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

Member of the Financial Accounting Standards Foundation

Consolidated & Non-consolidated Financial Results for the Six Months Ended September 30, 2007

October 31, 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) +81-3-5297-3010
Scheduled date of submission of semiannual securities report : December 7, 2007
Scheduled date for starting dividend payment: November 19, 2007

(Amounts less than one million yen omitted.)

1. Consolidated Financial and Operating Results for the Six Months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

(1) Consolidated Operating Results (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2007	10,232	9.9	1,061	(2.6)	1,189	(5.4)
Six months ended September 30, 2006	9,308	8.6	1,089	(5.7)	1,258	3.6
March 31, 2007	18,998	-	2,540	-	2,827	-

	Net income		Net income per share—basic	Net income per share—diluted
	Millions of yen	%	Yen	Yen
Six months ended September 30, 2007	646	(6.9)	2,040.63	2,033.58
Six months ended September 30, 2006	694	(2.2)	2,195.23	2,182.96
March 31, 2007	1,516	-	4,786.75	4,763.77

Ref.: Equity in earnings (losses) of affiliates
Six months ended September 30, 2007: - million yen
Six months ended September 30, 2006: - million yen
Year ended March 31, 2007: - million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2007	15,176	10,540	69.4	33,234.53
September 30, 2006	14,176	9,533	67.2	30,081.45
March 31, 2007	15,769	10,127	64.2	31,946.07

Ref.: Capital
September 30, 2007: 10,539 million yen
September 30, 2006: - million yen
March 31, 2007: 10,126 million yen

(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
Six months ended September 30, 2007	333	20	(279)	2,092
Six months ended September 30, 2006	662	(1,849)	(217)	1,681
March 31, 2007	2,415	(3,054)	(434)	2,018

2. Dividend Status

	Dividend per share		
Date of Record	End of Interim Period	End of Year	Annually
	Yen	Yen	Yen
Fiscal year ended March 31, 2007	700.00	900.00	1,600.00
Fiscal year ending March 31, 2008	700.00	-	1,600.00
Fiscal year ending March 31, 2008 (forecast)	-	900.00	

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

(Percentages represent year-on-year changes.)

	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
Year ending March 31, 2008	21,500	13.2	2,640	3.9	2,720	(3.8)	1,732	14.2	5,462.95

4. Others

(1) Change of significant subsidiaries during six months ended September 30, 2007 (Change in specified subsidiaries accompanied by the changes in scope of consolidation): None.

(2) Changes in accounting principle, procedures, representation, etc. in the preparation of Interim Consolidated Financial Statements (those described in changes in “Significant matters that are the bases for the preparation of interim consolidated financial statements”)
- (i) Changes following the revisions of accounting standards: None.
- (ii) Changes for reasons other than those listed above in (i): None.

(3) Number of shares outstanding (common shares)
- (i) The number of shares outstanding at the end of the period (including treasury stock)
  Six months ended September 30, 2007: 324,000 shares
  Six months ended September 30, 2006: 324,000 shares
  Year ended March 31, 2007: 324,000 shares
- (ii) The number of treasury shares at the end of the period
  Six months ended September 30, 2007: 6,875 shares
  Six months ended September 30, 2006: 7,136 shares
  Year ended March 31, 2007: 7,001 shares

Note: With regard to the number of shares which forms the basis of computation of (consolidated) net income per share, please refer to the “Per-share Information” on page 42.

Reference: Overview of the Non-consolidated Financial Results

1. Non-consolidated Financial and Operating Results for the Six Months Ended September 30, 2007 (April 1, 2007 to September 30, 2007)

(1) Non-consolidated Operating Results (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2007	9,151	13.1	1,102	(6.1)	1,217	(8.2)
Six months ended September 30, 2006	8,092	11.0	1,174	0.1	1,326	9.2
March 31, 2007	16,604	-	2,543	-	2,802	-

	Net income		Net income per share—basic
	Millions of yen	%	Yen
Six months ended September 30, 2007	542	(29.0)	1,712.49
Six months ended September 30, 2006	764	7.3	2,414.84
March 31, 2007	1,493	-	4,715.06

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2007	14,286	10,386	72.7	32,753.01
September 30, 2006	13,543	9,575	70.7	30,218.94
March 31, 2007	15,044	10,078	67.0	31,792.53

Note: Capital
September 30, 2007: 10,386 million yen
September 30, 2006: - million yen
March 31, 2007: 10,078 million yen

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

(Percentages represent year-on-year changes.)

	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
Year ending March 31, 2008	19,000	14.4	2,660	4.6	2,700	(3.6)	1,453	(2.7)	4,582.95

Notes concerning use of the forecast and other important items
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 5.

1. Operating Results

(1) Analysis of operating results

(i) Overview of the six month period ended September 30, 2007

During the six month period ended September 30, 2007, Cybernet Systems Co., Ltd (hereinafter "the Company ") and its subsidiaries (hereinafter "the Group") continued to propose a variety of solutions intended to bring about an increase of value-added, with the aim of creating one-stop solutions supporting manufacturing. In addition, the Group actively worked on creating new products, and on developing and enhancing functions of its proprietary products to expand the CAE solution services business. With regard to this expansion, the Group devoted significant effort to participating proactively in university-industry collaboration research and development projects for major companies and promoting CAE engineering services with a focus on professional analysis services. In terms of human resource development, on October 22, 2007, the Group started running "CAE University", which provides education programs with the aim of cultivating CAE engineers from a medium to long term perspective.

While some segments saw sluggish growth in orders during the latter half of the second quarter, net sales in the half-year period of the current fiscal year remained robust overall and slightly exceeded projections. As for costs, the Group incurred a significant increase in expenses due to the temporary expenditures for relocation of the Head Office that took place during the half-year period under review. However, we strived to increase operational efficiency and reduce costs and expenses, as a result of which the Group was able to achieve its initial projections for both operating income and ordinary income.

As a result of the above efforts, the Group posted net sales of 10,232 million yen (a year-on-year increase of 9.9%), operating income amounted to 1,061 million yen (a year-on-year decrease of 2.6%), ordinary income was 1,189 million yen (a year-on-year decrease of 5.4%) and net income was 646 million yen (a year-on-year decrease of 6.9%) in the half-year period of the current fiscal year. Operating results by business segment are as follows.

Effective from the six month period ended September 30, 2007, the name of the business segment "Network Solution Services Business" was changed to "IT Solution Services Business" following the expansion of business domains. In the meantime, there are no changes in principal products and services following the above change in the name of the business segment.

[CAE Solution Services Business]

In the numerical control and communication systems area, sales remained strong backed by an increase in long-term maintenance contracts based on strong demand from existing customers including automotive and electric-appliance makers, as well as robust demand for new licenses. In the mechanical systems area, sales increased slightly overall in comparison to the previous fiscal year due to a sluggish growth in new orders aimed at broadening the customer base, although there were some favorable factors such as large orders received from major heavy electric machinery makers. In the optical systems area, sales of illumination analysis software for the flat panel and display markets maintained a steady growth, while those of brightness, lamination intensity and chromaticity measuring systems underachieved the result of the previous fiscal year because of our having revamped the production system with developers. In the electronic systems area, sales of high-frequency circuit design systems increased substantially because of a boost in demand from major companies for switching over from competing software, but sales of electronic circuit design schematics entry software were sluggish partly because it increased penetration into small and medium-sized companies significantly in the previous fiscal year. In the engineering service area, our professional analysis service, on which the Group has been focusing its efforts since the previous fiscal year, enjoyed favorable sales primarily in the area of mechanical and electronics systems, contributing to an increase in service revenues. In the new CAE area, sales of optimization and automation software that meet the needs of customers for shortening of development period and reduction of development cost remained robust. In the visualization area, we enjoyed steady sales primarily of proprietary visceral fat area measuring software that was developed with the aim of detecting metabolic syndrome early.

As a result, sales in the CAE solution services business amounted to 9,038 million yen (a year-on-year increase of 15.9%) and operating income reached 2,169 million yen (a year-on-year increase of 15.3%).

[IT Solution Services Business]

In the IT solution service area, sales of business performance improvement software grew significantly because it has increasingly gained acceptance in the general business area and we introduced a new version of the product with simplified functions. In addition, sales of security software products including hard disk encryption software and network encryption software remained robust thanks to the additional orders under existing contracts. In the meantime, sales of terminal emulators and IT asset management software decreased due to overall shrinkage of the market and also because introduction of those products to major clients had already passed their peak. Sales of our in-house developed internal control risk management system remained brisk, supported by steady demand in the market. In the meantime, a trading relationship with a major customer in the antivirus software area was lost last September, which caused a substantial decrease in sales in the half-year period under review, but we were able to improve earnings through efforts such as enhancing sales of existing products.

As a result, sales in the IT solution services business amounted to 1,193 million yen (a year-on-year decrease of 20.8%) and operating income was 70 million yen (a year-on-year increase of 20.0%).

(ii) Qualitative information regarding consolidated earnings forecast

Major manufacturing companies in the fiscal year 2007 have clearly displayed a stance toward injecting funds intensively into research and development to be a winner in the intensifying global competition. In the CAE Solution Services Business, companies mainly in the automotive, electronics and precision machinery industries are aggressive in developing global products. Therefore, we expect a buoyant demand to maintain for engineering software that contributes to product quality improvement, shortening of development period, reduction of development costs, increasing product safety and development of environmentally-friendly products. In response, the Group will actively propose solutions intensively for customers based on multiple products with focus on the Group's principal products. In addition, efforts will be focused on ensuring steady sales of products that were newly introduced during the past three fiscal years. We will also work toward commercialization of CAE University, which is aimed at human resource development in the manufacturing industry. In the IT solution services business, the Group expects brisk demand for its software in the medium and long term in the areas of increasing operational efficiency, reinforcing internal control and enhancing the security environment. The Group will continue to promote sales expansion of business performance improvement software in the general business area, as well as striving to boost sales of its simple-function version that is specialized for creating PC operation manuals. Moreover, we will work on customers such as automobile manufacturer to adopt the software as a training tool for our control design program. Sales of security services in the form of SaaS (ASP), which we began selling in the first half of the fiscal year under review as a general sales agency in Japan, are growing steadily and we have already captured a number of potential customers with prospect for receiving large orders, and we will focus our efforts on expanding orders of these products. With regard to the risk management internal control system, we will concentrate our energies on developing peripheral functions that can respond to market changes, with the aim of providing sophisticated solutions.

However, there is little basis for an optimistic scenario due to unfavorable factors such as global markets getting nervous about the economic deterioration in U.S., the negative effects of appreciation of the yen on automotive, electronics and precision machinery industries that operate business globally, and sluggish consumer spending. As a result of the above factors, risks remain to some extent uncertain, but we will strive to achieve our initial projections.

Earnings forecast for the full-year ending March 31, 2008 is unchanged from the figures announced on April 26, 2007.

(2) Analysis of financial conditions

(i) Assets, liabilities and net assets at the end of the six month period ended September 30, 2007

Total assets at the end of the six month period ended September 30, 2007 amounted to 15,176 million yen, a decrease of 593 million yen compared to the end of the previous fiscal year.

As for changes in assets, current assets posted 11,371 million yen, a decrease of 1,604 million yen compared to the end of the previous fiscal year. The main factors behind the decrease were reductions in notes-receivable trade and accounts receivable of 648 million yen and marketable securities of 1,463 million yen, although advance payments of royalty for maintenance services increased by 362 million yen. Fixed assets amounted to 3,805 million yen, posting an increase of 1,011 million yen compared to the end of the previous fiscal year. This was mainly due to the increase in investment securities for investing purposes and the payment for acquisition of assets accompanying the relocation of the Head Office to Akihabara in May 2007.

With regard to changes in liabilities, total liabilities decreased 1,005 million yen from the end of the previous fiscal year to 4,636 million yen. This was primarily due to decreases in accounts payable-trade of 468 million yen, income taxes payable of 333 million yen and accrued expenses mainly due to the acquisition of fixed assets of 157 million yen.

Concerning changes in net assets, total net assets were 10,540 million yen, an increase of 412 million yen from the end of the previous fiscal year. The main factor behind the increase was a rise in retained earnings of 353 million yen because of net income posted of 646 million yen, although there was a decrease in net assets from payment of dividends of 285 million yen. Consequently, the capital ratio increased from 64.2% at the end of the previous fiscal year to 69.4%.

(ii) The status of cash flows for the six months ended September 30, 2007

Cash and cash equivalents at the end of the six months ended September 30, 2007 amounted to 2,092 million yen, an increase of 74 million yen from the end of the previous fiscal year.

[Cash flows from operating activities]
Net cash provided by operating activities amounted to 333 million yen. This was mainly because income before income taxes amounted to 1,046 million yen, depreciation expenses was 198 million yen and a decrease in accounts receivable totaled to 744 million yen; and offset by a decrease in accounts payables of 830 million yen, a decrease of 188 million yen in accrued expenses including expenses to restore the former head office building accompanying the relocation of head office to Akihabara, and payment of income taxes of 746 million yen.

[Cash flows from investing activities]
Net cash provided by investing activities amounted to 20 million yen. This was mainly due to the net proceeds from marketable securities and investment securities of 533 million yen, and proceeds from refund of deposits on the former head office building of 186 million yen, which was partially offset by the payment of 704 million yen primarily for the acquisition of tangible and intangible fixed assets.

[Cash flows from financing activities]
Net cash used in financing activities was 279 million yen, which was mainly because the Company used 283 million yen for payment of dividends.

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

	March 31, 2005	March 31, 2006	March 31, 2007	September 30, 2007
Capital ratio (%)	-	66.1	64.2	69.4
Capital ratio on the market value basis (%)	-	307.3	154.3	151.8
Ratio of interest-bearing debts to operating cash flows	-	-	-	-
Interest coverage ratio	-	-	-	-

* Capital ratio: Capital/total assets
Capital ratio on the market value basis: Market capitalization/total assets
Ratio of interest-bearing debts to operating cash flows: Interest-bearing debts/operating cash flows
Interest coverage ratio: Operating cash flows/interest paid

1. All the indices were calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying share prices at end of period by total number of shares outstanding at end of period.
3. Cash flow denotes operating cash flows.
4. Of the liabilities posted on the consolidated (interim) balance sheet, liabilities for which interests are paid are listed as interest-bearing liabilities.

(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%.

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 actively invest retained earnings in study and research of advanced technologies, unearth new software, human resource development and proactively invest in seminar facilities, etc., in an effort to enhance and expand the earnings base.

Taking the Company's performance into consideration in line with the policy above, the Company decided the interim dividend for the first half will be 700 yen per share. The annual dividend, including the amount of interim dividend, is planned to be 1,600 yen per share.

(4) Business Risks

The following are the main factors that may cause risks when the Group performs its business. Matters related to future in the following disclosure are based on the Group's judgments as of the end of the interim term under review.

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 illegal 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. However, if this personnel recruitment and training does not proceed as originally planned, it may negatively affect the business development, business performance and outlook for future of the Group for the long term.

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 ("the Group") consists of Cybernet Systems Co., Ltd., 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 IT Solution Services, based on their target business areas.

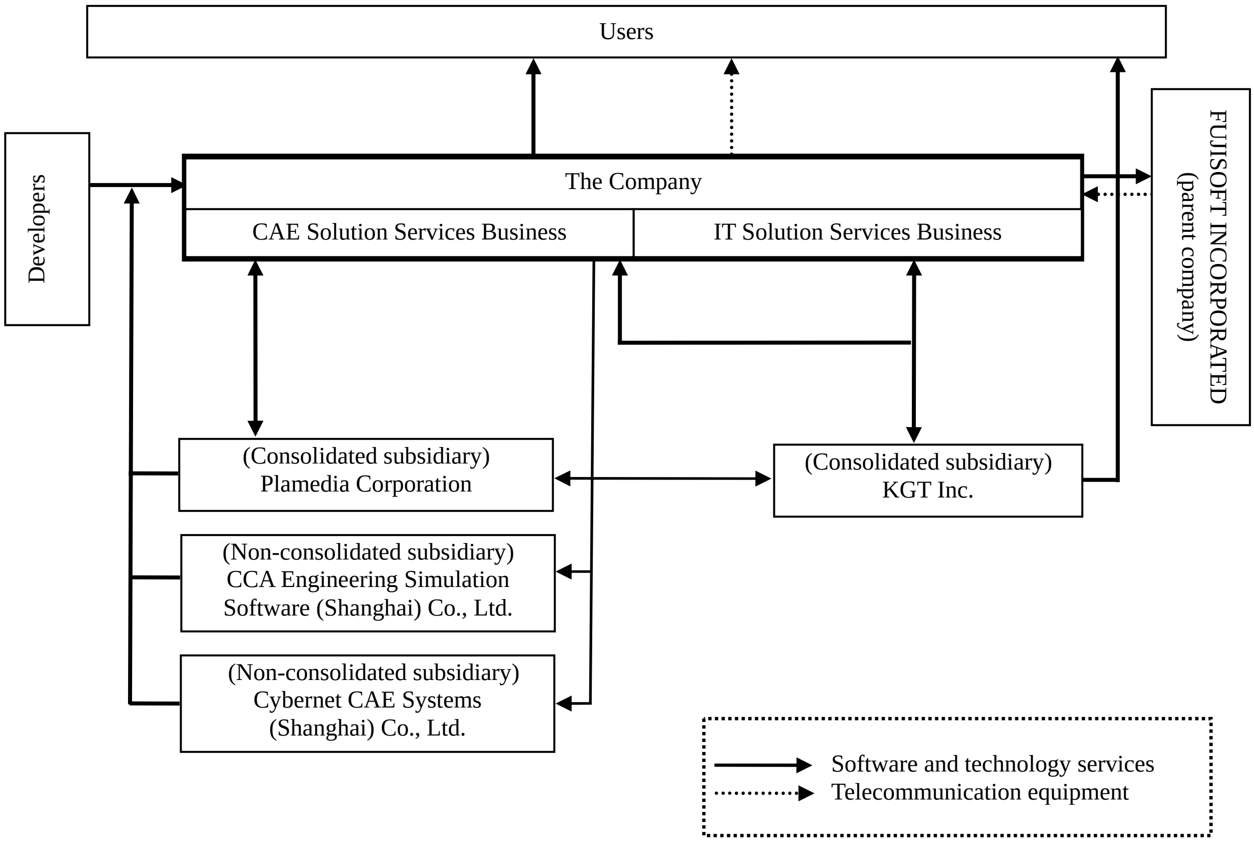
Since the business domains of "Network Solution Services" have been expanded from the first half of the fiscal year under review, the Company changed the name of business segment to "IT Solution Services."

The business classification of "CAE Solution Services" and "IT 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
IT Solution Services Business	The Company and KGT Inc.

The Group’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 IT Solution business	100.0	Business transactions One concurrent director
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

The Company omits the disclosure of information in (1) Basic Management Policies, (2) Target of Management Indexes, (3) Medium and Long Term Management Strategies and (4) Issues to Be Solved, since there were no significant changes from those disclosed in the Financial Results for the Six Months Ended September 30, 2006 (announced on October 31, 2006).

The Financial Results for the Six Months Ended September 30, 2006 can be downloaded from the following Internet websites:

The Company's website at: http://www.cybernet.co.jp/
Tokyo Stock Exchange website for the searching of information on listed companies at:
http://www.tse.or.jp/listing/compsearch/index.html/

4. Interim Consolidated Financial Statements

1. Interim Consolidated Balance Sheet

(Thousands of yen)

Classification	No.	September 30, 2006 Amount		Ratio	September 30, 2007 Amount		Ratio	March 31, 2007 Amount		Ratio
Assets				%			%			%
I Current assets										
1 Cash and deposits			1,681,278			2,092,808			2,018,570	
2 Notes receivable—trade and accounts receivable	*2		4,001,933			3,829,837			4,478,768	
3 Marketable securities			4,496,510			3,035,359			4,499,246	
4 Inventories			122,618			96,012			82,981	
5 Short-term loans			1,000,000			1,000,000			1,000,000	
6 Advanced money			-			831,165			468,875	
7 Deferred tax assets			205,104			318,438			299,789	
8 Other current assets			807,805			171,723			132,543	
Allowance for doubtful accounts			(4,170)			(4,028)			(4,733)	
Total current assets			12,311,080	86.8		11,371,316	74.9		12,976,042	82.3
II Fixed assets										
1 Tangible fixed assets	*1									
(1) Buildings		85,357			206,212			24,564		
(2) Tools, furniture and fixtures		224,854	310,211		364,500	570,712		162,638	187,203	
2 Intangible fixed assets										
(1) Goodwill		474,570			221,431			417,358		
(2) Other intangible fixed assets		454,944	929,515		566,433	787,864		513,106	930,464	
3 Investments and other assets										
(1) Investment securities		110,842			2,126,222			1,133,304		
(2) Investments in capital		84,133			83,557			83,557		
(3) Lease and guarantee deposits		255,147			68,043			254,577		
(4) Deferred tax assets		165,580			158,490			194,968		
(5) Others		14,598			12,734			12,651		
Allowance for doubtful accounts		(4,620)	625,683		(2,610)	2,446,438		(3,110)	1,675,949	
Total fixed assets			1,865,410	13.2		3,805,015	25.1		2,793,617	17.7
Total assets			14,176,490	100.0		15,176,332	100.0		15,769,659	100.0

(Thousands of yen)

Classification	No.	September 30, 2006 Amount	Ratio	September 30, 2007 Amount	Ratio	March 31, 2007 Amount	Ratio
Liabilities			%		%		%
I Current liabilities							
1 Accounts payable - trade		1,939,487		1,846,834		2,315,412	
2 Income taxes payable		594,857		432,224		766,173	
3 Consumption taxes payable		127,083		124,096		190,574	
4 Advances received		629,415		794,874		699,287	
5 Reserve for bonuses		369,535		435,582		379,094	
6 Reserve for directors' bonuses		21,909		33,440		62,497	
7 Other current liabilities		538,022		491,068		735,319	
Total current liabilities		4,220,309	29.8	4,158,120	27.4	5,148,359	32.7
II Fixed liabilities							
1 Accrued severance indemnities		390,536		430,735		451,669	
2 Reserve for directors' retirement allowance		32,280		47,311		41,986	
Total fixed liabilities		422,816	3.0	478,046	3.1	493,655	3.1
Total liabilities		4,643,125	32.8	4,636,167	30.5	5,642,015	35.8
Net assets							
I Shareholders' equity							
1 Capital stock		995,000	7.0	995,000	6.6	995,000	6.3
2 Capital surplus		909,000	6.4	909,000	6.0	909,000	5.8
3 Retained earnings		8,259,070	58.3	9,203,314	60.6	8,849,779	56.1
4 Treasury stock		(689,405)	(4.9)	(664,190)	(4.4)	(676,363)	(4.3)
Total shareholders' equity		9,473,665	66.8	10,443,124	68.8	10,077,416	63.9
II Valuation and translation adjustments							
1 Unrealized gains on marketable securities		58,062	0.4	101,075	0.7	65,407	0.4
2 Deferred hedge gains and losses		-	-	(4,698)	(0.0)	(15,952)	(0.1)
Total valuation and translation adjustments		58,062	0.4	96,377	0.7	49,455	0.3
III Minority interest		1,636	0.0	662	0.0	772	0.0
Total net assets		9,533,364	67.2	10,540,164	69.5	10,127,644	64.2
Total liabilities and net assets		14,176,490	100.0	15,176,332	100.0	15,769,659	100.0

(2) Interim Consolidated Statements of Income

(Thousands of yen)

Classification	No.	Six months ended September 30, 2006 Amount		Ratio	Six months ended September 30, 2007 Amount		Ratio	Year ended March 31, 2007 Amount		Ratio
				%			%			%
I Net sales			9,308,810	100.0		10,232,515	100.0		18,998,366	100.0
II Cost of sales			5,832,775	62.7		6,288,362	61.5		11,690,094	61.5
Gross profit			3,476,035	37.3		3,944,153	38.5		7,308,271	38.5
III Selling, general and administrative expenses	*1		2,386,671	25.6		2,882,903	28.2		4,767,602	25.1
Operating income			1,089,363	11.7		1,061,250	10.3		2,540,669	13.4
IV Non-operating income										
1 Interest income		24,180			20,585			45,043		
2 Dividends received		-			37,804			-		
3 Exchange gain		115,939			50,614			184,398		
4 Subsidy income		24,972			10,810			47,819		
5 Other		4,057	169,150	1.8	9,110	128,924	1.3	10,365	287,626	1.5
V Non-operating expenses										
1 Discount on sales		-			78			167		
2 Other		297	297	0.0	170	249	0.0	643	811	0.0
Ordinary income			1,258,216	13.5		1,189,926	11.6		2,827,484	14.9
VI Extraordinary gains										
1 Gain on sales of fixed assets	*2	4,363	4,363	0.0	-	-	-	8,381	8,381	0.0
VII Extraordinary losses										
1 Loss on disposal of fixed assets	*3	2,470			4,201			5,312		
2 Loss on transfer of fixed assets	*4	-			34			-		
3 Loss on devaluation of investments in capital		13,339			-			13,339		
4 Retirement benefit expenses		-			-			30,687		
5 Headquarters relocation expenses		-			-			178,190		
6 Amortization of goodwill		-			138,714			-		
7 Other		-	15,810	0.1	-	142,949	1.4	233	227,763	1.2
Net income before income taxes			1,246,769	13.4		1,046,976	10.2		2,608,102	13.7
Tax expenses		587,678			414,357			1,246,834		
Deferred income taxes		(35,395)	552,282	5.9	(14,241)	400,116	3.9	(153,586)	1,093,248	5.7
Loss of minority shareholders			509	0.0		109	0.0		1,374	0.0
Net income			694,996	7.5		646,970	6.3		1,516,227	8.0

(3) Interim Consolidated Statements of Changes in Shareholders' Equity

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006) (Thousands of yen)

Item	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	995,000	909,000	7,899,890	(746,791)	9,057,099
Changes for the interim period					
Dividends of surplus (Note)			(237,202)		(237,202)
Directors' bonuses (Note)			(60,260)		(60,260)
Net income			694,996		694,996
Loss on disposal of treasury stock			(38,354)	57,385	19,031
Changes in items other than shareholders' equity for the interim period (net amount)					
Total changes for the interim period	-	-	359,179	57,385	416,565
Balance as of September 30, 2006	995,000	909,000	8,259,070	(689,405)	9,473,665

Item	Valuation and translation adjustments		Minority interest	Total net assets
	Unrealized gains on marketable securities	Total valuation and translation adjustments		
Balance as of March 31, 2006	69,314	69,314	2,146	9,128,560
Changes for the interim period				
Dividends of surplus (Note)				(237,202)
Directors' bonuses (Note)				(60,260)
Net income				694,996
Loss on disposal of treasury stock				19,031
Changes in items other than shareholders' equity for the interim period (net amount)	(11,251)	(11,251)	(509)	(11,761)
Total changes for the interim period	(11,251)	(11,251)	(509)	404,803
Balance as of September 30, 2006	58,062	58,062	1,636	9,533,364

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

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007) (Thousands of yen)

Item	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	995,000	909,000	8,849,779	(676,363)	10,077,416
Changes for the interim period					
Dividends of surplus			(285,299)		(285,299)
Net income			646,970		646,970
Loss on disposal of treasury stock			(8,135)	12,172	4,036
Changes in items other than shareholders' equity for the interim period (net amount)					
Total changes for the interim period	-	-	353,535	12,172	365,707
Balance as of September 30, 2007	995,000	909,000	9,203,314	(664,190)	10,443,124

Item	Valuation and translation adjustments			Minority interest	Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total valuation and translation adjustments		
Balance as of March 31, 2007	65,407	(15,952)	49,455	772	10,127,644
Changes for the interim period					
Dividends of surplus					(285,299)
Net income					646,970
Loss on disposal of treasury stock					4,036
Changes in items other than shareholders' equity for the interim period (net amount)	35,667	11,253	46,921	(109)	46,812
Total changes for the interim period	35,667	11,253	46,921	(109)	412,520
Balance as of September 30, 2007	101,075	(4,698)	96,377	662	10,540,164

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007) (Thousands of yen)

Item	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	995,000	909,000	7,899,890	(746,791)	9,057,099
Change for the year					
Dividends of surplus (Note)			(237,202)		(237,202)
Dividend of surplus			(221,804)		(221,804)
Directors' bonuses (Note)			(46,590)		(46,590)
Directors' bonuses			(13,670)		(13,670)
Net income			1,516,227		1,516,227
Losses on disposal of treasury stock			(47,071)	70,428	23,356
Changes in items other than shareholders' equity for the year (net amount)					
Total change for the year	-	-	949,889	70,428	1,020,317
Balance as of March 31, 2007	995,000	909,000	8,849,779	(676,363)	10,077,416

Item	Valuation and translation adjustments			Minority interest	Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total valuation and translation adjustments		
Balance as of March 31, 2006	69,314	-	69,314	2,146	9,128,560
Change for the year					
Dividends of surplus (Note)					(237,202)
Dividend of surplus					(221,804)
Directors' bonuses (Note)					(46,590)
Directors' bonuses					(13,670)
Net income					1,516,227
Losses on disposal of treasury stock					23,356
Changes in items other than shareholders' equity for the year (net amount)	(3,906)	(15,952)	(19,858)	(1,374)	(21,233)
Total change for the year	(3,906)	(15,952)	(19,858)	(1,374)	999,083
Balance as of March 31, 2007	65,407	(15,952)	49,455	772	10,127,644

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

(4) Interim Consolidated Statements of Cash Flows

(Thousands of yen)

	No.	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Ⅰ Cash Flows from Operating Activities				
Net income before income taxes and other adjustments		1,246,769	1,046,976	2,608,102
Depreciation and amortization		128,132	198,401	281,179
Amortization of goodwill		53,292	195,926	110,505
Interest and dividend income		(24,180)	(58,389)	(45,043)
Foreign exchange gains / losses		(3,803)	95	(10,441)
Gain on sales of fixed assets		(4,363)	-	(8,381)
Loss on disposal of fixed assets		2,470	4,201	5,312
Loss on transfer of fixed assets		-	34	-
Loss on valuation of investments		13,339	-	13,339
(Increase) decrease in trade receivables		333,615	744,418	(73,589)
(Increase) decrease in inventories		(37,418)	(13,031)	2,218
Increase (decrease) in payables		(581,806)	(830,868)	(140,312)
Increase (decrease) in accrued expenses		2,555	(188,440)	125,092
Increase (decrease) in accrued consumption tax payable		(1,781)	(66,478)	61,710
Increase (decrease) in allowance for doubtful accounts		1,681	(1,205)	734
Increase (decrease) in reserve for bonuses		70,977	56,488	80,536
Increase (decrease) in reserve for directors’ bonuses		21,909	(29,057)	62,497
Increase (decrease) in accrued severance indemnities		(13,192)	(20,933)	17,253
Increase (decrease) in reserve for directors’ retirement benefit		(25,562)	5,325	(15,856)
Bonuses paid to directors and corporate auditors		(60,260)	-	(60,260)
Others		(51,828)	(18,786)	273,882
Subtotal		1,070,547	1,024,678	3,288,481
Interest and dividends received		30,282	55,826	55,259
Income taxes paid		(437,969)	(746,616)	(928,438)
Net cash provided by operating activities		662,860	333,888	2,415,301
Ⅱ Cash Flows from Investing Activities				
Payment for acquisition of operation		(237,631)	-	(237,631)
Payment for acquisition of tangible fixed assets		(33,655)	(463,024)	(104,826)
Proceeds from sales of tangible fixed assets		-	5,334	-
Payment for acquisition of intangible fixed assets		(79,490)	(241,037)	(212,765)
Payment for acquisition of marketable securities		(8,490,296)	(3,493,319)	(13,486,235)
Proceeds from redemption of marketable securities		7,076,531	3,991,607	12,072,171
Proceeds from cancellation of marketable securities		-	968,113	-
Payment for acquisition of investment securities		-	(935,271)	(1,010,095)
Proceeds from payback of investment securities		-	2,400	-
Payment for loans		(1,000,000)	(1,000,000)	(2,000,000)
Proceeds from collection of loans		1,000,000	1,000,000	2,000,000
Payment for funding of premium reserve		(1,082)	(1,082)	(2,165)
Payment for investment in capital		(80,234)	-	(80,234)
Others		(3,622)	186,534	7,669
Net cash provided by/used in investing activities		(1,849,482)	20,253	(3,054,113)
Ⅲ Cash Flows from Financing Activities				
Proceeds from exercise of stock option rights		19,031	4,036	23,356
Payment for dividends		(236,542)	(283,845)	(458,023)
Net cash used in financing activities		(217,511)	(279,808)	(434,667)
Ⅳ Effect of exchange rate changes in cash and cash equivalents		3,803	(95)	10,441
Ⅴ Net increase (decrease) in cash and cash equivalents		(1,400,329)	74,237	(1,063,037)
Ⅵ Cash and cash equivalents at beginning of period		3,081,608	2,018,570	3,081,608
Ⅶ Cash and cash equivalents at period-end	*	1,681,278	2,092,808	2,018,570

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

Item	Six months ended September 30, 2006	Six months ended September 30, 2007	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 (2) Names of non-consolidated subsidiaries CCA Engineering Simulation Software (Shanghai) Co., Ltd. Cybernet CAE Systems (Shanghai) Co., Ltd. (Reason for excluding these companies 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 interim financial statements.	(1) Number of consolidated subsidiaries: 2 Names of consolidated subsidiaries: Same as on the left. (2) Names of non-consolidated subsidiaries Same as on the left.	(1) Number of consolidated subsidiaries: 2 Names of consolidated subsidiaries: Same as on the left. (2) Names of non-consolidated subsidiaries CCA Engineering Simulation Software (Shanghai) Co., Ltd. Cybernet CAE Systems (Shanghai) Co., Ltd. (Reason for excluding these companies 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.) and Cybernet CAE Systems (Shanghai) Co., Ltd. were 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 interim consolidated financial statements and are not material as a whole even if excluded from the application of the equity method.	Same as on the left.	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 (interim) term-end of consolidated subsidiaries	The interim term-end of Plamedia Corporation, a consolidated subsidiary, is June 30. Financial statements as of the interim term-end were used for the preparation of the interim consolidated financial statements. However, as for the important transactions conducted during the period between the interim term-end of Plamedia Corporation and the consolidated interim term-end, adjustments necessary for consolidated accounting were made.	Same as on the left.	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	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
4. Matters related to accounting standard	A. Bases and methods of asset valuation (1) 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 interim 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: Cost method based on the moving average method (2) ―――― (3) 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 B. Method of depreciation and amortization of important depreciable 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.	A. Bases and methods of asset valuation (1) Securities a. Held-to-maturity bonds Same as on the left. b. Other securities Securities with market value: Same as on the left. Securities without market value: Same as on the left. (2) Derivatives Market value method based on market value as of the term-end (3) Inventories a. Work in progress Same as on the left. b. Products Same as on the left. c. Supplies Same as on the left. B. Method of depreciation and amortization of important depreciable assets (1) Tangible fixed assets Same as on the left. (2) Intangible fixed assets Same as on the left.	A. Bases and methods of asset valuation (1) 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. (2) Derivatives Same as on the left. (3) Inventories a. Work in progress Same as on the left. b. Products Same as on the left. c. Supplies Same as on the left. B. Method of depreciation and amortization of important depreciable assets (1) Tangible fixed assets Same as on the left. (2) Intangible fixed assets Same as on the left.

Item	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
	C. 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 current interim consolidated accounting term is posted. (3) Reserve for directors' bonuses To prepare for the payment of bonuses to directors, the amount required to be paid at the end of this consolidated interim term is posted. (Change in accounting policies) The company adopts the "Accounting standards for directors' bonuses" (ASBJ Statement No. 4, November 29, 2005) from this interim term. As a result, operating income, ordinary income and interim income before income tax decreased 21,909 thousand yen. The impact of the change on segment information is mentioned individually. (4) 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 interim consolidated accounting term-end posted.	C. Standards for posting allowances and reserves (1) Allowance for doubtful accounts Same as on the left. (2) Reserve for bonuses Same as on the left. (3) Reserve for directors' bonuses To prepare for the payment of bonuses to directors, the amount required to be paid at the end of this consolidated interim term is posted. (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 current interim consolidated accounting term-end out of the estimated amount of pension obligations as of the current consolidated accounting term-end is posted.	C. Standards for posting allowances and reserves (1) Allowance for doubtful accounts Same as on the left. (2) Reserve for bonuses To prepare for the payment of bonuses to employees, the estimated amount for current consolidated accounting term is posted. (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 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 thousand yen. The impact of the change on segment information is mentioned individually. (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 current fiscal year out of the estimated amount of pension obligations as of the current consolidated accounting term-end is posted.

Item	Six months ended September 30, 2006	Six months ended September 30, 2007	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. As a result, income before income taxes decreased 5,246 thousand yen.	(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 thousand yen as an extraordinary loss. As a result, income before income taxes decreased 30,687 thousand yen.
	(5) Reserve for directors' retirement allowance To prepare for the payment of directors' retirement allowance, the amount required to be paid at the current interim term-end under the internal rules is posted.	(5) Reserve for directors' retirement allowance Same as on the left.	(5) 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.
	D. 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 interim term-end, and exchange differences are posted as profit or loss.	D. Standards for translating foreign currency-denominated assets and liabilities Same as on the left.	D. 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.
	E. ――――――	E. Method of hedge accounting (1) Method of hedge accounting: Deferred hedge is used. (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	E. Method of hedge accounting (1) Method of hedge accounting: Same as on the left. (2) Method and subject of hedging Method of hedging: Same as on the left. Subject of hedging: Same as on the left.

Item	Six months ended September 30, 2006	Six months ended September 30, 2007	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 previous 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 7,909 thousand yen in comparison respectively with those calculated in line with the previous method.	(3) Hedging policy Same as on the left. (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 thousand yen in comparison respectively with those calculated in line with the previous method.

Item	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
	E. Other significant matters that are the bases for the preparation of interim financial statements Accounting for consumption taxes The tax exclusion method is adopted.	E. Other significant matters that are the bases for the preparation of interim financial statements Accounting for consumption taxes Same as on the left.	E. Other significant matters that are the bases for the preparation of financial statements Accounting for consumption taxes Same as on the left.
5. Scope of cash and cash equivalents in the (interim) consolidated statements of cash flows	Cash and cash equivalents comprise cash on hand, freely withdrawal 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.	Same as on the left.

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

Six months ended September 30, 2006	Six months ended September 30, 2007	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" (ASBJ Statement No. 5, December 9, 2005) and the "Guidance on accounting standards for the presentation of net assets on balance sheet" (ASBJ Guidance No. 8, December 9, 2005) from this interim term. The amount equivalent to the former total of shareholders' equity is 9,531,727 thousand yen. Net assets on the consolidated balance sheet for this interim term are prepared in accordance with the revised regulations for consolidated interim financial statements, following the revision of the regulations.	―――――	(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 thousand 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 business combinations" (Business Accounting Council, October 31, 2003), the "Accounting standards for business divestitures" (Accounting Standards Board of Japan, December 27, 2005, ASBJ Statement No. 7) and the "Guidance on accounting standards for business combinations and accounting standards for business divestitures" (Accounting Standards Board of Japan, December 27, 2005, ASBJ Guidance No. 10) from this interim term.	―――――	(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, 2005, Application guide No. 10 of the corporate accounting standards) from the current term.

Changes in the Disclosure Methods

Six months ended September 30, 2006	Six months ended September 30, 2007
(Interim balance sheet) "Consolidation adjustments account" is presented as "goodwill" from this interim term.	(Interim balance sheet) "Advanced money" which was presented as "Others" in the current assets in the previous interim term is reclassified this interim term since its amount to total assets exceeds 5%. The amount of "advance money" was 534,444 thousand yen in the previous interim term.
(*I*nterim consolidated statement of cash flows) "Amortization of consolidation adjustments account" is presented as "amortization of goodwill" from this interim term.	―――――

Notes

Interim Consolidated Balance Sheet

(Thousands of yen)

September 30, 2006	September 30, 2007	March 31, 2007
*1 Accumulated depreciation of tangible fixed assets 669,693	*1 Accumulated depreciation of tangible fixed assets 472,073	*1 Accumulated depreciation of tangible fixed assets 674,877
*2 Notes that matured on the last day of the consolidated interim term Notes that matured on the last day of the consolidated interim term were settled as of their bill clearing days. Notes that will mature on the last day of the next consolidated interim term are included in the balance at the end of the consolidated interim term, since the last day of this interim term fell on a bank holiday. Notes receivable 76,072	*2 Notes that matured on the last day of the consolidated interim term Notes that matured on the last day of the consolidated interim term were settled as of their bill clearing days. Notes that will mature on the last day of the next consolidated interim term are included in the balance at the end of the consolidated interim term, since the last day of this interim term fell on a bank holiday. Notes receivable 9,639	*2 Notes that matured on the last day of the consolidated term Notes that matured on the last day of the consolidated 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 consolidated term, since the last day of this term fell on a bank holiday. Notes receivable 4,945

Interim Consolidated Statement of Income

(Thousands of yen)

Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
*1 Main items and amounts of selling, general and administrative expenses Salaries and bonuses to employees 661,900 Provision for reserve for bonuses 225,514 Provision for reserve for directors' bonuses 21,909 Provision for reserve for directors' retirement allowance 8,179 Advertising expenses 228,023 Land and office rent 137,006 Amortization of goodwill 53,292	*1 Main items and amounts of selling, general and administrative expenses Salaries and bonuses to employees 720,930 Provision for reserve for bonuses 263,661 Provision for reserve for directors' bonuses 34,391 Provision for reserve for directors' retirement allowance 10,509 Advertising expenses 227,434 Land and office rent 359,410 Amortization of goodwill 57,212	*1 Main items and amounts of selling, general and administrative expenses Salaries and bonuses to employees 1,524,965 Provision for reserve for bonuses 265,950 Provision for reserve for directors' bonuses 62,497 Advertising expenses 477,467 Land and office rent 273,323 Business consignment expenses 314,869 Travel and transportation expenses 254,193
*2 Breakdown of gain on sale of fixed assets Tools, furniture and fixtures 4,363	*2 ――――――	*2 Breakdown of gain on sale of fixed assets Tools, furniture and fixtures 8,381
*3 Breakdown of loss on retirement of fixed assets Buildings 239 Tools, furniture and fixtures 2,124 Software 106	*3 Breakdown of loss on retirement of fixed assets Buildings 797 Tools, furniture and fixtures 3,232 Software 170	*3 Breakdown of loss on retirement of fixed assets Buildings 239 Tools, furniture and fixtures 4,864 Software 208
*4 ――――――	*4 Breakdown of loss on transfer of fixed assets Tools, furniture and fixtures 34	*4 ――――――
*5 ――――――	*5 The amount of amortization of goodwill is that of a lump-sum amortization of goodwill on a consolidated basis because the parent company posted evaluation loss of stocks in consolidated subsidiaries' shares.	*5 ――――――

Interim Consolidated Statement of Changes in Shareholders' Equity

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006)

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

	Number of shares at the end of previous consolidated fiscal year	Increase in the number of shares during the current interim term	Decrease in the number of shares during the current interim term	Number of shares at the end of current interim term
Outstanding shares				
Common shares	324,000	-	-	324,000
Total	324,000	-	-	324,000
Treasury shares				
Ordinary shares (Note)	7,730	-	594	7,136
Total	7,730	-	594	7,136

Note: The decrease in the number of common shares in treasury stock by 594 shares is due to the sale of shares through the exercise 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 subject of new share warrants (shares)				Balance at the end of current interim term (thousands of yen)
			Previous fiscal year-end	Increase during the current interim term	Decrease during the current interim term	Current interim term	
The Company	2003: New share warrants represented by stock options (Note 1)	Common share	2,826	-	594	2,232	-
The Company	2004: New share warrants represented by stock option (Note 2)	Common share	2,313	-	102	2,211	-
Total		-	5,139	-	696	4,443	-

Notes:

1. The decrease in the number of stock option for 2003 is due to the exercise of stock option.
2. The decrease in the number of stock option for 2004 is due to the expiration of stock option.
3. Stock options as described in the above chart are those exercisable.

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	Common share	237,202	750	March 31, 2006	June 23, 2006

(2) Dividends with base dates within this interim term, which have effective dates after the end of this interim term

Resolution	Type of share	Total amount of dividends (thousands of yen)	Fiscal resource of dividends	Dividend per share (yen)	Base date	Effective date
October 31, 2006 Meeting of board of directors	Common share	221,804	Retained earnings	700	September 30, 2006	November 27, 2006

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

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

	Number of shares at the end of previous consolidated fiscal year	Increase in the number of shares during the current interim term	Decrease in the number of shares during the current interim term	Number of shares at the end of current interim term
Outstanding shares				
Common shares	324,000	-	-	324,000
Total	324,000	-	-	324,000
Treasury shares				
Ordinary shares (Note)	7,001	-	126	6,875
Total	7,001	-	126	6,875

Note: The decrease in the number of common shares in treasury stock by 126 shares is due to the sale of shares through the exercise of stock options.

2. Share warrants and stock options for treasury shares

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

Note: There is no balance of new share warrants as stock options were granted before the Company Law was enforced.

3. Dividends

(1) Dividends paid

Resolution	Type of share	Total amount of dividends (thousands of yen)	Dividend per share (yen)	Base date	Effective date
May 15, 2007 Board of Directors' Meeting	Common share	285,299	900	March 31, 2007	June 25, 2007

(2) Dividends with base dates within this interim term, which have effective dates after the end of this interim term

Resolution	Type of share	Total amount of dividends (thousands of yen)	Fiscal resource of dividends	Dividend per share (yen)	Base date	Effective date
October 31, 2007 Board of Directors' Meeting	Common share	221,987	Retained earnings	700	September 30, 2007	November 19, 2007

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

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

	Number of shares at the end of previous consolidated fiscal year	Increase in the number of shares during the current consolidated fiscal year	Decrease in the number of shares during the current consolidated fiscal year	Number of shares at the end of current consolidated fiscal year
Outstanding shares				
Common 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 common shares in treasury stock by 729 shares is due to the sale of shares through the exercise of stock options.

2. Share warrants and stock options for treasury shares

Classification	Breakdown of new share warrants	Types of shares that are the subject of new share warrants	Number of shares that are 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 option	-	-	-	-	-	-
Total		-	-	-	-	-	-

Note: There is no balance of new share warrants as stock options were granted before the Company Law was enforced.

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	Common share	237,202	750	March 31, 2006	June 23, 2006
October 31, 2006 Board of Directors' Meeting	Common share	221,804	700	September 30, 2006	November 27, 2006

(2) Dividends with base dates within this consolidated fiscal year, which have effective dates after the end of this consolidated fiscal 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 Board of Directors' Meeting	Common share	285,299	Retained earnings	900	March 31, 2007	June 25, 2007

Interim Consolidated Statement of Cash Flows (Thousands of yen)

Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
* Reconciliation between the balance of cash and cash equivalents at interim term-end, and the balance on the interim consolidated balance sheet (September 30, 2006) Cash and deposits 1,681,278 Cash and cash equivalents 1,681,278	* Reconciliation between the balance of cash and cash equivalents at interim term-end, and the balance on the interim consolidated balance sheet (September 30, 2007) Cash and deposits 2,092,808 Cash and cash equivalents 2,092,808	* Reconciliation between the balance of cash and cash equivalents at term-end, and the balance on the consolidated balance sheet (March 31, 2007) Cash and deposits 2,018,570 Cash and cash equivalents 2,018,570

Lease Transactions

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

Securities

As of September 30, 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	1,996,818	1,997,510	691
Securities with market value below book balance			
Commercial paper	999,685	999,680	(5)
Repackaged bonds	1,000,000	996,000	(4,000)
Total	3,996,503	3,993,190	(3,313)

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

Type	Acquisition cost	Book balance	Difference
Shares	10,155	107,737	97,581
Total	10,155	107,737	97,581

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

Type	Book balance
Other securities	
Money management fund	500,006
Unlisted shares in foreign currencies	3,105

Note: The “book value” in the above tables represents the book value after impairment losses.

As of September 30, 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	499,311	499,360	48
Securities with market value below book balance			
Commercial paper	498,844	498,830	(14)
Corporate bonds	500,000	500,000	-
Total	1,498,156	1,498,190	33

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

Type	Acquisition cost	Book balance	Difference
Shares	10,155	157,441	147,285
Investment trust	1,942,967	1,965,740	22,772
Total	1,953,123	2,123,181	170,058

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

Type	Book balance
Other securities	
Money management fund	535,760
Cash fund	1,001,442
Unlisted shares in foreign currencies	3,041

Note: The “book value” of unlisted stocks in foreign currency in the above tables represents the book value after impairment losses.

As of 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
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
Shares	10,155	120,593	110,437
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 shares in foreign currencies	3,110

Note: The “book value” of unlisted stocks in foreign currency in the above tables represents the book value after impairment losses.

Derivative Transactions

As of September 30, 2006

Contract amount, fair market value and evaluation gains (losses) of derivative transactions (Thousands of yen)

Subject	Type of transaction	Contract amount	Fair market value	Evaluation gains (losses)
Currency	Foreign exchange contract transactions	3,111,517	3,267,277	157,776

Notes:

1. Calculation method for fair market value
Foreign exchange contract transactions are dealt in foreign exchange futures market.

2. Matters related to transaction status
1) Details of transactions
In derivative transactions, foreign exchange contract transactions and currency option transactions are used with regard to currency transactions.

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.

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.

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.

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.

As of September 30, 2007

Contract amount, fair market value and evaluation gains (losses) of derivative transactions (Thousands of yen)

Subject	Type of transaction	Contract amount	Fair market value	Evaluation gains (losses)
Currency	Foreign currency contract transactions	680,361	676,714	(3,646)

Notes:

1. Calculation method for fair market value
   Calculated based on the prices and others presented by the counterparty financial institutions.

2. Derivative transactions on which hedge accounting is applied are excluded from the above.

3. Matters related to transaction status

   1) Details of transactions
   In derivative transactions, foreign exchange contract transactions and currency option transactions are used with regard to currency transactions.

   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.

   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.

   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.

   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.

As of March 31, 2007

Contract amount, fair market value and evaluation gains (losses) of derivative transactions (Thousands of yen)

Subject	Type of transaction	Contract amount	Fair market value	Evaluation gains (losses)
Currency	Foreign exchange contract transactions	710,168	764,299	54,131

Notes:

1. Calculation method for fair market value

   Calculated based on the prices and others presented by the counterparty financial institutions.

2. Derivative transactions on which hedge accounting is applied are excluded from the above.

3. Matters related to transaction status

   1) Details of transactions

      In derivative transactions, foreign exchange contract transactions and currency option transactions are used with regard to currency transactions.

   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.

   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.

   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.

   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.

Stock Options

Description of stock options is omitted since disclosure of this item in the interim financial statements is deemed insignificant.

Accounting for Business Combinations

As of September 30, 2006

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

   (1) Names 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 interim consolidated financial statements

   5 months from May 1, 2006 to September 30, 2006

3. Acquisition cost and breakdown of acquired businesses

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

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

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

   Fixed assets: 1,919 thousand yen

   Total assets: 2,419 thousand yen

6. Approximate effect on the interim consolidated statement of income assuming that business combinations are completed on the starting date of interim consolidated fiscal period

   Ordinary income: 1,254,296 thousand yen

   Net income: 691,076 thousand yen

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

(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

The above notes have not received audit certification.

As of September 30, 2007

No applicable items.

As of March 31, 2007

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

(1) Names 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 thousand yen, which consisted of 500 thousand yen in partly finished goods, 1,669 thousand yen in small equipment, 250 thousand yen in software and 235,212 thousand yen in goodwill.

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

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

Fixed assets: 1,919 thousand yen

Total assets: 2,419 thousand yen

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

Ordinary income: 3,920 thousand yen

Net income: 3,920 thousand 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

Segment Information

a. Business segment information

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006)

(Thousands of yen)

	CAE Solution Services Business	Network Solution Services Business	Total	Eliminations	Consolidation
Net sales					
Net sales to outside customers	7,802,085	1,506,724	9,308,810	-	9,308,810
Sales and transfer between segments	600	210	810	(810)	-
Total	7,802,685	1,506,935	9,309,621	(810)	9,308,810
Operating expenses	5,920,747	1,447,836	7,368,584	850,862	8,219,446
Operating income	1,881,938	59,098	1,941,036	(851,673)	1,089,363

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 software , Business process management software, Security measurement software, Web meeting service, risk management system for internal control

3. Principal unallocated operating expenses included in Eliminations (860,000 thousand yen) are related to the management division.

4. Change in accounting policies

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” (ASBJ Statement No. 4, November 29, 2005) from this interim term. As a result of the change, operating expenses in “Elimination or Group-wide” were 21,909 thousand yen higher than the figure calculated based on the former method, and operating income was lower by the same amount.

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

(Thousands of yen)

	CAE Solution Services Business	IT Solution Services Business	Total	Eliminations	Consolidation
Net sales					
Net sales to outside customers	9,038,862	1,193,653	10,232,515	-	10,232,515
Sales and transfer between segments	11,580	196	11,776	(11,776)	-
Total	9,050,442	1,193,849	10,244,292	(11,776)	10,232,515
Operating expenses	6,881,271	1,122,937	8,004,209	1,167,055	9,171,265
Operating income	2,169,170	70,911	2,240,082	(1,178,832)	1,061,250

Notes: 1. Businesses are segmented based on the similarity of products or services that each segment provides to users. From the first half of the fiscal year under review, the Company changed the name of Network Solution Service to IT Solution Service. There are no changes of products or services due to the changes in the name.

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, Advanced visual systems software, Medical image software, Resin fluid analysis software, User education, Professional analysis service
IT Solution Services Business	PC connection software, IT asset management/license management software, Operational performance improvement software, Security measurement software, Web meeting service, risk management system for internal control

3. Principal unallocated operating expenses included in Eliminations (1,177,332 thousand yen) are related to the management division.

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(Thousands of yen)

	CAE Solution Services Business	Network Solution Services Business	Total	Eliminations	Consolidation
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

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, 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 software, Business process management software, Security measurement software, Web meeting service, risk management system for internal control

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

4. Change in accounting policies

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" (ASBJ Statement No. 4, November 29, 2005) from this fiscal year. 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

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006)

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

Fiscal year ended March 31, 2007

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

c. Overseas sales

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006)

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

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

Per-share Information

(Yen)

Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Amount of net assets per share 30,081.45 Net income per share 2,195.23 Fully-diluted net income per share 2,182.96	Amount of net assets per share 33,234.53 Net income per share 2,040.63 Fully-diluted net income per share 2,033.58	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 "Guidance on accounting standards concerning net income per share" (Implementation on 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 share. 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: The basis of calculation of net income per share and fully-diluted net income per share are as follows:

(Thousands of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Net income per share			
Net income	694,996	646,970	1,516,227
Amounts not attributable to shareholders of common share	-	-	-
Net income available to shareholders of common share	694,996	696,970	1,516,227
Average number of shares during the period (shares)	316,594	317,045	316,755
Fully-diluted net income per share			
Amount of adjustment of net income	-	-	-
Increment of common shares (shares)	1,780	1,099	1,528
[Including new share warrants] (shares)	[1,780]	[1,099]	[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: 737 units)	New share warrants Resolution date of General Meeting of Shareholders June 25, 2004 (New share warrants: 705 units)	New share warrants Resolution date of General Meeting of Shareholders June 25, 2004 (New share warrants: 729 units)

Important Subsequent Events

Not applicable.

5. Interim Non-consolidated Financial Statements

(1) Interim Non-consolidated Balance Sheets

(Thousands of yen)

		September 30, 2006		September 30, 2007		March 31, 2007	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
Assets			%		%		%
I Current assets							
1 Cash and deposits		1,545,380		1,729,238		1,801,275	
2 Notes receivable—trade	*2	71,140		86,846		69,653	
3 Accounts receivable		3,139,145		3,295,265		3,859,630	
4 Marketable securities		4,496,510		3,035,359		4,499,246	
5 Inventories		97,045		86,010		71,814	
6 Short-term loans to affiliates		1,260,000		1,000,000		1,000,000	
7 Advanced money		-		811,317		445,611	
8 Deferred tax assets		205,105		317,730		299,792	
9 Other receivables		6,601		-		9,108	
10 Other current assets		742,174		143,338		83,016	
Allowance for doubtful accounts		(3,210)		(3,380)		(3,930)	
Total current assets		11,559,892	85.4	10,501,726	73.5	12,135,218	80.7
II Fixed assets							
1 Tangible fixed assets	*1						
(1) Buildings		80,227		201,380		19,335	
(2) Tools, furniture and fixtures		212,291		352,100		152,202	
Total tangible fixed assets		292,519		553,481		171,538	
2 Intangible fixed assets							
(1) Goodwill		215,611		168,568		192,090	
(2) Other intangible fixed assets		381,632		423,498		403,301	
Total intangible fixed assets		597,244		592,067		595,392	
3 Investments and other assets							
(1) Investment securities		110,842		2,126,222		1,133,304	
(2) Equity securities for non-consolidated subsidiaries and affiliates		535,000		262,592		535,000	
(3) Investment in partnership for non-consolidated subsidiaries and affiliates		84,033		83,457		83,457	
(4) Lease and guarantee deposits		197,498		10,394		196,928	
(5) Deferred tax assets		165,580		158,490		194,968	
(6) Other investments and other assets		5,130		1,100		2,100	
Allowance for doubtful accounts		(4,620)		(2,610)		(3,110)	
Total investments and other assets		1,093,465		2,639,647		2,142,649	
Total fixed assets		1,983,228	14.6	3,785,195	26.5	2,909,580	19.3
Total assets		13,543,121	100.0	14,286,922	100.0	15,044,798	100.0

(Thousands of yen)

	September 30, 2006		September 30, 2007		March 31, 2007	
	Amounts	Ratio	Amounts	Ratio	Amounts	Ratio
Liabilities		%		%		%
I Current liabilities						
1 Accounts payable - trade	1,567,252		1,509,356		1,981,516	
2 Income tax payable	592,877		430,244		762,213	
3 Consumption tax payable	114,306		106,561		170,006	
4 Advances received	485,849		612,191		553,915	
5 Reserve for bonuses	309,179		347,321		306,182	
6 Reserve for directors' bonuses	21,909		29,675		58,620	
7 Other current liabilities	464,540		404,974		654,717	
Total current liabilities	3,555,913	26.3	3,440,324	24.1	4,487,171	29.8
II Fixed liabilities						
1 Accrued severance indemnities	390,307		430,735		451,669	
2 Reserve for directors' retirement allowances	21,607		29,064		27,755	
Total fixed liabilities	411,914	3.0	459,799	3.2	479,424	3.2
Total liabilities	3,967,828	29.3	3,900,124	27.3	4,966,596	33.0
Net assets						
I Shareholders' equity						
1 Capital stock	995,000	7.3	995,000	7.0	995,000	6.6
2 Capital surplus						
(1) Capital reserve	909,000		909,000		909,000	
Total capital surplus	909,000	6.7	909,000	6.4	909,000	6.0
3 Retained earnings						
(1) Legal reserve	71,960		71,960		71,960	
(2) Other retained earnings						
Special reserve	6,090,000		6,090,000		6,090,000	
Deferred retained earnings	2,140,702		2,888,676		2,639,174	
Total retained earnings	8,302,662	61.3	9,050,636	63.3	8,801,134	58.5
4 Treasury stock	(689,405)	(5.0)	(664,190)	(4.7)	(676,363)	(4.4)
Total shareholders' equity	9,517,256	70.3	10,290,446	72.0	10,028,771	66.7
II Valuation and translation adjustments						
1 Unrealized gains on marketable securities	58,036	0.4	101,049	0.7	65,381	0.4
2 Deferred hedge gains and losses	-	-	(4,698)	(0.0)	(15,952)	(0.1)
Total valuation and translation adjustments	58,036	0.4	96,351	0.7	49,429	0.3
Total net assets	9,575,293	70.7	10,386,797	72.7	10,078,201	67.0
Total liabilities and net assets	13,543,121	100.0	14,286,922	100.0	15,044,798	100.0

(2)Interim Non-consolidated Statements of Income

(Thousands of yen)

		Six months ended September 30, 2006			Six months ended September 30, 2007			Year ended March 31, 2007		
		Amount		Ratio	Amount		Ratio	Amount		Ratio
				%			%			%
I Net sales			8,092,258	100.0		9,151,860	100.0		16,604,316	100.0
II Cost of sales	*4		4,906,792	60.6		5,577,127	60.9		10,048,588	60.5
Gross profit			3,185,466	39.4		3,574,733	39.1		6,555,727	39.5
Ⅲ Selling, general and administrative expenses	*4		2,011,452	24.9		2,471,801	27.0		4,012,726	24.2
Operating income			1,174,014	14.5		1,102,932	12.1		2,543,001	15.3
Ⅳ Non-operating income	*1		152,306	1.9		114,536	1.2		259,231	1.6
Ⅴ Non-operating expenses			43	0.0		53	0.0		98	0.0
Ordinary income			1,326,276	16.4		1,217,414	13.3		2,802,134	16.9
Ⅵ Extraordinary gains	*2		4,363	0.0		-	-		8,381	0.1
Ⅶ Extraordinary losses	*3		15,810	0.2		275,634	3.0		227,707	1.4
Net income before income taxes			1,314,830	16.2		941,779	10.3		2,582,808	15.6
Corporate, inhabitant and enterprise taxes		585,698			412,374			1,242,874		
Deferred income taxes		(35,392)	550,306	6.8	(13,531)	398,843	4.4	(153,584)	1,089,289	6.6
Net income			764,524	9.4		542,936	5.9		1,493,518	9.0

(3) Interim Non-consolidated Statements of Changes in Shareholders' Equity

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006) (Thousands of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Total retained earnings				
	Capital stock	Capital reserve	Total capital surplus	Legal reserve	General reserve	Deferred retained earnings	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	995,000	909,000	909,000	71,960	5,490,000	2,298,325	7,860,285	(746,791)	9,017,493
Changes for the interim period									
Funding of special reserve (Note)					600,000	(600,000)	-		-
Dividends of surplus (Note)						(237,202)	(237,202)		(237,202)
Directors' bonuses (Note)						(46,590)	(46,590)		(46,590)
Net income						764,524	764,524		764,524
Disposal of treasury stock						(38,354)	(38,354)	57,385	19,031
Change in items other than shareholders' equity for the interim term (net amount)									
Total change for the interim term	-	-	-	-	600,000	(157,622)	442,377	57,385	499,762
Balance as of September 30, 2006	995,000	909,000	909,000	71,960	6,090,000	2,140,702	8,302,662	(689,405)	9,517,256

	Valuation and translation adjustments		Total net assets
	Unrealized gains on marketable securities	Total valuation and translation adjustments	
Balance as of March 31, 2006	69,288	69,288	9,086,782
Changes for the interim period			
Funding of special reserve (Note)			-
Dividends of surplus (Note)			(237,202)
Directors' bonuses (Note)			(46,590)
Net income			764,524
Losses on disposal of treasury stock			19,031
Change in items other than shareholders' equity for the interim term (net amount)	(11,251)	(11,251)	(11,251)
Total change for the interim term	(11,251)	(11,251)	488,511
Balance as of September 30, 2006	58,036	58,036	9,575,293

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

Six months ended September 30, 2007 (April 1,2007 to September 30, 2007) (Thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Legal reserve	Total retained earnings		Total retained earnings		
					General reserve	Deferred retained earnings			
Balance as of 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
Changes for the interim period									
Dividends of surplus						(285,299)	(285,299)		(285,299)
Net income						542,936	542,936		542,936
Disposal of treasury stock						(8,135)	(8,135)	12,172	4,036
Change in items other than shareholders' equity for the interim period (net amount)									
Total changes for the interim period	-	-	-	-	-	249,501	249,501	12,172	261,674
Balance as of September 30, 2007	995,000	909,000	909,000	71,960	6,090,000	2,888,676	9,050,636	(664,190)	10,290,446

	Valuation and translation adjustments			Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total valuation and translation adjustments	
Balance as of March 31, 2007	65,381	(15,952)	49,429	10,078,201
Changes for the interim period				
Dividends of surplus				(285,299)
Net income				542,936
Disposal of treasury stock				4,036
Change in items other than shareholders' equity for the interim period (net amount)	35,667	11,253	46,921	46,921
Total changes for the interim period	35,667	11,253	46,921	308,596
Balance as of September 30, 2007	101,049	(4,698)	96,351	10,386,797

Fiscal year ended March 31, 2007 (April 1, 2007 to September 30, 2007) (Thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Legal reserve	Total retained earnings		Total retained earnings		
					General reserve	Deferred retained earnings			
Balance as of March 31, 2006	995,000	909,000	909,000	71,960	5,490,000	2,298,325	7,860,285	(746,791)	9,017,493
Changes for the fiscal year									
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)
Directors' bonuses (Note)						(46,590)	(46,590)		(46,590)
Net income						1,493,518	1,493,518		1,493,518
Disposal of treasury stock						(47,071)	(47,071)	70,428	23,356
Change in items other than shareholders' equity for the year (net amount)									
Total change for the year	-	-	-	-	600,000	340,849	940,849	70,428	1,011,278
Balance as of 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

	Valuation and translation adjustments			Total net assets
	Unrealized gains on marketable securities	Deferred hedge gains and losses	Total valuation and translation adjustments	
Balance as of March 31, 2006	69,288	-	69,288	9,086,782
Changes for the fiscal year				
Funding of special reserve (Note)				-
Dividends of surplus (Note)				(237,202)
Dividends of surplus				(221,804)
Directors' bonuses (Note)				(46,590)
Net income				1,493,518
Disposal of treasury stock				23,356
Change in items other than shareholders' equity for the year (net amount)	(3,906)	(15,952)	(19,858)	(19,858)
Total change for the year	(3,906)	(15,952)	(19,858)	991,419
Balance as of 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 interim non-consolidated financial statements

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
1. Bases and methods of asset valuation	(1) Securities a. Held-to-maturity bonds Amortized cost method b. Stocks of subsidiaries and affiliates Cost method based on the moving average method c. Other securities Securities with market value: Market value method based on market value as of the interim 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 (2) —————— (3) Inventories a. Products Cost method based on the FIFO method b. Supplies Cost method based on the FIFO method	(1) Securities a. Held-to-maturity bonds Same as on the left. b. Stocks of subsidiaries and affiliates Same as on the left. c. Other securities Securities with market value: Same as on the left. Securities without market value: Same as on the left. (2) Derivatives Market value method based on market value as of the term-end (3) Inventories a. Products Same as on the left. b. Supplies Same as on the left.	(1) Securities a. Held-to-maturity bonds Same as on the left. b. Stocks of subsidiaries and affiliates Same as on the left. c. 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) Derivatives Same as on the left. (3) Inventories a. Products Same as on the left. b. Supplies Same as on the left.
2. 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.	(1) Tangible fixed assets Same as on the left. (2) Intangible fixed assets Same as on the left.
3. 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.	(1) Allowance for doubtful accounts Same as on the left.	(1) Allowance for doubtful accounts Same as on the left.

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
	(2) Reserve for bonuses To prepare for the payment of bonuses to employees, the estimated amount for the interim term is posted. (3) Reserve for directors' bonuses To prepare for the payment of bonuses to directors, the amount required to be paid at the end of the current interim term is posted. (Change in accounting policies) The company adopts the "Accounting standards for directors' bonuses" (ASBJ Statement No. 4, November 29, 2005) from this interim term. As a result, operating income, ordinary income and interim income before income tax decreased 21,909 thousand yen. (4) Accrued severance indemnities To prepare for the payment of retirement benefits to employees, the amount required to be paid to voluntary retirees at the interim term-end is posted.	(2) Reserve for bonuses Same as on the left. (3) Reserve for directors' bonuses To prepare for the payment of bonuses to directors, the amount required to be paid at the end of the current interim term is posted. (4) Accrued severance indemnities To prepare for the payment of retirement benefits to employees, the amount that is assumed to have accrued as of the end of the interim consolidated accounting term out of the estimated amount of pension obligations as of the end of the current consolidated accounting term 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. As a result, income before income taxes decreased 5,246 thousand yen.	(2) Reserve for bonuses To prepare for the payment of bonuses to employees, the estimated amount for the term is posted. (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) Accrued severance indemnities 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. (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 thousand yen as an extraordinary loss. As a result, income before income taxes decreased 30,687 thousand yen.

	Six months ended September 30, 2006	Six months ended September 30, 2007	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 interim term-end under the internal rules is posted.	(5) Reserve for directors' retirement allowance Same as on the left.	(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.
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 interim term-end, and exchange differences are posted as profit or loss.	Same as on the left.	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.
5. Method of hedge accounting	(1) ――――― (2) ――――― (3) ―――――	(1) Method of hedge accounting Deferred hedge is used. (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 (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.	(1) Method of hedge accounting Same as on the left. (2) Method and subject of hedging Method of hedging: Same as on the left. Subject of hedging: Same as on the left. (3) Hedging policy Same as on the left.

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
	(4) ――――――	(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 after the end of fiscal year 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 net income and income before income taxes both increased 7,909 thousand yen in comparison respectively with those calculated in line with the previous method.	(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 net income and income before income taxes both increased 26,855 thousand yen in comparison respectively with those calculated in line with the previous method.

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
6. Other significant matters that are the bases for the preparation of (interim) financial statements	Accounting for consumption taxes The tax exclusion method is adopted. Suspense consumption taxes paid and suspense consumption taxes received were offset and recorded as consumption taxes payable.	Accounting for consumption taxes Same as on the left.	Accounting for consumption taxes The tax exclusion method is adopted.

Change in significant matters that are the bases for the preparation of interim financial statements

Six months ended September 30, 2006	Six months ended September 30, 2007	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” (ASBJ Statement No. 5, December 9, 2005) and the “Guidance on accounting standards for the presentation of net assets on balance sheet” (ASBJ Guidance No. 8, December 9, 2005) from this interim term. The amount equivalent to the former total of shareholders’ equity is 9,575,293 thousand yen. Net assets on the balance sheet for this interim term are prepared in accordance with the revised regulations for interim financial statements, following the revision of the regulations.	————————	(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 business combinations” (Business Accounting Council, October 31, 2003), the “Accounting standards for business divestitures” (Accounting Standards Board of Japan, December 27, 2005, ASBJ Statement No. 7) and the “Guidance on accounting standards for business combinations and accounting standards for business divestitures” (Accounting Standards Board of Japan, December 27, 2005, ASBJ Guidance No. 10) from this interim term.	————————	(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.

Change in the Disclosure Methods

Six months ended September 30, 2006	Six months ended September 30, 2007
	(Interim Balance sheet) 1. “Advanced money” which was presented as “Others” in the current assets in the previous interim term is reclassified this interim term since its amount to total assets exceeds 5%. The amount of “advanced money” was 518,250 thousand yen in the previous interim term. 2. “Other receivables” presented as it is in and before the previous interim term (amounting to 3,800 thousand yen in the previous interim term) has been included in “Others” in the current assets as its importance decreased in the current term.

Notes to Non-consolidated Financial Statements

Interim Non-consolidated Balance Sheets

(Thousands of yen)

September 30, 2006	September 30, 2007	March 31, 2007
*1 Accumulated depreciation of tangible fixed assets 590,689	*1 Accumulated depreciation of tangible fixed assets 405,757	*1 Accumulated depreciation of tangible fixed assets 594,008
*2 Notes that matured on the last day of the interim term Notes that matured on the last day of the interim term were settled as of their bill clearing days. Notes that will mature on the last day of the next interim term are included in the balance at the end of the interim term, since the last day of the current interim term fell on a bank holiday. Notes receivables 569	*2 Notes that matured on the last day of the interim term Notes that matured on the last day of the interim term were settled as of their bill clearing days. Notes that will mature on the last day of the next interim term are included in the balance at the end of the interim term, since the last day of the current interim term fell on a bank holiday. Notes receivables 8,295	*2 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 receivables 3,282

Interim Non-consolidated Statement of Income

(Thousands of yen)

Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
*1 Main items of non-operating income Interest income 4,169 Interest on securities 20,522 Foreign exchange gain 116,308	*1 Main items of non-operating income Interest income 6,735 Interest on securities 13,807 Dividends received 37,800 Foreign exchange gain 51,013	*1 Main items of non-operating income Interest income 9,895 Interest on securities 36,325 Foreign exchange gain 184,768
*2 Main items of extraordinary profits Gain on sales of fixed assets Tools, furniture and fixtures 4,363	*2 ――――――	*2 Main items of extraordinary profits Gain on sales of fixed assets Tools, furniture and fixtures 8,381
*3 Main items of extraordinary losses Loss on devaluation of investment in affiliates 13,339 Loss on disposal of fixed assets Building equipment 239 Tools, furniture and fixtures 2,124 Software 106	*3 Main items of extraordinary losses Loss on devaluation of investment in affiliates 272,408 Loss on disposal of fixed assets Building equipment 797 Tools, furniture and fixtures 2,323 Software 70 Loss on transfer of fixed assets Tools, furniture and fixture 34	*3 Main items of extraordinary losses Loss on devaluation of investment in affiliates 13,339 Loss on disposal of fixed assets Building equipment 239 Tools, furniture and fixtures 4,807 Software 208
4 Depreciation and amortization Tangible fixed assets 41,514 Intangible fixed assets 83,586	*4 Depreciation and amortization Tangible fixed assets 69,794 Intangible fixed assets 96,721	4 Depreciation and amortization Tangible fixed assets 93,732 Intangible fixed assets 171,335

Interim Statement of Change in Shareholders' Equity

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006)

Type and total number of treasury shares (Shares)

	Number of shares at the end of previous fiscal year	Increase in the number of shares during the current interim term	Decrease in the number of shares during the current interim term	Number of shares at the end of current interim term
Common shares (Note)	7,730	-	594	7,136
Total	7,730	-	594	7,136

Note: The decrease in the number of common shares in treasury stock by 594 shares is due to the sale of shares through the exercise of stock options.

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

Type and total number of treasury shares (Shares)

	Number of shares at the end of previous fiscal year	Increase in the number of shares during the current interim term	Decrease in the number of shares during the current interim term	Number of shares at the end of current interim term
Common shares (Note)	7,001	-	126	6,875
Total	7,001	-	126	6,875

Note: The decrease in the number of common shares in treasury stock by 126 shares is due to the sale of shares through the exercise of stock options.

Fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

Type and total number of treasury shares (Shares)

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

Note: The decrease in the number of common shares in treasury stock by 729 shares is due to the sale of shares through the exercise of stock options.

Securities

There are no stocks of subsidiaries or affiliates with market value for any of terms ended September 30, 2006, September 30, 2007 and March 31, 2007.

Accounting for Business Combinations

Description of the accounting for business combination is omitted since disclosure of this item is described in the interim consolidated financial statements.