

October 31, 2018

Consolidated Financial Results for the Third Quarter of Fiscal Year Ending December 31, 2018 (Japan GAAP)

Name of Listed Company: Information Services International-Dentsu, Ltd.
Listed Exchange: Tokyo
Code Number: 4812
URL: <https://www.isid.co.jp/english/>
Representative: Setsuo Kamai, President, CEO and COO
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Date of scheduled filing of securities report: November 9, 2018

Date of scheduled payment of dividends: –

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: No

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

1. Consolidated Business Performance for the Third Quarter of FY2018 (from January 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results (Cumulative)

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit* (loss)	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
Third Quarter of FY2018	64,625	9.1	5,662	70.7	5,675	65.5	3,788	37.3
Third Quarter of FY2017	59,225	2.5	3,316	(24.5)	3,428	(25.6)	2,759	(14.0)

*Profit attributable to parent company's shareholders.

Note: Comprehensive income: Third Quarter of FY2018: 3,669 million yen (up 30.2%); Third Quarter of FY2017: 2,817 million yen (up 9.3%)

	Earnings per share	Diluted earnings per share
	(yen)	(yen)
Third Quarter of FY2018	116.28	–
Third Quarter of FY2017	84.69	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(million yen)	(million yen)	(%)
As of September 30, 2018	77,298	49,666	64.2
As of December 31, 2017	72,003	47,800	66.3

Ref: Total shareholders' equity: As of September 30, 2018: 49,638 million yen; As of December 31, 2017: 47,771 million yen

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)
FY2017	–	25.00	–	27.00	52.00
FY2018	–	28.00			
FY2018 (Forecast)			–	28.00	56.00

Note: Revision to the dividend forecasts from the latest announcement: None

3. Consolidated Forecasts for FY2018 (from January 1, 2018 to December 31, 2018)

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating profit		Ordinary profit		Profit*		EPS
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
Full year	88,000	5.5	7,000	27.5	7,034	24.7	4,807	8.3	147.56

*Profit attributable to parent company's shareholders.

Note: Revision to the consolidated forecasts from the latest announcement: None

4. Other Items

- (1) Changes in the scope of consolidation for significant subsidiaries during six months (Changes in specified subsidiaries resulting in change in the scope of consolidation): None
- (2) Application of special accounting practices in the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements:
 - i. Changes in accounting policies in accordance with revision of accounting standards: None
 - ii. Changes in accounting policies other than 1) above: None
 - iii. Changes in accounting estimate: None
 - iv. Restatements: None

(4) Issued and outstanding common stock

- i. Number of shares issued and outstanding at end of period, including treasury stock:
- ii. Number of treasury stock at end of period:
- iii. Average number of shares outstanding for each period (cumulative quarterly period):

September 30, 2018:	32,591,240 shares	December 31, 2017:	32,591,240 shares
September 30, 2018:	8,623 shares	December 31, 2017:	8,470 shares
Nine months ended September 30, 2018:	32,582,656 shares	Nine months ended September 30, 2017:	32,582,770 shares

This quarterly financial report is outside the scope of quarterly review procedures.

Explanation regarding the appropriate use of forecasts of business results

Forecast figures are projections based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	3,369	2,877
Notes and accounts receivable - trade	18,706	17,078
Merchandise and finished goods	107	390
Work in process	1,318	2,535
Raw materials and supplies	21	29
Advance payments - trade	6,548	9,655
Deposits paid	27,276	27,962
Other	1,964	2,296
Allowance for doubtful accounts	(1)	(1)
Total current assets	59,311	62,824
Non-current assets		
Property, plant and equipment	3,243	4,099
Intangible assets	2,849	2,961
Investments and other assets		
Investments and other assets	6,599	7,414
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	6,598	7,413
Total non-current assets	12,692	14,474
Total assets	72,003	77,298
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,086	6,665
Income taxes payable	1,326	1,521
Advances received	7,790	8,974
Provision for loss on order received	622	520
Other	6,124	7,337
Total current liabilities	21,950	25,019
Non-current liabilities		
Net defined benefit liability	15	22
Asset retirement obligations	895	897
Other	1,341	1,693
Total non-current liabilities	2,252	2,612
Total liabilities	24,203	27,632

(Millions of yen)

	As of December 31, 2017	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	8,180	8,180
Capital surplus	15,285	15,285
Retained earnings	23,897	25,893
Treasury shares	(29)	(29)
Total shareholders' equity	47,334	49,330
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	96	69
Foreign currency translation adjustment	340	238
Total accumulated other comprehensive income	436	307
Non-controlling interests	28	27
Total net assets	47,800	49,666
Total liabilities and net assets	72,003	77,298

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Net sales	59,225	64,625
Cost of sales	40,891	43,287
Gross profit	18,333	21,337
Selling, general and administrative expenses	15,016	15,675
Operating profit	3,316	5,662
Non-operating income		
Interest and dividend income	27	33
Gain on sales of investment securities	55	—
Dividend income of insurance	42	48
Subsidy income	29	18
Miscellaneous income	13	40
Total non-operating income	168	141
Non-operating expenses		
Interest expenses	12	17
Share of loss of entities accounted for using equity method	2	21
Foreign exchange losses	18	35
Loss on investments in partnership	17	31
Miscellaneous loss	5	21
Total non-operating expenses	56	128
Ordinary profit	3,428	5,675
Extraordinary income		
Gain on sales of non-current assets	657	—
Total extraordinary income	657	—
Extraordinary losses		
Provision for loss on litigation	152	—
Total extraordinary losses	152	—
Profit before income taxes	3,933	5,675
Income taxes - current	1,676	2,452
Income taxes - deferred	(511)	(575)
Total income taxes	1,164	1,876
Profit	2,768	3,798
Profit attributable to non-controlling interests	9	9
Profit attributable to owners of parent	2,759	3,788

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Profit	2,768	3,798
Other comprehensive income		
Valuation difference on available-for-sale securities	27	(27)
Foreign currency translation adjustment	22	(102)
Total other comprehensive income	49	(129)
Comprehensive income	2,817	3,669
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,808	3,659
Comprehensive income attributable to non-controlling interests	9	9