

April 26, 2005

**Notice on the Capital Increase of a Subsidiary**

Notice is hereby given that at the Board of Directors meeting of Cybernet Systems Co., Ltd. (“the Company”), held on April 26, 2005, it was resolved that the Company would subscribe to a capital increase through a shareholder allocation conducted by KGT Inc., a consolidated subsidiary, as described below.

**1. Reason for subscribing to the capital increase**

KGT became our consolidated subsidiary as a result of a stock transfer contract concluded on April 1, 2005. KGT has high technological capability with regard to computerized visualization of computation results in the industrial manufacturing and medical treatment fields and network security. Judging that this capital increase should help stabilize our financial infrastructure and upgrade our integrated solution capability within the Cybernet Systems Group, the Company has determined to subscribe to this capital increase through a shareholder allocation in the full amount.

**2. Substance of the capital increase of the subsidiary**

- |   |                                    |
|---|------------------------------------|
| (1) Number of new shares issued:                        | 1,800 common shares                |
| (2) Number of shares issued after the capital increase: | 2,000 shares                       |
| (3) Issue price:  | ¥50,000 per share                  |
| (4) Deadline for subscription:                          | May 10, 2005                       |
| (5) Allocated to:                                       | 1,800 shares to the Company (100%) |

**3. Summary of the subsidiary**

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|-------------------------------------|---|
| (1) Trade name:                     | KGT Inc.  |
| (2) Location:                       | 8-8, Shinjuku 2-chome, Shinjuku-ku, Tokyo   |
| (3) Major businesses:               | Development and sale of computer software, development and sale of computer systems and consulting on operation thereof |
| (4) Date of establishment:          | November 1, 1994  |
| (5) Capital stock:                  | ¥10 million (¥100 million after the capital increase)   |
| (6) Equity position of the Company: | 100% (no change)  |

**4. Effects on the Company’s operating performance**

The above subscription for capital increase would have no effect on the consolidated operating results for the year ending March 31, 2006.