Office transfer expenses | | — | 53 |
| Loss (gain) on adjustment for changes of accounting standard for lease transactions | | 50 | — |
| Loss (gain) on sales of investment securities | | (4) | — |
| Loss (gain) on valuation of investment securities | | 141 | 93 |
| Loss on valuation of membership | | — | 23 |
| Decrease (increase) in notes and accounts receivable—trade | | 5,367 | 539 |
| Decrease (increase) in inventories | | 1,401 | 349 |
| Decrease (increase) in advance payments | | (12) | 160 |
| Increase (decrease) in notes and accounts payable—trade | | (1,440) | 366 |
| Increase (decrease) in accrued expenses | | (476) | (361) |
| Increase (decrease) in advances received | | (535) | (408) |
| Increase (decrease) in accrued consumption taxes | | (157) | (56) |
| Other, net | | 15 | (549) |
| Subtotal | | 12,228 | 3,457 |
| Interest and dividends income received | | 138 | 95 |
| Interest expenses paid | | (75) | (66) |
| Settlement received | | — | 151 |
| Payments for business restructuring | | — | (245) |
| Payment for office transfer expenses | | — | (53) |
| Income taxes paid | | (2,628) | (1,401) |
| Net cash provided by operating activities | | 9,663 | 1,937 |

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

| Item | Period | Fiscal year ended March 31, 2009 | Fiscal year ended March 31, 2010 |
|---|--------|----------------------------------|----------------------------------|
| Net cash provided by (used in) investing activities: | | | |
| Payments into time deposits | | (306) | (547) |
| Proceeds from withdrawal of time deposits | | 201 | 313 |
| Proceeds from redemption of securities | | 50 | — |
| Purchase of property, plant and equipment | | (2,882) | (336) |
| Purchases of intangible assets | | (3,004) | (1,308) |
| Purchases of investment securities | | (171) | (1,278) |
| Proceeds from sales of investment securities | | 8 | 4 |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation | | — | (6) |
| Payments of loans receivable | | (405) | (15) |
| Collection of loans receivable | | 103 | 303 |
| Payments for lease and guarantee deposits | | (17) | (51) |
| Proceeds from collection of lease and guarantee deposits | | 103 | 115 |
| Other, net | | (19) | 22 |
| Net cash used in investing activities | | (6,340) | (2,785) |
| Net cash provided by (used in) financing activities: | | | |
| Repayments of lease obligations | | (1,557) | (1,457) |
| Cash dividends paid | | (651) | (651) |
| Other, net | | (0) | 0 |
| Net cash used in financing activities | | (2,208) | (2,108) |
| Effect of exchange rate change on cash and cash equivalents | | (92) | (41) |
| Net increase (decrease) in cash and cash equivalents | | 1,020 | (2,997) |
| Cash and cash equivalents at beginning of period | | 13,153 | 14,174 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | | — | 38 |
| Cash and cash equivalents at end of period | | 14,174 | 11,215 |

Status of Production, Orders and Sales

(1) Production

The status of production through the fiscal year ended March 31, 2010 (April 1,2009–March 31, 2010) is as follows.

| Segment | Production output (Millions of yen) | YoY (%) |
|---|--|---------|
| Custom system development | 16,866 | 79.4 |
| In-house software add-on development | 5,132 | 112.4 |
| Third-party software add-on development | 6,569 | 80.3 |
| Total | 28,569 | 84.1 |

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 fiscal year ended March 31, 2010 (April 1,2009–March 31, 2010) is as follows.

| Segment | Orders received (Millions of yen) | YoY (%) | Order backlog (Millions of yen) | YoY (%) |
|---|--------------------------------------|------------|------------------------------------|------------|
| Custom system development | 17,224 | 74.9 | 1,573 | 90.7 |
| In-house software add-on development | 5,774 | 113.5 | 1,668 | 172.8 |
| Third-party software add-on development | 6,519 | 75.7 | 788 | 102.1 |
| Total | 29,519 | 80.4 | 4,030 | 116.1 |

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 fiscal year ended March 31, 2010 (April 1,2009–March 31, 2010) is as follows.

| Segment | Sales volume (Millions of yen) | YoY (%) |
|---|-----------------------------------|------------|
| Consulting services | 2,026 | 53.7 |
| Custom system development | 17,385 | 77.5 |
| In-house software | 8,535 | 87.3 |
| Third-party software | 21,096 | 83.6 |
| Outsourcing, operation and maintenance services | 5,111 | 86.1 |
| Total IT service | 54,155 | 80.6 |
| IT equipment sales and others | 7,000 | 87.6 |
| Total IT equipment sales and others | 7,000 | 87.6 |
| Total | 61,155 | 81.4 |

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 | Fiscal year ended March 31, 2009 | | Fiscal year ended March 31, 2010 | |
|--------------|----------------------------------|-------------------|----------------------------------|-------------------|
| | Amount (Millions of yen) | Proportion (%) | Amount (Millions of yen) | Proportion (%) |
| Dentsu, Inc. | 10,807 | 14.4 | 8,762 | 14.3 |