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.

Financial Results
for Fiscal Year Ended March 31, 2007

April 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: (TOKYO) +81-3-5978-5401
Scheduled date of the General Meeting of Shareholders: June 22, 2007
Scheduled date of starting of dividend payment: June 25, 2007
Scheduled date of submission of financial statements: June 25, 2007

1. Consolidated Financial and Operating Results for the Year Ended March 31, 2007 (April 1, 2006 to March 31, 2007)

Note: Amounts less than one million yen omitted.

(1) Consolidated Operating Results

Figures shown in percentages are rates of change from the previous year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2007	18,998	9.2	2,540	10.4	2,827	11.0	1,516	0.9
Year ended March 31, 2006	17,399	-	2,301	-	2,548	-	1,503	-

	Net income per share - basic	Net income per share - diluted	Return on equity	Ratio of ordinary income to total asset	Ratio of operating income to sales
	Yen	Yen	%	%	%
Year ended March 31, 2007	4,786.75	4,763.77	15.8	19.1	13.4
Year ended March 31, 2006	4,593.41	4,531.50	16.5	18.4	13.2

Ref.: Equity in earnings (losses) of affiliates
Year ended March 31, 2007: - Year ended March 31, 2006: -

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2007	15,769	10,127	64.2	31,946.07
March 31, 2006	13,812	9,126	66.1	28,665.87

Ref.: Capital
Year ended March 31, 2007: 10,126 million yen Year ended March 31, 2006: -

(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
Year ended March 31, 2007	2,415	(3,054)	(434)	2,018
Year ended March 31, 2006	1,854	(512)	(1,064)	3,081

2. Dividend Status

Date of Record	Dividend per Share: End of Interim Period	Dividend per Share: End of Period	Dividend per Share: Annually	Total Cash Dividends (Annually)	Dividend Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2006	700	750	1,450	457	31.6	5.1
Year ended March 31, 2007	700	900	1,600	507	33.4	5.3
Year ending March 31, 2008 (forecast)	700	900	1,600	-	29.3	-

3. Consolidated Forecast for the Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

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, 2007	10,230	9.9	870	(20.1)	910	(27.7)	645	(7.2)	2,036.27
Year ending March 31, 2008	21,500	13.2	2,640	3.9	2,720	(3.8)	1,732	14.2	5,467.95

4. Others

1) Important changes involving subsidiaries during the period (Changes in special subsidiaries involving the change in the scope of consolidation): None

2) Changes in the principles and procedures of accounting method or method of presentation, etc. with regard to preparation of consolidated financial statements (Changes in items that are listed as changes in important matters that form the basis for preparing consolidated financial statements.)

i) Changes following the revision of accounting standards: Yes

ii) Changes for reasons other than those listed in above in i): Yes

Note: For details, please refer to “Changes in important items that form the basis for preparing consolidated financial statements” on page 24.

3) Number of stocks outstanding (common stock)

i) Number of stocks outstanding at fiscal year-end (including treasury stocks):

Year ended March 2007: 324,000 Year ended March 2006: 324,000

ii) Number of treasury stocks at fiscal year-end:

Year ended March 2007: 7,001 Year ended March 2006: 7,730

Note: With regard to the number of stocks which forms the basis of computation of (consolidated) net income per share, please refer to the “Per Share Information” on page 43.

(Reference)

1. Non-Consolidated Financial and Operating Results for the Year Ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(1) Non-Consolidated Operating Results

Figures shown in percentages are rates of change from the previous year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2007	16,604	13.5	2,543	11.8	2,802	12.0	1,493	2.0
Year ended March 31, 2006	14,626	4.7	2,275	(8.0)	2,501	(4.4)	1,463	(3.1)

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
Year ended March 31, 2007	4,715.06	4,692.42
Year ended March 31, 2006	4,510.85	4,450.04

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2007	15,044	10,078	67.0	31,792.53
March 31, 2006	13,042	9,086	69.7	28,583.78

Ref.: Capital

Year ended March 31, 2007: 10,078 million yen Year ended March 31, 2006: -

2. Non-Consolidated Forecast for the Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

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, 2007	9,200	13.7	1,000	(14.8)	1,020	(23.1)	488	(36.2)	1,540.62
Year ending March 31, 2008	19,000	14.4	2,660	4.6	2,700	(3.6)	1,453	(2.7)	4,587.14

* 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 results may differ from the forecast figures depending on changes in business conditions. With regard to matters related to the above forecasts, please see page 4 of the attached material.

1. Operating results

(1) Analysis of operating results

During the current fiscal year, the Group has actively proposed a variety of solutions to resolve customers' problems, promoted increases of value-added in general, and expended efforts to expand sales. In addition, the Group has actively sought and promoted sales of new products, and worked on the development of proprietary products and new applications in order to prepare for future growth.

In addition, the Group focused on new recruitment and development of human resources. In May 2006, the Group took over the principle business operations of Keihin Artwork Co., Ltd. and one other company, and thereby embarked on the expansion of solutions in the area of electronics systems.

Meanwhile, the Group also established a second subsidiary in China and launched the CAE solution services business in the area of electronics systems in that country.

As a result, consolidated net sales amounted to 18,998 million yen (up 9.2% YOY), operating income was 2,540 million yen (up 10.4% YOY), while ordinary income and net income were 2,827 million yen (up 11.0% YOY) and 1,516 million yen (up 0.9% YOY), respectively, for the current fiscal year.

The outline by business type is as follows:

[CAE solution services business]

Sales of the mainstay CAE Solution Business were continuously strong mainly in the core business of CAE solution services, concerning the areas of control, mechanical, optical and electronics systems. This performance was supported by steady demand in the automotive, electric and precision equipment industries. In particular, sales largely increased in the area of lighting analysis software for the flat panel display market and brightness, lamination intensity and chromaticity measuring systems. In addition, orders for control system software recovered primarily in the automotive market, achieving solid growth.

The professional analysis service, on which the Group has started to focus its efforts from the current fiscal year, enjoyed favorable sales primarily in the area of electronics systems for which the Group reinforced its sales system, contributing to an increase in service revenues.

As a result, sales for this business were 16,392 million yen (up 14.0% YOY) and operating income amounted to 4,074 million yen (up 16.9% YOY).

[Network solution services business]

In the network solution services business, a reduction in corporate investments in the security solutions that had driven sales caused new purchases to slow down in its core product area, IT asset management software. With regard to business process management software, although the Group was able to secure a dominant business partner, the sales targeted at the beginning of the period could not be achieved due to a delay in product releases.

With regard to consolidated subsidiaries of the Group, a large transaction with a major customer was lost due to a second-tier distributing agent of the Group's security products rising to become a primary distributing agent, as a result of which sales fell significantly below those in the previous year. However, sales of software to support J-SOX compliance grew largely in the second half of the fiscal year.

As a result, this segment recorded sales of 2,606 million yen (down 13.6% YOY) and operating income of 104 million yen (down 35.3% YOY).

As for prospects for the next fiscal year, the Group will strive to achieve the earnings forecast shown below by providing higher value-added and higher quality services than before to cultivate new customers and improve customer satisfaction.

[Consolidated earnings forecast for fiscal year ending March 2008]

Net sales	21,500 million yen	(up 13.2% YOY)
Ordinary income	2,720 million yen	(down 3.8% YOY)
Net income	1,732 million yen	(up 14.2% YOY)

Notes:

1 The above consolidated earnings forecast for the fiscal year ending March 2008 is based on the information available on trends in the industry, domestic economic conditions and those overseas, and foreign exchange market conditions, etc. as of the release of this material. Therefore, this consolidated earnings forecast may change substantially due to fluctuations in the above factors.

2 For calculation of the above consolidated earnings forecast, a foreign exchange rate of 118 yen per U.S. dollar was assumed.

(2) Analysis on Financial Conditions

1) Net assets
The balance of net assets at the end of the current fiscal year was 10,127 million yen (up 11.0 % YOY).

2) Cash flow
The balance of cash and cash equivalents (hereafter, “cash”) on March 31, 2007 was 2,018 million yen (down 34.5% YOY).

[Cash flows from operating activities]
Cash flows provided by operating activities amounted to 2,415 million yen (up 30.2% YOY). This is mainly because income before income taxes amounted to 2,608 million yen, depreciation expenses were 281 million yen, accrued expenses increased by 125 million yen, head office relocation expenses were 178 million yen and amortization of goodwill was 110 million yen, although 928 million yen was paid in income taxes.

[Cash flows from investing activities]
Cash flows used in investing activities amounted to 3,054 million yen (down 495.8% YOY). This was due to the acquisition of marketable securities and redemption at maturity altogether amounting to 1,414 million yen, expenditure on acquisition of investment securities of 1,010 million yen, the payment of 237 million yen associated with the business assignment of Keihin Artwork Co., Ltd. and EDA Connect Co., Ltd., and the payment of 317 million yen for the acquisition of tangible and intangible fixed assets.

[Cash flows from financing activities]
Cash flows used in financing activities amounted to 434 million yen (up 59.2% YOY). This was mainly due to the payment of stock dividends in the amount of 458 million yen.

Trends of cash flow indices of the Company group are as follows:

	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007
Shareholders’ equity ratio (%)	-	-	66.1	64.2
Shareholders’ equity ratio on the market value basis (%)	-	-	307.3	154.3
Years for debt redemption	-	-	-	-
Interest coverage ratio	-	-	-	-

Shareholders’ equity ratio: Shareholders’ equity/total assets
Shareholders’ equity ratio on the market value basis: Market capitalization/total assets
Years for debt redemption: Interest-bearing debts/operating cash flows
Interest coverage ratio: Operating cash flows/interest paid
Notes:
1 All the indices were calculated based on consolidated financial figures.
2 Market capitalization was calculated based on the “closing stock price at term-end times the total number of outstanding shares at term-end.”
3 Cash flows represent operating cash flows. Interest-bearing debts represent all the debts posted in the balance sheets, for which interest has been paid.

(3) Basic Policies on Profit Distribution and Dividends for the Current Fiscal Year and Next Fiscal Year

The Company places the highest priority on the dividend policy for shareholders, and basically strives to pay steady and continuous dividends, strengthen and expand its earnings base corresponding to rapid changes and development of industries, and accumulate internal reserves for active business development in the future.

Although the Company aims to pay steady dividends at each term-end, shareholders will be paid in conjunction with performance results so that the Company can achieve a dividend payout ratio of 30%.

With these basic policies, the Company paid an interim dividend of 700 yen per share for the current interim period. As for the estimated year-end dividend, the Company plans to increase the amount of cash dividend by 100 yen from the initial forecast to 900 yen per share, which is scheduled to be resolved at the Board of Directors Meeting to be held on May 15, 2007, after a statutory audit on financial documents for the current fiscal year.

The Company also has a stock option plan for the purpose of raising the motivation and morale of its directors and employees for improvement in business performance, securing competent personnel and increasing corporate value. The Company will determine other profit distributions at the Board of Directors Meeting, after careful consideration of the future business environment.

Furthermore, the Company will strive to meet the expectations of shareholders by actively investing retained earnings in study and research of advanced technologies, unearthing new software, human resource development and capital expenditure for seminar facilities, etc., in an effort to enhance and expand the earnings base and pursue profits further.

With regard to the cash dividend for the next fiscal year, we plan to pay 1,600 yen per share for the full year.

(4) Business risks

The following are the main factors that may cause risks when the Group performs its business. Future matters in the following disclosure are based on the Group's judgments as of the end of the current fiscal year.

1) Risks related to the competitive advantages of products
The Group's business is to globally provide technology services related to advanced and highly-reliable software and solutions in the digital engineering business area. The main software products that the Group handles have repeatedly evolved over their long life cycles, but the market competitiveness of these products may deteriorate as more and more competitive software products appear on the market and as the development ability of developers declines in the future. As a result, the Group's performance may be negatively affected.

Accordingly, the Group will examine and verify the progress of competitive products and the ability of developers, and strive to develop competitive products and reduce risks.

2) Risks related to dependence on specific suppliers
Since the Group directly purchases software mainly from developers, its business is considered to be highly dependent on the limited number of suppliers. Sales agency agreements with the main developers are basically non-exclusive, and updated after a short period of time. Performance results may be negatively affected if other major sales agents are designated, developers start their business under their direct management, or these sales agency agreements are not updated. In addition, the Group may have to change these agreements due to environmental changes related to the management rights including the merger of the developers.

3) Risks involved in business investment
The Group understands that mergers and acquisitions (M&A) are an effective means to establish a position as a one-stop solution corporation in CAE.

When carrying out M&A, the Group sufficiently conducts preliminary investigations into the financial conditions, contract relations and others of target companies. However, if unrecognized contingent liabilities occur after takeover or if profits of the said subsidiary, etc. are far below our expectations, the balance of goodwill will need to be reduced considerably, which will possibly affect the business results of the Group.

4) Risks of information leakage
The Group receives personal or confidential information from customers while conducting its business, and if such information leaks out, the Group's performance may be negatively affected due to potential claims for damages from these customers and lost credibility of the Company.

Accordingly, the Company has established an "Information Security Committee," taken physical and systematic security measures against unauthorized access, and striven to maintain and strengthen its information management system by preparing internal rules on information security and pursuing employee education.

5) Risks related to exchange rates
Since the main software products that the Group handles were developed by and procured from overseas developers, and most purchases and accounts payable are denominated in U.S. dollars, profitability may decline as a result of changes in exchange rates, and the Group's performance may be negatively affected.

Accordingly, the Group tries to reduce risks by hedging exchange rate fluctuation risks by means of such things as forward exchange contracts.

6) Securing personnel
The Group mainly engages in the extremely specialized business of CAE, and it strives to improve and expand solution services further, as a company that is indispensable in the "manufacturing of goods" for manufacturing industries. And the Group considers that securing excellent personnel for such business is extremely important for future growth.

Accordingly, the Group will strive to secure personnel in the medium- and long-term by newly establishing a division for personnel recruitment and training.

7) Risks of information system trouble
In the case of trouble in operation systems such as the accounting system and network infrastructure systems due to unpredictable events, the Group will incur material obstacles to operations such as delays in system recovery.

Accordingly, the Company, in order to ensure stable maintenance and operations, has implemented technical countermeasures including reinforcement of its recovery system, and has also prepared relevant information security regulations, in a company-wide effort for developing and operating safe computer systems.

2. Outline of the Cybernet System Group

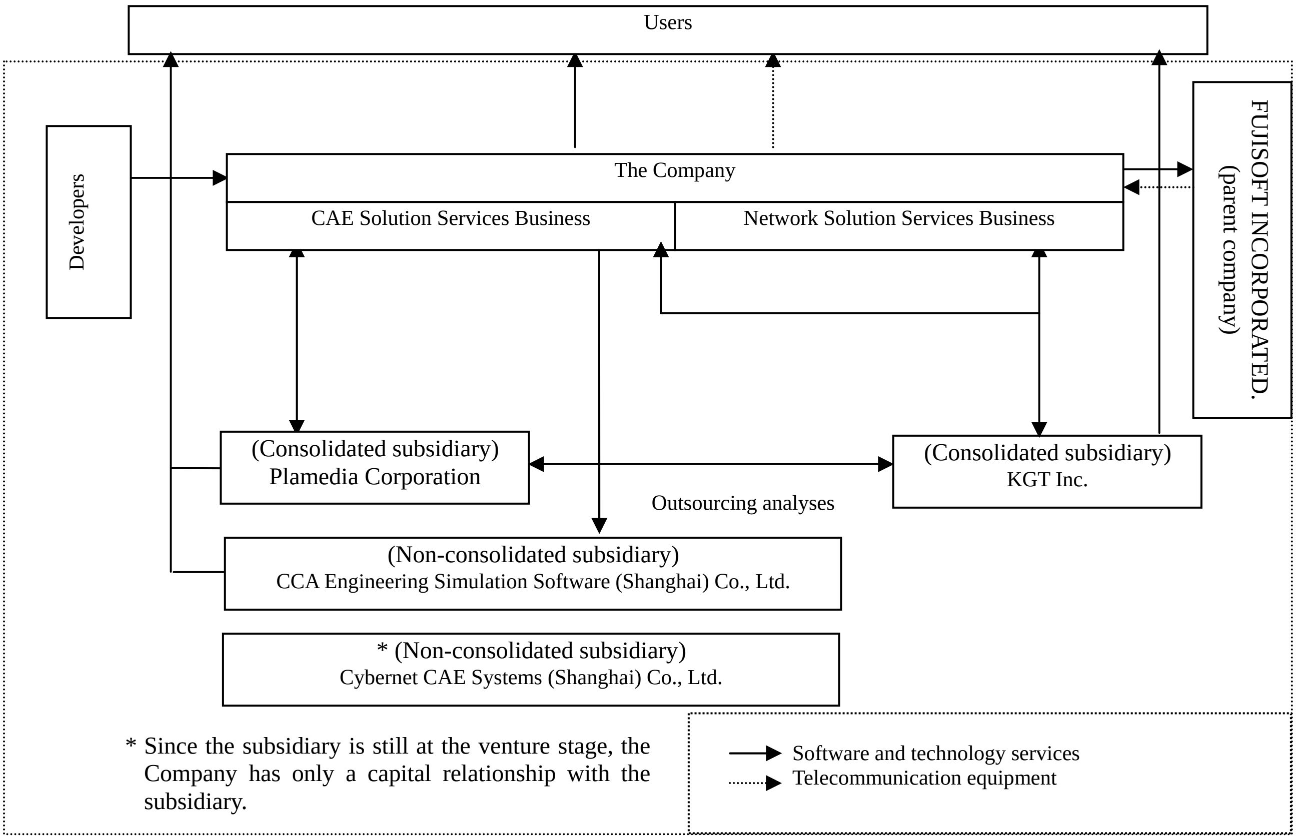
The Cybernet System Group (hereinafter called "the Group") consists of the Company, parent company, and four subsidiaries (two consolidated subsidiaries and two non-consolidated subsidiaries). The Company and its subsidiaries engage in the solution services business by providing software and technology services (technology support, consulting, and other). This business is divided into CAE Solution Services (see Note) and Network Solution Services, based on their business areas.

The business classification of "CAE Solution Services" and "Network Solution Services" in the following table is the same as that for the business segment.

Note: CAE is an abbreviation of Computer Aided Engineering. This is a method for formulating computer models to evaluate various objects, and is used to simulate many engineering issues, including the functions and strengths of these models.

Business classification	Main companies
CAE Solution Services Business	The Company, KGT Inc. and Plamedia Corporation
Network Solution Services Business	The Company and KGT Inc.

The Company's operational diagram is as follows:



Related companies

Name	Location	Capital (millions of yen)	Main business *2	Ratio of voting rights or ownership (%)	Relationships
(Parent company) FUJISOFT INCORPORATED. *1	Naka-ku, Yokohama-shi, Kanagawa	26,200	Design, development and sales of information processing systems, and related management, maintenance, etc.	Ownership 53.0	Loan and business transactions
(Consolidated subsidiary) KGT Inc.	Shinjuku-ku, Tokyo	100	CAE Solution Services business Network Solution business	100.0	Business transactions One concurrent director
(Consolidated subsidiary) Plamedia Corporation	Nakano-ku, Tokyo	45	CAE Solution Services business	95.0	Business transactions One concurrent director

Notes:

1 The parent company has disclosed its securities reports.

2 Segment names by business type are disclosed in the main business column for consolidated subsidiaries.

3. Management Policies

(1) Basic Management Policies; (2) Target of Management Indexes; (3) Medium-and-Long-Term Management Strategies; (4) Issues to Be Solved

Information disclosure on the above items is omitted since there have been no material changes from those disclosed in the Consolidated and Non-consolidated Financial Results for the Six Months Ended September 30, 2006 (released on October 31, 2006).

Please refer to the Internet web addresses listed below to browse the Consolidated and Non-consolidated Financial Results for the Six Month Period Ended September 30, 2006.

Website of the Company:
http://www.cybernet.co.jp/

Website of the Tokyo Stock Exchange (Company Search page of Listed Company Information):
http://www.tse.or.jp/listing/compsearch/index.html/

4. Consolidated Financial Statement

(1) Consolidated Balance Sheet

(Thousands of yen)

		March 31, 2006			March 31, 2007			Year-on-year
Classification	No.	Amount		Composition ratio (%)	Amount		Composition ratio (%)	Change
Assets								
I Current assets								
1 Cash and deposits			3,081,608			2,018,570		(1,063,037)
2 Notes receivable - trade and accounts receivable			4,314,899			4,478,768		163,868
3 Marketable securities			3,069,365			4,499,246		1,429,881
4 Inventories			84,846			82,981		(1,864)
5 Short-term loans			1,000,000			1,000,000		-
6 Deferred tax assets	*1		157,892			299,789		141,897
7 Other current assets			524,939			601,418		76,478
Allowance for doubtful accounts			(5,049)			(4,733)		315
Total current assets			12,228,502	88.5		12,976,042	82.3	747,539
II Fixed assets								
1 Tangible fixed assets								
(1) Buildings		209,744			155,347			
Accumulated depreciation		(117,107)	92,637		(130,783)	24,564		(68,073)
(2) Tools, furniture and fixtures		736,087			706,733			
Accumulated depreciation		(548,472)	187,615		(544,094)	162,638		(24,976)
Total tangible fixed assets			280,252	2.0		187,203	1.2	(93,049)
2 Intangible fixed assets								
(1) Consolidated adjustments account			292,650			-		(292,650)
(2) Goodwill			-			417,358		417,358
(3) Other intangible fixed assets			431,147			513,106		81,958
Total intangible fixed assets			723,798	5.3		930,464	5.9	206,665
3 Investments and other assets								
(1) Investment securities			129,785			1,133,304		1,003,519
(2) Investments in capital			17,238			83,557		66,318
(3) Lease and guarantee deposits			256,655			254,577		(2,077)
(4) Deferred tax assets			169,706			194,968		25,262
(5) Others			8,386			12,651		4,265
Allowance for doubtful accounts			(2,060)			(3,110)		(1,050)
Total investments and other assets			579,711	4.2		1,675,949	10.6	1,096,237
Total fixed assets			1,583,763	11.5		2,793,617	17.7	1,209,854
Total assets			13,812,266	100.0		15,769,659	100.0	1,957,393

(Thousands of yen)

Classification	No.	March 31, 2006 Amount	March 31, 2006 Composition ratio (%)	March 31, 2007 Amount	March 31, 2007 Composition ratio (%)	Year-on year Change
Liabilities						
I Current liabilities						
1 Accounts payable - trade		2,293,125		2,315,412		22,286
2 Income taxes payable		443,287		766,173		322,886
3 Consumption taxes payable		128,864		190,574		61,710
4 Advances received		608,709		699,287		90,578
5 Reserve for bonuses		298,557		379,094		80,536
6 Reserve for bonuses to directors		-		62,497		62,497
7 Other current liabilities		449,590		735,319		285,729
Total current liabilities		4,222,134	30.6	5,148,359	32.7	926,225
II Fixed liabilities						
1 Reserve for retirement benefits		403,729		451,669		47,940
2 Reserve for directors' retirement allowance		57,842		41,986		(15,856)
Total fixed liabilities		461,571	3.3	493,655	3.1	32,084
Total liabilities		4,683,705	33.9	5,642,015	35.8	958,310
Minority interest						
Minority interest		2,146	0.0	-	-	(2,146)
Shareholders' equity						
I Capital stock	*2	995,000	7.2	-	-	(995,000)
II Capital surplus		909,000	6.6	-	-	(909,000)
III Retained earnings		7,899,890	57.2	-	-	(7,899,890)
IV Unrealized gains on available-for-sale securities		69,314	0.5	-	-	(69,314)
V Treasury stock	*3	(746,791)	(5.4)	-	-	746,791
Total shareholders' equity		9,126,413	66.1	-	-	(9,126,413)
Total liabilities, minority interest and shareholders' equity		13,812,266	100.0	-	-	(13,812,266)

(Thousands of yen)

Classification	No.	March 31, 2006 Amount		Ratio	March 31, 2007 Amount		Ratio	Year-on year Change
Net assets				%			%	
I. Shareholders' equity								
1 Capital stock	*2		-	-		995,000	6.3	995,000
2 Capital surplus			-	-		909,000	5.8	909,000
3 Retained earnings			-	-		8,849,779	56.1	8,849,779
4 Treasury stock	*3		-	-		(676,363)	(4.3)	(676,363)
Total shareholders' equity			-	-		10,077,416	63.9	10,077,416
II. Unrealized gains and exchange differences								
1 Unrealized gains on marketable securities			-	-		65,407	0.4	65,407
2 Deferred hedge gains and losses			-	-		(15,952)	(0.1)	(15,952)
Total unrealized gains and exchange differences			-	-		49,455	0.3	49,455
III. Minority interest			-	-		772	0.0	772
Total net assets			-	-		10,127,644	64.2	10,127,644
Total liabilities and net assets			-	-		15,769,659	100.0	15,769,659

(2) Consolidated Statement of Income

(Thousands of yen)

		Year ended March 31, 2006			Year ended March 31, 2007			Year-on-year
Classification	No.	Amount		Composition ratio (%)	Amount		Composition ratio (%)	Change
I Net sales			17,399,091	100.0		18,998,366	100.0	1,599,274
II Cost of sales			11,027,871	63.4		11,690,094	61.5	662,223
Gross profit			6,371,220	36.6		7,308,271	38.5	937,051
III Selling, general and administrative expenses	*1, 3		4,069,363	23.4		4,767,602	25.1	698,238
Operating income			2,301,857	13.2		2,540,669	13.4	238,812
IV Non-operating income								
1. Interest income		4,719			8,717			
2. Security interest		35,691			36,325			
3. Exchange gain		160,182			184,398			
4. Subsidy income		30,524			47,819			
5. Other		18,747	249,866	1.4	10,365	287,626	1.5	37,759
V Non-operating expenses								
1. Interest expense		116			-			
2. Sales discount		-			167			
3. Commission for purchase of treasury stock		1,064			-			
4. Cost for capital increase		1,097			-			
5. Other		1,117	3,396	0.0	643	811	0.0	(2,585)
Ordinary income			2,548,327	14.6		2,827,484	14.9	279,157
VI Extraordinary gain								
1. Gain on sale of fixed assets		-	-	-	8,381	8,381	0.0	8,381
VII Extraordinary losses								
1. Loss on disposal of fixed assets	*2	50,262			5,312			
2. Loss on devaluation of investments in capital		-			13,339			
3. Retirement benefit expenses		-			30,687			
4. Head office relocation expenses	*4	-			178,190			
5. Other		672	50,935	0.3	233	227,763	1.2	176,828
Income before income taxes			2,497,392	14.3		2,608,102	13.7	110,710
Corporate, inhabitant and enterprise taxes		982,737			1,246,834			
Deferred income taxes		12,160	994,898	5.7	(153,586)	1,093,248	5.7	98,350
Loss of minority shareholders			685	0.0		1,374	0.0	689
Net income			1,503,178	8.6		1,516,227	8.0	13,049

(3) Consolidated Statement of Retained Earnings and Change in Shareholders' Equity

Consolidated Statement of Retained Earnings

(Thousands of yen)

		Year ended March 31, 2006	
Classification	No.	Amount	
Capital surplus			
I Capital surplus at beginning			909,000
II Capital surplus at term-end			909,000
Retained earnings			
I Retaining earnings at beginning			7,325,942
II Increase in retained earnings			
1. Net income		1,503,178	1,503,178
III Decrease in retained earnings			
1. Dividends		533,581	
2. Bonuses to directors and corporate auditors		76,492	
3. Loss on sale of treasury stock		319,157	929,230
IV Retained earnings at term-end			7,899,890

Change in Shareholders' Equity
Current Fiscal Year (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 at end of previous year	995,000	909,000	7,899,890	(746,791)	9,057,099
Change in the year ended March 31, 2007					
Dividends of surplus (Note)			(237,202)		(237,202)
Dividends of surplus			(221,804)		(221,804)
Bonuses to directors (Note)			(46,590)		(46,590)
Bonuses to directors			(13,670)		(13,670)
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 (net)					
Total change	-	-	949,889	70,428	1,020,317
Balance at end of year ended March 31, 2007	995,000	909,000	8,849,779	(676,363)	10,077,416

Item	Unrealized gains and exchange differences			Minority interest	Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total unrealized gains and exchange differences		
Balance at end of previous year	69,314	-	69,314	2,146	9,128,560
Change in the year ended March 31, 2007					
Dividends of surplus (Note)					(237,202)
Dividends of surplus					(221,804)
Bonuses to directors (Note)					(46,590)
Bonuses to directors					(13,670)
Net income					1,516,227
Losses on disposal of treasury stock					23,356
Change in items other than shareholders' equity (net)	(3,906)	(15,952)	(19,858)	(1,374)	(21,233)
Total change	(3,906)	(15,952)	(19,858)	(1,374)	999,083
Balance at end of year ended March 31, 2007	65,407	(15,952)	49,455	772	10,127,644

Note: They are items in appropriation of earnings resolved in General Meeting of Shareholders held on June 2006.

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

Classification	No.	Year ended March 31, 2006 Amount	Year ended March 31, 2007 Amount	Year-on-year Change
Ⅰ Cash Flows from Operating Activities				
Income before income taxes		2,497,392	2,608,102	110,710
Depreciation and amortization		150,440	281,179	130,739
Amortization of goodwill		-	110,505	110,505
Amortization of consolidation adjustments account		44,284	-	(44,284)
Interest income		(4,719)	(8,717)	(3,998)
Security interest		(35,691)	(36,325)	(633)
Interest expense		116	-	(116)
Foreign exchange loss		(22,652)	(10,441)	12,211
Gain on sales of fixed assets		-	(8,381)	(8,381)
Loss on disposal of fixed assets		50,262	5,312	(44,949)
Loss on valuation of investment securities		630	-	(630)
Retirement benefit expenses		-	30,687	30,687
Head office relocation expenses		-	178,190	178,190
Loss on valuation of investments in capital		-	13,339	13,339
(Increase) decrease in trade receivables		105,427	(73,589)	(179,017)
(Increase) decrease in inventories		48,467	2,218	(46,249)
Increase (decrease) in payables		257,929	(140,312)	(398,241)
Increase (decrease) in accrued expenses		(12,247)	125,092	137,340
Increase (decrease) in accrued consumption tax and others		(19,136)	61,710	80,846
Increase (decrease) in allowance for doubtful accounts		(2,037)	734	2,771
Increase (decrease) in accrued bonuses		6,289	80,536	74,247
Increase (decrease) in accrued bonuses to directors		-	62,497	62,497
Increase (decrease) in accrued severance indemnities		29,450	17,253	(12,196)
Increase (decrease) in reserve for directors' retirement allowances		5,857	(15,856)	(21,713)
Bonuses paid to directors and corporate auditors		(76,492)	(60,260)	16,232
Others		(54,273)	65,004	119,278
Subtotal		2,969,295	3,288,481	319,185
Interest and dividends received		27,747	55,259	27,511
Amount of interest paid		(94)	-	94
Income taxes paid		(1,142,132)	(928,438)	213,693
Net cash provided by operating activities		1,854,816	2,415,301	560,484
Ⅱ Cash Flows from Investing Activities				
Payment for acquisition of stocks of newly consolidated subsidiaries	*2	(257,882)	-	257,882
Payment for acquisition of operation	*3	-	(237,631)	(237,631)
Payment for acquisition of tangible fixed assets		(82,092)	(104,826)	(22,734)
Payment for acquisition of intangible fixed assets		(335,975)	(212,765)	123,209
Payment for acquisition of marketable securities		(7,202,836)	(13,486,235)	(6,283,398)
Proceeds from redemption of marketable securities		7,336,331	12,072,171	4,735,840
Payment for acquisition of investment securities		-	(1,010,095)	(1,010,095)
Payment for loans		(2,000,000)	(2,000,000)	-
Proceeds from collection of loans		2,021,000	2,000,000	(21,000)
Payment for insurance reserve fund		(1,082)	(2,165)	(1,082)
Payment for investment in capital		-	(80,234)	(80,234)
Proceeds from equity transfer of investments in capital		8,828	-	(8,828)
Others		1,072	7,669	6,596
Net cash used in investing activities		(512,636)	(3,054,113)	(2,541,476)
Ⅲ Cash Flows from Financing Activities				
Repayment of short-term borrowings		(410,000)	-	410,000
Repayment of long-term borrowings within one year		(8,800)	-	8,800
Payment for acquisition of own shares		(277,998)	-	277,998
Proceeds from exercise of stock option rights		164,648	23,356	(141,291)
Payment for dividends		(532,777)	(458,023)	74,753
Net cash used in financing activities		(1,064,927)	(434,667)	630,259
Ⅳ Effect of exchange rate changes in cash and cash equivalents		22,652	10,441	(12,211)
Ⅴ Net increase in cash and cash equivalents		299,905	(1,063,037)	(1,362,943)
Ⅵ Cash and cash equivalents at beginning of term		2,781,702	3,081,608	299,905
Ⅶ Cash and cash equivalents at term-end	*1	3,081,608	2,018,570	(1,063,037)

Significant matters that are the bases for the preparation of consolidated financial statements

Item	Year ended March 31, 2006	Year ended March 31, 2007
1. Matters related to the scope of consolidation	(1) Number of consolidated subsidiaries: 2 Names of consolidated subsidiaries: KGT Inc. Plamedia Corporation * The two companies above are included in the scope of our consolidation as we newly acquired the shares of these companies during the current consolidated accounting term. (2) Names of non-consolidated subsidiaries CCA Engineering Simulation Software (Shanghai) Co., Ltd. (Reason for excluding this company from the scope of consolidation) CCA Engineering Simulation Software (Shanghai) Co., Ltd. was excluded from the scope of our consolidation as the total assets, net sales, net income or loss (amount equivalent to the equity portion) and retained earnings (amount equivalent to the equity portion) have minimal effects on the consolidated net income or loss, consolidated surpluses, and the financial conditions of the Group.	(1) Number of consolidated subsidiaries: 2 Names of consolidated subsidiaries: KGT Inc. Plamedia Corporation (2) Names of non-consolidated subsidiaries CCA Engineering Simulation Software (Shanghai) Co., Ltd. Cybernet CAE Systems (Shanghai) Co., Ltd. (Reason for excluding this company from the scope of consolidation) Non-consolidated subsidiaries were excluded from the scope of our consolidation as both of them are small in scale of operations and their total assets, net sales, net income or loss (amount equivalent to the equity portion) and retained earnings (amount equivalent to the equity portion) have minimal effects on the consolidated financial statements.
2. Matters related to the application of the equity method	A non-consolidated subsidiary to which the equity method is not applied (CCA Engineering Simulation Software (Shanghai) Co., Ltd.) was excluded from the scope of the application of the equity method because its net income (equity portion) and retained earnings (equity portion) have little effects on the consolidated financial statements and are not material as a whole even if excluded from the application of the equity method.	Non-consolidated subsidiaries to which the equity method is not applied (CCA Engineering Simulation Software (Shanghai) Co., Ltd. and Cybernet CAE Systems (Shanghai) Co., Ltd.) were excluded from the scope of the application of the equity method because their net income (equity portion) and retained earnings (equity portion) have little effects on the consolidated financial statements and are not material as a whole even if excluded from the application of the equity method.
3. Matters related to the term-end of consolidated subsidiaries	The term-end of Plamedia Corporation, a consolidated subsidiary, is December 31. Financial statements as of the term-end were used for the preparation of the consolidated financial statements. In addition, no important transactions were conducted during the period between the term-end of Plamedia Corporation and the consolidated accounting term-end.	The term-end of Plamedia Corporation, a consolidated subsidiary, is December 31. Financial statements as of the term-end were used for the preparation of the consolidated financial statements. Note, however, that necessary adjustments have been made in the consolidated financial statements for important transactions that were conducted during the period between January 1 and the term-end of March 31.

Item	Year ended March 31, 2006	Year ended March 31, 2007
4. Matters related to accounting standard (1) Bases and methods of asset valuation	(i) Securities (a) Held-to-maturity bonds Amortized cost method (b) Other securities Securities with market value: Market value method based on market value as of the term-end (The valuation difference is accounted for based on the method of direct entry to capital account, and the costs of securities sold are computed based on the moving average method.) Securities without market value: Cost method based on the moving average method (ii) Derivative transactions Market value method based on market value as of the term-end (iii)Inventories (a) Work in progress Cost method based on the specific identification method (b) Products Cost method based on the FIFO method (c) Supplies Cost method based on the FIFO method	(i) Securities (a) Held-to-maturity bonds Same as on the left. (b) Other securities Securities with market value: Market value method based on market value as of the term-end (The valuation difference is accounted for based on the method of direct entry to total assets, and the costs of securities sold are computed based on the moving average method.) Securities without market value: Same as on the left. (ii) Inventories (a) Work in progress Same as on the left. (b) Products Same as on the left. (c) Supplies Same as on the left.
(2) Method of depreciation and amortization of important depreciable assets	(i) Tangible fixed assets Declining balance method Main useful lives are as follows: Buildings: 3 to 15 years Tools, furniture and fixtures: 4 to 5 years (ii) Intangible fixed assets Straight line method Software for internal use is amortized using the straight-line method over the internally usable period (5 years), and in the case of software products, the larger of either the amount based on estimated sales revenues or the amount equally apportioned based on the estimated sales period (3 years) is amortized.	(a) Tangible fixed assets Same as on the left. (b) Intangible fixed assets Same as on the left.

Item	Year ended March 31, 2006	Year ended March 31, 2007
(3) Standards for posting allowances and reserves	(i) Allowance for doubtful accounts To provide for losses arising from doubtful accounts, the estimated uncollectible amount is posted based on actual bad debt rates for general receivables, and individual collectability for specified debts including possible bad debts. (ii) Reserve for bonuses To prepare for the payment of bonuses to employees, the estimated amount for current consolidated accounting term is posted. (iii) ――――― (iv) Reserve for retirement benefits To prepare for the payment of retirement benefits to employees, the amount obtained by deducting the amount of pension assets from the amount required to pay to voluntary retirees at the current consolidated accounting term-end posted.	(i) Allowance for doubtful accounts Same as on the left. (ii) Reserve for bonuses Same as on the left. (iii) Reserve for bonuses to directors To prepare for the payment of bonuses to directors, the amount required to be paid at the end of the current consolidated accounting term is posted. (Change in accounting policies) The company adopts the “Accounting standards for bonuses to directors” (No. 4 of the corporate accounting standards, November 29, 2005) from the current consolidated accounting term. As a result, operating income, ordinary income and income before income tax decreased 62,497,000 yen. The impact of the change on segment information is mentioned individually. (iv) Reserve for retirement benefits To prepare for the payment of retirement benefits to employees, the amount that is assumed to have accrued as of the end of the current fiscal year out of the estimated amount of pension obligations as of the current consolidated accounting term-end is posted.

Item	Year ended March 31, 2006	Year ended March 31, 2007
		(Additional information) The Company originally calculated projected retirement obligations based on the simplified method in the past. However, the Company has adopted the projected unit credit method from the end of the current consolidated accounting term in order to more properly enforce an accounting process related to the retirement benefit following the increase in the number of employees. Following this change in calculation method, the Company posted the difference in projected retirement obligations calculated using the two methods of 30,687,000 yen as an extraordinary loss. As a result, income before income taxes decreased 30,687,000 yen.
	(v) Reserve for directors' retirement allowance To prepare for the payment of directors' retirement allowance, the amount required to be paid at the current term-end under the internal rules is posted.	(v) Reserve for directors' retirement allowance Same as on the left.
(4) Standards for translating foreign currency-denominated assets and liabilities	Foreign currency-denominated monetary claims and liabilities are translated into yen at spot exchange rates at the current term-end, and exchange differences are posted as profit or loss.	
(5) Method of hedge accounting	———	(i) Method of hedge accounting: Deferred hedge is used. (ii) Method and subject of hedging Method of hedging: Exchange contracts or currency options Subject of hedging: Obligations that are deemed to occur as a result of scheduled foreign currency denominated transactions (iii) Hedging policy A foreign exchange contract is concluded to hedge against the risk in association with fluctuations in exchange rate of foreign currency denominated transactions in accordance with the internal Foreign Exchange Risk Management Criteria.

Item	Year ended March 31, 2006	Year ended March 31, 2007
		(iv) Method of assessing effectiveness of hedging The market fluctuation that is the subject of the hedging or the cumulative cash flow fluctuation is compared, and the Company assesses the effectiveness of hedging by the ratio of change thereof. Additional information Profit and loss calculation for foreign exchange contract transactions involving scheduled foreign currency denominated transactions originally were performed by applying current value accounting in the past. However, the Company has applied hedging accounting from foreign exchange contract transactions conducted to hedge scheduled foreign currency denominated transactions in the next fiscal year and deferred hedging has been applied to these transactions. This change in accounting method was made to properly reflect the activities related to management of the exchange fluctuation risk on the financial statements appropriately and to represent financial conditions and operating results more properly in consideration that the accuracy of prospects for foreign currency denominated transactions has increased as a result of many years of transactions, which makes it sufficiently possible to estimate the trading volume, and increase in foreign currency denominated purchase transactions is definitely expected in the future following increases in sales. As a result, ordinary income and income before income taxes both increased 26,855,000 yen in comparison respectively with those calculated in line with the previous method.

Item	Year ended March 31, 2006	Year ended March 31, 2007
(6) Other significant matters that are the bases for the preparation of financial statements	Accounting for consumption taxes The tax exclusion method is adopted.	Accounting for consumption taxes Same as on the left.
5. Matters related to the valuation of assets and liabilities of consolidated subsidiaries	All assets and liabilities of consolidated subsidiaries are valued based on fair values.	Same as on the left.
6. Matters related to amortization of the consolidation adjustment account	The consolidation adjustment account is equally amortized over 5 years.	―――――
7. Matters related to amortization of goodwill	―――――	Amortization of goodwill is provided using the straight-line method over the period of five years.
8. Matters related to the treatment of profit appropriation items	As for profit appropriation of consolidated companies, the consolidated statement of retained earnings has been prepared based on such profit appropriation determined during the consolidated accounting term.	―――――
9. Scope of cash and cash equivalents in the consolidated statement of cash flows	Cash and cash equivalents comprise cash on hand, freely withdrawable deposits, and short-term investments with a maturity of 3 months or less from the acquisition date, which are easily convertible into cash and bear minimal risks against price fluctuations.	Same as on the left.

Changes in significant matters that are the bases for the preparation of consolidated financial statements

Year ended March 31, 2006	Year ended March 31, 2007
————————	(Accounting standards for the presentation of net assets on balance sheet) The Company adopts the "Accounting standards for the presentation of net assets on balance sheet" (No. 5 of the corporate accounting standards, December 9, 2005) and the "Application guide of accounting standards for the presentation of net assets on balance sheet" (Application guide No. 8 of the corporate accounting standards, December 9, 2005) from the current term. The amount equivalent to the former total of shareholders' equity is 10,142,824,000 yen. Net assets on the consolidated balance sheet for the current term are prepared in accordance with the revised regulations for consolidated financial statements, following the revision of the regulations.
————————	(Accounting standards for corporate consolidation) The company adopts the "Accounting standards for corporate consolidation" (Financial Accounting Council, October 31, 2003), the "Accounting standards for corporate separation, etc." (Accounting Standards Board of Japan, December 27, 2005, No. 7 of the corporate accounting standards) and the "Application guide for the accounting standards for corporate consolidation and for the accounting standards for corporate separation, etc." (Accounting Standards Board of Japan, December 27, 2005, Application guide No. 10 of the corporate accounting standards) from the current term.

Changes in the disclosure methods

Year ended March 31, 2006	Year ended March 31, 2007
————————	(Consolidated balance sheet) "Consolidation adjustments account" is indicated as "goodwill" from the current term.
————————	(Consolidated statements of income) The sales discount, which was included in other non-operating expenses until the previous term, has been posted separately as its amount has exceeded 10% of the sum of non-operating expenses. The amount of sales discount in the previous term was 120,000 yen.
————————	(Consolidated statements of cash flows) 1. The amount, which was posted as amortization of consolidation goodwill in the previous term, has been presented as amortization of goodwill from the current term. 2. Proceeds from equity transfer of investments in capital, which were posted in Cash Flows from Investing Activities, have been included in Others as their importance decreased in the current term. The amount of Proceeds from equity transfer of investments in capital, which is included in Cash Flows from Investing Activities under the Others heading, is 341,000 yen.

Additional Information

Year ended March 31, 2006	Year ended March 31, 2007
Accounting for impairment losses of fixed assets The company adopts the accounting standards for impairment losses of fixed assets ("Opinions regarding the establishment of accounting standards for impairment losses of fixed assets" (Financial Accounting Council, August 9, 2002)) and the "Implementation guide of accounting standards for impairment losses of fixed assets" (Implementation guide No. 6 of the corporate accounting standards, October 31, 2003) from the current term. There is no effect of this change on the Company's profits or losses.	―――

Notes

Consolidated Balance Sheet (Thousands of yen)

Year ended March 31, 2006	Year ended March 31, 2007
*1 Investments in capital of non-consolidated subsidiaries 17,138	*1 Investments in capital of non-consolidated subsidiaries 83,457
*2 Total number of outstanding shares: Ordinary shares 324,000 shares	*2 ―――
*3 Number of treasury shares held: Ordinary shares 7,730 shares	*3 ―――
*4 ―――	*4 Notes that matured on the last day of the consolidated term Notes that matured on the last day of the consolidated accounting term were settled as of their bill clearing days. Notes that will mature on the last day of the next consolidated term are included in the balance at the end of the term, since the last day of the current term fell on a holiday of financial institutions. Notes receivable 4,945

Consolidated Statement of Income (Thousands of yen)

Year ended March 31, 2006	Year ended March 31, 2007
*1 Main items and amounts of selling, general and administrative expenses Salaries and bonuses to employees 1,261,271 Provision for accrued bonuses 211,466 Advertising expenses 480,816 Ground rent 274,568 Outsourcing fees 285,980 Travel expenses 209,203	*1 Main items and amounts of selling, general and administrative expenses Salaries and bonuses to employees 1,524,965 Provision for accrued bonuses 265,950 Advertising expenses 477,467 Provision for reserve for bonuses to directors 62,497 Ground rent 273,323 Outsourcing fees 314,869 Travel expenses 254,193
*2 Breakdown of loss on retirement of fixed assets Buildings 2,312 Tools, furniture and fixtures 7,111 Software 1,303 Sales rights 39,535	*2 Breakdown of loss on retirement of fixed assets Buildings 239 Tools, furniture and fixtures 4,864 Software 208
*3 Total research and development costs 49,687	*3 Total research and development costs 12,716
*4 ―――――	*4 Head office relocation expenses recognize expenses of construction work accompanying relocation of head office, etc. and impairment losses.

Consolidated Statement of Change in Shareholders' Equity

Year ended March 31, 2007

1. Type and total number of outstanding shares and type and number of treasury shares (Shares)

	Number of shares at the previous fiscal year-end	Increase in the number of shares during the current fiscal year	Decrease in the number of shares during the current fiscal year	Number of shares at the current fiscal year-end
Outstanding shares				
Ordinary shares	324,000	-	-	324,000
Total	324,000	-	-	324,000
Treasury shares				
Ordinary shares (Note)	7,730	-	729	7,001
Total	7,730	-	729	7,001

Note: The decrease in the number of ordinary shares in treasury stock by 729 shares is the result of sale of shares through the execution of stock options.

2. Matters related to new share warrants and own share option

Classification	Breakdown of new share warrants	Types of shares that are the subject of new share warrants	Number of shares that are the subject of new share warrants (shares)				Balance at the current fiscal year-end (thousands of yen)
			Previous fiscal year-end	Increase during the current fiscal year	Decrease during the current fiscal year	Current fiscal year-end	
The Company	2003: New share warrants represented by stock options	-	-	-	-	-	-
	2004: New share warrants represented by stock options	-	-	-	-	-	-
Total		-	-	-	-	-	-

Notes:

1. There is no balance of new share warrants as stock options were granted before the Company Law was enforced.
2. Types of share that are the subject of new share warrants and the number of shares that are the subject of new share warrants in the above are listed in "matters related to stock option, etc."

3. Dividends

(1) Dividends paid

Resolution	Type of share	Total amount of dividends (thousands of yen)	Dividend per share (yen)	Base date	Effective date
June 23, 2006 Ordinary general meeting of shareholders	Ordinary share	237,202	750	March 31, 2006	June 23, 2006
October 31, 2006 Meeting of board of directors	Ordinary share	221,804	700	September 30, 2006	November 27, 2006

(2) Dividends with base dates within the current term, which have effective in succeeding year

Resolution	Type of share	Total amount of dividends (thousands of yen)	Fiscal resource of dividends	Dividend per share (yen)	Base date	Effective date
May 15, 2007 Meeting of board of directors (scheduled)	Ordinary share	285,299	Retained earnings	900	March 31, 2007	June 25, 2007

Consolidated Statement of Cash Flows (Thousands of yen)

Year ended March 31, 2006		Year ended March 31, 2007	
*1 Reconciliation between the balance of cash and cash equivalents at term-end, and the balance on the consolidated balance sheet		*1 Reconciliation between the balance of cash and cash equivalents at term-end, and the balance on the consolidated balance sheet	
	(March 31, 2006)		(March 31, 2007)
Cash and deposits	3,081,608	Cash and deposits	2,018,570
Cash and cash equivalents	3,081,608	Cash and cash equivalents	2,018,570
*2 Breakdown of main assets and liabilities of companies that have newly become consolidated subsidiaries as a result of stock acquisition.		*2 ――――	
Current assets	1,192,078		
Fixed assets	106,184		
Consolidated adjustments account	336,935		
Current liabilities	(1,161,099)		
Fixed liabilities	(26,265)		
Minority interest	(2,832)		
Stock acquisition value of newly consolidated subsidiaries	445,000		
Cash and cash equivalents of newly consolidated subsidiaries	(187,118)		
Difference: Payment for the acquisition of newly consolidated subsidiaries	257,882		
*3 ――――		*3 Main items of assets and liabilities that have increased due to business transfer:	
		Current assets	500
		Fixed assets	1,919
		Goodwill	235,212
		Expenditure due to business assignment	237,631

Lease transactions

Description of lease transactions is omitted since disclosure of this item in the financial statements is deemed insignificant.

Securities

March 31, 2006

1. Held-to-maturity bonds with market value (Thousands of yen)

	Type	Book balance	Market value	Difference
Securities with market value exceeding book balance	Commercial paper	2,496,973	2,498,495	1,521
	Corporate bonds	572,392	599,096	26,704
Total		3,069,365	3,097,591	28,225

2. Other securities with market value (Thousands of yen)

	Type	Acquisition cost	Book balance	Difference
Securities with market value exceeding book balance	Stocks	10,155	126,690	116,534
Total		10,155	126,690	116,534

3. Breakdown of main securities that are not marked to market (Thousands of yen)

Type	Book balance
Other securities Unlisted stocks in foreign currencies	3,094

Note: The "book value" in the above tables represents the book value after impairment losses. Accounting for impairment losses was adopted in the current fiscal year, and a loss of 630,000 yen on valuation of investment securities was posted.

4. Other securities with maturity date and future estimated value of held-to maturity bonds (Thousands of yen)

Type	Within one year
Commercial paper	2,500,000
Corporate bonds	570,540
Total	3,070,540

March 31, 2007

1. Held-to-maturity bonds with market value (Thousands of yen)

	Type	Book balance	Market value	Difference
Securities with market value exceeding book balance	Commercial paper	997,847	998,160	312
	Corporate bonds	500,000	500,100	100
	Sub-total	1,497,847	1,498,160	412
Securities with market value below book balance	Commercial paper	999,361	999,295	(66)
Total		2,497,209	2,497,555	345

2. Other securities with market value (Thousands of yen)

	Type	Acquisition cost	Book balance	Difference
Securities with book balance exceeding acquisition cost	Stocks	10,155	120,593	110,437
Securities with book balance below acquisition cost	Investment trust	1,010,095	1,009,600	(495)
Total		1,020,251	1,130,193	109,941

3. Breakdown of main securities that are not marked to market (Thousands of yen)

Type	Book balance
Other securities	
Money management fund	1,001,024
Cash fund	1,001,012
Unlisted stocks in foreign currencies	3,110

Note: Book balance of unlisted stocks in foreign currencies in the table is book value after impairment of assets.

4. Other securities with maturity date and future estimated value of held-to maturity bonds (Thousands of yen)

Type	Within one year
Commercial paper	2,000,000
Corporate bonds	500,000
Total	2,500,000

Derivative transactions

Within the Group, only the Company conducts derivative transactions.

1. Matters related to transaction status

Year ended March 31, 2006	Year ended March 31, 2007
1) Details of transactions In derivative transactions, foreign exchange contract transactions and currency option transactions are used with regard to currency transactions.	1) Details of transactions Same as on the left.
2) Transaction policy The Company conducts foreign exchange contract transactions and currency option transactions to hedge purchases in foreign currencies and shall not make derivative transactions for speculation purposes.	2) Transaction policy Same as on the left.
3) Purposes of using derivative transactions Foreign exchange contract transactions and currency option transactions are conducted for the purpose of avoiding the risk of exchange fluctuations in association with purchases in foreign currencies.	3) Purposes of using derivative transactions Foreign exchange contract transactions and currency option transactions are conducted for the purpose of avoiding the risk of exchange fluctuations in association with purchases in foreign currencies. Derivative transactions are used for hedge accounting. Method of hedge accounting Deferred hedge is used Means and subject of hedging Means of hedging: Exchange contracts or currency options Subject of hedging: Obligations that are deemed to occur as a result of scheduled foreign currency denominated transactions Hedging policy Foreign exchange contract is concluded to hedge against the risk associated with fluctuations in exchange rate of foreign currency denominated transactions in accordance with the Internal Foreign Exchange Risk Management Criteria. Method of assessing effectiveness of hedging By comparing the market fluctuation that is the subject of hedging or the cumulative cash flow fluctuation, the Company assesses the effectiveness of hedging by the ratio of change thereof.
4) Details of risk associated with derivative transactions Foreign exchange contract transactions and currency option transactions involve the risk associated with exchange fluctuations. As the Company deals with domestic financial institutions with high creditworthiness in making foreign exchange contract and currency option transactions, we judge that there is no so-called credit risk.	4) Details of risk associated with derivative transactions Same as on the left.
5) Risk management system in association with derivative transactions In the Company, derivative transactions are executed based on approval of the Board of Directors Meeting in compliance with internal regulations such as Administrative Authority Regulations after deliberations and discussions on transaction policy in the Executive Management Meeting. Matters related to transactions such as transaction balance and profit and loss status are reported in the Executive Management Meeting.	5) Risk management system in association with derivative transactions Same as on the left.

2. Matters related to market value of derivative transactions

Amount of contracts, market value and appraisal profit or loss of derivative transactions

Currency transactions (Thousands of yen)

Type	Year ended March 31, 2006				Year ended March 31, 2007			
	Amount of contracts	Amount of contracts with contract period exceeding one year	Market value	Appraisal profit or loss	Amount of contracts	Amount of contracts with contract period exceeding one year	Market value	Appraisal profit or loss
Non-market transactions Exchange contract transactions Purchase U. S. Dollar	4,929,196	445,702	5,005,156	78,314	710,168	-	764,299	54,131
Total	4,929,196	445,702	5,005,156	78,314	710,168	-	764,299	54,131

Notes:

Year ended March 31, 2006	Year ended March 31, 2007
1. Method used to calculate market value Market values are calculated based on prices quoted by correspondent financial institutions.	1. Method used to calculate market value Same as on the left. 2. Derivative transactions which have had hedge accounting applied are excluded.

Retirement benefit (Thousands of yen)

Year ended March 31, 2006	Year ended March 31, 2007
1. Outline of the retirement benefit plan adopted The Company has a lump-sum benefit plan as a retirement benefit plan. In addition, KGT Inc., a consolidated subsidiary, has qualified pension and lump-sum retirement benefit plans.	1. Outline of the retirement benefit plan adopted The Company has a lump-sum benefit plan as a retirement benefit plan. In addition, KGT Inc., a consolidated subsidiary, shifted to a 401(k)-style defined-contribution pension program as of October 1, 2006.
2. Matters related to retirement benefit liabilities (as of March 31, 2006) 1) Retirement benefit liabilities: (431,312) 2) Pension assets: 27,583 3) Reserve for retirement benefits (403,729) (Note) The Company and its consolidated subsidiary calculate retirement benefit obligations using the simplified method. Under this method, amounts for which payment to voluntary retirees is required at year-end are regarded as retirement benefit obligations.	2. Matters related to retirement benefit liabilities (as of March 31, 2007) 1) Retirement benefit liabilities: (451,669) 2) Pension assets: - 3) Reserve for retirement benefits (451,669)
3. Matters related to retirement benefit costs Retirement benefit costs: 54,774	3. Matters related to retirement benefit costs Retirement benefit costs: 101,523
4. Matters related to the basis of calculating retirement benefit obligations, etc. Not applicable because the Company and its consolidated subsidiary calculate retirement benefit obligations using the simplified method.	4. Matters related to the basis of calculating retirement benefit obligations, etc. Discount rate 2.0%

Stock options
Year ended March 31, 2007

1. Details of stock options, their scale and status of change

(1) Details of stock options

	2003 Stock option	2004 Stock option
Classification and number of beneficiaries	4 directors of the Company 2 auditors of the Company 220 employees of the Company	6 directors of the Company 86 employees of the Company
Number of stock options	Common stock: 8,982 shares	Common stock: 2,367 shares
Date of grant	July 8, 2003	July 13, 2004
Vesting conditions	Beneficiaries must work for the Company continuously in the period between the date of grant (July 8, 2003) and the date of right allotment (June 30, 2005) (excluding the case in which beneficiaries resign at the expiration of their term of office or retire.)	Beneficiaries must work for the Company continuously in the period between the date of grant (July 13, 2004) and the date of right allotment (June 30, 2006) (excluding the case in which beneficiaries resign at the expiration of their term of office or retire.)
Length of service to be entitled to stock options	Two years (from July 8, 2003 to June 30, 2005)	Two years (from July 8, 2004 to June 30, 2006)
Exercise period	Within three years after the date of right allotment	Same as on the left.

(2) Scale of stock options and the status of change

Targeted stock options are those that exist in the current consolidated accounting term and the number of stock options is listed in terms of the number of stocks.

1) The number of stock options

	2003 Stock option	2004 Stock option
Before the date of right allotment (shares)		
Previous fiscal year-end	-	2,313
Granting	-	-
Expiration	-	84
Right allotment	-	2,229
The balance of unconfirmed stock options	-	-
After the date of right allotment (shares)		
Previous fiscal year-end	2,826	-
Right allotment	-	2,229
Execution of right	729	-
Expiration	-	42
The balance of dormant stock options	2,097	2,187

2) Unit price information (Yen)

	2003 Stock option (Note 1)	2004 Stock option (Note 2)
Exercise price	32,039	140,333
Stock price average at the time of exercise	30,467	-
Fair evaluation unit price (date of grant)	-	-

Notes:
1. The Company conducted a three-for-one stock split for owners of common stock through free share distribution effective January 23, 2004 and July 20, 2005. Accordingly, the exercise price and the stock price average at the time of exercise have been adjusted.
2. The Company conducted a three-for-one stock split for owners of common stock through free share distribution effective July 20, 2005. Accordingly, the exercise price and the stock price average at the time of exercise have been adjusted.

2. Method of estimating fair evaluation unit price of stock options
No applicable item.

3. Method of estimating the number of stock options for which rights are allotted
No applicable item.

4. Effect on consolidated financial statements
No applicable item.

Accounting for business combinations

Year ended March 31, 2007

1. Name of combined companies and details of acquired businesses, main reasons for conducting business combinations, the date and legal format of business combinations

(1) Name of combined companies and details of acquired businesses

Keihin Artwork Co., Ltd.: PCB simulation, design and consulting businesses

EDA Connect Co., Ltd.: PCB design, development and sale of PCB manufacturing tools

(2) Main reasons for conducting business combinations

The Company combined the above companies based on the judgment that it will enable providing broader-ranging and enhanced solution services, such as PCB design and advanced PCB simulation, in addition to selling software and provision of technological support that the Group had been engaged in until then.

(3) The date of business combination

May 1, 2006

(4) Legal form of business combination

Business assignment contract

2. Period of results of acquired businesses that is included in consolidated financial statements

11 months from May 1, 2006 to March 31, 2007

3. Acquisition cost and breakdown of acquired businesses

Acquisition cost of acquired businesses was 237,631,000 yen, which consisted of 500,000 yen in partly finished goods, 1,669,000 yen in small equipment, 250,000 yen in software and 235,212,000 yen in goodwill.

4. Amount of goodwill, reasons of causing goodwill, method and period of amortization

(1) Amount of goodwill: 235,212,000 yen

(2) Reasons of causing goodwill: Amount of excess earnings evaluated as of May 1, 2006

(3) Method and period of amortization: Five-year equal amortization

5. Amount of assets accepted and liabilities undertaken on the date of business combination and their main breakdown

Current assets: 500,000 yen

Fixed assets: 1,919,000 yen

Total assets: 2,419,000 yen

6. Approximate effect on the consolidated statements of income assuming that business combinations are completed on the starting date of consolidated fiscal year

Ordinary income: 3,920,000 yen

Net income: 3,920,000 yen

Approximate amounts listed above are profit and loss information calculated assuming that business combinations are completed on the starting date of consolidated fiscal year.

The above notes have not received audit certification.

(Method of calculating approximate amounts and important prerequisites)

(1) Acquisition cost of acquired businesses

Acquisition cost is calculated based on market value on the date of business assignment.

(2) Amount of goodwill

Excess earnings evaluated on the date of business assignment are recognized as goodwill.

(3) Period and method of amortization of goodwill

5-year equal amortization

Deferred tax accounting (Thousands of yen)

<table>
<tr><th>March 31, 2006</th><th>March 31, 2007</th></tr>
<tr><td>1. Breakdown of deferred tax assets and liabilities by main cause

(Deferred tax assets)
Reserve for bonuses 121,214
Accrued legal welfare expenses 11,607
Accrued business taxes 36,239
Reserve for retirement benefits 163,913
Reserve for directors’ retirement allowance 23,483
Bad debts expenses 13,590
Disallowed losses on valuation of investment securities 14,867
Tax loss carry forward 320,731
Others 36,377
Subtotal 742,025
Valuation allowance (367,068)
Total deferred tax assets 374,957
(Deferred tax liabilities)
Unrealized gains on marketable securities (47,358)
Total deferred tax liabilities (47,358)
Net deferred tax assets 327,599

2. Breakdown by main cause of the significant difference, if any, between the statutory effective tax rate and the corporate tax rate after adoption of tax effect accounting
The disclosure is omitted because the difference between the statutory effective tax rate and the corporate tax rate after adoption of tax effect accounting is less than 5% of the statutory effective tax rate.</td><td>1. Breakdown of deferred tax assets and liabilities by main cause

(Deferred tax assets)
Reserve for bonuses 153,912
Accrued legal welfare expenses 22,289
Accrued business taxes 58,749
Reserve for retirement benefits 183,377
Reserve for directors’ retirement allowance 17,046
Bad debts expenses 13,590
Disallowed losses on valuation of investment securities 15,068
Deferred hedge gains and losses 10,903
Tax loss carry forward 267,109
Others 124,147
Subtotal 866,194
Valuation allowance (326,545)
Total deferred tax assets 539,648
(Deferred tax liabilities)
Unrealized gains on marketable securities 44,889
Total deferred tax liabilities 44,889
Net deferred tax assets 494,758

2. Breakdown by main cause of the significant difference, if any, between the statutory effective tax rate and the corporate tax rate after adoption of tax effect accounting
Same as on the left.</td></tr>
</table>

Segment Information

a. Business segment information

Year ended March 31, 2006

(Thousands of yen)

	CAE Solution Services Business	Network Solution Services Business	Total	Eliminations	Consolidation
I Net sales and operating income/loss					
Net sales					
Net sales to outside customers	14,383,429	3,015,662	17,399,091	-	17,399,091
Sales and transfer between segments	-	5,069	5,069	(5,069)	-
Total	14,383,429	3,020,731	17,404,161	(5,069)	17,399,091
Operating expenses	10,897,612	2,858,645	13,756,257	1,340,976	15,097,234
Operating income	3,485,817	162,086	3,647,903	(1,346,046)	2,301,857
II Assets, depreciation and amortization and capital expenditure					
Assets	4,992,350	1,372,409	6,364,760	7,447,506	13,812,266
Depreciation and amortization	43,034	24,857	67,892	82,547	150,440
Capital expenditure	63,260	300,568	363,828	51,934	415,762

Notes: 1. Businesses are segmented based on the similarity of products or services that each segment provides to users.

2. Principal products and services that belong to each segment

Segment	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
Network Solution Services Business	PC connection software, PC asset management, License management, Business process management software, Security measurement software, Web meeting service, Internal control risk management system

3. Principal unallocated operating expenses included in Eliminations (1,351,468 thousand yen) are related to the management division.

4. The asset amount included in the eliminations column is 7,447,506 thousand yen, which mainly consists of excess funds invested (cash and securities) and other assets related to the Administrative Division of the Company.

Year ended March 31, 2007

(Thousands of yen)

	CAE Solution Services Business	Network Solution Services Business	Total	Eliminations	Consolidation
I Net sales and operating income/loss					
Net sales					
Net sales to outside customers	16,392,243	2,606,122	18,998,366	-	18,998,366
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
II Assets, depreciation and amortization and capital expenditure					
Assets	5,868,921	971,313	6,840,234	8,929,424	15,769,659
Depreciation and amortization	99,746	132,229	231,975	92,326	324,301
Capital expenditure	342,731	86,713	429,444	175,579	605,023

Notes: 1. Businesses are segmented based on the similarity of products or services that each segment provides to users.

2. Principal products and services that belong to each segment

Segment	Principal products and services
CAE Solution Services Business	Finite element method analysis software, Numerical analysis software, Optical analysis & Illumination analysis software, brightness, lamination intensity and chromaticity measurement systems, Electronic circuit simulator, High-frequency circuit design system, Visualization software, Medical image software, Mold flow and molding analysis software, User education, Professional analysis service
Network Solution Services Business	PC connection software, PC asset management, License management, Business process management software, Security measurement software, Web meeting service, Internal control risk management system

3. Principal unallocated operating expenses included in Eliminations (1,652,996 thousand yen) are related to the management division.

4. The asset amount included in the eliminations column is 8,979,304 thousand yen, which mainly consists of excess funds invested (cash and securities) and other assets related to the Administrative Division of the Company.

5. Change in accounting policies

(Accounting standard concerning bonuses to directors)

As mentioned in 4. (C) (3) of “Significant matters that are the bases for the preparation of consolidated financial statements,” the Company adopts the “Accounting standards for directors’ bonuses” (No. 4 of the corporate accounting standards, November 29, 2005) from the current term. As a result of the change, operating expenses in “Elimination or Group-wide” were 62,497 thousand yen higher than the figure calculated based on the former method, and operating income was lower by the same amount.

b. Geographical segment information

Year ended March 31, 2006 and Year ended March 31, 2007

As sales and asset amounts in Japan constitute more than 90% of the total sales and assets of all segments, respectively, the disclosure of geographical segment information has been omitted.

c. Overseas sales

Year ended March 31, 2006 and Year ended March 31, 2007

As overseas sales constitute less than 10% of consolidated sales, the disclosure of overseas sales has been omitted.

Transactions with related parties

Year ended March 31, 2006

Parent company and major corporate shareholders, etc.

Attribute	Company name, etc.	Address	Capital (millions of yen)	Business description or occupation	Ratio of voting rights held	Relationship		Description of transactions	Transaction amount (thousands of yen)	Account title	Year-end balance (thousands of yen)
						Concurrent position as a director	Business relationship				
Parent company	FUJISOFT ABC Inc.	Naka-ku, Yokohama-shi, Kanagawa	26,200	Design, development and sales of information processing systems and related management, maintenance, etc.	Direct 53.1%	-	Sales of the Company's products, offering of technological services, and purchase of telecommunication equipment	Loans of funds*	1,000,000	Short-term loans	1,000,000
								Receipt of interest	4,048	-	-

* These loans were made using excess funds under the group bank system of the parent company. In addition, terms and conditions of the transactions are equivalent to those of other investment products, and have been determined based on market yields, etc.

Year ended March 31, 2007

Parent company and major corporate shareholders, etc.

Attribute	Company name, etc.	Address	Capital (millions of yen)	Business description or occupation	Ratio of voting rights held	Relationship		Description of transactions	Transaction amount (thousands of yen)	Account title	Year-end balance (thousands of yen)
						Concurrent position as a director	Business relationship				
Parent company	FUJISOFT INCORPORATED.	Naka-ku, Yokohama-shi, Kanagawa	26,200	Design, development and sales of information processing systems and related management, maintenance, etc.	Direct 53.0%	-	Sales of the Company's products, offering of technological services, and purchase of telecommunication equipment	Loans of funds*	1,000,000	Short-term loans	1,000,000
								Receipt of interest	6,300	-	-

* These loans were made using excess funds under the group bank system of the parent company. In addition, terms and conditions of the transactions are equivalent to those of other investment products, and have been determined based on market yields, etc.

Per Share Information (Unit: yen)

Year ended March 31, 2006	Year ended March 31, 2007
Amount of net assets per share 28,665.87 Net income per share 4,593.41 Fully-diluted net income per share 4,531.50 The Company conducted a three-for-one stock split for owners of common stock through free share distribution effective July 20, 2005.	Amount of net assets per share 31,946.07 Net income per share 4,786.75 Fully-diluted net income per share 4,763.77 (Additional information) In accordance with the revision of "Application guideline for accounting standards concerning net income per share" (Application Guideline for Business Accounting Standard No.4) effective January 31, 2006, the amount of profit or loss on deferred hedge (after adjusting tax effect) has been included in amount of net assets as of the end of current consolidated accounting term concerning common stock. The amount of net assets per share as of the end of the current fiscal year calculated based on the method which was adopted at the end of the previous term is 31,996.39 yen.

Note 1: The basis of calculation of net income per share and fully-diluted net income per share are as follows:

	Year ended March 31, 2006	Year ended March 31, 2007
Net income per share		
Net income on consolidated statements of income (thousands of yen)	1,503,178	1,516,227
Net income available to shareholders of common stock (thousands of yen)	1,442,918	1,516,227
Key components showing amounts not attributable to shareholders of common stock (thousands of yen) Directors' bonuses as appropriation of earnings	60,260	-
Average number of common stocks during the period (shares)	314,128	316,755
Fully-diluted net income per share		
Key components of the amount of adjustment of net income that is used to calculate Fully-diluted net income per share (thousands of yen)	-	-
Amount of adjustment of net income (thousands of yen)	-	-
Key components of the increment of common stocks that is used to calculate fully-diluted net income per share (shares) New share warrants	4,292	1,528
Increment of common stocks (shares)	4,292	1,528
Outline of residual shares that are not included in calculating fully-diluted net income per share as they have no dilution effect.	New share warrants Resolution date of General Meeting of Shareholders June 25, 2004 (New share warrants: 771 units)	New share warrants Resolution date of General Meeting of Shareholders June 25, 2004 (New share warrants: 729 units)

Note 2: The basis of calculation of the amount of net assets per share is as follows:

	Year ended March 31, 2006	Year ended March 31, 2007
Total amount of net assets (thousands of yen)	-	10,172,644
Amount to be deducted from total amount of net assets (thousands of yen)	-	772
[Portion that is minority interest]	(-)	772
Amount of net assets at end of period concerning common stock (thousands of yen)	-	10,126,872
Number of common stocks at end of period that is used to calculate the amount of net assets per share (shares)	-	316,999

Important subsequent events

Year ended March 31, 2006

Business transfer

At its Board of Directors Meeting held on April 11, 2006, the Company resolved to purchase the entire business of Keihin Artwork Co., Ltd. (hereafter "Keihin Artwork") and EDA Connect Co., Ltd. (hereafter "EDA Connect") effective May 1, 2006, and made the related business transfer agreement. The outline of the business transfer is as follows.

1. Reason for the business transfer

The Company mainly engages in offering software and technology services related to CAE and networks, and aims to develop the CAE application areas and promote services based on CAE. On the other hand, Keihin Artwork specializes in simulation, design and consulting for PCB (Printed Circuit Boards), and has a history of approximately 40 years and great technological ability in that area. In addition, EDA Connect is a company that develops and sells design and manufacturing tools for PCB as an affiliate of Keihin Artwork.

The Company considers that, as a result of the purchase of the entire business of these companies, it will be able to sell software products and offer related technology support services in the EDA (Electronic Design Automation: automatic design and verification of electronic and electric circuits) business, in addition to more extensive and satisfactory solution services including PCE designs and advanced PCB solutions.

2. Description of transfer

(2) Description of the transfer

Certain business assets of Keihin Artwork and EDA Connect, contracts necessary for the transferred business, and software developed by these companies as of the date before the business transfer date (May 1, 2006) will be transferred to the Company. Receivables and payables of these transfer companies will not be basically transferred.

(2) Transferred assets, liabilities, etc.

Keihin Artwork

Item	Amount (Thousands of yen)	Item	Amount (Thousands of yen)
Current assets	10,201	Current liabilities	-
Fixed assets	520	Fixed Liabilities	-
Total	10,721	Total	-

EDA Connect

No assets of EDA Connect will be transferred.

(3) Transfer price and settlement method

1) Transfer price

210 million yen will be paid for goodwill and development software, and the value of work-in-process and other assets transferred will be the fair value as of the business transfer date.

2) Settlement method

210 million yen will be paid in cash on the business transfer date, and the balance will be paid in cash immediately after the said value of work-in-process and other assets transferred is determined.

(4) Others

Employees of Keihin Artwork and EDA Connect will be transferred to the Company on the business transfer date based on the consent of these employees.

3. Transfer schedule

April 11, 2006:	Conclusion of the business transfer agreement
April 14, 2006:	Simplified announcement of the business transfer (the Company) (Note)
April 29, 2006:	Shareholders Meeting for the approval of the business transfer (Keihin Artwork and EDA Connect)
May 1, 2006:	Business transfer date

Note: This business transfer will be made without the approval of the Shareholders Meeting specified by Article 245, Paragraph 1 of the Commercial Code, in accordance with Article 245-5 of the Commercial Code.

Year ended March 31, 2007

N/A

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

(Thousands of yen)

		March 31, 2006			March 31, 2007			Year-on-year
Classification	No.	Amount		Ratio	Amount		Ratio	Change
Assets								
I Current assets								
1 Cash and deposits			2,916,481			1,801,275		(1,115,206)
2 Notes receivable - trade	*5		25,822			69,653		43,830
3 Accounts receivable	*3		3,450,945			3,859,630		408,684
4 Marketable securities			3,069,365			4,499,246		1,429,881
5 Products			67,733			68,929		1,195
6 Supplies			6,053			2,885		(3,167)
7 Advanced money			279,566			445,611		166,045
8 Prepaid expense			54,757			50,001		(4,755)
9 Deferred tax assets			157,895			299,792		141,896
10 Short-term loans to affiliates			1,200,000			1,000,000		(200,000)
11 Other receivables			2,361			9,108		6,746
12 Other current assets			110,863			33,014		(77,848)
Allowance for doubtful accounts			(3,470)			(3,930)		(460)
Total current assets			11,338,377	86.9		12,135,218	80.7	796,840
II Fixed assets								
1 Tangible fixed assets								
(1) Buildings		194,544			139,614			
Accumulated depreciation		(107,464)	87,079		(120,278)	19,335		(67,743)
(2) Tools, furniture and fixtures		655,456			625,932			
Accumulated depreciation		(481,795)	173,660		(473,730)	152,202		(21,458)
Total tangible fixed assets			260,740	2.0		171,538	1.1	(89,201)
2 Intangible fixed assets								
(1) Software			393,461			402,890		9,429
(2) Goodwill			-			192,090		192,090
(3) Other intangible fixed assets			411			411		-
Total intangible fixed assets			393,872	3.0		595,392	4.0	201,519
3 Investments and other assets								
(1) Investment securities			129,785			1,133,304		1,003,519
(2) Equity securities for non-consolidated subsidiaries and affiliates			535,000			535,000		-
(3) Investment in partnership for non-consolidated subsidiaries and affiliates			17,138			83,457		66,318
(4) Lease and guarantee deposits			199,620			196,928		(2,692)
(5) Loans with default possibility			-			2,100		2,100
(6) Deferred tax assets			169,706			194,968		25,262
Allowance for doubtful accounts			(2,060)			(3,110)		(1,050)
Total investments and other assets			1,049,191	8.1		2,142,649	14.2	1,093,457
Total fixed assets			1,703,804	13.1		2,909,580	19.3	1,205,775
Total assets			13,042,181	100.0		15,044,798	100.0	2,002,616

(Thousands of yen)

Classification	No.	March 31, 2006			March 31, 2007			Year-on-year
		Amount		Ratio	Amount		Ratio	Change
Liabilities								
I Current liabilities								
1 Accounts payable - trade	*3		1,861,435			1,981,516		120,080
2 Accrued liability			35,592			175,757		140,165
3 Accrued expense			324,779			454,105		129,326
4 Income tax payable			439,327			762,213		322,886
5 Consumption tax payable			126,964			170,006		43,042
6 Advances received			478,277			553,915		75,638
7 Deposits payable			6,275			24,854		18,579
8 Reserve for bonuses			243,327			306,182		62,855
9 Reserve for bonuses to directors			-			58,620		58,620
Total current liabilities			3,515,978	26.9		4,487,171	29.8	971,193
II Fixed liabilities								
1 Reserve for retirement benefits			389,545			451,669		62,124
2 Reserve for directors' retirement allowances			49,875			27,755		(22,120)
Total fixed liabilities			439,420	3.4		479,424	3.2	40,004
Total liabilities			3,955,399	30.3		4,966,596	33.0	1,011,197
Shareholders' equity								
I Capital stock	*1		995,000	7.6		-	-	
II Capital surplus								(995,000)
1 Additional paid-in capital			909,000			-		(909,000)
Total capital surplus			909,000	7.0		-		(909,000)
III Retained earnings						-	-	
1 Legal reserve			71,960			-		(71,960)
2 Voluntary reserve								
Other reserve		5,490,000	5,490,000		-	-		(5,490,000)
3 Unappropriated earnings at the end of the period			2,298,325			-		(2,298,325)
Total retained earnings			7,860,285	60.3		-	-	(7,860,285)
IV Unrealized gains on marketable securities	*4		69,288	0.5		-	-	(69,288)
V Treasury stock	*2		(746,791)	(5.7)		-	-	746,791
Total shareholders' equity			9,086,782	69.7		-	-	(9,086,782)
Total liabilities and shareholders' equity			13,042,181	100.0		-	-	(13,042,181)

(Thousands of yen)

Classification	No.	March 31, 2006 Amounts		March 31, 2006 Ratio	March 31, 2007 Amounts		March 31, 2007 Ratio	Year-on-year Change
Net assets				%			%	
I Shareholders' equity								995,000
1 Capital stock	*1		-	-		995,000	6.6	
2 Capital surplus								
(1) Capital reserve		-			909,000			
Total capital surplus			-	-		909,000	6.0	909,000
3 Retained earnings								
(1) Legal reserve		-			71,960			71,960
(2) Other retained earnings								
Special reserve		-			6,090,000			6,090,000
Deferred retained earnings		-			2,639,174			2,639,174
Total retained earnings			-	-		8,801,134	58.5	8,801,134
4 Treasury stock			-	-		(676,363)	(4.5)	(676,363)
Total shareholders' equity			-	-		10,028,771	66.7	10,028,771
II Unrealized gains and exchange differences								
1 Unrealized gains on marketable securities	*4		-	-		65,381	0.4	65,381
2 Deferred hedge gains and losses	*2		-	-		(15,952)	(0.1)	(15,952)
Total unrealized gains and exchange differences			-	-		49,429	0.3	49,429
Total net assets			-	-		10,078,201	67.0	10,078,201
Total Liabilities and net assets			-	-		15,044,798	100.0	15,044,798

(2) Non-Consolidated Statements of Income

(Thousands of yen)

Classification	No.	Year ended March 31, 2006 Amount		Ratio	Year ended march 31, 2007 Amount		Ratio	Year-on-year Change
				%			%	%
I Net sales			14,626,103	100.0		16,604,316	100.0	1,978,213
II Cost of sales								
1 Inventory at the beginning of period		106,788			67,733			
2 Purchase amount		7,612,897			8,580,399			
Total		7,719,685			8,648,133			
3 Inventory at the end of period		67,733			68,929			
4 Cost of technical service		1,246,652	8,898,604	60.8	1,469,384	10,048,588	60.5	1,149,984
Gross profit			5,727,498	39.2		6,555,727	39.5	828,229
III Selling, general and administrative expenses	*1, 3		3,452,374	23.6		4,012,726	24.2	560,352
Operating income			2,275,124	15.6		2,543,001	15.3	267,876
IV Non-operating income								
1 Interest income		6,015			9,895			
2 Security interest		35,691			36,325			
3 Exchange gain		160,165			184,768			
4 Other		25,415	227,287	1.5	28,242	259,231	1.6	31,943
V Non-operating expenses								
1 Commission for purchase of treasury stock		1,064			-			
2 Sales discount		-			97			
3 Other		155	1,219	0.0	0	98	0.0	(1,121)
Ordinary income			2,501,192	17.1		2,802,134	16.9	300,942
VI Extraordinary gains								
1 Gain on sale of fixed assets		-	-	-	8,381	8,381	0.1	8,381
VII Extraordinary losses								
1 Loss on revaluation of investment securities		630			-			
2 Loss on disposal of fixed assets	*2	45,969			5,256			
3 Retirement benefit expenses		-			30,687			
4 Head office relocation expenses	*4	-			178,190			
5 Other		-	46,599	0.3	13,573	227,707	1.4	181,107
Income before income taxes			2,454,592	16.8		2,582,808	15.6	128,215
Corporate, inhabitant and enterprise taxes		978,861			1,242,874			
Deferred income taxes		12,157	991,019	6.8	(153,584)	1,089,289	6.6	98,270
Net income			1,463,573	10.0		1,493,518	9.0	29,945
Unappropriated retained earnings brought forward			1,374,359			-		
Interim dividends paid			220,450			-		
Loss on sale of treasury stock			319,157			-		
Unappropriated retained earnings at the end of period			2,298,325			-		

Breakdown of technology service costs

(Thousands of yen)

			Year ended March 31, 2006		Year ended March 31, 2007	
			Amount	Ratio	Amount	Ratio
				%		%
I	Labor costs	*1	774,233	62.1	944,390	64.3
II	Other costs	*2	472,419	37.9	524,994	35.7
	Technology service costs		1,246,652	100.0	1,469,384	100.0

Note: The main breakdown is as follows.

(Thousands of yen)

Year ended March 31, 2006			Year ended March 31, 2007		
*1	Reserve for bonuses charged to expenses	88,855	*1	Reserve for bonuses charged to expenses	112,893
	Retirement benefit costs	17,514		Retirement benefit costs	20,883
*2	Ground rent	92,953	*2	Ground rent	101,039
	Depreciation expenses	21,107		Depreciation expenses	118,039
	Travel expenses	75,988		Travel expenses	74,502
	Outsourcing fees	102,373		Outsourcing fees	66,919
	Outsourcing production costs	95,782		Outsourcing production costs	51,185

(3) Appropriation of Retained Earnings and Statement of Change in Shareholders' Equity

Appropriation of Retained Earnings

(Thousands of yen)

	Year ended March 31, 2006	
	Amount	
I Unappropriated retained earnings at the end of period		2,298,325
II Appropriation of retained earnings		
1 Dividends	237,202	
2 Bonuses to board members	46,590	
[Bonuses to auditors]	(1,220)	
3 Voluntary reserve		
Other reserve	600,000	883,792
III Retained earnings carried forward		1,414,532

Statement of Change in Shareholders' Equity

Year ended March 31, 2007

(Thousands of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Total retained earnings				
	Capital stock	Capital reserve	Total capital surplus	Legal reserve	Special reserve	Deferred retained earnings	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at end of previous year	995,000	909,000	909,000	71,960	5,490,000	2,298,325	7,860,285	(746,791)	9,017,493
Change in the year ended March 31, 2007									
Funding of special reserve (Note)					600,000	(600,000)	-		-
Dividends of surplus (Note)						(237,202)	(237,202)		(237,202)
Dividends of surplus						(221,804)	(221,804)		(221,804)
Bonuses to directors (Note)						(46,590)	(46,590)		(46,590)
Net income						1,493,518	1,493,518		1,493,518
Losses on disposal of treasury stock						(47,071)	(47,071)	70,428	23,356
Change in items other than shareholders' equity (net)									
Total change	-	-	-	-	600,000	340,849	940,849	70,428	1,011,278
Balance at end of year ended March 31, 2007	995,000	909,000	909,000	71,960	6,090,000	2,639,174	8,801,134	(676,363)	10,028,771

	Unrealized gains and exchange difference			Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total unrealized gains and exchange differences	
Balance at end of previous year	69,288	-	69,288	9,086,782
Change in the year ended March 31, 2007				
Funding of special reserve (Note)				-
Dividends of surplus (Note)				(237,202)
Dividends of surplus				(221,804)
Bonuses to directors (Note)				(46,590)
Net income				1,493,518
Losses on disposal of treasury stock				23,356
Change in items other than shareholders' equity (net)	(3,906)	(15,952)	(19,858)	(19,858)
Total change	(3,906)	(15,952)	(19,858)	991,419
Balance at end of year ended March 31, 2007	65,381	(15,952)	49,429	10,078,201

Note: They are items in appropriation of earnings resolved in General Meeting of Shareholders held on June 2006.

Significant matters that are the bases for the preparation of financial statements

Item	Year ended March 31, 2006	Year ended March 31, 2007
1. Bases and methods of securities	(1) Held-to-maturity bonds Amortized cost method (2) Stocks of subsidiaries and affiliates Cost method based on the moving average method. (3) Other securities Securities with market value: Market value method based on market value as of the term-end (The valuation difference is accounted for based on the method of direct entry to capital account, and the costs of securities sold are computed based on the moving average method.) Securities without market value: Cost method based on the moving average method	(1) Held-to-maturity bonds Same as on the left. (2) Stocks of subsidiaries and affiliates Same as on the left. (3) Other securities Securities with market value: Market value method based on market value as of the term-end (The valuation difference is accounted for based on the method of direct entry to net assets, and the costs of securities sold are computed based on the moving average method.) Securities without market value: Same as on the left.
2. Derivative transactions	Market value method based on market value as of the term-end	Same as on the left.
3. Bases and methods of inventories	(1) Products Cost method based on the FIFO method (2) Supplies Cost method based on the FIFO method	(1) Products Same as on the left. (2) Supplies Same as on the left.
4. Depreciation and amortization methods of fixed assets	(1) Tangible fixed assets Declining balance method Main useful lives are as follows: Buildings: 3 to 15 years Tools, furniture and fixtures: 4 to 5 years (2) Intangible fixed assets Straight line method Software for internal use is amortized using the straight-line method over the internally usable period (5 years), and in the case of software products, the larger of either the amount based on estimated sales revenues or the amount equally apportioned based on the estimated sales period (3 years) is amortized.	(1) Tangible fixed assets Same as on the left. (2) Intangible fixed assets Same as on the left.

Item	Year ended March 31, 2006	Year ended March 31, 2007
5. Standards for posting allowances and reserves	(1) Allowance for doubtful accounts To provide for losses arising from doubtful accounts, the estimated uncollectible amount is posted based on actual bad debt rates for general receivables, and individual collectability for specified debts including possible bad debts. (2) Reserve for bonuses To prepare for the payment of bonuses to employees, the estimated amount for the term is posted. (3) ――――― (4) Reserve for retirement benefits To prepare for the payment of retirement benefits to employees, the amount required to be paid to voluntary retirees at the term-end is posted.	(1) Allowance for doubtful accounts Same as on the left. (2) Reserve for bonuses Same as on the left. (3) Reserve for bonuses to directors To prepare for the payment of bonuses to directors, the amount required to be paid at the end of the current term is posted. (Change in accounting policies) The company adopts the "Accounting standards for bonuses to directors" (No. 4 of the corporate accounting standards, November 29, 2005) from the current term. As a result, operating income, ordinary income and income before income tax decreased 58,620 thousand yen. (4) Reserve for retirement benefits To prepare for the payment of retirement benefits to employees, the amount that is assumed to have accrued as of the end of the consolidated accounting term out of the estimated amount of pension obligations as of the end of the current consolidated accounting term is posted.

Item	Year ended March 31, 2006	Year ended March 31, 2007
	(5) Reserve for directors' retirement allowance To prepare for the payment of directors' retirement allowance, the amount required to be paid at the term-end under the internal rules is posted.	(Additional information) The Company originally calculated projected retirement obligations based on the simplified method in the past. However, the Company has adopted the projected unit credit method from the end of the current fiscal year in order to more properly enforce an accounting process related to the retirement benefit following the increase in the number of employees. Following this change in calculation method, the Company posted the difference in projected retirement obligations calculated using the two methods of 30,687,000 yen as an extraordinary loss. As a result, income before income taxes decreased 30,687,000 yen. (5) Reserve for directors' retirement allowance Same as on the left.
6. Standards for translating foreign currency-denominated assets and liabilities	Foreign currency-denominated monetary claims and liabilities are translated into yen at spot exchange rates at the term-end, and exchange differences are posted as profit or loss.	Same as on the left.
7. Method of hedge accounting		(1) Method of hedge accounting Deferred hedge is used for hedging against exchange risks of scheduled foreign currency denominated transactions. (2) Method and subject of hedging Method of hedging: Exchange contracts or currency options Subject of hedging: Obligations that are deemed to occur as a result of scheduled foreign currency denominated transactions

Item	Year ended March 31, 2006	Year ended March 31, 2007
		(3) Hedging policy A foreign exchange contract is concluded to hedge against the risk in association with fluctuations in exchange rate of foreign currency denominated transactions in accordance with the internal Foreign Exchange Risk Management Criteria. (4) Method of assessing effectiveness of hedging The market fluctuation that is the subject of the hedging or the cumulative cash flow fluctuation is compared, and the Company assesses the effectiveness of hedging by the ratio of change thereof. Additional information Profit and loss calculation for foreign exchange contract transactions involving scheduled foreign currency denominated transactions originally were performed by applying current value accounting in the past. However, the Company has applied hedging accounting from foreign exchange contract transactions conducted to hedge scheduled foreign currency denominated transactions in the next fiscal year and deferred hedging has been applied to these transactions. This change in accounting method was made to properly reflect the activities related to management of the exchange fluctuation risk on the financial statements appropriately and to represent financial conditions and operating results more properly in consideration that the accuracy of prospects for foreign currency denominated transactions has increased as a result of many years of transactions, which makes it sufficiently possible to estimate the trading volume, and increase in foreign currency denominated purchase transactions is definitely expected in the future following increases in sales. As a result, ordinary income and income before income taxes both increased 26,855,000 yen in comparison respectively with those calculated in line with the previous method.

Item	Year ended March 31, 2006	Year ended March 31, 2007
8. Other significant matters that are the bases for the preparation of financial statements	Accounting for consumption taxes The tax exclusion method is adopted.	Accounting for consumption taxes Same as on the left.

Change in accounting method

Year ended March 31, 2006	Year ended March 31, 2007
(Accounting for impairment losses of fixed assets) The Company adopts the accounting standards for impairment losses of fixed assets ("Opinions regarding the establishment of accounting standards for impairment losses of fixed assets" (Financial Accounting Council, August 9, 2002)) and the "Implementation guide of accounting standards for impairment losses of fixed assets" (Implementation guide No. 6 of the corporate accounting standards, October 31, 2003) from the current term. There is no effect of this change on the Company's profits or losses.	―
―	(Accounting standards for the presentation of net assets on balance sheet) The Company adopts the "Accounting standards for the presentation of net assets on balance sheet" (No. 5 of the corporate accounting standards, December 9, 2005) and the "Application guide of accounting standards for the presentation of net assets on balance sheet" (Application guide No. 8 of the corporate accounting standards, December 9, 2005) from the current term. The amount equivalent to the former total of shareholders' equity is 10,094,153 thousand yen. Net assets on the balance sheet for the current term are prepared in accordance with the revised regulations for financial statements, following the revision of the regulations.
―	(Accounting standards for corporate consolidation) The Company adopts the "Accounting standards for corporate consolidation" (Financial Accounting Council, October 31, 2003), the "Accounting standards for corporate separation, etc." (Accounting Standards Board of Japan, December 27, 2005, No. 7 of the corporate accounting standards) and the "Application guide for the accounting standards for corporate consolidation and for the accounting standards for corporate separation, etc." (Accounting Standards Board of Japan, December 22, 2006, Application guide No. 10 of the corporate accounting standards) from the current term.

Changes in the disclosure methods

Year ended March 31, 2006	Year ended March 31, 2007
―	(Non-consolidated statements of income) The sales discount, which was included in other non-operating expenses until the previous term, has been posted separately as its amount has exceeded 10% of the sum of non-operating expenses. The amount of sales discount in the previous term was 120,000 yen.

Notes

Non-consolidated balance sheets

March 31, 2006	March 31, 2007
*1 Total number of shares issues by the Company Common stock 1,296,000 shares Total number of shares outstanding Common stock 324,000 shares	*1 ――――――
*2 Numbers of holding treasury shares Common stock 7,730 shares	*2 ――――――
*3 Items of affiliate companies Assets and liabilities other than the above breakdowns in affiliate companies are as follows Account receivable 8,448,000 yen Account payable 879,000 yen	*3 ――――――
*4 Dividend limitation In accordance with the stipulations of Article 124 Paragraph 3 of Commercial Code, assets were added to market price. The increased net asset amounts to 69,288,000 yen.	*4 ――――――
*5 ――――――	*5 Notes that matured on the last day of the term Notes that matured on the last day of the term were settled as of their bill clearing days. Notes that will mature on the last day of the next term are included in the balance at the end of the term, since the last day of the current term fell on a holiday of financial institutions. Notes receivables 3,282,000 yen

Non-consolidated statement of income (Thousands of yen)

Year ended March 31, 2006		Year ended March 31, 2007	
*1 Appropriate rate of sales expenses and administrative and general expense are 59.9% and 40.1%, respectively.		*1 Appropriate rate of sales expenses and administrative and general expense are 58.6% and 41.4%, respectively.	
Main items and amount are as follows:		Main items and amount are as follows:	
Bonuses paid to directors and corporate auditors	90,823	Bonuses paid to directors and corporate auditors	101,120
Compensations, benefits and bonuses	1,078,139	Compensations, benefits and bonuses	1,315,865
Provision for accrued bonuses	154,471	Provision for accrued bonuses	193,289
Accrued benefit	33,704	Accrued benefit	38,603
Provision for allowance for retirement benefits for directors	12,337	Provision for allowance for retirement benefits for directors	11,621
Allowance for depreciation	114,002	Provision for reserve for bonuses to directors	58,620
Ground rent	448,650	Allowance for depreciation	103,906
Outsourcing fees	236,104	Ground rent	443,255
Travel expenses	243,979	Outsourcing fees	230,162
Provision for allowance for doubtful accounts	20	Travel expenses	264,121
		Provision for allowance for doubtful accounts	3,140
*2 Breakdown of loss on retirement of fixed assets		*2 Breakdown of loss on retirement of fixed assets	
Buildings	48	Buildings	239
Tools, furniture and fixtures	6,272	Tools, furniture and fixtures	4,807
Software	112	Software	208
Sales rights	39,535		
*3 Total amount of research and development cost	37,403	*3 Total amount of research and development cost	10,343
*4		*4 Head office relocation expenses recognize expenses of construction work accompanying relocation of head office, etc. and impairment losses.	

Statement of Change in Shareholders' Equity

Year ended March 31, 2007

Type and total number of outstanding shares and type and number of treasury shares (shares)

	Number of shares at the previous fiscal year-end	Increase in the number of shares during the current fiscal year	Decrease in the number of shares during the current fiscal year	Number of shares at the current fiscal year-end
Ordinary shares (Note)	7,730	-	729	7,001
Total	7,730	-	729	7,001

Note: The decrease in the number of ordinary shares in treasury stock by 729 shares is the result of sale of shares through the execution of stock options.

6. Others

(1) Changes of directors

(i) Changes of Representative Director
N/A

(ii) Changes of Directors
N/A

(2) Other
N/A