**Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2009**

**NEC Networks & System Integration Corporation**
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## 1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to June 30, 2008)

(Rounded down to the nearest million yen.)

**(1) Net Sales and Income (Cumulative)**

(Percentages represent change compared with the same period of the previous fiscal year.)

| | Net sales (¥ million) | Year-on-year change (%) | Operating income (¥ million) | Year-on-year change (%) | Ordinary income (¥ million) | Year-on-year change (%) |
|---|---|---|---|---|---|---|
| Three months ended June 30, 2008 | 47,400 | — | 160 | — | 352 | — |
| Three months ended June 30, 2007 | 44,153 | 10.7 | 12 | — | 78 | — |

| | Net income (¥ million) | Year-on-year change (%) | Net income per share (¥) | Net income per share (diluted) (¥) |
|---|---|---|---|---|
| Three months ended June 30, 2008 | 137 | — | 2.76 | — |
| Three months ended June 30, 2007 | (16) | — | (0.34) | — |

**(2) Financial Position**

| | Total assets (¥ million) | Net assets (¥ million) | Shareholders' equity (net worth) ratio (%) | Net assets per share (¥) |
|---|---|---|---|---|
| As of June 30, 2008 | 132,556 | 65,390 | 48.8 | 1,299.45 |
| As of March 31, 2008 | 154,171 | 66,132 | 42.3 | 1,311.71 |

(Reference) Total equity: June 30, 2008: ¥64,655 million; March 31, 2008: ¥65,267 million

## 2. Dividends

| | Dividends per share (¥) | | | | |
|---|---|---|---|---|---|
| Record date | June 30 | September 30 | December 31 | March 31 | Total (Full year) |
| Year ended March 31, 2008 | — | 10.00 | — | 10.00 | 20.00 |
| Year ending March 2009 | — | ——— | ——— | ——— | ——— |
| Year ending March 31, 2009 (projected) | ——— | 11.00 | — | 11.00 | 22.00 |

Note: Revisions to projected dividends for the three months ended June 30, 2008: No

## 3. Projected Results for the Fiscal Year Ending March 31, 2009
## (April 1, 2008 to March 31, 2009)

(For the full year, percentages represent changes compared with the previous fiscal year. For the cumulative second quarter, percentages represent changes compared with the cumulative second quarter of the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | (¥ million) | (%) | (¥ million) | (%) | (¥ million) | (%) | (¥ million) | (%) | (¥) |
| Cumulative second quarter | 120,000 | 2.2 | 4,300 | 1.7 | 4,250 | 0.4 | 2,400 | 17.7 | 48.23 |
| Year ending March 31, 2009 | 265,000 | 2.6 | 11,000 | 2.4 | 10,600 | 1.7 | 4,900 | 11.1 | 98.48 |

Note: Revisions to projected results for the three months ended June 30, 2008: No

## 4. Others

(1) Changes in Major Subsidiaries During the Period (Changes in specified subsidiaries due to changes in the scope of consolidation): No

(2) Use of Simplified Accounting Methods or Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements: Yes
(For details, refer to “4. Other,” “Qualitative Information and Financial Statements,” page 7.)

(3) Changes in Accounting Rules, Procedures, Presentation Method, etc. for the Quarterly Consolidated Financial Statements (Changes in material items that form the basis for the preparation of the quarterly consolidated financial statements):
(i) Changes related to revisions in accounting principles: Yes
(ii) Other changes aside from those in (1) above: No
(For details, refer to “4. Other,” “Qualitative Information and Financial Statements,” page 7.)

(4) Number of Shares Issued and Outstanding (Common stock)
(i) Number of shares at the end of the period (including treasury stock): Three months ended June 30, 2008: 49,773,807; fiscal year ended March 31, 2008: 49,773,807
(ii) Number of treasury shares at the end of the period: Three months ended June 30, 2008: 17,762; fiscal year ended March 31, 2008: 16,352
(iii) Average number of shares during the period: Three months ended June 30, 2008: 49,756,656; three months ended June 30, 2007: 49,762,892

Notes Regarding Forward-Looking Statements and Other Matters

1. These materials contain forward-looking statements concerning NEC Networks & System Integration Corporation and its consolidated subsidiaries’ current plans, projections, strategies and performance. These forward-looking statements are not historical facts. Please be aware that actual results may differ materially from expectations, and that forward-looking statements are subject to a number of risks and uncertainties. Major factors affecting performance include, but are not limited to, economic conditions in which the businesses of the NEC Networks & System Integration Group operate, social trends, downward pressure on prices due to increased competition or market trends with regard to the systems and services the Group provides, and ability to respond to the market. Please refer to “3. Qualitative Information on Consolidated Results Projections” on page 6 for assumptions related to projected results.
2. Effective from the three months ended June 30, 2008, the Company applies the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its implementation guidance “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Quarterly consolidated financial statements have been prepared in accordance with the “Rules for Quarterly Consolidated Financial Statements.”

## Qualitative Information and Financial Statements

### 1. Qualitative Information on Consolidated Operating Results

Operating Results for the First Quarter of the Fiscal Year Ending March 31, 2009

In the first quarter of the fiscal year ending March 31, 2009 (April 1 to June 30, 2008), the Japanese economy weakened due to factors including growing concerns about U.S. recession as a result of the subprime mortgage crisis, as well as the increasingly severe corporate earnings environment caused by the strong yen and soaring raw material prices, and a slowdown in consumer spending and corporate capital investment.

Despite these economic circumstances, in the NEC Networks & System Integration Group's business fields, private sector network-related investment was generally firm due to factors such as expanding corporate demand for ICT[1] applications to promote efficient and agile management, as well as to the installation of network systems to strengthen internal controls and provide security, and the expansion of outsourcing services in those areas. In addition, telecommunications carriers have begun next-generation network (NGN) business services, resulting in growing investment related to NGN including service area expansion and system infrastructure upgrades. In mobile communications as well, initiatives to expand and enhance services continued, including increasing data transmission speed and improving sound quality. Further, local governments continued to construct and enhance regional information networks and improve and expand the coverage of firefighting and disaster prevention systems.

In this business environment, the NEC Networks & System Integration Group's operating results for the three months ended June 30, 2008 were as follows:

| | |
|---|---|
| Consolidated orders received: | ¥61,964 million (a decrease of ¥3,367 million compared with the same period of the previous fiscal year) |
| Consolidated net sales: | ¥4,740 million (an increase of ¥3,247 million) |
| Consolidated operating income: | ¥160 million (an increase of ¥148 million) |
| Consolidated ordinary income: | ¥352 million (an increase of ¥273 million) |
| Consolidated net income: | ¥137 million (compared with net loss of ¥17 million) |

The Group achieved record-high consolidated net sales and income.

The main factors for the increase in consolidated net sales were, in the private-sector market, the strengthening of proposal activities for the EmpoweredOffice[2] total office solution launched in July 2007, as well as expansion of our service menu including environmental measures and aggressive promotional activities such as participation in exhibitions. Other factors were overall strong sales for ICT applications, security systems, and associated support services such as maintenance and outsourcing. In addition, NGN-related business with telecommunications carriers expanded steadily as a result of our work to strengthen capabilities in this area, including using the NGN Laboratory, which opened in February 2008, as a base to train engineering staff, and bolstering response capabilities in NGN system development support and other related fields.

Consolidated operating income, ordinary income and net income increased compared with the same period of the previous fiscal year due to steady results from promoting management reform activities consisting of Group-wide AC-I activities[3] and process reforms.

Consolidated orders received decreased compared with the same period of the previous fiscal year despite solid contributions by the enterprise solutions and NGN-related businesses, to orders as well as consolidated net sales, due to extraordinary factors including large-scale property construction projects overseas in the three months ended June 30, 2007.

In order to expand the scope of business for further future growth, in April 2008 the Group strengthened its support service business base by establishing the largest-scale network integration operation center in Japan, the Network Total Operation Center (nTOC), to concentrate its network system support service functions, including monitoring, operation and maintenance.

Further, the Group is focusing on medium-to-long-term business expansion in aggressively strengthening its business base. For example, the Company moved to bolster its response capabilities in markets in the Kansai region by making Nichiwa Co., Ltd. a Group company in April 2008.

Operating results by business segment are as follows.

**Network Integration/Support Services**

Orders received in this segment were ¥44,098 million, a 0.3 percent increase compared with the same period of the previous fiscal year, and sales were ¥32,956 million, a 13.5 percent increase. The network integration and support service businesses progressed as initially projected. Reasons for the increase in orders received and sales were as follows. The enterprise solutions business and associated support business grew as a result of increased operating efficiency and sales capabilities for enterprise ICT applications, which center on EmpoweredOffice, as well as stronger proposal activities and promotions for products that improve the office environment. In addition, in the telecommunications sector, NGN-related business expanded steadily due to factors including the Group’s ability to respond to expansion of NGN service areas and the shift of communications networks to IP, which resulted in part from enhanced training of engineering staff, as well as growth in construction of systems to increase data transmission speeds in the mobile field. Moreover, the addition of Nichiwa to the Group contributed to results.

**Telecommunications Engineering**

Orders received in this segment were ¥13,549 million, a 19.4 percent decrease compared with the same period of the previous fiscal year, and sales were ¥10,476 million, a 3.6 percent decrease. Sales were largely unchanged from a year earlier due to factors including continuing construction of mobile base stations for telecommunications carriers, as well as solid overall demand for telecommunication engineering including the construction and enhancement of regional information networks for local governments, solutions related to national security such as firefighting and disaster prevention, and expansion of the shift to broadband and mobile services overseas. As with consolidated net sales, despite firm performance in Japan, consolidated orders received decreased compared with the same period of the previous fiscal year due to extraordinary factors such as large-scale projects in the same period of the previous fiscal year, including construction of telecommunications equipment for a plant in Saudi Arabia.. Despite this one-time decrease, the Company believes that going forward telecommunications engineering orders received and sales will be generally firm, centered on areas such as government offices and telecommunications carriers.

**Product Sales**

Orders received in this segment were ¥4,316 million, a 5.3 percent decrease compared with the same period of the previous fiscal year, and sales were ¥3,968 million, a 6.8 percent decrease. The principal factor was a decrease in sales of stand-alone devices not accompanied by system integration, as the Company concentrated resources on the Network Integration/Support Services business, where it can deploy its system integration strengths.

Principal Business of Segments by Type

| Business | Main Contents |
|---|---|
| Network Integration/Support Services | Planning and consulting, software development, construction, operation and maintenance, outsourcing services and supply of originally developed products and devices for network systems to strengthen the operating efficiency and competitiveness of customers |
| Telecommunications Engineering | Network infrastructure construction and installation of electrical and air conditioning systems |
| Product Sales | Sales of data communication devices, etc. |

Notes: 1. ICT: Information and communication technology
2. EmpoweredOffice: Solutions that efficiently fuse three elements of office work (communication, information, and facilities) in an effort to reform office work processes and the office environment, and empower each individual employee to realize greater enterprise viability.
3. AC-I activities: All Cost and Management Innovation (total cost reform) activities
4. Accounting standards have changed beginning with the three months ended June 30, 2008. However, this report uses simple comparisons with the same period of the previous fiscal year because there is no material impact from the changes. Contents of the changes are presented in “4. Other,” “2. Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements.”

## 2. Qualitative Information on Financial Position

Assets

Current assets decreased ¥21,936 million compared with the end of the previous fiscal year. The main factor was a ¥23,227 million decrease in notes and accounts receivable.

Fixed assets increased ¥321 million.

As a result of the above, total assets decreased ¥21,615 million compared with the end of the previous fiscal year.

Liabilities

Current liabilities decreased ¥20,870 million compared with the end of the previous fiscal year. The main factor was a ¥14,263 million decrease in notes and accounts payable.

Long-term liabilities decreased ¥2 million.

As a result of the above, total liabilities decreased ¥20,873 million compared with the end of the previous fiscal year.

Interest-bearing debt was ¥5,633 million, largely unchanged from the end of the previous fiscal year.

Net Assets

Net assets decreased ¥742 million compared with the end of the previous fiscal year. The main factor was a ¥360 million decrease in retained earnings.

## 3. Qualitative Information on Consolidated Results Projections

Outlook for the Fiscal Year Ending March 31, 2009

The Japanese economy is expected to remain severe for the fiscal year ending March 31, 2009, due to factors including growing concern about economic stagnation both in Japan and overseas, and the impact of rising product prices resulting from high crude oil and raw material prices.

In the Group's business fields, private-sector demand is expected to continue increasing for ICT applications to promote efficient and agile management, speed up operational responsiveness and strengthen security to cope with the business environment. In the telecommunications sector, full-fledged investment in NGN and solid investment in expanding market share are also expected. In the public sector, construction, enhancement and wide-area expansion of regional information networks and firefighting and disaster prevention projects for local governments are expected to progress.

To respond to this environment, the Group will focus on strengthening its operating capabilities to enhance its ability to grow.

The Group will expand the enterprise market, centered on EmpoweredOffice, including medium-sized companies. Further, it will work to expand the office environment-related market, where demand has been growing in recent years, by leveraging the strength of its expertise in facility solutions to invest in distinctive solutions.

In the telecommunications sector, the Group will strengthen its competitiveness in the expanding NGN market through measures including using the NGN Laboratory as a base to train engineering staff and accumulate know-how for NGN support services, and bolstering NGN service development for companies through linkages with EmpoweredOffice.

Moreover, the Group will focus on strengthening operating capabilities in order to enhance its ability to grow through such initiatives as strengthening support service business base with the Network Total Operation Center (nTOC), established in April 2008, and enhancing initiatives to expand markets in the Kansai region in cooperation with Nichiwa, now a Group company.

In addition to expanding these markets and strengthening our operating capabilities, the Group will continue to aggressively implement AC-I activities and process reforms such as reducing follow-up work hours that achieved results in the previous fiscal year while further reinforcing profitability through stronger, more efficient management.

Corporate Social Responsibility (CSR) continues to be an important issue. In July 2008, the Group established the CSR Promotion Division to further strengthen and promote risk management, compliance, customer satisfaction and environmental initiatives, and actively provide information to stakeholders and society.

Initial projections for the fiscal year ending March 31, 2009 remain unchanged because consolidated operating results for the three months ended June 30, 2008 were generally in line with plans.

The exchange rates assumed in preparing the outlook for the fiscal year are US$1 = ¥105 and 1 euro = ¥155.

| | | |
|---|---|---|
| Orders received | ¥265.0 billion | (4.1 percent increase year on year) |
| Net sales | ¥265.0 billion | (2.6 percent increase year on year) |
| Operating income | ¥11.0 billion | (2.4 percent increase year on year) |
| Ordinary income | ¥10.6 billion | (1.7 percent increase year on year) |
| Net income | ¥4.9 billion | (11.1 percent increase year on year) |

Note: Accounting standards have changed as of the three months ended June 30, 2008. However, this report uses simple comparisons with the previous fiscal year because there is no material impact from the changes. Details of the changes are presented in "4. Other," "(2) Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements."

## 4. Other

(1) Use of simplified accounting methods or accounting methods specific to preparation of the quarterly consolidated financial statements

(i) Method of estimating doubtful receivables

As the actual rate of doubtful receivables in the three months ended June 30, 2008 is not significantly different from the rate at the end of the previous fiscal year, the Company has used the rate at the end of the previous fiscal year to estimate doubtful receivables.

(ii) Method of valuation of inventories

Inventories at the end of the three months ended June 30, 2008 are mainly calculated using a reasonable estimate based on actual inventories at the end of the previous fiscal year, in lieu of an actual physical inventory.

In addition, the carrying amount of inventories is reduced to estimated net selling value only where there is an obvious decrease in profitability.

(iii) Methods of calculating depreciation of fixed assets

For assets depreciated using the declining balance method, depreciation expenses applicable to the fiscal year are calculated on a pro-rata basis.

(iv) Method of calculating deferred tax assets and liabilities

Judgments regarding the recoverability of deferred tax assets are made based on methods using performance projections and tax planning applied in the previous fiscal year in the event it is determined there are no significant changes in the management environment from the end of the previous fiscal year or conditions resulting in temporary differences.

(v) Calculation of tax expenses

The Company has calculated net income before income taxes for the three months ended June 30, 2008 using a reasonable tax rate estimate based on the actual tax rate for net income before income taxes for the fiscal year after applying tax-effect accounting.

(2) Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements

(i) Effective from the three months ended June 30, 2008, the Company applies the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its implementation guidance “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Quarterly consolidated financial statements have been prepared in accordance with the “Rules for Quarterly Consolidated Financial Statements.”

(ii) Effective from the three months ended June 30, 2008, the Company applies the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006). Inventories were previously stated at the lower of cost or market, determined principally by the average method. However, with the adoption of ASBS Statement No. 9, inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, determined principally by the average method.

The impact of the change on gross profit, operating income, ordinary income and income before income taxes is immaterial.

The impact on segment information is noted in the relevant sections.

(iii) Effective from the three months ended June 30, 2008 the Company applies the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006).

There was no effect on operating income, ordinary income or income before income taxes from these changes.

The impact on segment information is noted in the relevant sections.

(iv) Effective from the three months ended June 30, 2008, the Company has opted for early adoption of the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, June 17, 1993, last revised March 30, 2007) and its implementation guidance “Guidance on Accounting Standard for Lease

Transactions” (ASBJ Guidance No. 16, January 18, 1994, last revised March 30, 2007). Accordingly, for lease contracts beginning on or after April 1, 2008, all finance lease transactions are capitalized and accounted for as leased assets.

In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value.

The Company will continue to account for finance lease transactions without title transfer that started prior to the fiscal year ending March 31, 2009 as operating leases.

The impact of this change on total leased assets, operating income, ordinary income and income before income taxes is immaterial.

The impact on segment information is noted in the relevant sections.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

| | As of June 30, 2008 | As of March 31, 2008 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 11,957 | 14,341 |
| Notes and accounts receivable | 73,325 | 96,552 |
| Equipment and materials | 2,709 | 2,752 |
| Semifinished items | 12,769 | 9,054 |
| Other current assets | 8,028 | 8,016 |
| Allowance for doubtful receivables | (470) | (461) |
| Total current assets | 108,319 | 130,256 |
| Fixed assets | | |
| Property and equipment | 8,320 | 8,236 |
| Intangible fixed assets | 3,957 | 3,862 |
| Investments and other assets | 12,115 | 11,979 |
| Allowance for doubtful receivables | (156) | (162) |
| Total investments and other assets | 11,958 | 11,816 |
| Total fixed assets | 24,236 | 23,915 |
| Total assets | 132,556 | 154,171 |

(Millions of yen)

| | As of June 30, 2008 | As of March 31, 2008 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable | 32,361 | 46,625 |
| Other current liabilities | 13,006 | 19,613 |
| Total current liabilities | 45,368 | 66,239 |
| Long-term liabilities | | |
| Long-term debt | 5,000 | 5,000 |
| Accrued employees' retirement benefits | 16,607 | 16,660 |
| Other liabilities | 190 | 139 |
| Total long-term liabilities | 21,797 | 21,800 |
| Total liabilities | 67,166 | 88,039 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 13,122 | 13,122 |
| Capital surplus | 16,650 | 16,650 |
| Retained earnings | 35,137 | 35,497 |
| Treasury stock | (21) | (19) |
| Total shareholders' equity | 64,888 | 65,251 |
| Valuation and translation adjustments | | |
| Net unrealized gain on available-for-sale | 29 | 11 |
| securities | 9 | 51 |
| Deferred losses on hedges | (272) | (46) |
| Foreign currency translation adjustments | | |
| Total valuation and translation adjustments | (233) | 16 |
| Minority interests | 735 | 865 |
| Total net assets | 65,390 | 66,132 |
| Total liabilities and net assets | 132,556 | 154,171 |

### (2) Consolidated Statements of Income

(Millions of yen)

| | Three months ended June 30, 2008 |
|---|---|
| Net sales | 47,400 |
| Cost of sales | 41,568 |
| Gross profit | 5,832 |
| Selling, general and administrative expenses | 5,672 |
| Operating income | 160 |
| Non-operating income | |
| Interest income | 9 |
| Exchange gain | 93 |
| Other | 124 |
| Total non-operating income | 227 |
| Non-operating expenses | |
| Interest expenses | 18 |
| Impairment loss on investment securities | 7 |
| Other | 9 |
| Total non-operating income | 35 |
| Ordinary income | 352 |
| Income before income taxes and minority interests | 352 |
| Income taxes-current | 206 |
| Minority interests | 8 |
| Net income | 137 |

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Three months ended June 30, 2008 |
|---|---|
| Cash flows from operating activities | |
| Income before income taxes and minority | 352 |
| interests | 513 |
| Depreciation and amortization | 16 |
| Amortization of goodwill | (11) |
| Amortization of negative goodwill | (4) |
| Decrease in allowance for doubtful receivables | (185) |
| Decrease in accrued employees' retirement | |
| benefits | (59) |
| Decrease in accrued bonuses to directors and | (467) |
| corporate auditors | (23) |
| Decrease in accrued losses on sales contracts | 18 |
| Interest income and dividend income | 7 |
| Interest expenses | (0) |
| Impairment loss on investment securities | 2 |
| Gain on sale of property and equipment | 23,499 |
| Loss on disposal of property and equipment | (3,471) |
| Decrease in notes and accounts receivable | (14,877) |
| Increase in inventories | (1,641) |
| Decrease in notes and accounts payable | (472) |
| Decrease in unpaid sales tax and other | |
| Other, net | |
| Subtotal | 3,196 |
| Interest and dividend received | 24 |
| Interest paid | (10) |
| Income taxes paid | (4,261) |
| Net cash used in operating activities | (1,051) |
| Cash flows from investing activities | |
| Purchase of property and equipment | (202) |
| Sale of property and equipment | 0 |
| Purchase of intangibles | (217) |
| Purchase of investment securities | (2) |
| Loans receivable made | (8) |
| Collection of loans receivable | 8 |
| Purchase of common stocks of newly consolidated subsidiaries | 175 |
| Other, net | 45 |
| Net cash used in investing activities | (202) |
| Cash flows from financing activities | |
| Net decrease in short-term bank loans | (450) |
| Repayment of long-term debt | (29) |
| Purchase of treasury stock | (2) |
| Dividends paid to shareholders | (478) |
| Other, net | (1) |
| Net cash used in financing activities | (961) |
| Effect of exchange rate changes on cash and cash equivalents | (169) |
| Net decrease in cash and cash equivalents | (2,384) |
| Cash and cash equivalents at beginning of period | 14,341 |
| Cash and cash equivalents at end of period | 11,957 |

Effective from the fiscal year ending March 31, 2009, the Company applies the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its implementation guidance “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Quarterly consolidated financial statements are prepared in accordance with the “Rules for Quarterly Consolidated Financial Statements.”

**(4) Notes Regarding Going Concern Assumption:**

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008): None

### (5) Segment Information

Business Segment Information
Three months ended June 30, 2008

(Millions of yen)

| | Network integration/ Support services | Telecom-munications Engineering | Product sales | Total | Eliminations and corporate | Consolidated |
|---|---|---|---|---|---|---|
| Orders received | 44,098 | 13,549 | 4,316 | 61,964 | — | 61,964 |
| Sales | | | | | | |
| (1) Sales to third parties | 32,956 | 10,476 | 3,968 | 47,400 | — | 47,400 |
| (2) Intersegment sales | — | — | — | — | — | — |
| Total | 32,956 | 10,476 | 3,968 | 47,400 | — | 47,400 |
| Operating income | 1,265 | 69 | 98 | 1,433 | (1,273) | 160 |

Notes: 1. Business classification method and names of main businesses
(1) The Company classifies its businesses according to content.
(2) Main businesses of each classification
(i) Network Integration / Support Services – Planning and consulting, software development, construction, operation and maintenance, outsourcing services and supply of originally developed products and devices for network systems to strengthen the operating efficiency and competitiveness of customers
(ii) Telecommunications Engineering – Installation of data communication bases and construction of ancillary facilities
(iii) Product Sales – Sales of data communication devices, etc.

2. The total of unallocable operating expenses included in eliminations and corporate of operating expenses was ¥1,273 million, consisting mostly of administrative personnel expenses and overhead.
3. Effective from the three months ended June 30, 2008, the Company applies the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) as stated in note 2 of "Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements." The impact on segment information is immaterial.
4. Effective from the three months ended June 30, 2008, the Company applies the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006) as stated in note 2 of "Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements." There is no impact on segment information from these changes.
5. Effective from the three months ended June 30, 2008, the Company promptly applies the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, last revised March 30, 2007) and its implementation guidance "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, last revised March 30, 2007) as stated in note 4 of "Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements." The impact on segment information is immaterial.

Geographical Segment Information
Three months ended June 30, 2008

Geographical segment information is omitted because Japan accounted for more than 90 percent of the total sales of all segments.

Overseas Sales

Three months ended June 30, 2008

Overseas sales information is omitted because overseas sales accounted for less than 10 percent of consolidated net sales.

### (6) Major Changes in Shareholders' Equity

Three months ended June 30, 2008: None

(Reference)

Summary of Consolidated Statements of Income
for the Three Months Ended June 30, 2007

(Millions of yen)

| | | April 1, 2007 – June 30, 2007 |
|---|---|---|
| I | Net sales | 44,153 |
| II | Cost of sales | 38,499 |
| | Gross profit | 5,653 |
| III | Selling, general and administrative expenses | 5,641 |
| | Operating income | 12 |
| IV | Non-operating income | 171 |
| V | Non-operating expenses | 104 |
| | Ordinary income | 78 |
| | Income before income taxes and minority interests | 78 |
| | Income taxes | 82 |
| | Minority interests | 13 |
| | Net loss | (16) |

Segment Information

Business Segment Information
Three months ended June 30, 2007

(Millions of yen)

| | Network integration/ Support services | Telecom-munications Engineering | Product sales | Total | Eliminations and corporate | Consolidated |
|---|---|---|---|---|---|---|
| Orders received | 43,962 | 16,809 | 4,559 | 65,331 | — | 65,331 |
| Sales<br>(1) Sales to third parties | 29,028 | 10,866 | 4,258 | 44,153 | — | 44,153 |
| (2) Intersegment sales | — | — | — | — | — | — |
| Total | 29,028 | 10,866 | 4,258 | 44,153 | — | 44,153 |

Notes: Business classification method and names of main businesses

(1) The Company classifies its businesses according to content.

(2) Main businesses of each classification

(i) Network Integration / Support Services – Planning and consulting, software development, construction, operation and maintenance, outsourcing services and supply of originally developed products and devices for network systems to strengthen the operating efficiency and competitiveness of customers

(ii) Telecommunications Engineering – Installation of data communication bases and construction of ancillary facilities

(iii) Product Sales – Sales of data communication devices, etc.

Geographical Segment Information
Three months ended June 30, 2007

Geographical segment information is omitted because Japan accounted for more than 90 percent of the total sales of all segments.

Overseas Sales
Three months ended June 30, 2007

Overseas sales information is omitted because overseas sales accounted for less than 10 percent of consolidated net sales.