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August 7, 2009

Consolidated Financial Results for the First Quarter of FY2009

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 scheduled filing of securities report: August 10, 2009

Date of scheduled payment of dividends: ---

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

1. Consolidated Business Performance for the Three Months Ended June 30, 2009 (from April 1, 2009 to June 30, 2009)

(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	%
Three months ended June 30, 2009	11,216	(21.5)	(2,015)	—	(1,964)	—	(1,485)	—
Three months ended June 30, 2008	14,290	—	(722)	—	(715)	—	(468)	—

	Net income (loss) per share	Net income per share after dilution
	Yen	Yen
Three months ended June 30, 2009	(45.60)	—
Three months ended June 30, 2008	(14.37)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2009	49,708	32,379	64.5	984.70
As of March 31, 2009	53,239	34,170	63.6	1,039.25

(Reference) Total shareholders' equity: As of June 30, 2009: ¥32,084 million
 As of March 31, 2009: ¥33,862 million

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, 2009	—	10.00	—	10.00	20.00
Fiscal year ending March 31, 2010	—				
Fiscal year ending March 31, 2010 (Forecast)		10.00	—	10.00	20.00

Note: Revision to dividend forecasts during the three months ended June 30, 2009: No

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2010 (from April 1, 2009 to March 31, 2010)

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

	Net sales		Operating income (loss)		Ordinary income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2009	30,224	(16.5)	(1,093)	—	(1,045)	—
Fiscal year ending March 31, 2010	67,837	(9.7)	(1,055)	(76.5)	1,137	(75.4)

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Six months ending September 30, 2009	(1,210)	—	(37.14)
Fiscal year ending March 31, 2010	706	(48.0)	21.67

Note: Revision to consolidated forecasts during the three months ended June 30, 2009: Yes

4. Other Items

1. Changes in the scope of consolidation for significant subsidiaries during three months: None
Added: __ companies () Removed: __ companies ()
2. Application of simplified accounting procedures or special accounting procedures for the quarterly consolidated financial statements: None
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
4. Issued and outstanding common stock
 - 1) Number of shares issued and outstanding at end of period, including treasury stock:

June 30, 2009:	32,591,240 shares	March 31, 2009:	32,591,240 shares
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 - 2) Number of treasury stock at end of period:

June 30, 2009:	7,700 shares	March 31, 2009:	7,680 shares
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 - 3) Average number of shares outstanding for each period (cumulative quarterly period):

Three months ended June 30, 2009:	32,583,558 shares	Three months ended June 30, 2008:	32,583,656 shares
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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. Qualitative Information on Consolidated Results

The Japanese economy during the first quarter period (April 1, 2009 – June 30, 2009) continued to be marked by difficult conditions. Despite signs of movement toward recovery centered on exports and production, corporate earnings and capital expenditures declined sharply.

Under such conditions, the ISID Group continued, as a “Customer Business Innovator” that works with customers to provide innovation for their visions, to create high-value-added solutions and actively pursue a solution-oriented business, as outlined in the medium-term business plan, which entered its second year.

To strengthen the outsourcing, operation and maintenance business, ISID established ISID Advanced Outsourcing Ltd., a specialty company for this business, in March 2009, which began operations in April 2009. ISID also concluded a capital and operational alliance with Bit-isle Inc., which operates an urban-based data center, in June 2009. In addition, in order to strengthen the solutions business for regional financial institutions, and the solutions business for such areas as accounting and human resources, ISID absorbed through merger its subsidiary Brainyworks, Ltd. Further, in order to strengthen the design and development solutions business for manufacturers, ISID decided to implement a business transfer from its subsidiary ISID TechnoSolutions, Ltd., (both to become effective in October 2009). These business integrations will allow ISID to better respond to the increasingly complicated business issues faced by its customers, and help to further enhance the value of the ISID Group.

As a result of these efforts, consolidated net sales for the ISID Group during the first quarter period of fiscal 2009 amounted to ¥11,216 million (down 21.5% from the same period of the previous fiscal year). During the period of continued tight curbs on corporate IT investment, which intensified from the second half of the previous fiscal year, this result was basically in line with forecasts.

In terms of earnings, the gross profit declined from the same period of the previous fiscal year, mainly due to the falloff in revenue. Selling, general and administrative (SG&A) expenses, meanwhile, rose from a year earlier as a result of such factors as an increase in depreciation ahead of the implementation of a new internal IT system.

As a result, ISID posted an operating loss for the first quarter period of ¥2,015 million (compared to an operating loss of ¥722 million in the same period of the previous fiscal year), with an ordinary loss of ¥1,964 million (loss of ¥715 million in the previous fiscal year). Further, as a result of extraordinary losses recorded in the first quarter period of fiscal 2009, including expenses incurred from the merger with Brainyworks, Ltd. and business transfer from ISID TechnoSolutions, Ltd. to be implemented on October 1, 2009, ISID posted a net loss for the subject first quarter period of ¥1,485 million (compared to a net loss of ¥468 million in the same period of the previous fiscal year).

ISID Group net sales by service category are as follows.

Consulting services

Net Sales: ¥264 million (down 68.8% year on year)

Both ISID on a non-consolidated basis and its Group companies recorded declines in sales from the same period of the previous fiscal year, mainly in consulting for the manufacturing industry in the product design and development field.

Custom system development

Net Sales: ¥2,781 million (down 22.9% year on year)

ISID on a non-consolidated basis posted a year-on-year decline in sales centered on the finance industry, while Group companies such as Brainyworks, Ltd., ISID InterTechnologies, Ltd., and ISID’s U.S. subsidiary recorded decreases from

the same period of the previous fiscal year.

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

Net Sales: ¥1,403 million (down 13.6% year on year)

ISID on a non-consolidated basis recorded declines in sales from the same period of the previous fiscal year, mainly for software licenses to financial institutions, along with add-on development and technical support services. Among Group companies, Brainyworks, Ltd. posted a year-on-year increase in sales revenue centered on add-on development and technical support services, but consolidated sales for Group companies overall were down from the same period of the previous fiscal year.

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

Net Sales: ¥4,049 million (down 24.1% year on year)

ISID on a non-consolidated basis recorded declines in sales from the same period of the previous fiscal year, mainly for add-on development and technical support services for ERP systems, along with sales of product development software for the manufacturing industry. Among Group companies, ISID TechnoSolutions, Ltd. recorded a decline in sales from the same period of the previous fiscal year for product development support software for the manufacturing industry.

Outsourcing, operation and maintenance services

Net Sales: ¥1,186 million (down 2.6% year on year)

Sales were basically on a par with the same period of the previous fiscal year for both ISID on a non-consolidated basis and its Group companies.

IT equipment sales and others

Net Sales: ¥1,531 million (down 7.6% year on year)

ISID on a non-consolidated basis recorded a decline in sales from the same period of the previous fiscal year, mainly for the hardware for the services industry and ERP systems, while revenue from Group companies also decreased.

2. Qualitative Information on the Consolidated Financial Position

Cash and cash equivalents on a consolidated basis at the end of the first quarter period of the subject fiscal year (June 30, 2009) decreased ¥2,606 million from the end of the previous fiscal year (March 31, 2009), for a total of ¥11,567 million.

Cash flows and the main factors affecting cash flow during the subject first quarter period are as follows.

Cash Flow from Operating Activities

Net cash used in operating activities amounted to ¥293 million at the end of the subject first quarter period. This was due mainly to decrease in notes and accounts receivable—trade (¥5,105 million); increase in advances received (¥1,480 million); depreciation and amortization (¥812 million); business restructuring loss (¥228 million); and amortization of goodwill (¥103 million); against loss before income taxes and minority interests (¥2,390 million); income taxes paid (¥1,306 million); increase in inventories (¥1,529 million); decrease in accrued expenses (¥1,097 million); increase in advance payments (¥939 million); and decrease in notes and accounts payable—trade (¥841 million).

Compared to the same period of the previous fiscal year, the cash flow from operating activities decreased by ¥2,374 million. This was due mainly to decreases in cash that included an increase in loss before income taxes and minority interests (¥1,618 million); and a decrease in recovery amount of notes and accounts receivable—trade (¥2,805 million); which exceeded increases in cash that included a decrease in payment of notes and accounts payable—trade (¥831 million); a decrease in advance payments (¥631 million); and a decrease in income taxes paid (¥630 million).

Cash Flow from Investing Activities

Net cash used in investing activities amounted to ¥1,636 million at the end of the subject first quarter period. This was due mainly to purchases of investment securities (¥1,217 million); and purchases of intangible assets such as software (¥242 million).

Compared to the same period of the previous fiscal year, cash used in investing activities increased by ¥734 million. This was due mainly to decreases in cash that included an increase in purchases of investment securities (¥1,215 million); which exceeded increases in cash that included a decrease in purchases of intangible assets such as software (¥385 million); and a decrease in purchases of property, plant and equipment (¥252 million).

Cash Flow from Financing Activities

Net cash used in financing activities amounted to ¥678 million at the end of the subject first quarter period. This was due mainly to repayments of lease obligations (¥353 million); and cash dividends paid (¥325 million).

Compared to the same period of the previous fiscal year, cash used in financing activities decreased by ¥93 million. This was due mainly to a decrease in repayment of lease obligations (¥92 million).

3. Qualitative Information on Consolidated Forecasts

Corporate IT investment cooled significantly from the second half of the previous fiscal year, and spending restraints continue.

The ISID Group's results for the subject first quarter period were basically in line with forecasts, but we anticipate that the difficult business climate for the ISID Group will be an issue in achieving our first half and full year targets.

Under such conditions, the ISID Group will step up efforts to focus on the management issues faced by its customers and offer them optimal, high-value-added solutions, as well as work to enhance productivity.

ISID is revising its first half and full year consolidated forecasts, in order to incorporate the impact expected at present on earnings as a result of the absorption through merger of subsidiary Brainyworks, Ltd., and business transfer from ISID TechnoSolutions, Ltd., announced on May 11, 2009. For further information and details, see ISID's press notice "Notice of Revision to Forecasts (Consolidated and Non-consolidated) for the Fiscal Year Ending March 2010" released on August 7, 2009.

Note: Forecasts are based on information available at the time of the release of this document. Actual results may vary from forecasts due a variety of factors.

Consolidated Financial Statements

Consolidated Balance Sheets

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

Item	Period	As of June 30, 2009	As of March 31, 2009
		Amount	Amount
(Assets)			
Current assets:			
Cash and deposits		2,803	3,330
Notes and accounts receivable—trade		8,323	13,429
Merchandise and finished goods		66	28
Work in process		2,378	884
Raw materials and supplies		11	16
Advance payments—trade		4,703	3,775
Deposit paid		8,989	10,940
Other		2,999	1,926
Allowance for doubtful accounts		(44)	(38)
Total current assets		30,231	34,293
Noncurrent assets:			
Property, plant and equipment		5,772	6,034
Intangible assets:			
Goodwill		898	1,002
Other		5,284	5,594
Total intangible assets		6,183	6,597
Investments and other assets:			
Investment securities		7,526	6,319
Allowance for doubtful accounts		(5)	(5)
Total investments and other assets		7,520	6,314
Total noncurrent assets		19,476	18,945
Total assets		49,708	53,239

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

Item	Period	As of June 30, 2009	As of March 31, 2009
		Amount	Amount
(Liabilities)			
Current liabilities:			
Notes and accounts payable—trade		5,036	5,881
Income taxes payable		48	1,451
Advances received		5,701	4,238
Provision for loss on order received		61	—
Provision for loss on liquidation of foreign subsidiaries		51	—
Other		4,679	5,555
Total current liabilities		15,579	17,126
Noncurrent liabilities:			
Provision for directors' retirement benefits		63	63
Other		1,685	1,878
Total noncurrent liabilities		1,749	1,942
Total liabilities		17,329	19,068
(Net assets)			
Shareholders' equity:			
Capital stock		8,180	8,180
Capital surplus		15,285	15,285
Retained earnings		8,834	10,645
Treasury stock		(28)	(28)
Total shareholders' equity		32,272	34,083
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities		43	26
Deferred gains or losses on hedges		(1)	10
Foreign currency translation adjustments		(228)	(258)
Total valuation and translation adjustments		(187)	(221)
Minority interests		294	308
Total net assets		32,379	34,170
Total liabilities and net assets		49,708	53,239

Consolidated Statements of Income

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

Item	Period	Three months ended June 30, 2008	Three months ended June 30, 2009
		Amount	Amount
Net sales		14,290	11,216
Cost of sales		10,133	8,140
Gross profit		4,157	3,076
Selling, general and administrative expenses		4,879	5,091
Operating loss		(722)	(2,015)
Non-operating income:			
Interest income		29	19
Dividends income		21	14
Foreign exchange gains		—	24
Miscellaneous income		14	23
Total non-operating income		65	81
Non-operating expenses:			
Interest expenses		20	17
Equity in losses of affiliates		0	12
Foreign exchange gains		30	—
Miscellaneous loss		6	1
Total non-operating expenses		58	30
Ordinary loss		(715)	(1,964)
Extraordinary loss:			
Loss on sales of noncurrent assets		—	2
Loss on retirement of noncurrent assets		5	160
Loss on business restructuring		—	228
Office transfer expenses		—	35
Loss on adjustment for changes of accounting standard for lease transactions		50	—
Special retirement expenses		1	—
Total extraordinary loss		57	426
Loss before income taxes and minority interests		(772)	(2,390)
Income taxes—current		66	10
Income taxes for prior periods		—	(70)
Income taxes—deferred		(374)	(830)
Total income taxes		(308)	(890)
Minority interests in income (loss)		4	(14)
Net loss		(468)	(1,485)

Consolidated Statements of Cash Flows

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

Item	Period	Three months ended June 30, 2008	Three months ended June 30, 2009
		Amount	Amount
Net cash provided by (used in) operating activities:			
Loss before income taxes and minority interests		(772)	(2,390)
Depreciation and amortization		797	812
Amortization of goodwill		153	103
Increase (decrease) in allowance for doubtful accounts		0	8
Increase (decrease) in provision for retirement benefits		4	—
Increase (decrease) in provision for loss on order received		3	61
Interest and dividends income		(50)	(34)
Interest expenses		20	17
Equity in (earnings) losses of affiliates		11	12
Loss on retirement of noncurrent assets		5	160
Loss (gain) on adjustment for changes of accounting standard for lease transactions		50	—
Loss on business restructuring		—	228
Office transfer expenses		—	35
Decrease (increase) in notes and accounts receivable—trade		7,910	5,105
Decrease (increase) in inventories		(1,514)	(1,529)
Decrease (increase) in advance payments		(1,570)	(939)
Increase (decrease) in notes and accounts payable—trade		(1,672)	(841)
Increase (decrease) in accrued expenses		(1,309)	(1,097)
Increase (decrease) in advances received		2,306	1,480
Increase (decrease) in accrued consumption taxes		(568)	(455)
Other, net		182	255
Subtotal		3,987	993
Interest and dividends income received		50	36
Interest expenses paid		(20)	(17)
Income taxes paid		(1,936)	(1,306)
Net cash provided by (used in) operating activities		2,081	(293)
Net cash provided by (used in) investing activities:			
Payments into time deposits		—	(150)
Proceeds from withdrawal of time deposits		—	33
Purchase of property, plant and equipment		(269)	(17)
Purchases of intangible assets		(627)	(242)
Purchases of investment securities		(2)	(1,217)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation		—	(6)
Payments of loans receivable		(1)	(13)
Collection of loans receivable		0	1
Payments for lease and guarantee deposits		(6)	(38)
Proceeds from collection of lease and guarantee deposits		15	19
Other, net		(10)	(3)
Net cash used in investing activities		(902)	(1,636)
Net cash provided by (used in) financing activities:			
Repayments of lease obligations		(445)	(353)
Cash dividends paid		(325)	(325)
Other, net		(0)	(0)
Net cash used in financing activities		(771)	(678)
Effect of exchange rate change on cash and cash equivalents		76	1
Net increase (decrease) in cash and cash equivalents		484	(2,606)
Cash and cash equivalents at beginning of period		13,153	14,174
Cash and cash equivalents at end of period		13,638	11,567

Notes regarding assumption of a going concern

No events to be noted for this purpose.

Note regarding Significant Change in Shareholders' Equity

None