

ADMIRED COMPANY

Results for Q4 and FY13

Ended March 31, 2014

(Financial version)

April 25, 2014

Net One Systems Co., Ltd.



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■ ■ ■ Contents ■ ■ ■

1 FY13 Summary P. 1

2 FY13 Annual (Apr-Mar 12months) P. 2 -13

3 FY13 Q4 (Jan-Mar 3months) P. 14-17

4 Outlook of Consolidated for FY14,
Ending March 31, 2015 P. 18-20

Contents

1 FY13 Summary P. 1

2 FY13 Annual (Apr-Mar 12months) P. 2 -13

3 FY13 Q4 (Jan-Mar 3months) P. 14-17

4 Outlook of Consolidated for FY14,
Ending March 31, 2015 P. 18-20

Summary

(unit: million yen)	FY Ended Mar 31, 2014			FY Ending Mar 31, 2015	
	Outlook (10/25/13)	Actual	Achieved	Outlook	Change
Bookings	145,000	146,216	100.8%	148,000	1.2%
Revenue	137,000	142,427	104.0%	144,000	1.1%
Operating income	2,800	3,142	112.2%	5,200	65.5%

Biz. result each market sector of FY13 ended Mar 31, 2014

Enterprise Sector (EP Sector) saw its business swung into a brisk year-over-year growth, supported by recovering sentiment towards capital investments by financial institutions. Telecom and Internet Service Provider Sector (SP Sector) experienced a significant drop-off in year-over-year sales owing to withering infrastructure investment demands from telecommunication carriers. Focus on profitable projects to ensure financial viability following a loss-making project dragged lower Regional Area and Public Sector (AP Sector) sales. Partner Sector's (Net One Partners Co., Ltd. - NOP) efforts to strengthen ties with its partners came to fruition of year-over-year growth.

P/L for the FY13 ended Mar 31, 2014

The Company's gross profit was down year over year because of an increase in cost of revenue, a result of unreached potential in subcontracting cost management caused by delay in staff development. Net Income was down year over year due to 870 million yen in extraordinary loss incurred from a specific government related project in the first quarter.

Outlook for the FY14 ending Mar 31, 2015

[Market conditions]

Enterprise Sector (ENT Sector) expects to see continued improving business sentiment towards capital investments in work style-innovation related projects. Telecom and Internet Service Provider Sector (SP Sector) braces for a slight shortfall of sales year-over-year for networking infrastructure to telecommunication carriers, whereas an upward trend for service delivery platform business could translate into uplift in sales of our server and storage business. Public Sector (PUB Sector) projects to see growth in service delivery platform business as in "My Number" or National identification number system of the central and local governments among others. Partner Sector's (Net One Partners Co., Ltd. - NOP) will strengthen business ties and support to its partners as service delivery platform business is anticipated to gain momentum.

[Target for FY14]

The key drivers for the Company to deliver value and performance in terms of profit and loss for FY 14 ending March 31, 2015 are (i) Maintaining current revenue level by focusing on the sale of high value added solutions to customers and (ii) A shift to higher-margin operating structure derived from reduction in cost of revenue and selling, general and administrative expenses by improving business productivity and process efficiencies under tight cost management.

1 FY13 Summary P. 1

2 FY13 Annual (Apr-Mar 12months) P. 2 -13

3 FY13 Q4 (Jan-Mar 3months) P. 14-17

4 Outlook of Consolidated for FY14,
Ending March 31, 2015 P. 18-20

Overview of Financial Report

Q1-4 (Apr-Mar 12 months cumulative)

Market Conditions

Enterprise Sector (EP Sector) saw its business swung into a brisk year-over-year growth thanks to financial institutions related projects. Telecom and Internet Service Provider Sector (SP Sector) experienced a significant drop-off in year-over-year sales owing to withering infrastructure investment demands from telecommunication carriers. Focus on profitable projects to ensure financial viability was to be blamed for the year-over-year decline in orders in Regional Area and Public Sector (AP Sector). Partner Sector's (Net One Partners Co., Ltd. - NOP) efforts to strengthen ties with its partners came to fruition of year-over-year growth.

Profit and Loss

The Company reported consolidated bookings accepted of 146,216 million yen, a year-over-year decrease of 5.4% or 8,366 million yen. By sector, bookings accepted was 34,457 million yen for EP Sector, an increase of 24.1%, 55,170 million yen for SP Sector, a decrease of 24.0%, 36,069 million yen for AP Sector, a decrease of 7.6%, 19,664 million yen for Partner Sector, an increase of 35.5%, and 855 million yen for Other, an increase of 21.3%.

Consolidated revenue was 142,427 million yen, a year-over-year decrease of 8.0% or 12,441 million yen. By sector, revenue was 33,663 million yen for EP Sector, an increase of 12.1%, 54,123 million yen for SP Sector, a decrease of 25.5%, 34,985 million yen for AP Sector, a decrease of 5.7%, 18,788 million yen for Partner Sector, an increase of 30.5%, and 867 million yen for Other, an increase of 26.7%.

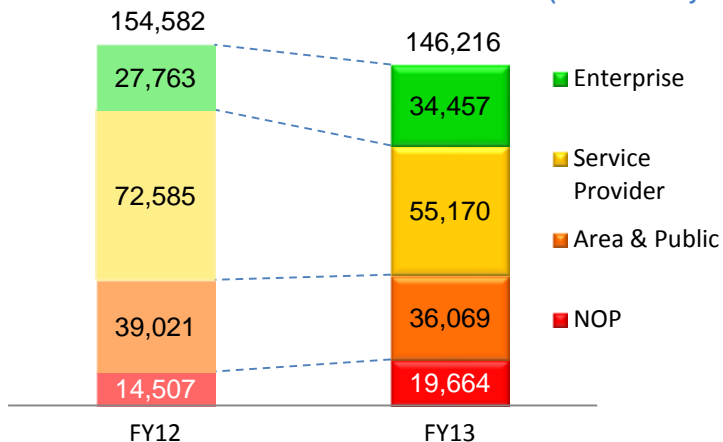
The Company's gross profit was 31,699 million yen, down 12.6% year over year, the impact of a decrease in revenue and cost of revenue to 110,728 million yen, down 6.6% year over year, provided that the unmet target of reduction in subcontracting costs, caused by delay in staff development, contributed to an increase in cost of revenue. The large drop in operating income of 3,142 million yen, down 62.8% year over year, was attributed to the result of 28,556 million yen in selling, general and administrative expenses, up 2.7% year over year, despite persistent efforts by the Company to curb those expenses. The ordinary income was 3,537 million yen, down 59.1% year over year and net income of 983 million yen was posted, down 77.3% year over year, both of which as a result of the impact of such expenses.

Overview of Financial Report

Q1-4 (Apr-Mar 12 months cumulative)

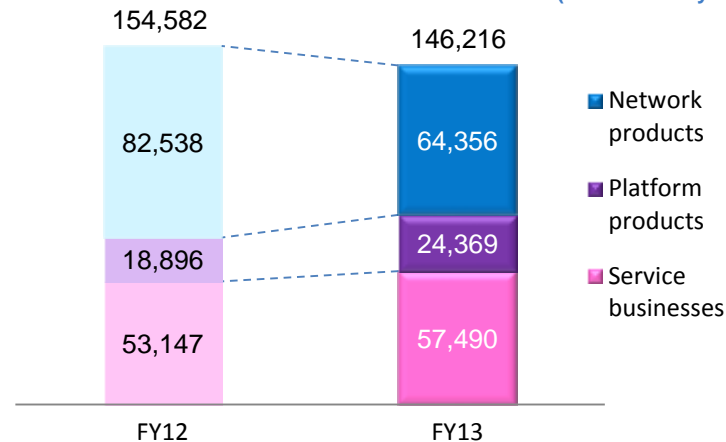
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(unit: million yen)



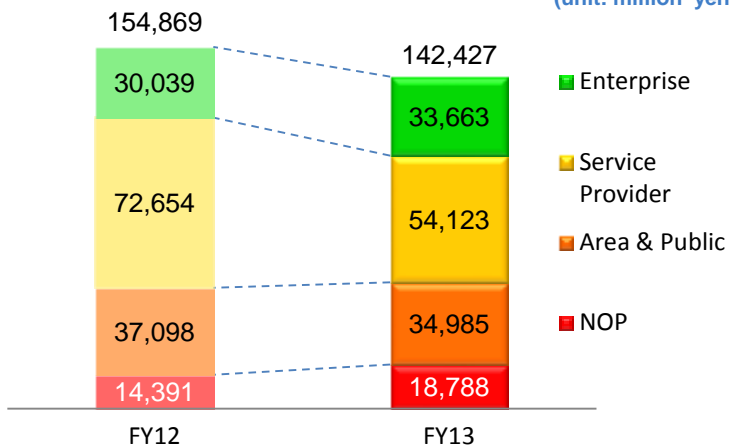
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(unit: million yen)



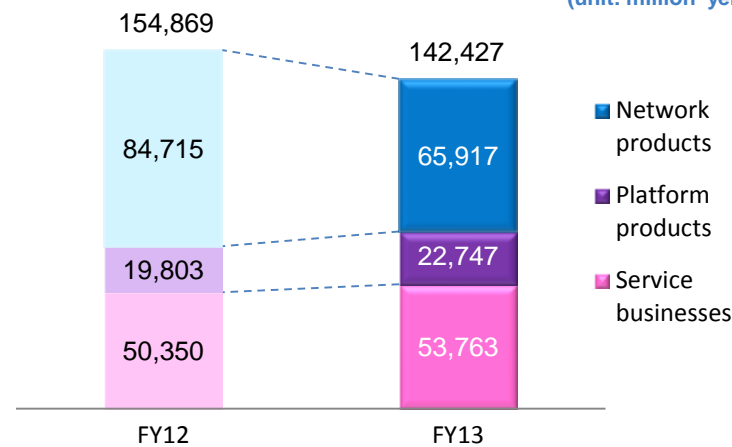
Market sector <Revenue>

(unit: million yen)



Product category <Revenue>

(unit: million yen)



Bookings, Revenue, Backlog by Market Sector

Q1-4 (Apr-Mar 12 months cumulative)

(unit: million yen)	FY		Change		FY	
	Ended Mar 31, 2014				Ended Mar 31, 2013	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Bookings (Apr-Mar)	146,216	100.0%	(8,366)	-5.4%	154,582	100.0%
Enterprise	34,457	23.6%	6,693	24.1%	27,763	18.0%
Service Provider	55,170	37.7%	(17,414)	-24.0%	72,585	46.9%
Area & Public	36,069	24.7%	(2,952)	-7.6%	39,021	25.2%
NOP	19,664	13.4%	5,156	35.5%	14,507	9.4%
Other	855	0.6%	150	21.3%	705	0.5%
Revenue (Apr-Mar)	142,427	100.0%	(12,441)	-8.0%	154,869	100.0%
Enterprise	33,663	23.6%	3,623	12.1%	30,039	19.4%
Service Provider	54,123	38.0%	(18,531)	-25.5%	72,654	46.9%
Area & Public	34,985	24.6%	(2,112)	-5.7%	37,098	24.0%
NOP	18,788	13.2%	4,396	30.5%	14,391	9.3%
Other	867	0.6%	182	26.7%	684	0.4%
Backlog (Mar 31)	55,104	100.0%	3,788	7.4%	51,316	100.0%
Enterprise	12,396	22.5%	828	7.2%	11,567	22.5%
Service Provider	20,333	36.9%	1,040	5.4%	19,292	37.6%
Area & Public	16,324	29.6%	1,054	6.9%	15,270	29.8%
NOP	5,979	10.9%	872	17.1%	5,107	10.0%
Other	71	0.1%	(7)	-9.4%	78	0.1%

Actual for FY13 by Market Sector

(unit: million yen)	Annual Results (1)		FY Ended Mar 31, 2014 Annual Outlook (2) [Oct 25, 2013]		(2) - (1)	(1) / (2)
	Amount	Ratio	Amount	Ratio		
	Bookings	146,216	100.0%	145,000		
Enterprise	34,457	23.6%	32,800	22.6%	1,657	105.1%
Service Provider	55,170	37.7%	53,500	36.9%	1,670	103.1%
Area & Public	36,069	24.7%	39,000	26.9%	(2,931)	92.5%
NOP	19,664	13.4%	19,000	13.1%	664	103.5%
Other	855	0.6%	700	0.5%	155	122.1%
Revenue	142,427	100.0%	137,000	100.0%	5,427	104.0%
Enterprise	33,663	23.6%	30,500	22.3%	3,163	110.4%
Service Provider	54,123	38.0%	51,000	37.2%	3,123	106.1%
Area & Public	34,985	24.6%	36,800	26.9%	(1,815)	95.1%
NOP	18,788	13.2%	18,000	13.1%	788	104.4%
Other	867	0.6%	700	0.5%	167	123.9%

(unit: million yen)	Mar 31, 2014 (1)		Mar 31, 2013 (2)		Change (1) - (2)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Backlog	55,104	100.0%	51,316	100.0%	3,788	7.4%
Enterprise	12,396	22.5%	11,567	22.5%	828	7.2%
Service Provider	20,333	36.9%	19,292	37.6%	1,040	5.4%
Area & Public	16,324	29.6%	15,270	29.8%	1,054	6.9%
NOP	5,979	10.9%	5,107	10.0%	872	17.1%
Other	71	0.1%	78	0.1%	(7)	-9.4%

Quarterly Bookings by Market Sector

Bookings (unit: million yen)	Q1		Q2		H1		Q3		Q1-3		Q4		H2		Annual	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
FY12	43,366	100.0%	38,124	100.0%	81,490	100.0%	36,292	100.0%	117,782	100.0%	36,800	100.0%	73,092	100.0%	154,582	100.0%
Enterprise	5,652	13.0%	7,412	19.4%	13,065	16.0%	7,334	20.2%	20,399	17.3%	7,363	20.0%	14,697	20.1%	27,763	18.0%
Service Provider	21,816	50.3%	15,579	40.9%	37,396	45.9%	16,690	46.0%	54,087	45.9%	18,497	50.3%	35,188	48.1%	72,585	46.9%
Area & Public	12,038	27.8%	11,455	30.1%	23,494	28.8%	8,553	23.6%	32,047	27.2%	6,974	18.9%	15,527	21.3%	39,021	25.2%
NOP	3,764	8.7%	3,443	9.0%	7,208	8.9%	3,401	9.4%	10,609	9.0%	3,897	10.6%	7,299	10.0%	14,507	9.4%
Other	92	0.2%	232	0.6%	325	0.4%	312	0.8%	637	0.6%	67	0.2%	379	0.5%	705	0.5%
FY13	41,371	100.0%	32,588	100.0%	73,959	100.0%	27,131	100.0%	101,091	100.0%	45,124	100.0%	72,256	100.0%	146,216	100.0%
Enterprise	8,785	21.2%	7,752	23.8%	16,538	22.4%	7,703	28.4%	24,241	24.0%	10,216	22.6%	17,919	24.8%	34,457	23.6%
Service Provider	15,780	38.1%	11,515	35.3%	27,295	36.9%	7,073	26.1%	34,369	34.0%	20,801	46.1%	27,874	38.6%	55,170	37.7%
Area & Public	12,842	31.1%	7,432	22.8%	20,275	27.4%	6,730	24.8%	27,006	26.7%	9,062	20.1%	15,793	21.9%	36,069	24.7%
NOP	3,552	8.6%	5,683	17.5%	9,236	12.5%	5,424	20.0%	14,661	14.5%	5,002	11.1%	10,427	14.4%	19,664	13.4%
Other	409	1.0%	204	0.6%	614	0.8%	199	0.7%	813	0.8%	41	0.1%	241	0.3%	855	0.6%

Bookings (unit: million yen)	Q1		Q2		H1		Q3		Q1-3		Q4		H2		Annual	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Change	(1,994)	-4.6%	(5,535)	-14.5%	(7,530)	-9.2%	(9,160)	-25.2%	(16,691)	-14.2%	8,324	22.6%	(836)	-1.1%	(8,366)	-5.4%
Enterprise	3,132	55.4%	340	4.6%	3,472	26.6%	368	5.0%	3,841	18.8%	2,852	38.7%	3,221	21.9%	6,693	24.1%
Service Provider	(6,036)	-27.7%	(4,064)	-26.1%	(10,100)	-27.0%	(9,617)	-57.6%	(19,718)	-36.5%	2,303	12.5%	(7,313)	-20.8%	(17,414)	-24.0%
Area & Public	804	6.7%	(4,023)	-35.1%	(3,219)	-13.7%	(1,822)	-21.3%	(5,041)	-15.7%	2,088	30.0%	266	1.7%	(2,952)	-7.6%
NOP	(211)	-5.6%	2,239	65.0%	2,027	28.1%	2,023	59.5%	4,051	38.2%	1,105	28.3%	3,128	42.9%	5,156	35.5%
Other	317	342.3%	(28)	-12.1%	288	88.8%	(113)	-36.2%	175	27.6%	(25)	-38.0%	(138)	-36.5%	150	21.3%

Quarterly Revenue by Market Sector

Revenue (unit: million yen)	Q1		Q2		H1		Q3		Q1-3		Q4		H2		Annual	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
FY12	34,260	100.0%	42,737	100.0%	76,997	100.0%	31,708	100.0%	108,705	100.0%	46,163	100.0%	77,871	100.0%	154,869	100.0%
Enterprise	5,839	17.0%	8,192	19.2%	14,031	18.2%	6,689	21.1%	20,720	19.0%	9,318	20.2%	16,008	20.5%	30,039	19.4%
Service Provider	20,837	60.8%	20,543	48.1%	41,381	53.7%	14,673	46.3%	56,054	51.6%	16,600	36.0%	31,273	40.2%	72,654	46.9%
Area & Public	3,832	11.2%	9,845	23.0%	13,677	17.8%	7,013	22.1%	20,691	19.0%	16,406	35.5%	23,420	30.1%	37,098	24.0%
NOP	3,647	10.7%	3,945	9.2%	7,593	9.9%	3,024	9.5%	10,617	9.8%	3,774	8.2%	6,798	8.7%	14,391	9.3%
Other	103	0.3%	209	0.5%	313	0.4%	307	1.0%	621	0.6%	63	0.1%	370	0.5%	684	0.4%
FY13	29,417	100.0%	33,999	100.0%	63,417	100.0%	31,619	100.0%	95,037	100.0%	47,390	100.0%	79,010	100.0%	142,427	100.0%
Enterprise	5,983	20.3%	8,303	24.4%	14,287	22.5%	7,611	24.1%	21,898	23.0%	11,764	24.8%	19,375	24.5%	33,663	23.6%
Service Provider	14,126	48.0%	12,391	36.5%	26,517	41.8%	13,112	41.5%	39,629	41.7%	14,493	30.6%	27,606	34.9%	54,123	38.0%
Area & Public	5,127	17.4%	8,327	24.5%	13,455	21.2%	6,908	21.8%	20,364	21.4%	14,621	30.9%	21,530	27.3%	34,985	24.6%
NOP	3,756	12.8%	4,769	14.0%	8,525	13.5%	3,774	11.9%	12,299	13.0%	6,488	13.7%	10,262	13.0%	18,788	13.2%
Other	424	1.5%	206	0.6%	631	1.0%	213	0.7%	844	0.9%	22	0.0%	235	0.3%	867	0.6%

Revenue (unit: million yen)	Q1		Q2		H1		Q3		Q1-3		Q4		H2		Annual	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Change	(4,842)	-14.1%	(8,737)	-20.4%	(13,579)	-17.6%	(88)	-0.3%	(13,668)	-12.6%	1,226	2.7%	1,138	1.5%	(12,441)	-8.0%
Enterprise	144	2.5%	111	1.4%	255	1.8%	922	13.8%	1,177	5.7%	2,445	26.2%	3,367	21.0%	3,623	12.1%
Service Provider	(6,711)	-32.2%	(8,152)	-39.7%	(14,863)	-35.9%	(1,561)	-10.6%	(16,424)	-29.3%	(2,106)	-12.7%	(3,667)	-11.7%	(18,531)	-25.5%
Area & Public	1,294	33.8%	(1,517)	-15.4%	(222)	-1.6%	(104)	-1.5%	(327)	-1.6%	(1,785)	-10.9%	(1,890)	-8.1%	(2,112)	-5.7%
NOP	109	3.0%	823	20.9%	932	12.3%	749	24.8%	1,682	15.8%	2,714	71.9%	3,464	51.0%	4,396	30.5%
Other	320	309.3%	(2)	-1.4%	317	101.4%	(94)	-30.7%	223	36.0%	(41)	-64.7%	(135)	-36.5%	182	26.7%

Bookings, Revenue, Backlog by Product Category

Q1-4 (Apr-Mar 12 months cumulative)

(unit: million yen)	FY		Change		FY	
	Ended Mar 31, 2014				Ended Mar 31, 2013	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Bookings (Apr-Mar)	146,216	100.0%	(8,366)	-5.4%	154,582	100.0%
Network products	64,356	44.0%	(18,181)	-22.0%	82,538	53.4%
Platform products	24,369	16.7%	5,472	29.0%	18,896	12.2%
Service businesses	57,490	39.3%	4,342	8.2%	53,147	34.4%
Revenue (Apr-Mar)	142,427	100.0%	(12,441)	-8.0%	154,869	100.0%
Network products	65,917	46.3%	(18,797)	-22.2%	84,715	54.7%
Platform products	22,747	16.0%	2,944	14.9%	19,803	12.8%
Service businesses	53,763	37.7%	3,412	6.8%	50,350	32.5%
Backlog (Mar 31)	55,104	100.0%	3,788	7.4%	51,316	100.0%
Network products	11,104	20.1%	(1,450)	-11.6%	12,555	24.5%
Platform products	4,939	9.0%	1,512	44.1%	3,427	6.7%
Service businesses	39,059	70.9%	3,726	10.5%	35,333	68.8%

(Note)

[Network products] Router, Switch, Networking equipment, etc. [Platform products] Server/Storage, Virtualization software, Video conferencing, IP phone, etc.

[Service businesses] Consulting, System design, Installation, Service/Operation management, Technology training, etc.

Actual for FY13 by Product Category

(unit: million yen)	Annual Results (1)		FY Ended Mar 31, 2014 Annual Outlook (2) [Oct 25, 2013]		(2) - (1)	(1) / (2)
	Amount	Ratio	Amount	Ratio		
	Bookings	146,216	100.0%	145,000		
Network products	64,356	44.0%	64,000	44.1%	356	100.6%
Platform products	24,369	16.7%	22,000	15.2%	2,369	110.8%
Service businesses	57,490	39.3%	59,000	40.7%	(1,510)	97.4%
Revenue	142,427	100.0%	137,000	100.0%	5,427	104.0%
Network products	65,917	46.3%	60,600	44.2%	5,317	108.8%
Platform products	22,747	16.0%	20,300	14.8%	2,447	112.1%
Service businesses	53,763	37.7%	56,100	40.9%	(2,337)	95.8%

(unit: million yen)	Mar 31, 2014 (1)		Mar 31, 2013 (2)		Change (1) - (2)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Backlog	55,104	100.0%	51,316	100.0%	3,788	7.4%
Network products	11,104	20.1%	12,555	24.5%	(1,450)	-11.6%
Platform products	4,939	9.0%	3,427	6.7%	1,512	44.1%
Service businesses	39,059	70.9%	35,333	68.8%	3,726	10.5%

(Note)

[Network products] Router, Switch, Networking equipment, etc. [Platform products] Server/Storage, Virtualization software, Video conferencing, IP phone, etc.

[Service businesses] Consulting, System design, Installation, Service/Operation management, Technology training, etc.

Consolidated Income Statements

Q1-4 (Apr-Mar 12 months cumulative)

(unit: million yen)	FY		Change		FY	
	Ended Mar 31, 2014				Ended Mar 31, 2013	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Bookings	146,216	102.7%	(8,366)	-5.4%	154,582	99.8%
Revenue	142,427	100.0%	(12,441)	-8.0%	154,869	100.0%
Cost of revenue	110,728	77.7%	(7,874)	-6.6%	118,602	76.6%
Gross profit	31,699	22.3%	(4,567)	-12.6%	36,266	23.4%
Selling, general and administrative expenses	28,556	20.0%	742	2.7%	27,814	18.0%
Operating income(loss)	3,142	2.2%	(5,309)	-62.8%	8,451	5.5%
Non-operating income(loss)	395	0.3%	188	91.1%	206	0.1%
Ordinary income(loss)	3,537	2.5%	(5,120)	-59.1%	8,658	5.6%
Extraordinary income(loss)	(1,040)	-0.7%	(687)	-	(353)	-0.2%
Income before income taxes and minority interests	2,497	1.8%	(5,808)	-69.9%	8,305	5.4%
Net income(loss)	983	0.7%	(3,341)	-77.3%	4,324	2.8%

(Note) Consolidated subsidiaries: Net One Partners Co., Ltd. / Xseed Co., Ltd. / System Solution Engineering K.K.

Equity method affiliates : JBS Technology, Inc.

Actual for FY13 Consolidated Income Statements

(unit: million yen)	Annual Results		FY Ended Mar 31, 2014 Annual Outlook Oct 25, 2013		(1) - (2)	(1) / (2)
	Amount	Ratio	Amount	Ratio		
	Bookings	146,216	102.7%	145,000		
Revenue	142,427	100.0%	137,000	100.0%	5,427	104.0%
Cost of revenue	110,728	77.7%	104,400	76.2%	6,328	106.1%
Gross profit	31,699	22.3%	32,600	23.8%	(901)	97.2%
Selling, general and administrative expenses	28,556	20.0%	29,800	21.8%	(1,244)	95.8%
Operating income(loss)	3,142	2.2%	2,800	2.0%	342	112.2%
Ordinary income(loss)	3,537	2.5%	2,900	2.1%	637	122.0%
Net income(loss)	983	0.7%	800	0.6%	183	-
Dividends per share	(Notes)					
Capital expenditures	4,767		5,163			
Depreciation	2,575		2,600			
Exchange rate	97.20 Usd/Yen		98.00 Usd/Yen			

(Reference data)	As of Mar 31, 2014	As of Mar 31, 2013
Employees (person)	2,422	2,210

(Notes) 1. On November 25, 2013, an interim dividend of 17.00 yen per share was paid to shareholders of record as of September 30, 2013.

2. The year-end dividend of 17.00 yen per share is to be placed on the agenda of the Annual Shareholders Meeting scheduled in June 2014.

Consolidated Balance Sheets

(unit: million yen)	Mar 31, 2014		Change		Mar 31, 2013	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total assets	90,624	100.0%	(2,299)	-2.5%	92,924	100.0%
Current assets	78,580	86.7%	(3,486)	-4.2%	82,067	88.3%
Cash and deposits + CD·CP	21,183	23.4%	(8,396)	-28.4%	29,580	31.8%
Notes and accounts receivable-trade	37,226	41.1%	1,945	5.5%	35,280	38.0%
Inventory assets	11,737	12.9%	2,940	33.4%	8,796	9.5%
Other	8,440	9.3%	28	0.3%	8,411	9.0%
Allowance for doubtful accounts	(6)	0.0%	(4)	-	(1)	0.0%
Noncurrent assets	12,043	13.3%	1,186	10.9%	10,857	11.7%
Property, plant and equipment	5,775	6.4%	540	10.3%	5,235	5.6%
Intangible assets	1,860	2.0%	580	45.4%	1,279	1.4%
Investment etc.	4,407	4.9%	65	1.5%	4,341	4.7%
Total liabilities	33,361	36.8%	1,824	5.8%	31,537	33.9%
Current liabilities	31,537	34.8%	1,111	3.7%	30,426	32.7%
Accounts Payable-Trade	16,067	17.7%	440	2.8%	15,626	16.8%
Advances received	9,913	11.0%	1,671	20.3%	8,241	8.9%
Other	5,556	6.1%	(1,001)	-15.3%	6,558	7.0%
Non-current liabilities	1,823	2.0%	713	64.2%	1,110	1.2%
Total net assets	57,263	63.2%	(4,123)	-6.7%	61,387	66.1%
Shareholders' equity	57,141	63.0%	(3,990)	-6.5%	61,131	65.8%
Capital stock	12,279	13.5%	0	0.0%	12,279	13.2%
Capital surplus	19,453	21.5%	0	0.0%	19,453	20.9%
Retained earnings	28,926	31.9%	(1,990)	-6.4%	30,916	33.3%
Treasury stock	(3,518)	-3.9%	(2,000)	-	(1,518)	-1.6%
Accumulated other comprehensive income	55	0.1%	(3)	-5.5%	58	0.1%
Subscription rights to shares	66	0.1%	31	88.7%	35	0.0%
Minority interests	0	0.0%	(161)	-100.0%	161	0.2%
Total liabilities and net assets	90,624	100.0%	(2,299)	-2.5%	92,924	100.0%

Revenue and Profit and Loss Amount

by Reportable Segment

Q1-4 (Apr-Mar 12 months cumulative)

(unit: million yen)		Reportable segment					Other	Total	Adjustment	Amount recorded in consolidated income statements
		Enterprise	Service Provider	Area & Public	NOP	Sub-total				
FY Ended Mar 31, 2014 (Actual)	Revenue	33,663	54,141	34,989	19,022	141,815	2,111	143,927	(1,499)	142,427
	External revenue	33,663	54,123	34,985	18,788	141,560	867	142,427	-	142,427
	Inter-segment revenue or transactions	-	17	3	233	255	1,244	1,499	(1,499)	-
	Segment Profit	970	4,308	(2,624)	851	3,506	250	3,756	(614)	3,142
	Depreciation	685	955	697	182	2,520	54	2,575	-	2,575
FY Ended Mar 31, 2013 (Previous)	Revenue	30,039	72,680	37,100	14,392	154,212	1,847	156,060	(1,191)	154,869
	External revenue	30,039	72,654	37,098	14,391	154,184	684	154,869	-	154,869
	Inter-segment revenue or transactions	-	25	2	0	28	1,163	1,191	(1,191)	-
	Segment Profit	(804)	10,102	(705)	864	9,457	86	9,543	(1,091)	8,451
	Depreciation	851	999	709	137	2,697	35	2,733	-	2,733

- (Notes) 1. The "Other" segment is not included as a reportable segment. It contains the server service business and other businesses.
 2. The adjustment in segment profit (operating income) included corporate expenses not attributable to any reportable segment. Corporate expenses are mainly related to general administrative expenses not attributable to reportable segment.

1 FY13 Summary P. 1

2 FY13 Annual (Apr-Mar 12months) P. 2 -13

3 FY13 Q4 (Jan-Mar 3months) P. 14-17

4 Outlook of Consolidated for FY14,
Ending March 31, 2015 P. 18-20

Overview of Financial Report

Q4 (Jan-Mar 3 months)

Market Conditions

Enterprise Sector (EP Sector) saw its business swung into a brisk year-over-year growth thanks to financial institutions related projects. Telecom and Internet Service Provider Sector (SP Sector) underwent a modest recovery in some of its service delivery platform business. Regional Area and Public Sector (AP Sector) experienced year-over-year fall, despite steady growth in central and local governments and education institutions markets. Partner Sector's (Net One Partners Co., Ltd. - NOP) efforts to strengthen ties with its partners came to fruition of year-over-year growth.

Profit and Loss

The Company reported consolidated bookings accepted of 45,124 million yen, a year-over-year increase of 22.6% or 8,324 million yen. By sector, bookings accepted was 10,216 million yen for EP Sector, an increase of 38.7%, 20,801 million yen for SP Sector, an increase of 12.5%, 9,062 million yen for AP Sector, an increase of 30.0%, 5,002 million yen for Partner Sector, an increase of 28.3%, and 41 million yen for Other, a decrease of 38.0%.

Consolidated revenue was 47,390 million yen, a year-over-year increase of 2.7% or 1,226 million yen. By sector, revenue was 11,764 million yen for EP Sector, an increase of 26.2%, 14,493 million yen for SP Sector, a decrease of 12.7%, 14,621 million yen for AP Sector, a decrease of 10.9%, 6,488 million yen for Partner Sector, an increase of 71.9%, and 22 million yen for Other, a decrease of 64.7%.

The Company's gross profit was 10,114 million yen, up 2.3% year over year thanks to an increase in revenue, offsetting an increase in cost of revenue to 37,276 million yen, up 2.8% year over year. The decrease to 7,084 million yen in selling, general and administrative expenses, down 2.8% year over year contributed to the operating income to 3,030 million yen, up 16.5% year over year, the ordinary income to 3,091 million yen, up 13.9% year over year and net income to 1,724 million yen, up 32.7% year over year.

Bookings, Revenue, Backlog by Market Sector

Q4 (Jan-Mar 3 months)

(unit: million yen)	Q4		Change		Q4	
	Ended Mar 31, 2014				Ended Mar 31, 2013	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Bookings (Jan-Mar)	45,124	100.0%	8,324	22.6%	36,800	100.0%
Enterprise	10,216	22.6%	2,852	38.7%	7,363	20.0%
Service Provider	20,801	46.1%	2,303	12.5%	18,497	50.3%
Area & Public	9,062	20.1%	2,088	30.0%	6,974	18.9%
NOP	5,002	11.1%	1,105	28.3%	3,897	10.6%
Other	41	0.1%	(25)	-38.0%	67	0.2%
Revenue (Jan-Mar)	47,390	100.0%	1,226	2.7%	46,163	100.0%
Enterprise	11,764	24.8%	2,445	26.2%	9,318	20.2%
Service Provider	14,493	30.6%	(2,106)	-12.7%	16,600	36.0%
Area & Public	14,621	30.9%	(1,785)	-10.9%	16,406	35.5%
NOP	6,488	13.7%	2,714	71.9%	3,774	8.2%
Other	22	0.0%	(41)	-64.7%	63	0.1%
Backlog (Mar 31)	55,104	100.0%	3,788	7.4%	51,316	100.0%
Enterprise	12,396	22.5%	828	7.2%	11,567	22.5%
Service Provider	20,333	36.9%	1,040	5.4%	19,292	37.6%
Area & Public	16,324	29.6%	1,054	6.9%	15,270	29.8%
NOP	5,979	10.9%	872	17.1%	5,107	10.0%
Other	71	0.1%	(7)	-9.4%	78	0.1%

Bookings, Revenue, Backlog by Product Category

Q4 (Jan-Mar 3 months)

(unit: million yen)	Q4		Change		Q4	
	Ended Mar 31, 2014				Ended Mar 31, 2013	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Bookings (Jan-Mar)	45,124	100.0%	8,324	22.6%	36,800	100.0%
Network products	16,875	37.4%	(805)	-4.6%	17,680	48.0%
Platform products	6,206	13.8%	3,925	172.1%	2,281	6.2%
Service businesses	22,042	48.8%	5,204	30.9%	16,838	45.8%
Revenue (Jan-Mar)	47,390	100.0%	1,226	2.7%	46,163	100.0%
Network products	21,143	44.6%	(1,743)	-7.6%	22,887	49.5%
Platform products	8,615	18.2%	1,619	23.1%	6,995	15.2%
Service businesses	17,631	37.2%	1,351	8.3%	16,280	35.3%
Backlog (Mar 31)	55,104	100.0%	3,788	7.4%	51,316	100.0%
Network products	11,104	20.1%	(1,450)	-11.6%	12,555	24.5%
Platform products	4,939	9.0%	1,512	44.1%	3,427	6.7%
Service businesses	39,059	70.9%	3,726	10.5%	35,333	68.8%

(Note)

[Network products] Router, Switch, Networking equipment, etc. [Platform products] Server/Storage, Virtualization software, Video conferencing, IP phone, etc.

[Service businesses] Consulting, System design, Installation, Service/Operation management, Technology training, etc.

Consolidated Income Statements

Q4 (Jan-Mar 3 months)

(unit: million yen)	Q4		Change		Q4	
	Ended Mar 31, 2014				Ended Mar 31, 2013	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Bookings	45,124	95.2%	8,324	22.6%	36,800	79.7%
Revenue	47,390	100.0%	1,226	2.7%	46,163	100.0%
Cost of revenue	37,276	78.7%	1,003	2.8%	36,272	78.6%
Gross profit	10,114	21.3%	223	2.3%	9,891	21.4%
Selling, general and administrative expenses	7,084	14.9%	(207)	-2.8%	7,291	15.8%
Operating income(loss)	3,030	6.4%	430	16.5%	2,600	5.6%
Non-operating income(loss)	60	0.1%	(53)	-47.1%	114	0.2%
Ordinary income(loss)	3,091	6.5%	376	13.9%	2,715	5.9%
Extraordinary income(loss)	(25)	-0.1%	376	-	(401)	-0.9%
Income before income taxes and minority interests	3,066	6.5%	753	32.6%	2,313	5.0%
Net income(loss)	1,724	3.6%	425	32.7%	1,299	2.8%

(Note) Consolidated subsidiaries: Net One Partners Co., Ltd. / Xseed Co., Ltd. / System Solution Engineering K.K.
Equity method affiliates : JBS Technology, Inc.

1 FY13 Summary P. 1

2 FY13 Annual (Apr-Mar 12months) P. 2 -13

3 FY13 Q4 (Jan-Mar 3months) P. 14-17

4 Outlook of Consolidated for FY14,
Ending March 31, 2015 P. 18-20

Outlook for FY14 by Market Sector

(unit: million yen)	FY Ending Mar 31, 2015								FY Ended Mar 31, 2014 Territory change Estimate
	Q1	Q2	H1		H2		Annual		
			Amount	Ratio	Amount	Ratio	Amount	Ratio	
Bookings	35,500	36,500	72,000	-2.7%	76,000	5.2%	148,000	1.2%	146,216
Enterprise	10,700	10,700	21,400	3.7%	23,100	-3.3%	44,500	-0.1%	44,543
Service Provider	10,600	10,600	21,200	-8.6%	22,900	4.6%	44,100	-2.2%	45,084
Public	9,200	9,200	18,400	-9.3%	18,300	15.9%	36,700	1.8%	36,069
NOP	5,000	6,000	11,000	19.1%	11,700	12.2%	22,700	15.4%	19,664
Other	0	0	0	-	0	-	0	-	855
Revenue	31,900	34,900	66,800	5.3%	77,200	-2.3%	144,000	1.1%	142,427
Enterprise	9,800	10,600	20,400	15.6%	22,000	-9.2%	42,400	1.3%	41,858
Service Provider	10,600	10,600	21,200	-8.5%	22,800	0.2%	44,000	-4.2%	45,928
Public	6,800	7,900	14,700	9.3%	21,000	-2.5%	35,700	2.0%	34,985
NOP	4,700	5,800	10,500	23.2%	11,400	11.1%	21,900	16.6%	18,788
Other	0	0	0	-	0	-	0	-	867

(Note)

Figures for the previous fiscal year are adjusted to correspond to the newly assigned segments for year-over-year comparison.

■ Territory change

Service Provider -> Enterprise

Category : Broadcast, Data center, Internet service provider

Bookings 10,086 million yen

Revenue 8,195 million yen

Backlog 4,298 million yen

(unit: million yen)	FY Ended Mar 31, 2014 Territory change Estimate
Backlog	55,104
Enterprise	16,694
Service Provider	16,035
Public	16,324
NOP	5,979
Other	71

Outlook for FY14 by Product Category

(unit: million yen)	FY Ending Mar 31, 2015				
	Q1	Q2	H1	H2	Annual
Bookings	35,500	36,500	72,000	76,000	148,000
	100.0%	100.0%	100.0%	100.0%	100.0%
Network products	15,000	15,100	30,100	31,300	61,400
	42.3%	41.4%	41.8%	41.2%	41.5%
Platform products	6,800	6,900	13,700	14,800	28,500
	19.2%	18.9%	19.0%	19.5%	19.2%
Service businesses	13,700	14,500	28,200	29,900	58,100
	38.5%	39.7%	39.2%	39.3%	39.3%
Revenue	31,900	34,900	66,800	77,200	144,000
	100.0%	100.0%	100.0%	100.0%	100.0%
Network products	13,400	14,400	27,800	31,800	59,600
	42.0%	41.3%	41.6%	41.2%	41.4%
Platform products	6,100	6,600	12,700	15,000	27,700
	19.1%	18.9%	19.0%	19.4%	19.2%
Service businesses	12,400	13,900	26,300	30,400	56,700
	38.9%	39.8%	39.4%	39.4%	39.4%

(Note)

[Network Integration] Router, Switch, Networking equipment, etc. [Platform products] Server/Storage, Virtualization software, Video conferencing, IP phone, etc.

[Service businesses] Consulting, System design, Installation, Service/Operation management, Technology training, etc.

Outlook for FY14 Consolidated Income Statements

(unit: million yen)	FY Ending Mar 31, 2015					
	H1		H2		Annual	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Bookings	72,000	107.8%	76,000	98.4%	148,000	102.8%
Revenue	66,800	100.0%	77,200	100.0%	144,000	100.0%
Cost of revenue	50,600	75.7%	59,100	76.6%	109,700	76.2%
Gross profit	16,200	24.3%	18,100	23.4%	34,300	23.8%
Selling, general and administrative expenses	14,800	22.2%	14,300	18.5%	29,100	20.2%
Operating income(loss)	1,400	2.1%	3,800	4.9%	5,200	3.6%
Ordinary income(loss)	1,400	2.1%	3,800	4.9%	5,200	3.6%
Net income(loss)	800	1.3%	2,300	3.0%	3,100	2.2%
Dividends per share	15.00 Yen		15.00 Yen		30.00 Yen	

(unit: million yen)	FY Ending Mar 31, 2015 Annual
Capital expenditures	3,000
Depreciation	2,900
Exchange rate	103.86 Usd/Yen

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