Consolidated Financial Statements for the Third Quarter of Fiscal 2008

January 29, 2009

NEC Networks & System Integration Corporation
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Stock exchange listing: Tokyo

1. Consolidated Results for the Third Quarter of Fiscal 2008 (April 1, 2008 to December 31, 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 (%)
FY2008 Q3	168,144	—	5,325	—	5,408	—
FY2007 Q3	168,516	4.7	4,573	105.2	4,611	103.5

	Net income (¥ million)	Year-on-year change (%)	Net income per share (¥)	Net income per share (diluted) (¥)
FY2008 Q3	3,047	—	61.26	—
FY2007 Q3	2,345	103.3	47.14	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity (net worth) ratio (%)	Net assets per share (¥)
FY2008 Q3	134,594	67,634	49.7	1,344.97
FY2007	154,171	66,132	42.3	1,311.71

(Reference) Total equity: FY2008 Q3: ¥66,893 million; FY2007: ¥65,267 million

2. Dividends

	Dividends per share (¥)				
Record date	June 30	September 30	December 31	March 31	Total (Full year)
FY2007	—	10.00	—	10.00	20.00
FY2008	—	11.00	—	—	—
FY2008 (Projected)	—	—	—	11.00	22.00

Note: Revisions to projected dividends for the quarter under review: no

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

(Percentages represent changes compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY2008	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 quarter under review: 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 "Qualitative Information and Financial Statements," "4. Other," pages 8-9.)

(3) Changes in accounting rules, procedures, presentation methods, 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 (i) above: no
   (For details, refer to "Qualitative Information and Financial Statements," "4. Other," pages 8-9.)

(4) Number of shares issued and outstanding (Common stock)
   (i) Number of shares issued and outstanding at the end of the period (including treasury stock): FY2008 Q3: 49,773,807; FY2007: 49,773,807
   (ii) Number of treasury shares at the end of the period: FY2008 Q3: 38,051; FY2007: 16,352
   (iii) Average number of shares during the period: FY2008 Q3: 49,750,277; FY2007 Q3: 49,761,095

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 pages 6-7 for assumptions related to projected results.
2. Effective from fiscal 2008, the Company applies the Accounting Standards Board of Japan (ASBJ) "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 "Regulation for Quarterly Consolidated Financial Reporting."

   The quarterly financial statements are also based on the regulations for preparation of quarterly financial statements as revised by the proviso of Article 7, Paragraph 1, Item 5 of the "Cabinet Office Ordinance Partially Revising the Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 50 of August 7, 2008).

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Operating Results

Operating Results for the Third Quarter of Fiscal 2008

During the third quarter (April 1 to December 31, 2008), as a result of deterioration of real economies around the world and the continuing rise of the yen following the economic crises in Europe and the United States, the Japanese economy experienced a sharp slowdown with worsening corporate performance centered on financial institutions and export-related companies, and a downturn in employment.

In this economic environment, caution in investment decisions primarily among financial institutions and manufacturers is becoming increasingly evident, even in the network-related business field, where the NEC Networks & System Integration Group ("the Group") operates. However, the shift to broadband and mobile networks continued, centered on telecommunications carriers and local governments.

The Group actively expanded sales activities and worked to strengthen profitability in order to deal with this severe business environment.

For enterprises showing increasing caution in investing, the Group carried out proposal activities to further deepen relations with customers and identify their needs. Specifically, the Group worked to strengthen practical proposals, exhibitions, seminars and other activities utilizing in-company demonstration spaces related to EmpoweredOffice[1] total office solutions. Moreover, the Group strengthened proposal activities promoting systems and support services to existing customers that resolve immediate issues with little investment. In addition, while strengthening its business response capabilities through a nationwide organization of engineers and project management-related services for construction, the Group concentrated on raising construction quality and shortening the time required to complete projects for the relatively firm government and telecommunications sectors in connection with initiatives including the ongoing establishment of mobile base stations and the computerization of local governments throughout Japan.

To strengthen profitability, the Group enhanced and expanded All Cost & Management Innovation (AC-I) activities from traditional cost reduction to include measures for sustainable efficiency and higher profitability, including improvements to internal business processes. Specific improvements and reforms to strengthen profitability included establishing the Total SI Center (tentative name) to concentrate functions such as network system configuration and setup previously conducted at individual workplaces, as well as raising productivity and strengthening the supply chain by increasing process efficiency, including configuring environments to allow remote administration of local systems.

As a result, the NEC Networks & System Integration Group's operating results for the third quarter were as follows:

Consolidated orders received:	¥183,340 million (a 4.4 percent decrease compared with the same period of the previous fiscal year)
Consolidated net sales:	¥168,144 million (a 0.2 percent decrease)
Consolidated operating income:	¥5,325 million (a 16.4 percent increase)
Consolidated ordinary income:	¥5,408 million (a 17.3 percent increase)
Consolidated net income:	¥3,047 million (a 29.9 percent increase)

Consolidated orders received decreased due to factors including the postponement of investment in communications at plants in Saudi Arabia because of the sharp decrease in demand for crude oil and the drop in orders from financial businesses. In a severe business environment, net sales were basically unchanged from the same period of the previous fiscal year due to an increase in sales to enterprises and the government sector resulting from proposal activities to deepen relations with customers and other initiatives, despite factors including a drop in sales to financial businesses mirroring the drop in orders.

The cost of sales ratio improved by 0.4 percentage points from the same period of the previous fiscal year due to factors including the effect of process reforms and cost reductions resulting from the Group's AC-I activities. As a result, consolidated operating income, consolidated ordinary income and consolidated net income increased to record levels for the third quarter period.

Operating results by business segment are as follows.

Network Integration / Support Services

Orders received decreased 3.0 percent compared with the same period of the previous fiscal year to ¥121,935 million, and sales increased 3.8 percent to ¥113,684 million. The decrease in orders received was due to factors including a drop in orders from financial businesses. However, sales of the enterprise solution business and associated support service business increased as a result of the Group's focus from the first half on proposal activities that deepen relations with customers. In addition, Next Generation Network (NGN) related businesses targeting telecommunications carriers, including infrastructure construction, software development and support services were solid as a result of response capability enhancements such as training of NGN engineers.

Telecommunications Engineering

Orders received increased 3.5 percent compared with the same period of the previous fiscal year to ¥51,147 million, and sales decreased 2.5 percent to ¥43,159 million. The increase in orders received was due to solid demand for regional information network construction, national security-related projects such as firefighting and disaster prevention, and construction to convert to terrestrial digital broadcasting. Despite firm sales of projects in Saudi Arabia and Thailand and other overseas locations as well as to local governments, sales decreased slightly due to the absence of the large-scale cable television projects of the same period of the previous fiscal year.

Product Sales

Orders received decreased 38.1 percent compared with the same period of the previous fiscal year to ¥10,258 million, and sales decreased 23.3 percent to ¥11,300 million. The principal factor was a decrease in orders for customer-use terminals from financial businesses.

Main Contents of Business 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. 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.

2. Comparisons with the same period of the previous fiscal year in “1. Qualitative Information on Consolidated Operating Results” “Operating Results for the Third Quarter of Fiscal 2008” are presented for reference.

2. Qualitative Information on Financial Position

Assets

Current assets at the end of the third quarter were ¥110,059 million, a decrease of ¥20,196 million from the end of the previous fiscal year. The main factors included a ¥23,151 million decrease in notes and accounts receivable and a ¥5,246 million increase in inventories.

Fixed assets increased ¥619 million to ¥24,535 million.

As a result of the above, total assets at the end of the third quarter were ¥134,594 million, a decrease of ¥19,577 million from the end of the previous fiscal year.

Liabilities

Current liabilities at the end of the third quarter were ¥45,109 million, a decrease of ¥21,129 million from the end of the previous fiscal year. The main factors were a ¥15,458 million decrease in notes and accounts payable and a ¥3,506 million decrease in income taxes payable.

Long-term liabilities increased ¥50 million to ¥21,850 million.

As a result of the above, total liabilities at the end of the third quarter were ¥66,960 million, a decrease of ¥21,079 million from the end of the previous fiscal year.

Interest-bearing debt at the end of the third quarter was ¥5,137 million, a decrease of ¥514 million from the end of the previous fiscal year.

Net Assets

Net assets at the end of the third quarter were ¥67,634 million, an increase of ¥1,502 million from the end of the previous fiscal year. One of the main factors was a ¥2,002 million increase in retained earnings.

3. Qualitative Information on Consolidated Results Projections

Outlook for Fiscal 2008

Severe conditions are expected to continue in the Japanese economy and the Group's business domains for the remainder of fiscal 2008, with a further slowdown in business due to concerns that the global recession and high yen will persist for the long term.

Given this business environment, the Group will continue to strengthen sales capabilities and profitability to achieve its full-year targets. Although postponement of investment among enterprises is evident, the Group will actively develop activities to deepen relations with customers, including the exhibition NEC Networks & System Integration Corporation will hold in February. Moreover, the Group will strengthen proposal activities that lead to early orders and secure postponed projects, including low-budget, small-scale system proposals tailored to investment requirements and system improvement proposals that do not entail replacing equipment. In addition, through further business response capability enhancements including personnel training and organization reinforcement the Group will work to reduce the risk of a drop in orders from government and telecommunications sectors due to the deteriorating operating environment.

To achieve income targets, the Group will expand the functions of the Total SI Center and accelerate process reform activities including broadening the scope of technologies and regions covered. At the same time, it will strengthen AC-I activities in ways including ongoing management enhancements and reforms, such as bolstering the business base in the support services field to improve operational efficiency.

While working to achieve these full-year targets, the Group will further increase its ability to grow over the medium to long term by training engineers and strengthening its organization in areas where markets are expected to expand in the future, such as NGN and related services and next-generation mobile services. In addition, the Group will continue working toward sustainable profitability and a stronger corporate structure through AC-I activities.

Initial projections for fiscal 2008 remain unchanged.

The exchange rates assumed in preparing the outlook for the fiscal year are US$1 = ¥90 and 1 euro = ¥120.

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

Note: Accounting standards have changed as of the first quarter of fiscal 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 accounting rules, procedures, and presentation methods, 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 at December 31, 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 nine months ended December 31, 2008 are calculated using a reasonable estimate based on actual inventories at the end of the second quarter, in lieu of an actual physical inventory.

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 applied tax-effect accounting to income before income taxes for the fiscal year to make a reasonable estimate of the effective tax rate, and has applied this estimated effective tax rate to income before income taxes for the third quarter.

(2) Changes in accounting rules, procedures, and presentation methods, etc., for the preparation of quarterly consolidated financial statements

(i) Effective from the first quarter of fiscal 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 "Regulation for Quarterly Consolidated Financial Reporting."

(ii) Effective from the first quarter of fiscal 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 ASBJ 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 first quarter of fiscal 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 first quarter of fiscal 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 fiscal 2008 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 December 31, 2008	As of March 31, 2008
Assets		
Current assets		
Cash and cash equivalents	11,728	14,341
Notes and accounts receivable	73,400	96,552
Equipment and materials	2,361	2,752
Semifinished items	14,690	9,054
Other current assets	8,302	8,016
Allowance for doubtful receivables	(424)	(461)
Total current assets	110,059	130,256
Fixed assets		
Property and equipment	8,327	8,236
Intangible fixed assets	4,194	3,862
Investments and other assets		
Other	12,177	11,979
Allowance for doubtful receivables	(164)	(162)
Total investments and other assets	12,013	11,816
Total fixed assets	24,535	23,915
Total assets	134,594	154,171

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable	31,167	46,625
Short-term bank loans	137	652
Accrued income taxes	955	4,461
Accrued bonuses to directors and corporate auditors	6	59
Accrued losses on sales contracts	0	467
Other current liabilities	12,842	13,973
Total current liabilities	45,109	66,239
Long-term liabilities		
Long-term debt	5,000	5,000
Accrued employees' retirement benefits	16,421	16,660
Other liabilities	429	139
Total long-term liabilities	21,850	21,800
Total liabilities	66,960	88,039
Net assets		
Shareholders' equity		
Common stock	13,122	13,122
Capital surplus	16,650	16,650
Retained earnings	37,500	35,497
Treasury stock	(45)	(19)
Total shareholders' equity	67,228	65,251
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	9	11
Deferred losses on hedges	(14)	51
Foreign currency translation adjustments	(329)	(46)
Total valuation and translation adjustments	(335)	16
Minority interests	741	865
Total net assets	67,634	66,132
Total liabilities and net assets	134,594	154,171

(2) Consolidated Statements of Income

(Millions of yen)

	FY2008 Q3
Net sales	168,144
Cost of sales	145,002
Gross profit	23,142
Selling, general and administrative expenses	17,816
Operating income	5,325
Non-operating income	
Interest income	46
Insurance dividend income	123
Other	340
Total non-operating income	511
Non-operating expenses	
Interest expenses	50
Foreign exchange loss	227
Other	150
Total non-operating income	428
Ordinary income	5,408
Income before income taxes and minority interests	5,408
Income taxes	2,312
Minority interests	48
Net income	3,047

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2008 Q3
Cash flows from operating activities	
Income before income taxes and minority interests	5,408
Depreciation and amortization	1,685
Amortization of goodwill	49
Amortization of negative goodwill	(20)
Decrease in allowance for doubtful receivables	(43)
Decrease in accrued employees' retirement benefits	(371)
Decrease in accrued bonuses to directors and corporate auditors	(53)
Decrease in accrued losses on sales contracts	(467)
Interest income and dividend income	(62)
Interest expenses	50
Impairment loss on investment securities	8
Gain on sale of property and equipment	(1)
Loss on disposal of property and equipment	43
Decrease in notes and accounts receivable	23,346
Increase in inventories	(5,063)
Decrease in notes and accounts payable	(16,067)
Decrease in unpaid sales tax and other	(816)
Other, net	(292)
Subtotal	7,333
Interest and dividend received	63
Interest paid	(42)
Income taxes paid	(6,027)
Net cash provided by operating activities	1,326
Cash flows from investing activities	
Purchase of property and equipment	(854)
Sale of property and equipment	2
Purchase of intangibles	(985)
Purchase of investment securities	(4)
Loans receivable made	(18)
Collection of loans receivable	19
Purchase of common stock of newly consolidated subsidiaries	175
Other, net	10
Net cash used in investing activities	(1,655)
Cash flows from financing activities	
Net decrease in short-term bank loans	(950)
Repayment of long-term debt	(29)
Purchase of treasury stock	(25)
Dividends paid to shareholders	(1,036)
Dividends paid to minority interests in consolidated subsidiaries	(2)
Other, net	(26)
Net cash used in financing activities	(2,070)
Effect of exchange rate changes on cash and cash equivalents	(214)
Net decrease in cash and cash equivalents	(2,613)
Cash and cash equivalents at beginning of period	14,341
Cash and cash equivalents at end of period	11,728

Effective from fiscal 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 are prepared in accordance with the "Regulation for Quarterly Consolidated Financial Reporting."

(4) Notes Regarding Going Concern Assumption:

Third quarter of fiscal 2008: None

(5) Segment Information

Business Segment Information

Third quarter of fiscal 2008

(Millions of yen)

	Network Integration / Support Services	Telecom-munications Engineering	Product Sales	Total	Eliminations or Corporate	Consolidated
Orders received	121,935	51,147	10,258	183,340	—	183,340
Sales (1) Sales to third parties	113,684	43,159	11,300	168,144	—	168,144
(2) Intersegment sales	—	—	—	—	—	—
Total	113,684	43,159	11,300	168,144	—	168,144
Operating income	7,181	1,902	382	9,466	(4,140)	5,325

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 – Network infrastructure construction and installation of electrical and air conditioning systems

(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 ¥4,140 million, consisting mostly of administrative personnel expenses and overhead.

3. Effective from the first quarter of fiscal 2008, the Company applies the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) as stated in note (ii) of “4. Other,” “(2) Changes in accounting rules, procedures, and presentation methods, etc., for the preparation of quarterly consolidated financial statements.” The impact on segment information is immaterial.

4. Effective from the first quarter of fiscal 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 (iii) of “4. Other,” “(2) Changes in accounting rules, procedures, and presentation methods, etc., for the preparation of quarterly consolidated financial statements.” There is no impact on segment information from these changes.

5. Effective from the first quarter of fiscal 2008, the Company 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) as stated in note (iv) of “4. Other,” “(2) Changes in accounting rules, procedures, and presentation methods, etc., for the preparation of quarterly consolidated financial statements.” The impact on segment information is immaterial.

Geographical Segment Information
Third quarter of fiscal 2008
Geographical segment information is omitted because Japan accounted for more than 90 percent of the total sales of all segments.

Overseas Sales
Third quarter of fiscal 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
Third quarter of fiscal 2008: None

(Reference)

Consolidated Statements of Income
Third Quarter of Fiscal 2007

(Millions of yen)

	FY2007 Q3
I. Net sales	168,516
II. Cost of sales	145,937
Gross profit	22,579
III. Selling, general and administrative expenses	18,005
Operating income	4,573
IV. Non-operating income	466
V. Non-operating expenses	429
Ordinary income	4,611
VI. Extraordinary losses	238
Income before income taxes and minority interests	4,373
Income taxes	2,029
Minority interests in consolidated subsidiaries	(1)
Net income	2,345

Segment Information

Business Segment Information

Third quarter of fiscal 2007

(Millions of yen)

	Network Integration / Support Services	Telecom-munications Engineering	Product Sales	Total	Eliminations or Corporate	Consolidated
Orders received	125,702	49,413	16,582	191,698	—	191,698
Sales (1) Sales to third parties	109,537	44,246	14,733	168,516	—	168,516
(2) Intersegment sales	—	—	—	—	—	—
Total	109,537	44,246	14,733	168,516	—	168,516

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 – Network infrastructure construction and installation of electrical and air conditioning systems

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

Geographical Segment Information

Third quarter of fiscal 2007

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

Overseas Sales

Third quarter of fiscal 2007

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