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Virtual Appliance Download Service for
International Financial Reporting Standards

On July 1, 2010 VMnet (CEO: Hideki Tsumura), a virtual business consultancy, GAIA (CEO: Toru Nakamichi), which develops and markets the J-GAIA Web ERP package, and I-NET established Cloud Service Alliance (CSA). We have created a VA Online Service with a virtual appliance (VA)* library of software for International Financial Reporting Standards (IFRS) and other core systems, which can be downloaded and accessed by cloud service providers.

*Virtual Appliance

A virtual appliance is an encapsulated file that installs OS, middleware, and various applications in I/O and other peripheral devices in a virtual server that operates in a virtual environment. The system can be reproduced over and over with the installation intact.

Role of the Cloud Service Alliance (CSA)

- (1) Ultimately, to develop alliance activities to help client corporations adapt to IFRS and reduce TCO.
- (2) Expand J-GAIA and our line-up of virtual appliance libraries, and expand use of our service.
- (3) Recruit software vendors who provide an attractive collection of open source software and service providers that can use VA Online Service.
- (4) Office work will be handled by VMnet.

VA Online Service

- (1) A new service that stores virtual appliance high performance software in a library and allows users to download and use IaaS and other platform cloud services.
- (2) Optimizes corporations' core systems and solves existing system problems, such as with sales and production management.
- (3) Will continue to be developed jointly with current CSA member corporations.
- (4) Will be managed by VMnet.

Background of Our Cloud Service Alliance (CSA)

1. Increased burden of IT investment to adopt international accounting standards

As information technology rapidly grows more advanced and more complex, corporate clients have no choice but to further increase their investment in IT. Especially, as all listed companies look to adopt IFRS from 2015, the amount and nature of what they report will greatly increase.

Consolidated accounting is the foundation of IFRS, so the majority of consolidated accounting companies will need to create a system that will allow corporations to cooperate through IT systems, have total visualization, and create disclosure information in real time.

- Right now, most IFRS adapted products being offered

- (1) require a large investment, as all consolidated-related companies must introduce a unified system to adopt IFRS standards, and
- (2) require even more investment to develop additional functions just to provide double standards with multiple ledgers.

(These functions do not handle unifying account titles, generation and output of segment/cash flow information, and automatic reconciliation of internal group transactions.)

- In these our economic times, many listed companies respond by

- (1) deciding that it would be difficult to allocate budget to such a large investment,
- (2) limiting investment to multiple ledgers, and
- (3) feeling that related departments need to undergo extensive manual work to meet IFRS.

However, IFRS is being standardized under different international accounting reporting standards than J-SOX and others. Should Japanese corporations, which absolutely must aggressively push into foreign markets, respond to this haphazardly, they will lose the trust of foreign clients, which will in turn negatively affect their business activities.

2. Solving problems arising from virtual single company models and cloud services

- (1) Virtual Single Company (VSC) model

- .GAIA offers a low cost solution to meeting IFRS.

- .Sustainable use of accounting applications utilized by each group corporation possible.

- .With GAIA's J-GAIA Virtual Single Company module, most functions necessary

for IFRS are automated by connecting with existing applications.

- Handles multiple ledgers
- Unifies account titles
- Generates/outputs segment and cash flow information
- Reconciles internal group transactions

.IT investment costs for meeting IFRS 1/10th that of other products.

.Greatly reduces manual work by employees.

(2) VAiOS (Virtualization All in One Services)

.VAiOS, providing I-NET's virtual system design, construction, operation, and management, and is also a private cloud service.

.Development of Japan's first Virtualization Operation Center (VOC®), began in I-NET's data center, which is ranked the highest class in Japan.

.Provides VOC® services.

Creates virtual machines, changes configurations, monitors virtual environments, sets schedules, monitors resources, updates, manages HA, provides back up.

.Provides Easy Cloud services (PaaS consolidated cloud service).

Housing – PaaS ROI consulting, integrated management through consolidation of private assets – PaaS, standard or customized SaaS.

.Handles full scale private cloud computing.

.Can handle VA Online Service from the start.

(3) Results through collaboration

Even better optimization of investments through a combination of GAIA's VSC model and I-NET's VAiOS. (More particularly, a virtual appliance of the J-GAIA Virtual Single Company module downloaded into VAiOS Easy Cloud or other IaaS services.)

.No system construction, OS, or application set-up costs, so our VSC functions service can be used immediately.

.Business logic that can be shared by multiple companies in various industries is used as a virtual appliance, which can greatly reduce the time and labor needed for further development.

3. CSA and VA Online Service

We are greatly reducing system construction and set up costs by being the first in Japan to provide original solutions to greatly reduce IFRS investment through J-GAIA and a VA Online Service that delivers a virtual appliance library for various core applications. We combine increased business continuity through our robust data center and our effective VAIOS to revolutionize the shape of IT distribution and provide wide-ranging, groundbreaking alliance activities for corporations that can appreciate the benefits of cloud computing.

*Contacts concerning this matter

VMnet Corp. Phone# : +81-(0)3-3349-0720, E-mail : info@vmnet.co.jp

GAIA INC. Phone# : +81-(0)3-3358-0195, E-mail : s-tabata@gaia-co.com

I-NET CORP. Phone#: +81-(0)45-682-0808, E-mail : infoir@inet.co.jp