

Net One Systems Co., Ltd

Analyst Briefing

The logo for Net One Systems, featuring the company name in a bold, sans-serif font. The word "Net" is followed by a stylized icon of a globe or network, then "One", another stylized icon, and finally "Systems".

February 9, 2004

Orders Accepted/Sales (Consolidated) based on Product Category

Orders Accepted	Cumulative total of first three quarters (9 months)							(unit: million yen)	
	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	
Network Integration	67,717	77.1%	17,672	35.3%	50,045	71.3%	72,985	71.6%	
Network Computing	939	1.1%	(390)	-29.3%	1,329	1.9%	1,623	1.6%	
Media Products	5,276	6.0%	380	7.8%	4,896	7.0%	6,680	6.6%	
Service Products	13,938	15.8%	61	0.4%	13,877	19.8%	20,641	20.2%	
Total	87,871	100.0%	17,723	25.3%	70,148	100.0%	101,931	100.0%	

Sales	Cumulative total of first three quarters (9 months)							(unit: million yen)	
	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	
Network Integration	59,796	74.8%	21,154	54.7%	38,642	70.8%	68,833	74.1%	
Network Computing	785	1.0%	(225)	-22.3%	1,010	1.9%	1,355	1.5%	
Media Products	5,244	6.6%	1,840	54.1%	3,404	6.2%	5,286	5.7%	
Service Products	14,097	17.6%	2,601	22.6%	11,496	21.1%	17,404	18.7%	
Total	79,923	100.0%	25,370	46.5%	54,553	100.0%	92,880	100.0%	

Backlog of Unfilled Orders	Cumulative total of first three quarters (9 months)							(unit: million yen)	
	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	
Network Integration	27,407	63.8%	534	2.0%	26,873	64.7%	19,621	56.1%	
Network Computing	819	1.9%	103	14.4%	716	1.7%	665	1.9%	
Media Products	2,093	4.9%	(67)	-3.1%	2,160	5.2%	2,061	5.9%	
Service Products	12,615	29.4%	842	7.2%	11,773	28.4%	12,630	36.1%	
Total	42,936	100.0%	1,414	3.4%	41,522	100.0%	34,979	100.0%	

Sales (Non-Consolidated) based on Product Category

Cumulative total of first three quarters (9 months)

(unit: million yen)

	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003	
	Sales	Ratio	Amount	Ratio	Sales	Ratio	Sales	Ratio
NI (Network Integration) Products								
Router	26,937	45.5%	5,178	23.8%	21,759	55.5%	33,118	47.4%
Switch	15,877	26.8%	2,551	19.1%	13,326	34.0%	21,381	30.6%
Others	16,209	27.4%	12,092	293.7%	4,117	10.5%	15,399	22.0%
NI Total	59,023	75.8%	19,819	50.6%	39,204	72.1%	69,898	75.2%
Total Corporate Sales	77,866	100.0%	23,518	43.3%	54,348	100.0%	92,926	100.0%
NC (Network Computing) Products								
Security	311	38.0%	73	30.7%	238	22.8%	439	30.4%
CDN Related	230	28.1%	(308)	-57.2%	538	51.5%	682	47.3%
Others	276	33.7%	7	2.6%	269	25.8%	322	22.3%
NC Total	818	1.1%	(226)	-21.6%	1,044	1.9%	1,443	1.6%
Total Corporate Sales	77,866	100.0%	23,518	43.3%	54,348	100.0%	92,926	100.0%
MI (Media Integration) Products								
Deployment	2,880	57.4%	1,077	59.7%	1,803	55.4%	3,082	60.8%
Wireless	276	5.5%	107	63.3%	169	5.2%	241	4.8%
CATV	1,651	32.9%	546	49.4%	1,105	34.0%	1,487	29.4%
Others	214	4.3%	39	22.3%	175	5.4%	256	5.1%
MI Total	5,021	6.4%	1,768	54.3%	3,253	6.0%	5,066	5.5%
Total Corporate Sales	77,866	100.0%	23,518	43.3%	54,348	100.0%	92,926	100.0%
SI (Service Integration) Products								
Engineering Service	1,179	9.1%	419	55.1%	760	7.0%	1,768	10.7%
Installation	2,047	15.7%	226	12.4%	1,821	16.8%	3,397	20.6%
Operation Management	8,950	68.8%	1,662	22.8%	7,288	67.2%	10,107	61.2%
Others	829	6.4%	(149)	-15.2%	978	9.0%	1,245	7.5%
SI Total	13,005	16.7%	2,158	19.9%	10,847	20.0%	16,517	17.8%
Total Corporate Sales	77,866	100.0%	23,518	43.3%	54,348	100.0%	92,926	100.0%

Sales based on Distribution Channel

Direct Sales/Subdistributor (Non-consolidated.) Cumulative total of first three quarters (9 months) (unit: million yen)

	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Direct	66,245	85.1%	21,701	48.7%	44,544	82.0%	76,488	82.3%
Subdistributor	11,621	14.9%	1,819	18.6%	9,802	18.0%	16,437	17.7%
Total Corporate Sales	77,866	100.0%	23,519	43.3%	54,347	100.0%	92,926	100.0%

Breakdown of sales based on Distribution Channel (Non-consolidated.)

Cumulative total of first three quarters (9 months) (unit: million yen)

	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	29,386	37.7%	6,211	26.8%	23,175	42.6%	40,371	43.4%
Service Provider	30,971	39.8%	8,714	39.2%	22,257	41.0%	33,137	35.7%
Public Sector	17,509	22.5%	8,594	96.4%	8,915	16.4%	19,417	20.9%
Total Corporate Sales	77,866	100.0%	23,519	43.3%	54,347	100.0%	92,926	100.0%

Breakdown of Orders Accepted based on Distribution Channel (Non-consolidated.)

Cumulative total of first three quarters (9 months) (unit: million yen)

	Current FY3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	34,067	39.9%	6,453	23.4%	27,614	39.4%	42,752	41.8%
Service Provider	34,387	40.3%	11,208	48.4%	23,179	33.0%	32,664	32.0%
Public Sector	16,903	19.8%	(2,488)	-12.8%	19,391	27.6%	26,819	26.2%
Total Corporate Orders Accepted	85,357	100.0%	15,172	21.6%	70,185	100.0%	102,236	100.0%

Private Industry's sector based breakdown of Sales (Non-Consolidated)

Cumulative total of first three quarters (9 months)

(unit: million yen)

		Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Manufacturing									
	Material Industry	289	0.4%	(51)	-15.0%	340	0.7%	953	1.2%
	Processing and Assembly	12,668	18.8%	5,089	67.1%	7,579	15.7%	16,456	20.0%
	Other Manufacturing Industry	295	0.4%	(56)	-16.0%	351	0.7%	540	0.7%
	Manufacturing Industry Total	13,254	19.7%	4,983	60.2%	8,271	17.1%	17,951	21.8%
Non-Manufacturing									
	Construction and Real Estate	1,975	2.9%	(164)	-7.7%	2,139	4.4%	2,731	3.3%
	Trade	15,162	22.6%	4,577	43.2%	10,585	21.9%	21,740	26.5%
	Logistics	33,281	49.5%	9,298	38.8%	23,983	49.6%	34,996	42.6%
	Finance	3,556	5.3%	152	4.5%	3,404	7.0%	4,769	5.8%
	Non-Manufacturing Industry Total	53,975	80.3%	13,861	34.6%	40,114	82.9%	64,238	78.2%
	Private Sector Sales Total	67,229	100.0%	18,843	38.9%	48,386	100.0%	82,189	100.0%

Income Statement (Consolidated)

Summary of Consolidated Income Statement; Cumulative total of first three quarters (9 months) (unit: million yen)

	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sales	79,923	100.0%	25,370	46.5%	54,553	100.0%	92,880	100.0%
Cost of Goods Sold	64,926	81.2%	24,296	59.8%	40,630	74.5%	70,574	76.0%
Gross Profit on Sales	14,997	18.8%	1,073	7.7%	13,923	25.5%	22,305	24.0%
Sales Expense	10,136	12.7%	(679)	-6.3%	10,816	19.8%	14,789	15.9%
Operating Profit	4,860	6.1%	1,753	56.4%	3,106	5.7%	7,516	8.1%
Non-Operating Income/Expense	5	0.0%	(106)	-95.5%	111	0.2%	89	0.1%
Ordinary Profit	4,865	6.1%	1,647	51.2%	3,217	5.9%	7,606	8.2%
Extraordinary Gain/Loss	(42)	-0.1%	(624)	-107.2%	582	1.1%	160	0.2%
Current Income before Tax	4,823	6.0%	1,023	26.9%	3,799	7.0%	7,766	8.4%
Current Net Profit	2,723	3.4%	682	33.4%	2,040	3.8%	4,294	4.6%

Income Statement (Non-Consolidated)

Summary of Non-Consolidated Income Statement; Cumulative total of first three quarters (9 months)(unit: million yen)

	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amountq	Ratioq	Amount	Ratio
Sales	77,866	100.0%	23,519	43.3%	54,347	100.0%	92,926	100.0%
Cost of Goods Sold	64,282	82.6%	21,560	50.5%	42,722	78.6%	73,785	79.4%
Gross Profit on Sales	13,583	17.4%	1,958	16.8%	11,625	21.4%	19,140	20.6%
Sales Expense	8,954	11.5%	286	3.3%	8,668	16.0%	11,706	12.6%
Operating Profit	4,629	5.9%	1,673	56.6%	2,956	5.4%	7,434	8.0%
Non-Operating Income/Expense	42	0.1%	(57)	-57.6%	99	0.2%	101	0.1%
Ordinary Profit	4,672	6.0%	1,616	52.9%	3,056	5.6%	7,535	8.1%
Extraordinary Gain/Loss	(41)	-0.1%	(624)	-107.0%	583	1.1%	179	0.2%
Current Income before Tax	4,631	5.9%	991	27.2%	3,640	6.7%	7,715	8.3%
Current Net Profit	2,761	3.5%	682	32.8%	2,079	3.8%	4,383	4.7%

Balance Sheet (Consolidated)

Summary of Consolidated Balance Sheet; Cumulative total of first three quarters (9 months)

(unit: million yen)

	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003		Variance (-)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current Assets	58,148	84.8%	12,582	27.6%	45,566	83.4%	65,354	87.0%	(7,206)	-11.0%
Cash and Deposits	1,151	1.7%	(7,669)	-86.9%	8,820	16.1%	9,174	12.2%	(8,023)	-87.5%
Account Receivables, etc.	36,967	53.9%	16,583	81.4%	20,384	37.3%	41,793	55.7%	(4,826)	-11.5%
Inventories	18,331	26.7%	4,210	29.8%	14,121	25.8%	13,243	17.6%	5,088	38.4%
Others	1,814	2.6%	(456)	-20.1%	2,270	4.2%	1,227	1.6%	587	47.8%
Allowance for Doubtful Receivables	(116)	-0.2%	(85)	271.7%	(31)	-0.1%	(83)	-0.1%	(33)	39.8%
Fixed Assets	10,408	15.2%	1,325	14.6%	9,082	16.6%	9,735	13.0%	673	6.9%
Tangible Fixed Assets	4,725	6.9%	(23)	-0.5%	4,748	8.7%	4,630	6.2%	95	2.1%
Intangible Fixed Assets	1,600	2.3%	761	90.7%	839	1.5%	1,321	1.8%	279	21.1%
Investments, etc.	4,082	6.0%	587	16.8%	3,494	6.4%	3,783	5.0%	299	7.9%
Total Assets	68,556	100.0%	13,907	25.4%	54,649	100.0%	75,090	100.0%	(6,534)	-8.7%
Current Liabilities	18,972	27.7%	8,706	84.8%	10,266	18.8%	28,402	37.8%	(9,430)	-33.2%
Account Payable	9,707	14.2%	3,801	64.4%	5,905	10.8%	21,131	28.1%	(11,424)	-54.1%
Short Term Debt	5,142	7.5%	5,142	-	-	-	110	0.1%	5,032	4574.5%
Payment Due	760	1.1%	(931)	-55.1%	1,691	3.1%	4,391	5.8%	(3,631)	-82.7%
Others	3,361	4.9%	694	26.0%	2,667	4.9%	2,770	3.7%	591	21.3%
Fixed Liabilities	634	0.9%	214	51.0%	420	0.8%	453	0.6%	181	40.0%
Total Liabilities	19,607	28.6%	8,921	83.5%	10,686	19.6%	28,856	38.4%	(9,249)	-32.1%
Minority Shareholders' Equity	239	0.3%	20	9.1%	219	0.4%	201	0.3%	38	18.9%
Capital Stock	12,278	17.9%	173	1.4%	12,105	22.1%	12,132	16.1%	146	1.2%
Additional Paid-in Capital	19,452	28.4%	173	0.9%	19,279	35.3%	19,306	25.7%	146	0.8%
Consolidated Surplus	17,112	25.0%	4,659	37.4%	12,452	22.8%	14,706	19.6%	2,406	16.4%
Difference from Securities Revaluation	(40)	-0.1%	(40)	-	-	-	(18)	0.0%	(22)	122.2%
Repurchased Stocks	(94)	-0.1%	0	0.0%	(94)	-0.2%	(94)	-0.1%	0	0.0%
Total Shareholders' Equity	48,709	71.1%	4,966	11.4%	43,742	80.0%	46,032	61.3%	2,677	5.8%
Total Liabilities and Shareholders' Equity	68,556	100.0%	13,907	25.4%	54,649	100.0%	75,090	100.0%	(6,534)	-8.7%

Balance Sheet (Non-Consolidated)

Summary of Non-Consolidated Balance Sheet; Cumulative total of first three quarters (9 months)

(unit: million yen)

	Current FY 3Q		Variance (-)		Previous FY 3Q		FY ended Mar. 2003		Variance (-)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current Assets	59,107	87.5%	12,775	27.6%	46,332	86.0%	66,138	89.5%	(7,031)	-10.6%
Cash and Deposits	395	0.6%	(7,040)	-94.7%	7,435	13.8%	7,654	10.4%	(7,259)	-94.8%
Account Receivables, etc.	36,367	53.8%	15,707	76.0%	20,660	38.3%	41,971	56.8%	(5,604)	-13.4%
Inventories	18,211	27.0%	4,182	29.8%	14,029	26.0%	13,194	17.9%	5,017	38.0%
Others	4,256	6.3%	16	0.4%	4,240	7.9%	3,404	4.6%	852	25.0%
Allowance for Doubtful Receivables	(124)	-0.2%	(92)	287.5%	(32)	-0.1%	(87)	-0.1%	(37)	42.5%
Fixed Assets	8,452	12.5%	907	12.0%	7,545	14.0%	7,745	10.5%	707	9.1%
Tangible Fixed Assets	2,957	4.4%	(245)	-7.7%	3,202	5.9%	2,769	3.8%	188	6.8%
Intangible Fixed Assets	1,487	2.2%	714	92.4%	773	1.4%	1,198	1.6%	289	24.1%
Investments, etc.	4,007	5.9%	438	12.3%	3,569	6.6%	3,777	5.1%	230	6.1%
Total Assets	67,560	100.0%	13,682	25.4%	53,878	100.0%	73,884	100.0%	(6,324)	-8.6%
Current Liabilities	18,195	26.9%	8,419	86.1%	9,776	18.1%	27,411	37.1%	(9,216)	-33.6%
Account Payable	9,659	14.3%	3,726	62.8%	5,933	11.0%	20,973	28.4%	(11,314)	-53.9%
Short Term Debt	4,792	7.1%	4,792	-	-	-	-	-	4,792	-
Payment Due	2,147	3.2%	(493)	-18.7%	2,640	4.9%	4,278	5.8%	(2,131)	-49.8%
Others	1,595	2.4%	393	32.7%	1,202	2.2%	2,157	2.9%	(562)	-26.1%
Fixed Liabilities	580	0.9%	206	55.1%	374	0.7%	405	0.5%	175	43.2%
Total Liabilities	18,775	27.8%	8,625	85.0%	10,150	18.8%	27,816	37.6%	(9,041)	-32.5%
Capital Stock	12,278	18.2%	173	1.4%	12,105	22.5%	12,132	16.4%	146	1.2%
Additional Paid-in Capital	19,452	28.8%	173	0.9%	19,279	35.8%	19,306	26.1%	146	0.8%
Accumulated Earnings	17,188	25.4%	4,751	38.2%	12,437	23.1%	14,741	20.0%	2,447	16.6%
Others	(40)	-0.1%	(40)	-	-	-	(18)	0.0%	(22)	122.2%
Repurchased Stocks	(94)	-0.1%	-	-	(94)	-0.2%	(94)	-0.1%	-	-
Total Shareholders' Equity	48,784	72.2%	5,057	11.6%	43,727	81.2%	46,067	62.4%	2,717	5.9%
Total Liabilities, Shareholders' Equity	67,560	100.0%	13,682	25.4%	53,878	100.0%	73,884	100.0%	(6,324)	-8.6%

