

Results briefing for 1Q FY2009
ending June 30, 2009

July 24, 2009

Net One Systems Co., Ltd.

The logo for Net One Systems, featuring the word "Net" in a stylized font with horizontal lines, followed by "One" and "Systems" in a serif font.

Re-categorization of market segment and product category

Through considering our Group's business scope, categorization based on market type and product group have been revised as follows.

Previous FY's actual results are indicated based on revised categorization.

Categorization based on market sector.

Former market		Applicable customer
EP	Enterprise	Private enterprises (inside of Japan)
SP	Service provider	Telecom companies/ large-scale ISPs
Public	Public	Public (central government, local government, etc.)



New market		Applicable customer
EP	Enterprise	Private enterprises (inside of Japan)
SP	Service provider	Telecom companies/ large-scale ISPs
AP	Area, Public	Area, Public
NOP	Network Partners	Partner companies

Product category

Former product category	Description	Major products
Network integration products	Network design	Router
	Project management	Switch
	Product installation	Unified Communication
Network computing products	Policy analysis, Planning, Deployment	Security device/authetication Load balancing device Server/Storage
Media integration products	Wiring design, Layout management	Cable material/Wiring work, Optical communications, Wireless
Service integration products	Operation support, Installation	Service/Operation management
	Integrated service,	Operation center
	Remote monitoring,	Consulting
	Integrated education,	Installation
	Management outsourcing	Education seminars



New product category	Description	Major products
Network products	Network infrastructure products	Router, switch
	Facility products	Optical transmission, Wireless
Platform products	Platform products	Server/Storage
	Security products	Firewall, authentication/quarentine
	Unified Communications products	IP phone, video conferencing system
	Network application products	Load balancing device
Service products	Operation support, Installation	installation
	Integrated service, Remote monitoring	Service/Operation management,
	Wiring design, Layout management	Operation center
	Construction process (Selection, procurement, cabling)	Wiring construction
	Consulting	Consulting
	Integrated education	

Overview of (Consolidated) Financial Report for 1Q FY 2009 (1Q ending June 30, 2009)

Status of orders accepted and sales

Orders accepted for current FY 1Q were 31,279M yen (up 1.9% or up 596M yen from previous FY 1Q).

Breakdown of orders accepted are as follows:

Enterprise sector (EP Sector) accounted for 5,744M yen, down 2.5% from previous FY 1Q.

Service Provider sector (SP Sector) with strong network facility, accounted for 16,445M yen, up 5.5% from previous FY 1Q.

Although public sector was strong, Area/Public sector (AP Sector) as a whole accounted for 7,317M yen, down 1.1% from previous FY 1Q.

Partner sector (NOP Sector) accounted for 1,772M yen, down 2.0% from previous FY.

Sales during current FY 1Q were 28,064M yen (up 8.6% or up 2,226M yen from previous FY).

Breakdown of sales are as follows:

EP Sector accounted for 5,909M yen, down 4.5% from previous FY 1Q.

SP Sector accounted for 14,582M yen, up 6.6% from previous FY 1Q.

AP Sector accounted for 6,117M yen, up 40.1% from previous FY 1Q.

NOP Sector accounted for 1,454M yen, down 9.0% from previous FY 1Q.

Status of income

During current FY 1Q, sales were 28,064M yen (up 8.6% from previous FY 1Q) as indicated above, cost of goods sold was 21,061M yen (up 8.6% from previous FY 1Q), gross profit on sales was 7,002M yen (up 8.7% from previous FY 1Q), selling and general administrative expenses were 5,949M yen (up 7.0% from previous FY 1Q), operating profit was 1,052M yen (up 19.3% from previous FY 1Q), ordinary profit was 1,055M yen (up 9.9% from previous FY 1Q) and current quarter profit was 590M yen (down 8.9% from previous FY 1Q).

Revenue based on Market (Consolidated)

Breakdown of Booking based on Market

Yen in millions

Market	Current FY 1Q①		Variance (①-②)		Previous FY 1Q②		FY ending Mar.2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	5,744	18.3%	(147)	-2.5%	5,892	19.2%	24,832	19.0%
Service Provider	16,445	52.6%	859	5.5%	15,585	50.8%	63,876	48.8%
Area & Public	7,317	23.4%	(80)	-1.1%	7,397	24.1%	35,038	26.8%
NOP	1,772	5.7%	(35)	-2.0%	1,808	5.9%	7,074	5.4%
Total	31,279	100.0%	596	1.9%	30,683	100.0%	130,821	100.0%

Breakdown of Revenue based on Market

Yen in millions

Market	Current FY 1Q①		Variance (①-②)		Previous FY 1Q②		FY ending Mar.2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	5,909	21.0%	(281)	-4.5%	6,191	24.0%	26,464	20.2%
Service Provider	14,582	52.0%	901	6.6%	13,681	52.9%	62,177	47.4%
Area & Public	6,117	21.8%	1,750	40.1%	4,366	16.9%	35,521	27.1%
NOP	1,454	5.2%	(143)	-9.0%	1,598	6.2%	6,956	5.3%
Total	28,064	100.0%	2,226	8.6%	25,837	100.0%	131,119	100.0%

Backlog of Unfilled Orders based on Market

Yen in millions

Market	Current FY 1Q①		Variance (①-②)		Previous FY 1Q②		FY ending Mar.2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Enterprise	8,715	20.5%	(1,473)	-14.5%	10,189	23.0%	8,840	22.6%
Service Provider	15,506	36.6%	1,638	11.8%	13,868	31.3%	13,648	34.8%
Area & Public	16,367	38.6%	(2,298)	-12.3%	18,665	42.1%	15,183	38.7%
NOP	1,821	4.3%	205	12.7%	1,616	3.6%	1,524	3.9%
Total	42,411	100.0%	(1,928)	-4.3%	44,339	100.0%	39,196	100.0%

Quarterly Booking on Market (Consolidated)

Breakdown of Booking in 2008 based on Market

Yen in mill

	1Q 2008		2Q 2008		1H 2008		3Q 2008		4Q 2008		2H 2008		Full FY 2008	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
EP	5,892	19.2%	5,847	17.3%	11,740	18.2%	6,755	20.1%	6,336	19.4%	13,091	19.8%	24,832	19.0%
SP	15,585	50.8%	17,571	51.8%	33,156	51.3%	13,740	40.9%	16,979	52.0%	30,720	46.4%	63,876	48.8%
AP	7,397	24.1%	8,458	24.9%	15,855	24.6%	11,589	34.5%	7,593	23.3%	19,182	28.9%	35,038	26.8%
NOP	1,808	5.9%	2,030	6.0%	3,838	5.9%	1,507	4.5%	1,728	5.3%	3,236	4.9%	7,074	5.4%
Total	30,683	100.0%	33,907	100.0%	64,590	100.0%	33,593	100.0%	32,637	100.0%	66,230	100.0%	130,821	100.0%

Breakdown of Booking in 2009 based on Market

Yen in mill

	1Q 2009		2Q 2009		1H 2009		3Q 2009		4Q 2009		2H 2009		Full FY 2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
EP	5,744	18.3%												
SP	16,445	52.6%												
AP	7,317	23.4%												
NOP	1,772	5.7%												
Total	31,279	100.0%												

2008 Versus 2009

Yen in mill

	1Q 2009		2Q 2009		1H 2009		3Q 2009		4Q 2009		2H 2009		Full FY 2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
EP	(147)	-2.5%												
SP	859	5.5%												
AP	(80)	-1.1%												
NOP	(35)	-2.0%												
Total	596	1.9%												

Quarterly Revenue on Market (Consolidated)

Breakdown of Revenue in 2008 based on Market

Yen in mil

	1Q 2008		2Q 2008		1H 2008		3Q 2008		4Q 2008		2H 2008		Full FY 2008	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
EP	6,191	24.0%	6,123	16.8%	12,314	19.8%	6,130	20.2%	8,019	20.9%	14,150	20.6%	26,464	20.2%
SP	13,681	52.9%	19,372	53.0%	33,054	53.0%	15,168	50.0%	13,954	36.3%	29,123	42.4%	62,177	47.4%
AP	4,366	16.9%	9,118	25.0%	13,485	21.6%	7,364	24.3%	14,671	38.2%	22,035	32.0%	35,521	27.1%
NOP	1,598	6.2%	1,905	5.2%	3,504	5.6%	1,686	5.5%	1,765	4.6%	3,451	5.0%	6,956	5.3%
Total	25,837	100.0%	36,520	100.0%	62,358	100.0%	30,350	100.0%	38,410	100.0%	68,761	100.0%	131,119	100.0%

Breakdown of Revenue in 2009 based on Market

Yen in mil

	1Q 2009		2Q 2009		1H 2009		3Q 2009		4Q 2009		2H 2009		Full FY 2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
EP	5,909	21.0%												
SP	14,582	52.0%												
AP	6,117	21.8%												
NOP	1,454	5.2%												
Total	28,064	100.0%												

2008 Versus 2009

Yen in mil

	1Q 2009		2Q 2009		1H 2009		3Q 2009		4Q 2009		2H 2009		Full FY 2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
EP	(281)	-4.5%												
SP	901	6.6%												
AP	1,750	40.1%												
NOP	(143)	-9.0%												
Total	2,226	8.6%												

Booking/Revenue (Consolidated) based on Product Category

Booking Yen in millions

	Current FY 1Q①		Variance (①-②)		Previous FY 1Q②		FY ending Mar.2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Network Integration Products	17,371	55.5%	(2,861)	-14.1%	20,232	65.9%	81,399	62.2%
Platform Products	2,790	8.9%	1,332	91.4%	1,457	4.8%	7,980	6.1%
Service Integration Products	11,117	35.6%	2,124	23.6%	8,992	29.3%	41,441	31.7%
Total	31,279	100.0%	596	1.9%	30,683	100.0%	130,821	100.0%

Revenue Yen in millions

	Current FY 1Q①		Variance (①-②)		Previous FY 1Q②		FY ending Mar.2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Network Integration Products	15,712	56.0%	(445)	-2.8%	16,157	62.5%	83,003	63.3%
Platform Products	2,290	8.2%	1,291	129.3%	998	3.9%	6,980	5.3%
Service Integration Products	10,061	35.8%	1,380	15.9%	8,681	33.6%	41,136	31.4%
Total	28,064	100.0%	2,226	8.6%	25,837	100.0%	131,119	100.0%

Backing of Unfilled Orders Yen in millions

	Current FY 1Q①		Variance (①-②)		Previous FY 1Q②		FY ending Mar.2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Network Integration Products	13,566	32.0%	(4,019)	-22.9%	17,586	39.6%	11,907	30.4%
Platform Products	2,225	5.2%	1,041	87.9%	1,184	2.7%	1,724	4.4%
Service Integration Products	26,619	62.8%	1,050	4.1%	25,569	57.7%	25,563	65.2%
Total	42,411	100.0%	(1,928)	-4.3%	44,339	100.0%	39,196	100.0%

Income Statement (Consolidated)

Yen in millions

	Current FY 1Q①		Variance①-②		Previous FY 1Q②		FY ending Mar.2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sales	28,064	100.0%	2,226	8.6%	25,837	100.0%	131,119	100.0%
Cost of Goods Sold	21,061	75.0%	1,666	8.6%	19,395	75.1%	98,482	75.1%
Gross Profit on Sales	7,002	25.0%	559	8.7%	6,442	24.9%	32,637	24.9%
SGA	5,949	21.2%	388	7.0%	5,560	21.5%	23,756	18.1%
Operating Profit	1,052	3.8%	170	19.3%	882	3.4%	8,881	6.8%
Non-Operating Profit/Loss	3	0.0%	(76)	-96.2%	79	0.3%	155	0.1%
Ordinary Profit	1,055	3.8%	94	9.9%	961	3.7%	9,036	6.9%
Extraordinary Profit/Loss	90	0.3%	(55)	-37.9%	145	0.6%	(180)	-0.1%
Earning before tax	1,145	4.1%	38	3.5%	1,106	4.3%	8,856	6.8%
Current Net Earnings	590	2.1%	(55)	-8.6%	645	2.5%	4,897	3.7%

Income Statement (Non-Consolidated)

Yen in millions

	Current FY 1Q①		Variance (①-②)		Current FY 1Q②		FY ending Mar.2009	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sales	27,382	100.0%	1,955	7.7%	25,426	100.0%	129,494	100.0%
Cost of Goods Sold	21,514	78.6%	1,793	9.1%	19,720	77.6%	100,082	77.3%
Gross Profit on Sales	5,868	21.4%	162	2.9%	5,705	22.4%	29,411	22.7%
SGA	5,107	18.7%	92	1.8%	5,015	19.7%	21,306	16.5%
Operating Profit	760	2.8%	70	10.2%	690	2.7%	8,105	6.3%
Non-Operating Profit/Loss	82	0.3%	20	32.3%	62	0.2%	214	0.1%
Ordinary Profit	842	3.1%	89	12.0%	752	3.0%	8,319	6.4%
Extraordinary Profit/Loss	97	0.4%	(49)	-33.6%	146	0.6%	(178)	-0.1%
Earning before tax	939	3.4%	41	4.6%	898	3.5%	8,141	6.3%
Current Net Earnings	535	2.0%	(15)	-2.9%	551	2.2%	4,653	3.6%

Balance Sheet (Consolidated)

Yen in millions

	Current FY 1Q①		Variance (①-②)		Previous FY 1Q②		FY ending Mar.2009③		Variance (①-③)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current Assets	66,990	85.1%	(6,483)	-8.8%	73,473	86.6%	70,472	86.1%	(3,482)	-4.9%
Cash and Deposits+CD+CP	26,134	33.2%	(1,702)	-6.1%	27,836	32.8%	22,698	27.7%	3,435	15.1%
Account Receivable etc.	25,750	32.7%	2,573	11.1%	23,177	27.3%	32,408	39.6%	(6,658)	-20.5%
Inventory assets	9,906	12.6%	(8,894)	-47.3%	18,800	22.2%	10,894	13.3%	(988)	-9.1%
Others	5,219	6.6%	1,554	42.4%	3,665	4.3%	4,516	5.5%	703	15.6%
Allowance for Doubtful Receivables	(19)	0.0%	(14)	280.0%	(5)	0.0%	(44)	-0.1%	24	-56.2%
Fixed Assets	11,696	14.9%	346	3.0%	11,350	13.4%	11,361	13.9%	335	3.0%
Tangible Fixed Assets	5,736	7.3%	362	6.7%	5,374	6.3%	5,550	6.8%	186	3.4%
Intangible Fixed Assets	1,376	1.8%	(227)	-14.2%	1,603	1.9%	1,451	1.8%	(74)	-5.2%
Investment etc.	4,583	5.8%	212	4.9%	4,371	5.2%	4,358	5.3%	224	5.1%
Total Assets	78,686	100.0%	(6,137)	-7.2%	84,823	100.0%	81,833	100.0%	(3,146)	-3.9%
Current Liabilities	24,592	31.3%	(1,326)	-5.1%	25,918	30.6%	27,056	33.1%	(2,464)	-9.1%
Account Payable	13,346	17.0%	(3,466)	-20.6%	16,812	19.8%	14,077	17.2%	(731)	-5.2%
Payment Due	7,024	8.9%	747	11.9%	6,277	7.4%	4,552	5.6%	2,472	54.3%
Others	4,222	5.4%	1,393	49.2%	2,829	3.3%	8,427	10.3%	(4,205)	-49.9%
Fixed Liabilities	525	0.7%	421	404.8%	104	0.1%	367	0.5%	158	43.2%
Total Liabilities	25,118	31.9%	(905)	-3.5%	26,023	30.7%	27,423	33.5%	(2,305)	-8.4%
Shareholder's equity	52,822	67.1%	(5,101)	-8.8%	57,923	68.3%	53,286	65.1%	(463)	-0.9%
Capital Stock	12,279	15.6%	0	0.0%	12,279	14.5%	12,279	15.0%	0	0.0%
Additional Paid-in Capital	19,453	24.7%	0	0.0%	19,453	22.9%	19,453	23.8%	0	0.0%
Consolidated Surplus	37,257	47.4%	3,365	9.9%	33,892	40.0%	37,720	46.1%	(463)	-1.2%
Repurchased Stock	(16,167)	-20.6%	(8,465)	109.9%	(7,702)	-9.1%	(16,167)	-19.8%	0	0.0%
Gains on valuation of other securities	(28)	0.0%	(16)	133.3%	(12)	0.0%	114	0.1%	(143)	-125.3%
Difference from Securities Revaluation	(17)	0.0%	(4)	30.8%	(13)	0.0%	(12)	0.0%	(5)	46.3%
Deferral hedge gain and losses	(11)	0.0%	(12)	-1200.0%	1	0.0%	126	0.2%	(137)	-108.9%
Minority Shareholder's Equity	774	1.0%	(115)	-12.9%	889	1.0%	1,009	1.2%	(234)	-23.2%
Total Net Assets	53,568	68.1%	(5,232)	-8.9%	58,800	69.3%	54,409	66.5%	(841)	-1.6%
Total Liabilities and Net Assets	78,686	100.0%	(6,137)	-7.2%	84,823	100.0%	81,833	100.0%	(3,146)	-3.9%

Balance Sheet (Non-Consolidated)

Yen in millions

	Current FY 1Q①		Variance (①-②)		Previous FY 1Q②		FY ending Mar.2009③		Variance (①-③)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current Assets	63,903	84.6%	(7,987)	-11.1%	71,890	87.8%	67,035	85.9%	(3,131)	-4.7%
Cash and Deposits+CD+CP	23,802	31.5%	(2,706)	-10.2%	26,508	32.4%	19,709	25.3%	4,092	20.8%
Account Receivable etc.	25,089	33.2%	2,105	9.2%	22,984	28.1%	32,104	41.1%	(7,014)	-21.8%
Inventory assets	9,669	12.8%	(9,135)	-48.6%	18,804	23.0%	10,899	14.0%	(1,229)	-11.3%
Others	5,363	7.1%	1,763	49.0%	3,600	4.4%	4,368	5.6%	995	22.8%
Allowance for Doubtful Receivables	(20)	0.0%	(14)	233.3%	(6)	0.0%	(45)	-0.1%	25	-55.6%
Fixed Assets	11,643	15.4%	1,609	16.0%	10,034	12.2%	11,008	14.1%	635	5.8%
Tangible Fixed Assets	4,984	6.6%	476	10.6%	4,508	5.5%	4,804	6.2%	180	3.8%
Intangible Fixed Assets	920	1.2%	(280)	-23.3%	1,200	1.5%	1,013	1.3%	(93)	-9.2%
Investment etc.	5,739	7.6%	1,414	32.7%	4,325	5.3%	5,191	6.7%	548	10.6%
Total Assets	75,547	100.0%	(6,378)	-7.8%	81,925	100.0%	78,044	100.0%	(2,496)	-3.2%
Current Liabilities	23,616	31.3%	(1,466)	-5.8%	25,082	30.6%	25,596	32.8%	(1,980)	-7.7%
Account Payable	13,630	18.0%	(3,429)	-20.1%	17,059	20.8%	14,252	18.3%	(622)	-4.4%
Payment Due	6,333	8.4%	701	12.4%	5,632	6.9%	3,935	5.0%	2,398	61.0%
Others	3,653	4.8%	1,262	52.8%	2,391	2.9%	7,409	9.5%	(3,756)	-50.7%
Fixed Liabilities	503	0.7%	411	446.7%	92	0.1%	356	0.5%	146	41.2%
Total Liabilities	24,119	32.0%	(1,056)	-4.2%	25,175	30.7%	25,953	33.3%	(1,833)	-7.1%
Shareholder's equity	51,458	68.1%	(5,304)	-9.3%	56,762	69.3%	51,976	66.6%	(518)	-1.0%
Capital Stock	12,279	16.3%	0	0.0%	12,279	15.0%	12,279	15.7%	0	0.0%
Additional Paid-in Capital	19,453	25.7%	0	0.0%	19,453	23.7%	19,453	24.9%	0	0.0%
Consolidated Surplus	35,892	47.5%	3,160	9.7%	32,732	40.0%	36,411	46.7%	(518)	-1.4%
Repurchased Stock	(16,167)	-21.4%	(8,465)	109.9%	(7,702)	-9.4%	(16,167)	-20.7%	0	0.0%
Gains on valuation of other securities	(30)	0.0%	(18)	150.0%	(12)	0.0%	114	0.1%	(144)	-126.4%
Difference from Securities Revaluation	(17)	0.0%	(4)	30.8%	(13)	0.0%	(12)	0.0%	(5)	-46.3%
Deferral hedge gain and losses	(12)	0.0%	(13)	-1300.0%	1	0.0%	126	0.2%	(138)	-109.9%
Total Net Assets	51,427	68.0%	(5,323)	-9.4%	56,750	69.3%	52,091	66.7%	(663)	-1.3%
Total Liabilities and Net Assets	75,547	100.0%	(6,378)	-7.8%	81,925	100.0%	78,044	100.0%	(2,496)	-3.2%

The logo for Net One Systems is centered on a blue background with a pattern of overlapping, semi-transparent shapes that resemble a grid or a series of interconnected nodes. The text "Net One Systems" is written in a bold, italicized, sans-serif font. The "N" is stylized with horizontal lines, and the "O" and "S" also feature horizontal lines, giving the logo a digital or network-like appearance.

Net One Systems