



1st Quarter financial/performance summary (consolidated) for term ending March 2007

July 28, 2006

Listed Corporate Name: I-Net Corp.

(Code No.: 9600, Tokyo Stock Exchange 1st Section)

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

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1. Items related to the creation of quarterly financial information

- ① Use of simplified procedures with regards to accounting methods: Yes
 - Simplified procedures are used as the standard format for recording allowance.
 - Book inventory is used to appraise inventories without taking physical inventory.
 - Reporting standards for income taxes employ simplified procedures using statutory effective tax rates as the basis.
- ② Changes to accounting methods since the nearest consolidated accounting year: No
- ③ Changes in the scope of consolidation and equity method application: No

2. 1st Quarter financial/performance summary for term ending March 2007 (April 1, 2006 ~ June 30, 2006)

(1) Consolidated operating performance progress

(Values less than ¥1 million are omitted)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	¥ mil.	%	¥ mil.	%	¥ mil.	%	¥ mil.	%
1 st Qtr March 2007 term	5,481	7.5	△1	—	△15	—	△55	—
1 st Qtr March 2006 term	5,099	3.2	△8	—	△34	—	△146	—
(Reference) March 2006 term	27,072		1,524		1,569		835	

	Quarterly net income per share		Quarterly net income per share after latent stock adjustment	
	¥ --.---		¥ --.---	
1 st Qtr March 2007 term	△3	94	—	—
1 st Qtr March 2006 term	△10	44	—	—
(Reference) March 2006 term	58	96	58	03

(Note) Percentages shown with Net sales, Operating income, etc, indicate rate of change in comparison to the corresponding quarter for the previous term.

[Qualitative information etc, regarding consolidated operating performance progress]

The I-Net Corp. Group continued efforts to strengthen operational capability and increase profitability. As a result, in information processing services, increased net sales has been achieved through the building up of stock business beginning with petroleum sales and finance related business, in comparison to the corresponding quarter of the previous term. In addition, significant increases in revenue have been achieved in software development, focusing on embedded control system software, financing and wholesale businesses, with net sales for this 1st Quarter reaching ¥5,481 million (an increase of ¥381 million in comparison to the corresponding quarter for the previous term, equivalent to an increase of 7.5%).

In terms of sales category, revenue from information processing services reached ¥1,715 million (up ¥159 million on the same period for the previous year, up 10.2%), revenue from sales of systems equipment was ¥1,043 million (down ¥81 million from the same period for the previous year, down 7.2%), and revenue from software development reached ¥2,721 million (up ¥303 million on the same period for the previous year, up 12.6%).

In terms of income, both operating income and ordinary income showed an improvement on the previous year with operating income at △¥1 million (up ¥7 million on the same period for the previous year), and ordinary income at △¥15 million (up ¥19 million on the same period for the previous year). In addition, although the same period for the previous year recorded ¥97 million impairment loss for property and equipment, no losses were recorded for this 1st quarter, and the quarterly net income reached △¥55 million (up ¥90 million on the same period for the previous year).

Furthermore, the progress rate of net sales in this 1st quarter in relation to the initial full business year plan (¥27,220 million) was 20.1% (the figure for the previous year for the same period was 18.8%), an improvement of 1.3 points on the previous year.

(I-Net Corp. Group quarterly business performance characteristics)

Software development, which accounts for a large percentage of net sales, employs inspection-on-delivery based sales recording criteria, with a comparative concentration of inspection periods occurring in 2nd and 4th quarters.

(2) Fluctuations in consolidated financial conditions

	Total assets	Equity capital	Equity capital ratio	Equity capital per share
	¥ mil.	¥ mil.	%	¥ --.--
1 st Qtr March 2007 term	18,960	7,217	37.1	490 06
1 st Qtr March 2006 term	18,762	6,230	33.2	443 78
(Reference) March 2006 term	20,194	7,258	35.9	506 31

【Consolidated cash flow conditions】

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Term-end balance of cash and cash equivalents
	¥ mil.	¥ mil.	¥ mil.	¥ mil.
1 st Qtr March 2007 term – cumulative total	△3	△538	383	2,056
1 st Qtr March 2006 term –cumulative total	714	80	234	2,653
(Reference) March 2006 term	2,343	△250	△1,503	2,214

[Qualitative information etc, regarding fluctuations in consolidated financial conditions]

Consolidated cash-flow conditions for this 1st quarter (consolidated accounting period) are as follows.

With regards to cash and cash equivalents for this 1st quarter (hereinafter “funds”), cash flow from operating activities decreased by ¥3 million, cash flow from investment activities decreased by ¥538 million and cash flow from financing activities increased by ¥383 million, a total decrease of ¥157 million from the end of the previous consolidated accounting year. Fund balance at the end of this 1st quarter was ¥2,056 million.

(Cash flow from operating activities)

Usage of funds through operating activities came to ¥3 million.

This is mainly attributable to an increase in funds from internal reserve funds amounting to ¥266 million due to depreciation and reduction in accounts receivable of ¥1,909 million, offset by a reduction of funds through increase in inventories of ¥704 million, a ¥1,129 million decrease in accounts payable, and payment of income taxes amounting to ¥428 million, etc.

(Cash flow from investment activities)

Usage of funds through investment activities came to ¥538 million.

This is mainly attributable to payments for the purchase of property and equipment amounting to ¥462 million.

(Cash flow from financing activities)

Funds obtained through financing activities came to ¥383 million.

This is mainly attributable to proceeds from long-term debts amounting to ¥950 million, offset by the repayment of long and short-term debts amounting to ¥431 million.

3. Regarding performance forecast for the term ending March 2007 (April 1, 2006 ~ March 31, 2007)

Concerning the performance forecast, at this time no changes have been made to the forecast announced in May 12, 2006.

(Note)

	Net sales	Ordinary income	Net income	Net income per share
	¥ mil.	¥ mil.	¥ mil.	¥ --,--
Interim	12,590	460	160	11 16
Full business year	27,220	1,790	840	58 60

(Notes) In accordance with the July 18, 2006 announcement concerning the introduction of NIHON I.S.T. Co., Ltd., as a consolidated subsidiary of I-Net Corp., and the subsequent merger of NIHON I.S.T. Co., Ltd., with Software Limited, also a consolidated subsidiary of I-Net Corp. (scheduled October 1, 2006), M&A effect on performance in the second half is anticipated, however, such effect cannot be discerned at this time. As the detailed examination needed to draft a full business year forecast in which these effects are reflected will take time, the forecast will be announced by the mid-term settlement of accounts scheduled for November 9, 2006.

【Points of concern regarding performance forecasts】

Items detailed in this document relating to the future such as performance forecasts are derived from judgments, assumptions and convictions based on information available to I-Net Corp. at the time of announcement. Since these forecasts are subject to various unforeseeable factors such as changes in economic conditions, please note that no assurances or guarantees are given in relation to the predicted values therein.