

April 11, 2006

Notice of Receipt of Business Rights for Keihin Artwork and One Other Company

We hereby give notice that the transfer of all operations of Keihin Artwork Co., Ltd. and EDA Connect Co., Ltd. to Cybernet Systems was approved at the meeting of the Board of Directors of Cybernet Systems held on April 11, 2006. The transfer described below is effective May 1, 2006.

1. Reason for Acceptance of Operations

Cybernet Systems' core business is the provision of software and technical services related to CAE and networks. Our aim is to uncover new application areas for CAE and to promote services based on CAE. Meanwhile, Keihin Artwork has approximately 40 years of experience in printed circuit board (PCB) simulation and is known for its strong technological capabilities in that field. Furthermore, EDA Connect is an affiliate of Keihin Artwork that is engaged in the development and sales of tools for PCB design and manufacturing. Cybernet Systems decided to take over all operations of both companies as this move enables it to offer more wide-ranging and robust solution services in PCB design and advanced PCB simulations, etc., in addition to the software sales and technical support it has offered thus far in the electronic data automation (EDA) field, which is the automated design and verification of electrical and electronic circuitry.

2. Content of the Transfer of Business Rights**1. Content of the Transfer**

Cybernet Systems will receive a portion of Keihin Artwork's and EDA Connect's operating assets and contracts needed for business as well as the software developed by those companies as on the day prior to the transfer date (May 1, 2006). In principle, Cybernet Systems will not inherit the liabilities and obligations of the transferred companies.

2. Business Results of the Companies to be Transferred

Keihin Artwork Co., Ltd.

Fiscal years ended October	
	Thousands of yen

	2004	2005
Net sales	¥364,706	¥224,100
Gross profit	¥116,314	¥38,677
Operating income (loss)	¥14,834	(¥43,126)
Ordinary income (loss)	¥2,137	(¥55,505)

EDA Connect Co., Ltd.

Fiscal years ended December		
	Thousands of yen	
	2004	2005
Net sales	¥6,105	¥21,202
Gross profit	¥6,105	¥21,202
Operating income (loss)	(¥60)	(¥14,129)
Ordinary income (loss)	(¥60)	(¥14,130)

3. Assets and Liabilities Received

Assets		Liabilities	
	Thousands of yen		Thousands of yen
Item	Book value	Item	Book value
Current assets	¥10,201	Current liabilities	—
Fixed assets	¥520	Fixed liabilities	—
Total	¥10,721	Total	—

4. *Book values shown above are as of end-February 2006.

5. Transfer price and settlement method

1. Transfer price

Cybernet Systems will pay ¥210 million for business rights, development software, etc. The price to be paid for work in progress and other transferred assets will be the market value at the date of the transfer of business rights.

2. Settlement method

An amount of ¥210 million will be paid in cash at the date of the transfer of business rights; the remaining amount due for work in progress and other transferred assets will be paid in cash expediently once a price is determined.

3. Overview of the Transferred Companies

Keihin Artwork Co., Ltd.

(1) Name	Keihin Artwork Co., Ltd.
(2) Main businesses	・PCB simulation, PCB design ・Development and sale of EDA software ・Training, consulting
(3) Date of establishment	November 15, 1966
(4) Headquarters	17-5 Nishi-Gotanda 7-chome, Shinagawa-ku, Tokyo
(5) Representative	Daihachiro Kusunoki
(6) Capital	¥30 million
(7) No. of employees	16
(8) Shareholders and percentage ownership	Daihachiro Kusunoki (97.5%), Kimie Kusunoki (2.5%)
(9) Relationship with Cybernet Systems	There are no relationships in terms of capital, personnel, or business.

EDA Connect Co., Ltd.

(1) Name	EDA Connect Co., Ltd.
(2) Main businesses	・PCB design ・Development and sale of EDA software
(3) Date of establishment	May 1, 2000
(4) Headquarters	17-5 Nishi-Gotanda 7-chome, Shinagawa-ku, Tokyo
(5) Representative	Kazuhiko Kusunoki
(6) Capital	¥10 million
(7) No. of employees	10
(8) Shareholders and percentage ownership	Daihachiro Kusunoki (100.0%)
(9) Relationship with Cybernet Systems	There are no relationships in terms of capital, personnel, or business.

4. Schedule

EDA Connect Co., Ltd.

April 11, 2006	Decision by the Board of Directors
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April 11, 2006	Agreement to transfer business rights concluded
April 14, 2006	Cybernet Systems issues notification of simplified transfer of business rights (see note below)
April 29, 2006	Approval of transfer of business rights by the board of directors of Keihin Artwork and EDA Connect
May 1, 2006	Date of transfer of business rights

Note: In accordance with Article 245-5 of the Commercial Code of Japan, this transfer of business rights will occur without the approval of the board of directors as stipulated in Article 245-1 of the code.

5. Future Outlook

This event will have only a minor impact on the consolidated earnings of the Cybernet Systems Group.

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