

Investor Presentation for the Year Ended March 31, 2006

May 12, 2006

Information Development Co., Ltd

Today's Presentation

1. Summary of Fiscal Year 2006

- Financial Highlights: Year Ended March 2006
- Revenue and Earnings
- Financial Position & Cash Flows
- Revenue Analysis

Financial Highlights (Year Ended March 2006)



Record-high revenues: ¥13,028 million;
operating profit: ¥850 million

Operating profit margin: 6.5%, up 1.7 points
(thanks to firm orders and improved productivity)

Net profit: ¥430 million

Interest bearing debt: ¥120 million record low

No. of employees: 1,635 (up 108)

Gratis stock split: 1 : 1.3 (resolution of Feb. 2006)

Revenues and Earnings

(¥ millions)	Year Ended March 31		YOY % Changes	% of Total Revenues
	2005	2006		
Total Revenue	11,378	13,028	+14.5	
Cost of Sales	9,302	10,555	+13.5	81.0(+0.8p)
SG & A Expenses	1,526	1,621	+6.2	12.5(-0.9p)
Operating Profit	550	851	+54.7	6.5(+1.7p)
Recurring Profit	557	845	+51.7	6.5(+1.6p)
Extraordinary Profit & Loss	(303)	(87)		
Net Profit	119	430	+261.3	3.3(+2.2p)
ROE	2.7	9.3	+244.4	

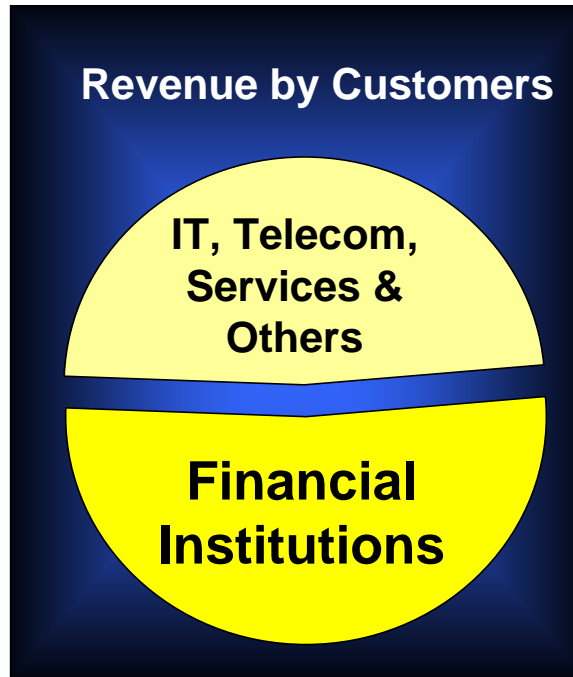
- **Total revenues:** Revenue increases in all four business segments
- **Extraordinary items:** Loss on Partial Impairment of Company-owned dormitories; gain on sales of them.
- **ROE:** Record-high level

Financial Position & Cash Flows

(¥ millions)	At March 31		YOY % Changes
	2005	2006	
Current Assets	3,230	3,965	+22.8
Fixed Assets	4,307	3,957	-8.1
Total Assets	7,537	7,923	+5.1
Liabilities	2,994	2,994	-
Interest bearing debts	932	118	-87.3
Shareholders' Equity	4,419	4,794	+8.5
Cash Flows from Operating Activities	471	1,081	+129.5
Cash Flow from Investment Activities	(218)	275	-
Cash Flow from Financing Activities	(374)	(938)	-
Increase and Decrease of Cash & Cash Equivalents	(121)	419	-
Cash & Cash Equivalents at Year-End	1,217	1,637	+34.5
Depreciation	173	168	-2.9
Capital expenditure	184	48	-73.9

- Interest bearing debt: Down ¥810MM
- Tangible fixed assets: Down ¥460 MM (Dormitories impairment loss)
- Equity Ratio: 60.5%
- Operating CF: Significant increase
- Free CF: ¥1.3B
- Cash and Equivalents at year-end: ¥1.6B (up ¥420MM)

Revenues Analysis (By Business; Customers; Contracts)



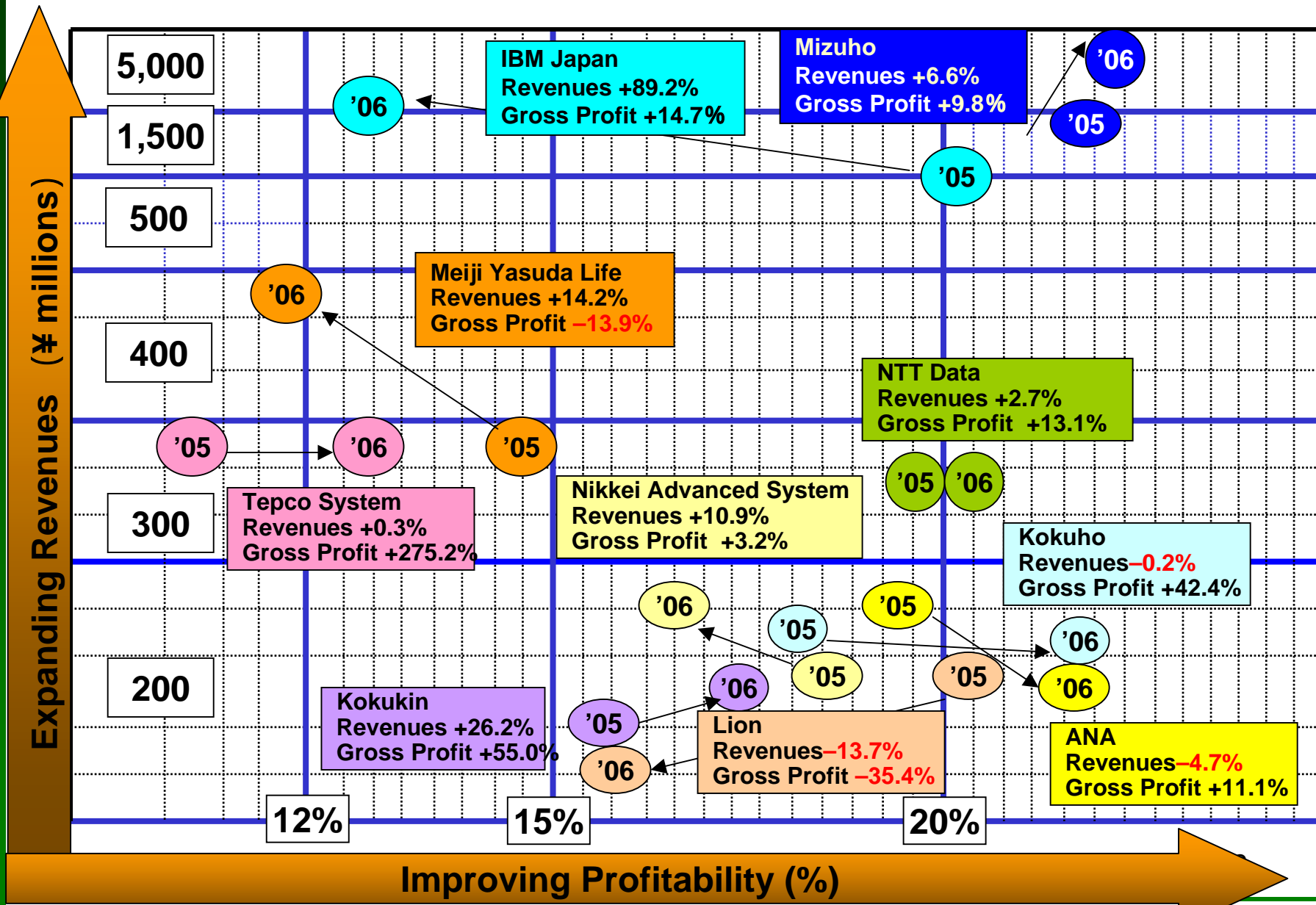
- IT Outsourcing: 60%
- Financial Institutions: 50%
- Direct Contracts: 85%

Sales by Customers

(¥ millions) Financial Institutions (Banks & insurance companies)	Year Ended March 31, 2005		Year Ended March 31, 2006		YoY % Changes	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
	6,230	54.7	6,726	51.6	+ 496	(3.1)
Progressing well !						
IT, Telecom & Services	2,812	24.7	4,069	31.2	+1,257	+6.5
Progressing well !						
Others	2,336	20.5	2,233	17.1	(103)	(3.4)
Progressing well !						

Top 10 Customers by Sales (03/2006 vs 03/2005)

Midterm Strategy <Challenge to the 2008>



2 . Industry Trends & ID's Operating Status

- Trends in the information services industry (JISA companies & ID)

Information services industry Trends

(JISA companies & ID)

Midterm Strategy <Challenge to the 2008>

		All JISA Companies (DI)			
Future	Future outlook	05/4-6	05/7-9	05/10-12	06/1-3
Overall					
BTO software					
Software product					
Data processing	×				
System management					
Database service	×				
Research & analysis	×				

ID Business Segment

< SI Business >

+13.4%

From Recovery to Growth!

< ITO Business >

+19.6%

Expecting sustained growth!

< BPO Business >

+4.3%

Expecting sustained growth!



Information services industry Trends

(JISA companies & ID)

Midterm Strategy <Challenge to the 2008>

		All JISA Companies Overall (DI)				
Indu	Future outlook	/4-6	05/7-9	05/10-12	06/1-3	
Manufacturing						
Utilities						
IT/Telecom						
Wholesale, Retail						
Finance, Insurance						
Service						
Public Sector						

ID Customer

Manufacturing:	-13.1%
Utilities:	+2.7%
IT/Telecom:	+44.7%
Finance, insurance:	+7.9%
Public sector:	-12.0%

20%+

19 ~ 10%

9 ~ 1%

± 0%

Minus

Information services industry Trends

(JISA companies & ID)

Midterm Strategy <Challenge to the 2008>

ID's Main Business Area

	Manufacturing	Utilities	IT/Telecom	Wholesale, Retail	Finance, Insurance	Service	Public sector
Overall	○/○ 3.0	○/△ 2.5	○/◎ 3.5	○/△ 2.5	○/◎ 3.5	○/○ 3.0	○/△ 2.5
OTB software	○/○ 3.0	○/△ 2.5	○/◎ 3.5	○/△ 2.5	○/◎ 3.5	○/○ 3.0	○/△ 2.5
Software product	△/○ 2.5	△/△ 2.0	△/◎ 3.0	△/△ 2.0	△/◎ 3.0	△/○ 2.5	△/△ 2.0
Data processing	×/○ 2.0	×/△ 1.5	×/◎ 2.5	×/△ 1.5	×/◎ 2.5	×/○ 2.0	×/△ 1.5
System maintenance	◎/○ 3.5	◎/△ 3.0	◎/◎ 4.0	◎/△ 3.0	◎/◎ 4.0	◎/○ 3.5	◎/△ 3.0
Database service	×/○ 2.0	×/△ 1.5	×/◎ 2.5	×/△ 1.5	×/◎ 2.5	×/○ 2.0	×/△ 1.5
Research & analysis	×/○ 2.0	×/△ 1.5	×/◎ 2.5	×/△ 1.5	×/◎ 2.5	×/○ 2.0	×/△ 1.5

○ : 4 points ◎ : 3 points △ : 2 points × : 1 point Vertical axis outlook/Horizontal axis outlook

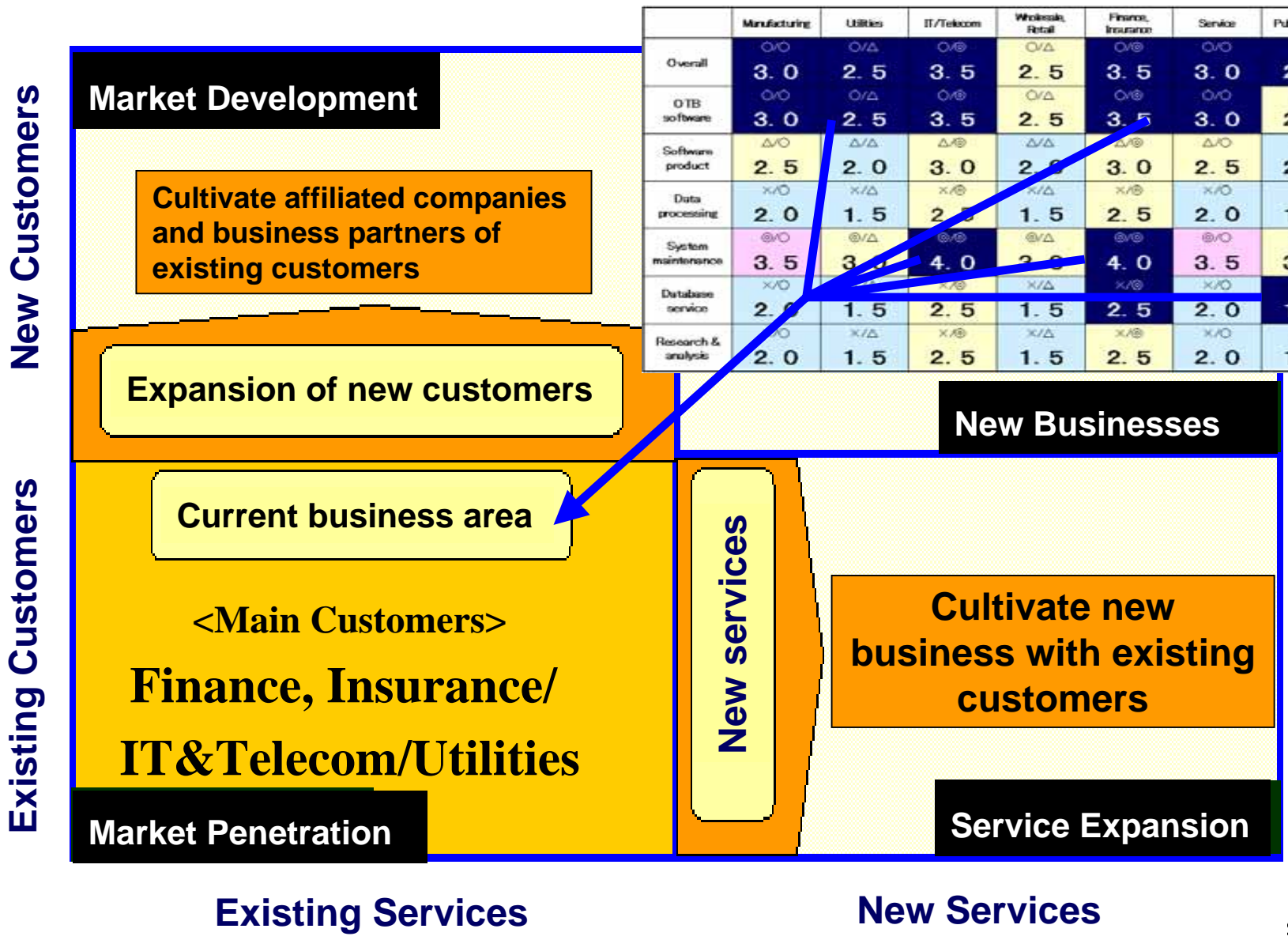
4.0&3.5
 3.0&2.5
 Less than 2.0 (Basically outside of ID's business area)
 12

3 . New Medium-Term Business Plan: “Challenge to the 2008”

- Business expansion vision
- Current operating status (industry position and ranking)
- Medium-term business plan
- Historical net sales (parent), operating income ratio
- Medium-term business plan: Financial targets

Business Expansion Vision

Midterm Strategy <Challenge to the 2008>

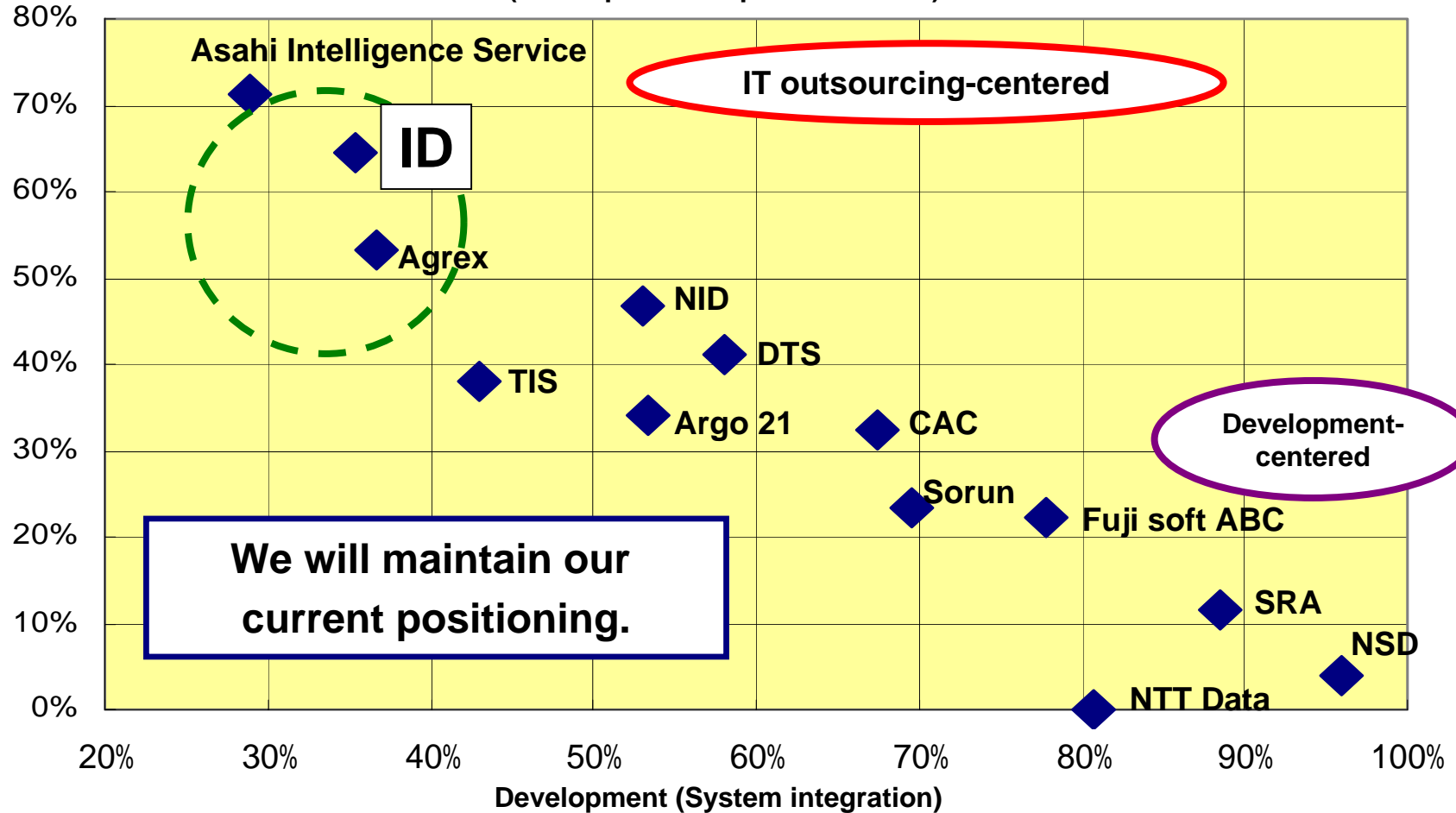


Current operating status: Industry Position

Midterm Strategy <Challenge to the 2008>

Operation
(Outsourcing)

FY2004: Comparisons with Peers (development & operation ratios)



*Since some companies undertake activities apart from development and operation, the sum of development and operation ratio will not necessarily total 100%

Source: Materials from various companies (compiled by ID)

Industry Top: No. of Maintenance/Operation Personnel; Ratio of same to All Employees

**FY2004 Ranking:
No. of Maintenance/Operation Personnel**

Rank	Company Name	No.
1	Information Development	912
2	DTS	755
3	JAIS	628
4	Japan Information Institute	610
5	Ryoyu Systems	470
6	Yamato System Dev.	449
7	JR East Information System	365
8	Catena	361
9	NID	359
10	Daiichi Life Info. System	332

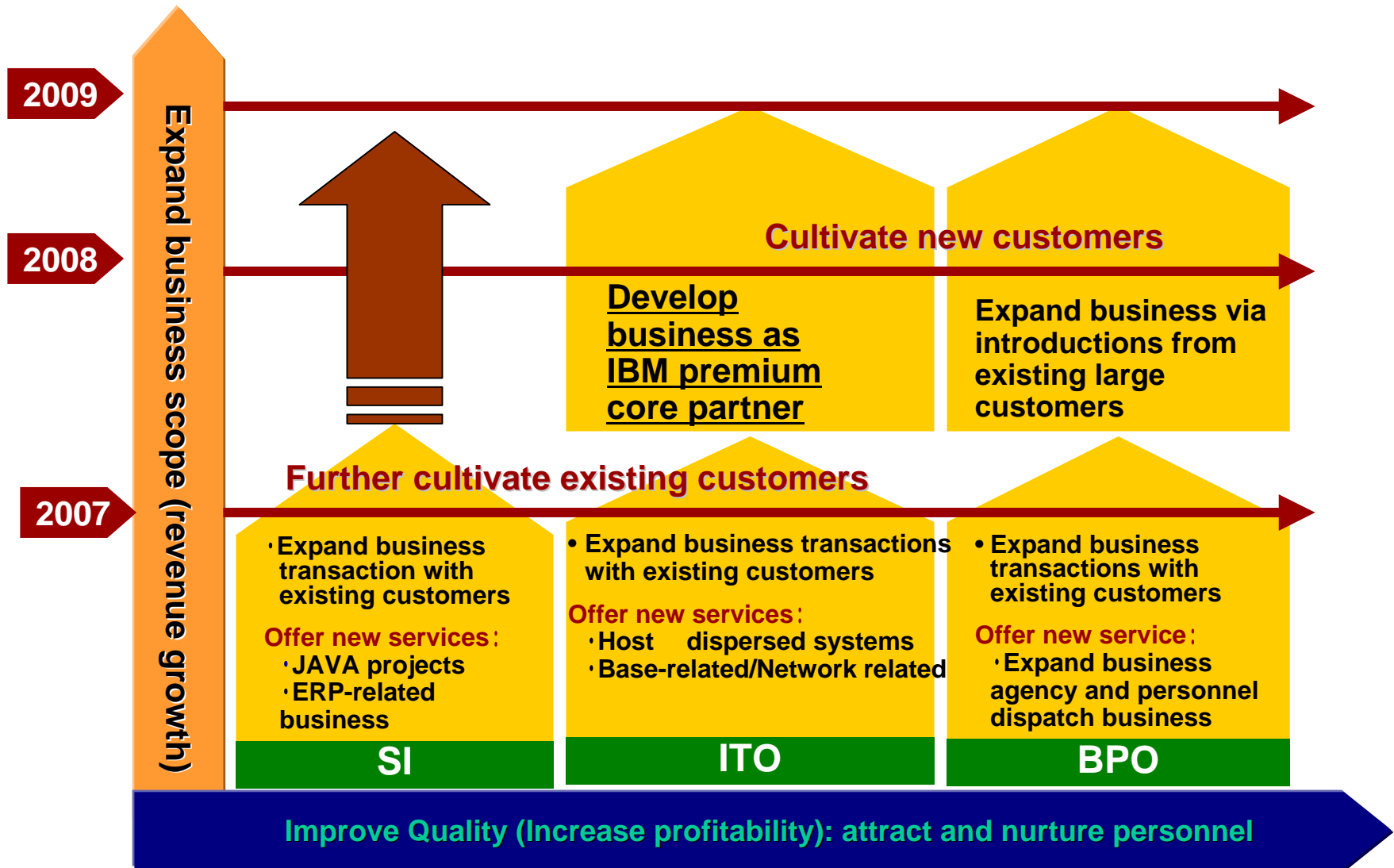
**FY2005 Raking:
Ratio of Maintenance/Operation Personnel**

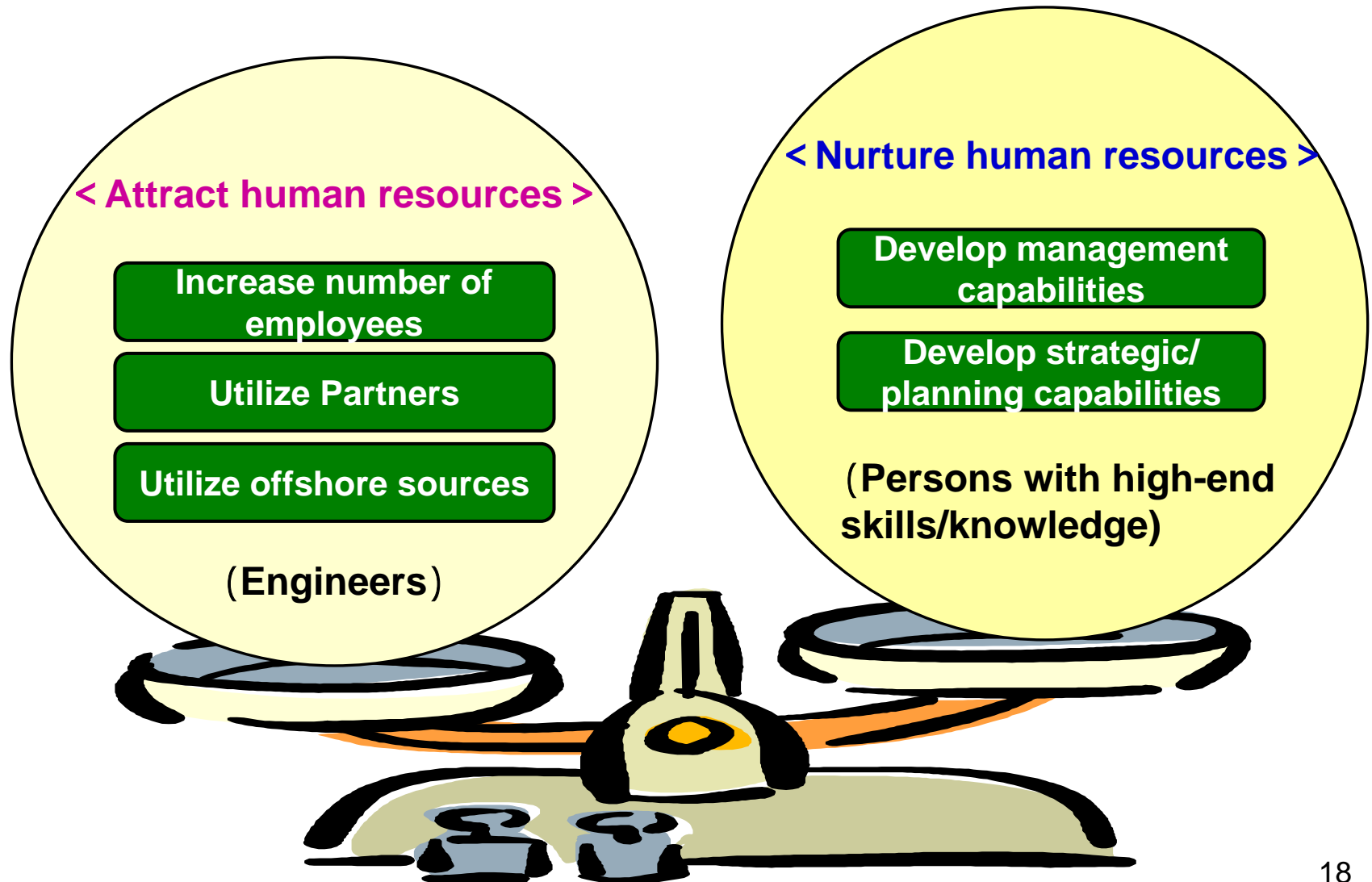
Rank	Company Name	Ratio
1	Information Development	64.5
2	DTS	45.7
3	JAIS	43.9
4	Japan Information Institute	38.1
5	Ryoyu Systems	32.6
6	Yamato System Dev.	29.4
7	JR East Information System	28.9
8	Catena	28.5
9	NID	25.4
10	Daiichi Life Info. System	25.1

Source: *Computopia* (October 2005 edition) 16

Medium-Term Business Plan: Action Point 1

Midterm Strategy <Challenge to the 2008>





Attract Human Resources

(25% Campaign for Female Staff)

	2005/3	2006/3
% of female to total employees	32.6%	32.1%

Actively recruit female engineers

- Development engineers
- Operation engineers

BPO	94.8%	94.9%
ITO	13.6%	15.2%
SI	20.2%	19.4%

2009/3
25.0%
25.0%

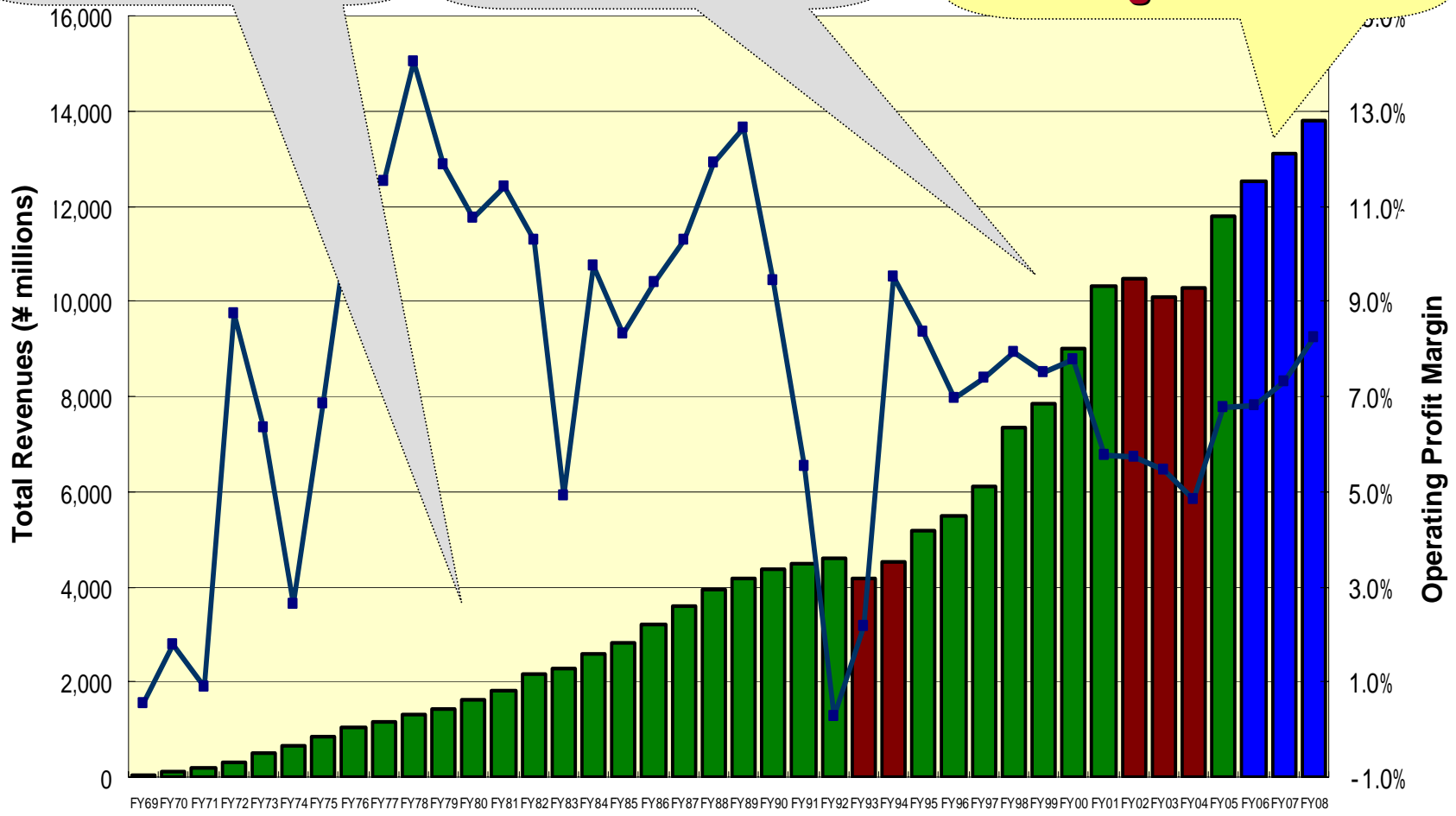
Historical Revenues (Parent); Operating Profit Margin

Midterm Strategy <Challenge to the 2008>

**1st growth stage :
Reached ¥5B**

**2nd growth stage:
Reached ¥10B**

**3rd growth stage:
Targeting ¥15B
Challenge to the 2008**

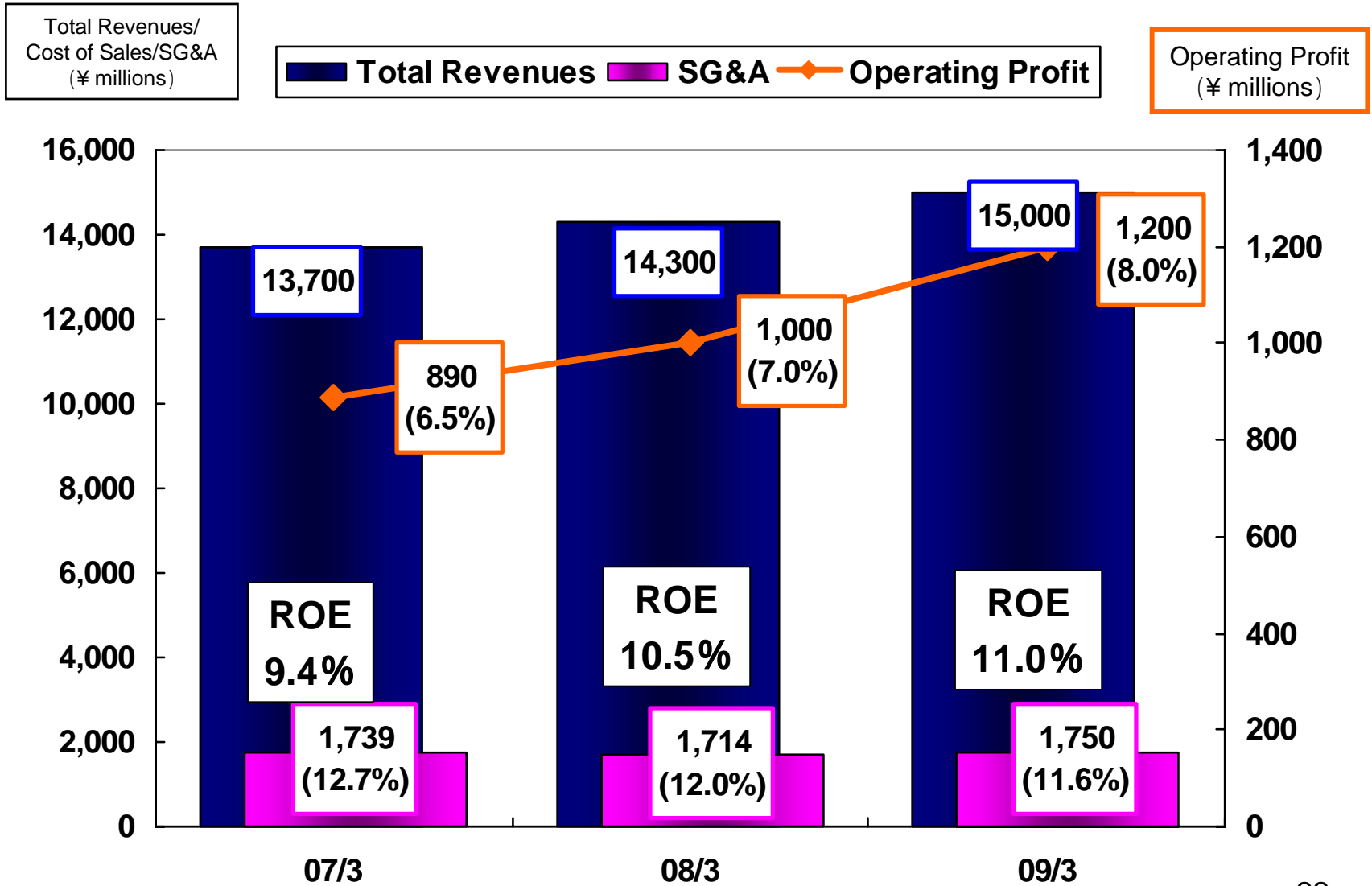


Medium-Term Business Plan: Financial Targets (1)

(For the years ended March 31)	2006	Medium-Term Business Plan		
		2007E	2008E	2009E
Employees (Number)	1,635	1,640	1,690	1,730
Total Revenues /Employee (¥ thousands)	7,968	8,350	8,460	8,670
Operating Profit/ Employee (¥ thousands)	520	540	590	690
SG&A Expenses to Revenue (%)	12.5	12.7	12.0	11.6

Medium-Term Business Plan: Financial Targets (2)

Midterm Strategy <Challenge to the 2008>




4 . Forecasts for Next Fiscal Year; CSR Initiatives

Forecasts for the Year Ending March 31, 2007

(¥ millions)	2006 (Actual)	2007E	YoY Changes (%)
Sales	13,028	13,700	+5.2
Operating Profit	851	890	+4.6
Pretax Profit	845	890	+5.3
Net Profit	430	480	+11.6
Operating Profit Margin (%)	6.5	6.5	
EPS (円)	68.6	61.9*	(6.7)

*Calculated under the assumed total share issued, 7,747,576 after the stock split on April 1, 2006

- Continued strong IT investment demand among financial institutions(our main customers)
- Actively utilize BOO strategy and external partners to address outsourcing needs and steadily secure large-scale projects
- Raise productivity through more rigorous project management, standardization of various business processes, and enhancement of engineers' sills; maintain operating profit margin steady at 6.5%

 Management that focuses on order of priority, speed and transparency

Pride

We shall make judgments based on what is right or wrong, not on material gain or loss.

Vision

Challenge

High Technology

Global

Creative

Organization

Positive-thinking

Future-oriented

Empowering

Mission

We are an information services company, dedicated to the creation of exciting futures for everyone.

Attributes

World-class technologies

High-quality services

Courage to challenge new domains

Tips

Take care of one's appearance.

Report unacceptable behavior.

Courageously offer opinions.

Don't say, "That's not my job."

Once made, decisions are to be followed and instructions carried out.

CSR Initiatives

- ◆ **Promote compliance-oriented operations**
 - Hold CSR conferences (monthly)
 - Produce compliance handbook and distribute to all employees
 - Conduct compliance study group (all employees; twice a year)
- ◆ **Obtain Privacy Mark certification (for protection of personal information)**
- ◆ **Set up external compliance hotline**
- ◆ **Conduct internal compliance survey**
- ◆ **Initiate environmental protection activities**
 - Acquire ISO14001 certification (obtained Dec. 9, 2005)
- ◆ **Create workplace conducive to raising children**
 - Childbirth vacation; days off for children raising (25 employees using system as of Jan 2006)
 - Reduce total working hours; Introduce staggered work schedule
- ◆ **Participate in social events**
 - Promote information education to elementary school students (our future leaders)
- ◆ **Participate in local events**
 - Nibancho-Kai, NTV Street Foundation, Kinkame Kai
 - Participate in volunteer activities and local events



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