



# Investor Presentation

## For Six Months Ended September 30, 2010

**Dec. 2010**

**INFORMATION DEVELOPMENT CO., LTD.**

(JASDAQ Standard, code:4709)

*Change or Die!*

1. Consolidated performance overview
2. Industry trend and comparison with peers
3. Growth strategy and forecast for the year ending  
March 31, 2011

## 1. Consolidated performance overview

- Overview of ID Group
- Financial position & cash flows / revenue and profits
- Revenue / profits analyses
- Performance of domestic subsidiaries
- Stock data

# Overview of ID Group (as of September 30, 2010)



INFORMATION DEVELOPMENT  
株式会社 インフォメーション・ディベロップメント

ID's ownership



NIHON CULTRESOFT  
SERVICE

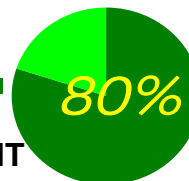
Become a subsidiary in Dec. 2006



Paid-in capital: ¥90M  
Established: 1977  
No. of employees: 412



SOFTWARE DEVELOPMENT

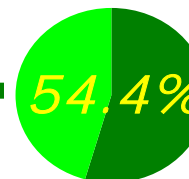


Paid-in capital: ¥100M  
Established: 1982  
No. of employees: 105



PURAIDO

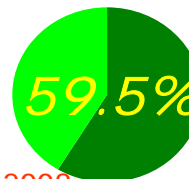
Become a subsidiary in Apr. 2002



Paid-in capital: ¥40M  
Established: 1988  
No. of employees: 22



Become a subsidiary in Aug. 2008



Paid-in capital: ¥90M  
Established: 1992  
No. of employees: 35



ID Wuhan



Paid-in capital: \$1.1M  
Established: 2004  
No. of employees: 45

**Paid in capital:**  
¥592.34million  
**Established:**  
October, 1969  
**No. of employees:**  
1,705

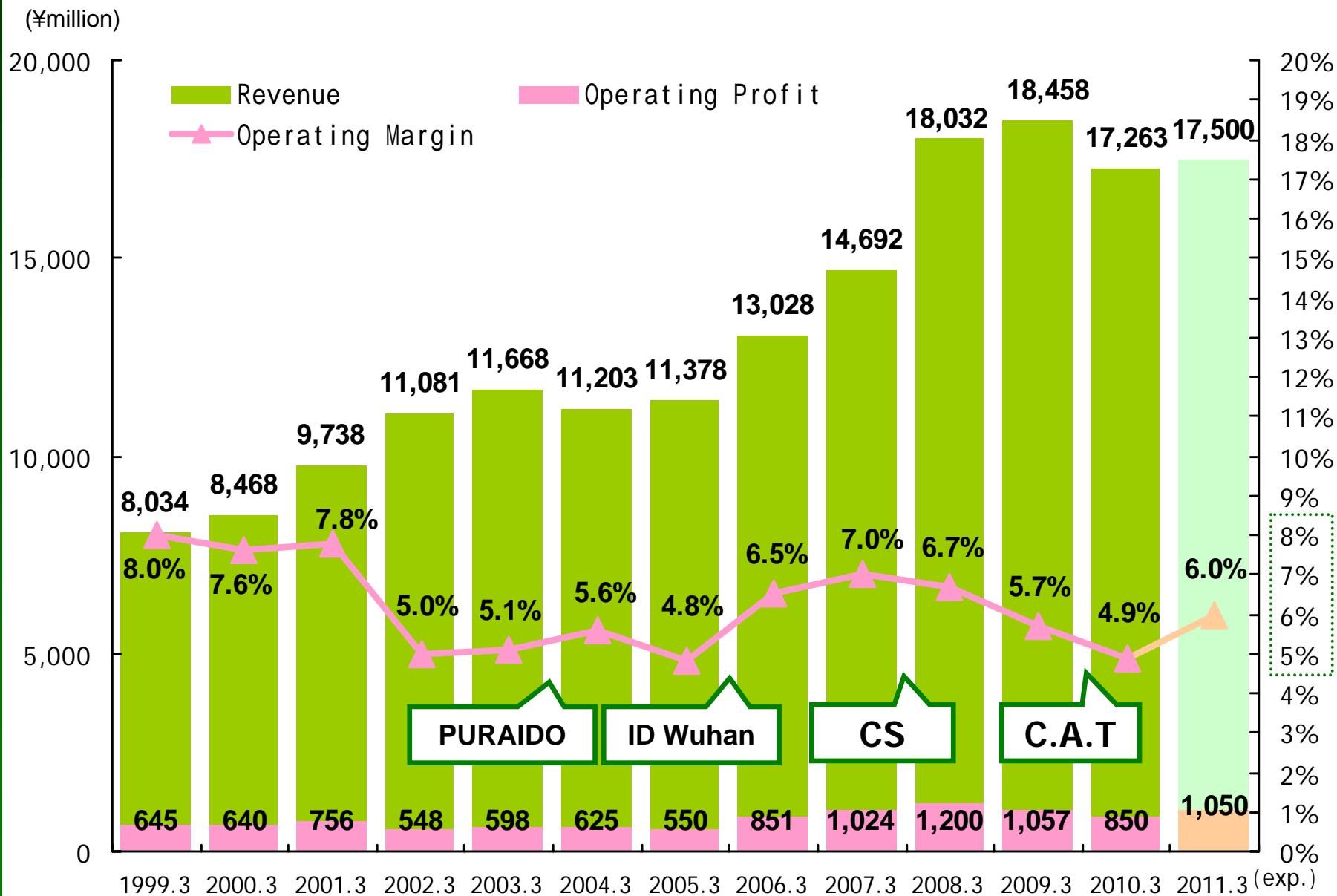
\*ID's ownership ratios are calculated by number of shares excluding treasury stocks.

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# Trends in revenue and operating profit (since listing)

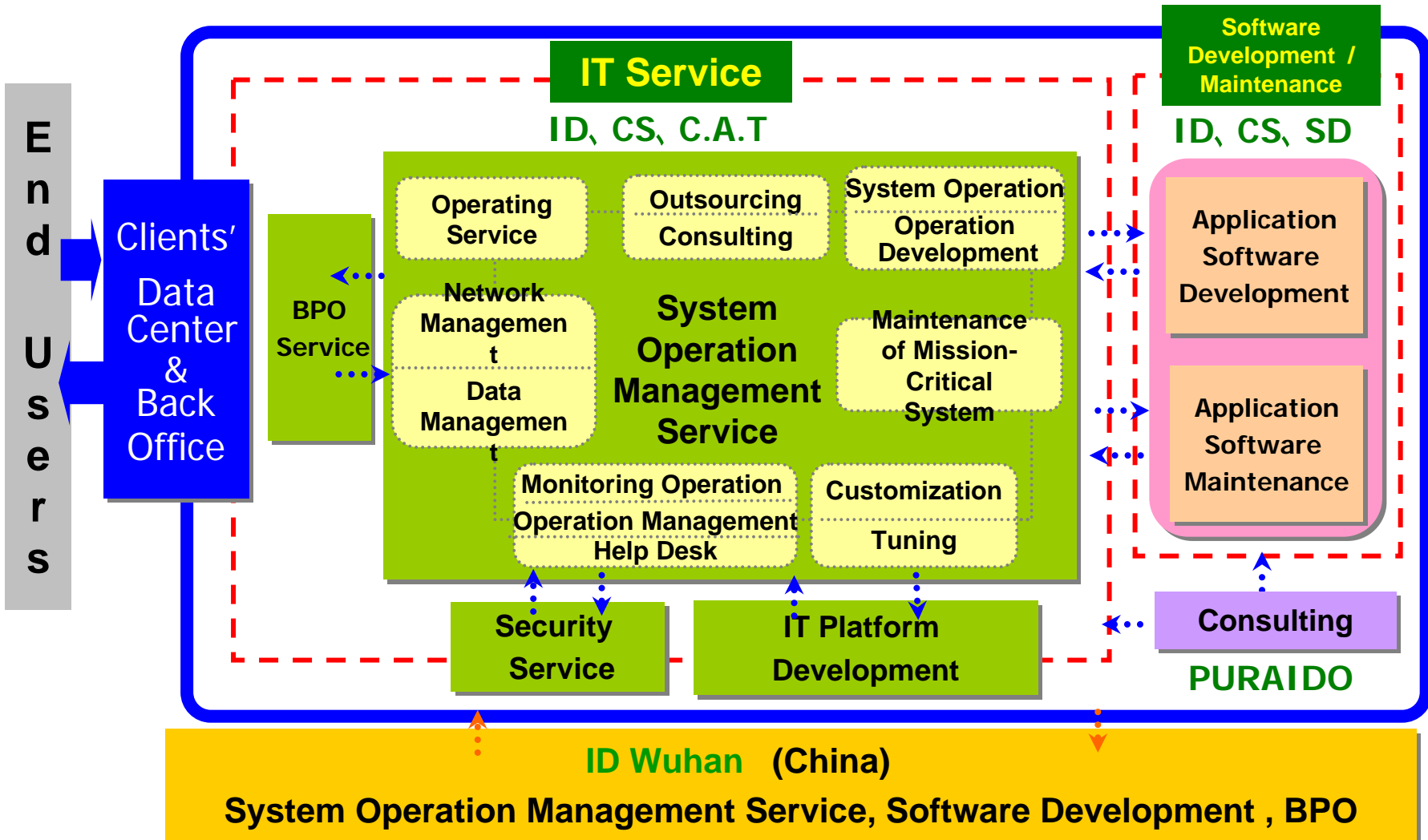


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# ID Group's total IT outsourcing services

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# Financial position and cash flows (consolidated)



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(¥million)	Mar. 2010	Sep. 2010	% changes
<b>Current Assets</b>	4,919	4,501	-8.5%
<b>Cash and Deposits</b>	1,773	1,671	-5.7%
<b>Fixed Assets</b>	4,564	4,206	-7.8%
<b>Total Assets</b>	9,483	8,707	-8.2%
<b>Liabilities</b>	3,589	2,742	-23.6%
<b>Interest-Bearing Debt</b>	698	825	+ 18.3%
<b>Earned Surplus</b>	5,034	5,128	+1.9%
<b>Total Shareholders' Equity</b>	5,743	5,836	+1.6%
<b>Cash Flows from Operating Activities</b>		-161	
<b>Cash Flows from Investing Activities</b>		77	
<b>Cash Flows from Financing Activities</b>		-15	

# Revenue and profits (consolidated)



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(¥million)	Sep. 2009 (% of revenue)	Sep. 2010 (% of revenue)	YOY % changes	% changes to forecast
<b>Revenue</b>	<b>8,634</b>	<b>8,044</b>	<b>-6.8%</b>	<b>-5.2%</b>
<b>Cost of Sales</b>	<b>6,918</b> 80.1	<b>6,426</b> 79.9	<b>-7.1%</b>	<b>-6.1%</b>
<b>Gross Profit</b>	<b>1,715</b> 19.9	<b>1,617</b> 20.1	<b>-5.7%</b>	<b>-1.2%</b>
<b>SG&amp;A Expenses</b>	<b>1,221</b> 14.1	<b>1,197</b> 14.9	<b>-1.9%</b>	<b>-1.2%</b>
amortization of goodwill	<b>75</b> 0.9	<b>39</b> 0.5	<b>-48.1%</b>	<b>-</b>
<b>Operating Profit</b>	<b>493</b> 5.7	<b>419</b> 5.2	<b>-15.0%</b>	<b>-1.4%</b>
<b>Recurring Profit</b>	<b>483</b> 5.6	<b>452</b> 5.6	<b>-6.5%</b>	<b>+7.4%</b>
<b>Net Profit</b>	<b>226</b> 2.6	<b>234</b> 2.9	<b>+ 3.6%</b>	<b>+ 1.7%</b>
<b>EPS (Yen)</b>	<b>30.48</b>	<b>31.59</b>	<b>+ 1.11</b>	<b>-</b>

# Revenue and profits (nonconsolidated)

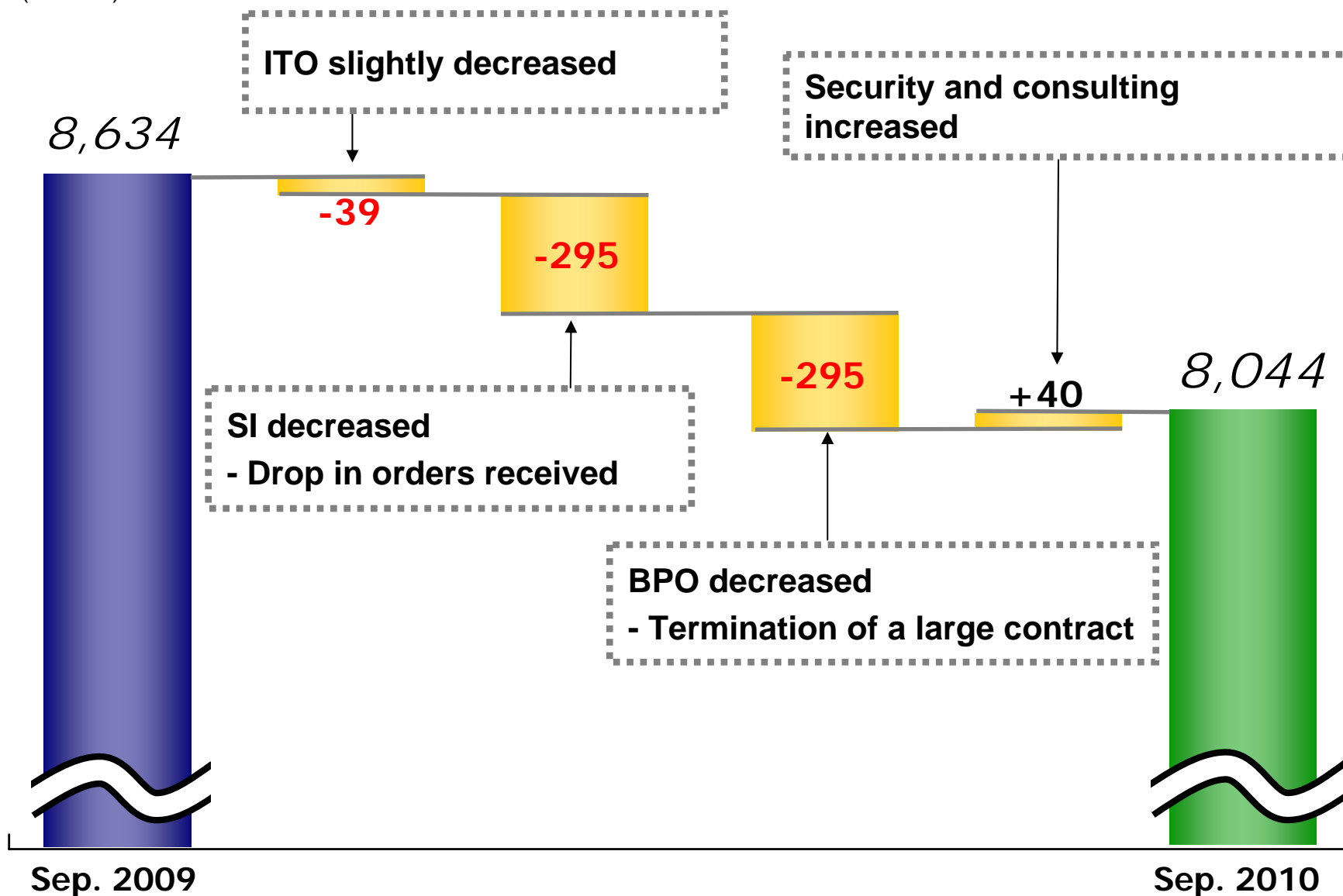


(¥million)	Sep. 2009 (% of revenue)	Sep. 2010 (% of revenue)	YOY % changes	% changes to forecast
<b>Revenue</b>	<b>6,504</b>	<b>6,031</b>	<b>-7.3%</b>	<b>-4.5%</b>
<b>Cost of Sales</b>	<b>5,173</b> 79.5	<b>4,797</b> 79.5	<b>-7.3%</b>	<b>-6.8%</b>
<b>Gross Profit</b>	<b>1,331</b> 20.5	<b>1,234</b> 20.5	<b>-7.3%</b>	<b>+ 6.1%</b>
<b>SG&amp;A Expenses</b>	<b>859</b> 13.2	<b>881</b> 14.6	<b>+ 2.6%</b>	<b>-3.1%</b>
<b>Operating Profit</b>	<b>471</b> 7.3	<b>352</b> 5.8	<b>-25.3%</b>	<b>+ 39.3%</b>
<b>Recurring Profit</b>	<b>502</b> 7.7	<b>415</b> 6.9	<b>-17.4%</b>	<b>+ 37.9%</b>
<b>Net Profit</b>	<b>280</b> 4.3	<b>230</b> 3.8	<b>-17.9%</b>	<b>+ 31.1%</b>
<b>EPS (Yen)</b>	<b>37.79</b>	<b>31.00</b>	<b>-6.79</b>	<b>-</b>

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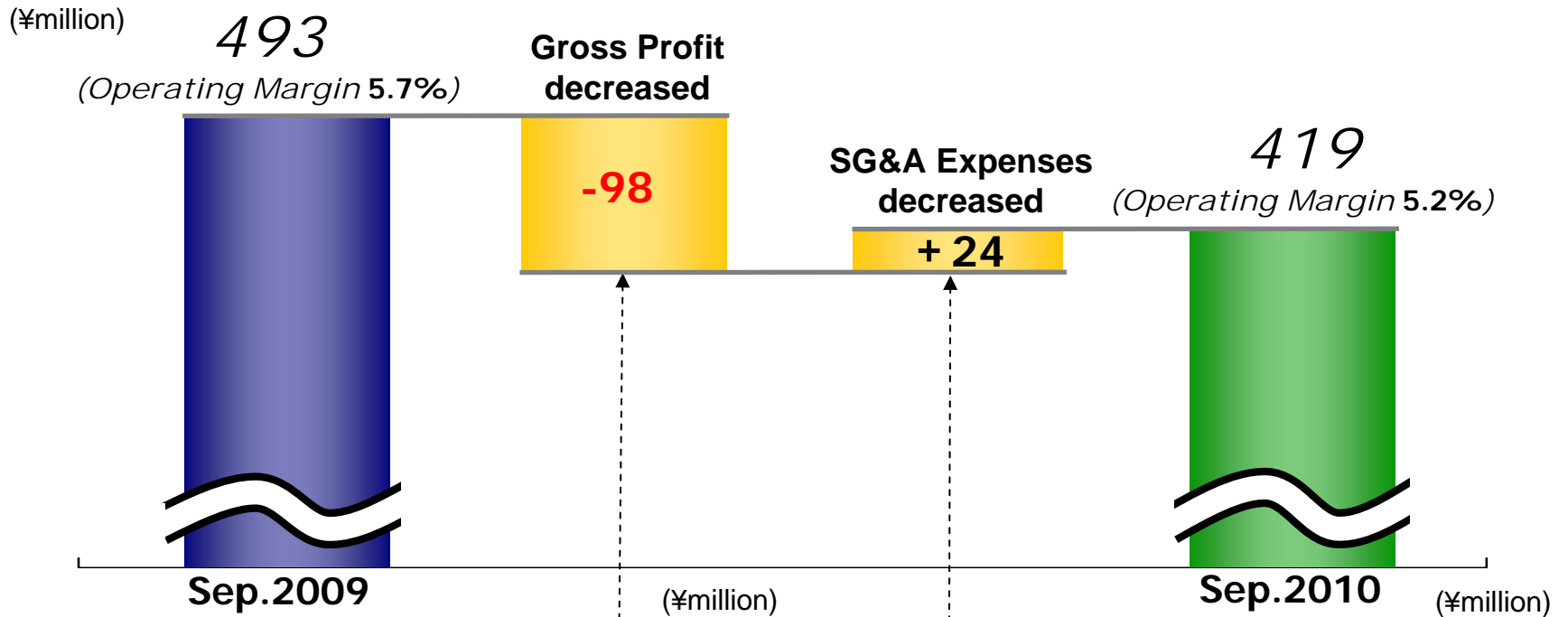
# Factors contributing to revenue

(¥million)



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# Factors contributing to operating profit



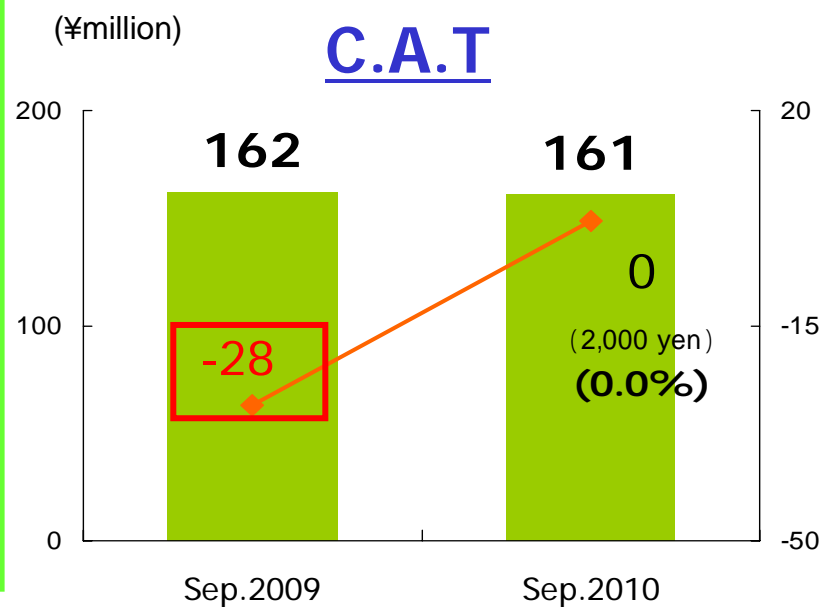
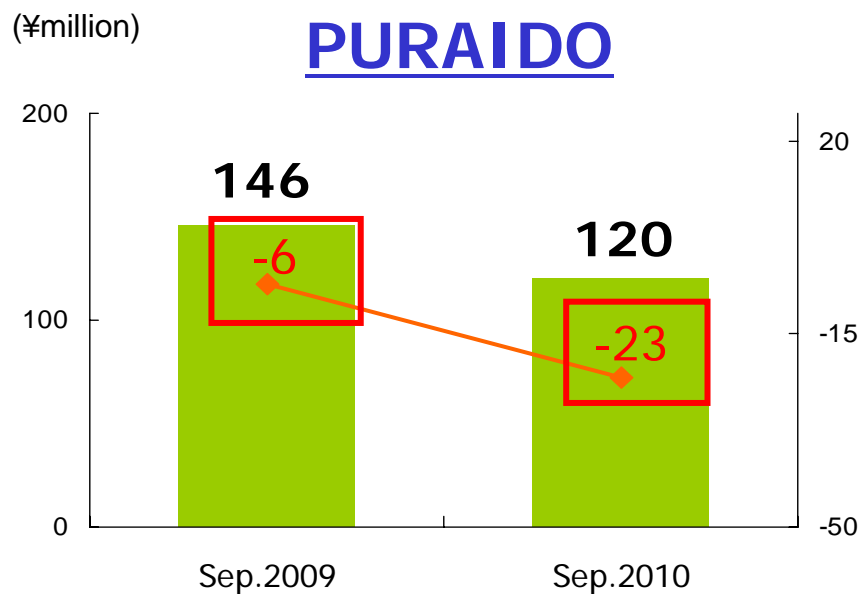
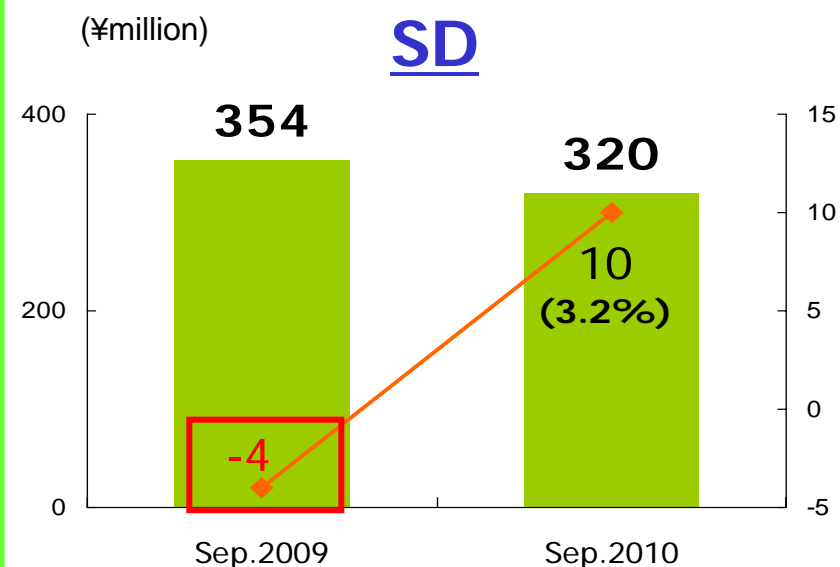
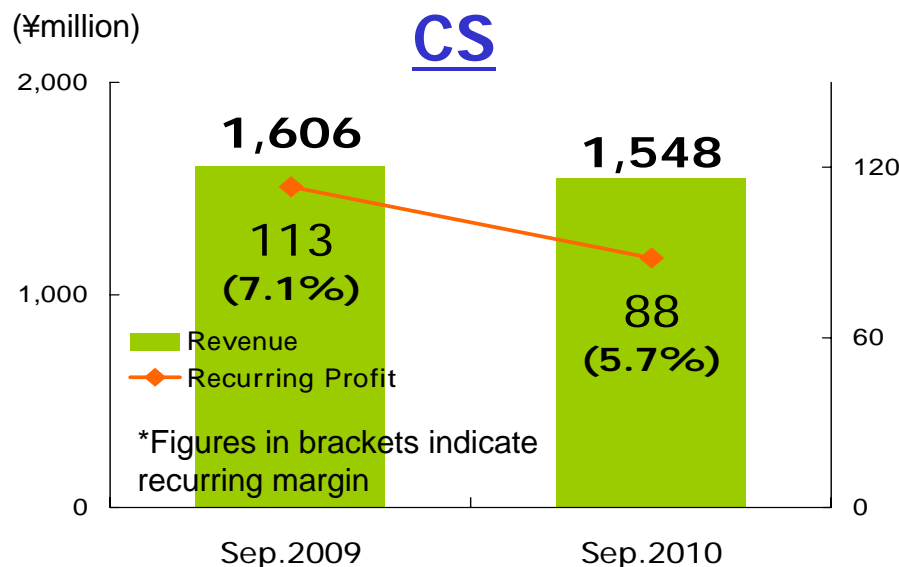
<b>Revenue</b>	<b>-589</b>
<b>Cost of Sales</b>	<b>-492</b>
• Labor cost	<b>-173</b>
• Outsourcing cost	<b>-194</b>
• Production cost	<b>-10</b>
• Purchasing (security products)	<b>+ 34</b>
• Variation of work in process	<b>-142</b>
(Adoption of the percentage-of-completion method)	

<b>SG&amp;A Expenses</b>	<b>-24</b>
• Labor cost (integration of corporate division)	<b>+ 5</b>
• Amortization of goodwill	<b>-36</b>
(Amortization of C.A.T goodwill in the previous year)	
• Others	<b>+ 7</b>

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# Performance of domestic subsidiaries

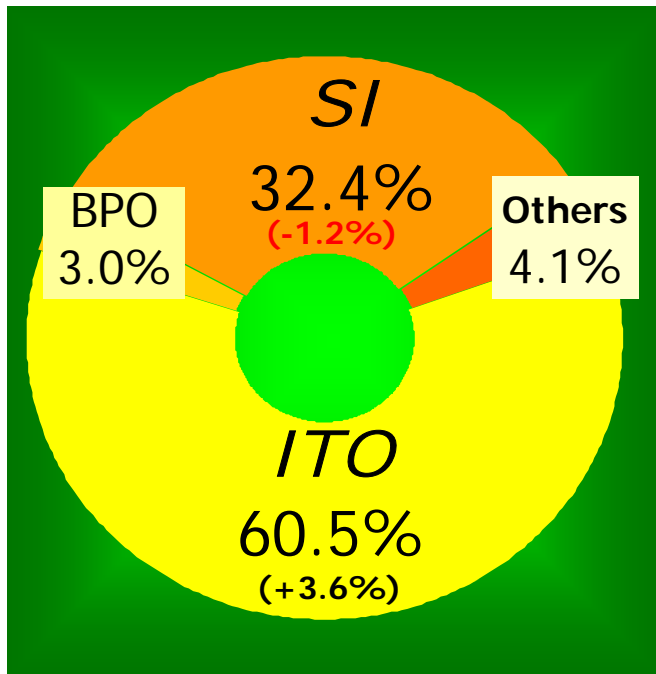
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<YOY changes>	ITO	SI	BPO	Others
(¥million)	-39	-295	-295	+40
	(-0.8%)	(-10.2%)	(-54.9%)	(+14.1%)

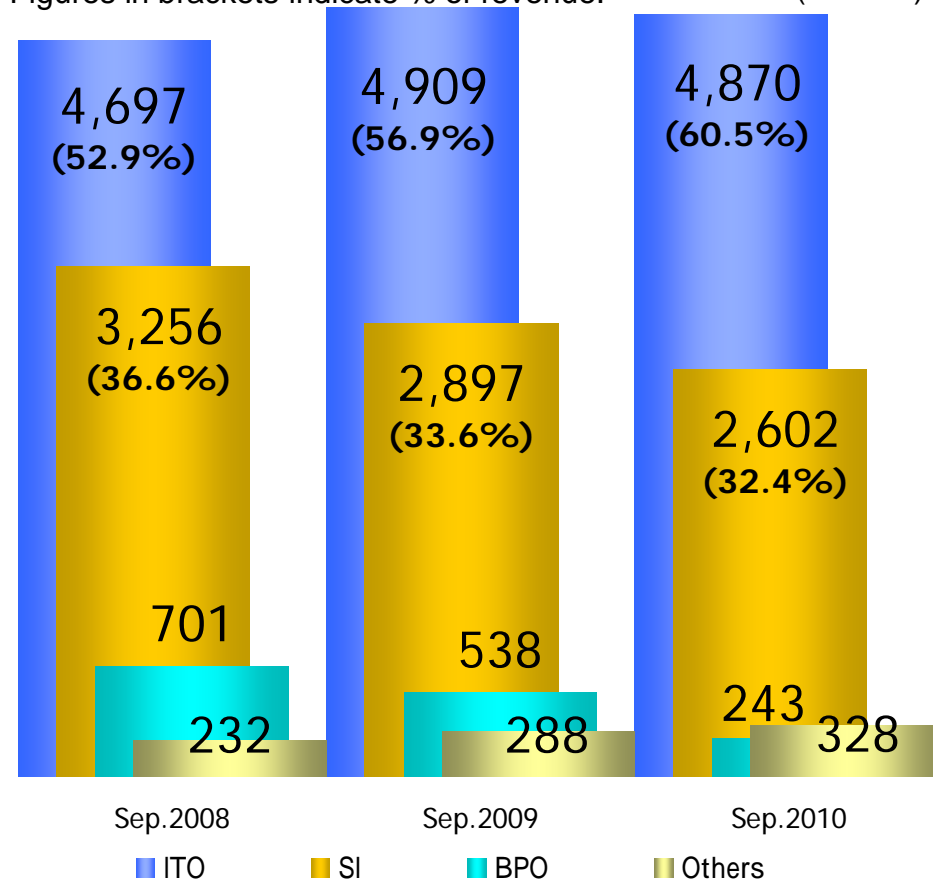
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## Revenue by business



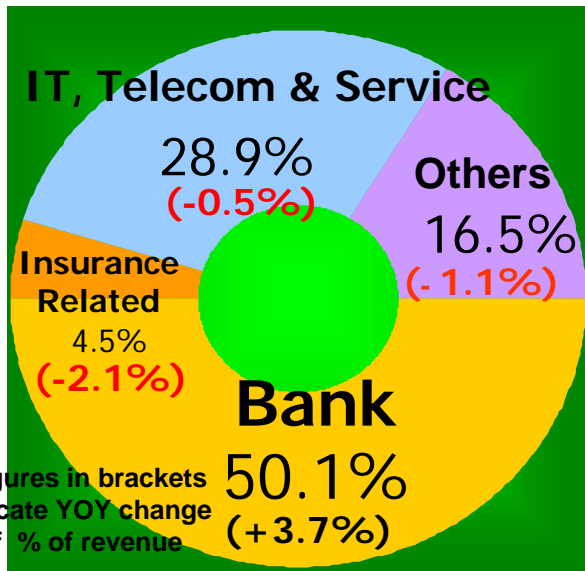
\*Figures in brackets indicate YOY changes of % of revenue

\*Figures in brackets indicate % of revenue. (¥million)

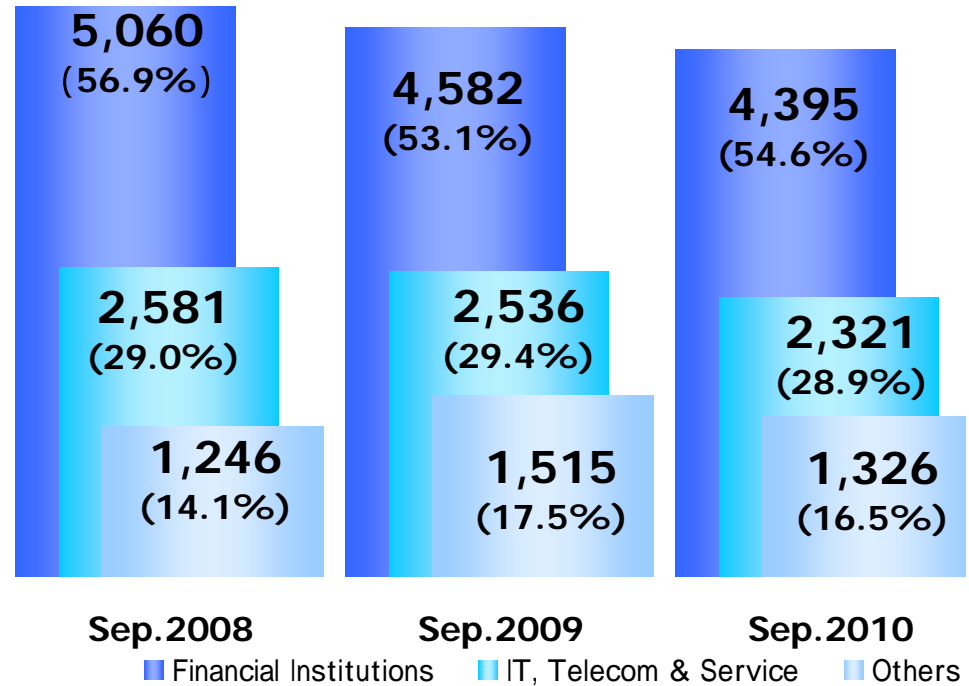


<YOY changes>	Financial institutions	IT, Telecom and Service	Others
(¥million)	<b>-187</b> <b>(-4.1%)</b>	<b>-215</b> <b>(-8.4%)</b>	<b>-189</b> <b>(-12.5%)</b>

## Revenue by customer



\*Figures in brackets indicate YOY change of % of revenue

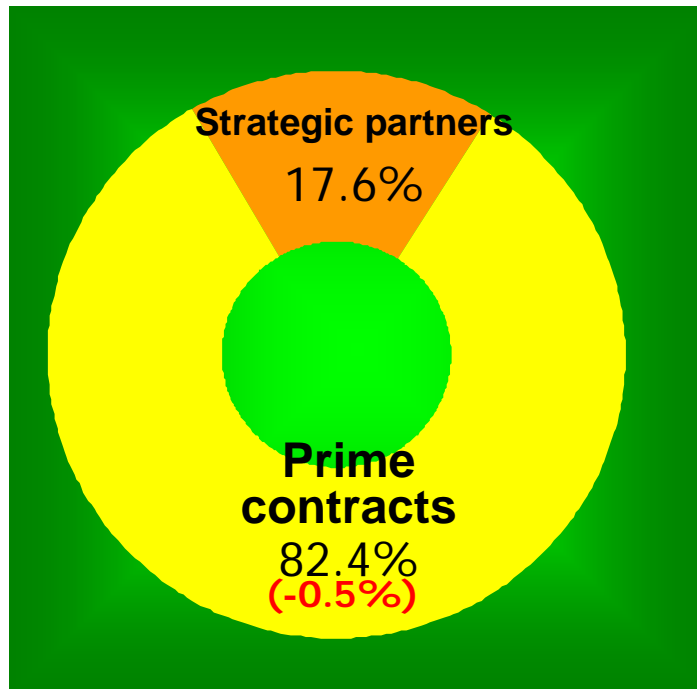


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**Prime contracts : over 80%**

Revenue by contract



\*Figures in brackets indicate YOY change of % of revenue

< Major customers >

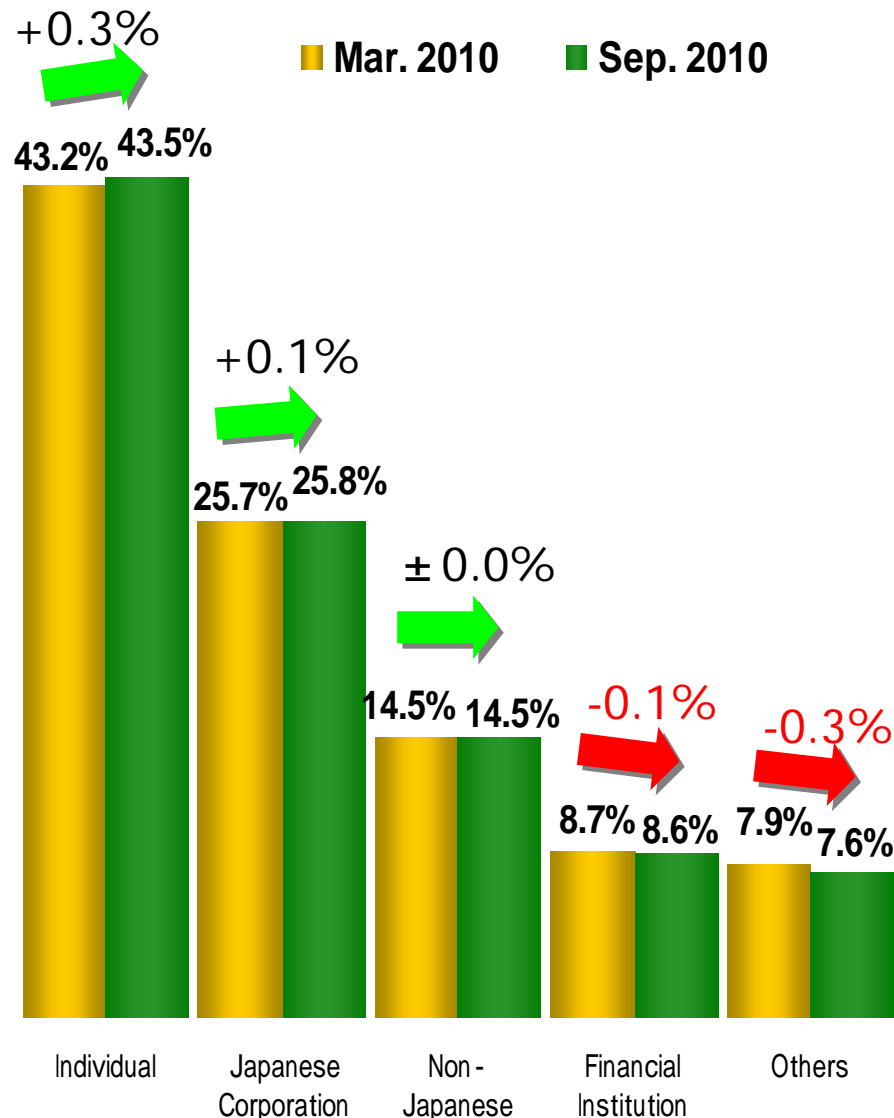
**Prime contracts**

- Financial Institutions
- IT, Telecom & Service
- Others  
(Manufacture, Transportation, Public, Energy etc.)

**Strategic partners**

Major IT Vendors

◆ Shareholding by investor type



◆ No. of shareholders: 1,865

( 63 decreased from March 31, 2010 )

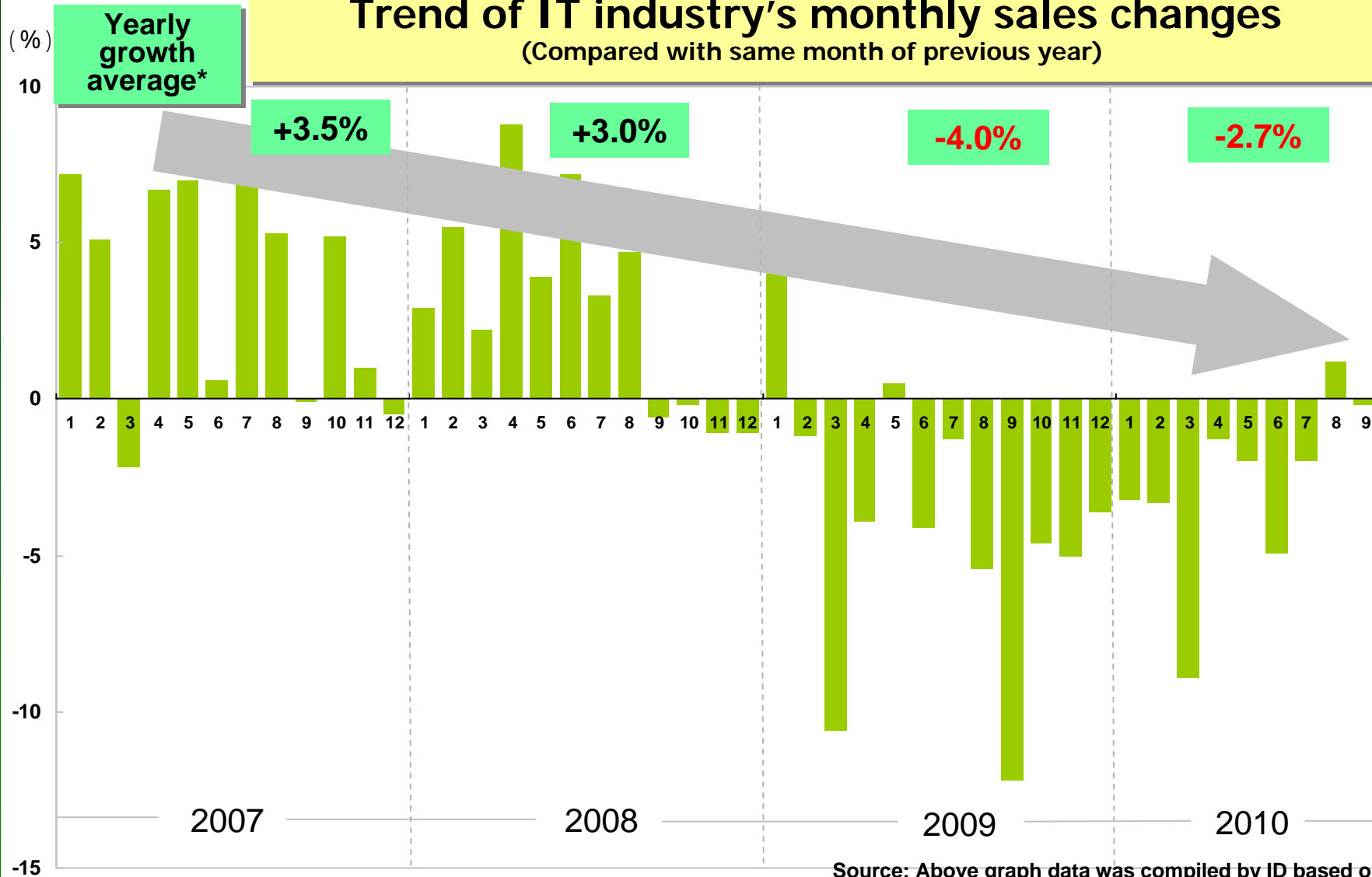
Major shareholders		% of total shares
1	A. K. Corporation	8.7%
2	Mizuho Trust Systems Co., Ltd.	8.5%
3	Taiyo Pearl Fund, L.P.	8.1%
4	ID Employee Ownership Account	7.7%
5	INFORMATION DEVELOPMENT CO., LTD	7.5%
6	State Street Bank and Trust Company 505104	5.4%
7	Mizuho Trust & Banking Co., Ltd.	3.5%
8	K.C.S Co., Ltd.	3.5%
9	The Master Trust Bank of Japan, Ltd. (Trust Account )	2.8%
10	Wahei Takeda	2.6%

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## 2. Industry trend and comparison with peers

- Industry trend
- Performance comparison with peers

## Trend of IT industry's monthly sales changes (Compared with same month of previous year)

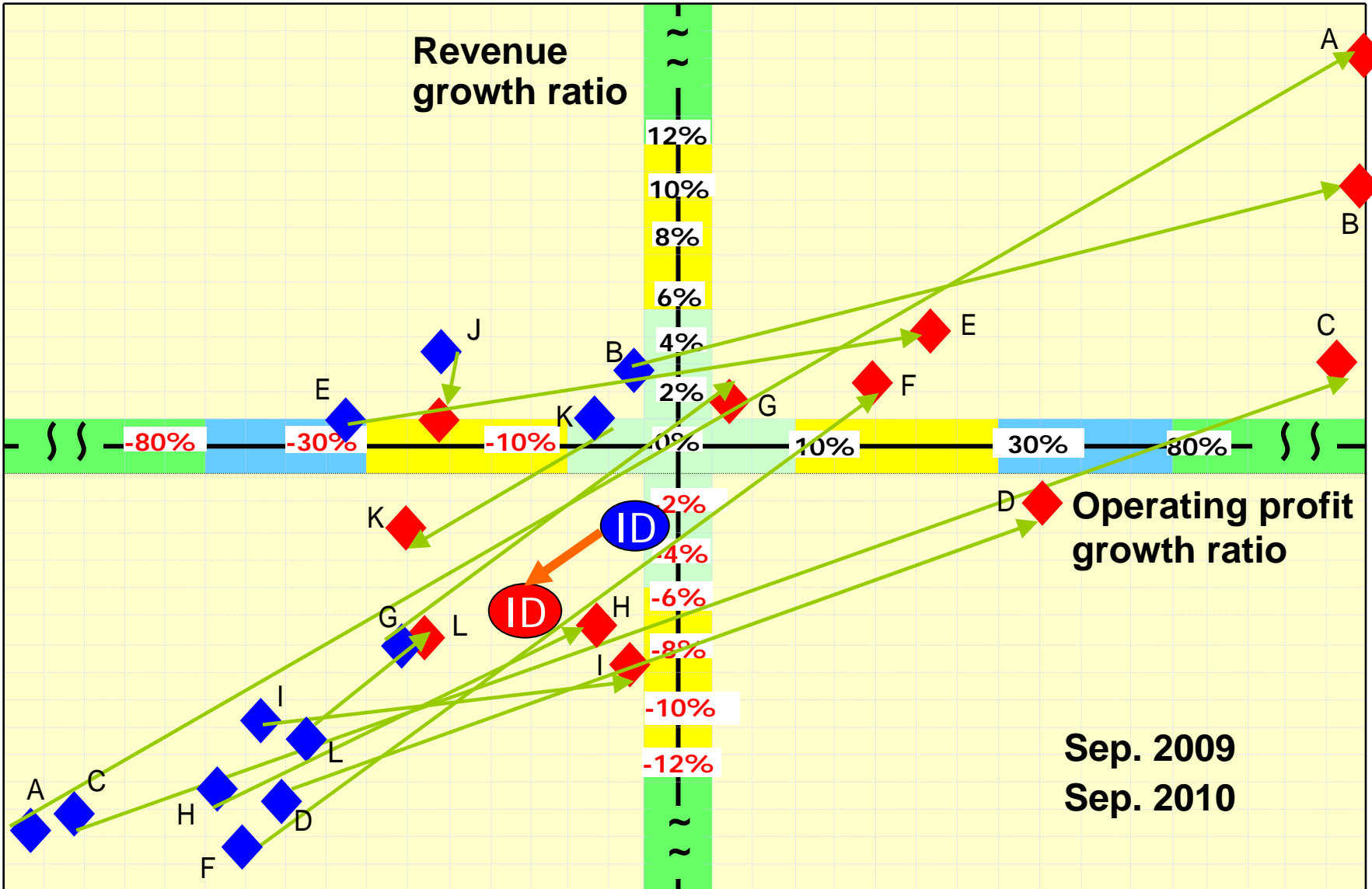


\*The average is calculated from the total amount added simply together.

Source: Above graph data was compiled by ID based on "Trends in specific Service Sector (METI)"

# Performance comparison with peers (Sep. 2009 vs. Sep. 2010)

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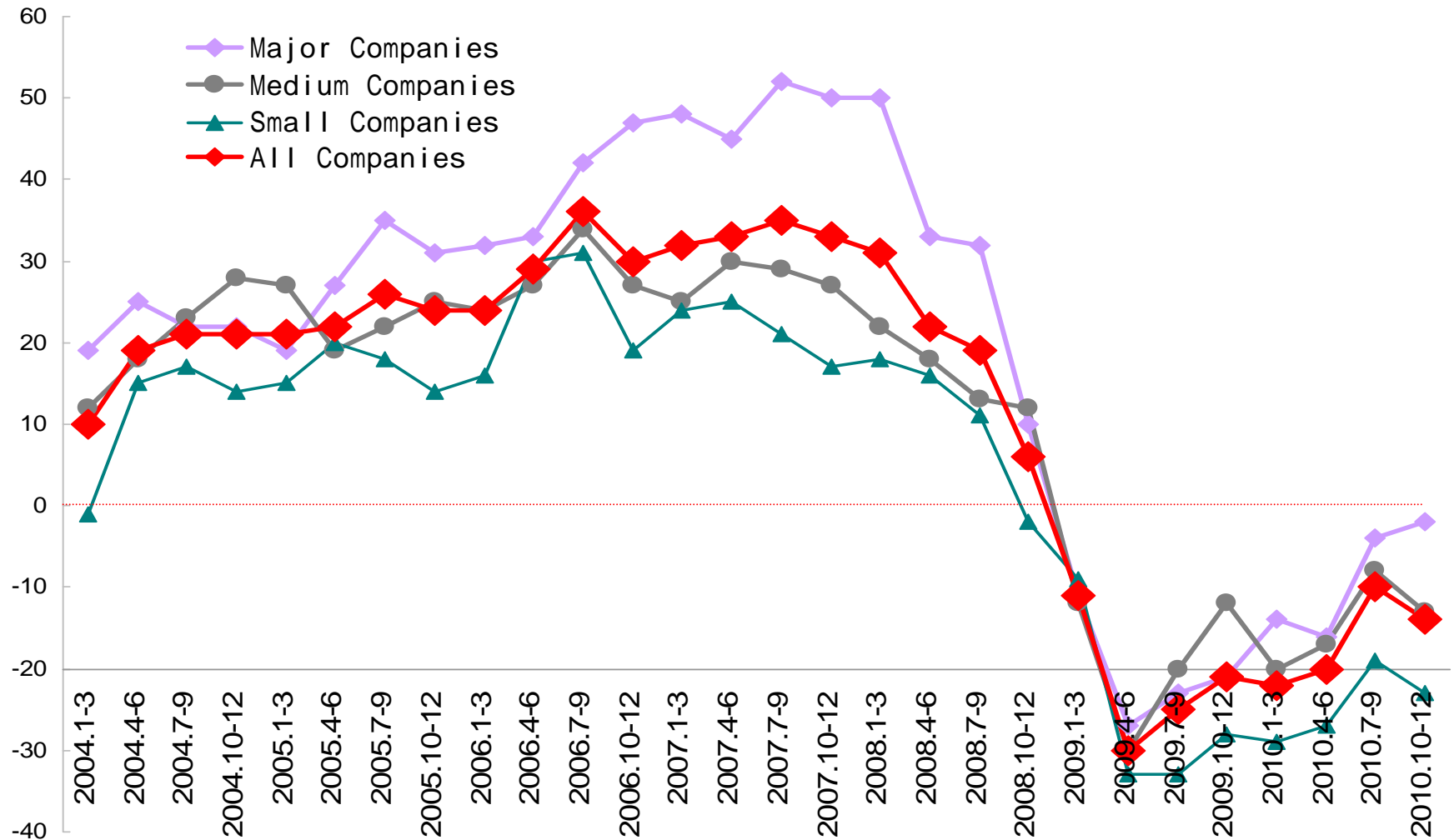


Source: Results announcements for the second quarter by each company (compiled by ID).

### 3. Growth strategy and forecast for the year ending March 31, 2011

- Industry trend
- **i-Bos24**<sup>®</sup> Growth strategy
- Forecast for the year ending March 31, 2011

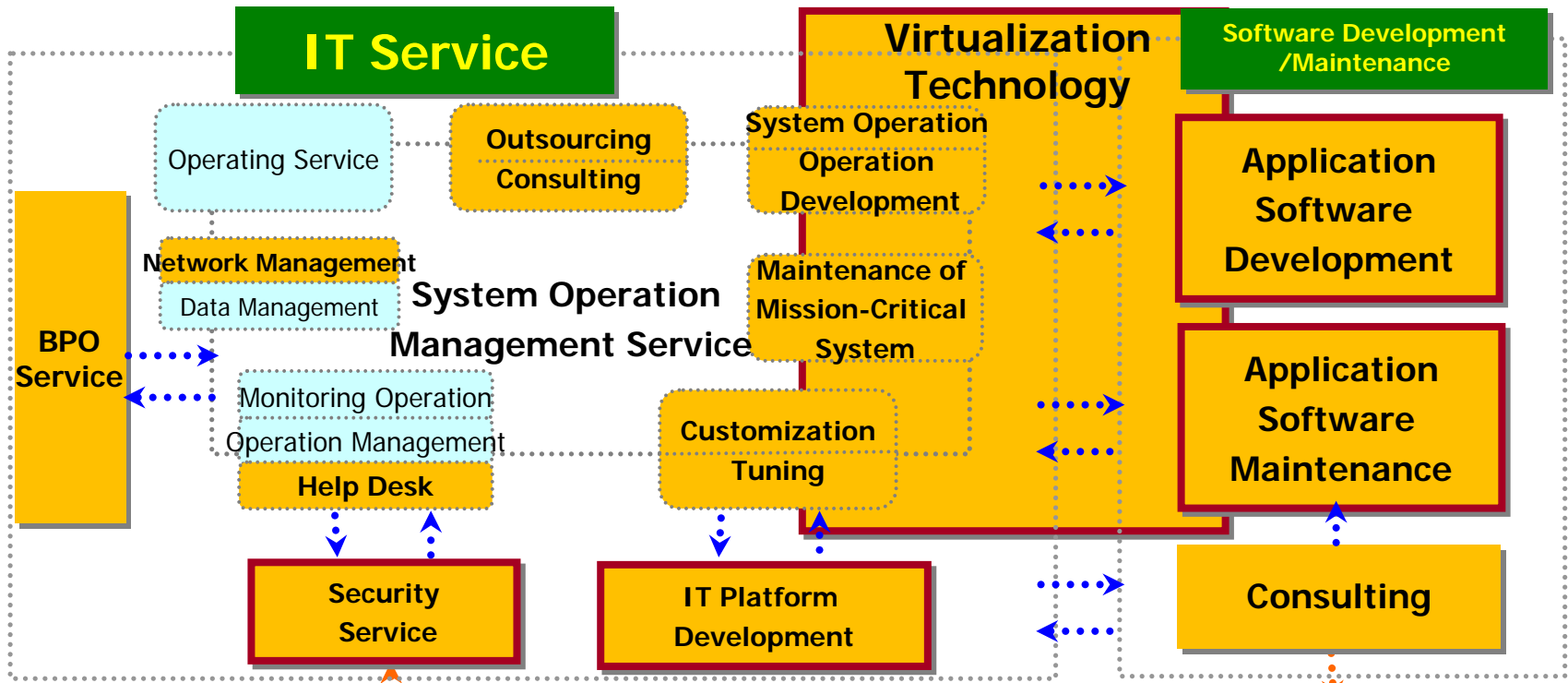
## Business conditions Diffusion Index (DI) of IT industry



Source: Prepared by ID based on the Short-term Economic Survey of Principal Enterprise in Japan by the Bank of Japan

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**Human resources strategy**  
corresponds to the expansion of cloud computing market



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	Service increased by automation & integration	<b>Shift</b>		Service decreased by automation & integration
	Important service and technology with the rise of cloud			
Engineers: about 1,600			Engineers: about 500	

## Promote BOO\* strategy to expand services for existing and new customers of ID Group

\*BOO strategy: An acronym for business operations outsourcing, BOO is the strategy of providing integrated upstream and downstream services.

Customers:	A	B	C	D	E	F	G	H	I	J
<b>ITO</b> ID CS ID Wuhan	Existing Business	<u>Target</u> Existing Business	<u>Target</u> Existing Business	Existing Business	<u>Target</u>	<u>Target</u>	Existing Business	<u>Target</u> new	<u>Target</u> new	<u>Target</u>
<b>SI</b> ID SD CS ID Wuhan	Existing Business	Existing Business	<u>Target</u>	Existing Business	Existing Business	Existing Business	<u>Target</u>	Existing Business	<u>Target</u>	<u>Target</u>
<b>BPO</b> ID C.A.T ID Wuhan	Existing Business	Existing Business <u>Target</u>	Existing Business <u>Target</u>	Existing Business	<u>Target</u>	new <u>Target</u>	<u>Target</u>	<u>Target</u>	<u>Target</u>	<u>Target</u>
	<b>PURAIIDO (Consulting)</b>					<b>ID Wuhan (Offshore)</b>				

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For Customer (BOO strategy)

New Customer

Approaching by  
-IT Platform development  
-Security service

Existing Customer

Promoting multi services

Hybrid-type  
human resources  
development

Revolution of  
business process

M&A



Cooperation  
with strategic  
partner

Global

- ❖ IT support for existing customers' China business
- ❖ Establishment of service network with leading local vendors throughout China



- On-site Development
- Offshore
- Recruit, Training

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Performance forecast  
(For the year ending March 31, 2011)



(¥million)	Mar.2010	(% of revenue)	Mar.2011	(% of revenue)	YOY % changes
Revenue	<b>17,263</b>		<b>17,500</b>		+1.4%
Gross Profit	<b>3,319</b>	19.2	<b>3,470</b>	19.8	+4.5%
SG&A Expenses	<b>2,468</b>	14.3	<b>2,420</b>	13.8	-2.0%
amortization of goodwill	<b>150</b>	0.9	<b>78</b>	0.4	-48.0%
Operating Profit	<b>850</b>	4.9	<b>1,050</b>	6.0	+23.4%
Recurring Profit	<b>864</b>	5.0	<b>1,050</b>	6.0	+21.5%
Net Profit	<b>155</b>	0.9	<b>550</b>	3.1	+254.7%
EPS (Yen)	<b>20.88</b>		<b>74.04</b>		+53.16
Dividend per Share (Yen)	<b>19.00</b>		<b>19.00</b>		

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