

October 20, 2017

To: All Concerned Stakeholders

Company: INFORMATION DEVELOPMENT CO., LTD.
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 Representative Director
 (Securities code: 4709; TSE 1st Section)
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Notice regarding posting an extraordinary loss (loss on valuation of investment securities)
 and amendment to earnings estimate

Information Development Co., Ltd., from here on written as “the Company,” informs you of the posting of an extraordinary loss in the second quarter of the year ending March 2018, along with the following amendments made to financial projections for the consolidated cumulative second quarter, and for the full year, that were officially announced on April 28, 2017, in accordance with the trend of recent business results.

1. Posting an extraordinary loss (loss on valuation of investment securities)

Of the securities classified into "investment securities" that the Company owns, we decided to post a 48 million yen loss on the valuation of some of those investment securities, through impairment, as a result of estimating the value of securities whose net value significantly declined.

2. Amendments to the consolidated (cumulative) financial projections for the second quarter of the year ending March 2018

(April 1, 2017 - September 30, 2017)

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Quarterly net income attributable to owners of parent (millions of yen)	Quarterly net income per share (yen)
Previously announced estimates (A)	10,621	600	600	400	36.62
Revised estimates (B)	10,749	295	309	104	9.52
Amount of change (B-A)	128	△305	△291	△296	—
Rate of change (%)	1.2	△50.8	△48.5	△74.0	—
Reference data: Second quarter results for the previous fiscal year (second quarter of the fiscal year ended March 2017)	10,586	497	486	338	46.80

3. Amendments to consolidated financial projections for the fiscal year ending March 2018
(April 1, 2017 - March 31, 2018)

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income attributable to owners of parent (millions of yen)	Net income per share (yen)
Previously announced estimates (A)	22,650	1,470	1,450	980	89.73
Revised estimates (B)	22,650	1,030	1,030	550	50.33
Amount of change (B-A)	—	△440	△420	△430	—
Rate of change (%)	—	△29.9	△29.0	△43.9	—
Reference data: The result of the fiscal year ended March 2017)	21,554	1,105	1,133	654	60.13

4. Reason for the revisions

With respect to the financial results for this consolidated cumulative second quarter, net sales are projected to remain at the level projected last time. On the other hand, operating income, ordinary income, and quarterly net income attributable to parent company shareholders are projected to fall below the projections announced last time due to an increase in the cost of sales because of two unprofitable projects in software development (of the two projects, one project ended in August, and the other is expected to end in January 2018), an increase in advertising expenses, including aggressive business development of "Seceon OTM (Note 1)" in the security business, and an extraordinary loss (loss on valuation of investment securities).

In addition, with respect to the consolidated financial projections for the fiscal year ending March 2018, that is forecast to remain at the initially projected level for the third and fourth quarters, but we will amend downwards due to the impact, etc., of an increase in the cost of sales because of the two unprofitable projects.

(Note 1): "Seceon OTM" is a cyber security product of Seceon Inc. (USA) with whom we executed an exclusive distributorship agreement in January 2017, and a cutting-edge security solution utilizing AI and machine learning.

*The above projections are prepared on the basis of information obtainable as of the release day of this material, and accordingly, the actual financial results may differ from the projections due to various future factors.

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