

Financial Report for FY 2000 (ending March 2001) (Non-consolidated Report)

May 17, 2001

Registered Corporate Name: **Net One Systems Co., Ltd**

Registered Stock Code Number: 7518

Location of Headquarters: 2-8, Higashi Shinagawa 2-Chome, Shinagawa-Ku, Tokyo

Inquiries: Title Managing Director

Name Shojiro Takagaki

Telephone: (03)5462-0800

Mid-term dividend program available.

Date of Board Meeting for FY ending March 2001: May 17, 2001

Date of General Meeting of Shareholders: June 28, 2001

1. Results of FY 2000

(from April 1, 2000 to September 30, 2000)

(1) Financial Results

(unit: rounded down to nearest 1,000 yen)

	Sales		Operating Profit		Ordinary Profit	
	Million Yen	%	Million Yen	%	Million Yen	%
Year ended March 2001	57,484	(67.5)	5,026	(86.9)	4,886	(80.3)
Year ended March 2000	34,327	(42.0)	2,688	(165.9)	2,710	(139.0)

	Net Income	Net Income Per Share	Net Income Per Share (assuming Full Dilution)	Return on Stockholder's Equity	Ordinary Profit Ratio of Total Capital	Ordinary Profit Ratio of Sales
	Million Yen %	Yen	Yen	%	%	%
Year ended March 2001	3,089 (130.9)	25,761.25	25,458.76	18.2	12.5	8.5
Year ended March 2000	1,338 (223.6)	16,894.20	16,559.92	9.2	11.1	7.9

(note)1. Average number of shares in the term:

FY ended Mar. 2001: 119,934 shares

FY ended Mar. 2000: 79,212 shares

2. Changes in Principal Accounting Policies: None

3. Percentage: Increase/Decrease against previous year on Sales, Operating Profit, Ordinary Profit, and Net Income

(2) Dividend Status

	Annual dividend per share			Total Dividend (Annual)	Dividend Payout Ratio	Dividend Rate for Shareholder's
		Interim Period	FY	Million Yen	%	%
Year ended Mar. 2001	1,000.0	0.0	1,000.0	120	3.9	0.6
Year ended Mar. 2000	1,000.0	0.0	1,000.0	79	5.9	0.5

(3) Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity per Share
	Million Yen	Million Yen	%	Yen
Year ended March 2001	51,484	18,713	36.3	155,537.31
Year ended March 2000	26,948	15,312	56.3	192,344.22

(Note) Issued and Outstanding shares at end of the period:

FY ended Mar. 2001 : 120,314 shares

FY ended Mar. 2000 : 79,612 shares

2. Forecast for the Fiscal Year ending March 2002

(April 1, 2001 to March 31, 2002)

	Sales	Ordinary Profit	Ordinary Net Income	Annual Dividend Per Share		
				Interim	End of Term	
	Million Yen	Million Yen	Million Yen	Yen	Yen	Yen
Interim Period	31,500	2,000	1,100	0.0	-	-
Fiscal Year	75,000	7,000	3,900	-	1,000.0	1,000.0

Reference: Forecast net income per share for FY ending Mar. 2002: 32,415.18 yen

[Reference Information regarding Net Income Per Share, and Shareholders' Equity per Share]

In order to make comparisons over period of time, following chart indicates the per share values of net Income per share, and shareholders' equity per share after retroactive adjustments for the stock split dated May 22, 2000 (1.5 shares for 1 share stock split)

	Net Income Per Share	Net Income Per Share after adjustment	Shareholders' Equity Per Share	Average Number of Shares	Number of Outstandin g Shares at End of Period
	Yen	Yen	Yen	Shares	Shares
Year ended Mar. 2001	25,761.25	25,458.76	155,537.31	119,934	120,314
Year ended Mar. 2000	11,262.80	11,039.99	128,229.48	118,818	119,418

Comparative Balance Sheet

(unit: rounded down to the nearest 1,000 yen)

	Previous FY (as of Mar. 31, 2000)		Current FY (as of Mar. 31, 2001)		Variance
	Amount	Ratio	Amount	Ratio	
ASSETS		%		%	
Current Assets	22,453,397	83.3	46,226,884	89.8	23,773,487
Cash and Deposits	4,843,728		6,458,941		1,615,212
Note Receivable	420,926		1,038,308		617,382
Account Receivable	10,503,346		18,693,928		8,190,581
Securities	90,311		—		△90,311
Repurchased Stocks	—		9,175		9,175
Commercial Goods	4,171,668		12,158,982		7,987,313
Goods in Transit	597,699		199,270		△398,429
Uncompleted Works	871,268		5,000,686		4,129,417
Inventory Goods	2,526		1,226		△1,300
Advanced Payment	1,534		62,000		60,465
Prepaid Expense	615,008		421,135		△193,873
Accrued Revenue	—		1,073,004		1,073,004
Deferred Income Tax	302,607		308,636		6,028
Short Term Loans	102,618		254,150		151,532
Accrued Consumption Tax	—		413,406		413,406
Others	7,251		167,932		160,681
Allowance for Doubtful Receivables	△ 77,100		△33,900		43,200
Fixed Assets	4,495,120	16.7	5,257,688	10.2	762,567
Tangible Fixed Assets	1,864,256	6.9	2,536,110	4.9	671,854
Buildings	120,238		281,034		160,795
Tools, Fixtures, and Equipment	1,279,345		1,849,013		569,668
Land	215,080		215,080		—
Lease Asset	249,592		190,982		△ 58,610
Intangible Fixed Assets	149,617	0.6	121,961	0.2	△ 27,655
Telephone Subscription Right	4,311		4,311		—
Software	145,306		117,650		△ 27,655
Investment and other Assets	2,481,247	9.2	2,599,616	5.1	118,369
Investment Securities	999,494		1,193,745		194,250
Stocks of related companies	274,375		401,375		127,000
Amount Invested	10,988		64,832		53,843
Long term loan provided to employee	15,099		10,126		△ 4,973
Long term Prepaid Expense	364,433		72,677		△291,755
Deferred Income Tax Assets	197,208		284,623		87,414
Security Deposit Amount	515,780		477,259		△ 38,520
Others	103,966		94,978		△ 8,988
Allowance for Doubtful Receivables	△ 100		—		100
Total Assets	26,948,518	100.0	51,484,572	100.0	24,536,054

(unit: rounded down to the nearest 1,000 yen)

	Previous FY (as of Mar. 31, 2000)		Current FY (as of Mar. 31, 2001)		Variance
	Amount	Ratio	Amount	Ratio	
LIABILITIES		%		%	
Current Liabilities	11,512,694	42.7	32,512,152	63.2	20,999,457
Account Payable	4,402,660		7,341,348		2,938,688
Short Term Debt	2,600,000		20,000,000		17,400,000
Corporate Bond Redeemable within 1 year	10,000		—		△ 10,000
Payment Due	1,408,144		1,040,692		△ 367,452
Accrued Corporation Tax, Etc.	1,298,624		1,798,815		500,190
Accrued Consumptin Tax	221,957		—		△ 221,957
Outstanding Expenses	494,652		710,076		215,424
Advance Received	739,226		1,186,675		447,449
Deposit Received	40,948		78,304		37,355
Allowance for Bonus	296,300		322,000		25,700
Subscription Right	180		—		△ 180
Others	—		34,239		34,239
Fixed Liabilities	122,915	0.5	259,104	0.5	136,189
Allowance for Retirement Benefits	—		133,974		133,974
Allowance for Bonus for Retiring Directors	122,780		124,980		2,200
Others	135		150		15
Total Liabilities	11,635,609	43.2	32,771,257	63.7	21,135,647
SHAREHOLDER'S EQUITY					
Capital Stock	2,244,333	8.3	2,374,443	4.6	130,109
Additional Paid-in Capital	9,203,630	34.2	9,333,859	18.1	130,229
Earned Surplus Reserve	57,271	0.2	69,132	0.1	11,861
Other Surplus	3,807,673	14.1	6,766,850	13.2	2,959,176
Unappropriated Reserve	2,314,544		3,601,544		1,286,999
Reserve for localization of imported products	92,720		46,360		△ 46,360
Reserve for programs, etc.	1,824		—		△ 1,824
Reserve for extraordinary depreciation of certain IT equipment	—		15,184		15,184
Other Reserve	2,220,000		3,540,000		1,320,000
Unappropriated Profits	1,493,129		3,165,306		1,672,176
(Current Net Income)	(1,338,223)		(3,089,649)		(1,751,426)
Difference from Securities Revaluation	—		169,029	0.3	169,029
Total Shareholders' Equity	15,312,908	56.8	18,713,315	36.3	3,400,407
Total Liabilities, Shareholders' Equity	26,948,518	100	51,484,572	100	24,536,054

Comparative Income Statement

(unit: rounded down to the nearest 1,000 yen)

	Previous FY		Current FY		Variance
	(Apr. 1, 1999 to Mar. 31, 2000)		(Apr. 1, 2000 to Mar. 31, 2001)		
	Amount	Ratio	Amount	Ratio	
		%		%	
Sales	34,327,375	100	57,484,382	100	23,157,007
Cost of Goods Sold	23,847,931	69.5	43,494,843	75.7	19,646,912
Gross Profit on Sales	10,479,444	30.5	13,989,539	24.3	3,510,094
Sales Expense and Administrative Expense	7,790,699	22.7	8,963,061	15.6	1,172,361
Operating Profit	2,688,744	7.8	5,026,477	8.7	2,337,732
Non-operating Income	55,234	0.2	60,086	0.1	4,851
Interest Earned	21,514		10,086		△ 11,427
Dividend Earned	825		831		6
Income from Subsidiaries' Commissioned Business	—		18,765		18,765
Sales Promotion Premium	10,000		—		△ 10,000
Dividend from Group Insurance	6,438		6,362		△ 75
Commission Deposit for Acquisition of Fractional Shares	—		8,574		8,574
Others	16,457		15,466		△ 911
Non-operating Expense	33,912	0.1	200,330	0.3	166,418
Interest Expense	24,600		78,446		53,845
Interest from Corporate Bond	138		33		△ 104
Loss from Sales of Repurchased Securities	—		32,112		32,112
Stock Issuing Expense	—		9,818		9,818
Exchange Loss	6,941		76,136		69,195
Others	2,231		3,782		1,551
Ordinary Profit	2,710,067	7.9	4,886,232	8.5	2,176,165
Extraordinary Profit	6,800	0.0	3,081,703	5.3	3,074,903
Reversal From Allowance for Doubtful Account	6,800		43,300		36,500
Profit from Exchange of Investment Securities	—		3,038,403		3,038,403
Extraordinary Loss	342,777	1.0	2,551,382	4.4	2,208,604
Loss from Removal of Fixed Assets	11,026		49,703		38,676
Loss from Sales of Securities	—		2,104,885		2,104,885
Loss from Revaluation of Investment Securities	99,999		101,898		1,898
Loss from Exchange of Investment Securities	152,766		—		△ 152,766
Loss from Revaluation of Telephone Subscription Right	15,510		—		△ 15,510
Loss from Revaluation of Golf Membership	11,273		—		△ 11,273
Deferred Allowance for Retirement Benefit (Adjusted for the change in Accounting Method)	—		154,120		154,120
Restoration after Partial Relocation of the Headquarters Expense	52,200		—		△ 52,200
Partial Relocation of Headquarters Expense	—		91,426		91,426
Demolition expense for Corporate Housing	—		49,348		49,348
Current Income Before Tax, etc.	2,374,089	6.9	5,416,554	9.4	3,042,464
Corporate Tax, Residence Tax, & Business Tax	1,526,000	4.4	2,543,000	4.4	1,017,000
Adjustment to Corporate Tax, Etc.	△ 490,134	△ 1.4	△ 216,095	△ 0.4	274,038
Current Net Profit	1,338,223	3.9	3,089,649	5.4	1,751,426
Retained Earnings at the beginning of the period	76,620		75,656		△ 964
Tax Effect Adjustment Amount for the previous FY (credit)	9,681		—		△ 9,681
Appropriation of Reserve for localization of imported products	67,280		—		△ 67,280
Appropriation of Reserve for programs, etc. in relation to Tax Effect Adjustment	1,323		—		△ 1,323
Unappropriated Net Profit for the FY	1,493,129		3,165,306		1,672,176

Comparison of Plan for Appropriation of Earnings

(unit: rounded down to the nearest 1,000 yen)

Items	FY ended Mar. 2000	FY ended Mar. 2001	Variance
Unappropriated Net Profit for the FY	1,493,129	3,165,306	1,672,176
Appropriation of Reserve for localization of imported products	46,360	46,360	—
Appropriation of Reserve for programs, etc.	1,824	—	△ 1,824
Appropriation of Reserve for extraordinary depreciation of certain IT equipment	—	2,169	2,169
Total	1,541,313	3,213,835	1,672,521
The above items will be appropriated as indicated below.			
Earned Surplus Reserve	11,861	16,831	4,969
Dividends	79,612	120,310	40,698
Bonus to Directors	39,000	48,000	9,000
Other Reserve	1,320,000	2,930,000	1,610,000
Reserve for extraordinary depreciation of certain IT equipment	15,184	17,880	2,696
Earned Surplus carried forward to the following FY	75,656	80,813	5,156

I. Significant Accounting Policy

1. Valuation Standard and Valuation Method for Marketable Securities	(1)	Securities of affiliated companies		Cost accounting method using moving average method
	(2)	Other Securities	Securities with market value	Market value method based on market value on closing date (Accounting for difference in valuation is total direct casting equity method and for cost of products sold, moving average method is applied.)
			Securities without market value	Cost accounting method using moving average method
2. Derivatives				Market Value
3. Valuation policy and valuation method for inventory assets	(1)	Merchandises		Cost accounting method using moving average method
	(2)	Uncompleted Works		Cost accounting method using individual method
4. Accounting method for depreciation of fixed assets	(1)	Tangible Fixed Assets		Fixed percentage method, with an exception of lease assets which employs straight line method
	(2)	Intangible Fixed Assts	Software for internal use	Straight line method based on corporate usability period (5 years)
			Software for sale	Straight line method based on useful life (3 years)
	(3)	Long Term Prepaid Expense		Average Depreciation method
5. Accounting method for accrued assets		Expense relating to issuance of new stocks		When making the payment, all amount is accrued under expense.
6. Exchange standard for foreign currency assets and liabilities				With regards to debts and credits in foreign currencies, the amount will be calculated to yen using spot exchange rate as of the closing date of FY and converted difference is accrued as gain or loss.

7. Accounting method for accrual of allowance	(1)	Allowance for doubtful receivables		To prepare for loss from uncollectable receivables, for general uncollectable credits, calculation based on actual uncollectable rate is budgeted and for special receivables with higher uncertainty, probability of collectivity is considered on individual
	(2)	Allowance for bonus		Expenditure from payment of bonus to employees is recorded based on payment prospect.
	(3)	Allowance for retirement benefits		To prepare for employee retirement benefits, the amount expected to be accrued by the end of the current accounting term is budgeted based on liabilities from prospective employee retirement benefits and pension assets. Difference due to change in accounting policy (154,120 thousand yen) is handled as a lump expense and accrued as an extraordinary loss. Difference due to calculation will be accrued in the proceeding FY using straight line method determined through applying average number of employment (5 years) at the time of such incident.
	(4)	Allowance for bonus for retiring directors		To prepare for allowance for bonus for retiring directors, FY payment amount is budgeted based on policy for bonus for retiring directors.
8. Accounting method for significant lease transactions				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.
9. Hedge accounting	(1)	Hedge accounting method		Carry over hedge accounting is applied, except for Exchange Contract when requirements for allocation procedure are met, allocation procedure is applied.
	(2)	Hedge procedure and subject	Hedge Procedure Subject to Hedge	Exchange Contract Planned foreign currency transactions
	(3)	Hedge policy		In accordance with limitation on transactions 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.
10. Accounting Policy for consumption tax, etc.				pre-tax method is employed. In current FY, as temporary payment of consumption tax etc. is greater than temporary receivable consumption tax, etc., the balance is accrued under accrued consumption tax, etc. of current assets.

From this current FY, as Accrued Revenue surpassed one-hundredth of total assets value, it is classified independently.

In the previous FY, Accrued Revenue of 2,073 thousand yen was included as Others under Current Assets.

III Additional Information

1. Accounting for Retirement Benefits

From current FY, accounting policy indicated in "Opinion on establishment of accounting policy for retirement benefits" (Business Accounting Council, June 16, 1998) is applied for retirement benefits. As results, in comparison to the prior accounting method, Retirement Benefits Expense increased by 133,974 thousand yen, ordinary income increased by 20,145 thousand yen and net income before tax, etc. decreased by 133,974 thousand yen.

2. Accounting for Financial Products

From current FY, accounting policy indicated in "Opinion on establishment of accounting policy for financial products" (Business Accounting Council, Jan. 22, 1999) is applied. As a result of this, in comparison to the prior accounting method, net income decreased by 2,104,885 thousand yen. Also, after considering the purpose of security holding at beginning of the term, all financial products have been classified as investment securities. As results, current assets for securities decreased by 90,311 thousand yen, and investment securities increased by the same amount.

3. Accounting for Transactions in Foreign Currencies

From current FY, the revised accounting procedure standard for transactions in foreign currencies as indicated in "Opinion on revision of standard of accounting procedure for transactions in foreign currencies" (Business Accounting Council, Oct. 22, 1999) is applied. There are no effects on gain/loss resulting from this change.

IV. Matters related to Balance Sheet

1. Total Amount for Depreciation of Tangible Fixed Assets

Previous FY	Current FY
2,373,365 thousand yen	2,874,786 thousand yen

2. Significant foreign assets/liabilities

Items	Previous FY	
	Amount in foreign currency (US \$1,000)	Amount accrued in Balance Sheet (1,000 yen)
Account Receivable	356	37,887
Marketable Securities	106	12,311
Investment Securities	4,362	501,894
Stocks of Related Companies	500	44,375
Amount Invested	100	10,988
Account Payable	5,747	610,106
Payment Due	170	18,047

3. Significant liabilities and bonds to related companies

(unit: 1,000 yen)

	Previous Period	Current Period
Account Payable	3,659	134,364
Payment Due	89,324	1,423,606

4. Total number of corporate stocks issued and outstanding stocks

	Previous Period	Current Period
Number of stocks issued	160,000	400,000
Number of outstanding stocks	79,612	120,314

5. Increase in the number of outstanding stocks	
Stock split as of May 22, 2000 (1.5 shares for 1 share)	39,806 shares
Stocks issued in relation to exercise of right related to bond with subscription warrant issued on July 12, 1996.	
(exercise cost 111,111.10 yen, Capital holding amount 55,556 yen)	108 shares
Stocks issued as a result of exercise of stock purchase right granted in accordance with Commercial Code Chapter 280, Article 18, Clause 2 through resolution reached in general meeting of shareholders	788 shares

V. Matters related to Income Statement

	(unit: 1,000 yen)	
1. Significant expense and amount under sales expense and administrative	Previous FY	Next FY
Director compensation	114,240	102,973
Salary allowance	2,608,365	3,103,291
Bonus	524,154	443,710
Allowance for Bonus	264,392	287,723
Allowance for Retirement Benefits	-	87,672
Allowance for Bonus for Retiring Directors	29,500	24,000
Legal Welfare Expense	313,334	386,731
Rental Expense	741,248	924,271
Depreciation Expense	819,522	883,678
Outsourcing Expense	779,517	590,844
Office Supply Expense	143,517	188,949
Transportation Expense	190,509	252,461
2. Total research and development expense included in sales expense and administrative expense.	Previous FY	Next FY
	578,149	699,998
3. Items under loss from removal of fixed assets	Previous FY	Next FY
Equipment attached to the Building	-	28,852
Tools, Fixtures, and Equipment	11,026	20,850

VI. Matters related to Lease Transactions

(unit: 1,000 yen)

	Previous FY (Apr. 1, 1999 to Mar. 31, 2000)	Current FY (Apr. 1, 2000 to Mar. 31, 2001)																																
All finance lease transactions excluding leased products where title is expected to transfer to the debtor.	1. Debtor (1) Acquisition Amount Value, Net Total Depreciation Value, and Balance at End of Term Value for Lease Products (unit: rounded down to the nearest 1,000 yen)	1. Debtor (1) Acquisition Amount Value, Net Total Depreciation Value, and Balance at End of Term Value for Lease Products (unit: rounded down to the nearest 1,000 yen)																																
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(2) Balance at end of Term for Prepaid Lease Fee Value	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Within 1 year</td> <td style="text-align: right;">61,473</td> </tr> <tr> <td style="padding-left: 20px;"><u>Over 1 year</u></td> <td style="text-align: right;"><u>117,394</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">178,832</td> </tr> </table>	Within 1 year	61,473	<u>Over 1 year</u>	<u>117,394</u>	Total	178,832	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Within 1 year</td> <td style="text-align: right;">63,284</td> </tr> <tr> <td style="padding-left: 20px;"><u>Over 1 year</u></td> <td style="text-align: right;"><u>87,704</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">150,989</td> </tr> </table>	Within 1 year	63,284	<u>Over 1 year</u>	<u>87,704</u>	Total	150,989																				
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(unit: 1,000 yen)

	Previous FY (Apr. 1, 1999 to Mar. 31, 2000)	Current FY (Apr. 1, 2000 to Mar. 31, 2001)																								
All finance lease transactions excluding leased products where title is expected to transfer to the debtor.	<p>2. Creditor</p> <p>(1) Acquisition Amount, Depreciation Net Total, and Balance at End of Term for Lease Products</p> <p>(unit: rounded down to the nearest 1,000 yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Acquisition Amount</th> <th style="width: 20%;">Net Total Depreciation</th> <th style="width: 30%;">Balance at End of Term</th> </tr> </thead> <tbody> <tr> <td>Lease Assets (Tools, Fixtures & Equipment)</td> <td style="text-align: right;">394,274</td> <td style="text-align: right;">144,682</td> <td style="text-align: right;">249,592</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">394,274</td> <td style="text-align: right;">144,682</td> <td style="text-align: right;">249,592</td> </tr> </tbody> </table>		Acquisition Amount	Net Total Depreciation	Balance at End of Term	Lease Assets (Tools, Fixtures & Equipment)	394,274	144,682	249,592	Total	394,274	144,682	249,592	<p>2. Creditor</p> <p>(1) Acquisition Amount, Depreciation Net Total, and Balance at End of Term for Lease Products</p> <p>(unit: rounded down to the nearest 1,000 yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Acquisition Amount</th> <th style="width: 20%;">Net Total Depreciation</th> <th style="width: 30%;">Balance at End of Term</th> </tr> </thead> <tbody> <tr> <td>Lease Assets (Tools, Fixtures & Equipment)</td> <td style="text-align: right;">400,902</td> <td style="text-align: right;">209,920</td> <td style="text-align: right;">190,982</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">400,902</td> <td style="text-align: right;">209,920</td> <td style="text-align: right;">190,982</td> </tr> </tbody> </table>		Acquisition Amount	Net Total Depreciation	Balance at End of Term	Lease Assets (Tools, Fixtures & Equipment)	400,902	209,920	190,982	Total	400,902	209,920	190,982
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VIII. Tax Effect Accounting

Breakdown based on basis for accrual for deferred income tax asset and deferred income tax liability

	(unit: 1,000 yen)
	Current FY
Deferred Income Tax Asset (Current)	
Business Tax Payable	164,784
Amount in excess of the Allowance for Bonus	55,892
Year End Bonus Payable	61,739
Others	<u>26,219</u>
Total Deferred Income Tax Assets (Current)	308,636
Deferred Income Tax Assets (Fixed)	
Amount in excess of the allowance for Tools, Fixtures, and Equipment	178,941
Allowance for Retirement Benefits	56,336
Allowance for Bonus for Retiring Directors	52,554
Valuation Loss for Marketable Securities	84,898
Others	<u>56,963</u>
Total Deferred Income Tax Assets (Fixed)	429,693
Deferred Income Tax Liabilities (Fixed)	
Valuation Difference value for other Marketable Securities	122,652
Reserve for Extraordinary Depreciation	<u>22,418</u>
Total Deferred Income Tax Liabilities (Fixed)	145,070
Net Deferred Income Tax Assets	<u>284,623</u>

Change in Executive Personnel (scheduled for June 28, 2001)

(1) Change in representative officer

No changes were made.

(2) Changes in other executive officers

① Candidates for new executive auditor

Executive Auditor (Full-time) Shojiro Takagaki (presently, Managing Director of Net One Systems Co., Ltd.)

Auditor (Part-time) Shin Asano (attorney, presently, Aoba Law Firm)

Note: Shin Asano who is a candidate for auditor, qualifies as an outside auditor under the requirements indicated in Commercial Code Chapter 18, Clause 1.

② Executive planned for retirement

Managing Director Shojiro Takagaki (scheduled to assume the post of Executive Auditor at Net One Systems Co., Ltd.)