

Consolidated Financial Results for the First Quarter of FY 2010 (Japan GAAP)

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 Listed Exchange: Tokyo
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 Quarterly earnings presentation: No
 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, 2010 (from April 1, 2010 to June 30, 2010)

(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, 2010	12,376	10.3	(1,118)	—	(1,049)	—	(2,111)	—
Three months ended June 30, 2009	11,216	(21.5)	(2,015)	—	(1,964)	—	(1,485)	—

	Net income (loss) per share	Net income per share after dilution
	Yen	Yen
Three months ended June 30, 2010	(64.81)	—
Three months ended June 30, 2009	(45.60)	—

(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, 2010	48,817	30,923	62.8	941.43
As of March 31, 2010	49,910	33,480	66.5	1,018.81

(Reference) Total shareholders' equity: As of June 30, 2010: ¥30,675 million
 As of March 31, 2010: ¥33,196 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, 2010	—	10.00	—	10.00	20.00
Fiscal year ending March 31, 2011	—				
Fiscal year ending March 31, 2011 (Forecast)		10.00	—	10.00	20.00

Note: Revision to dividend forecasts during the three months ended June 30, 2010: No

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2011 (from April 1, 2010 to March 31, 2011)

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, 2010	28,452	(0.9)	(874)	—	(890)	—
Fiscal year ending March 31, 2011	62,913	2.9	1,284	—	1,275	—

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Six months ending September 30, 2010	(2,156)	—	(66.17)
Fiscal year ending March 31, 2011	(913)	—	(28.02)

Note: Revision to consolidated forecasts during the three months ended June 30, 2010: Yes

4. Other Items (for details, see “Other Information” on page 6 of the Supplementary Material)

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

Added: __ companies () Removed: __ companies ()

Note: Indicates whether there was any change in a specific subsidiary related to a change in the scope of consolidation during the subject accounting period.

2. Application of simplified accounting procedures or special accounting procedures for the quarterly consolidated financial statements: None

Note: Indicates whether simplified accounting procedures or special accounting procedures in the preparation of the quarterly consolidated financial statements were applied.

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

Note: Indicates whether there were any changes in accounting policies, procedures, or presentation method, etc. related to the preparation of the quarterly consolidated financial statements.

4. Issued and outstanding common stock

1) Number of shares issued and outstanding at end of period, including treasury stock:

June 30, 2010: 32,591,240 shares March 31, 2010: 32,591,240 shares

2) Number of treasury stock at end of period: June 30, 2010: 7,733 shares March 31, 2010: 7,733 shares

3) Average number of shares outstanding for each period (cumulative quarterly period):

Three months ended June 30, 2010: 32,583,507 shares Three months ended June 30, 2009: 32,583,558 shares

Notes: 1 Indication regarding the status of quarterly review procedures

These financial statements are not subject to quarterly review procedures under the Financial Instruments and Exchange Act. The review of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

2 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. Please refer to page 5 “Qualitative Information on Consolidated Results Forecasts” of the Attachment.

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1. Qualitative Information on the Results for the Subject Period

(1) Qualitative Information on Consolidated Results

The Japanese economy was marked by mild recovery during the first quarter period of FY 2010 (April 1, 2010 to June 30, 2010). Despite rising risks including credit instability in Europe and appreciation of the yen, production and exports continued to recover against the backdrop of economic stimulus measures enacted by governments around the world, while consumer spending, capital expenditures and other aspects of internal demand began to show signs of having bottomed out.

Under such conditions, the ISID Group, in an effort to respond quickly to the changes in IT investment trends among its customers, continued to work to develop solutions to address the priority issues of clients, and actively offer solution proposals. For the finance industry, for example, we began offering corporate management diagnostic tools compatible with the Act concerning Temporary Measures to Facilitate Financing for SMEs, as well as solutions to prevent money laundering in advance of tighter regulations. In the ERP field, we began selling accounting intelligence templates to enhance the efficiency of management analysis and financial reporting. In addition, in the quickly expanding field of cloud computing, we expanded our service lineup, worked to distinguish ourselves from the competition by strengthening our alliance structure with partner firms, and made proposals that stretch across corporate lines.

As a result, ISID won project contracts and expanded its business, mainly at large finance firms where IT investment is quickly recovering. Consolidated net sales for the subject first quarter period amounted to ¥12,376 million (up 10.3% from the same period of the previous fiscal year).

In terms of earnings, gross profit rose from the same period of the previous fiscal year, due mainly to the increase in revenue, and we made efforts to curb selling, general and administrative (SG&A) expenses. As a result, earnings improved from a year earlier, with ISID posting an operating loss for the subject first quarter period of ¥1,118 million (compared to an operating loss of ¥2,015 million in the same period of the previous fiscal year), and an ordinary loss of ¥1,049 million (compared to an ordinary loss of ¥1,964 million). The net loss for the period, however, increased from a year earlier to ¥2,111 million (compared to a net loss of ¥1,485 million in the same period of the previous fiscal year), as a result of the recording of extraordinary losses of ¥1,417 million in expenses for personnel reductions and other rationalization measures, and ¥357 million for the impact from the adoption of new accounting standards for asset retirement obligations.

For information on the results of the personnel reductions and other rationalization measures, see the Company's press release "Notice of Results of Personnel Reduction and Other Rationalization Measures, and Generation of Extraordinary Losses" released July 30, 2010.

ISID Group net sales by business segment are as follows:

Financial Solutions (¥3,688 million)

Sales were strong for custom system development such as overseas office systems and market systems, as well as for add-on development services for the software product "Liquidity Management System" to provide compatibility with the Bank of Japan financial network's real time gross settlement system.

Enterprise Solutions—Business (¥2,679 million)

Sales were strong for software products such as the STRAVIS consolidated accounting system and the POSITIVE human resource management system, as well as for software technical support services such as ERP implementation.

Enterprise Solutions—Engineering (¥3,628 million)

ISID actively developed unique in-house solutions such as the iPRIME NAVI system to support design and development operations. However, consulting services for design and development operations were sluggish.

Communications IT Solutions(¥2,380 million)

ISID expanded custom system development for major customers, as well as outsourcing and maintenance services, and sales of IT hardware.

ISID Group net sales by service category are as follows:

Consulting services

Net Sales: ¥195 million (down 26.1% year on year)

Sales were slow for consulting services in the product design and development field for the manufacturing industry, and in the ERP field.

Custom system development

Net Sales: ¥3,468 million (up 24.7% year on year)

Sales growth was centered on the finance and advertising industries. ISID expanded projects to build market systems, and systems infrastructure for the overseas locations of major banks, and market systems for major securities companies.

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

Net Sales: ¥1,813 million (up 29.2% year on year)

Sales growth was focused on add-on development for the STRAVIS consolidated accounting system, the POSITIVE human resource management system, and “Liquidity Management System” for financial institutions.

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

Net Sales: ¥4,305 million (up 6.3% year on year)

In the manufacturing product design and development field, sales were on a par with the same period of the previous fiscal year, with steady performance in system building projects, mainly Product Lifecycle Management (PLM) systems for major customers. In the ERP systems field, a number of ERP projects launched in the previous fiscal year were completed, with the rise in revenue centered on add-on development and technical support services for implementation.

Outsourcing, operation and maintenance services

Net Sales: ¥1,237 million (up 4.3% year on year)

Sales were steady, focused mainly on services to major customers in the advertising industry.

IT equipment sales and others

Net Sales: ¥1,355 million (down 11.5% year on year)

Sales decreased from the same period of the previous fiscal year, centered mainly on the finance industry.

(2) Qualitative Information on the Consolidated Financial Position

(i) Assets, Liabilities and Net Assets

Assets

Total assets at the end of the subject first quarter period (June 30, 2010) amounted to ¥48,817 million, a decrease of ¥1,093 million from ¥49,910 million at the end of the previous fiscal year (March 31, 2010). This was due mainly to a ¥1,234 million decrease in current assets, stemming from a decrease in notes and accounts receivable—trade (¥3,396 million); a decrease in deposits paid (¥946 million); an increase in advance payments—trade (¥1,432 million); an increase in work in process (¥915 million); and an increase in deferred tax assets (¥660 million); against a ¥141 million increase in noncurrent assets, stemming from an increase in property, plant and equipment (¥183 million) arising primarily from application of “Accounting Standards for Asset Retirement Obligations”; an increase in investment securities (¥132 million); an increase in deferred tax assets (¥113 million); a decrease in goodwill (¥193 million) arising primarily from amortization; and a decline in software (¥115 million).

Liabilities

Total liabilities at the end of the subject first quarter period amounted to ¥17,893 million, an increase of ¥1,464 million from ¥16,429 million at the end of the previous fiscal year. This was due mainly to a ¥838 million increase in current liabilities, stemming from an increase in advances received (¥2,227 million); an increase in accounts payable (¥1,385 million); a decrease in notes and accounts payable—trade (¥1,959 million); and a decrease in accrued expenses (¥825 million); together with a ¥626 million increase in noncurrent liabilities, stemming from an increase in asset retirement obligations (¥696 million) arising from application of “Accounting Standards for Asset Retirement Obligations”; and a decrease in lease obligations (¥31 million).

Net Assets

Total net assets at the end of the subject first quarter period amounted to ¥30,923 million, a decrease of ¥2,557 million from ¥33,480 million at the end of the previous fiscal year. This was due mainly to a decrease in retained earnings (¥2,437 million) arising from the recording of a net loss for the period (¥2,111 million), and dividends from surplus (¥325 million).

(ii) Cash Flows

Cash and cash equivalents (“cash”) on a consolidated basis at the end of the subject first quarter period (June 30, 2010) decreased ¥923 million from the end of the previous fiscal year (March 31, 2010), for a total of ¥10,291 million.

The main factors affecting cash flows during the subject first quarter period are as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities amounted to ¥215 million at the end of the subject first quarter period. This

was due mainly to the recording of a loss before income taxes and minority interests (¥2,918 million); a decrease in notes and accounts payable—trade (¥1,952 million); an increase in advance payments (¥1,435 million); an increase in inventories (¥916 million); and a decrease in accrued expenses (¥823 million); against a decrease in notes and accounts receivable—trade (¥3,389 million); an increase in advances received (¥2,233 million); special retirement expenses (¥1,417 million); depreciation and amortization (¥727 million); loss on adjustment for changes of accounting standard for asset retirement obligations (¥357 million); and amortization of goodwill (¥103 million).

Compared to the same period of the previous fiscal year, net cash provided by operating activities increased by ¥508 million. This was due mainly to increases in cash that included special retirement expenses (¥1,417 million); loss on adjustment for changes of accounting standard for asset retirement obligations (¥357 million); a decrease in income taxes paid (¥1,269 million); an increase in advances received (¥753 million); and a decrease in inventories (¥613 million); which exceeded decreases in cash that included an increase in loss before income taxes and minority interests (¥528 million); an increase in notes and accounts receivable—trade (¥1,716 million); a decrease in notes and accounts payable—trade (¥1,111 million); and an increase in advance payments (¥496 million).

Cash Flow from Investing Activities

Net cash used in investing activities amounted to ¥443 million at the end of the subject first quarter period. This was due mainly to expenditures for purchases of intangible assets such as software (¥221 million); and purchase of shares in subsidiaries and affiliates (¥149 million).

Compared to the same period of the previous fiscal year, cash used in investing activities decreased by ¥1,193 million. This was due mainly to decreases in net cash used including a decrease in expenditures for purchases of investment securities (¥1,212 million); which exceeded increases in cash used that included expenditures for purchase of stocks of subsidiaries and affiliates (¥149 million).

Cash Flow from Financing Activities

Net cash used in financing activities amounted to ¥639 million at the end of the subject first quarter period. This was due mainly to cash dividends paid (¥325 million); and expenditures for repayments of lease obligations (¥314 million).

Compared to the same period of the previous fiscal year, net cash used in financing activities decreased by ¥39 million. This was due mainly to a decrease in expenditures for repayments of lease obligations (¥39 million).

(3) Qualitative Information on Consolidated Results Forecasts

ISID has revised its earnings forecasts for the first half and full year period of the fiscal year ending March 2011, in consideration of the impact on earnings resulting from the implementation of personnel reductions and other rationalization measures, along with the application of accounting standards for asset retirement obligations during the subject first quarter period.

For operating income, although we expect the application of accounting standards for asset retirement obligations to increase selling, general and administrative (SG&A) expenses, the forecast has been revised upward from the previous forecasts to incorporate the projected reduction in personnel expenses. The forecast for ordinary income has been similarly revised.

Net income, however has been revised downward from previous forecasts. This is due mainly to extraordinary losses recorded in the first quarter of fiscal 2010 for measures noted in the preceding paragraph, including one-time

expenses such as the lump-sum early retirement payments generated from the rationalization program, as well as for the adjustment for changes of accounting standards for asset retirement obligations.

For details on this revision, please see the Company's press release "Notice of Revision to Forecasts (Consolidated and Non-Consolidated) for the Fiscal Year Ending March 2011" released July 30, 2010.

Note: Forecasts and other forward-looking statements in this report are based on information available at the time of release. Actual results may vary from forecasts as a result of a variety of factors.

2. Other Information

(1) Summary of Significant Changes in Subsidiaries

Not applicable

(2) Summary of Simplified or Special Accounting Practices

Not applicable

(3) Summary of Changes in Accounting Principles, Procedures, or Presentation Method

- Application of accounting standard for asset retirement obligations

From the first quarter of the subject fiscal year, ISID has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

As a result, the operating loss and ordinary loss each increased by ¥14 million, while the loss before income taxes and minority interests increased by ¥372 million. The variation in asset retirement obligations as a result of the application of this accounting standard is ¥698 million.

(4) Summary of Significant Events Affecting the Premise of the Company as a Going Concern

Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

Item	Period	As of June 30, 2010	As of March 31, 2010
		Amount	Amount
(Assets)			
Current assets:			
Cash and deposits		2,290	2,218
Notes and accounts receivable—trade		9,487	12,883
Merchandise and finished goods		9	10
Work in process		1,471	556
Raw materials and supplies		10	9
Advance payments—trade		5,031	3,599
Deposit paid		8,372	9,318
Other		2,569	1,884
Allowance for doubtful accounts		(25)	(27)
Total current assets		29,218	30,452
Noncurrent assets:			
Property, plant and equipment		5,900	5,717
Intangible assets:			
Goodwill		394	587
Other		4,810	4,894
Total intangible assets		5,205	5,481
Investments and other assets:			
Investment and other assets		8,505	8,271
Allowance for doubtful accounts		(13)	(12)
Total investments and other assets		8,492	8,258
Total noncurrent assets		19,598	19,457
Total assets		48,817	49,910

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

Item	Period	As of June 30, 2010	As of March 31, 2010
		Amount	Amount
(Liabilities)			
Current liabilities:			
Notes and accounts payable—trade		4,267	6,226
Income taxes payable		56	129
Advances received		6,031	3,804
Provision for loss on order received		33	—
Asset retirement obligations		7	—
Other		5,205	4,602
Total current liabilities		15,601	14,763
Noncurrent liabilities:			
Provision for directors' retirement benefits		62	63
Asset retirement obligations		696	—
Other		1,533	1,602
Total noncurrent liabilities		2,292	1,666
Total liabilities		17,893	16,429
(Net assets)			
Shareholders' equity:			
Capital stock		8,180	8,180
Capital surplus		15,285	15,285
Retained earnings		7,460	9,898
Treasury stock		(28)	(28)
Total shareholders' equity		30,898	33,336
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities		110	109
Deferred gains or losses on hedges		(4)	8
Foreign currency translation adjustments		(329)	(258)
Total valuation and translation adjustments		(223)	(140)
Minority interests		248	284
Total net assets		30,923	33,480
Total liabilities and net assets		48,817	49,910

(2) Consolidated Statements of Income

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

Item	Period	Three months ended June 30, 2009	Three months ended June 30, 2010
		Amount	Amount
Net sales		11,216	12,376
Cost of sales		8,140	8,889
Gross profit		3,076	3,487
Selling, general and administrative expenses		5,091	4,605
Operating loss		(2,015)	(1,118)
Non-operating income:			
Interest income		19	11
Dividends income		14	14
Foreign exchange gains		24	48
Miscellaneous income		23	16
Total non-operating income		81	91
Non-operating expenses:			
Interest expenses		17	14
Equity in losses of affiliates		12	5
Miscellaneous loss		1	2
Total non-operating expenses		30	22
Ordinary loss		(1,964)	(1,049)
Extraordinary loss:			
Loss on sales of noncurrent assets		2	—
Impairment loss		—	88
Loss on retirement of noncurrent assets		160	0
Loss on valuation of investment securities		—	3
Loss on business restructuring		228	—
Office transfer expenses		35	—
Loss on adjustment for changes of accounting standard for asset retirement obligations		—	357
Special retirement expenses		—	1,417
Total extraordinary loss		426	1,868
Loss before income taxes and minority interests		(2,390)	(2,918)
Income taxes—current		10	23
Income taxes for prior periods		(70)	(35)
Income taxes—deferred		(830)	(757)
Total income taxes		(890)	(770)
Loss before minority interests.		—	(2,147)
Minority interests in income (loss)		(14)	(35)
Net loss		(1,485)	(2,111)

(3) Consolidated Statements of Cash Flows

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

Item	Period	Three months ended June 30, 2009	Three months ended June 30, 2010
		Amount	Amount
Net cash provided by (used in) operating activities:			
Loss before income taxes and minority interests		(2,390)	(2,918)
Depreciation and amortization		812	727
Impairment loss		—	88
Amortization of goodwill		103	103
Increase (decrease) in allowance for doubtful accounts		8	(0)
Increase (decrease) in provision for directors' retirement benefits		—	(1)
Increase (decrease) in provision for loss on order received		61	33
Interest and dividends income		(34)	(26)
Interest expenses		17	14
Equity in (earnings) losses of affiliates		12	5
Loss on retirement of noncurrent assets		160	0
Loss (gain) on adjustment for changes of accounting standard for asset retirement obligations		—	357
Special retirement expenses		—	1,417
Loss on business restructuring		228	—
Office transfer expenses		35	—
Loss (gain) on valuation of investment securities		—	3
Decrease (increase) in notes and accounts receivable—trade		5,105	3,389
Decrease (increase) in inventories		(1,529)	(916)
Decrease (increase) in advance payments		(939)	(1,435)
Increase (decrease) in notes and accounts payable—trade		(841)	(1,952)
Increase (decrease) in accrued expenses		(1,097)	(823)
Increase (decrease) in advances received		1,480	2,233
Increase (decrease) in accrued consumption taxes		(455)	(367)
Other, net		255	351
Subtotal		993	285
Interest and dividends income received		36	26
Interest expenses paid		(17)	(14)
Payments for business restructuring		—	(44)
Income taxes paid		(1,306)	(37)
Net cash provided by (used in) operating activities		(293)	215

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

Item	Period	Three months ended June 30, 2009	Three months ended June 30, 2010
		Amount	Amount
Net cash provided by (used in) investing activities:			
Payments into time deposits		(150)	(316)
Proceeds from withdrawal of time deposits		33	248
Purchase of property, plant and equipment		(17)	(15)
Purchases of intangible assets		(242)	(221)
Purchases of investment securities		(1,217)	(5)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation		(6)	—
Purchase of stocks of subsidiaries and affiliates		—	(149)
Payments of loans receivable		(13)	(0)
Collection of loans receivable		1	0
Payments for lease and guarantee deposits		(38)	(10)
Proceeds from collection of lease and guarantee deposits		19	17
Other, net		(3)	9
Net cash used in investing activities		(1,636)	(443)
Net cash provided by (used in) financing activities:			
Repayments of lease obligations		(353)	(314)
Cash dividends paid		(325)	(325)
Other, net		(0)	—
Net cash used in financing activities		(678)	(639)
Effect of exchange rate change on cash and cash equivalents		1	(56)
Net increase (decrease) in cash and cash equivalents		(2,606)	(923)
Cash and cash equivalents at beginning of period		14,174	11,215
Cash and cash equivalents at end of period		11,567	10,291

(4) Notes regarding Assumption of a Going Concern

No events to be noted for this purpose.

(5) Segment Information

1. Overview of Reportable Segments

The ISID Group's reportable segments are the structural units of the corporate group from which individual financial data are acquirable, and are reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The ISID Group conducts an information services business comprising consulting services, custom system development, sales of in-house developed and third party software, and outsourcing and maintenance services, as well as sales of IT equipment. The Company has business divisions separated by industry and solution type. Each business division formulates business strategies on a consolidated basis, and conducts business activities.

Accordingly, the ISID Group comprises business segments divided by industry and solution type, based on the business divisions. The group's four reportable business segments are "Financial Solutions," "Enterprise Solutions—Business," "Enterprise Solutions—Engineering," and "Communications IT."

Reportable Segment	Business Description
Financial Solutions	Provides a range of financial services solutions to the finance industry
Enterprise Solutions—Business	Provides a range of ERP systems solutions to all industries, as well as business solutions mainly for the administrative field
Enterprise Solutions—Engineering	Provides engineering solutions mainly for product development and manufacturing field in the manufacturing industry
Communications IT	Provides a range of corporate solutions in collaboration with the Dentsu Group

2. Sales and Earnings (or Loss) by Reportable Segment

Three months ended June 30, 2010 (from April 1, 2010 to June 30, 2010)

(Millions of yen)

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

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

3. Impairment Losses on Noncurrent Assets or Goodwill by Reportable Segment

Significant changes in goodwill

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

Additional information

From the first quarter of the subject fiscal year, ISID has applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009), and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

(6) Note on Significant Changes in Shareholders’ Equity

Not applicable

4. Supplementary Information

Status of Production, Orders and Sales

Many of ISID's client companies that submit consolidated financial statements implement IT systems and begin running software either at the start of their fiscal year, or at the start of the third quarter. Consequently, completions of system development, and shipments/deliveries of software are concentrated in March, when many clients close their fiscal year, or in September, the end of the second quarter. As a result, the ISID Group's sales tend to be concentrated in March and September, and there is seasonal variation in the ISID Group's production, orders and sales.

(1) Production

The status of production through the subject first quarter period (April 1–June 30, 2010) by segment is as follows.

Segment	Production output (Millions of yen)	YoY (%)
Financial Solutions	2,908	—
Enterprise Solutions—Business	1,813	—
Enterprise Solutions—Engineering	714	—
Communications IT	835	—
Total	6,271	—

The status of production through the subject first quarter period (April 1–June 30, 2010) by business line is as follows.

Business Line	Production output (Millions of yen)	YoY (%)
Custom system development	3,478	75.3
In-house software add-on development	1,172	117.1
Third-party software add-on development	1,620	96.8
Total	6,271	86.0

Notes

1. In-house software add-on development and third-party software add-on development includes technical support services.
2. Figures are calculated from sales prices.
3. Figures do not include consumption tax or other additions.

(2) Orders

The status of orders through the subject first quarter period (April 1–June 30, 2010) by segment is as follows.

Segment	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Financial Solutions	3,433	—	2,424	—
Enterprise Solutions—Business	1,656	—	1,771	—
Enterprise Solutions—Engineering	898	—	783	—
Communications IT	1,473	—	780	—
Total	7,462	—	5,759	—

The status of orders through the subject first quarter period (April 1–June 30, 2010) by business line is as follows.

Business Line	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Custom system development	5,091	97.0	3,197	76.1
In-house software add-on development	742	78.0	1,322	105.0
Third-party software add-on development	1,627	113.5	1,239	97.3
Total	7,462	97.7	5,759	85.5

Notes

1. In-house software add-on development and third-party software add-on development includes technical support services.
2. Figures do not include consumption tax or other additions.

(3) Sales

The status of sales through the subject first quarter period (April 1–June 30, 2010) by segment is as follows.

Segment	Sales volume (Millions of yen)	YoY (%)
Financial Solutions	3,688	—
Enterprise Solutions—Business	2,679	—
Enterprise Solutions—Engineering	3,628	—
Communications IT	2,380	—
Total	12,376	—

The status of sales through the subject first quarter period (April 1–June 30, 2010) by business line is as follows.

Business Line	Sales volume (Millions of yen)	YoY (%)
Consulting services	195	73.9
Custom system development	3,468	124.7
In-house software	1,813	129.2
Third-party software	4,305	106.3
Outsourcing, operation and maintenance services	1,237	104.3
IT equipment sales and others	1,355	88.5
Total	12,376	110.3

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	Three months ended June 30, 2009 (from April 1, 2009 to June 30, 2009)		Three months ended June 30, 2010 (from April 1, 2010 to June 30, 2010)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Dentsu, Inc.	1,583	14.1	1,811	14.6