

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

November 9, 2009

Consolidated Financial Results for the Second 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>
 Representative: Koichi Mizuno, President, CEO & COO
 Contact for Inquiries: Jiro Sakai, General Manager, Accounting & Finance Department
 TEL: (03) 6713-6160

Date of scheduled filing of securities report: November 10, 2009

Date of scheduled payment of dividends: **December 10, 2009**

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

1. Consolidated Business Performance for the Six Months Ended September 30, 2009 (from April 1, 2009 to September 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	%
Six months ended September 30, 2009	28,710	(20.6)	(1,712)	—	(1,552)	—	(1,303)	—
Six months ended September 30, 2008	36,178	—	1,169	—	1,235	—	423	—

	Net income (loss) per share	Net income per share after dilution
	Yen	Yen
Six months ended September 30, 2009	(40.01)	—
Six months ended September 30, 2008	13.01	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2009	49,903	32,405	64.4	985.61
As of March 31, 2009	53,239	34,170	63.6	1,039.25

(Reference) Total shareholders' equity: As of September 30, 2009: ¥32,114 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	—	10.00			
Fiscal year ending March 31, 2010 (Forecast)			—	10.00	20.00

Note: Revision to dividend forecasts during the six months ended September 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		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2010	65,636	(12.7)	261	(94.2)	445	(90.4)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2010	527	(61.2)	16.20

Note: Revision to consolidated forecasts during the six months ended September 30, 2009: No

4. Other Items

1. Changes in the scope of consolidation for significant subsidiaries during six 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:

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

September 30, 2009:	7,720 shares	March 31, 2009:	7,680 shares
---------------------	--------------	-----------------	--------------
 - 3) Average number of shares outstanding for each period (cumulative quarterly period):

Six months ended September 30, 2009:	32,583,543 shares	Six months ended September 30, 2008:	32,583,629 shares
--------------------------------------	-------------------	--------------------------------------	-------------------

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. For more details, refer to "3. Qualitative Information on Consolidated Forecasts" on page 5.

1. Qualitative Information on Consolidated Results

The Japanese economy during the first half of FY2009 (April 1, 2009 – September 30, 2009) continued to be marked by difficult conditions. Although the economy began to stabilize slightly from the economic crisis that began in the previous fiscal year, corporate capital expenditures remained at low levels against a backdrop of anemic consumer spending, appreciation of the yen and other factors.

Under such conditions, the ISID Group actively made proposals that address the priority issues of its clients, namely building systems bolster the client's business, reducing costs and improving operational efficiency. However, despite aggressive IT investment among certain client companies, the finance, manufacturing and service industries that account for the majority of the ISID Group's customers have continued to curb IT investment overall since the second half of the previous fiscal year, and the amount of orders received was down in nearly all of the Group's service categories.

As a result, consolidated net sales declined sharply during the subject first half, down 20.6% to ¥28,710 from the same period of the previous fiscal year.

In terms of earnings, 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, however, rose from a year earlier as a result of such factors as an increase in depreciation and amortization ahead of the implementation of a new internal IT system. As a result, ISID posted an operating loss for the first half of ¥1,712 million (compared to operating income of ¥1,169 million in the same period of the previous fiscal year), with an ordinary loss of ¥1,552 million (compared to ordinary income of ¥1,235 million in the previous fiscal year). The Company also posted a net loss for the subject first half of ¥1,303 million (compared to net income of ¥423 million in the same period of the previous fiscal year).

ISID Group net sales by service category are as follows.

Consulting services

Net Sales: ¥876 million (down 53.4% 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: ¥7,808 million (down 24.9% year on year)

ISID on a non-consolidated basis posted a year-on-year decline in sales centered on the finance and service industries. Among Group companies, ISID's Shanghai subsidiary recorded a year-on-year increase in revenue, while Brainyworks, Ltd., ISID InterTechnologies, Ltd., and other subsidiaries posted declines.

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

Net Sales: ¥3,749 million (down 14.4% year on year)

ISID on a non-consolidated basis recorded declines in sales mainly for software licenses to financial and manufacturing firms, along with add-on development and technical support services. Group companies were mostly on a par with the same period of the previous fiscal year.

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

Net Sales: ¥10,027 million (down 21.0% 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 for the finance industry, together with add-on development and technical support services for ERP systems, and 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.

Outsourcing, operation and maintenance services

Net Sales: ¥2,635 million (down 16.6% year on year)

Sales were down from the same period of the previous fiscal year, mainly to major customers in the service industry for ISID on a non-consolidated basis.

IT equipment sales and others

Net Sales: ¥3,614 million (down 1.4% 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.

2. Qualitative Information on the Consolidated Financial Position

Cash and cash equivalents (“cash”) on a consolidated basis at the end of the first half of the subject fiscal year (September 30, 2009) decreased ¥2,768 million from the end of the previous fiscal year (March 31, 2009), for a total of ¥11,405 million.

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

Cash Flow from Operating Activities

Net cash provided by operating activities amounted to ¥346 million at the end of the subject first half. This was due mainly to decrease in notes and accounts receivable—trade (¥2,924 million); increase in advances received (¥968 million); depreciation and amortization (¥1,608 million); and amortization of goodwill (¥207 million); against loss before income taxes and minority interests (¥1,990 million); income taxes paid (¥1,317 million); decrease in notes and accounts payable—trade (¥1,125 million), increase in inventories (¥653 million); and increase in advance payments (¥450million).

Compared to the same period of the previous fiscal year, cash provided by operating activities decreased ¥5,887 million. This was due mainly to decreases in cash that included an increase in loss before income taxes and minority interests (¥3,012 million); a decrease in recovery amount of notes and accounts receivable—trade (¥2,463 million); and decrease in advances received (¥1,621 million); and which exceeded increases in cash that included a decrease in income taxes paid (¥648 million); and a decrease in advance payments (¥555 million).

Cash Flow from Investing Activities

Net cash used in investing activities amounted to ¥1,989 million at the end of the subject first half. This was due mainly to expenditures for purchases of investment securities (¥1,223 million); purchases of intangible assets such as software (¥542 million); and purchase of property, plant and equipment (¥292 million).

Compared to the same period of the previous fiscal year, cash used in investing activities decreased by ¥1,919 million. This was due mainly to decreases in cash that included decrease in purchase of property, plant and equipment (¥1,835

million); and a decrease in purchases of intangible assets such as software (¥1,302 million); which exceeded increases in cash that included an increase in expenditures for purchases of investment securities (¥1,216 million).

Cash Flow from Financing Activities

Net cash used in financing activities amounted to ¥1,041 million at the end of the subject first half. This was due mainly to repayments of lease obligations (¥715 million); and cash dividends paid (¥325 million).

Compared to the same period of the previous fiscal year, cash used in financing activities decreased by ¥131 million. This was due mainly to a decrease in repayment of lease obligations (¥131 million).

3. Qualitative Information on Consolidated Forecasts

Curbs on corporate IT investment, which had cooled significantly from the second half of the previous fiscal year, have continued during the subject fiscal year.

The ISID Group will make efforts to further bolster proposal and sales activities, reduce outsource costs through in-house and offshore development, and control selling, general and administrative expenses.

However, in expectation that the curbs on corporate IT investment to continue, on October 29, 2009, ISID revised its full year forecasts from those announced on August 7, 2009. As of the date of this earnings release, there is no change in the forecasts announced on October 29, 2009. For details on full earnings forecasts see the Company's announcement "Notice of Revision to Forecasts (Consolidated and Non-Consolidated) for the Fiscal Year Ending March 2010" released on October 29, 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.

4. Other Items

1. Changes in the scope of consolidation for significant subsidiaries during six months: None
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:

Change in standard for recording net sales and cost of sales

In its accounting standard for recording revenues related to software produced under contract, ISID had previously used the completed-contract method. From the first quarter of the subject fiscal year, however, ISID has applied Accounting Standards Board of Japan (ASBJ) Statement No. 15 (December 27, 2007), "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 (December 27, 2007), "Guidance on Accounting Standard for Construction Contracts." Accordingly, the percentage-of-completion method has been used for contracts for which work began during the subject first quarter period, and for which the percentage of completion at the end of the second quarter can be reliably determined. The completed-contract method has been used for all other contracts.

As a result, net sales were increased by ¥275 million, while the operating loss, ordinary loss and net loss were all decreased by ¥105 million.

Consolidated Financial Statements

Consolidated Balance Sheets

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

Item	Period	As of September 30, 2009	As of March 31, 2009
		Amount	Amount
(Assets)			
Current assets:			
Cash and deposits		2,811	3,330
Notes and accounts receivable—trade		10,492	13,429
Merchandise and finished goods		7	28
Work in process		1,557	884
Raw materials and supplies		13	16
Advance payments—trade		4,208	3,775
Deposit paid		8,660	10,940
Other		2,589	1,926
Allowance for doubtful accounts		(42)	(38)
Total current assets		30,298	34,293
Noncurrent assets:			
Property, plant and equipment		6,308	6,034
Intangible assets:			
Goodwill		794	1,002
Other		5,152	5,594
Total intangible assets		5,947	6,597
Investments and other assets:			
Investments and other assets		7,355	6,319
Allowance for doubtful accounts		(5)	(5)
Total investments and other assets		7,349	6,314
Total noncurrent assets		19,604	18,945
Total assets		49,903	53,239

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

Item	Period	As of September 30, 2009	As of March 31, 2009
		Amount	Amount
(Liabilities)			
Current liabilities:			
Notes and accounts payable—trade		4,743	5,881
Income taxes payable		125	1,451
Advances received		5,181	4,238
Provision for loss on order received		333	—
Other		5,052	5,555
Total current liabilities		15,435	17,126
Noncurrent liabilities:			
Provision for directors' retirement benefits		63	63
Other		1,998	1,878
Total noncurrent liabilities		2,062	1,942
Total liabilities		17,498	19,068
(Net assets)			
Shareholders' equity:			
Capital stock		8,180	8,180
Capital surplus		15,285	15,285
Retained earnings		9,016	10,645
Treasury stock		(28)	(28)
Total shareholders' equity		32,454	34,083
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities		(31)	26
Deferred gains or losses on hedges		(13)	10
Foreign currency translation adjustments		(294)	(258)
Total valuation and translation adjustments		(339)	(221)
Minority interests		290	308
Total net assets		32,405	34,170
Total liabilities and net assets		49,903	53,239

Consolidated Statements of Income

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

Period	(Millions of yen; amounts less than one million yen are rounded down.)	
	Six months ended September 30, 2008	Six months ended September 30, 2009
Item	Amount	Amount
Net sales	36,178	28,710
Cost of sales	25,262	20,459
Gross profit	10,916	8,251
Selling, general and administrative expenses	9,746	9,963
Operating income (loss)	1,169	(1,712)
Non-operating income:		
Interest income	55	34
Dividends income	28	21
Equity in earnings of affiliates	15	—
Foreign exchange gains	—	119
Miscellaneous income	37	32
Total non-operating income	137	207
Non-operating expenses:		
Interest expenses	39	33
Equity in losses of affiliates	—	9
Loss on investments in partnership	18	—
Foreign exchange losses	8	—
Miscellaneous loss	5	4
Total non-operating expenses	71	47
Ordinary income (loss)	1,235	(1,552)
Extraordinary income:		
Settlement received	—	151
Total extraordinary income	—	151
Extraordinary loss:		
Loss on sales of noncurrent assets	—	2
Loss on retirement of noncurrent assets	6	226
Loss on valuation of investment securities	4	—
Restructuring loss	—	300
Loss on business of subsidiaries and affiliates	104	—
Office transfer expenses	—	52
Valuation loss on software	45	—
Loss on adjustment for changes of accounting standard for lease transactions	50	—
Compensation for damage	—	6
Special retirement expenses	1	—
Other	0	—
Total extraordinary loss	213	588
Income (loss) before income taxes and minority interests	1,022	(1,990)
Income taxes—current	624	59
Income taxes for prior periods	—	(68)
Income taxes—deferred	(62)	(659)
Total income taxes	561	(668)
Minority interests in income (loss)	36	(18)
Net income (loss)	423	(1,303)

Consolidated Statements of Cash Flows

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

Item	Period	Six months ended September 30, 2008	Six months ended September 30, 2009
		Amount	Amount
Net cash provided by (used in) operating activities:			
Income (loss) before income taxes and minority interests		1,022	(1,990)
Depreciation and amortization		1,676	1,608
Amortization of goodwill		307	207
Increase (decrease) in allowance for doubtful accounts		5	7
Increase (decrease) in provision for retirement benefits		8	—
Increase (decrease) in provision for loss on order received		3	333
Interest and dividends income		(84)	(55)
Interest expenses		39	33
Equity in (earnings) losses of affiliates		(4)	9
Loss on retirement of noncurrent assets		6	226
Valuation loss on software		45	—
Settlement received		—	(151)
Loss on business restructuring		—	300
Office transfer expenses		—	52
Loss on compensation for damage		—	6
Loss (gain) on adjustment for changes of accounting standard for lease transactions		50	—
Loss (gain) on valuation of investment securities		4	—
Loss on business of subsidiaries and affiliates		104	—
Decrease (increase) in notes and accounts receivable—trade		5,387	2,924
Decrease (increase) in inventories		162	(653)
Decrease (increase) in advance payments		(1,005)	(450)
Increase (decrease) in notes and accounts payable—trade		(1,441)	(1,125)
Increase (decrease) in accrued expenses		(217)	(121)
Increase (decrease) in advances received		2,589	968
Increase (decrease) in accrued consumption taxes		(392)	(345)
Other, net		(112)	(134)
Subtotal		8,154	1,651
Interest and dividends income received		83	55
Interest expenses paid		(39)	(33)
Settlement received		—	148
Payments for business restructuring		—	(105)
Office transfer expenses paid		—	(52)
Compensation for damage paid		—	(0)
Income taxes paid		(1,965)	(1,317)
Net cash provided by (used in) operating activities		6,233	346

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

Item	Period	Six months ended September 30,	Six months ended September 30,
		2008	2009
		Amount	Amount
Net cash provided by (used in) investing activities:			
Payments into time deposits		—	(222)
Proceeds from withdrawal of time deposits		—	250
Purchase of property, plant and equipment		(2,127)	(292)
Purchases of intangible assets		(1,844)	(542)
Purchases of investment securities		(7)	(1,223)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation		—	(6)
Payments of loans receivable		(3)	(13)
Collection of loans receivable		1	1
Payments for lease and guarantee deposits		(10)	(40)
Proceeds from collection of lease and guarantee deposits		98	106
Other, net		(13)	(6)
Net cash provided by (used in) investing activities		(3,908)	(1,989)
Net cash provided by (used in) financing activities:			
Repayments of lease obligations		(846)	(715)
Cash dividends paid		(325)	(325)
Other, net		(0)	(0)
Net cash provided by (used in) financing activities		(1,172)	(1,041)
Effect of exchange rate change on cash and cash equivalents		0	(84)
Net increase (decrease) in cash and cash equivalents		1,153	(2,768)
Cash and cash equivalents at beginning of period		13,153	14,174
Cash and cash equivalents at end of period		14,306	11,405

Notes regarding assumption of a going concern

No events to be noted for this purpose.

Note regarding Significant Change in Shareholders' Equity

None