

Brief Report on Statement of Accounts (Consolidated) for the First Quarter of FY 2005

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Listed Exchange: Tokyo
Code Number: 4812
Location of Head Office: Tokyo
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1 . Consolidate Business Results for the First Quarter of FY 2005 (April 1, 2005 to June 30, 2005)

(1) Consolidated Operating Results

(Figures have been rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income	
	(million yen)	%	(million yen)	%	(million yen)	%
First Quarter of FY2005	12,447	8.3	1,238	-	1,334	-
First Quarter of FY2004	13,577	17.3	1,384	-	1,424	-
FY2004	71,092		1,827		2,294	

	Net income		E. P. S.	Diluted E. P. S.
	(million yen)	%	(yen)	(yen)
First Quarter of FY2005	919	-	28.21	-
First Quarter of FY2004	1,391	-	42.70	-
FY2004	33		1.03	-

(Notes) Percentages for sales, operating income, ordinary income and net income indicate percentage change from the previous First Quarter of fiscal year.

[Qualitative Information on Progress of Consolidated Business Performance]

Consolidated sales in the fiscal first quarter amounted to 12,447 million yen, roughly in line with the Company's plan, although the figure was down 1,130 million yen from the year-before period, when sales from large-scale computer system development were registered.

The share of sales from computer system development in overall sales declined in accordance with the medium-term management plan, while that of sales from software products, which boast relatively higher profit margins, expanded. Also because of the disappearance of unprofitable projects that weighed down the year-before earnings, the gross profit-to-sales ratio in the quarter under review improved 3.3 percentage point(s) from the previous quarter. As a result, operating loss came to 1,238 million yen (an improvement of 146 million yen year on year) and ordinary loss 1,334 million yen (an improvement of 90 million yen).

Since extraordinary loss decreased from the year-before quarter, when the Company incurred an extraordinary loss related to the office building relocation, net income for the latest reporting quarter totaled 919 million yen (an improvement of 472 million yen).

The ISID group (the Group) adopts the completed-contract method as its accounting method for realizing sales. As many of the Group's customers tend to start up their computer systems from the beginning of a new fiscal year, sales are biased significantly to the second and the fourth quarters and tend to be smaller during the first and third quarters.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	(million yen)	(million yen)	%	(yen)
First Quarter of FY2005	47,194	29,285	62.1	898.76
First Quarter of FY2004	46,598	29,368	63.0	901.30
FY2004	49,454	30,560	61.8	937.90

Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	End-of-year balance of cash and cash
	(million yen)	(million yen)	(million yen)	(million yen)
First Quarter of FY2005	75	49	292	7,372
First Quarter of FY2004	1,093	1,028	301	5,278
FY2004	3,125	341	671	7,635

[Qualitative Information on Changes in Consolidated Financial Conditions]

On a consolidated basis, the outstanding balance of cash and cash equivalents (hereinafter "liquid funds") declined 263 million yen from the end of the preceding fiscal year to stand at 7,372 million yen at the end of the first quarter (April 1-June 30, 2005).

(Operating cash flow)

During the first quarter, cash flows from operating activities rose 75 million yen primarily because of a drop of 4,905 million yen in trade receivables due to progress in collection, which more than offset the effects of a pretax loss of 1,338 million yen, a 1,870 million-yen increase in inventory assets and a 1,596 million yen contraction in accounts payable.

A comparison with the year-before quarter shows a decrease of 1,018 million yen in cash flows, mainly because cash flow growth stemming from a drop in trade receivables was 1,370 million yen smaller than a year earlier, which overshadowed a narrowing of pretax loss.

(Investment cash flow)

During the first quarter, cash flows from investment activities fell 49 million yen mainly due to 183 million yen in expenses for acquiring intangible fixed assets, despite the refund of 115 million yen in the deposit and guarantee money for the old office building.

Compared with the year-before quarter, expenses declined 979 million yen. This is primarily because of 1,134 million yen in expenses registered in the year-before period for acquiring tangible fixed assets of the new building to which the Group headquarters office was relocated.

(Financial cash flow)

During the first quarter, the outstanding balance of funds for financing activities decreased 292 million yen mainly due to the payments of dividends (292 million yen).

In the year-before period, the outstanding balance of funds for financing activities dropped 301 million yen also due in large part to the payments of dividends (295 million yen).

(c.f.) Non-consolidate Business Results for the First Quarter of FY 2005 (April 1, 2005 to June 30, 2005)

(Figures have been rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income	
	(million yen)	%	(million yen)	%	(million yen)	%
First Quarter of FY2005	9,224	14.4	934	-	825	-
First Quarter of FY2004	10,774	-	1,028	-	900	-
FY2004	56,948		1,320		1,721	

	Net income		Total assets	Shareholders' equity
	(million yen)	%	(million yen)	(million yen)
First Quarter of FY2004	495	-	42,708	28,554
First Quarter of FY2003	761	-	43,338	29,517
FY2004	945		44,303	29,424

2 . Forecast of Consolidated Results for FY2005 (April 1, 2005 to March 31, 2006)

	Sales	Operating income	Ordinary income	Net income
	(million yen)	(million yen)	(million yen)	(million yen)
First half of FY2005	31,946	70	152	5
FY2005	71,776	2,642	3,191	1,609

(Reference) Estimated E. P. S. 49.38 yen

(c.f.) Forecast of Non-Consolidated Results for FY2005 (April 1, 2005 to March 31, 2006)

	Sales	Operating income	Ordinary income	Net income
	(million yen)	(million yen)	(million yen)	(million yen)
First half of FY2005	24,494	29	197	85
FY2005	54,777	1,924	2,358	1,316

(Reference) Estimated E. P. S. 40.39 yen

(Outlook for the business performance)

The initial projections of the Group for the interim- and full-term earnings remain unchanged since Q1 results was almost in line with the projections.

* The above-stated view is based on information available as of the day of the release of this paper. Going forward, the actual results may differ from the projected figures due to various factors.