

October 22, 2004

To: Whom it may concern,

Corporate Name: Net One Systems Co., Ltd.
President and CEO: Osamu Sawada
(Code: 7518 First Section of Tokyo Stock Exchange)
Director: Isao Nakamura
Inquiries regarding this news release:
IR Tomoaki Masuda
Telephone: 03-5462-0803

Notice regarding revised forecasts

Please be advised that the forecasts for the first half of fiscal year 2004, ending September 30, 2004, which was previously announced in May 11, 2004 announcement of financial statements have been revised as follows.

1. Revised forecast for the first half of fiscal year 2004 (April 1, 2004 to September 30, 2004)

(Consolidated)

(unit : million, %)

	Sales	Ordinary Profit	Current Net Income
Previous forecast (A)	59,700	5,300	3,000
Revised forecast (B)	57,300	4,300	2,300
Difference (B - A)	2,400	1,000	700
Ratio (B - A) / (A)	4.0%	18.9%	23.3%

(Non-Consolidated)

(unit : million, %)

	Sales	Ordinary Profit	Current Net Income
Previous forecast (A)	58,200	5,200	2,950
Revised forecast (B)	56,200	3,850	2,200
Difference (B - A)	2,000	1,350	750
Ratio (B - A) / (A)	3.4%	26.0%	25.4%

2 . Factors leading to revisions of forecasts

Amount of orders accepted during the first half of FY2004 amounted to 68,900M yen and there was a 20% increase compared to the first half of previous FY which recorded 569,93M yen as amount of orders accepted. In spite of this increase, due to factors including postponement to latter half of FY of orders from telecom related companies, sales did not reach the forecast by a small margin. With regard to net income, although gross profit margin remained unchanged from previous FY, as profit ratio of some sales were lower than forecast plan, ordinary profit ratio is expected to decline by approximately 1.4% from initial forecast of 8.9%.

With regard to forecasts for FY2004 (ending March 31, 2005,) due to factors as status of backlog of unfilled orders, and expectancy of sales to telecom related companies in the latter half of the FY, the initial forecasts for both consolidated and non-consolidated have not been revised.

<as announced on May 11, 2004>

Forecast for FY2004 (April 1, 2004 to March, 31, 2005)

(unit : million, %)

	Sales	Ordinary Profit	Current Net Income
Consolidated	146,000	13,000	7,200
Non-Consolidated	142,000	12,350	7,000

3. Reference

(Actual results for previous fiscal year)

FY2003 Interim period (April 1, 2003 to September 30, 2003)

(unit : million, %)

	Sales	Ordinary Profit	Current Net Income
Consolidated	50,804	3,323	1,869
Non-Consolidated	49,521	3,268	1,930

FY2003 (April 1, 2003 to March 31, 2004)

(unit : million, %)

	Sales	Ordinary Profit	Current Net Income
Consolidated	121,637	10,608	6,093
Non-Consolidated	119,287	10,234	6,089