

Net One Systems Co., Ltd

Analyst Briefing

 **Net One Systems**

May 11, 2004

Orders Accepted/ Sales (Consolidated) based on Product Category

Orders Accepted/ Sales (Consolidated) based on Product Category

Orders Accepted

(unit: million yen)

	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Variance	Ratio	Amount	Ratio
Network Integration Products	89,905	72.5%	16,919	23.2%	72,985	71.6%
Network Computing Products	2,350	1.9%	727	44.8%	1,623	1.6%
Media Integration Products	7,471	6.0%	791	11.8%	6,680	6.6%
Service Integration Products	24,313	19.6%	3,671	17.8%	20,641	20.2%
Total	124,041	100.0%	22,109	21.7%	101,931	100.0%

Sales

(unit: million yen)

	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Variance	Ratio	Amount	Ratio
Network Integration Products	90,767	74.6%	21,933	31.9%	68,833	74.1%
Network Computing Products	2,157	1.8%	802	59.2%	1,355	1.5%
Media Integration Products	7,216	5.9%	1,929	36.5%	5,286	5.7%
Service Integration Products	21,496	17.7%	4,092	23.5%	17,404	18.7%
Total	121,637	100.0%	28,757	31.0%	92,880	100.0%

Backlog of Unfilled Orders

(unit: million yen)

	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Variance	Ratio	Amount	Ratio
Network Integration Products	18,759	50.2%	(861)	-4.4%	19,621	56.1%
Network Computing Products	858	2.3%	193	29.0%	665	1.9%
Media Integration Products	2,317	6.2%	255	12.4%	2,061	5.9%
Service Integration Products	15,447	41.3%	2,817	22.3%	12,630	36.1%
Total	37,382	100.0%	2,403	6.9%	34,979	100.0%

Sales (Non-Consolidated) based on Product Category

Sales (Non-Consolidated) based on Product Category

(unit: million yen)

		FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
		Sales	Ratio	Amount	Ratio	Sales	Ratio
NI (Network Integration) Products							
	Router	42,767	47.1%	9,649	29.1%	33,118	47.4%
	Switch	24,566	27.0%	3,185	14.9%	21,381	30.6%
	Others	23,534	25.9%	8,135	52.8%	15,399	22.0%
	NI Total	90,867	76.2%	20,969	30.0%	69,898	75.2%
	Total Corporate Sales	119,287	100.0%	26,361	28.4%	92,926	100.0%
NC (Network Computing) Products							
	Security	618	42.5%	179	40.8%	439	30.4%
	CDN Related	359	24.7%	(323)	-47.4%	682	47.3%
	Others	478	32.9%	156	48.4%	322	22.3%
	NC Total	1,455	1.2%	12	0.8%	1,443	1.6%
	Total Corporate Sales	119,287	100.0%	26,361	28.4%	92,926	100.0%
MI (Media Integration) Products							
	Deployment	3,820	55.1%	738	23.9%	3,082	60.8%
	Wireless	412	5.9%	171	71.0%	241	4.8%
	CATV	2,225	32.1%	738	49.6%	1,487	29.4%
	Others	475	6.9%	219	85.5%	256	5.1%
	MI Total	6,932	5.8%	1,866	36.8%	5,066	5.5%
	Total Corporate Sales	119,287	100.0%	26,361	28.4%	92,926	100.0%
SI (Service Integration) Products							
	Engineering Service	1,820	9.1%	52	2.9%	1,768	10.7%
	Installation	3,356	16.8%	(41)	-1.2%	3,397	20.6%
	Operation Management	12,922	64.5%	2,815	27.9%	10,107	61.2%
	Others	1,937	9.7%	692	55.6%	1,245	7.5%
	SI Total	20,035	16.8%	3,518	21.3%	16,517	17.8%
	Total Corporate Sales	119,287	100.0%	26,361	28.4%	92,926	100.0%

Sales based on Distribution Channel

Direct Sales/ Subdistributor Sales (Non-consolidated) (unit: million yen)

	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Direct Sales	100,769	84.5%	24,281	31.7%	76,488	82.3%
Subdistributor Sales	18,517	15.5%	2,080	12.7%	16,437	17.7%
Total Corporate Sales	119,287	100.0%	26,361	28.4%	92,926	100.0%

Breakdown of sales based on channel type (Non-consolidated) (unit: million yen)

CNL	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	41,884	35.1%	1,513	3.7%	40,371	43.4%
Service Provider	50,554	42.4%	17,417	52.6%	33,137	35.7%
Public Works	26,847	22.5%	7,430	38.3%	19,417	20.9%
Total Corporate Sales	119,287	100.0%	26,361	28.4%	92,926	100.0%

Breakdown of orders accepted based on channel type (Non-consolidated) (unit: million yen)

CNL	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	44,008	36.3%	1,256	2.9%	42,752	41.8%
Service Provider	51,863	42.7%	19,199	58.8%	32,664	32.0%
Public Works	25,486	21.0%	(1,333)	-5.0%	26,819	26.2%
Total Corporate Sales	121,358	100.0%	19,122	18.7%	102,236	100.0%

Sales (Non-Consolidated) based on private industry sector

Sales (Non-Consolidated) based on private industry sector

(unit: million yen)

	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Manufacturing						
Material Industry	442	0.4%	(511)	-53.6%	953	1.2%
Processing and Assembly	18,453	17.9%	1,997	12.1%	16,456	20.0%
Other Manufacturing Industry	404	0.4%	(136)	-25.2%	540	0.7%
Manufacturing Industry Total	19,300	18.7%	1,349	7.5%	17,951	21.8%
Non-Manufacturing						
Construction and Real Estate	4,206	4.1%	1,475	54.0%	2,731	3.3%
Trade	21,449	20.8%	(291)	-1.3%	21,740	26.5%
Logistics	53,677	52.0%	18,681	53.4%	34,996	42.6%
Financial Institutions	4,687	4.5%	(82)	-1.7%	4,769	5.8%
Non-Manufacturing Industry Total	84,021	81.3%	19,783	30.8%	64,238	78.2%
Private Sector Sales	103,321	100.0%	21,132	25.7%	82,189	100.0%

Income Statement (Consolidated)

Summary of Consolidated Income Statement

(unit: million yen)

	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sales	121,637	100.0%	28,757	31.0%	92,880	100.0%
Cost of Goods Sold	97,709	80.3%	27,135	38.4%	70,574	76.0%
Gross Profit on Sales	23,928	19.7%	1,623	7.3%	22,305	24.0%
Selling, General and Administrative Expenses	13,319	11.0%	(1,470)	-9.9%	14,789	15.9%
Operating Profit	10,608	8.7%	3,092	41.1%	7,516	8.1%
Non-Operating Income/ Expense	0	0.0%	(89)	-100.0%	89	0.1%
Ordinary Profit	10,608	8.7%	3,002	39.5%	7,606	8.2%
Extraordinary Gain/Loss	122	0.1%	(38)	-23.8%	160	0.2%
Current Income Before Tax	10,731	8.8%	2,965	38.2%	7,766	8.4%
Current Net Profit	6,093	5.0%	1,799	41.9%	4,294	4.6%

Income Statement (Non-Consolidated)

Summary of Non-Consolidated Income Statement

(unit: million yen)

	FY ending Mar. 2004		Variance (—)		FY ending Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sales	119,287	100.0%	26,361	28.4%	92,926	100.0%
Cost of Goods Sold	97,301	81.6%	23,516	31.9%	73,785	79.4%
Gross Profit on Sales	21,985	18.4%	2,845	14.9%	19,140	20.6%
Selling, General and Administrative Expenses	11,798	9.9%	92	0.8%	11,706	12.6%
Operating Profit	10,187	8.5%	2,753	37.0%	7,434	8.0%
Non-Operating Income/ Expense	48	0.0%	(53)	-52.5%	101	0.1%
Ordinary Profit	10,234	8.6%	2,699	35.8%	7,535	8.1%
Extraordinary Gain/Loss	177	0.1%	(2)	-1.1%	179	0.2%
Current Income Before Tax	10,411	8.7%	2,696	34.9%	7,715	8.3%
Current Net Profit	6,089	5.1%	1,706	38.9%	4,383	4.7%

Balance Sheet (Consolidated)

Summary of Consolidated Balance Sheet

(unit: million yen)

	FY ending Mar. 2004		Variance ()		FY ending Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current Assets	63,662	85.9%	(1,692)	-2.6%	65,354	87.0%
Cash and Deposits	3,661	4.9%	(5,513)	-60.1%	9,174	12.2%
Account Receivable, etc.	43,168	58.3%	1,375	3.3%	41,793	55.7%
Inventories	15,714	21.2%	2,471	18.7%	13,243	17.6%
Others	1,257	1.7%	30	2.4%	1,227	1.6%
Allowance for Doubtful Receivables	(138)	-0.2%	(55)	66.3%	(83)	-0.1%
Fixed Assets	10,445	14.1%	710	7.3%	9,735	13.0%
Tangible Fixed Assets	4,943	6.7%	313	6.8%	4,630	6.2%
Intangible Fixed Assets	1,683	2.3%	362	27.4%	1,321	1.8%
Investments, etc.	3,818	5.2%	35	0.9%	3,783	5.0%
Total Assets	74,108	100.0%	(982)	-1.3%	75,090	100.0%
Current Liabilities	21,003	28.3%	(7,399)	-26.1%	28,402	37.8%
Account Payable	13,766	18.6%	(7,365)	-34.9%	21,131	28.1%
Short Term Debt	350	0.5%	240	218.2%	110	0.1%
Payment Due	3,896	5.3%	(495)	-11.3%	4,391	5.8%
Others	2,989	4.0%	219	7.9%	2,770	3.7%
Fixed Liabilities	718	1.0%	265	58.5%	453	0.6%
Total Liabilities	21,721	29.3%	(7,135)	-24.7%	28,856	38.4%
Minority Shareholders' Equity	261	0.4%	60	29.9%	201	0.3%
Capital Stock	12,278	16.6%	146	1.2%	12,132	16.1%
Additional Paid-in Capital	19,452	26.2%	146	0.8%	19,306	25.7%
Consolidated Surplus	20,482	27.6%	5,776	39.3%	14,706	19.6%
Difference from Securities Revaluation	5	0.0%	23	-	(18)	0.0%
Repurchase Stock	(94)	-0.1%	0	0.0%	(94)	-0.1%
Total Shareholders' Equity	52,125	70.3%	6,093	13.2%	46,032	61.3%
Total Liabilities and Shareholders' Equity	74,108	100.0%	(982)	-1.3%	75,090	100.0%

Balance Sheet (Non-Consolidated)

Summary of Non-Consolidated Balance Sheet

(unit: million yen)

	FY ending Mar. 2004		Variance (-)		FY ending Mar. 2003	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current Assets	64,721	89.0%	(1,417)	-2.1%	66,138	89.5%
Cash and Deposits	2,701	3.7%	(4,953)	-64.7%	7,654	10.4%
Account Receivable, etc.	42,907	59.0%	936	2.2%	41,971	56.8%
Inventories	15,568	21.4%	2,374	18.0%	13,194	17.9%
Others	3,683	5.1%	279	8.2%	3,404	4.6%
Allowance for Doubtful Receivables	(144)	-0.2%	(57)	65.5%	(87)	-0.1%
Fixed Assets	7,997	11.0%	252	3.3%	7,745	10.5%
Tangible Fixed Assets	2,951	4.1%	182	6.6%	2,769	3.8%
Intangible Fixed Assets	1,482	2.0%	284	23.7%	1,198	1.6%
Investments, etc.	3,564	4.9%	(213)	-5.6%	3,777	5.1%
Total Assets	72,718	100.0%	(1,166)	-1.6%	73,884	100.0%
Current Liabilities	19,917	27.4%	(7,494)	-27.3%	27,411	37.1%
Account Payable	13,689	18.8%	(7,284)	-34.7%	20,973	28.4%
Payment Due	4,278	5.9%	(86)	-2.0%	4,364	5.9%
Others	1,947	2.7%	(125)	-6.0%	2,072	2.8%
Fixed Liabilities	642	0.9%	237	58.5%	405	0.5%
Total Liabilities	20,560	28.3%	(7,256)	-26.1%	27,816	37.6%
Shareholders' Equity	52,158	71.7%	6,091	13.2%	46,067	62.4%
Capital Stock	12,278	16.9%	146	1.2%	12,132	16.4%
Additional Paid-in Capital	19,452	26.7%	146	0.8%	19,306	26.1%
Surplus	20,516	28.2%	5,775	39.2%	14,741	20.0%
Others	5	0.0%	23	-	(18)	0.0%
Repurchased Stocks	(94)	-0.1%	0	0.0%	(94)	-0.1%
Total Liabilities, Shareholders' Equity	72,718	100.0%	(1,166)	-1.6%	73,884	100.0%

