



Financial Report for FY 2007 (ending March 2008)

October 29, 2007

Name of registered company: Net One Systems Co., Ltd.
 Location of stock listing: First Section of Tokyo Stock Exchange
 Stock Code Number: 7518
 (URL <http://www.netone.co.jp/index.html>)

Representative President & CEO Osamu SAWADA
 Inquiries General Manager, Tadashi ARIMA Telephone: (03)5462-0800
 Administrative Headquarters
 Expected filing date of annual report December 14, 2007 Expected date of dividend payment start November 30, 2007

1. Business results for FY 2007 (April 1, 2007 to September 30, 2007)

(1) Consolidated financial results

(Percentage: increase/decrease against previous fiscal year)

	Sales		Operating Profit		Ordinary Profit		Current Net Income	
	Million yen	(%)	Million yen	(%)	Million yen	(%)	Million yen	(%)
Six months ended Sept. 30, 2007	48,459	(- 3.1)	2,092	(10.0)	2,182	(15.0)	1,148	(5.2)
Six months ended Sept. 30, 2006	50,015	(1.8)	1,902	(- 57.5)	1,896	(- 58.4)	1,091	(- 59.2)
(Reference) Year ended March 2006	109,292	—	5,489	—	5,498	—	2,891	—

	Current net income per Share		Current net income per share assuming full dilution	
	yen	sen	yen	sen
Six months ended Sept. 30, 2007	2,138	18	—	—
Six months ended Sept. 30, 2006	1,977	93	—	—
(Reference) Year ended March 2006	5,241	81	—	—

(reference) Equity in net earnings of affiliated companies
 Six months ended September 2007: 7 Million yen
 Six months ended September 2006: (30) Million yen
 FY ended March 2007: (55) Million yen

(2) Consolidated financial position

	Total assets	Net assets	Net assets ratio	Net assets per share	
	Million yen	Million yen	%	yen	sen
Six months ended Sept. 30, 2007	75,375	57,620	75.4	113,940	42
Six months ended Sept. 30, 2006	81,279	63,233	76.9	113,291	46
(Reference) Year ended March 2006	84,601	64,647	75.5	115,715	08

(reference)

Net assets

Six months ended September 2007: 56,804 Million yen

Six months ended September 2006: 62,501 Million yen

FY ended March 2007: 63,838 Million yen

(3) Consolidated cash flow

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of the year
	Million yen	Million yen	Million yen	Million yen
Six months ended Sept. 30, 2007	895	- 1,596	- 8,038	21,014
Six months ended Sept. 30, 2006	4,752	- 1,710	- 414	27,684
(Reference) Year ended March 2006	9,117	3,245	- 1,175	29,754

2. Status of dividends

(Date of record)	Dividend per share					
	Interim period		End of the term		Annual total	
	yen	sen	yen	sen	yen	sen
FY ended March 2007	750	00	750	00	1,500	00
FY ending March 2008	750	00			2,000	00
FY ending March 2008 (Forecast)			1,250	00		

(Note) Details of end of the term dividend for FY ending 2008 (forecast)

Commemorative dividend 500.00 yen

3. Forecast for the consolidated FY ending March 31, 2008 (April 1, 2007 to March 31, 2008)

(Percentage: increase/decrease against previous fiscal year or interim period)

	Sales		Operating profit		Ordinary profit		Current net income		Current net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen	sen
FY ending March 2008	110,000	(0.6)	4,600	(- 16.2)	4,700	(- 14.5)	2,400	(- 17.0)	4,634	98

4. Others

(1) Changes to significant subsidiaries during the FY (changes to wholly owned specified subsidiaries affecting the scope of consolidation) none

(2) Changes to principle, procedure, methods of presentation for accounting for the creation of consolidated financial statements (indicated in changes to significant matters related to the creation of consolidated financial statements)

① changes related to revision of accounting standard, etc. yes

② changes other than ① yes

(Note) For details, please refer to significant items regarding basis of creation of consolidated financial statements on page 18.

(3) Outstanding stocks (Common Stocks)

① End of the term outstanding stocks (including treasury stocks)

Six months ending September 2007 551,900

Six months ending September 2006 551,900

Six months ending March 2007 551,900

② End of the term treasury stocks

Six months ending September 2007 53,354

Six months ending September 2006 211

Six months ending March 2007 211

(Note) Please refer to "Per share information" on page 30 for basis of number of shares for calculation of current net income per share.

(Reference) Non-consolidated financial results

1. Business results for FY interim period 2007 (April 1, 2007 to September 30, 2007)

(1) Non-consolidated financial results

(% for the FY or interim period are ratio of increase or decrease against previous FY or interim period)

	Sales	Operating profit	Ordinary profit	Current net income
	Million yen	Million yen	Million yen	Million yen
Six months ended Sept. 30, 2007	47,581 (- 3.0)	1,608 (- 18.8)	1,690 (- 16.0)	939 (- 18.7)
Six months ended Sept. 30, 2006	49,030 (1.7)	1,979 (- 47.9)	2,012 (- 48.1)	1,155 (- 48.3)
(Reference) Year ended March 2006	107,144 —	5,042 —	5,119 —	2,767 —

	Current Net Income per Share
	yen sen
Six months ended Sept. 30, 2007	1,750 25
Six months ended Sept. 30, 2006	2,094 93
(Reference) Year ended March 2006	5,015 53

(2) Non-consolidated financial results

	Total Assets	Net Assets	Net Assets Ratio	Net Assets Per Share	
	Million yen	Million yen	%	yen	sen
Six months ended Sept. 30, 2007	72,143	55,637	77.1	111,599	11
Six months ended Sept. 30, 2006	78,297	61,732	78.8	111,896	62
Year ended March 2006	81,683	62,879	77.0	113,976	95

(reference) Net assets

Six months ended September 2007: 55,637 Million yen

Six months ended September 2006: 61,732 Million yen

FY ended March 2007: 62,879 Million yen

2. Forecast for the non-consolidated FY ending March 31, 2008 (April 1, 2007 to March 31, 2008)

(% for the FY or interim period are ratio of increase or decrease against previous FY or interim period)

	Sales		Operating Profit		Ordinary Profit		Current Net Income		Current Net Income per Share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen	sen
FY ending March 2008	108,000	(0.8)	4,100	(- 18.7)	4,200	(- 18.0)	2,200	(- 20.5)	4,248	73

(Note)The above forecast is based on currently available information and the actual business performance may differ in relation to various factors.

With regard to particulars related to above forecast, please refer to 1. Operating Results and Financial Status (1) (Forecast for the next FY) on page 5 to 6.

1. Operating results

(1) Operating results

(Operating results for current FY interim period)

With regard to trends for orders accepted during current consolidated FY interim period, among corporate sector (EP Sector: 4.7% decrease from previous FY interim period), service, public transportation, finance industry showed increase while electronic products, transportation equipment and building and real estate business showed decrease. Within Telecom and Service provider (ISP) Sector (SP Sector: 5.3% decrease from previous FY interim period), the demand for investments on existing facilities continued weak while selective investments by ISPs picked up and joint order with telecom companies was also on the rise. With regard to public sector (Public Sector: 1.2% increase from previous FY interim period) the Company was awarded contracts with central government and local governments and as a result, orders accepted was 52,416M yen (3.7% decrease from previous FY interim period). The Company is strengthening service business (operational management, etc. including construction) and as can be seen in product category (page XX), while sales of equipment such as network equipment are on a decline, operational support service continued to increase.

Under this environment, as sales decreased by 3.6% in EP sector, 0.9% in SP sector and 7.6% in public sector, sales was 48,459M yen (decrease of 3.1% from previous FY interim period). Sales for network equipment was 30,125M yen (8.3% decrease from previous FY interim period) and sales for service business (operation and management including construction) was 18,343M yen (6.8% increase from previous FY interim period.)

With regard to profit, as gross profit margin increased by 1.6% (current consolidated FY interim period was 24.5%, previous consolidated FY was 22.9%.) gross profit was 11,882M yen (3.9% increase from previous FY interim period). A significant factor for this was the increase in the proportion of service business (operational management including construction) among total sales. In spite of increase in selling and general administrative expenses by 255M yen (2.7% increase from previous FY interim period) operating profit was 2,092M yen (10.0% increase from previous FY interim period), and ordinary profit was 2,182M yen (15.0% increase from previous FY interim period), and net income for the FY interim period was 1,148M yen (5.2% increase from previous FY interim period).

(Forecast for the next FY)

Demand for investment by EP sector continues strong especially in areas of IP telephony and web, and datacenter redevelopment. Likewise in public sector, as well as investments by central government and local government are on the rise. With regard to SP sector, facility investments relating to new services are also expected.

On the other hand, sales of network equipment will likely to continue to face difficult conditions. However, the Company undertakes to increase profit margin by searching and establishing most advanced technologies, strengthening solution plans, expanding service business and reducing cost.

Under current condition, forecast for FY ending March 2008 (April 1, 2007 to March 31, 2008) announced in May 9, 2007 have been revised as follows..

(Consolidated)

(unit: million yen)

	Sales	Operating Profit	Ordinary Profit	Current net income
Previous forecast (A)	112,000	4,700	4,700	2,700
Revised forecast (B)	110,000	4,600	4,700	2,400
Difference (B-A)	-2,000	-100	—	-300
Ratio(B-A)/(A)	-1.8%	-2.1%	—	-11.1%
Previous FY (FY ending March 2008)	109,292	5,489	5,498	2,891

(Non-consolidated)

(unit: million yen)

	Sales	Operating Profit	Ordinary Profit	Current net income
Previous forecast (A)	110,000	4,500	4,500	2,600
Revised forecast (B)	108,000	4,100	4,200	2,200
Difference (B-A)	-2,000	-400	-300	-400
Ratio(B-A)/(A)	-1.8%	-8.9%	-6.7%	-15.4%
Previous FY (FY ending March 2008)	107,144	5,042	5,119	2,767

(Note) The above business forecast is based on conditions our company determines to be reasonable and may vary significantly from actual business results. Factors that may affect the actual results include, but are not limited to 1) changes in economic conditions and market demand surrounding our company, and 2) sharp fluctuation in currency exchange.

(2) Analysis regarding financial status

(Analysis regarding status of assets, liabilities, net assets and cash flow)

In comparison to the previous consolidated FY (as of September 30, 2006), total assets at the end of this consolidated FY interim period was 75,375M yen and decreased by 7.3%. Total assets was comprised of 64,562M yen (decrease of 8.0% from previous FY interim period) of current assets and 10,813M yen (decrease of 2.3% decrease from previous FY interim period) of fixed assets. Total liabilities was 17,755M yen (decrease of 1.6% from previous FY interim period). Total net assets was 57,620M yen (8.9% decrease from previous FY interim period). Prominent cause of decrease in current assets and net assets was the market purchase of treasury shares (number of shares: 53,143 shares; purchase price: 7,607M yen) which drastically reduced the cash and deposits (current assets) and net assets. Net assets decreased relative to increase in treasury shares (exception from shareholders' equity).

With regard to non-consolidated report, current assets decreased by 5,596M yen as cash and deposits and marketable securities (negotiable deposits and commercial paper) decreased by 6,670M yen, note receivables and account receivables -trade decreased by 1,127M yen and inventories increased by 1,560M yen. Due to decrease in furniture, fixtures and equipment, fixed assets decreased by 307M yen.

With regard to liabilities, in spite of increase in advance received, decrease in accounts payable and redemption of short term loans led to total of 290M yen decrease. Net assets was 5,613M yen.

In comparison to end of previous FY (FY ended March 31, 2007), cash and deposits and marketable securities (negotiable deposits and commercial paper) decreased by 8,740M yen in total, notes receivables and accounts receivables –trade decreased by 5,075M yen, inventories increased by 3,895M yen and relative to this, current assets decreased by 9,139M yen. Also, as fixed assets decreased by 86M yen, total assets decreased by 9.225M yen. Due to decrease in accounts payable, total liabilities decreased by 2,198M yen and total net assets also decreased by 7,026M yen.

Balance of cash and cash equivalents at the end of current consolidated FY interim period was 21,014M yen. This indicated 6,670M yen decrease (24.1% decrease). During current consolidated FY interim period, there were 895M yen positive cash flow from operating activities, 1,596M yen negative cash flow from investing activities, and 8,038M yen negative cash flow from financing activities.

During current consolidated FY interim period, cash flow based on operating activities decreased by 3,856M yen and resulted in positive cash flow at 895M yen. This is mainly due to 3,935M yen decrease in income from decrease in amount collected from accounts receivable. For cash flow from investing activities, with decreases resulting from expenditure relative to acquisition of tangible fixed assets, the expenditure decreased by 113M yen and resulted in negative cash flow of 1,596M yen. For cash flow based on financing activities, there was a 7,624M yen increase in expense and resulted in negative cash flow of 8,038M yen. This is relative to increase in expenditure of 7,624M yen relative to purchase of treasury stocks.

(Cash Flow reference trend)

	FY2004 (ending March 2005)	FY2005 (ending March 2006)	FY2006 (ending March 2007)	Six months ended September 2007
Net assets ratio	71.8%	72.7%	75.5%	75.4%
Net assets ratio for shares based on market value	187.7%	157.1%	91.3%	84.0%
Interest bearing liabilities to cash flow ratio	0.0%	0.0%	- %	- %
Interest coverage ratio	3,888.8	1,969.0	1,905.0	- %

Note:

1. Net assets ratio: Net assets/ Total assets
Net assets ratio for shares based on market value: Total market value of shares/ Total assets
Interest bearing liabilities to cash flow ratio: Interest-bearing liabilities/ Operating cash flow
Interest coverage ratio: Operating cash flow/ Interest payment

2. Each calculation is based on financial value from consolidated statement.
3. Total value of stocks at market value was calculated using closing stock price at FY interim period (FY) end * number of stocks issued at end of FY interim period (FY) (excluding treasury stocks). For stock splits, the calculations were based on ex-rights price after adjustments.
4. For operating cash flow (consolidated), operating cash flow from consolidated cash flow statement was used. Interest-bearing liabilities cover all liabilities with interest included in balance sheet. With regard to interest payment, interest payment amount in consolidated cash flow statement was used.
5. For calculation of cash flow to debt ratio for six months period, the operating cash flow has been doubled to calculate the annual amount.
6. For FY with negative operating cash flow, or FY with no interest bearing-liabilities or interest payment, no calculations were made to interest bearing liabilities to cash flow ratio and interest coverage ratio.

(3) Basic policy for profit sharing and dividends for current FY and interim period

The Company's basic policy is to aim to maximize shareholder profit through increasing corporate value. The Company aims to improve shareholders' equity which is the basis for sustaining and strengthening expansion and growth of management structure and at the same time provide long-term and stable shareholder profit that appropriately reflects the business performance. Under this basic policy, the Company aims to provide 30% or above consolidated dividend payout for FY2011 consolidated period. For the time being, through considering business performance, the Company proposes for 20% or above consolidated dividend payout.

An interim dividend of 750 yen per share will be issued during current FY. At the end of FY ending March 2008, the Company plans to provide a common dividend of 750 yen per share and 500 yen commemorative dividend (celebrating 20th year of the establishment of the company).

2. Status of Corporate Group

As there are no significant changes to the Business Organization Diagram (description of business) and Status of Affiliated Companies included in most recent Annual Security Report (submitted on June 25, 2007), disclosure of status of corporate group has been omitted.

3. Management Policy

As there are no significant changes to Financial Reports for FY 2006 (disclosed on May 9, 2007), disclosure of management policy has been omitted.

This Financial Results for FY 2006 can also be viewed from the following URL.

(Net One Systems homepage)

<http://www.netone.co.jp/index.html>

(Tokyo Stock Exchange homepage (search engine page for information on listed companies))

<http://www.tse.or.jp/listing/compsearch/index.html>

4. Consolidated financial statements

(1) Consolidated balance sheet

(unit: rounded down to the nearest million yen)

	End of Previous FY Interim Period (as of Sept. 30, 2006)		End of Previous FY Interim Period (as of Sept. 30, 2007)		Previous FY Edited Balance Sheet (as of March 31, 2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
ASSETS		%		%		%
I Current Assets	70,158	86.3	64,562	85.7	73,701	87.1
1. Cash and deposits	18,186		10,016		17,756	
2. Notes and accounts receivable - trade	27,005		25,878		30,954	
3. Short-term investments	9,498		10,997		11,997	
4. Inventories	12,918		14,479		10,584	
5. Deferred income taxes	589		695		636	
6. Others	1,960		2,496		1,773	
Allowance for doubtful receivables	- 0		- 0		- 0	
II Fixed Assets	11,120	13.7	10,813	14.3	10,899	12.9
1. Tangible assets	5,479	6.7	5,101	6.7	5,061	6.0
(1) Furniture, fixtures and equipment	5,002		4,617		4,597	
(2) Others	477		483		464	
2. Other intangible assets	1,612	2.0	1,563	2.1	1,598	1.9
(1) Goodwill	14		8		12	
(2) Other assets	1,598		1,554		1,586	
3. Investment and other assets	4,027	5.0	4,148	5.5	4,238	5.0
(1) Investment securities	561		696		746	
(2) Deferred income taxes	2,277		2,280		2,351	
(3) Other assets	1,414		1,397		1,366	
Allowance for doubtful receivables	- 226		- 225		- 225	
Total assets	81,279	100.0	75,375	100.0	84,601	100.0
LIABILITIES						
I Current liabilities	17,941	22.1	17,698	23.5	19,850	23.5
1. Accounts payable - trade	9,830		9,221		12,272	
2. Short-term loans	350		—		—	
3. Accrued expenses	873		1,016		1,117	
4. Accrued corporation tax etc.	885		892		895	
5. Advance received	4,649		5,025		3,911	
6. Allowance for bonuses	593		671		637	
7. Allowance for bonuses for executives	—		—		22	
8. Other current liabilities	757		870		993	
II Long term liabilities	104	0.1	56	0.1	103	0.1
1. Long-term accrued expenses	93		47		93	
2. Other long-term liabilities	10		8		9	
TOTAL LIABILITIES	18,045	22.2	17,755	23.6	19,953	23.6
NET ASSETS						
I Shareholders' equity	62,424	76.8	56,938	75.5	63,811	75.4
1. Capital stock	12,279	15.1	12,279	16.3	12,279	14.5
2. Additional paid-in capital	19,453	23.9	19,453	25.8	19,453	23.0
3. Accumulated earnings	30,786	37.9	32,907	43.6	32,173	38.0
4. Treasury stocks	- 94	- 0.1	- 7,702	- 10.2	- 94	- 0.1
II Revaluation and translation adjustments	76	0.1	- 134	- 0.2	26	0.0

1. Securities revaluation adjustment	- 3	- 0.0	1	0.0	- 2	- 0.0
2. Deferred charge from hedging instruments	80	0.1	- 135	- 0.2	29	0.0
III Minority interests	731	0.9	815	1.1	808	1.0
Total net assets	63,233	77.8	57,620	76.4	64,647	76.4
Total liabilities and net assets	81,279	100.0	75,375	100.0	84,601	100.0

(2) Consolidated income statements

(unit: figures are rounded down to nearest million yen)

	Previous FY April 1, 2006 to September 30, 2006		Current FY April 1, 2007 to September 30, 2007		Previous FY edited income statement April 1, 2006 to March 31, 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
I Sales	50,015	100.0	48,459	100.0	109,292	100.0
II Cost of goods sold	38,577	77.1	36,577	75.5	84,856	77.6
Gross profit on sales	11,437	22.9	11,882	24.5	24,436	22.4
III Selling, general and administrative expense	9,534	19.1	9,790	20.2	18,946	17.4
Operating profit	1,902	3.8	2,092	4.3	5,489	5.0
IV Non-Operating Income	52	0.1	111	0.2	99	0.1
1. Interest Income	11		62		44	
2. Dividends	1		—		1	
3. Investment gain on equity method	—		7		—	
4. Income from work from affiliated companies	—		—		3	
5. Exchange gain on foreign currencies	—		7		—	
6. Dividend from group insurance	28		13		31	
7. Other Income	11		20		18	
V Non-operating expense	58	0.1	21	0.0	90	0.1
1. Interest expense	2		—		4	
2. Investment loss on equity method	30		—		55	
3. Expenses for purchase of treasury stocks	—		17		—	
4. Exchange loss on foreign currencies	16		—		6	
5. Commitment fee	4		—		9	
6. Investment operation loss	4		3		10	
7. Other loss	0		0		5	
Ordinary profit	1,896	3.8	2,182	4.5	5,498	5.0
VI Extraordinary profit	0	0.0	3	0.0	0	0.0
1. Reversal of allowance for doubtful receivables	0		0		0	
2. Profit on change in equity	—		2		—	
VII Extraordinary loss	22	0.0	34	0.1	414	0.3
1. Loss from removal of fixed assets	3		8		134	
2. Loss from sale of investment securities	—		0		2	
3. Loss on sales of stocks of affiliated companies	—		15		—	
4. Loss from revaluation of investment securities	—		11		24	
5. Loss on revaluation of affiliated company's stocks	—		—		34	
6. Loss from relocation of affiliated company	19		—		19	
7. Loss from termination of business relocation	—		—		199	
Income before income taxes	1,875	3.8	2,151	4.4	5,084	4.7

Income taxes current	742	1.5	799	1.6	2,162	2.1
Income taxes deferred	77	0.2	123	0.3	- 9	- 0.0
Minority interests (- loss)	- 36	- 0.1	80	0.1	40	0.0
Current net income	1,091	2.2	1,148	2.4	2,891	2.6

(3) Consolidated statement of changes in shareholders' equity

Previous consolidated FY interim period (April 1, 2006 to September 30, 2006)

(unit: rounded down to the nearest million yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Accumulated earnings	Treasury stocks	Total shareholders' equity
Balance as of March 31, 2006	12,279	19,453	30,140	- 94	61,778
Changes during the period					
Dividends from accumulated earnings (Note)			- 413		- 413
Executive bonuses (Note)			- 30		- 30
Net income for the period			1,091		1,091
Changes (net) in items other than shareholders' equity					
Total changes during the period	-	-	646	-	646
Balance as of September 30, 2006	12,279	19,453	30,786	- 94	62,424

	Revaluation and translation adjustments			Minority interests securities revaluation adjustment	Total net assets deferred charges from hedging instruments
	Securities revaluation adjustment	Deferred charges from hedging instruments	Total revaluation and translation adjustments		
Balance as of March 31, 2006	- 5	-	- 5	770	62,542
Changes during the period					
Dividends from accumulated earnings (Note)					- 413
Executives bonuses (Note)					- 30
Net income for the period					1,091
Change (net) in items other than shareholders' equity	1	80	82	- 38	44
Total changes during the period	1	80	82	- 38	690
Balance as of September 30, 2006	- 3	80	76	731	63,233

(Note) These are items under plan for appropriation of earnings in ordinary general meeting of shareholders held in June 2006.

Current Consolidated FY Interim Period (April 1, 2007 to September 30, 2007)

(unit: rounded down to the nearest million yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Accumulated earnings	Treasury stocks	Total shareholders' equity
Balance as of March 31, 2007	12,279	19,453	32,173	- 94	63,811
Changes during the period					
Dividends from accumulated earnings (Note)			- 413		- 413
Executive bonuses (Note)			1,148		1,148
Net income for the period				- 7,607	- 7,607
Changes (net) in items other than shareholders' equity					
Total changes during the period	-	-	734	- 7,607	- 6,873
Balance as of September 30, 2007	12,279	19,453	32,907	- 7,702	56,938

	Revaluation and translation adjustments			Minority interests securities revaluation adjustment	Total net assets deferred charges from hedging instruments
	Securities revaluation adjustment	Deferred charges from hedging instruments	Total revaluation and translation adjustments		
Balance as of March 31, 2007	- 2	29	26	808	64,647
Changes during the period					
Dividends from accumulated earnings (Note)					- 413
Executives bonuses (Note)					1,148
Net income for the period					- 7,607
Change (net) in items other than shareholders' equity	4	- 165	- 161	7	- 153
Total changes during the period	4	- 165	- 161	7	- 7,026
Balance as of September 30, 2007	1	- 135	- 134	815	57,620

Previous Consolidated FY (April 1, 2006 to March 31, 2007)

(unit: rounded down to the nearest million yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Accumulated earnings	Treasury stocks	Total shareholders' equity
Balance as of March 31, 2006	12,279	19,453	30,140	- 94	61,778
Changes during the period					
Dividends from accumulated earnings (Note)			- 413		- 413
Dividends from accumulated earnings (Interim Period)			- 413		- 413
Executives bonuses (Note)			- 30		- 30
Net income for the period			2,891		2,891
Change (net) in items other than shareholders' equity					
Total changes during the period	-	-	2,033	-	2,033
Balance as of March 31, 2007	12,279	19,453	32,173	- 94	63,811

	Revaluation and translation adjustments			Minority interests securities revaluation adjustment	Total net assets deferred charges from hedging instruments
	Securities revaluation adjustment	Deferred charges from hedging instruments	Total revaluation and translation adjustments		
Balance as of March 31, 2006	- 5	-	- 5	770	62,542
Changes during the period					
Dividends from accumulated earnings (Note)					- 413
Dividends from accumulated earnings (Interim Period)					- 413
Executives bonuses (Note)					- 30
Net income for the period					2,891
Change (net) in items other than shareholders' equity	2	29	32	38	70
Total changes during the period	2	29	32	38	2,104
Balance as of March 31, 2007	- 2	29	26	808	64,647

These are items under plan for appropriation of earnings in ordinary general meeting of shareholders held in June 2006.

(4) Consolidated Cash Flow Statement

(unit: rounded down to the nearest million yen)

	Previous Interim Period April 1, 2006 to September 30, 2006	Current Interim Period April 1, 2007 to September 30, 2007	Previous FY April 1, 2006 to March 31, 2007
	Amount	Amount	Amount
I Cash flow from operating activities			
Current net income before taxes	1,875	2,151	5,084
Depreciation and amortization	1,380	1,283	3,021
Amortization of goodwill	1	1	3
Increase in allowance for bonus	48	34	92
Increase or decrease in allowance for executives' bonus	—	- 22	22
Decrease in allowance for doubtful accounts	- 0	- 0	- 0
Interests and dividends income	- 12	- 62	- 45
Equity in losses of affiliates	30	- 7	55
Interest payment	2	—	4
Loss from sales of investment securities	—	0	2
Loss from sale of affiliated company's stocks	—	15	—
Loss on revaluation of investment securities	—	11	24
Loss on revaluation of affiliated company's stocks	—	—	34
Decrease in accounts receivable	10,125	6,190	5,439
Increase or Decrease in inventories	- 1,712	- 3,895	622
Increase or decrease of accrued consumption tax receivable	158	- 47	158
Increase of other current assets	- 350	- 640	- 208
Decrease of purchase liabilities	- 5,313	- 3,050	- 2,873
Increase or decrease of accrued consumption tax payable	- 28	- 151	131
Decrease of other current liabilities	- 285	- 132	- 49
Payment for executives' bonuses	- 32	—	- 32
Others	- 123	- 82	17
Sub-total	5,763	1,593	11,504
Interests and dividends received	11	61	44
Interest paid	- 2	—	- 4
Income taxes paid	- 1,059	- 792	- 2,472
Others	39	33	45
Net cash provided by operating activities	4,752	895	9,117
II Cash flow from investing activities			
Expenditure from short term loan	- 0	—	—
Expenditure from purchase of tangible fixed assets	- 1,491	- 1,299	- 2,559
Expenditure from purchase of intangible fixed assets	- 200	- 204	- 392
Expenditure from purchase of investment securities	- 40	—	- 313
Proceeds from Sell-off of investment securities	—	28	0
Expenditure from purchase of affiliated company stocks	—	- 70	—
Expenditure from loan	—	- 8	- 11
Proceeds from collection of loan	—	4	23
Expenditure from long term loan	- 3	—	—
Proceeds from collection of long term loan	13	—	—
Expenditure from payment of initial investment	- 2	- 3	- 3
Proceeds from collection of initial investment	1	0	1
Others	12	- 44	10
Net cash used in investing activities	- 1,710	- 1,596	- 3,245

III Cash flow from financing activities			
Net decrease in short-term loans	—	—	- 350
Expenditure from purchase of treasury stocks	—	- 7,624	—
Dividends paid	- 414	- 414	- 825
Net cash provided by (used in) financing activities	- 414	- 8,038	- 1,175
IV Net increase (decrease) in cash and cash equivalents	2,628	- 8,740	4,697
V Beginning balance of cash and cash equivalents	25,056	29,754	25,056
VI Ending balance of cash and cash equivalents	27,684	21,014	29,754

Significant items regarding basis of creation of consolidated financial statements

1. Matters related to the scope of consolidation

- | | |
|--|--|
| (1) Number of consolidated subsidiaries | 2 companies |
| Names of major consolidated subsidiaries | Network Service And Technologies, Co., Ltd.
E-Japan Limited |
| (2) Names, etc. of major non-consolidated subsidiaries | |
| Name of major consolidated subsidiaries | Tennoz Initiative Inc.
Net One Systems (Shanghai) Co., Ltd. |

(reason for not including in the consolidation)

Non-consolidated subsidiary is a small scale company and does not significantly affect total assets, sales, the current interim period net profit/loss (amount comparable to equity), and surplus (amount comparable to equity) of consolidated financial documents.

2. Matters related to application of equity method

- | | |
|--|--|
| (1) Number of affiliated company applying equity method | 2 companies |
| Name of company | SkyCom Corporation
JBS Technology Co., Ltd. |
| (2) Equity method is not applied for non-consolidated subsidiaries (Tennoz Initiative Inc., Net One Systems (Shanghai) Co., Ltd.) because even if they are excluded, in terms of consolidated financial documents, they do not affect significantly the current interim period net profit/loss (amount comparable to equity) and surplus (amount comparable to equity), and they have little overall impact. | |

3. Matters related to accounting period of consolidated subsidiaries

Accounting period of all consolidated subsidiaries coincide with consolidated accounting period.

4. Matters related to accounting policies

- (1) Valuation standard and valuation method for significant assets

① Securities

Other securities

Securities with market value	Market value method based on market value on closing date (Accounting for differences in valuation is total direct casting equity method and for selling cost of securities, moving average method is applied.)
------------------------------	---

Securities without market value	Cost accounting method using moving average method or amortized cost method (fixed amount method)
---------------------------------	---

② Derivatives

Market value

③ Inventories

Merchandises	Cost accounting method using moving average method
--------------	--

Uncompleted works	Cost accounting method using individual method
-------------------	--

- (2) Accounting method for significant depreciation of depreciable assets

① Fixed assets	Declining balance method is applied, with an exception of
----------------	---

lease assets which employs straight line method.

Significant assets lives are:

Buildings

3-26 years

Furniture, fixtures and equipment

2-20 years

Lease assets

6 years

② Intangible assets

Software for own use Straight line method based on corporate usability period (5 years)

Software for sale Straight line method based on useful life (3 years)

(3) Accounting method for accrual of significant allowance

① Allowance for doubtful receivables

To prepare for loss from uncollectible credits, allowance is made against ordinary assets using calculations based on historical uncollectible rate, and for special receivables with higher uncertainty, probability of collectivity is considered on individual cases and prospective uncollectible amount is accrued.

② Allowance for bonuses

Expenditure from payment of bonuses to employees is recorded based on payment prospect.

(4) Policy on conversion of significant assets and liabilities in foreign currency to local currency

Foreign currency receivables and payables are converted to yen at spot exchange rate on consolidated closing date and exchange difference is processed as gain or loss.

(5) Significant lease transaction accounting method

Except for lease products where ownership is expected to transfer to the debtor, the accounting method for lease transactions in conformance with accounting policy of general lease transactions is applied.

(6) Significant hedge accounting method

① Hedge accounting method

Carry over hedge accounting is applied. For Exchange Contract when requirements for allocation procedure are met, allocation procedure is applied.

② Hedge procedure and subject

Hedge Procedure : Exchange Contract

Subject to hedge : Planned foreign currency transactions

③ Hedge policy

In accordance with limitation on transactions amount and transaction authority in corporate administrative provisions, risk hedge for currency fluctuation of foreign liabilities relating to business assets is applied.

④ Hedge efficiency valuation policy

For Exchange Contract, which is considered to have high hedge efficiency, efficiency valuation has been omitted.

(7) Other significant items for creating consolidated financial statements

Accounting policy for consumption tax. etc.

Pre-tax method is applied for consumption tax and local consumption tax.

During current consolidated interim period, net of suspense account payment for consumption tax and suspense receipt for consumption tax have been included under others in current and others in current liabilities.

5. Scope of funds in consolidated cash flow statement

Funds in current consolidated cash flow statement are cash on hand, deposits that may be withdrawn on a temporary as-needed basis, and short-term investment expected to be redeemed within 3 months of acquisition and which may be swiftly converted to cash and imposes minimal price fluctuation.

Changes to significant matters related to the creation of consolidated financial statements

(Change in depreciation method of fixed assets)

Relative to the amendment of corporation tax, from current FY interim period, The Company and consolidated subsidiaries have implemented the depreciation method of tangible fixed assets purchased subsequent to April 2007 in accordance with amended corporation tax. Gain or loss relative to this change is minimal.

(Changes in presentation methods)

(Consolidated cash flow statement)

2. Expenditure for short term loan and expenditure for long term loan, as well as proceeds from collection of long term loan, included in cash flows from investing activities in previous consolidated FY have been combined and indicated as expenditure from loan and proceeds from loan from current consolidated interim period due to decrease in monetary significance of individual accounts.

Following indicates the current consolidated interim period accounts presented in the manner in previous consolidated FY.

Expenditure for short term loan	- yen
Expenditure for long term loan	- 8M yen
Proceeds from collection of long term loan	4M yen

Notable Matters

(Matters Related to Consolidated Balance Sheet)

(unit: figures are rounded down to nearest million yen)

End of previous interim period (Sept. 30, 2006)	End of current interim period (Sept. 30, 2007)	Previous consolidated FY (as of March 31, 2007)
Net depreciation of tangible fixed assets 12,893	Net depreciation of tangible fixed assets 14,753	Net depreciation of tangible fixed assets 13,778
Overdraft contract and loan commitment contract In order to efficiently procure operating fund, overdraft contract and loan commitment has been signed with 5 company banks. End of term balance for unused credit is as follows. Maximum amount of the overdraft and loan commitment Amount loaned End balance	Overdraft contract In order to efficiently procure operating fund, overdraft contract has been signed with 4 company banks. End of term balance for unused credit is as follows. Maximum amount of the overdraft and loan commitment Amount loaned End balance	Overdraft contract In order to efficiently procure operating fund, overdraft contract has been signed with 4 company banks. End of term balance for unused credit is as follows. Maximum amount of the overdraft and loan commitment Amount loaned End balance
29,200	21,200	21,200

(Consolidated income statements)

(unit: figures are rounded down to the nearest million yen)

Previous FY interim period (April 1, 2006 to Sept. 30, 2006)	Current FY interim period (April 1, 2007 to Sept. 30, 2007)	Previous FY (April 1, 2006 to Mar. 31, 2007)
Expenses and amounts for major items under selling, general and administrative expenses	Expenses and amounts for major items under selling, general and administrative expenses	Expenses and amounts for major items under selling, general and administrative expenses
Allowance for compensation 3,819	Allowance for Compensation 3,864	Allowance for compensation 7,542
Allocation of allowance for bonuses 469	Allocation of allowance for bonuses 489	Allocation of allowance for bonuses 440
Rental expense 905	Rental expense 916	Allocation of allowance for bonuses for executives 22
Expense for depreciation 570	Expense for depreciation 618	Rental expense 1,797
Amortization of goodwill 1	Amortization of goodwill 1	Expense for depreciation 1,236
		Allocation of allowance for bonus 3
Items under Loss from Removal of fixed assets	Items under loss from Removal of fixed assets	Items under loss from Removal of fixed assets
Tools, fixtures, and equipment 3	Tools, fixtures, and Equipment 8	Tools, fixtures, and equipment 114
	Tangible fixed assets (Others) 0	Intangible fixed assets (Others) 19
	Total 8	Total 134

(Matters related to consolidated statement of change in shareholders' equity)

Previous FY interim period (April 1, 2006 to September, 2007)

1. Items regarding types and number of issued shares and types and number of treasury stocks as of the end of consolidated FY

	Number of shares at the end of previous FY	Number of shares increased during the current FY interim period	Number of shares decreased during the current FY interim period	Number of shares at the end of the current FY interim period
Issued stocks				
Common stocks	551,900	—	—	551,900
Total	551,900	—	—	551,900
Treasury stocks				
Common stocks	211	—	—	211
Total	211	—	—	211

2. Items regarding stock options and warrants

There are no applicable shares.

3. Items regarding dividends

(1) Cash dividends paid

Date of declaration	Types of shares	Total cash dividends (M yen)	Cash dividend per share (yen)	Date of record	Effective date
June 23, 2006 Ordinary general meeting of shareholders	Common stocks	413	750	March 31, 2006	June 23, 2006

(2) Among the dividends within current consolidated FY, those having effective date in next consolidated FY interim period.

Date of declaration	Types of shares	Total cash dividends (M yen)	Cash dividend per share (yen)	Date of record	Effective date	Date of declaration
November 7, 2006 Board of directors' meeting	Common stocks	413	Accumulated earnings	750	September 30, 2006	November 30, 2006

Previous FY interim period (April 1, 2007 to September, 2007)

1. Items regarding types and number of issued shares and types and number of treasury stocks as of the end of consolidated FY

	Number of shares at the end of previous FY	Number of shares increased during the current FY interim period	Number of shares decreased during the current FY interim period	Number of shares at the end of the current FY interim period
Issued stocks				
Common stocks	551,900	—	—	551,900
Total	551,900	—	—	551,900
Treasury stocks				
Common stocks (Note)	211	53,143	—	53,354
Total	211	53,143	—	53,354

(Note) The increase in common stocks of treasury stocks is due to purchase of 11,819 shares and 41,324 shares relative to resolutions of board of directors dated June 27, 2007 and July 30, 2007 respectively.

2. Items regarding stock options and warrants

There are no applicable shares.

3. Items regarding dividends

(1) Cash dividends paid

Date of declaration	Types of shares	Total cash dividends (M yen)	Cash dividend per share (yen)	Date of record	Effective date
June 22, 2007 Ordinary general meeting of shareholders	Common stocks	413	750	March 31, 2007	June 25, 2007

(2) Among the dividends within current consolidated FY, those having effective date in next consolidated FY interim period.

Date of declaration	Types of shares	Total cash dividends (M yen)	Cash dividend per share (yen)	Date of record	Effective date	Date of declaration
October 29, 2007 Board of directors' meeting	Common stocks	373	Accumulated earnings	750	September 30, 2007	November 30, 2007

Previous FY interim period (April 1, 2006 to March 31, 2007)

1. Items regarding types and number of issued shares and types and number of treasury stocks as of the end of consolidated FY

	Number of shares at the end of previous FY	Number of shares increased during the current FY interim period	Number of shares decreased during the current FY interim period	Number of shares at the end of the current FY interim period
Issued stocks				
Common stocks	551,900	—	—	551,900
Total	551,900	—	—	551,900
Treasury stocks				
Common stocks (Note)	211	—	—	211
Total	211	—	—	211

2. Items regarding stock options and warrants

There are no applicable shares.

3. Items regarding dividends

(1) Cash dividends paid

Date of declaration	Types of shares	Total cash dividends (M yen)	Cash dividend per share (yen)	Date of record	Effective date
June 23, 2006 Ordinary general meeting of shareholders	Common stocks	413	750	March 31, 2006	June 23, 2006
November 7, 2006 Board of directors' meeting	Common stocks	413	750	September 30, 2006	November 30, 2006

(2) Among the dividends within current consolidated FY, those having effective date in next consolidated FY interim period.

Date of declaration	Types of shares	Total cash dividends (M yen)	Cash dividend per share (yen)	Date of record	Effective date	Date of declaration
June 22, 2007 Ordinary general meeting of shareholders	Common stocks	413	Accumulated earnings	750	March 31, 2007	June 25, 2007

(Matters related to Consolidated Cash Flow)

(unit: figures are rounded down to nearest million yen)

Previous Consolidated FY Interim Period April 1, 2006 to September 30, 2006	Current Consolidated FY Interim Period April 1, 2007 to September 30, 2007	Previous Consolidated FY April 1, 2006 to March 31, 2007
The relationship between cash and cash equivalents in balance at the end of FY and amounts indicated in items in Consolidated Balance Sheet. (as of September 30, 2006)	The relationship between cash and cash equivalents in balance at the end of FY and amounts indicated in items in Consolidated Balance Sheet. (as of September 30, 2007)	The relationship between cash and cash equivalents in balance at the end of FY and amounts indicated in items in Consolidated Balance Sheet. (as of March 31, 2007)

Cash and deposit account	18,186	Cash and deposit account	10,016	Cash and deposit account	17,756
Short-term investment expected to be redeemed within 3 months of acquisition (securities)	9,498	Short-term investment expected to be redeemed within 3 months of acquisition (securities)	10,997	Short-term investment expected to be redeemed within 3 months of acquisition (securities)	11,997
Cash and Cash Equivalents	<u>27,684</u>	Cash and Cash Equivalents	<u>21,014</u>	Cash and Cash Equivalents	<u>29,754</u>

(Segment Information)

1. Segment information by business category

Previous consolidated FY interim period (April 1, 2006 to September 30, 2006)

Net One Systems Group's business focuses on network computing system deployment and related operation/management service and as they fall on the same segment category, segment information by business category is not provided.

Current consolidated FY interim period (April 1, 2007 to September 30, 2007)

Same as above.

Previous consolidated FY (April 1, 2006 to March 31, 2007)

Same as above

2. Segment information by location

Previous consolidated FY interim period (April 1, 2006 to September 30, 2006)

As there are no significant subsidiaries or foreign office outside Japan, there are no comments that fall in this category.

Current consolidated FY interim period (April 1, 2007 to September 30, 2007)

Same as above.

Previous consolidated FY (April 1, 2006 to March 31, 2007)

Same as above

3. Oversea sales

Previous consolidated FY interim period (April 1, 2006 to September 30, 2006)

Oversea sales have been omitted as overseas sales account for less than 10% of the consolidated sales.

Current consolidated FY interim period (April 1, 2007 to September 30, 2007)

Same as above.

Previous consolidated FY (April 1, 2006 to March 31, 2007)

Same as above

(Matters related to Marketable Securities)

End of previous consolidated FY interim period (as of September 30, 2006)

1. Bonds with marketable value intended to be held until maturity date
There are no applicable shares.

2. Other securities with marketable value
There are no applicable shares.

3. Details of significant securities without market value

(unit: figures rounded down to the nearest million yen)

	Amount accrued in consolidated FY interim period balance sheet
(1) Bonds intended to be held until maturity date	—
(2) Other marketable securities	
Unlisted stocks	252
Commercial paper	6,498
Negotiable deposit	3,000

End of current consolidated FY interim period (as of September 30, 2007)

1. Bonds with marketable value intended to be held until maturity date
There are no applicable shares.

2. Other securities with marketable value
There are no applicable shares.

3. Details of significant securities without market value

(unit: figures rounded down to the nearest million yen)

	Amount accrued in consolidated FY interim period balance sheet
(1) Bonds intended to be held until maturity date	—
(2) Other marketable securities	
Unlisted stocks	422
Commercial paper	5,997
Negotiable deposit	5,000

(Note) As detraction process (11M yen) was applied to unlisted stocks under marketable securities, the indicated amount is the amount subsequent to applying detraction process. With regard to applicable share's detraction, when net income per share drops by 30% or more relative to per share acquisition cost, detraction process was applied after considering the possibility of market value recovery.

End of previous consolidated FY (as of March 31, 2007)

1. Bonds with marketable value intended to be held until maturity date

There are no applicable shares.

2. Other securities with marketable value

There are no applicable shares.

3. Details of significant securities without market value

(unit: figures rounded down to the nearest million yen)

	Amount accrued in consolidated FY balance sheet
(1) Bonds intended to be held until maturity date	—
(2) Other marketable securities	
Unlisted stocks	466
Commercial paper	6,997
Negotiable deposit	5,000

(Note) As detraction process (24M yen) was applied to unlisted stocks under marketable securities, the indicated amount is the amount subsequent to applying detraction process.

With regard to applicable share's detraction, when net income per share drops by 30% or more relative to per share acquisition cost, detraction process was applied after considering the possibility of market value recovery.

(Per share information)

Previous FY Interim Period April 1, 2006 to September 30, 2006	Previous FY Interim Period April 1, 2007 to September 30, 2007	Previous FY Interim Period April 1, 2006 to March 31, 2007
Net assets amount per share 113,291.46 yen Net income per share 1,977.93 yen Net income per share assuming full dilution is not indicated as there were no dilutive shares.	Net assets amount per share 113,940.42 yen Net income per share 2,138.18 yen Net income per share assuming full dilution is not indicated as there were no dilutive shares.	Net assets amount per share 115,715.08 yen Net income per share 5,241.81 yen Net income per share assuming full dilution is not indicated as there were no dilutive shares.

(Note) 1 Basis for calculation of net assets amount per share is as follows.

	End of previous FY interim period (September 30, 2006)	End of current FY interim period (September 30, 2007)	End of previous FY (March 31, 2007)
Total net assets (Million yen)	63,233	57,620	64,647
Amount of deduction from total net assets (Million yen)	731	815	808
(Minority interests)	(731)	(815)	(808)
Total assets (Million yen) related to common stocks at the end of the term	62,501	56,804	63,838
Number of common stocks used for the calculation of net assets per share	551,688	498,545	551,688

(Note) 2 Basis for calculation of current net assets amount per share is as follows.

	Previous FY interim period (April 1, 2006 to September 30, 2006)	Current FY interim period (April 1, 2007 to September 30, 2007)	Previous FY (April 1, 2006 to March 31, 2007)
Current net assets (Million yen)	1,091	1,148	2,891
Amount not included in common stocks	—	—	—
Current net income related to common stocks (Million yen)	1,091	1,148	2,891
Average number of stocks during the term	551,688	537,059	551,688
Details of the residual	Stock options (resolved in ordinary	_____	Stock options (resolved in ordinary

shares not included in calculation of net income per share assuming full dilution	general meeting of shareholders dated June 27, 2002) (Number of shares for the purpose of stock options: 11,226)		general meeting of shareholders dated June 27, 2002) (Number of shares for the purpose of stock options: 11,004)
---	--	--	--

(Omitting disclosure)

Notable matters regarding lease transactions, derivative transactions, and stock options, etc., have been omitted as their disclosure within financial statements is not considered significant.

As our consolidated Group segment information is unitary, sales, amount of orders accepted, and backlog of unfilled orders are indicated by their product category.

Orders accepted by product category

(unit: figures are rounded down to nearest million yen)

	Previous consolidated FY interim period April 1, 2006 to September 30, 2006		Current consolidated FY interim period April 1, 2007 to September 30, 2007		Previous consolidated FY April 1, 2006 to March 31, 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Network Integration Products	34,802	64.0	33,798	64.5	66,964	61.3
Network Computing Products	1,428	2.6	1,127	2.1	2,519	2.3
Media Integration Products	5,070	9.3	4,085	7.8	9,618	8.8
Service Integration Products	13,104	24.1	13,405	25.6	30,066	27.6
Total	54,405	100.0	52,416	100.0	109,168	100.0

Sales by product category

(unit: figures are rounded down to nearest million yen)

	Previous consolidated FY interim period April 1, 2006 to September 30, 2006		Current consolidated FY interim period April 1, 2007 to September 30, 2007		Previous consolidated FY April 1, 2006 to March 31, 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Network Integration Products	31,509	63.0	29,124	60.1	69,574	63.7
Network Computing Products	1,335	2.7	1,001	2.1	2,451	2.2
Media Integration Products	3,944	7.9	4,278	8.8	8,750	8.0
Service Integration Products	13,225	26.4	14,055	29.0	28,516	26.1
Total	50,015	100.0	48,459	100.0	109,292	100.0

Backlog of unfilled orders by product category

(unit: figures are rounded down to nearest million yen)

	As of end of previous FY interim period (September 30, 2006)		As of end of previous FY interim period (September 30, 2007)		As of end of previous FY (March 31, 2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Network Integration Products	16,554	43.2	15,325	40.6	10,651	31.5
Network Computing Products	382	1.0	484	1.3	358	1.0
Media Integration Products	2,925	7.6	2,474	6.5	2,667	7.9
Service Integration Products	18,488	48.2	19,508	51.6	20,159	59.6
Total	38,350	100.0	37,793	100.0	33,836	100.0

5. Non-consolidated financial statements

(1) balance sheet

(unit: figures below million yen have been rounded down)

	End of Previous FY Interim Period (as of Sept. 30, 2006)		End of Previous FY Interim Period (as of Sept. 30, 2007)		Previous FY Edited Balance Sheet (as of March 31, 2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
ASSETS		%		%		%
I Current Assets	68,742	87.8	62,241	86.3	71,948	88.1
1. Cash and deposits	16,474		7,990		15,845	
2. Note receivables	896		676		1,033	
3. Account receivables	25,844		25,038		29,638	
4. Short-term investments	9,498		10,997		11,997	
5. Inventory goods	12,926		14,495		10,592	
6. Others	3,103		3,045		2,841	
Allowance for doubtful receivables	- 1		- 1		- 1	
II Fixed Assets	9,555	12.2	9,901	13.7	9,735	11.9
1. Tangible Fixed Assets	4,262	5.5	4,299	5.9	4,161	5.1
(1) Furniture, fixtures, and Equipment	3,891		3,910		3,800	
(2) Others	370		388		361	
2. Intangible Fixed Assets	1,357	1.7	1,363	1.9	1,372	1.7
3. Investment and Other Assets	3,935	5.0	4,238	5.9	4,200	5.1
(1) Investment securities	1,695		1,915		1,904	
(2) Others	2,466		2,548		2,521	
Allowance for doubtful receivables	- 226		- 225		- 225	
Total Assets	78,297	100.0	72,143	100.0	81,683	100.0
LIABILITIES						
I Current Liabilities	16,492	21.1	16,463	22.8	18,730	22.9
1. Accounts payable	9,721		9,219		12,425	
2. Accrued corporation tax etc.	844		743		765	
3. Advance received	4,100		4,479		3,281	
4. Allowance for bonuses	421		447		441	
5. Allowance for bonuses for executives	—		—		20	
6. Others	1,405		1,574		1,796	
II Fixed Liabilities	73	0.1	42	0.1	73	0.1
1. Long term miscellaneous account	73		42		73	
Total Liabilities	16,565	21.2	16,506	22.9	18,803	23.0
NET ASSETS						
I Shareholders' equity	61,655	78.7	55,771	77.3	62,852	77.0
1. Capital stock	12,279	15.7	12,279	17.0	12,279	15.1
2. Additional paid-in Capital	19,453	24.8	19,453	27.0	19,453	23.8
(1) Capital reserve	19,453		19,453		19,453	
3. Accumulated earnings	30,016	38.3	31,740	44.0	31,214	38.2
(1) Earned surplus reserve	86		86		86	
(2) Unappropriated reserve						
Reserve for extraordinary depreciation of IT equipment	7		2		2	
Other reserve	27,920		29,600		27,920	
Unappropriated income for the current year	2,002		2,051		3,205	
4. Treasury stocks	- 94	- 0.1	- 7,702	- 10.7	- 94	- 0.1
II Revaluation and translation adjustments	76	0.1	- 134	- 0.2	26	0.0

1. Securities revaluation adjustments	- 3	- 0.0	1	0.0	- 2	- 0.0
2. Deferred charge from hedging instruments	80	0.1	- 135	- 0.2	29	0.0
Total net assets	61,732	78.8	55,637	77.1	62,879	77.0
Total liabilities and net assets	78,297	100.0	72,143	100.0	81,683	100.0

(2) Income statements

(unit: figures are rounded down to nearest million yen)

	Previous FY interim period April 1, 2006 to September 30, 2006		Current FY interim period April 1, 2007 to September 30, 2007		Previous FY edited income statement April 1, 2006 to March 31, 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
I Sales	49,030	100.0	47,581	100.0	107,144	100.0
II Cost of goods sold	38,465	78.5	37,093	78.0	85,018	79.3
Gross profit on sales	10,565	21.5	10,487	22.0	22,125	20.7
III Selling, general and administrative expenses	8,586	17.5	8,879	18.6	17,083	16.0
Operating profit	1,979	4.0	1,608	3.4	5,042	4.7
IV Non-operating income	58	0.1	104	0.2	107	0.1
V Non-operating expense	25	0.0	21	0.0	30	0.0
Ordinary profit	2,012	4.1	1,690	3.6	5,119	4.8
VI Extraordinary profit	0	0.0	0	0.0	0	0.0
VII Extraordinary loss	3	0.0	34	0.1	368	0.4
Income before income taxes	2,009	4.1	1,656	3.5	4,752	4.4
Income taxes current	712	1.4	658	1.4	2,025	1.8
Income taxes deferred	141	0.3	58	0.1	- 39	- 0.0
Current net income	1,155	2.4	939	2.0	2,767	2.6

(3) Statement of changes in shareholders' equity

Previous FY interim period (April 1, 2006 to September 30, 2006)

(unit: rounded down to the nearest million yen)

	Shareholders' equity							Evaluation and translation adjustments (Note 2)	Total net assets
	Capital stock	Additional paid-in capital	Accumulated earnings			Treasury stocks	Total shareholders' equity		
			Capital reserve	Earned surplus reserve	Other accumulated earnings (Note 1)				
Balance as of March 31, 2006	12,279	19,453	86	29,215	29,302	- 94	60,940	- 5	60,934
Changes during the period									
Dividends from accumulated earnings (Note 3)				- 413	- 413		- 413		- 413
Executive bonuses (Note 3)				- 27	- 27		- 27		- 27
Net income for the period				1,155	1,155		1,155		1,155
Changes (net) in items other than shareholders' equity								82	82
Total changes during the period	-	-	-	714	714	-	714	82	797
Balance as of September 30, 2006	12,279	19,453	86	29,930	30,016	- 94	61,655	76	61,732

(Note 1) Details of other accumulated earnings

(unit: rounded down to the nearest million yen)

	Expenses of extraordinary depreciation of IT equipment	Other reserve	Earned surplus carried forward	Total
Balance at March 31, 2006	12	24,770	4,432	29,215
Changes during the period				
Reversal of reserve for extraordinary depreciation of IT equipment (Note 3)	- 4		4	-
Addition to other reserve (Note 3)		3,150	- 3,150	-

Dividends from accumulated earnings (Note 3)			- 413	- 413
Executives bonuses (Note 3)			- 27	- 27
Current net income			1,155	1,155
Total changes during the period	- 4	3,150	- 2,430	714
Balance at September 30, 2006	7	27,920	2,002	29,930

(Note 2) Details of revaluation and translation adjustments
(unit: rounded down to the nearest million yen)

	Securities revaluation adjustment	Deferred charge from hedging instruments	Total
Balance at March 31, 2006	- 5	—	- 5
Changes during the period			
Changes (net) in items other than shareholders equity	1	80	82
Total changes during the period	1	80	82
Balance at September 30, 2006	- 3	80	76

(Note 3) These are items under plan for appropriation of earnings in ordinary general meeting of shareholders held in June 2006.

Current FY interim period (April 1, 2007 to September 30, 2007)

(unit: rounded down to the nearest million yen)

	Shareholders' equity							Evaluation and translation adjustments (Note 2)	Total net assets
	Capital stock	Additional paid-in capital	Accumulated earnings			Treasury stocks	Total shareholders' equity		
			Capital reserve	Earned surplus reserve	Other accumulated earnings (Note 1)				
Balance as of March 31, 2007	12,279	19,453	86	31,127	31,214	- 94	62,852	26	62,879
Changes during the period									
Dividends from accumulated earnings				- 413	- 413		- 413		- 413
Net income for the period				939	939		939		939
Purchase of treasury stocks						- 7,607	- 7,607		- 7,607
Changes (net) in items other than shareholders' equity								- 161	- 161
Total changes during the period	-	-	-	526	526	- 7,607	- 7,081	- 161	- 7,242
Balance as of September 30, 2007	12,279	19,453	86	31,653	31,740	- 7,702	55,771	- 134	55,637

(Note 1) Details of other accumulated earnings

(unit: rounded down to the nearest million yen)

	Expenses of extraordinary depreciation of IT equipment	Other reserve	Earned surplus carried forward	Total
Balance at March 31, 2007	2	27,920	3,205	31,127
Changes during the period				
Addition to other reserve		1,680	- 1,680	-
Dividends from accumulated earnings			- 413	- 413
Current net income			939	939
Total changes during the period	-	1,680	- 1,153	526

Balance at September 30, 2007	2	29,600	2,051	31,653
-------------------------------	---	--------	-------	--------

(Note 2) Details of revaluation and translation adjustments

(unit: rounded down to the nearest million yen)

	Securities revaluation adjustment	Deferred charge from hedging instruments	Total
Balance at March 31, 2007	- 2	29	26
Changes during the period			
Changes (net) in items other than shareholders equity	4	- 165	- 161
Total changes during the period	4	- 165	- 161
Balance at September 30, 2007	1	- 135	- 134

Previous business year (April 1, 2006 to March 31, 2007)

(unit: rounded down to the nearest million yen)

	Shareholders' equity						Evaluation and translation adjustments (Note 2)	Total net assets	
	Capital stock	Additional paid-in capital Capital reserve	Accumulated earnings			Treasury stocks			Total shareholders' equity
			Earned surplus reserve	Other accumulated earnings (Note 1)	Total accumulated earnings				
Balance at March 31, 2006	12,279	19,453	86	29,215	29,302	- 94	60,940	- 5	60,934
Changes during the period									
Dividends from accumulated earnings (Note 3)				- 413	- 413		- 413		- 413
Dividends (interim period dividends) from accumulated earnings				- 413	- 413		- 413		- 413
Executives bonuses (Note 3)				- 27	- 27		- 27		- 27
Current net income				2,767	2,767		2,767		2,767
Changes (net) in items other than shareholders' equity								32	32
Total changes during the period	-	-	-	1,912	1,912	-	1,912	32	1,945
Balance at March 31, 2007	12,279	19,453	86	31,127	31,214	- 94	62,852	26	62,879

(Note 1) Details of other accumulated earnings

(unit: rounded down to the nearest million yen)

	Expenses of extraordinary depreciation of IT equipment	Other reserve	Earned surplus carried forward	Total
Balance at March 31, 2006	12	24,770	4,432	29,215
Changes during the period				
Reversal of reserve for extraordinary depreciation of IT equipment (Note 3)	- 4		4	-
Reversal of reserve for extraordinary depreciation of IT equipment	- 4		4	-
Addition to other reserve (Note 3)		3,150	- 3,150	-
Dividends from accumulated earnings (Note 3)			- 413	- 413

Dividends (interim period dividends) from accumulated earnings			- 413	- 413
Executives bonuses (Note 3)			- 27	- 27
Current net income			2,767	2,767
Total changes during the period	- 9	3,150	- 1,227	1,912
Balance at March 31, 2007	2	27,920	3,205	31,127

(Note 2) Details of revaluation and translation adjustments

(unit: rounded down to the nearest million yen)

	Securities revaluation adjustment	Deferred charge from hedging instruments	Total
Balance at March 31, 2006	- 5	—	- 5
Changes during the period			
Changes (net) in items other than shareholders equity	2	29	32
Total changes during the period	2	29	32
Balance at March 31, 2007	- 2	29	26

(Note 3) These are items under plan for appropriation of earnings in ordinary general meeting of shareholders held in June 2006.