

February 2, 2005

3rd Quarter Financial and Performance Summary for the Term ending March, 2005 (consolidated)

Listed company: I-Net Corporation

(Code 9600, Tokyo Stock Exchange, Second Section)

(URL: <http://www.inet.co.jp/>)

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1. Items relating to the preparation, etc., of quarterly financial data

(1) Has a simple method been adopted for accounting? Yes

* A simple method for standards for posting reserves has been adopted

* Book inventory, rather than actual inventory, is implemented for inventory assets.

(2) Are there any differences between the accounting method used and the method used in recent consolidated accounting years? No

(3) Are there any changes in the scope of application of consolidation or equity method?
Yes

Equity method (new): 1 company

2. 3rd quarter financial and performance summary for the term ending March, 2005 (April 1, 2004 – March 31, 2005)

(1) Conditions of progress of management performance (consolidated)

Values less than ¥1 million are omitted.

	Sales		Operating profit		Ordinary profit		Net profit of the quarter (term)	
	¥ mil.	%	¥ mil.	%	¥ mil.	%	¥ mil.	%
3 rd quarter, term ending March 2005	17,162	1.6	489	-	439	-	128	-
3 rd quarter, term ending March 2004	16,898	-	△12	-	△98	-	△318	-

(Reference) Term ending March 2004	25,143	826	743	249
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	Net profit per share for the quarter (term)		Net profit per share for the quarter (term) after latent stock adjustment	
	¥		¥	
3 rd quarter, term ending March 2005	9	05	8	76
3 rd quarter, term ending March 2004	△22	15	-	-
(Reference) Term ending March 2004	17	35	17	33

Note: The percentages indicated for sales, operating profit, etc., represent the fluctuation rate compared to the same quarter in the previous year.

<Qualitative information, etc., relating to the conditions of progress of sales performance (consolidated)>

In spite of a trend toward recovery in corporate willingness to invest in IT technology, demands in the data processing service industry for cost performance effects remain high as before and the receipt of orders continues to be persistently severe.

Under such management conditions, our Group, continuing on the first half, has promoted specific measures with the aim of reinforcing sales strength and improving profitability and, as a result, the development of software for installation in control systems and business relating to consumer financing have been performing well.

Along with the existing system development operations, we have received a series of orders for projects for consumer financing related business, in particular, that contribute to an expansion in the full consignment of outsourcing and other areas of the stock business that we have been promoting. In addition, in data processing services for the petroleum industry, the shift to new Linux-based systems that lead to cost reductions is advancing and systems for a number of users are now in full operation.

The above resulted in consolidated sales through the 3rd quarter of ¥17,162 million (up ¥264 million year-on-year). In terms of profit, the total sales profit rate is improving due to cost reductions especially in the data processing service and software development sectors and, together with a reduction in selling, general and administrative expenses, consolidated sales

profits showed a broad increase of ¥489 million (¥12 million sales loss in the previous year). As a result, the Company posted ¥439 million as consolidated ordinary profit (against a loss of ¥98 million in the previous year) and net profit for the quarter of ¥128 million (loss of ¥318 million in the previous year).

In a breakdown of sales volume by item, data processing services showed sales amounting to ¥4,351 million (up ¥99 million year-on-year), software development ¥9,294 million (up ¥80 million) and system device sales ¥3,516 million (up ¥84 million).

(Reference) Conditions of progress of management performance (consolidated)

Values less than ¥1 million are omitted.

	Sales		Operating profit		Ordinary profit		Net profit of the quarter (term)	
	¥ mil.	%	¥ mil.	%	¥ mil.	%	¥ mil.	%
3 rd quarter, term ending March 2005	12,082	5.4	618	117.4	620	130.3	318	644.0
3 rd quarter, term ending March 2004	11,465	-	284	-	269	-	42	-
(Reference) Term ending March 2004	16,909	-	810	-	807	-	325	-

(2) Changes in financial conditions (consolidated)

	Total assets	Equity capital	Equity ratio	Equity capital per share	
	¥ mil.	¥ mil.	%	¥	
3 rd quarter, term ending March 2005	19,199	6,145	32.0	436	07
3 rd quarter, term ending March 2004	19,753	5,721	29.0	397	44
(Reference) Term ending March 2004	20,727	6,266	30.2	438	10

Consolidated cash flow conditions

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Net change in cash and cash equivalents
	¥ mil.	¥ mil.	¥ mil.	¥ mil.
3 rd quarter, term ending March 2005	1,197	△425	△754	1,714
3 rd quarter, term ending March 2004	-	-	-	-
(Reference) Term ending March 2004	1,310	△81	△1,720	1,696

Note: Since cash flow conditions are being disclosed beginning this quarter, performance for the previous quarter is not noted.

< Qualitative information, etc., relating to fluctuations in financial conditions (consolidated)>

The conditions of consolidated cash flow, etc., in the 3rd quarter of the consolidated accounting term are as indicated below.

- Net cash provided by operating activities

Funds acquired through operating activities during the 3rd quarter amounted to ¥1,197 million. This originates primarily in ¥646 million in internal reserves, etc., based on the posting of ¥342 million in net profit for the term prior to adjustment for taxes, etc., and depreciation.

- Net cash used in investing activities

Funds used as the result of investing activities during the 3rd quarter amounted to ¥425 million. This is due primarily in the disbursement of ¥317 million for the acquisition of fixed assets.

- Net cash provided by (used in) financing activities

Funding used as the result of financing activities during the 3rd quarters amounted to ¥754 million. This originates primarily in ¥471 million from the reduction of loans, etc., due to cutbacks in interest-bearing liabilities.

As a result of the above, net change in cash and cash equivalents as of the end of the 3rd quarter increased to ¥1,714 million, ¥18 million above the level at the end of the previous consolidated accounting term.

3. Performance forecast for the term ending March 2005 (April 1, 2004 – March 31, 2005)

<Qualitative information, etc., regarding performance forecast>

The business environment surrounding the Group is in a trend of recovery and favorable conditions prevail due to vigorous orders for new business, etc. Nevertheless, during the consolidated accounting term under review, revenues declined due to the deployment of workers for the development of new systems for the stock business, sales/purchasing term disparities for a portion of amusement equipment sales, etc.

Meanwhile, in terms of profit, there is an outlook for improvement in consolidated operating profit to ¥1,140 million due to the effects of cost reduction and lower selling, general and administrative expenses with ¥1,050 million in consolidated ordinary profit and ¥410 million in net profit for the term.

(1) The figures for the consolidated performance forecast announced in the Summary Report of Business Results for the Term ending March 2004, dated May 21, 2004, are hereby revised as indicated below.

	Previous forecast	Previous forecast	Same term in the previous year	Ratio
Sales	¥ mil. 26,680	¥ mil. 25,545	¥ mil. 25,143	% 1.6
Operating profit	1,080	1,140	826	38.0
Ordinary profit	880	1,050	743	41.3
Net profit of the term	410	410	249	64.7
Net profit per share for the term (yen)	28.53	29.09	17.35	67.7

(2) The figures for the non-consolidated performance forecast announced in the Summary of Individual Financial Statements for the Term ending March 2004, dated May 21, 2004, are hereby revised as indicated below.

	Previous forecast	Previous forecast	Same term in the previous year	Ratio
Sales	¥ mil. 17,800	¥ mil. 17,500	¥ mil. 16,909	% 3.5
Operating profit	940	1,020	810	25.9
Ordinary profit	830	1,050	807	24.5
Net profit of the term	400	400	325	23.1
Net profit per share for the term (yen)	27.83	28.38	22.64	25.4

<Note regarding Performance Forecasts>

Performance forecasts and other assumptions regarding the future noted in this material are based on judgments, hypotheses and convictions reflecting information obtainable at the time of the announcement by the Company and, since they are affected by unforeseen changes in economic conditions and various other factors, please be aware that the figures in forecasts of the future do not represent a promise or guarantee.