

**Net One Systems, Co., Ltd.
Analyst Briefing**

Part 1. Financial Briefing



May 15, 2003

Sales Booking							(in million Yen)	
FY	FY2003 Booking		In comparisont to the previous		FY2001 Booking			
Business Category	Amount	Ratio	Fluctuation	Ratio	Amount	Ratio		
Network Integration	72,985	71.6%	13,143	22.0%	59,841	70.5%		
Network Computing	1,623	1.6%	(39)	-2.4%	1,663	2.0%		
Media Integration	6,680	6.6%	1,235	22.7%	5,445	6.4%		
Service Integration	20,641	20.2%	2,680	14.9%	17,961	21.1%		
Total	101,931	100.0%	17,019	20.0%	84,912	100.0%		

Sales Result							(in million Yen)	
FY	FY2003 Result		In comparisont to the previous		FY2001 Result			
Business Category	Amount	Ratio	Fluctuation	Ratio	Amount	Ratio		
Network Integration	68,833	74.1%	9,619	16.2%	59,214	74.2%		
Network Computing	1,355	1.5%	(258)	-16.0%	1,614	2.0%		
Media Integration	5,286	5.7%	(776)	-12.8%	6,063	7.6%		
Service Integration	17,404	18.7%	4,448	34.3%	12,955	16.2%		
Total	92,880	100.0%	13,032	16.3%	79,847	100.0%		

Sales Backlog							(in million Yen)	
FY	FY2003 Backlog		In comparisont to the previous		FY2001 Backlog			
Business Category	Amount	Ratio	Fluctuation	Ratio	Amount	Ratio		
Network Integration	19,621	56.1%	4,151	26.8%	15,469	59.7%		
Network Computing	665	1.9%	268	67.5%	397	1.5%		
Media Integration	2,061	5.9%	1,393	208.6%	668	2.6%		
Service Integration	12,630	36.1%	3,237	34.5%	9,392	36.2%		
Total	34,979	100.0%	9,051	34.9%	25,927	100.0%		

Product Category Sales Breakdown (Non-consolidated)

		(in million Yen)					
FY		FY2003 Result		In comparison to the previous FY		FY2001 Result	
Product Category		Amount	Ratio	Fluctuation	Ratio	Amount	Ratio
Network Integration (NI)							
	Routers	33,118	47.4%	(4,198)	-11.2%	37,316	61.5%
	Switches	21,381	30.6%	5,418	33.9%	15,963	26.3%
	Others	15,399	22.0%	7,980	107.6%	7,419	12.2%
	NI sub-total	69,898	75.2%	9,200	15.2%	60,698	75.2%
	Total Corporate Sales	92,926	100.0%	12,191	15.1%	80,735	100.0%
Network Computing (NC)							
	Security	439	30.4%	1	0.2%	438	26.1%
	CDN related	682	47.3%	(106)	-13.5%	788	47.0%
	Others	322	22.3%	(127)	-28.3%	449	26.8%
	NC sub-total	1,443	1.6%	(232)	-13.9%	1,675	2.1%
	Total Corporate Sales	92,926	100.0%	12,191	15.1%	80,735	100.0%
Media Integration (MI)							
	Cabling	3,082	60.8%	(223)	-6.7%	3,305	57.1%
	Wireless	241	4.8%	37	18.1%	204	3.5%
	CATV	1,487	29.4%	(101)	-6.4%	1,588	27.4%
	Others	256	5.1%	(436)	-63.0%	692	12.0%
	MI sub-total	5,066	5.5%	(723)	-12.5%	5,789	7.2%
	Total Corporate Sales	92,926	100.0%	12,191	15.1%	80,735	100.0%
Service Integration (SI)							
	Engineering Services	1,768	10.7%	767	76.6%	1,001	8.0%
	Installation	3,397	20.6%	(23)	-0.7%	3,420	27.2%
	Operation Support	10,107	61.2%	2,998	42.2%	7,109	56.5%
	Others	1,245	7.5%	202	19.4%	1,043	8.3%
	SI sub-total	16,517	17.8%	3,944	31.4%	12,573	15.6%
	Total Corporate Sales	92,926	100.0%	12,191	15.1%	80,735	100.0%

Channel Sales Breakdown (Non-consolidated)

DIRECT SALES AND INDIRECT SALES				(in million Yen)			
		FY2003 Result		In comparisont to the previous FY		FY2001 Result	
Channel	FY	Amount	Ratio	Fluctuation	Ratio	Amount	Ratio
Direct		76,488	82.3%	9,876	14.8%	66,612	82.5%
Indirect		16,437	17.7%	2,315	16.4%	14,122	17.5%
Total Sales		92,926	100.0%	12,191	15.1%	80,735	100.0%

MARKET CATEGORY: SALES RESULT				(in million Yen)			
		FY2003 Result		In comparisont to the previous FY		FY2001 Result	
Channel	FY	Amount	Ratio	Fluctuation	Ratio	Amount	Ratio
Enterprise		40,371	43.4%	8,377	26.2%	31,994	39.6%
Service Provider		33,137	35.7%	2,222	7.2%	30,915	38.3%
Public & Utility		19,417	20.9%	1,592	8.9%	17,825	22.1%
Total Sales		92,926	100.0%	12,191	15.1%	80,735	100.0%

MARKET CATEGORY: SALES BOOKING				(in million Yen)			
		FY2003 Booking		In comparisont to the previous FY		FY2001 Booking	
Channel	FY	Amount	Ratio	Fluctuation	Ratio	Amount	Ratio
Enterprise		42,752	41.8%	7,400	20.9%	35,352	41.5%
Service Provider		32,664	32.0%	(98)	-0.3%	32,762	38.4%
Public & Utility		26,819	26.2%	9,664	56.3%	17,155	20.1%
Total Sales		102,236	100.0%	16,967	19.9%	85,269	100.0%

note:

the figures from FY2001 have been re-categorized according to the newly adopted channel category in the chart.

(in million Yen)						
FY	FY2003 Result		In comparison to the previous FY		FY2001 Result	
	Amount	Ratio	Fluctuation	Ratio	Amount	Ratio
Manufacturing						
Material	953	1.2%	335	54.2%	618	0.9%
Processing & Assembly	16,456	20.0%	5,604	51.6%	10,852	15.9%
Others	540	0.7%	(779)	-59.1%	1,319	1.9%
Manufacturing sub-total	17,951	21.8%	5,162	40.4%	12,789	18.7%
Non-manufacturing						
Construction & Real Estate	2,731	3.3%	(607)	-18.2%	3,338	4.9%
Trading	21,740	26.5%	3,907	21.9%	17,833	26.1%
Public Welfare & Transportation	34,996	42.6%	4,013	13.0%	30,983	45.3%
Financial Services	4,769	5.8%	1,389	41.1%	3,380	4.9%
Non-manufacturing sub-total	64,238	78.2%	8,704	15.7%	55,534	81.3%
Private Market Sales Total	82,189	100.0%	13,863	20.3%	68,326	100.0%

Client Sales Breakdown (Non-consolidated)

(in million Yen)									
FY Place	FY2002 Result			In comparison to the previous FY		FY Place	FY2001 Result		
	Corporation	Revenue	Ratio	Fluctuation	Ratio		Corporation	Revenue	Ratio
1	NTT East	17,452	18.8%	4,617	36.0%	1	NTT East	12,835	15.9%
2	NTT Communications	5,879	6.3%	(2,331)	-28.4%	2	NTT Communications	8,210	10.2%
3	NEC	4,552	4.9%	1,756	62.8%	3	K-Opti.com	2,938	3.6%
4	KDDI	2,764	3.0%	40	1.5%	4	NEC	2,796	3.5%
5	Fujitsu	2,687	2.9%	2,168	417.7%	5	KDDI	2,724	3.4%
6	Japan IBM	2,627	2.8%	1,209	85.3%	6	LASDEC	2,708	3.4%
7	NTT Neo-meit	2,156	2.3%	1,402	185.9%	7	The National Institute of Information	1,933	2.4%
8	Mitsubishi Motors	1,597	1.7%	1,489	1378.7%	8	Oki Electric Industry	1,821	2.3%
9	LASDEC	1,378	1.5%	(1,330)	-49.1%	9	Japan IBM	1,418	1.8%
10	NEC System Construction	1,008	1.1%	73	7.8%	10	NTT	1,155	1.4%
	Sub-total	42,100	45.3%	3,562	9.2%		Sub-total	38,538	47.7%
	Total Corporate Sales	92,926	100.0%	12,191	15.1%		Total Corporate Sales	80,735	100.0%

Vendor Sales Breakdown (Non-consolidated)

(in million Yen)									
FY	FY2002 Result			In comparison to the previous FY		FY	FY2001 Result		
	Place	Corporation	Revenue	Ratio	Fluctuation		Ratio	Place	Corporation
1	Cisco Systems	53,941	58.0%	(765)	-1.4%	1	Cisco Systems	54,706	67.8%
2	Juniper	1,338	1.4%	676	102.1%	2	Juniper	662	0.8%
3	Foundry	839	0.9%	734	699.0%	3	Unisphere	640	0.8%
4	Unisphere	526	0.6%	(114)	-17.8%	4	Secure Computing	467	0.6%
5	Alteon	518	0.6%	230	79.9%	5	Allied Telesis	322	0.4%
	Sub-total	57,162	61.5%	365	0.6%		Sub-total	56,797	70.3%
	Total Corporate Sales	92,926	100.0%	12,191	15.1%		Total Corporate Sales	80,735	100.0%

(in million Yen)						
FY Item	FY2002 Result		In comparison to the previous FY		FY2001 Result	
	Amount	Ratio	Amount	Fluctuation	Amount	Ratio
SALES	92,880	100.0%	13,032	16.3%	79,847	100.0%
Cost of Goods Sold	70,574	76.0%	9,467	15.5%	61,106	76.5%
Gross Profit	22,305	24.0%	3,564	19.0%	18,741	23.5%
Sales and Administrative Expenses	14,789	15.9%	3,167	27.3%	11,621	14.6%
Profit on Sales	7,516	8.1%	397	5.6%	7,119	8.9%
Profit on Other Activities	89	0.1%	-	-	186	-0.2%
Ordinary Profit	7,606	8.2%	673	9.7%	6,932	8.7%
Extraordinary Profit and Loss	160	0.2%	-	-	111	-0.1%
Net Income Before Tax	7,766	8.4%	945	13.9%	6,821	8.5%
Current Profit	4,294	4.6%	428	11.1%	3,866	4.8%

(in million Yen)						
FY Item	FY2002 Result		In comparison to the previous FY		FY2001 Result	
	Amount	Ratio	Amount	Fluctuation	Amount	Ratio
SALES	92,926	100.0%	12,190	15.1%	80,735	100.0%
Cost of Goods Sold	73,785	79.4%	10,342	16.3%	63,443	78.6%
Gross Profit	19,140	20.6%	1,848	10.7%	17,292	21.4%
Sales and Administrative Expenses	11,706	12.6%	1,486	14.5%	10,219	12.6%
Profit on Sales	7,434	8.0%	362	5.1%	7,072	8.8%
Profit on Other Activities	101	0.1%	-	-	195	-0.2%
Ordinary Profit	7,535	8.1%	659	9.6%	6,876	8.5%
Extraordinary Profit and Loss	179	0.2%	-	-	99	-0.1%
Net Income Before Tax	7,715	8.3%	938	13.8%	6,777	8.4%
Current Profit	4,383	4.7%	508	13.1%	3,874	4.8%

Balance Sheet (Consolidated)

		(in million Yen)					
Item	FY	FY2002 Result		In comparison to the previous FY		FY2001 Result	
		Amount	Ratio	Fluctuation	Amount	Amount	Ratio
Current Assets		65,354	87.0%	16,938	35.0%	48,416	84.4%
	Cash & Deposits	9,174	12.2%	(775)	-7.8%	9,949	17.3%
	Account Receivable	41,793	55.7%	16,534	65.5%	25,258	44.0%
	Inventory Assets	13,243	17.6%	1,097	9.0%	12,145	21.2%
	Others	1,227	1.6%	87	7.6%	1,139	2.0%
	Allowance for accounts doubtful	(83)	-0.1%	(6)	7.8%	(77)	-0.1%
Fixed Assets		9,735	13.0%	758	8.4%	8,977	15.6%
	Tangible	4,630	6.2%	(713)	-13.3%	5,344	9.3%
	Intangible	1,321	1.8%	1,039	369.8%	281	0.5%
	Investment, etc.	3,783	5.0%	432	12.9%	3,351	5.8%
Total Assets		75,090	100.0%	17,697	30.8%	57,393	100.0%
Current Liabilities		28,402	37.8%	13,262	87.6%	15,140	26.4%
	Account Payable	21,131	28.1%	13,027	160.8%	8,103	14.1%
	Short term loans	110	0.1%	110	-	0	0.0%
	Payments due	4,391	5.8%	1,071	32.3%	3,319	5.8%
	Others	2,770	3.7%	(946)	-25.5%	3,716	6.5%
Fixed Liabilities		453	0.6%	128	39.5%	324	0.6%
Total Liabilities		28,856	38.4%	13,391	86.6%	15,464	27.0%
Minority Shareholders' Equity		201	0.3%	109	118.5%	92	0.2%
Capital		12,132	16.1%	123	1.0%	12,008	20.9%
Capital Surplus		19,306	25.7%	123	0.6%	19,183	33.4%
Profit Surplus		14,706	19.6%	4,094	38.6%	10,611	18.5%
Variation on valuation amount		(18)	0.0%	(144)	-	125	0.2%
Owner's Equity & Reserve		(94)	-0.1%	0	0.0%	(94)	-0.2%
Total Shareholder's Equity		46,032	61.3%	4,196	10.0%	41,835	72.8%
Total Liabilities & Shareholder's Equity		75,090	100.0%	17,697	30.8%	57,393	100.0%

Balance Sheet (Non-consolidated)

						(in million Yen)	
FY		FY2002 Result		In comparison to the previous FY		FY2001 Result	
Item	Amount	Ratio	Fluctuation	Amount	Amount	Ratio	
Current Assets	66,138	89.5%	16,478	33.2%	49,660	86.9%	
Cash & Deposits	7,654	10.4%	(1,591)	-17.2%	9,245	16.2%	
Account Receivable	41,971	56.8%	14,793	54.4%	27,178	47.6%	
Inventory Assets	13,194	17.9%	1,147	9.5%	12,046	21.1%	
Others	3,404	4.6%	2,137	168.8%	1,266	2.2%	
Allowance for accounts doubtful	(87)	-0.1%	(10)	13.2%	(76)	-0.1%	
Fixed Assets	7,745	10.5%	290	3.9%	7,455	13.1%	
Tangible	2,769	3.8%	(994)	-26.4%	3,763	6.6%	
Intangible	1,198	1.6%	972	430.1%	226	0.4%	
Investment, etc.	3,777	5.1%	312	9.0%	3,465	6.1%	
Total Assets	73,884	100.0%	16,768	29.4%	57,116	100.0%	
Current Liabilities	27,411	37.1%	12,343	81.9%	15,067	26.4%	
Account Payable	20,973	28.4%	12,765	155.5%	8,207	14.4%	
Payments due	4,364	5.9%	(139)	-3.1%	4,503	7.9%	
Others	2,072	2.8%	(282)	-12.0%	2,355	4.1%	
Fixed Liabilities	405	0.5%	123	43.6%	282	0.5%	
Total Liabilities	27,816	37.6%	12,467	81.2%	15,349	26.9%	
Minority Shareholders' Equity	12,132	16.4%	123	1.0%	12,008	21.0%	
Capital	19,306	26.1%	123	0.6%	19,183	33.6%	
Capital Surplus	14,741	20.0%	4,198	39.8%	10,542	18.5%	
Profit Surplus	(18)	0.0%	(144)	-	125	0.2%	
Owner's Equity & Reserve	(94)	-0.1%	0	0.0%	(94)	-0.2%	
Total Shareholder's Equity	46,067	62.4%	4,300	10.3%	41,766	73.1%	
Total Liabilities & Shareholder's Equity	73,884	100.0%	16,768	29.4%	57,116	100.0%	

