

October 16, 2000

To Whom it may concern:

Corporate Name: Net One Systems Co., Ltd.  
Name and Position of the Representative:  
President & CEO: Kazuo Sato  
(Registered Stock Code Number: 7518)  
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Notice regarding Business Result for the Second Quarter of Fiscal Year 2000 and Revisions of Business Performance Forecast for the Interim and Fiscal Year 2000 (year ending March 2001)

Please find attached the Net One Systems second quarter (July 1, 2000 to September 30, 2000) status of orders accepted and sales for fiscal year 2000. In relation to this, business performance forecast for the interim and fiscal year 2000 are revised as indicated on the attachment.

Sincerely yours,  
Kazuo Sato  
President & CEO  
Net One Systems Co., Ltd.

Business Result for the Second Quarter of Fiscal Year 2000  
(year ending March 2001)

	Q1 versus Q2 (unit: ¥1M)				Q2 2000 versus Q2 1999 (unit: ¥1M)				YTD 2000 versus YTD 1999 (unit: ¥1M)			
	Q1	Q2	variance	%	Q2 1999	Q2 2000	variance	%	YTD 1999	YTD 2000	variance	%
Orders accepted												
Consolidated Result	11,848	16,790	4,942	41.7%	NA	16,790	NA	NA	NA	28,638	NA	NA
Unconsolidated Result	11,602	16,626	5,024	43.3%	8,158	16,626	8,468	103.8%	16,936	28,228	11,292	66.7%
Sales												
Consolidated Result	8,904	12,261	3,357	37.7%	NA	12,261	NA	NA	NA	21,166	NA	NA
Unconsolidated Result	8,780	12,230	3,450	39.3%	9,350	12,230	2,880	30.8%	13,642	21,011	7,369	54.0%
Backlog of unfilled orders												
Consolidated Result	12,994	17,523	4,529	34.9%	NA	17,523	NA	NA	NA	17,523	NA	NA
Unconsolidated Result	12,926	17,321	4,395	34.0%	8,295	17,321	9,026	108.8%	8,295	17,321	9,026	108.8%

Re: Revisions for Business Performance Forecast for the Interim and Fiscal Year 2000

The following interim and fiscal year 2000 business performance forecast revisions are made to the Fiscal Year 2000 Consolidated Business Performance Forecast (April 1, 2000 to March 31, 2001) of Summary of March 2000 Financial Report (consolidated report) announced on May 25, 2000.

1. Business performance forecast

1) Interim 2000 ( April 1, 2000 to September 30, 2000 )

Consolidated Report

(unit: ¥1M)

	Sales	Ordinary Income	Current Net Income
Previous Forecast (A)	18,200	700	300
Revised Forecast (B)	21,166	1,380	640
Variance (B-A)	2,966	680	340
Variance ratio (B-A)/(A)	16.3%	97.1%	113.3%

Unconsolidated Report

(unit: ¥1M)

	Sales	Ordinary Income	Current Net Income
Previous Forecast (a)	18,000	900	500
Revised Forecast (b)	21,011	1,450	700
Variance (b-a)	3,011	550	200
Variance ratio (b-a)/(a)	16.7%	61.1%	40.0%

2) Fiscal Year (April 1, 2000 to March 31, 2001)

Consolidated Report

(unit: ¥1M)

	Sales	Ordinary Income	Current Net Income
Previous Forecast (A)	43,500	3,500	1,900
Revised Forecast (B)	49,000	3,900	3,800
Variance (B-A)	5,500	400	1,900
Variance ratio (B-A)/(A)	12.6%	11.4%	100.0%

Unconsolidated Report

(unit: ¥1M)

	Sales	Ordinary Income	Current Net Income
Previous Forecast (a)	43,000	3,400	1,870
Revised Forecast (b)	48,500	3,800	3,700
Variance (b-a)	5,500	400	1,830
Variance ratio (b-a)/(a)	12.8%	11.8%	97.9%

## 2. Reasons for the revisions

With regards to the current interim period, in addition to continued growth in IT investment by telecommunications and large-scale providers, robust growth in IT investment most notably by financial institutions as well as businesses and data centers created enhanced demand in high speed networking related equipment. As a result, there was an increase in sales, ordinary income, and current income in comparison to the previous forecast.

With regards to fiscal year business performance forecast, as the business performance for the latter half of the fiscal year is expected to be similar to that of the first half of the fiscal year, upward revisions are made to sales, ordinary income, current income as indicated in the tables. Please note that extraordinary gain of ¥3,000M in exchange profit of investment securities is additionally recorded as current income. This exchange profit is the result of stock transfer in relation to a takeover of the company invested.

## 3. Reference: Financial results for the previous year

### Consolidated Report

(unit: ¥1M)

	Sales	Ordinary Income	Current Net Income
Interim Period (April 1999 ~ September 1999)	NA	NA	NA
Fiscal Year (April 1999 ~ March 2000)	34,804	2,698	1,322

### Unconsolidated Report

(unit: ¥1M)

	Sales	Ordinary Income	Current Net Income
Interim Period (April 1999 ~ September 1999)	13,642	407	233
Fiscal Year (April 1999 ~ March 2000)	34,327	2,710	1,338