

This is a translation of the original financial report (Kessan Tanshin) in Japanese. In the event of any discrepancy, the original report in Japanese shall prevail.

Member of the Financial Accounting  
Standards Foundation



**Consolidated Financial Results**  
**for the First Quarter of the Year Ending March 31, 2008**  
**(April 1 to June 30, 2007)**

July 26, 2007

Listed Company: Cybernet Systems Co., Ltd.  
Stock Listing: the First Section of Tokyo Stock Exchange  
Code Number: 4312  
(URL <http://www.cybernet.co.jp>)  
Representative: Kuniaki Tanaka, Representative Director and President  
Contact: Hiroshi Takahashi, Managing Director  
Tel: +81-3-5297-3010

(Amounts are rounded down to the nearest one million.)

1. Consolidated Financial and Operating Results for the First Quarter of the Year Ending March 31, 2008  
(April 1 to June 30, 2007)

(1) Consolidated Operating Results

(Percentages represent changes compared with the first quarter ended June 30, 2006.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended June 30, 2007	5,650	14.9	677	12.2	679	7.3
First quarter ended June 30, 2006	4,918	11.8	603	(11.0)	633	(10.8)
Year ended March 31, 2007	18,998	-	2,540	-	2,827	-

	Net income		Net income per share – basic	Net income per share – diluted
	Millions of yen	%	Yen	Yen
First quarter ended June 30, 2007	404	16.3	1,275.66	1,271.20
First quarter ended June 30, 2006	347	(13.7)	1,099.43	1,092.79
Year ended March 31, 2007	1,516	-	4,786.75	4,763.77

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net asset to per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2007	15,633	10,387	66.4	32,757.93
June 30, 2006	13,360	9,182	68.7	28,987.71
Year ended March 31, 2007	15,769	10,127	64.2	31,946.07

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First quarter ended June 30, 2007	(39)	(117)	(224)	1,637
First quarter ended June 30, 2006	525	(682)	(174)	2,755
Year ended March 31, 2007	2,415	(3,054)	(434)	2,018

2. Consolidated earnings forecast for the year ending March 2008 (April 1, 2007 to March 31, 2008)  
Earnings for the first quarter of the year ending March 31, 2008 are in line with our projections and there are no changes to our earnings forecast which was announced on April 26, 2007.
3. Others
  - (1) Change in the number of important subsidiary (change in the number of specified subsidiary resulting in the change in the scope of consolidation): No
  - (2) Adoption of a simplified accounting method: No
  - (3) Any change in accounting method from the last fiscal year: No

\* Explanations concerning the appropriate use of earnings forecast and other special remarks

The above statements about the future including earnings forecast which are listed in this material are based on information available to the Company at the time of this report and certain conditions deemed to be reasonable to the Company. Actual results, performance or achievements may differ from the above forecasts due to various factors.

For matters related to the above forecasts, please refer to “Qualitative Information and Financial Statements – 3. Qualitative Information regarding Consolidated Earnings Forecast” on page 5.

## Qualitative information and financial statements

### 1. Qualitative information regarding consolidated operating results of the Company

Earnings of the Company and its subsidiaries (hereinafter “the Group”) during the first quarter of the year ending March 2008 remained solid overall as they were in the previous year, backed by proactive IT investment mainly in automotive, electric and precision equipment industries. In particular, sales of our principal software products grew steadily in both CAE solution services and IT solution services businesses.

The Group focused on CAE solutions in compound areas and created one-stop solutions supporting manufacturing by providing engineering services that require sophisticated technologies and expertise to solve advanced problems that customers have. In addition, we strived to unearth new products and to develop and upgrade functions of proprietary products. In terms of human resource development, we pressed ahead with preparations for the User Education Business (CAE University), which is scheduled to start offering programs in October 2007, with the aim of cultivating CAE engineers for customers.

The Group has recently relocated the Head Office to Akihabara (Chiyoda-ku, Tokyo), in order to get ready for expansion of our scope of business, in addition to consolidating the decentralized head office functions and facilitating improvement of internal communications and operational efficiency. The Company also intends to improve the customers’ convenience by relocation. Akihabara district has become a new IT center and is planned as a university-industry collaboration promotion district. With these initiatives, we will strive to develop operations further with this new office as a starting point.

As a result of the above efforts, we posted net sales of 5,650 million yen (a year-on-year increase of 14.9%), operating income amounted to 677 million yen (a year-on-year increase of 12.2%), ordinary income was 679 million yen (a year-on-year increase of 7.3%) and net income reached 404 million yen (a year-on-year increase of 16.3%).

Operating results by business segment are as follows.

Effective from the first quarter ended June 30, 2007, we changed the name of the business segment “Network Solution Services Business” to “IT Solution Services Business” following the expansion of business domains. In the meantime, there are no changes in principal products and service following the above change in the name of business segment.

#### (CAE Solution Services Business)

In the control, signal processing and communications-related areas, sales remained strong backed by an increase in long-term maintenance contracts based on strong demand from existing customers including automotive and electric-appliance makers, as well as robust demand for new licenses.

In the mechanical systems area, sales remained steady overall mainly in electric and precision equipment industries, in addition to large order received from major heavy electric machinery makers. Moreover, we saw development of customers for acoustic analysis systems for ultra-large scale simulation and resin fluid analysis software, which are proprietary software released in the previous fiscal year. Demand for resin fluid analysis software is expected to expand in the future mainly in automotive related industries, and we launched its functional enhancement to meet such potential demand.

In the optical system area, sales of illumination analysis software for the flat panel and display markets

maintained a significant increase.

In the electronic systems area, sales of high-frequency circuit design systems increased substantially because of a boost in demand from major companies for switching over from competing software.

In the engineering service area, our professional analysis service, on which the Group has started to focus its efforts from the previous fiscal year, enjoyed favorable sales primarily in the area of mechanical and electronics systems, contributing to an increase in service revenues.

In the visualization area, sales of proprietary medical image software remained strong mainly for health care centers and health insurance associations.

In addition, sales of optimization and automation software that meet the needs of customers for shortening of development period and reduction of development cost grew substantially.

As a result, sales in the CAE Solution Services Business amounted to 5,079 million yen (a year-on-year increase of 19.5%).

#### (IT Solution Services Business)

Performance in the IT solution services area remained strong, which partly due the acquisition of large orders for the mainstay IT asset management software and terminal emulators. Business process management software saw a boost in sales due to an increase in orders from the automotive industry due to the introduction of an operations analysis function.

In addition, sales of our in-house developed internal control risk management system remained brisk.

In the meantime, sales of security software products decreased significantly due to the effect of a dominant second-tier distributing agent rising to become a primary distributing agent, but the Group focused on strengthening sales of existing products and the unearthing of new products.

As a result, sales in the IT Solution Services Business amounted to 570 million yen (a year-on-year decrease of 14.5%).

## 2. Qualitative Information regarding Consolidated Financial Position

### (1) Financial position at the end of the first quarter ended June 30, 2007

Total assets at the end the first quarter ended June 30, 2007 amounted to 15,633 million yen, a decrease of 136 million yen compared to the end of the previous fiscal year.

As for changes in assets, current assets posted 12,377 million, a decrease of 598 million yen compared to the end of the previous fiscal year. The main factors behind the decrease were reductions in cash and deposits of 381 million yen and of notes-receivable trade and accounts receivable of 614 million yen, although advance payments of royalty for maintenance services increased by 324 million yen. Fixed assets amounted to 3,255 million yen, posting an increase of 461 million yen compared to the end of previous fiscal year. This was mainly due to the payment for acquisition of assets accompanying the relocation of the Head Office to Akihabara in May 2007.

With regard to changes in liabilities, total liabilities decreased 396 million yen from the end of the previous fiscal year to 5,245 million yen. This was primarily due to decreases in accounts payable-trade and of income taxes payable of 430 million yen and 583 million yen, respectively, although accrued expenses increased 557 million as a result of purchases of fixed assets.

Concerning changes in net assets, total net assets posted 10,387 million yen, an increase of 259 million yen from the end of the previous fiscal year. The main factors behind the increase were a rise in quarterly net income of 404 million yen, a decrease of 285 million yen in dividends of surplus and a rise in retained earnings of 115 million yen. Consequently, the equity ratio increased from 64.2% at the end of the previous fiscal year to 66.4%.

(2) The status of cash flows for the first quarter ended June 30, 2007

Cash and cash equivalents at the end of the first quarter ended June 30, 2007 amounted to 1,637 million yen, a decrease of 381 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash used in operating activities was 39 million yen. This was mainly due to income before income taxes amounted to 678 million yen, depreciation expenses of 89 million yen and decrease in accounts receivables totaled to 669 million yen; and offset by a decrease of 754 million yen in accounts payables and income taxes of 743 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 117 million yen, which was mainly due to the payment of 123 million yen for the acquisition of tangible and intangible fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities was 224 million yen, which was mainly because the Company used 226 million yen for payment of dividends.

3. Qualitative information regarding consolidated earnings forecast

Although the Group expects proactive IT investment to continue mainly in the automotive, electric and precision equipment industries in its core business of CAE solution area, it will face a severely challenging business environment in terms of cost effectiveness. Therefore, the Group will strive to realize a “one-stop solution in supporting manufacturing” by facilitating provision of its proprietary sophisticated solutions mainly to focused customers. The Group will open CAE University for customers in October 2007 and offer engineer training courses, with the aim of cultivating CAE engineering for customers and business expansion.

Earnings forecast for the half-year period and the full-year ending March 2008 are unchanged from the figures announced on April 26, 2007.

(Full-year earnings forecast)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Half-year period	10,230	9.9	870	(20.1)	910	(27.7)	645	(7.2)
Full-year	21,500	13.2	2,640	3.9	2,720	(3.8)	1,732	14.2

4. Others

- (1) Change in the number of important subsidiary (change in the number of specified subsidiary accompanying the change in the scope of consolidation)  
There are no relevant matters to report.
- (2) Adoption of simplified accounting procedures  
There are no relevant matters to report.
- (3) Changes in accounting procedures from the latest consolidated fiscal year  
There are no relevant matters to report.

5. Consolidated Financial Statements for the First Quarter (Summary)

(1) Consolidated Balance Sheet (Summary)

(Unit: thousands of yen; %)

	As of June 30, 2006	As of June 30, 2007	Changes		March 31, 2007
	Amount	Amount	Amount	Rate of change	Amount
<b>Assets</b>					
<b>I. Current assets</b>					
Cash and deposits	2,755,507	1,637,329	(1,118,177)	(40.6)	2,018,570
Notes receivable – trade and accounts receivable	3,562,538	3,863,786	301,247	8.5	4,478,768
Marketable securities	3,497,326	4,500,819	1,003,492	28.7	4,499,246
Inventories	118,789	96,257	(22,531)	(19.0)	82,981
Short-term loans	1,000,000	1,000,000	-	-	1,000,000
Deferred tax assets	103,244	113,446	10,202	9.9	299,789
Other current assets	553,891	1,170,352	616,460	111.3	601,418
Allowance for doubtful accounts	(3,813)	(4,073)	(259)	6.8	(4,733)
<b>Total current assets</b>	<b>11,587,483</b>	<b>12,377,918</b>	<b>790,434</b>	<b>6.8</b>	<b>12,976,042</b>
<b>II. Fixed assets</b>					
Tangible fixed assets	275,544	593,103	317,559	115.2	187,203
Intangible fixed assets	932,160	952,441	20,281	2.2	930,464
Investments and other assets	565,337	1,709,551	1,144,213	202.4	1,675,949
<b>Total fixed assets</b>	<b>1,773,042</b>	<b>3,255,097</b>	<b>1,482,054</b>	<b>83.6</b>	<b>2,793,617</b>
<b>Total assets</b>	<b>13,360,526</b>	<b>15,633,015</b>	<b>2,272,488</b>	<b>17.0</b>	<b>15,769,659</b>

	June 30, 2006	June 30, 2007	Changes		March 31, 2007
	Amount	Amount	Amount	Rate of change	Amount
<b>Liabilities</b>					
<b>I. Current liabilities</b>					
Accounts payable – trade	1,771,400	1,884,908	113,507	6.4	2,315,412
Income taxes payable	224,886	182,526	(42,359)	(18.8)	766,173
Advances received	649,561	756,226	106,665	16.4	699,287
Reserve for bonuses	199,050	226,043	26,993	13.6	379,094
Reserve for officers' bonuses	10,612	15,970	5,357	50.5	62,497
Other current liabilities	865,114	1,674,708	809,594	93.6	925,894
Total current liabilities	3,720,626	4,740,383	1,019,757	27.4	5,148,359
<b>II. Fixed liabilities</b>					
Accrued severance indemnities	395,470	463,685	68,215	17.2	451,669
Reserve for directors' retirement benefit	61,894	41,922	(19,972)	(32.3)	41,986
Total fixed liabilities	457,364	505,607	48,243	10.5	493,655
Total liabilities	4,177,990	5,245,991	1,068,001	25.6	5,642,015
<b>Net assets</b>					
<b>I. Shareholders' equity</b>					
Capital stock	995,000	995,000	-	-	995,000
Capital surplus	909,000	909,000	-	-	909,000
Retained earnings	7,922,394	8,965,392	1,042,997	13.2	8,849,779
Treasury stock	(705,056)	(671,146)	33,909	(4.8)	(676,363)
Total shareholders' equity	9,121,338	10,198,246	1,076,907	11.8	10,077,416
<b>II. Valuation and translation</b>					
Unrealized gains on marketable securities	59,126	93,691	34,565	58.5	65,407
Deferred hedge gains and losses	-	94,061	94,061	-	(15,952)
Total valuation and translation	59,126	187,753	128,627	217.5	49,455
<b>III. Minority interest</b>					
Minority interest	2,071	1,024	(1,046)	(50.5)	772
Total net assets	9,182,536	10,387,023	1,204,487	13.1	10,127,644
Total liabilities and net assets	13,360,526	15,633,015	2,272,488	17.0	15,769,659

## (2) Consolidated Statement of Income (Summary)

(Unit: thousands of yen; %)

	First quarter ended June 2006	First quarter ended June 2007	Changes		Year ended March 31, 2007
	Amount	Amount	Amount	Rate of change	Amount
I. Net sales	4,918,871	5,650,217	731,345	14.9	18,998,366
II. Cost of sales	3,073,742	3,414,351	340,608	11.1	11,690,094
Gross profit	1,845,128	2,235,866	390,737	21.2	7,308,271
III. Selling, general and administrative expenses	1,241,183	1,558,436	317,252	25.6	4,767,602
Operating income	603,944	677,430	73,485	12.2	2,540,669
IV. Non-operating income	29,770	19,143	(10,627)	(35.7)	287,626
V. Non-operating expenses	35	16,683	16,647	-	811
Ordinary income	633,680	679,890	46,209	7.3	2,827,484
VI. Extraordinary gains	-	-	-	-	8,381
VII. Extraordinary losses	-	1,019	1,019	-	227,763
Net income before taxes and other adjustments	633,680	678,870	45,189	7.1	2,608,102
Tax expenses	285,894	274,219	(11,675)	(4.1)	1,093,248
Loss of minority shareholders	(75)	251	327	-	(1,374)
Net income	347,861	404,398	56,537	16.3	1,516,227



## (3) Consolidated Statement of Change in Shareholders' Equity

First quarter ended June 30, 2006 (consolidated) (April 1 to June 30, 2006)

(Thousands of yen)

Item	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	995,000	909,000	7,899,890	(746,791)	9,057,099
Change for the first quarter					
Dividends of surplus			(237,202)		(237,202)
Officers' bonuses			(60,260)		(60,260)
Quarterly net income			347,861		347,861
Losses on disposal of treasury stock			(27,894)	41,735	13,840
Change in items other than shareholders' equity for the first quarter (net amount)					
Total change for the first quarter	-	-	22,504	41,735	64,239
Balance as of June 30, 2006	995,000	909,000	7,922,394	(705,056)	9,121,338

Item	Valuation and translation adjustments			Minority interest	Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total valuation and translation adjustments		
Balance as of March 31, 2006	69,314	-	69,314	2,146	9,128,560
Change for the first quarter					
Dividends of surplus					(237,202)
Officers' bonuses					(60,260)
Quarterly net income					347,861
Losses on disposal of treasury stock					13,840
Change in items other than shareholders' equity for the first quarter (net amount)	(10,188)	-	(10,188)	(75)	(10,264)
Total change for the first quarter	(10,188)	-	(10,188)	(75)	53,975
Balance as of June 30, 2006	59,126	-	59,126	2,071	9,182,536

First quarter ended June 30, 2007 (consolidated) (April 1 to June 30, 2007)

(Thousands of yen)

Item	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	995,000	909,000	8,849,779	(676,363)	10,077,416
Change for the current first quarter					
Dividends of surplus			(285,299)		(285,299)
Quarterly net income			404,398		404,398
Losses on disposal of treasury stock			(3,486)	5,216	1,730
Change in items other than shareholders' equity for the first quarter (net amount)					
Total change for the first quarter	-	-	115,612	5,216	120,829
Balance as of June 30, 2007	995,000	909,000	8,965,392	(671,146)	10,198,246

Item	Valuation and translation adjustments			Minority interest	Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total valuation and translation adjustments		
Balance as of March 31, 2007	65,407	(15,952)	49,455	772	10,127,644
Change for the current first quarter					
Dividends of surplus					(285,299)
Quarterly net income					404,398
Losses on disposal of treasury stock,					1,730
Change in items other than shareholders' equity for the first quarter (net amount)	28,283	110,013	138,297	251	138,549
Total change for the first quarter	28,283	110,013	138,297	251	259,379
Balance as of June 30, 2007	93,961	94,061	187,753	1,024	10,387,023

Year ended March 31, 2007 (consolidated) (April 1, 2006 to March 31, 2007)

(Thousands of yen)

Item	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	995,000	909,000	7,899,890	(746,791)	9,057,099
Change for the year					
Dividends of surplus			(459,007)		(459,007)
Officers' bonuses			(60,260)		(60,260)
Quarterly net income			1,516,227		1,516,227
Losses on disposal of treasury stock			(47,071)	70,428	23,356
Change in items other than shareholders' equity for the year (net amount)					
Total change for the year	-	-	949,889	70,428	1,020,317
Balance as of March 31, 2007	995,000	909,000	8,849,779	(676,363)	10,077,416

Item	Valuation and translation adjustments			Minority interest	Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total valuation and translation adjustments		
Balance as of March 31, 2006	69,314	-	69,314	2,146	9,128,560
Change for the year					
Dividends of surplus					(459,007)
Officers' bonuses					(60,260)
Quarterly net income					1,516,227
Losses on disposal of treasury stock					23,356
Change in items other than shareholders' equity for the first quarter (net amount)	(3,906)	(15,952)	(19,858)	(1,374)	(21,233)
Total change for the year	(3,906)	(15,952)	(19,858)	(1,374)	999,083
Balance as of March 31, 2007	65,407	(15,952)	49,455	772	10,127,644

## (4) Consolidated Statement of Cash Flows (Summary)

(Thousands of yen)

	First quarter ended June 30, 2006	First quarter ended June 30, 2007	Year ended March 31, 2007
	Amount	Amount	Amount
<b>I. Cash Flows from Operating Activities</b>			
Net income before taxes and other adjustments	633,680	678,870	2,608,102
Depreciation and amortization	53,956	89,906	281,179
Amortization of goodwill	24,686	28,606	110,505
Interest income	(11,911)	(9,799)	(45,043)
Foreign exchange gains/loss	(5,845)	(21)	(10,441)
Loss on disposal of fixed assets	-	1,019	5,312
(Increase) decrease in trade receivables	791,921	669,278	(73,589)
(Increase) decrease in inventories	(33,942)	(13,421)	2,218
Increase (decrease) in payables	(623,299)	(754,628)	(140,312)
Increase (decrease) in accrued expenses	66,121	96,300	125,092
Increase (decrease) in consumption taxes payable	46,758	1,146	61,710
Increase (decrease) in allowance for doubtful accounts	1,374	(860)	734
Increase (decrease) in reserve for bonuses	(99,506)	(153,050)	80,536
Increase (decrease) in reserve for officers' bonuses	10,612	(46,527)	62,497
Increase (decrease) in accrued severance indemnities	(8,258)	12,016	17,253
Increase (decrease) in reserve for directors' retirement benefit	4,052	(64)	(15,856)
Bonuses paid to directors and corporate auditors	(13,670)	-	(60,260)
Others	91,763	93,414	278,840
<b>Subtotal</b>	<b>928,491</b>	<b>692,184</b>	<b>3,288,481</b>
Interest and dividends received	20,916	11,499	55,259
Income taxes paid	(424,308)	(743,230)	(928,438)
<b>Net cash provided by operating activities</b>	<b>525,100</b>	<b>(39,547)</b>	<b>2,415,301</b>

(Thousands of yen)

	First quarter ended June 30, 2006	First quarter ended June 30, 2007	Year ended March 31, 2007
	Amount	Amount	Amount
II. Cash Flows from Investing Activities			
Payment for acquisition of operation	(208,137)	-	(237,631)
Payment for acquisition of tangible fixed assets	(15,403)	(17,195)	(104,826)
Proceeds from sale of tangible fixed assets	-	5,334	5,250
Payment for acquisition of intangible fixed assets	(45,744)	(105,814)	(212,765)
Payment for acquisition of marketable securities	(3,495,050)	(1,995,669)	(13,486,235)
Proceeds from redemption of marketable securities	3,081,874	1,995,938	12,072,171
Payment for acquisition of investment securities	-	-	(1,010,095)
Payment for short-term loans	(1,000,000)	(1,000,000)	(2,000,000)
Proceeds from collection of short-term loans	1,000,000	1,000,000	2,000,000
Payment for funding of premium reserve	(541)	(541)	(2,165)
Payment for investment in capital	-	-	(80,234)
Others	436	609	2,419
Net cash used in investing activities	(682,566)	(117,340)	(3,054,113)
III. Cash Flows from Financing Activities			
Proceeds from exercise of stock option rights	13,840	1,730	23,356
Payment for dividends	(188,321)	(226,106)	(458,023)
Net cash used in financing activities	(174,480)	(224,375)	(434,667)
IV. Effect of exchange rate changes in cash and cash equivalents	5,845	21	10,441
V. Net decrease in cash and cash equivalents	(326,101)	(381,241)	(1,063,037)
VI. Cash and cash equivalents at beginning of period	3,081,608	2,018,570	3,081,608
VII. Cash and cash equivalents at end of the period	2,755,507	1,637,329	2,018,570

(5) Segment Information  
Business segment information

First quarter ended June 30, 2006 (April 1 to June 30, 2006)

(Thousands of yen)

	CAE Solution Services Business	Network Solution Services Business	Total	Eliminations	Consolidation
Sales					
(1) Net sales to outside customers	4,251,596	667,275	4,918,871	-	4,918,871
(2) Sales and transfer between segments	-	-	-	-	-
Total	4,251,596	667,275	4,918,871	-	4,918,871
Operating expenses	3,186,508	676,040	3,862,548	452,378	4,314,926
Operating income	1,065,088	(8,765)	1,056,323	(452,378)	603,944

First quarter ended June 30, 2007 (April 1 to June 30, 2007)

(Thousands of yen)

	CAE Solution Services Business	IT Solution Services Business	Total	Eliminations	Consolidation
Sales					
(1) Net sales to outside customers	5,079,552	570,664	5,650,217	-	5,650,217
(2) Sales and transfer between segments	600	-	600	(600)	-
Total	5,080,152	570,664	5,650,817	(600)	5,650,217
Operating expenses	3,712,095	532,091	4,244,186	728,601	4,972,787
Operating income	1,368,057	38,573	1,406,631	(729,201)	677,430

(Reference) Year ended March 31, 2007

	CAE Solution Services Business	IT Solution Services Business	Total	Eliminations	Consolidation
Sales					
(1) Net sales to outside customers	16,392,243	2,606,122	18,998,366	-	18,998,366
(2) Sales and transfer between segments	7,920	4,020	11,940	(11,940)	-
Total	16,400,163	2,610,142	19,010,306	(11,940)	18,998,366
Operating expenses	12,325,262	2,505,213	14,830,475	1,627,220	16,457,696
Operating income	4,074,901	104,929	4,179,830	(1,639,161)	2,540,669

Notes: 1. Change in the name of business segment

Effective from the first quarter ended June 30, 2007, the Group changed the name of business segment of “Network Solution Services Business” to “IT Solution Services Business.” In the meantime, there are no changes in the principal products and service details following the change in the name of business segment.

2. Principal products and services that belong to each business segment are as follows.

Business classification	Principal products and services
CAE Solution Services Business	Finite element method analysis software, Numerical analysis software, Optical analysis & Illumination analysis software, Electronic circuit simulator, High-frequency circuit design system, Advanced visual systems software, Medical image software, Resin fluid analysis software, User education, Professional analysis service
IT Solution Services Business	PC connection software, IT asset management & License management software, Business performance improvement software, Security measurement software, Web meeting service, Internal control risk management system