

Financial Report for 3rd Quarter FY 2007 (ending March 2008)



February 1, 2008

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

1. Business Results for FY 2007 (April 1, 2007 to December 31, 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	%
Quarter ended December 31, 2007	74,868	(-1.6)	2,760	(-12.5)	2,859	(-9.2)	1,464	(-13.2)
Quarter ended December 31, 2006	76,078	(6.5)	3,155	(-39.2)	3,148	(-40.2)	1,687	(-45.7)
FY ended March 2007	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
Quarter ended December 31, 2007	2,793	50	—	—
Quarter ended December 31, 2006	3,059	04	—	—
FY ended March 2007	5,241	81	—	—

(2) Financial position

	Total assets		Net assets		Net assets ratio	Net assets per share	
	Million yen	yen	Million yen	yen	%	yen	sen
Quarter ended December 31, 2007	75,949		57,956		75.2	114,564	20
Quarter ended December 31, 2006	79,342		63,571		79.2	113,833	61
FY ended March 2007	84,601		64,647		75.5	115,715	08

(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 term
	Million yen	Million yen	Million yen	Million yen
Quarter ended December 31, 2007	4,104	- 2,742	- 8,405	22,711
Quarter ended December 31, 2006	4,882	- 2,611	- 818	26,508
FY ended March 2007	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 2008 (forecast)		1,250 00	

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

Commemorative dividend 500.00 yen

There are no changes to the dividend forecast announced on previous FY financial report dated May 9, 2007.

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

(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	110,000 (0.6)	4,600 (-16.2)	4,700 (-14.5)	2,400 (-17.0)	4,634 98

There are no changes to the forecast announced on previous FY financial report dated October 29, 2007.

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 yes

(3) Changes in accounting policy none

(Note) For details, please refer to Qualitative Information/Financial Reports, etc. 4. Others on page 5.

1. Status of Non-Consolidated Business Results for FY 2007 (April 1, 2007 to December 31, 2007)

(1) Non-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	%
Quarter ended December 31, 2007	73,459	(-1.5)	2,043	(-31.7)	2,151	(-29.3)	1,216	(-26.7)
Quarter ended December 31, 2006	74,569	(6.4)	2,991	(-31.7)	3,042	(-31.8)	1,660	(-36.9)
FY ended March 2007	107,144	—	5,042	—	5,119	—	2,767	—

	Current net income per share		Current net income per share assuming full dilution	
	yen	sen	yen	sen
Quarter ended December 31, 2007	2,320	47	_____	_____
Quarter ended December 31, 2006	3,009	01	_____	_____
FY ended March 2007	5,015	53	_____	_____

(2) Non-consolidated Financial position

	Total assets		Net assets		Net assets ratio	Net assets per share	
	Million yen		Million yen		%	yen	sen
Quarter ended December 31, 2007	72,652		55,908		77.0	112,143	45
Quarter ended December 31, 2006	76,561		61,938		80.9	112,271	74
FY ended March 2007	81,683		62,879		77.0	113,976	95

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

(% 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	108,000	(0.8)	4,100	(-18.7)	4,200	(-18.0)	2,200	(-20.5)	4,248	73

(Note) There are no changes to the forecast announced on previous FY financial report dated October 29, 2007.

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/Financial Reports, etc. 3. Qualitative information regarding consolidated business performance on page 5.

Qualitative Information/ Financial Reports, etc.

1. Qualitative information regarding consolidated business performance

Total orders accepted during current consolidated term was 81,005M yen indicating 1,315M yen (1.6% decrease from previous FY 3Q) decrease. With regard to breakdown of the orders accepted based on channels, Enterprise sector (EP Sector) accounted for 29,140M yen (8.4% decrease from previous FY 3Q), Telecom and Service provider (ISP) sector (SP Sector) accounted for 33,734M yen (3.4% increase from previous FY 3Q), and Public sector (Public Sector) accounted for 18,129M yen (1.3% increase from previous FY 3Q). With regard to total orders accepted based on categories of network products, etc. and service business (operational management, etc., including construction) former accounted for 55,946M yen (4.0% decrease from previous FY) and latter accounted for 25,058M yen (4.2% increase from previous FY 3Q).

Total sales during current consolidated term was 74,868M and indicating 1,210M yen (1.6% decrease from previous FY 3Q) decrease. With regard to breakdown of sales based on channels, EP Sector accounted for 29,765M yen (0.3% increase from previous FY 3Q), SP Sector accounted for 31,820M yen (2.9% decrease from previous FY 3Q), and Public Sector accounted for 13,282M yen (2.5% decrease from previous FY 3Q). With regard to total sales based on categories of network products, etc. and service business (operational management, etc., including construction) former accounted for 49,260M yen (6.3% decrease from previous FY 3Q) and latter accounted for 25,607M yen (8.8% increase from previous FY 3Q).

With regard to profit, although total sales was 74,868M (1.6% decrease or 1,210M yen decrease from previous FY 3Q), since the cost of goods sold was 57,201M yen (2.6% decrease or 1,530M yen decrease from previous FY 3Q), gross profit on sales was 17,666M yen (1.8% increase or 319M yen increase from previous FY 3Q). On the other hand, selling, general and administrative expense was 14,906M yen (5.0% increase or 714M yen increase from previous FY 3Q), and relative to this, operating profit was 2,760M yen (12.5% decrease or 395M yen decrease from previous FY 3Q), ordinary profit was 2,859M yen (9.2% decrease or 288M yen decrease from previous FY 3Q) and current net income was 1,464M yen (13.2% decrease or 223M yen decrease from previous FY 3Q).

2. Qualitative information regarding consolidated financial status

Current total assets was 75,949M yen and decreased by 4.3% as compared to previous FY 3Q. With regard to breakdown of total assets, current assets was 64,821M yen (5.1% decrease from previous FY 3Q) and fixed assets was 11,128M yen (0.6% increase from previous FY 3Q). Current total liabilities was 17,993M yen (14.1% increase from previous FY) and total net assets was 57,956M yen (8.8% decrease from previous FY 3Q). Significant factors for decrease in current assets and total net assets included significant decrease in cash and deposits (current assets) relative to market purchases of treasury stocks (Number of shares purchased: 53,143, purchase amount: 7,607M yen) and decrease in net assets relative to increase in treasury stocks (negative item under net assets).

With regard to non-consolidated report, current assets decreased by total of 3,463M yen relative to total of 3,797M yen decrease in cash and deposits and short term investments (negotiable deposits and commercial paper), 708M yen decrease in note and account receivables and 776M yen increase in inventories. Fixed assets increased by 70M yen.

Liabilities increased by total of 2,221M yen relative to 2,046M yen increase in accounts receivable (trade) and 257M yen increase in advance received. Total net assets decreased by 5,614M yen.

In comparison to end of previous FY (FY ended March 31, 2007), total assets decreased by 8,651M yen (10.2% decrease from previous FY 3Q). Significant factors for this included 7,042M yen decrease in cash and deposits and short term investments (negotiable deposits and commercial paper), 6,420M yen decrease in notes and accounts receivables (trade), and 3,851M yen increase in inventories. Relative to decrease in account receivable, etc., total liabilities and total net assets decreased by 1,960M yen and 6,690M yen, respectively.

Cash flow provided by operating activities was 4,104M yen, indicating a year over year decreased of 777M yen. Significant contributory factors for this included 1,398M yen increase in expenditure relative to increase in inventories. Cash flow used in investing activities was 2,742M yen, indicating a year over year increase of 130M yen. Significant contributory factor for this included 165M yen increase in expenditure relative to acquisition of tangible assets. Cash flow provided by (used in) financing activities was 845M yen indicating a year over year increase of 7,586M yen. Significant contributory factor for this included 7,624M yen in expenditure relative to acquisition of treasury stocks. Reflecting the above, as of the end of FY 3Q, cash and cash equivalents amounted to 22,711M yen, indicating a decrease of 3,797M yen (14.3% decrease).

3. Qualitative information regarding consolidated business performance

Although there is a concern over subprime loan problem affecting financial institutions within EP Sector, migration to IP telephony and business relating to corporate datacenters is on a rise. Within Public Sector, although some independent administrative agencies have either postponed or terminated business relative to limitation on budget, businesses from central and local government as well as from medical institutions are on a rise. During 3Q (October to December), SP Sector showed 22.6% year over year sales. For 4Q (January to March), sales are expected at a same rate as in previous FY.

Under this environment, with regard to sales for 4Q (January 1, 2008 to March 31, 2008), although in EP and Public Sectors, sales are expected to fall short of initial forecast, as the decrease is likely to be compensated by increased sales in SP Sector, there is no change in forecast.

With regard to consolidated forecast for FY 2007 (April 1, 2007 to March 31, 2008), expected sales, operating profit, ordinary profit and current net income are 110,000M yen, 4,600M yen, 4,700M yen and 2,400M yen respectively.

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

4. Others

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

None.

(2) Usage of simplified method for accounting standard

Accounting standard of corporation tax is calculated using annual forecast tax rate based on statutory effective tax rate.

(3) Disparity between accounting procedures of previous FY and current quarter

None

5. Consolidated Financial Statements for 3Q FY2007

(1) Consolidated Balance Sheet

(unit: rounded down to the nearest million yen)

	End of previous FY 3Q (as of December 31, 2006)		End of current FY 3Q (as of December 31, 2007)		Variance		(Reference) End of previous FY (as of March 31, 2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
ASSETS		%		%		%		%
I Current Assets	68,284	86.1	64,821	85.3	- 3,463	- 5.1	73,701	87.1
1. Cash and deposits	14,510		13,712		- 797		17,756	
2. Notes and accounts receivables - trade	25,241		24,533		- 708		30,954	
3. Short-term investments	11,998		8,998		- 2,999		11,997	
4. Inventories	13,659		14,435		776		10,584	
5. Deferred income taxes	428		543		115		636	
6. Other current assets	2,448		2,603		155		1,773	
Allowance for doubtful receivables	- 0		- 5		- 4		- 0	
II Fixed Assets	11,058	13.9	11,128	14.7	70	0.6	10,899	12.9
1. Tangible assets	5,255	6.6	5,350	7.1	94	1.8	5,061	6.0
(1) Furniture, fixtures and equipment	4,791		4,829		38		4,597	
(2) Other tangible assets	463		520		56		464	
2. Intangible assets	1,558	2.0	1,464	1.9	- 94	- 6.1	1,598	1.9
(1) Goodwill	13		7		- 5		12	
(2) Other intangible assets	1,545		1,457		- 88		1,586	
3. Investment and other assets	4,243	5.3	4,313	5.7	70	1.7	4,238	5.0
(1) Investment securities	781		926		144		746	
(2) Deferred income taxes	2,299		2,177		- 122		2,351	
(3) Other assets	1,388		1,435		47		1,366	
Allowance for doubtful receivables	- 226		- 225		0		- 225	
Total assets	79,342	100.0	75,949	100.0	- 3,392	- 4.3	84,601	100.0
LIABILITIES								
I Current liabilities	15,666	19.8	17,936	23.6	2,269	14.5	19,850	23.5
1. Accounts payable - trade	8,445		10,492		2,046		12,272	
2. Short-term loans	350		-		- 350		-	
3. Accrued expenses	746		840		94		1,117	
4. Accrued income taxes	45		182		137		895	
5. Advance received	4,909		5,167		257		3,911	
6. Allowance for bonuses	432		478		46		637	
7. Allowance for bonuses for executives	-		-		-		22	
8. Other current liabilities	737		775		37		993	
II Long term liabilities	104	0.1	56	0.1	- 48	- 46.1	103	0.1
1. Long-term accrued expenses	93		47		- 46		93	
2. Other long-term liabilities	10		8		- 1		9	

TOTAL LIABILITIES	15,771	19.9	17,993	23.7	2,221	14.1	19,953	23.6
NET ASSETS								
I Shareholders' equity	62,607	78.9	56,880	74.9	- 5,726	- 9.1	63,811	75.4
1. Capital stock	12,279	15.5	12,279	16.2	—	—	12,279	14.5
2. Additional paid-in capital	19,453	24.5	19,453	25.6	—	—	19,453	23.0
3. Accumulated earnings	30,969	39.0	32,849	43.2	1,880	6.1	32,173	38.0
4. Treasury stocks	- 94	- 0.1	- 7,702	- 10.1	- 7,607	—	- 94	- 0.1
II Revaluation and translation adjustments	192	0.2	234	0.3	41	21.6	26	0.0
1. Securities revaluation adjustment	- 3	- 0.0	149	0.2	152	—	- 2	- 0.0
2. Deferred charge from hedging instruments	196	0.2	85	0.1	- 110	- 56.4	29	0.0
III Minority interests	770	1.0	841	1.1	70	9.1	808	1.0
Total net assets	63,571	80.1	57,956	76.3	- 5,614	- 8.8	64,647	76.4
Total liabilities and net assets	79,342	100.0	75,949	100.0	- 3,392	- 4.3	84,601	100.0

(2) Comparative consolidated income statement

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

	Previous FY 3Q April 1, 2006 to December 31, 2006		Previous FY 3Q April 1, 2007 to December 31, 2007		Variance		(Reference) Previous FY April 1, 2006 to March 31, 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
I Sales	76,078	100.0	74,868	100.0	- 1,210	- 1.6	109,292	100.0
II Cost of goods sold	58,731	77.2	57,201	76.4	- 1,530	- 2.6	84,856	77.6
Gross profit on sales	17,347	22.8	17,666	23.6	319	1.8	24,436	22.4
III Selling, general and administrative expense	14,191	18.7	14,906	19.9	714	5.0	18,946	17.4
Operating profit	3,155	4.1	2,760	3.7	- 395	- 12.5	5,489	5.0
IV Non-Operating Income	75	0.1	131	0.2	56	74.3	99	0.1
1. Interest income	24		86		62		44	
2. Dividends	1		—		- 1		1	
3. Income from work from affiliated companies	—		1		1		3	
4. Dividend from group insurance	31		13		- 18		31	
5. Other income	17		29		11		18	
V Non-operating expense	83	0.1	32	0.1	- 50	- 60.9	90	0.1
1. Interest expense	3		—		- 3		4	
2. Investment loss on equity method	48		7		- 41		55	
3. Treasury stocks purchase fee	—		17		17		—	
4. Exchange loss on foreign currencies	14		3		- 10		6	
5. Commitment fee	6		—		- 6		9	
6. Investment operation loss	6		3		- 2		10	
7. Other expense	3		0		- 2		5	
Ordinary profit	3,148	4.1	2,859	3.8	- 288	- 9.2	5,498	5.0
VI Extraordinary profit	0	0.0	3	0.0	2	352.4	0	0.0
1. Reversal of allowance for doubtful receivables	0		0		- 0		0	
2. Dilution gain	—		2		2		—	
VII Extraordinary loss	223	0.3	100	0.1	- 123	- 55.1	414	0.3
1. Loss from removal of fixed assets	4		74		69		134	
2. Loss from sale of investment securities	—		0		0		2	
3. Loss from sale of affiliated company's stocks	—		15		15		—	
4. Loss from revaluation of investment securities	—		11		11		24	
5. Loss on revaluation of affiliated company's stocks	—		—		—		34	
6. Loss from relocation of affiliated company	19		—		- 19		19	

7. Loss from termination of business relocation	199		—		- 199		199	
Income before income taxes	2,925	3.8	2,762	3.7	- 163	- 5.6	5,084	4.7
Income taxes current	1,235	1.6	1,192	1.6	- 42	- 3.5	2,152	2.1
Minority interests	2	0.0	105	0.1	103	—	40	0.0
Current net income	1,687	2.2	1,464	2.0	- 223	- 13.2	2,891	2.6

(3) Comparative Consolidated Cash Flow Statement

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

	Previous FY 3Q April 1, 2006 to December 31, 2006	Current FY 3Q April 1, 2007 to December 31, 2007	(Reference) Previous FY April 1, 2006 to March 31, 2007
	Amount	Amount	Amount
I Cash flow provided by operating activities:			
Current net income before taxes	2,925	2,762	5,084
Depreciation and amortization	2,170	2,050	3,021
Amortization of goodwill	2	2	3
Increase or decrease in allowance for bonus	- 112	- 158	92
Increase or decrease in allowance for executives' bonus	—	- 22	22
Increase or decrease in allowance for doubtful accounts	- 0	4	- 0
Interests and dividends income	- 25	- 86	- 45
Equity in losses of affiliates	48	7	55
Interest payment	3	—	4
Loss from sales of investment securities	—	0	2
Loss from sales 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	12,150	7,677	5,439
Increase or decrease in inventories	- 2,453	- 3,851	622
Increase or decrease of accrued consumption tax receivable	127	- 87	158
Increase of other current assets	- 325	- 420	- 208
Decrease of purchase liabilities	- 6,698	- 1,778	- 2,873
Increase or decrease of accrued consumption tax payable	- 42	- 145	131
Decrease of other current liabilities	- 298	- 72	- 49
Payment for executives' bonuses	- 32	—	- 32
Others	- 163	- 66	17
Sub-total	7,275	5,840	11,504
Interests and dividends received	23	85	44
Interest paid	- 3	—	- 4
Income taxes paid	- 2,459	- 1,863	- 2,472
Others	46	42	45
Net cash provided by operating activities	4,882	4,104	9,117
II Cash flow used in investing activities:			
Expenditure from purchase of tangible fixed assets	- 2,065	- 2,231	- 2,559
Expenditure from purchase of intangible fixed assets	- 284	- 377	- 392
Expenditure from purchase of investment securities	- 278	—	- 313
Proceeds from Sell-off of investment securities	—	28	0
Expenditure from purchase of affiliated company stocks	—	- 70	—
Expenditure from loan	- 5	- 9	- 11
Proceeds from collection of loan	13	7	23
Expenditure from payment of initial investment	- 3	- 3	- 3
Proceeds from collection of initial investment	1	3	1
Others	10	- 89	10
Net cash used in investing activities	- 2,611	- 2,742	- 3,245
III Net cash provided by (used in) financing activities			

Net decrease in short-term loans	—	—	— 350
Expenditure from purchase of treasury stocks	—	- 7,624	—
Dividends paid	- 818	- 780	- 825
Net cash provided by (used in) financing activities	- 818	- 8,405	- 1,175
IV Net increase (decrease) in cash and cash equivalents	1,451	- 7,042	4,697
V Beginning balance of cash and cash equivalents	25,056	29,754	25,056
VI Ending balance of cash and cash equivalents	26,508	22,711	29,754

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 FY 3Q April 1, 2006 to December 31, 2006		Current FY 3Q April 1, 2007 to December 31, 2007		(Reference) Previous FY April 1, 2006 to March 31, 2007	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Network Integration Products	53,224	64.6	51,665	63.8	66,964	61.3
Network Computing Products	2,115	2.6	1,679	2.1	2,519	2.3
Media Integration Products	7,144	8.7	7,128	8.8	9,618	8.8
Service Integration Products	19,836	24.1	20,531	25.3	30,066	27.6
Total	82,320	100.0	81,005	100.0	109,168	100.0

Sales by product category

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

	Previous FY 3Q April 1, 2006 to December 31, 2006		Current FY 3Q April 1, 2007 to December 31, 2007		(Reference) Previous FY April 1, 2006 to March 31, 2007	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Network Integration Products	48,554	63.8	45,446	60.7	69,574	63.7
Network Computing Products	1,821	2.4	1,538	2.0	2,451	2.2
Media Integration Products	5,854	7.7	6,116	8.2	8,750	8.0
Service Integration Products	19,847	26.1	21,767	29.1	28,516	26.1
Total	76,078	100.0	74,868	100.0	109,292	100.0

Backlog of unfilled orders by product category

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

	Previous FY 3Q (as of December 31, 2006)		Current FY 3Q (as of December 31, 2007)		(Reference) Previous FY (as of March 31, 2007)	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Network Integration Products	17,931	44.6	16,870	42.2	10,651	31.5
Network Computing Products	583	1.4	499	1.3	358	1.0
Media Integration Products	3,089	7.7	3,679	9.2	2,667	7.9
Service Integration Products	18,597	46.3	18,923	47.3	20,159	59.6
Total	40,202	100.0	39,974	100.0	33,836	100.0

6. Non-Consolidated Financial Statements for 3Q FY2007

(1) Non-Consolidated Balance Sheet

(unit: rounded down to the nearest million yen)

	End of previous FY 3Q (as of December 31, 2006)		End of current FY 3Q (as of December 31, 2007)		Variance		(Reference) End of previous FY (as of March 31, 2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
ASSETS		%		%		%		%
I Current Assets	66,924	87.4	62,519	86.1	- 4,405	- 6.6	71,948	88.1
1. Cash and deposits	12,904		11,810		- 1,093		15,845	
2. Note receivables trade	701		593		- 107		1,033	
3. Account receivables - trade	24,159		23,590		- 568		29,638	
4. Short-term investments	11,998		8,998		- 2,999		11,997	
5. Inventories	13,694		14,442		747		10,592	
6. Other current assets	3,468		3,089		- 378		2,841	
Allowance for doubtful receivables	- 1		- 5		- 4		- 1	
II Fixed Assets	9,636	12.6	10,132	13.9	496	5.2	9,735	11.9
1. Tangible assets	4,176	5.5	4,416	6.0	239	5.7	4,161	5.1
(1) Furniture, fixtures and equipment	3,820		4,032		212		3,800	
(2) Other fixed assets	355		383		27		361	
2. Intangible assets	1,311	1.7	1,297	1.8	- 14	- 1.1	1,372	1.7
3. Investment and other assets	4,148	5.4	4,419	6.1	270	6.5	4,200	5.1
(1) Investment securities	1,933		2,159		225		1,904	
(2) Other assets	2,440		2,485		45		2,521	
Allowance for doubtful receivables	- 226		- 225		0		- 225	
Total assets	76,561	100.0	72,652	100.0	- 3,908	- 5.1	81,683	100.0
LIABILITIES								
I Current liabilities	14,548	19.0	16,700	23.0	2,152	14.8	18,730	22.9
1. Accounts payable - trade	8,642		10,401		1,759		12,425	
2. Accrued income taxes	—		—		—		765	
3. Advance received	4,320		4,608		287		3,281	
4. Allowance for bonuses	349		381		32		441	
5. Allowance for bonuses for executives	—		—		—		20	
6. Other current liabilities	1,237		1,310		73		1,796	
II Fixed Liabilities	73	0.1	42	0.0	- 30	- 41.8	73	0.1
1. Long term miscellaneous account	73		42		- 30		73	
Total Liabilities	14,622	19.1	16,743	23.0	2,121	14.5	18,803	23.0
NET ASSETS								
I Shareholders' equity	61,745	80.6	55,673	76.7	- 6,072	- 9.8	62,852	77.0
1. Capital stock	12,279	16.0	12,279	16.9	—	—	12,279	15.1
2. Additional paid-in capital	19,453	25.4	19,453	26.8	—	—	19,453	23.8
(1) Capital reserve	19,453		19,453		—		19,453	
3. Accumulated earnings	30,107	39.3	31,643	43.6	1,535	5.1	31,214	38.2

(1) Earned surplus reserve	86		86		—		86	
(2) Other accumulated earnings								
Reserve for extraordinary depreciation of IT equipment	7		2		- 4		2	
Other reserve	27,920		29,600		1,680		27,920	
Earned surplus carried forward	2,093		1,953		- 139		3,205	
4. Treasury stocks	- 94	- 0.1	- 7,702	- 10.6	- 7,607	—	- 94	- 0.1
II Revaluation and translation adjustments	192	0.3	234	0.3	41	21.6	26	0.0
1. Securities revaluation adjustments	- 3	- 0.0	149	0.2	152	—	- 2	- 0.0
2. Deferred charge from hedging instruments	196	0.3	85	0.1	- 110	- 56.4	29	0.0
Total net assets	61,938	80.9	55,908	77.0	- 6,030	- 9.7	62,879	77.0
Total liabilities and net assets	76,561	100.0	72,652	100.0	- 3,908	- 5.1	81,683	100.0

(2) Comparative income statement

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

	Previous FY April 1, 2006 to December 31, 2006		Current FY April 1, 2007 to December 31, 2007		Variance		(Reference) Previous FY April 1, 2006 to March 31, 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
I Sales	74,569	100.0	73,459	100.0	- 1,110	- 1.5	107,144	100.0
II Cost of goods sold	58,738	78.8	57,866	78.8	- 872	- 1.5	85,018	79.3
Gross profit on sales	15,830	21.2	15,592	21.2	- 238	- 1.5	22,125	20.7
III Selling, general and administrative expenses	12,838	17.2	13,549	18.4	710	5.5	17,083	16.0
Operating profit	2,991	4.0	2,043	2.8	- 948	- 31.7	5,042	4.7
IV Non-operating income	81	0.1	133	0.1	52	64.5	107	0.1
V Non-operating expense	30	0.0	25	0.0	- 5	- 18.0	30	0.0
Ordinary profit	3,042	4.1	2,151	2.9	- 890	- 29.3	5,119	4.8
VI Extraordinary profit	0	0.0	0	0.0	- 0	- 43.8	0	0.0
VII Extraordinary loss	204	0.3	34	0.0	- 169	- 83.0	368	0.4
Income before income taxes	2,838	3.8	2,117	2.9	- 721	- 25.4	4,752	4.4
Income taxes current	1,178	1.6	900	1.2	- 277	- 23.6	1,985	1.8
Current net income	1,660	2.2	1,216	1.7	- 443	- 26.7	2,767	2.6