

August 23, 2005

Notice on Making a Company a Subsidiary (via the Acquisition of Shares)

Notice is hereby given that at the Board of Directors meeting of Cybernet Systems Co., Ltd. (“the Company”), held on August 23, 2005, it was resolved that the Company would make PLAMEDIA CORPORATION a subsidiary by purchasing 95% of its shares issued.

1. Reason for the purchase of shares

The Company principally engages in the supply of software and technical services related to CAE (computer-aided-engineering) and networks, and aims to develop new business in the CAE application field to promote CAE-based services. PLAMEDIA CORPORATION has 16 years of experience in the dedicated plastic CAE business as an R&D-oriented venture enterprise that engages in the development and sale of CAE programs to cope with all kinds of plastic-forming methods based on its high technical capability. In January 2001, PLAMEDIA became independent from Mitsui & Co., Ltd., via an MBO (management buyout) by the present management executives.

Management of the Company has judged that our participation in PLAMEDIA’s management should contribute to expanding our product lineup in the CAE application field to supply a wide variety of CAE solution services by combining PLAMEDIA’s diversified products and services, which are supported by an excellent engineering capability, with our extended sales network.

2. Summary of the new subsidiary

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| (1) Trade name: | PLAMEDIA CORPORATION |
| (2) Representative: | Kenji Ebara, President |
| (3) Address of head office: | 44-18, Honcho 4-chome, Nakano-ku, Tokyo |
| (4) Date of establishment: | December 21, 1988 |
| (5) Major businesses: | Development, sale and funded research of resin fluid analysis and formation analysis software; research and development regarding solid-state properties and formability of polymeric materials, as well as software development related therewith; and technical support, analysis consulting and training of engineers |
| (6) Closing of accounts: | December |
| (7) Number of employees: | 14 (As of April 1, 2005) |
| (8) Capital stock: | ¥45,000,000 |
| (9) Number of shares issued: | 900 |
| (10) Shareholder composition and shareholding ratio: | Kenji Ebara (100%) |
| (11) Past performance in recent fiscal years: | |

(Thousands of yen)

	Year ended in December 2003	Year ended in December 2004
Net sales	229,923	219,143
Operating income	(9,318)	3,432
Ordinary income	(10,515)	1,581
Net income	(10,515)	2,388
Total assets	152,842	172,479
Shareholders’ equity	64,369	66,758

3. Source of the shares purchased

Kenji Ebara (President, PLAMEDIA CORPORATION)

Relationship with the Company: This corporation has no capital or human relations with the Company.

4. Number of shares purchased, and number of owned shares and shareholding ratio before/after the acquisition

Number of shares owned before the acquisition: 0 share (shareholding ratio: 0%)

Number of shares purchased: 855 shares

Number of shares owned after the acquisition: 855 shares (shareholding ratio: 95%)

5. Schedule

(1) Resolution by the Board of Directors: August 23, 2005

(2) Date of entering into the agreement on stock transfer: August 23, 2005

(3) Date of acquisition of shares: August 23, 2005

6. Future perspective

The aforementioned addition of a subsidiary would have no significant effect on Cybernet Systems Group's projections for consolidated operating results for the year ending March 2006, which were released on April 21, 2005.

Management therefore reports no revision to the consolidated full-year projections for the year ending March 2006.