

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



Financial Results
for the First Quarter of the Year Ending March 31, 2009
(April 1 to June 30, 2008)

July 29, 2008

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: (TOKYO) +81-3-5297-3010
Scheduled date of submission of quarterly financial statements: August 8, 2008

1. Consolidated Financial and Operating Results for the First Quarter of the Year Ending March 31, 2009
(April 1 to June 30, 2008)

Note: Amounts less than one million yen omitted.

(1) Consolidated Operating Results (cumulative)

Figures shown in percentages are rates of change from the first quarter ended June 30, 2007.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended June 30, 2008	5,982	-	1,154	-	1,152	-
First quarter ended June 30, 2007	5,650	14.9	677	12.2	679	7.3

	Net income		Net income per share - basic	Net income per share - diluted
	Millions of yen	%	Yen	Yen
First quarter ended June 30, 2008	657	-	2,102.07	2,099.86
First quarter ended June 30, 2007	404	16.3	1,275.66	1,271.20

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First quarter ended June 30, 2008	16,662	11,516	69.1	36,725.11
Year ended March 31, 2008	16,660	10,966	65.8	35,108.46

Ref.: Capital

First quarter ended June 30, 2008: 11,516 million yen

Year ended March 31, 2008: 10,966 million yen

2. Dividend Status

Date of Record	Dividend per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Period	Annually
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2008	-	700	-	1,100	1,800
Year ending March 31, 2009	-	-	-	-	1,900
Year ending March 31, 2009 (forecast)	-	900	-	1,000	

Note: Revision to the dividend forecast in the first quarter ended June 30, 2008: None

3. Consolidated Forecast for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

Figures shown in percentages for the full year are rates of change from the previous year and those for the interim period are rates of change from the previous interim period

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2008	10,970	-	1,400	-	1,460	-	826	-	2,610.53
Year ending March 31, 2009	23,000	9.8	3,160	8.0	3,270	6.0	1,970	8.8	6,226.09

Note: Revision to the consolidated forecast in the first quarter ended June 30, 2008: None

4. Others

- 1) Important changes involving subsidiaries during the period (Changes in special subsidiaries involving the change in the scope of consolidation): None
- 2) Adoption of simplified accounting methods and special accounting treatment for preparing quarterly consolidated financial statements: Yes
- 3) Changes in the principles and procedures of accounting method or method of presentation, etc. with regard to preparation of quarterly consolidated financial statements (Changes in items that are listed as changes in important matters that form the basis for preparing quarterly consolidated financial statements.)
 - i) Changes following the revision of accounting standards: Yes
 - ii) Changes for reasons other than those listed in above in i): None
- 4) Number of stocks outstanding (common stock)
 - i) Number of stocks outstanding at period end (including treasury stocks):

First quarter ended June 30, 2008: 324,000	Year ended March 2008: 324,000
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 - ii) Number of treasury stocks at period end:

First quarter ended June 30, 2008: 10,417	Year ended March 2008: 11,632
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 - iii) Average number of stocks during period:

First quarter ended June 30, 2008: 312,703	First quarter ended June 30, 2007: 317,012
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* Regarding the business forecast and other notes

- The above forecast figures are projections based on currently available information, and contain uncertainties in many respects. Actual result may differ from the forecast figures depending on changes in business conditions.
- Effective April 1, 2008, the "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No. 12) and the "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14) have been adopted. The quarterly consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

5. Consolidated Financial Statements for the First Quarter

(1) Consolidated Balance Sheets

(Thousands of yen)

	June 30, 2008	March 31, 2008 (Summary)
Assets		
Current assets		
Cash and deposits	2,547,957	2,522,309
Notes receivable - trade and accounts receivable	4,169,556	4,549,155
Marketable securities	1,590,749	1,780,556
Products	246,424	161,657
Work in process	17,534	557
Supplies	4,734	4,586
Short-term loans	1,000,000	1,000,000
Other current assets	1,067,330	1,245,320
Allowance for doubtful accounts	(5,709)	(4,753)
Total current assets	10,638,580	11,259,390
Fixed assets		
Tangible fixed assets	498,324	524,331
Intangible fixed assets		
Goodwill	181,369	198,999
Other intangible fixed assets	493,169	455,398
Total tangible fixed assets	674,539	654,398
Investments and other assets		
Investment securities	4,300,843	3,693,179
Others	553,243	531,897
Allowance for doubtful accounts	(3,160)	(2,610)
Total investments and other assets	4,850,926	4,222,466
Total fixed assets	6,023,790	5,401,195
Total assets	16,662,370	16,660,585

(Thousands of yen)

	June 30, 2008	March 31, 2008 (Summary)
Liabilities		
Current liabilities		
Accounts payable - trade	2,322,622	2,325,382
Income taxes payable	422,164	501,393
Reserve for bonuses	236,172	386,444
Reserve for bonuses to directors	16,772	63,217
Other current liabilities	1,630,736	1,907,419
Total current liabilities	<u>4,628,468</u>	<u>5,183,857</u>
Fixed liabilities		
Reserve for retirement benefits	469,063	453,141
Reserve for directors' retirement benefits	11,692	56,826
Other fixed liabilities	36,777	-
Total fixed liabilities	<u>517,532</u>	<u>509,967</u>
Total liabilities	<u>5,146,001</u>	<u>5,693,825</u>
Net assets		
Shareholders' equity		
Capital stock	995,000	995,000
Capital surplus	909,000	909,000
Retained earnings	10,396,781	10,129,625
Treasury stock	(732,967)	(818,458)
Total shareholders' equity	<u>11,567,814</u>	<u>11,215,167</u>
Unrealized gains and exchange differences		
Unrealized gains on marketable securities	(39,269)	(125,242)
Deferred hedge gains and losses	(12,175)	(123,163)
Total unrealized gains and exchange differences	<u>(51,444)</u>	<u>(248,406)</u>
Total net assets	<u>11,516,369</u>	<u>10,966,760</u>
Total liabilities and net assets	<u>16,662,370</u>	<u>16,660,585</u>

(2) Consolidated Statements of Income

First Quarter Period

(Thousands of yen)

	First quarter ended June 30, 2008 (April 1, 2008 to June 30, 2008)
Net sales	5,982,969
Cost of sales	3,323,361
Gross profit	2,659,607
Selling, general and administrative expenses	1,504,888
Operating income	1,154,719
Non-operating income	
Interest income	10,598
Dividend income	13,290
Subsidy income	7,819
Other	3,184
Total non-operating income	34,891
Non-operating expenses	
Sales discount	36
Exchange loss	36,716
Other	0
Total non-operating expenses	36,752
Ordinary income	1,152,859
Extraordinary losses	
Loss on disposal of fixed assets	49
Total extraordinary losses	49
Income before income taxes	1,152,809
Corporate, inhabitant and enterprise taxes	415,707
Deferred income taxes	79,778
Total income taxes	495,485
Net income	657,324

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	First quarter ended June 30, 2008 (April 1, 2008 to June 30, 2008)
Cash flows from operating activities	
Income before income taxes	1,152,809
Depreciation and amortization	69,633
Amortization of goodwill	17,629
Interest income and dividend income	(23,888)
Foreign exchange loss (gain)	3,119
Loss on disposal of fixed assets	49
(Increase) decrease in trade receivables	220,361
(Increase) decrease in inventories	(101,892)
Increase (decrease) in payables	31,995
Increase (decrease) in accrued expenses	47,380
Increase (decrease) in accrued consumption tax and others	59,395
Increase (decrease) in allowance for doubtful accounts	1,505
Increase (decrease) in accrued bonuses	(150,272)
Increase (decrease) in accrued bonuses to directors	(46,444)
Increase (decrease) in reserve for retirement benefits	15,922
Increase (decrease) in reserve for directors' retirement benefits	(45,134)
Others	4,570
Subtotal	<u>1,256,742</u>
Interest and dividends received	24,200
Income taxes paid	<u>(487,870)</u>
Net cash provided by operating activities	<u>793,073</u>
Cash flows from investing activities	
Payment for acquisition of tangible fixed assets	(41,062)
Payment for acquisition of intangible fixed assets	(83,036)
Payment for acquisition of marketable securities	(1,798,227)
Proceeds from redemption of marketable securities	1,996,932
Payment for acquisition of investment securities	(498,201)
Proceeds from redemption of investment securities	26,210
Payment for loans	(1,000,000)
Proceeds from collection of loans	1,000,000
Payment for insurance reserve fund	(541)
Payment for investment in capital	(83,520)
Others	2,606
Net cash used in investing activities	<u>(478,842)</u>
Cash flows from financing activities	
Proceeds from exercise of stock option rights	38,927
Payment for dividends	<u>(324,389)</u>
Net cash used in financing activities	<u>(285,462)</u>
Effect of exchange rate changes in cash and cash equivalents	<u>(3,119)</u>
Net increase in cash and cash equivalents	<u>25,648</u>
Cash and cash equivalents at beginning of period	<u>2,522,309</u>
Cash and cash equivalents at end of period	<u>2,547,957</u>