



Financial Report for 3rd Quarter FY 2008 (ending March 2009)

February 1, 2009

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>)

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 of quarterly report

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

1. Business Results for 3Q FY 2008 (April 1, 2008 to December 31, 2008)

(1) Consolidated Financial Results (cumulative)

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

	Sales		Operating Profit		Ordinary Profit		Current Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q ended Dec. 31, 2008	92,709	—	5,489	—	5,594	—	3,253	—
3Q ended Dec. 31, 2007	74,868	(- 1.6)	2,760	(- 12.5)	2,859	(- 9.2)	1,464	(- 13.2)

	Current net income per Share		Current net income per share assuming full dilution	
	yen	sen	yen	sen
3Q ended Dec. 31, 2008	6,576	82	—	—
3Q ended Dec. 31, 2007	2,793	50	—	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share	
	Million yen	Million yen	%	yen	sen
3Q ended Dec. 31, 2008 (Reference)	75,932	52,502	67.9	114,900	46
Year ended March 2008	84,259	58,670	68.6	115,956	89

(reference) Equity

Quarter ended Dec. 31, 2008: 51,538 Million yen
 FY ended March 2008: 57,809 Million yen

2. Status of dividends

(Date of record)	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of the term	Annual total
FY ended March 2008	yen sen —	yen sen 750 00	yen sen —	yen sen 1,250 00	yen sen 2,000 00
FY ending March 2009	—	850 00	—		1,700 00
FY ending March 2009 (Forecast)				850 00	

(Note) There are no changes to the dividend forecast during current quarter.

The end of the term dividend for FY ending March 2008 included 20th anniversary commemorative dividend of 500 yen.

The Company has announced its aim to provide over 30% consolidated dividend payout. End of the term dividend payout will be announced when the annual profitability is confirmed.

3. Forecast for the consolidated FY ending March 2009 (April 1, 2008 to March 31, 2009)

(Percentage: increase/decrease against previous fiscal year)

	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 2009	127,000 (13.7)	6,400 (34.1)	6,600 (35.0)	3,700 (48.9)	7,655 08

(footnote) There are no changes to the forecast during current quarter.

4. Others

(1) Changes to significant subsidiaries during the FY (changes to wholly owned specified subsidiaries affecting the scope of consolidation)

none

(2) Application of simplified method for accounting procedure and specialized accounting procedure for preparation of quarterly consolidated financial statements

none

(3) 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 quarterly 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 Qualitative information and financial reports 4. Others on page 5.

(4) Outstanding stocks (Common Stocks)

① Number of end of the term outstanding stocks (including treasury stocks)

3Q FY ended Dec 2008 551,900

FY ended March 2008 551,900

② Number of end of the term treasury stocks

3Q FY ended Dec 2008 103,355

FY ended March 2008 53,355

③ Average number of shares during the term (cumulative consolidated term)

3Q FY ended Dec 2008 494,726

3Q FY ended March 2008 524,174

Explanation regarding appropriate usage of business performance forecasts and other significant matters

1. 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 Qualitative information and financial statements 3. Qualitative information regarding consolidated forecast on page 5.

2. From current consolidated fiscal year, ASBJ Statement No. 12 Accounting Standard for Quarterly Financial Reporting and ASBJ Guidance No. 14 Implementation Guidance for Accounting Standards for Quarterly Financial Statements have been applied. Quarterly consolidated financial statements have been created based on Regulations regarding Quarterly Financial Reporting.

(Reference) Consolidated Financial Results for 3Q FY2008
(October 1, 2008 to December 31, 2008)

Previous 3Q (October 1, 2007 to December 31, 2007) consolidated financial results have been omitted as they were not released in previous FY interim period.

(unit: figures are rounded down to the nearest million yen)
(Percentage: increase/decrease against previous fiscal year)

Consolidated Financial Results (3 months)

	Sales		Operating Profit		Ordinary Profit		Current Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q ended December 31, 2008	30,350	—	1,904	—	1,813	—	997	—
3Q ended December 31, 2007	—	—	—	—	—	—	—	—

	Current net income per share		Current net income per share assuming full dilution	
	yen	sen	yen	sen
3Q ended December 31, 2008	2,047	94	—	—
3Q ended December 31, 2007	—	—	—	—

[Qualitative information and financial reports]

1. Qualitative information regarding consolidated operating results

Orders accepted during current consolidated FY cumulative 3Q period were 98,184M yen. With regard to orders accepted based on market sectors, enterprise sector (manufacturing and non-manufacturing: EP Sector) accounted for 26,882M yen, telecom and Internet service provider sector (SP sector) accounted for 46,896M yen and public sector (Public Sector) accounted for 24,404M yen. With regard to orders accepted based on network products and service business (operational management, etc. including construction), network products accounted for 70,010M yen and service business accounted for 28,173M yen.

Under this environment, sales during current consolidated FY cumulative 3Q period were 92,709M yen. With regard to sales based on market sectors, 26,683M yen were in EP Sector, 48,222M yen were in SP sector and 17,803M yen were in Public Sector. With regard to sales based on network products and service business, 64,132M yen in sales were comprised of network products and 28,576M yen in sales were comprised of service business.

With regard to profit and loss, during current consolidated FY cumulative 3Q period, as cost of goods sold was 70,119M yen, gross profit on sales was 22,589M yen (gross profit margin was 24.4%). Selling and general administrative expenses were 17,099M yen and as a result, operating profit was 5,489M yen, ordinary profit was 5,594M yen and current net income was 3,253M yen.

During current consolidated FY 3Q (October to December 2008), as sales were 30,350M yen and cost of goods sold was 22,852M yen, gross profit on sales was 7,498M yen (gross profit margin was 24.7%). Selling and general administrative expenses were 5,594M yen and as a result, operating profit was 1,904M yen, ordinary profit was 1,813M yen and current net income was 997M yen.

2. Qualitative information regarding consolidated business performance

(1) Status of assets, liabilities, and net assets

Current assets were 64,200M yen, down 8,709M yen from the end of previous consolidated FY. Significant factors contributing to the decrease in total assets included 9,498M yen decrease in investment securities and 1,675M yen increase in products relative to increase in backlog of unfilled orders

Tangible fixed assets were 11,731M yen, up 382M yen from end of previous consolidated FY. Significant factor for this was 357M yen increase in book value of furniture, fixtures and equipment (purchase price increased by 1,382M yen and depreciation and amortization increased by 1,025M yen) relative to enhancements in network products for providing services and evaluation equipment.

Liabilities were 23,429M yen, down 2,160M from end of previous consolidated FY. Significant factors for this included 3,316M yen decrease in accounts payable –trade and 920M yen increase in advance received.

Net assets were 52,502M yen, down 6,167M yen from end of previous consolidated FY. This was due to acquisition of 50,000 shares of treasury shares through ToSTNeT-3 (Tokyo Stock Exchange Trading Network System) and this resulted in 8,465M yen increase in treasury stocks and a deduction of comparable amount from shareholders' equity.

(2) Status of cash flow

Balance of cash and cash equivalents at the end of current consolidated 3Q period was 17,492M yen, down 8,058M yen from end of previous consolidated FY. Status of individual cash flow are as follows:

(Cash flow from operating activities)

Cash flow based on operating activities resulted in a positive cash flow at 3,993M yen. This was mainly due to recording 5,727M yen as current net income before taxes and there was a 6,513M yen increase in income relative to proceeds from collection of purchase liabilities while recording 7,323M yen as expenditure relative to increase in inventory assets and payment of purchase liabilities.

(Cash flow from investing activities)

Cash flow from on investing activities resulted in negative cash flow at 2,359M yen. Significant factor for this included 2,192M yen in expenditure from acquisition of service parts and creation of corporate

internal system.

(Cash flow from financing activities)

Cash flow from financing activities resulted in negative cash flow at 9,691M yen. Significant factors for this were 8,467M yen in expenditure from purchase of treasury stocks and 1,039M yen in expenditure from payment of dividends.

3. Qualitative information regarding consolidated forecast

With regard to business forecasts, relative to purchase of treasury stocks during current consolidated 3Q period, there was a decrease in average number of shares which is the basis for calculating current net income. As a result, current net income per share has been revised as follows. With regard to sales, operating profit, ordinary profit and current net income, there were no changes to forecast detailed in Notice regarding revised forecasts dated October 9, 2008.

	Prior to change (A)	Subsequent to change (B)	Variance (B-A)
Current net income per share	7,421.60 yen	7,655.08 yen	233.48 yen
(reference) average number of shares during the term	498,545	483,339	- 15,206

4. Others

(1) Changes to significant subsidiaries during the FY (changes to wholly owned specified subsidiaries affecting the scope of consolidation)

Not applicable.

(2) Applications of simplified method for accounting procedure and specialized accounting procedure for preparation of quarterly consolidated financial statements

Not applicable.

(3) Changes to principles and accounting procedures and presentation related to current quarter

① Changes to accounting procedures, etc.

1. From current consolidated fiscal year, ASBJ Statement No. 12 Accounting Standard for quarterly Financial Reporting and ASBJ Guidance No. 14 Implementation Guidance for Accounting Standards for Quarterly Financial Statements” have been applied. Quarterly consolidated financial statements have been created based on Regulations regarding Quarterly Financial Reporting.

2. With regard to inventory assets, until previous FY, merchandises were calculated using cost accounting method using moving average method and uncompleted works were calculated using cost accounting method using individual method. However, from current FY 1Q, Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9) has been applied and merchandises were calculated using cost accounting method using moving average method (with regard to the amount indicated in balance sheet, method of write-down for decreased profitability) and uncompleted works were calculated using cost accounting method using individual method (with regard to the amount indicated in balance sheet, method of write-down for decreased profitability). In comparison to the previous method, there were no effects on income.

② Changes other than ①

With regard to finance lease transactions, until previous FY, accounting policy for general lease transactions was applied. However, from current FY 1Q, Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16) have been applied as early applications and accounting procedure for general purchase transaction has been applied. With regard to lease transactions with lease transaction commencement date which is prior to first year of new application of lease accounting standard, except for lease products where ownership is expected to transfer to the debtor,

accounting procedure for general lease transaction was applied as before. In comparison to the previous method, effects on assets and liabilities, and income have been nominal.

5. Consolidated financial statements

(1) Consolidated balance sheet

	(unit: million yen)	
	End of Current FY 3Q (December 31, 2008)	Significant items under previous FY consolidated balance sheet (March 31, 2008)
ASSETS		
Current assets		
Cash and deposits	11,994	10,554
Notes and accounts receivable - trade	26,328	31,773
Short-term investments	5,497	14,996
Commercial goods	10,595	8,920
Goods in transit	1,109	394
Uncompleted works	4,858	3,248
Inventory goods	10	6
Deferred income taxes	792	908
Other current assets	3,057	2,113
Allowance for doubtful receivables	- 43	- 5
Total current assets	64,200	72,910
Fixed assets		
Tangible assets		
Furniture, fixtures and equipment	5,115	4,758
Others	590	520
Total tangible fixed assets	5,705	5,278
Intangible assets		
Goodwill	3	6
Others	1,474	1,658
Total intangible fixed assets	1,478	1,665
Investment and other assets		
Long-term investments	933	942
Deferred income taxes	2,217	2,215
Others	1,493	1,490
Allowance for doubtful receivables	- 95	- 243
Total investment and other assets	4,547	4,405
Total fixed assets	11,731	11,349
Total assets	75,932	84,259

(unit: million yen)

	End of Current FY 3Q (December 31, 2008)	Significant items under previous FY consolidated balance sheet (March 31, 2008)
LIABILITIES		
Current liabilities		
Accounts payable - trade	13,203	16,519
Lease liabilities	286	19
Accrued expenses	1,366	1,477
Accrued income taxes	1,259	1,183
Advance received	5,325	4,405
Allowance for bonuses	635	737
Allowance for bonuses for executives	—	27
Other current liabilities	1,079	1,146
Total current liabilities	23,158	25,516
Long term liabilities		
Lease liabilities	260	16
Long term accrued expenses	4	47
Other long term liabilities	6	8
Total long term liabilities	271	72
Total liabilities	23,429	25,589
SHAREHOLDER'S EQUITY		
Shareholders' equity		
Capital stock	12,279	12,279
Additional paid-in capital	19,453	19,453
Accumulated earnings	36,076	33,870
Treasury stocks	- 16,167	- 7,702
Total shareholders' equity	51,642	57,900
Revaluation and translation adjustments		
Securities revaluation adjustment	- 51	55
Deferred charge from hedging instruments	- 52	- 146
Total revaluation and translation adjustments	- 104	- 90
Minority interests	964	860
Total net assets	52,502	58,670
Total liabilities and net assets	75,932	84,259

(2) Consolidated income statement
(Consolidated 3Q period – cumulative)

(unit: million yen)

	Current FY 3Q (April 1, 2008 to December 31, 2008)
Sales	92,709
Cost of Goods Sold	70,119
Gross Profit on Sales	22,589
Selling, General and Administrative Expenses	17,099
Operating Profit	5,489
Non-Operating Income	
Interest income	101
Dividends	1
Investment gain on equity method	14
Income from work from affiliated companies	0
Dividend from group insurance	36
Gain on investment capital	14
Others	19
Total non-operating income	187
Non-operating expense	
Interest expense	13
Expenses for purchase of treasury stocks	2
Exchange loss on foreign currencies	50
Inaugural expenses	4
Initial business expenses	11
Others	0
Total non-operating expense	83
Ordinary profit	5,594
Extraordinary profit	
Gain from sales of investment securities	150
Reversal of allowance for doubtful receivables	8
Total extraordinary profit	158
Extraordinary loss	
Loss from removal of fixed assets	21
Loss from revaluation of investment securities	3
Total extraordinary loss	25
Income before income taxes	5,727
Income taxes current	2,245
Income taxes deferred	124
Total income taxes	2,369
Minority interests	104
Current net income	3,253

Consolidated income statement
(Consolidated 3Q period)

(unit: million yen)

	Current FY 3Q (October 1, 2008 to December 31, 2008)
Sales	30,350
Cost of Goods Sold	22,852
Gross Profit on Sales	7,498
Selling, General and Administrative Expenses	5,594
Operating Profit	1,904
Non-Operating Income	
Interest income	29
Income from work from affiliated companies	0
Dividend from group insurance	3
Gain on investment capital	1
Others	5
Total non-operating income	40
Non-operating expense	
Interest expense	6
Investment loss on equity method	16
Expenses for purchase of treasury stocks	2
Exchange loss on foreign currencies	88
Initial expenses	4
Initial business expenses	11
Others	0
Total non-operating expense	130
Ordinary profit	1,813
Extraordinary profit	
Gain from sales of investment securities	0
Reversal of allowance for doubtful receivables	8
Total extraordinary profit	8
Extraordinary loss	
Loss from removal of fixed assets	10
Loss from revaluation of investment securities	3
Total extraordinary loss	14
Income before income taxes	1,807
Income taxes current	791
Income taxes deferred	- 22
Total income taxes	769
Minority interests	40
Current net income	997

(3) Consolidated Cash Flow Statement

(unit: million yen)

Current FY 3Q
(April 1, 2008 to
December 31, 2008)

Cash flow from operating activities	
Current net income before taxes	5,727
Depreciation and amortization	2,290
Amortization of goodwill	2
Increase or decrease in allowance for bonus (- indicates decrease)	- 102
Increase or decrease in allowance for executives' bonus (- indicates decrease)	- 27
Increase or decrease in allowance for doubtful accounts (- indicates decrease)	- 109
Interests and dividends income	- 102
Investment gain or loss on equity method (- indicates increase)	- 14
Interest payment	13
Gains or losses from sales of investment securities (- indicates gains)	- 150
Gains or losses from revaluation of investment securities (- indicates gains)	3
Increase or decrease in accounts receivable (- indicates increase)	6,513
Increase or decrease in inventories (- indicates increase)	- 4,003
Decrease of accrued consumption tax receivable (- indicates increase)	- 2
Increase or decrease of other current assets (- indicates increase)	- 870
Increase or decrease of purchase liabilities (- indicates decrease)	- 3,319
Increase or decrease of accrued consumption taxes payable (- indicates decrease)	166
Increase or decrease of other current liabilities (- indicates decrease)	83
Others	- 111
Sub-total	<u>5,987</u>
Interests and dividends received	104
Interest paid	- 13
Income taxes paid	- 2,142
Others	55
Net cash provided by operating activities	<u>3,993</u>
Cash flow from investing activities	
Expenditure from purchase of tangible fixed assets	- 1,732
Expenditure from purchase of intangible fixed assets	- 460
Income from sell-off of investment securities	159
Expenditure from establishment of a subsidiary	- 50
Expenditure from purchase of affiliated company stocks	- 86
Expenditure from loan	- 10
Proceeds from collection of loan	8
Proceeds from collection of initial investment	2
Others	- 191
Cash used in investing activities	<u>- 2,359</u>
Cash flow from financing activities	
Expenditure from payment of lease liabilities	- 184
Expenditure from purchase of treasury stocks	- 8,467
Dividends paid	- 1,039
Cash flow from financing activities	<u>- 9,691</u>
Net increase (decrease) in cash and cash equivalents (- indicates decrease)	<u>- 8,058</u>
Beginning balance of cash and cash equivalents	<u>25,550</u>
Ending balance of cash and cash equivalents	<u>17,492</u>

From current consolidated fiscal year, ASBJ Statement No. 12 Accounting Standard for Quarterly Financial Reporting and ASBJ Guidance No. 14 Implementation Guidance for Accounting Standards for Quarterly Financial Statements have been applied. Quarterly consolidated financial statements have been created based on Regulations regarding Quarterly Financial Reporting.

(4) Notable matters regarding assumptions of a going concern.

No notable matters.

(5) Notable matters regarding significant changes regarding the amount of shareholders' equity

Based on resolution of board of directors meeting dated December 10, 2008, our Company purchased 50,000 shares of treasury stocks on December 11, 2008 through Tokyo Stock Exchange's purchase of treasury shares (ToSTNeT-3). As a result, the Company's treasury stocks increased by 8,465M yen during current consolidated 3Q and there were 16,167M yen of treasury stocks as of the end of consolidated 3Q period.

Reference

Financial statements regarding previous FY 3Q period

(1) 3Q consolidated cumulative income statement (April 1, 2007 to December 31, 2007)

(unit: million yen)

	Previous FY interim term (April 1, 2007 to December 31, 2007)	
	Amount	Ratio
		%
I Sales	74,868	100.0
II Cost of goods sold	57,201	76.4
Gross profit on sales	17,666	23.6
III Selling, general and administrative expenses	14,906	19.9
Operating profit	2,760	3.7
IV Non-Operating Income	131	0.2
1. Interest income	86	
2. Income from work from affiliated companies	1	
3. Dividend from group insurance	13	
4. Others	29	
V Non-operating expense	32	0.1
1. Investment loss on equity method	7	
2. Expenses for purchase of treasury stocks	17	
3. Exchange loss on foreign currencies	3	
4. Loss on investment capital	3	
5. Others	0	
Ordinary profit	2,859	3.8
VI Extraordinary profit	3	0.0
1. Reversal of allowance for doubtful receivables	0	
2. Profit on change in equity	2	
VII Extraordinary loss	100	0.1
1. Loss from removal of fixed assets	74	
2. Loss from sales of investment securities	0	
3. Loss from sales of securities of affiliated companies	15	
4. Loss from revaluation of investment securities	11	
Income before income taxes	2,762	3.7
Income taxes current	1,192	1.6
Minority interests	105	0.1
Current net income	1,464	2.0

(2) 3Q consolidated cash flow statement

3Q consolidated income statement (April 1, 2007 to December 31, 2007)

(unit: million yen)

	Previous Interim Period April 1, 2007 to December 31, 2007
	Amount
I Cash flow from operating activities	
Current net income before taxes	2,762
Depreciation and amortization	2,050
Amortization of goodwill	2
Decrease in allowance for bonus	- 158
Decrease in allowance for executives' bonus	- 22
Increase in allowance for doubtful accounts	4
Interests and dividends income	- 86
Investment loss on equity method	7
Loss from sales of investment securities	0
Loss from sale of affiliated company's stocks	15
Loss on revaluation of investment securities	11
Decrease in accounts receivable - trade	7,677
Increase in inventories	- 3,851
Increase in accrued consumption tax	- 87
Increase in other current liabilities	- 420
Decrease in purchase liabilities	- 1,778
Decrease in accrued consumption tax	- 145
Decrease in other current liabilities	- 72
Others	- 66
Sub-total	5,840
Interests and dividends received	85
Income taxes paid	- 1,863
Others	42
Net cash provided by operating activities	4,104
II Cash flow from investing activities	
Expenditure from purchase of tangible fixed assets	- 2,231
Expenditure from purchase of intangible fixed assets	- 377
Income from sell-off of investment securities	28
Expenditure from purchase of affiliated company's stocks	- 70
Expenditure from loans	- 9
Proceeds from collection of loans	7
Expenditure from payment of initial investment	- 3
Proceeds from collection of initial investment	3
Others	- 89
Net cash used in investing activities	- 2,742
III Cash flow from financing activities	
Expenditure from purchase of treasury stocks	- 7,624
Dividends paid	- 780
Net cash provided by (used in) financing activities	- 8,405
III Net decrease in cash and cash equivalents	- 7,042
V Beginning balance of cash and cash equivalents	29,754
VI Ending balance of cash and cash equivalents	22,711

6. Other information

Expenses and amounts for major items under selling, general and administrative expenses

Current 3Q FY ended Dec. 31, 2008 Cumulative 3Q (April 1, 2008 to December 31, 2008)	
Allowance for Compensation	6,473 Million yen
Allocation of allowance for bonuses	515
Reversal of allowance for doubtful receivables	131
Rental expense	1,542
Expense for depreciation	1,031
Amortization of goodwill	2

Current 3Q FY ended Dec. 31, 2008 3Q (October 1, 2008 to December 31, 2008)	
Allowance for Compensation	2,149 Million yen
Allocation of allowance for bonuses	- 177
Reversal of allowance for doubtful receivables	- 15
Rental expense	509
Expense for depreciation	365
Amortization of goodwill	0

(2) Significant subsequent events

Current consolidated FY cumulative interim period (April 1, 2008 to December 31, 2008)

(Corporate split)

Based on resolution of the Board of director's meeting held on November 14, 2008, the Company's Partner Business was succeeded to its wholly owning subsidiary, Net One Partners Co., Ltd. by way of company split (absorption-type company split), effective as of January 1, 2009.

① Purpose of the split

Our Company will establish Net One Partners Co., Ltd. that will collaborate with partner companies to pioneer unexplored markets and attract new customers through developing current partner business group and aim for prolonged growth of our corporate group.

② Method of split

Simplified absorption-type company split with our Company being the splitting company and Net One Partners Co., Ltd. being the succeeding company

③ Effective date of split

January 1, 2009

④ Method of calculating contents of allotment related to split

The split constitutes a company split between wholly owning parent company and a subsidiary company and Net One Partners Co., Ltd. will not provide any considerations to our Company.

⑤ Capital, etc. decreased as results of the split

Not applicable

⑥ Handling of new share subscription right and warrant bonds

Not applicable.

⑦ Rights and obligations succeeded by the succeeding company

1) Assets and liabilities

Not applicable

2) Contractual relationships and rights and obligations

Contractual positions relating to purchase agreement, service master agreement and other agreements signed by our company solely on behalf of Partner Business and contractual positions relating to other master agreements signed by our company solely on behalf of Partner Business as well rights and obligations arising from such master agreements prior to the effective date (excluding contractual positions and rights and obligations arising from any individual contracts of such master agreements, provided that they became effective prior to the date of effective date of split.) will be succeeded by Net One Partners Co., Ltd., provided that our Company continues to simultaneously assume debts.

Employees working for Partner Business as of the effective date will be dispatched to Net One Partners Co., Ltd.

⑧ Overview of the succeeding company

Corporate name	Net One Partners Co., Ltd.
Location of headquarters	Shinagawa-ku, Tokyo
Scope of business	Network Integration Business
Position/Name of the corporate representative	President & CEO Shingo Saito
Capital	400 million yen

⑨ Overview of accounting procedure

Based on Accounting Standard for Business Combinations (Business Accounting Council) and

Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10), the split was processed as a common control transaction. There were no effects on consolidated financial statements relative to the split.

(3) Status of orders accepted, sales and backlog of unfilled orders

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

Orders accepted by product category

(unit: million yen)

	Previous consolidated FY 3Q cumulative period April 1, 2007 to December 31, 2007		Current consolidated FY 3Q cumulative period April 1, 2008 to December 31, 2008		(Reference) Previous consolidated FY April 1, 2007 to March 31, 2008	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Network Integration Products	51,665	63.8	64,715	65.9	70,725	60.3
Network Computing Products	1,679	2.1	2,176	2.2	2,388	2.0
Media Integration Products	7,128	8.8	8,414	8.6	9,459	8.1
Service Integration Products	20,531	25.3	22,877	23.3	34,772	29.6
Total	81,005	100.0	98,184	100.0	117,345	100.0

Sales by product category

(unit: million yen)

	Previous consolidated FY 3Q cumulative period April 1, 2007 to December 31, 2007		Current consolidated FY 3Q cumulative period April 1, 2008 to December 31, 2008		(Reference) Previous consolidated FY April 1, 2007 to March 31, 2008	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Network Integration Products	45,446	60.7	59,910	64.6	68,395	61.2
Network Computing Products	1,538	2.0	1,895	2.0	2,233	2.0
Media Integration Products	6,116	8.2	5,452	5.9	10,302	9.2
Service Integration Products	21,767	29.1	25,450	27.5	30,757	27.6
Total	74,868	100.0	92,709	100.0	111,687	100.0

Backlog of unfilled orders by product category

(unit: million yen)

	As of end of previous FY 3Q period (December 31, 2007)		As of end of current FY 3Q period (December 31, 2008)		(reference) As of end of previous FY (March 31, 2008)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Network Integration Products	16,870	42.2	17,787	39.6	12,982	32.9
Network Computing Products	499	1.3	794	1.8	513	1.3
Media Integration Products	3,679	9.2	4,786	10.6	1,824	4.6
Service Integration Products	18,923	47.3	21,601	48.0	24,174	61.2
Total	39,974	100.0	44,969	100.0	39,494	100.0