

Analyst Briefing

Net One Systems

July 30, 2007

Orders Accepted/Sales (consolidated) based on Product Category

Orders Accepted

Yen in millions

	Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Network Integration Products	16,883	63.8%	333	2.0%	16,549	63.6%	66,964	61.3%
Network Computing Products	414	1.6%	(429)	-50.9%	843	3.2%	2,519	2.3%
Media Integration Products	1,919	7.2%	(152)	-7.4%	2,072	8.0%	9,618	8.8%
Service Integration Products	7,247	27.4%	700	10.7%	6,547	25.2%	30,066	27.6%
Total	26,464	100.0%	451	1.7%	26,013	100.0%	109,168	100.0%

Sales

Yen in millions

	Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Network Integration Products	12,071	56.5%	(1,354)	-10.1%	13,425	61.4%	69,574	63.7%
Network Computing Products	406	1.9%	3	0.9%	402	1.8%	2,451	2.2%
Media Integration Products	2,101	9.8%	332	18.8%	1,769	8.1%	8,750	8.0%
Service Integration Products	6,789	31.8%	503	8.0%	6,286	28.7%	28,516	26.1%
Total	21,368	100.0%	(515)	-2.4%	21,883	100.0%	109,292	100.0%

Backlog of Unfilled Orders

Yen in millions

	Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Network Integration Products	15,463	39.7%	(922)	-5.6%	16,386	43.1%	10,651	31.5%
Network Computing Products	366	0.9%	(364)	-49.8%	731	1.9%	358	1.0%
Media Integration Products	2,486	6.4%	382	18.2%	2,103	5.5%	2,667	7.9%
Service Integration Products	20,616	53.0%	1,747	9.3%	18,869	49.5%	20,159	59.6%
Total	38,933	100.0%	843	2.2%	38,090	100.0%	33,836	100.0%

Sales (Non-Consolidated) based on Product Category

Yen in millions

		Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
		Sales	Ratio	Amount	Ratio	Sales	Ratio	Sales	Ratio
NI (Network Integration) Products									
	Router	6,112	50.6%	(168)	-2.7%	6,280	46.7%	30,595	43.8%
	Swich	4,349	36.0%	(502)	-10.3%	4,851	36.1%	25,364	36.3%
	Others	1,626	13.5%	(688)	-29.7%	2,314	17.2%	13,889	19.9%
	NI Total	12,087	57.8%	(1,358)	-10.1%	13,445	62.8%	69,848	65.2%
	Total Corporate Sales	20,925	100.0%	(497)	-2.3%	21,422	100.0%	107,144	100.0%
NC (Network Computing) Products									
	Security	62	15.3%	(65)	-51.2%	127	31.6%	963	39.3%
	CDN Related	187	46.1%	70	59.8%	117	29.1%	785	32.0%
	Others	157	38.7%	(1)	-0.6%	158	39.3%	704	28.7%
	NC Total	406	1.9%	4	1.0%	402	1.9%	2,452	2.3%
	Total Corporate Sales	20,925	100.0%	(497)	-2.3%	21,422	100.0%	107,144	100.0%
MI (Media Integration) Products									
	Deployment	1,357	64.6%	108	8.6%	1,249	70.6%	5,474	62.5%
	Wireless	170	8.1%	72	73.5%	98	5.5%	766	8.7%
	CATV	516	24.5%	183	55.0%	333	18.8%	1,984	22.7%
	Others	59	2.8%	(31)	-34.4%	90	5.1%	535	6.1%
	MI Total	2,102	10.0%	332	18.8%	1,770	8.2%	8,759	8.2%
	Total Corporate Sales	20,925	100.0%	(497)	-2.3%	21,422	100.0%	107,144	100.0%
SI (Service Integration) Products									
	Engineering Service	604	9.5%	(62)	-9.3%	666	11.5%	3,271	12.5%
	Installation	904	14.3%	24	2.7%	880	15.2%	4,695	18.0%
	Operation Management	4,715	74.5%	534	12.8%	4,181	72.0%	17,672	67.7%
	Others	107	1.7%	29	37.2%	78	1.3%	448	1.7%
	SI Total	6,330	30.3%	525	9.0%	5,805	27.1%	26,086	24.3%
	Total Corporate Sales	20,925	100.0%	(497)	-2.3%	21,422	100.0%	107,144	100.0%

Sales based on Distribution Channel(Consolidated)


Breakdown of Orders Accepted based on Distribution Channel

Yen in millions

CNL	Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	8,594	32.5%	(512)	-5.6%	9,106	35.0%	42,355	38.8%
Service Provider	11,212	42.4%	(605)	-5.1%	11,817	45.4%	44,680	40.9%
Public Sector	6,657	25.1%	1,569	30.8%	5,088	19.6%	22,132	20.3%
Total	26,464	100.0%	451	1.7%	26,013	100.0%	109,168	100.0%

Breakdown of Sales based on Distribution Channel

Yen in millions

CNL	Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	8,478	39.7%	(288)	-3.3%	8,766	40.1%	41,311	37.8%
Service Provider	9,978	46.7%	123	1.2%	9,855	45.0%	43,534	39.8%
Public Sector	2,910	13.6%	(351)	-10.8%	3,261	14.9%	24,445	22.4%
Total	21,368	100.0%	(515)	-2.4%	21,883	100.0%	109,292	100.0%

Breakdown of Backlog of Unfilled Orders based on Distribution Channel

Yen in millions

CNL	Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	14,895	38.2%	821	5.8%	14,074	36.9%	14,779	43.7%
Service Provider	10,387	26.7%	334	3.3%	10,053	26.4%	9,227	27.3%
Public Sector	13,650	35.1%	(312)	-2.2%	13,962	36.7%	9,830	29.0%
Total	38,933	100.0%	843	2.2%	38,090	100.0%	33,836	100.0%

Sales based on Private Industry Sector(Consolidated)



Yen in millions

	Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Manufacturing								
Material Industry	141	0.7%	(14)	-9.0%	155	0.8%	869	0.9%
Electrical Equipment	1,294	6.5%	(181)	-12.3%	1,475	7.4%	6,754	7.2%
Transport Equipment	681	3.4%	177	35.1%	504	2.5%	3,527	3.8%
Crecision Machinery etc.	267	1.3%	27	11.3%	240	1.2%	1,560	1.7%
Other Manufacturing Industry	153	0.8%	28	22.4%	125	0.6%	425	0.5%
Manufacturing Industry Total	2,537	12.7%	36	1.4%	2,501	12.5%	13,136	14.1%
Non-Manufacturing								
Construction and Reai Estate	519	2.6%	(143)	-21.6%	662	3.3%	3,163	3.4%
Trade	1,346	6.7%	270	25.1%	1,076	5.4%	4,846	5.2%
Service	2,832	14.2%	557	24.5%	2,275	11.3%	12,690	13.6%
Software Development	1,294	6.5%	(324)	-20.0%	1,618	8.1%	6,473	6.9%
Communication/Mass Media	9,332	46.8%	(179)	-1.9%	9,511	47.5%	41,901	45.0%
Public Transportation etc.	405	2.0%	77	23.5%	328	1.6%	1,820	2.0%
Financial Institution	1,686	8.5%	(373)	-18.1%	2,059	10.3%	9,148	9.8%
Non-Manufacturing Industry Total	17,418	87.3%	(114)	-0.7%	17,532	87.5%	80,045	85.9%
Private Sector Sales Total	19,956	100.0%	(78)	-0.4%	20,034	100.0%	93,181	100.0%

Income Statement (consolidated)

Yen in millions

	Current FY 1Q①		Variance(①-②)		Previous Fy 1Q②		FY ending Mar,2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sales	21,368	100.0%	(515)	-2.4%	21,883	100.0%	109,292	100.0%
Cost of Goods Sold	16,003	74.9%	(1,045)	-6.1%	17,048	77.9%	84,856	77.6%
Gross Profit on Sales	5,365	25.1%	530	11.0%	4,834	22.1%	24,436	22.4%
SGA	4,890	22.9%	101	2.1%	4,788	21.9%	18,946	17.4%
Operating Profit	474	2.2%	428	922.5%	46	0.2%	5,489	5.0%
Non-Operating Profit/Loss	38	0.2%	64	—	(26)	-0.1%	9	0.0%
Ordinary Profit	513	2.4%	492	2376.4%	20	0.1%	5,498	5.0%
Extraordinary Profit/Loss	(7)	0.0%	(5)	330.7%	(1)	0.0%	(414)	-0.4%
Earning before tax	505	2.4%	486	2521.5%	19	0.1%	5,084	4.7%
Current Net Earning	231	1.1%	206	818.8%	25	0.1%	2,891	2.7%

Income Statement (Non-Consolidated)



Yen in millions

	Current FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sales	20,925	100.0%	(497)	-2.3%	21,422	100.0%	107,144	100.0%
Cost of Goods Sold	16,300	77.9%	(709)	-4.2%	17,010	79.4%	85,018	79.3%
Gross Profit on Sales	4,624	22.1%	212	4.8%	4,412	20.6%	22,125	20.7%
SGA	4,464	21.3%	170	4.0%	4,293	20.0%	17,083	16.0%
Operating Profit	160	0.8%	41	34.9%	118	0.6%	5,042	4.7%
Non-Operating Profit/Loss	44	0.2%	52	-653.9%	(8)	0.0%	77	0.1%
Ordinary Profit	204	1.0%	94	85.2%	110	0.5%	5,119	4.8%
Extraordinary Profit/Loss	(7)	0.0%	(6)	600.0%	(1)	0.0%	(368)	-0.4%
Earning before tax	197	0.9%	88	80.7%	109	0.5%	4,752	4.4%
Current Net Earning	114	0.5%	50	78.0%	64	0.3%	2,767	2.6%

Balance Sheet(Consolidated)

yen in millions

	Current FY 1Q①		Variance①-②		Previous FY 1Q②		FY ending Mar. 2007③		Variance①-③	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current Assets	68,455	86.3%	1,933	2.9%	66,522	85.7%	73,701	87.0%	(5,246)	-7.1%
Cash and Deposits	9,440	11.9%	(5,969)	-38.7%	15,410	19.9%	17,756	21.0%	(8,316)	-46.8%
Account Receivable etc.	23,239	29.3%	(2,894)	-11.1%	26,133	33.7%	30,954	36.6%	(7,715)	-24.9%
Inventory assets	11,286	14.2%	(1,635)	-12.7%	12,921	16.6%	10,584	12.5%	702	6.6%
Others	24,490	30.9%	12,432	103.1%	12,058	15.5%	14,407	17.0%	10,083	70.0%
Allowance for Doubtful Receivab	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Fixed Assets	10,847	13.7%	(255)	-2.3%	11,103	14.3%	10,899	12.9%	(52)	-0.5%
Tangible Fixed Assets	5,110	6.5%	(229)	-4.3%	5,340	6.9%	5,061	6.0%	49	1.0%
Intangible Fixed Assets	1,536	1.9%	(116)	-7.0%	1,652	2.1%	1,598	1.9%	(62)	-3.9%
Investment etc.	4,200	5.3%	90	2.2%	4,110	5.3%	4,238	5.0%	(38)	-0.9%
Total Assets	79,303	100.0%	1,678	2.2%	77,625	100.0%	84,601	100.0%	(5,298)	-6.3%
Current Liabilities	14,666	18.5%	(670)	-4.4%	15,337	19.8%	19,850	23.5%	(5,184)	-26.1%
Account Payable	6,405	8.1%	(1,839)	-22.3%	8,245	10.6%	12,272	14.5%	(5,867)	-47.8%
Short Term Debt	0	0.0%	(350)	-100.0%	350	0.5%	0	0.0%	0	—
Advancereceived	5,409	6.8%	458	45.7%	4,603	5.9%	3,911	4.6%	1,498	38.3%
Others	2,852	3.6%	713	33.3%	2,139	2.8%	3,667	4.3%	(815)	-22.2%
Fixed Liabilities	57	0.1%	(48)	-45.7%	105	0.1%	103	0.1%	(46)	-44.7%
Total Liabilities	14,723	18.6%	(718)	-4.7%	15,442	19.9%	19,953	23.6%	(5,230)	-26.2%
Shareholder's equity	63,630	80.2%	2,271	3.7%	61,359	79.0%	63,811	75.4%	(181)	-0.3%
Capital Stock	12,279	15.5%	0	0.0%	12,279	15.8%	12,279	14.5%	0	0.0%
Additional Pain-in Capital	19,453	24.5%	0	0.0%	19,453	25.0%	19,453	23.0%	0	0.0%
Consolidated Surplus	31,991	40.3%	2,271	7.6%	29,720	38.3%	32,173	38.0%	(182)	-0.6%
Repurchased Stock	(94)	-0.1%	0	0.0%	(94)	-0.1%	(94)	-0.1%	0	0.0%
Gains on valuation of other securities	159	0.2%	82	107.3%	77	0.1%	26	0.0%	133	511.5%
Difference from Securities Revaluati	10	0.0%	15	—	(4)	0.0%	(2)	0.0%	12	—
Deferral hedge gain and losses	149	0.2%	67	82.1%	81	0.1%	29	0.0%	120	413.8%
Minority Shareholder's Equity	789	1.0%	43	5.8%	746	1.0%	808	1.0%	(19)	-2.4%
Total Net Assets	64,579	81.4%	2,396	3.9%	62,182	80.1%	64,647	76.4%	(68)	-0.1%
Total Liabilities and Net Assets	79,303	100.0%	1,678	2.2%	77,625	100.0%	84,601	100.0%	(5,298)	-6.3%

Balance Sheet(Non-Consolidated)

Yen in millions

	Curret FY 1Q①		Variance(①-②)		Previous FY 1Q②		FY ending Mar.2007③		Variance(①-③)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current Assets	66,484	87.1%	1,076	1.6%	65,407	87.5%	71,948	88.1%	(5,464)	-7.6%
Cash and Deposits	7,365	9.7%	(6,454)	-46.7%	13,820	18.5%	15,845	19.4%	(8,480)	-53.5%
Account Receivable etc.	23,002	30.1%	(2,944)	-11.3%	25,946	34.7%	30,671	37.5%	(7,669)	-25.0%
Inventory assets	11,292	14.8%	(1,634)	-12.6%	12,927	17.3%	10,592	13.0%	700	6.6%
Others	24,826	32.5%	12,111	95.2%	12,715	17.0%	14,843	18.2%	9,983	67.3%
Allowance for Doubtful Receivables	(1)	0.0%	0	0.0%	(1)	0.0%	(1)	0.0%	0	0.0%
Fixed Assets	9,829	12.9%	510	5.5%	9,319	12.5%	9,735	11.9%	94	1.0%
Tangible Fixed Assets	4,258	5.6%	283	7.1%	3,974	5.3%	4,161	5.1%	97	2.3%
Intangible Fixed Assets	1,334	1.7%	(49)	-3.6%	1,384	1.9%	1,372	1.7%	(38)	-2.8%
Investment etc.	4,236	5.6%	276	7.0%	3,960	5.3%	4,200	5.1%	36	0.9%
Total Assets	76,314	100.0%	1,586	2.1%	74,727	100.0%	81,683	100.0%	(5,369)	-6.6%
Current Liabilities	13,558	17.8%	(454)	-3.2%	14,012	18.8%	18,730	22.9%	(5,172)	-27.6%
Account Payable	6,479	8.5%	(1,773)	-21.5%	8,253	11.0%	12,425	15.2%	(5,946)	-47.9%
Advancereceived	4,777	6.3%	759	18.9%	4,018	5.4%	3,281	4.0%	1,496	45.6%
Others	2,302	3.0%	561	32.2%	1,741	2.3%	3,024	3.7%	(722)	-23.9%
Fixed Liabilities	42	0.0%	(30)	-41.8%	73	0.1%	73	0.1%	(31)	-42.5%
Total Liabilities	13,600	17.8%	(485)	-3.4%	14,086	18.9%	18,803	23.0%	(5,203)	-27.7%
Shareholder's equity	62,533	82.0%	1,989	3.3%	60,563	81.0%	62,852	77.0%	(319)	-0.5%
Capital Stock	12,279	16.1%	0	0.0%	12,279	16.4%	12,279	15.1%	0	0.0%
Additional Pain-in Capital	19,453	25.5%	0	0.0%	19,453	26.0%	19,453	23.8%	0	0.0%
Consolidated Surplus	30,914	40.5%	1,989	6.9%	28,925	38.7%	31,214	38.2%	(300)	-1.0%
Repurchased Stock	(94)	-0.1%	0	0.0%	(94)	-0.1%	(94)	-0.1%	0	0.0%
Gains on valuation of other securities	159	0.2%	82	107.3%	77	0.1%	26	0.0%	133	511.5%
Difference from Securities Revaluatio	10	0.0%	14	—	(4)	0.0%	(2)	0.0%	12	—
Deferral hedge gain and losses	149	0.2%	67	82.1%	81	0.1%	29	0.0%	120	413.8%
Total Net Assets	62,713	82.2%	2,072	3.4%	60,640	81.1%	62,879	77.0%	(166)	-0.3%
Total Liabilities and Net Assets	76,314	100.0%	1,586	2.1%	74,727	100.0%	81,683	100.0%	(5,369)	-6.6%

Quarterly Orders Accepted/Sales based on Distribution Channel

Breakdown of Orders Accepted/Sales in 2006 based on Distribution Channel(Consolidated)

Yen in m

	1Q 2006		2Q 2006		1H 2006		3Q 2006		4Q 2006		2H 2006		Full FY 2006	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
CNL														
Enterprise	9,106	35.0%	10,824	38.1%	19,930	36.6%	11,877	42.5%	10,548	39.3%	22,425	40.9%	42,355	38.8%
Service Provider	11,817	45.4%	10,522	37.1%	22,339	41.1%	10,271	36.8%	12,070	45.0%	22,341	40.8%	44,680	40.9%
Public Works	5,088	19.6%	7,047	24.8%	12,135	22.3%	5,768	20.7%	4,229	15.8%	9,997	18.3%	22,132	20.3%
Total	26,013	100.0%	28,392	100.0%	54,405	100.0%	27,915	100.0%	26,848	100.0%	54,763	100.0%	109,168	100.0%

Breakdown of Orders Accepted/Sales in 2007 based on Distribution Channel(Consolidated)

Yen in m

	1Q 2007		2Q 2007		1H 2007		3Q 2007		4Q 2007		2H 2007		Full FY 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
CNL														
Enterprise	8,594	32.5%												
Service Provider	11,212	42.4%												
Public Works	6,657	25.1%												
Total	26,464	100.0%												

2006 Versus 2007

Yen in m

	1Q 2007		2Q 2007		1H 2007		3Q 2007		4Q 2007		2H 2007		Full FY 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
CNL														
Enterprise	(512)	-5.6%												
Service Provider	(605)	-5.1%												
Public Works	1,569	30.8%												
Total	451	1.7%												

Quarterly Sales based on Distribution Channel



Breakdown of Sales in 2006 based on Distribution Channel(Consolidated)

Yen in mi

	1Q 2006		2Q 2006		1H 2006		3Q 2006		4Q 2006		2H 2006		Full FY 2006	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
CNL														
Enterprise	8,766	40.1%	11,066	39.3%	19,832	39.7%	9,833	37.7%	11,646	35.1%	21,479	36.2%	41,311	37.8%
Service Provider	9,855	45.0%	11,874	42.2%	21,729	43.4%	11,057	42.4%	10,748	32.4%	21,805	36.8%	43,534	39.8%
Public Works	3,261	14.9%	5,191	18.5%	8,452	16.9%	5,174	19.9%	10,819	32.6%	15,993	27.0%	24,445	22.4%
Total	21,883	100.0%	28,132	100.0%	50,015	100.0%	26,063	100.0%	33,214	100.0%	59,277	100.0%	109,292	100.0%

Breakdown of Sales in 2007 based on Distribution Channel(Consolidated)

	1Q 2007		2Q 2007		1H 2007		3Q 2007		4Q 2007		2H 2007		Full FY 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
CNL														
Enterprise	8,478	39.7%												
Service Provider	9,978	46.7%												
Public Works	2,910	13.6%												
Total	21,368	100.0%												

2006 versus 2007

	1Q 2007		2Q 2007		1H 2007		3Q 2007		4Q 2007		2H 2007		Full FY 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
CNL														
Enterprise	(288)	-3.3%												
Service Provider	123	1.2%												
Public Works	(351)	-10.8%												
Total	(515)	-2.4%												



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