



August 7, 2006

To: Whom it may concern,

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

Notice regarding revised forecasts

Please be advised that based on recent business performance trends, forecasts for the first half of fiscal year ending 2007 (April 1, 2006 to September 30, 2006) and forecasts for the fiscal year ending 2007 (April 1, 2006 to March 31, 2007) announced in May 10, 2006 announcement of financial statements have been revised as follows.

1 . Revised forecast for the first half of the fiscal year ending 2007 (April 1, 2006 to September 30, 2006)

(Consolidated)

(unit: million yen)

	Sales	Ordinary Profit	Current Net Income
Previous forecast (A)	51,000	3,000	1,720
Revised forecast (B)	51,000	2,000	1,170
Difference (B-A)	0	(1,000)	(550)
Ratio (B-A) / (A)		(33.3%)	(32.0%)
Previous FY interim period results	49,137	4,557	2,674

(Non-consolidated)

(unit: million yen)

	Sales	Ordinary Profit	Current Net Income
Previous forecast (A)	50,000	2,800	1,650
Revised forecast (B)	50,000	2,000	1,200
Difference (B-A)	0	(800)	(450)
Ratio (B-A) / (A)		(28.6%)	(27.3%)
Previous FY interim period results	48,193	3,876	2,234

2 . Revised forecast for the fiscal year ending 2007 (April 1, 2006 to March 31, 2007)

(Consolidated)

(unit: million yen)

	Sales	Ordinary Profit	Current Net Income
Previous forecast (A)	120,000	8,000	4,600
Revised forecast (B)	120,000	7,500	4,300
Difference (B-A)	0	(500)	(300)
Ratio (B-A) / (A)		(6.3%)	(6.5%)
Previous FY results	107,383	7,824	4,783

(Non-consolidated)

(unit: million yen)

	Sales	Ordinary Profit	Current Net Income
Previous forecast (A)	117,000	7,000	4,100
Revised forecast (B)	117,000	7,000	4,100
Difference (B-A)	0	0	0
Ratio (B-A) / (A)			
Previous FY interim period results	105,508	6,855	4,226

3 . Factors leading to revisions of forecasts

Market as a whole is expanding. This trend can be verified through increasing demand in different sectors. In the EP sector (non-governmental enterprises) there is an increasing demand for network restructuring. In the SP sector (telecom industries and ISPs), in spite of decreasing investments to existing infrastructures, due to investments related to new services, total investments are on a rise. In the Public Sector (central government, local governments, etc.), in addition to facility investments by government and other public offices/local governments, independent administrative agencies' demand for network related investments is on a rise.

Orders accepted for the current FY 1Q was 2,601,300M yen and this indicated 198,900M yen increase or 8.3% increase from previous FY 1Q's 2,402,400M yen. Decrease in profit per equipment, and increase in outsourcing fee contributed to decrease in gross profit margin and relative to facility investments for enhancement of service structure, increase in depreciation expense and development expense contributed to increase in selling, general and administrative expenses. These factors led to disappointing net profit.

As the company does not anticipate 2Q net profit to compensate for the plunge in the 1Q net profit, consolidated and non-consolidated interim period forecasts have been revised.

With regard to fiscal year forecasts, the company will strive to improve the cost element (procurement cost, etc.) and improve profit ratio in addition to increase sales

to achieve the beginning of the term business plan goals. However, as the company does not anticipate net profit to compensate for the plunge in profit of consolidated subsidiaries, consolidated forecasts for the FY have been revised.

(Note) Above-mentioned forecast are calculated based on currently available information and actual results may differ from the forecasts due to various unforeseeable factors.