



1H FY3/05 Results and FY3/05 Plan

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COMSYS Holdings Corporation

Yoshihiro Mimata

Director, General Manager of Finance & Accounting Department

コムシスホールディングス株式会社

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1-1. 1H FY3/05 Results

Overview — Net sales and profits surpassed plan and increased year-on-year

(Unit: ¥100 million)

	1H FY3/05 Results				1H FY3/04 Results	
	Actual	Plan	Compared to initial plan	Simple total	Actual	Year-on-year
Orders Received	1,343	1,300	+43 [3.3%]	1,371	1,338	+33 [2.5%]
Net Sales	1,117	1,100	+17 [1.5%]	1,127	1,038	+89 [8.6%]
Operating Income (Operating Margin)	31 (2.8%)	13 (1.2%)	+18 [2.4 times]	31 (2.8%)	1 (0.1%)	+30 [24 times]
Recurring Profit (Recurring Profit Margin)	42 (3.8%)	21 (1.9%)	+21 [2 times]	42 (3.8%)	3 (0.4%)	+39 [11 times]
Net Income (Net Profit Margin)	14 (1.3%)	9 (0.8%)	+5 [1.5 times]	14 (1.3%)	-1 (-0.1%)	+15 [—]

Note: 1H FY3/04 results are simple three-company totals for comparison purposes.

[Compared to Initial Plan]

Net Sales

- NTT business: Increase in utility pole replacement and B-Flet's and other fiber-optic construction (+19)
- DoCoMo business: Increase in base station construction and other operations (+9)
- Non-NTT business: Difficult environment in government and other public sector business (-11)

Recurring Profit

- Increase due to higher sales (+2)
- Improvement in construction earnings at consolidated subsidiaries (+7)
- Increase due to reduction in various costs (+9)
- Difference in foreign exchange losses and other factors (+2)

[Year-on-year]

Net Sales

- NTT business: Increase in utility pole replacement and B-Flet's and other fiber-optic construction (+29)
- DoCoMo business: Increase in FOMA base station construction and other operations (+40)
- Non-NTT business: Increase in NCC mobile communications construction (+20)

Recurring Profit

- Increase due to higher sales (+4)
- Increase in amortization of consolidation adjustments account (+4)
- Improvement in construction earnings at consolidated subsidiaries (+10)
- Increase due to cost reductions from management improvement measures (+21)

1-2. 1H FY3/05 Results by Company

(1) Compared to plan

(Unit: ¥100 million)

	COMSYS Group			SANWA ELEC Group			TOSYS Group		
	1H FY3/05	Plan	Difference	1H FY3/05	Plan	Difference	1H FY3/05	Plan	Difference
Orders Received	1,021	980	41	214	208	6	135	113	22
Net Sales	859	842	17	162.3	160.0	2.3	106.0	98.0	8.0
Operating Income	31	15	16	-1.3	-2.3	1.0	1.0	0.5	0.5
Recurring Profit	42	25	17	-1.8	-3.8	2.0	1.8	0.6	1.2
Net Income	19	13	6	(Note 1) -5.1	-3.4	-1.7	0.8	0.3	0.5

Note 1: The ¥510 million net loss for the SANWA ELEC Group is reduced to ¥230 million when excluding the ¥460 million structural reform reserve (allowances for employee transfers to construction companies, etc.), or ¥110 million above plan.

(2) Year-on-year

(Unit: ¥100 million)

	COMSYS Group			SANWA ELEC Group			TOSYS Group			Simple total		
	1H FY3/05	1H FY3/04	Difference	1H FY3/05	1H FY3/04	Difference	1H FY3/05	1H FY3/04	Difference	1H FY3/05	1H FY3/04	Difference
Orders Received	1,021	998	23	214	214	0	135	125	10	1,371	1,338	33
Net Sales	859	776	83	162.3	162.2	0.1	106.0	100.2	5.8	1,127	1,038	89
Operating Income	31	7	24	-1.3	-6.6	5.3	1.0	0.5	0.5	31	1	30
Recurring Profit	42	11	31	-1.8	-8.5	6.7	1.8	0.8	1.0	42	3	39
Net Income	19	7	12	(Note 2) -5.1	-8.4	3.3	0.8	0.1	0.7	14	-1	15

Note 2: The ¥510 million net loss for the SANWA ELEC Group is reduced to ¥230 million when excluding the ¥460 million structural reform reserve (allowances for employee transfers to construction companies, etc.); up ¥610 million year-on-year.



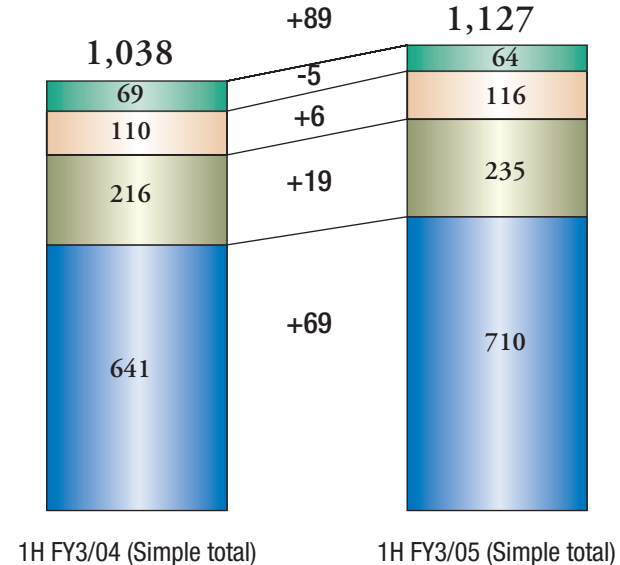
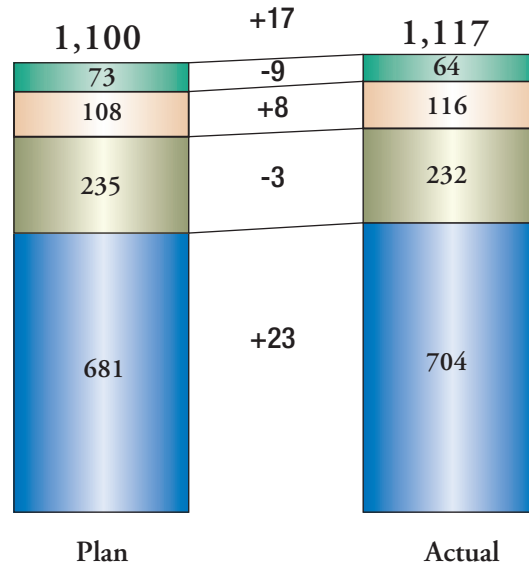
1-3. Consolidated Net Sales by Business Category

(Unit: ¥100 million)

Reference: Percent of 1H progress against full-year plan

NTT	45%	43%
DoCoMo	44%	39%

* Nippon COMSYS non-consolidated data



	1H FY3/05 Results		
	Plan	Actual	Change
NTT Information Communications Engineering	681	704	23
Telecommunications Engineering	235	232	-3
IT Solutions	108	116	8
Social Systems	73	64	-9
Total	1,100	1,117	17

Simple total		
1H FY3/04	1H FY3/05	Change
641	710	69
216	235	19
110	116	6
69	64	-5
1,038	1,127	89



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1-4. Net Sales and Orders Received by Company and Business Category

◆ Net sales

(Unit: ¥100 million)

	COMSYS Group			SANWA ELEC Group			TOSYS Group			COMSYS Holdings		
	Actual	Year-on-year	Compared to initial plan	Actual	Year-on-year	Compared to initial plan	Actual	Year-on-year	Compared to initial plan	Actual	Year-on-year	Compared to initial plan
NTT Information Communications Engineering	590	52	22	51	6	0	68	9	5	704	69	23
Telecommunications Engineering	129	31	1	87	-6	0	18	-5	-1	232	19	-3
IT Solutions	98	8	6	8	1	2	9	-3	-1	116	6	8
Social Systems	40	-9	-13	14	-0	-0	9	5	4	64	-5	-9
Total	859	83	17	162	0	2	106	5	8	1,117	89	17

Note: Consolidated totals for each group are not adjusted for inter-company transactions and therefore do not match figures for COMSYS Holdings.

◆ Orders received

(Unit: ¥100 million)

	COMSYS Group			SANWA ELEC Group			TOSYS Group			COMSYS Holdings		
	Actual	Year-on-year	Compared to initial plan	Actual	Year-on-year	Compared to initial plan	Actual	Year-on-year	Compared to initial plan	Actual	Year-on-year	Compared to initial plan
NTT Information Communications Engineering	695	36	87	63	4	12	81	14	11	832	54	103
Telecommunications Engineering	162	23	-15	128	-1	-1	29	-5	4	303	1	-29
IT Solutions	118	13	-1	8	0	1	12	-6	-0	137	7	-2
Social Systems	44	-50	-29	14	-2	-6	12	7	7	70	-30	-29
Total	1,021	22	41	214	0	6	135	9	22	1,343	33	43

Note: Consolidated totals for each group are not adjusted for inter-company transactions and therefore do not match figures for COMSYS Holdings.

2-1. FY3/05 Forecast in Light of 1H Results



(Unit: ¥100 million)

		① Initial plan	② Current revisions (change)	Full-year forecast	(Result)
Net Sales	NTT business	944	50	<u>Net Sales</u> (1) NTT business: Full year result forecasted to exceed initial plan as a result of strong 1H results (2) DoCoMo business: NTT DoCoMo's announced increase in capital expenditures already factored into initial plan (3) Non-NTT business: Difficult environment in regional business, and due to suspension as designated bidder by Gifu Prefecture Government (4) Downward revision of economic trends	No change in initial full-year plan
	DoCoMo business	516	30		
	Non-NTT business	1,340	-80		
	Total	2,800	0		
Operating Income		(3.9%) 110	Slightly positive factors	<u>Profits</u> (1) Progress in reducing costs due to management improvement measures and business reorganization, but increase in forward-looking expenditures in IT business category (2) Need to assess larger price cut requests from NTT, DoCoMo, and others	
Recurring Profit		(4.3%) 120			
Net Income		(2.4%) 67			

Note: Parentheses indicate profit margins.



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(Unit: ¥100 million)

2-2. FY3/05 Plan by Company and Business Category

1. FY3/05 full-year plan (unrevised)

	COMSYS Group	SANWA ELEC Group	TOSYS Group	COMSYS Holdings
Orders Received	2,070	440	280	2,750
Net Sales	2,120	440	270	2,800
Operating Income	94	8	8	110
Recurring Profit	107	5	8	120
Net Income	64	-2	5	67

Comparison with simple three-company totals		
Full-year plan	FY3/04	Change
2,790	2,702	88
2,830	2,762	68
110	98	12
120	104	16
67	47	20

2. Plans by business category

(1) Net sales

(Unit: ¥100 million)

	COMSYS Group			SANWA ELEC Group			TOSYS Group			COMSYS Holdings		
	Initial plan	Current revisions	Change	Initial plan	Current revisions	Change	Initial plan	Current revisions	Change	Initial plan	Current revisions	Change
NTT Information Communications Engineering	1,220	1,330	110	117	83	-34	128	144	16	1,460	1,540	80
Telecommunications Engineering	390	360	-30	285	303	18	63	69	6	740	720	-20
IT Solutions	250	250	0	16	16	0	42	42	0	310	310	0
Social Systems	220	180	-40	46	38	-8	22	13	-9	290	230	-60
Total	2,080	2,120	40	465	440	-25	255	270	15	2,800	2,800	0

(2) Orders received

(Unit: ¥100 million)

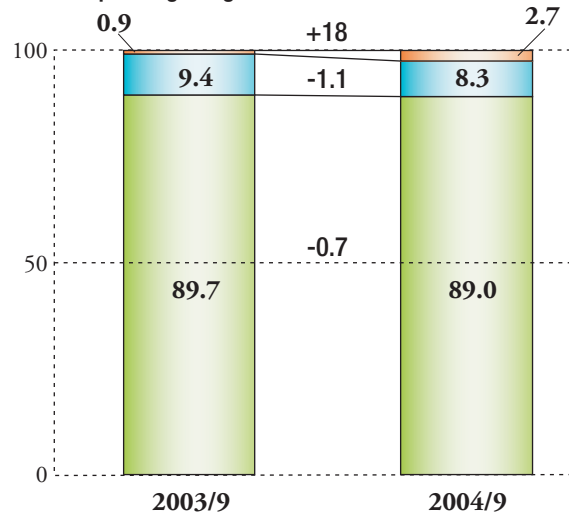
	COMSYS Group			SANWA ELEC Group			TOSYS Group			COMSYS Holdings		
	Initial plan	Current revisions	Change	Initial plan	Current revisions	Change	Initial plan	Current revisions	Change	Initial plan	Current revisions	Change
NTT Information Communications Engineering	1,170	1,280	110	114	84	-30	128	151	23	1,410	1,490	80
Telecommunications Engineering	380	360	-20	286	302	16	63	73	10	730	720	-10
IT Solutions	250	250	0	15	16	1	42	42	0	310	310	0
Social Systems	230	180	-50	48	38	-10	22	13	-9	300	230	-70
Total	2,030	2,070	40	465	440	-25	255	280	25	2,750	2,750	0

3-1. Cost Analysis (Various Ratios and Weightings)

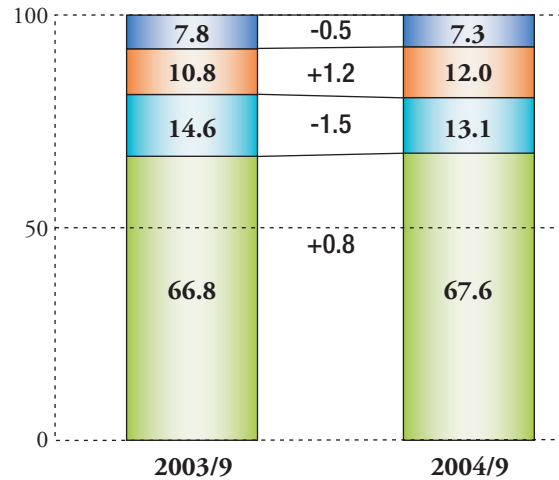
—Nippon COMSYS Non-Consolidated Data



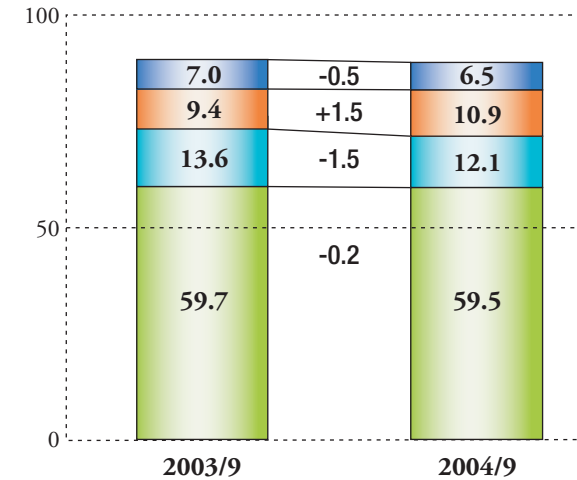
(1) Cost of sales ratio, SG&A expenses ratio, and operating margin



(2) Cost of sales composition (Cost of sales = 100%)



(3) Cost of sales composition (Net sales = 100%)



(Unit: %)

	Year-on-year		
	2003/9	2004/9	Change
Cost of sales ratio	89.7	89.0	-0.7
SG&A expenses ratio	9.4	8.3	-1.1
Operating margin	0.9	2.7	1.8

Year-on-year (Reference: Full-year)		
2003/3	2004/3	Change
90.0	89.5	-0.5
7.1	7.0	-0.1
2.9	3.5	0.6

	Year-on-year		
	2003/9	2004/9	Change
Ratio of subcontracting costs	66.8	67.6	0.8
Ratio of personnel expenses	14.6	13.1	-1.5
Ratio of material costs	10.8	12.0	1.2
Ratio of other costs	7.8	7.3	-0.5

Year-on-year (Reference: Full-year)		
2003/3	2004/3	Change
66.9	67.7	0.8
14.1	13.3	-0.8
11.6	11.7	0.1
7.4	7.3	-0.1

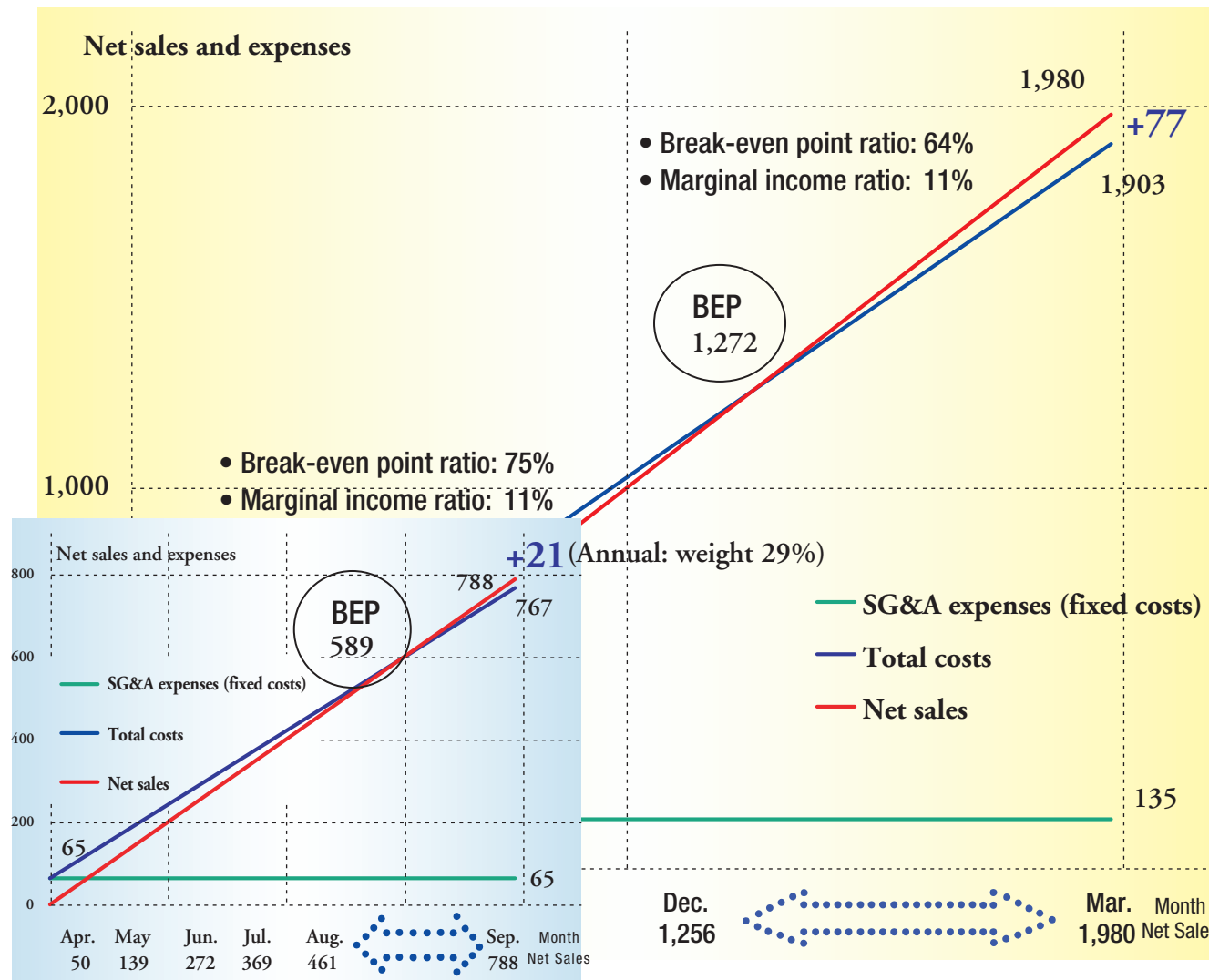
	Year-on-year		
	2003/9	2004/9	Change
Ratio of subcontracting costs	59.7	59.5	-0.2
Ratio of personnel expenses	13.6	12.1	-1.5
Ratio of material costs	9.4	10.9	+1.5
Ratio of other costs	7.0	6.5	-0.5

Year-on-year (Reference: Full-year)		
2003/3	2004/3	Change
60.1	60.6	0.5
12.7	11.9	-0.8
10.4	10.4	0.0
6.6	6.5	-0.1

3-2. Cost Analysis (Unique Structure of Construction Business: Break Even Point) —Nippon COMSYS Non-Consolidated Data



(Unit: ¥100 million)



3-3. Cost Analysis (Management Improvement Measures and Their Impact)



(Unit: ¥100 million)

	Impact of previous management improvement measures		Full-year	Impact of business integration measures		Full-year	Total
	50%			50%			
Personnel rationalization	58.3% (¥700 million)		12	50.0% (¥300 million)		6	18
Material cost rationalization	—		0	40.0% (¥200 million)		5	5
Outsourcing cost rationalization	43.8% (¥700 million)		16	No results in 1H		2	18
Other cost rationalization	66.6% (¥200 million)		3	25.0% (¥50 million)		2	5
Total	53.2% (¥1,650 million)		31	36.7% (¥550 million)		15	46

 Note: Blue bars indicate progress in 1H.

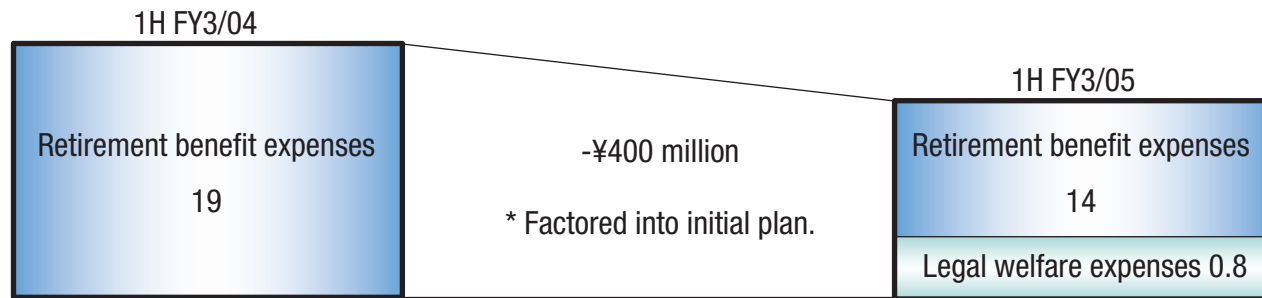


3-4. Cost Analysis (Reduction of Retirement Benefit Costs)

(1) Impact of returning the substitutional portion of the employee pension fund (1H)

* No impact in 2H because approval was received in August 2003.

(Unit: ¥100 million)

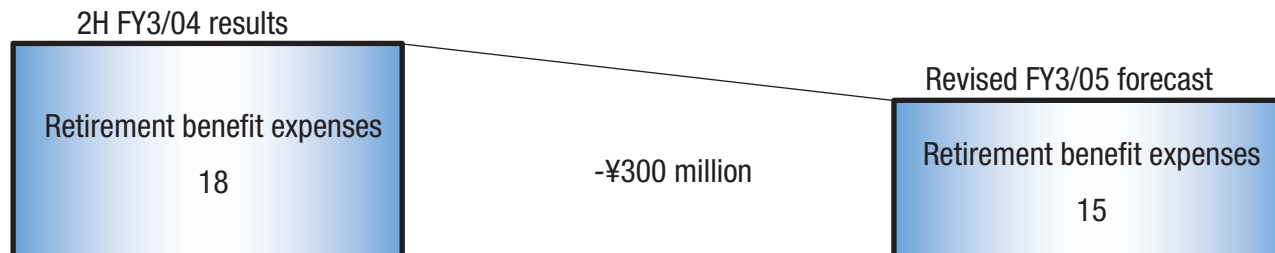


(2) Impact of revising pension plan (estimated)

* Impact limited to 2H because revisions were made on October 1, 2004.

Main revisions to pension system

- Introduction of defined-benefit corporate pension
- Pension benefits yield linked to market interest rates
- Abolition of lifetime portion



4. Non-Operating and Extraordinary Accounts



(Unit: ¥100 million)

Item	Initial plan	1H FY3/05 Actual	Change	Main changes	1H FY3/04 Actual	Change	Main changes
Operating Income	13	31	18		1	30	
Other income	12	12	0	—	7	5	Amortization of other consolidation adjustments (3 → 8)
Other expenses	3	1	2	Foreign exchange loss (improved due to foreign exchange stability)	5	-4	Foreign exchange losses (1 → 0) Interest expenses (1 → 0)
Recurring Profit	21	42	21		3	39	
Extraordinary income	1	1	0	—	15	-14	Return of substitutional portion of employee pension fund in FY3/04 (11 → 0) Insurance surrender in FY3/04 (2 → 0)
Extraordinary loss	2	19	17	Write-down of investments in securities (2 → 3) Special payments on employees' retirement (2) Allowance for doubtful receivables (7) Structural reform reserve loss (5) (* Allowances for planned employee transfers to construction companies at SANWA ELEC.)	18	1	Write-down of investments in securities (10 → 3) Allowance for doubtful receivables overseas (0 → 7)
Income before Income Taxes	19	25	6		0	25	



5. SANWA ELEC Capital Increase of ¥4.5 Billion (9/29/04)

(1) Objectives

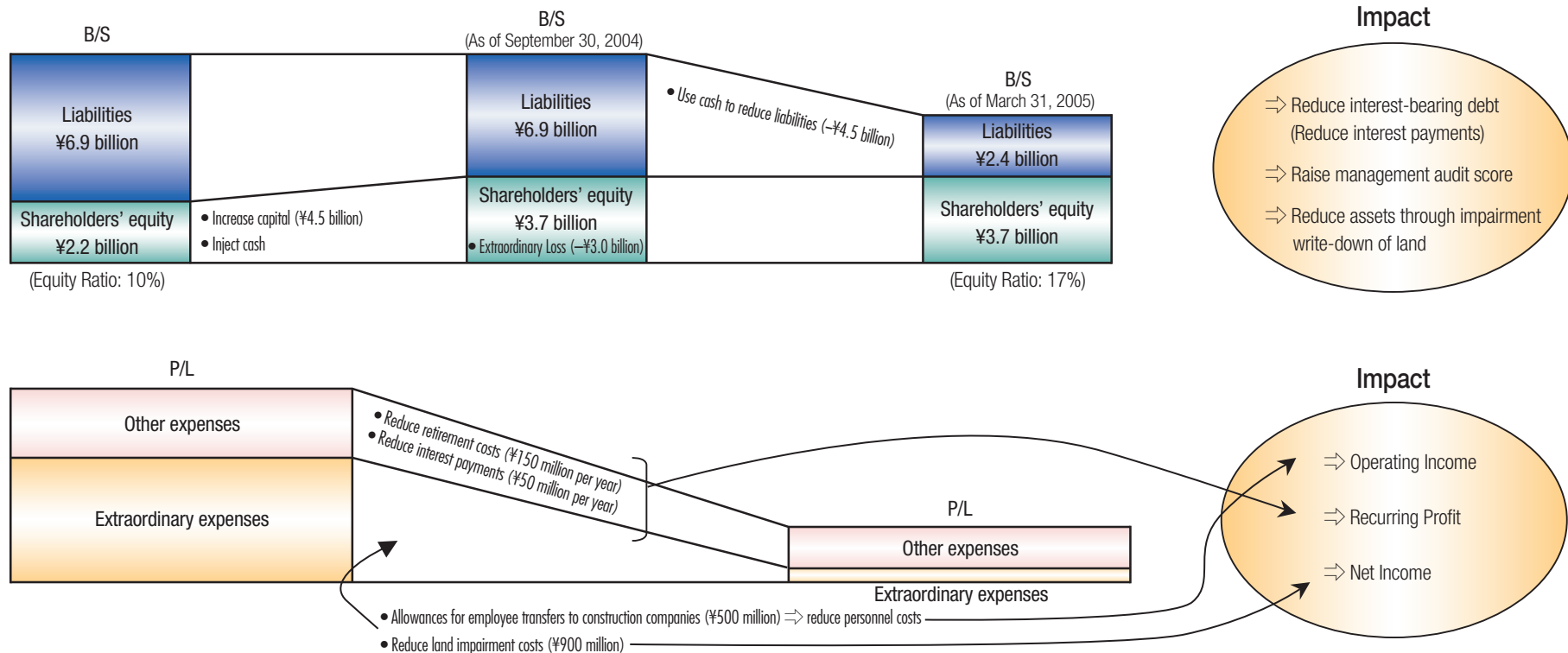
- ① Optimize management resources and enhance competitiveness through business selection and concentration
- ② Strengthen financial structure
 - Gross disposal at transition of differences caused by the change of accounting standard for Retirement Benefit Plan (uniform group accounting)
 - Accelerated impairment write-down of land
 - Amortization of special retirement allowances for transferred employees (structural reform reserve)

③ Overall impact on COMSYS Holdings

- Improve productivity and enhance competitiveness by reallocating management resources
- Increase profits by reducing financial expenses in subsequent fiscal years
- Raise management audit score
- Facilitate business expansion

(2) Financial impact

Extraordinary losses totaled roughly ¥3 billion in 1H FY3/05, comprised of about ¥1.6 billion for the gross disposal at transition of differences caused by the change of accounting standard for Retirement Benefit Plan, about ¥900 million for the accelerated impairment write-down of land, and about ¥500 million for the amortization of special retirement allowances for transferred employees. The first two items did not affect the consolidated earnings of COMSYS Holdings because they were written off based on the purchase method at the time of business integration.



6. Balance Sheets



(Unit: ¥100 million)

ASSETS 1,916		LIABILITIES 685		
Current Assets: 1,250	• Cash and cash equivalents	392	Current Liabilities: 489	
	• Notes and accounts receivable—trade	431		
	• Accumulated cost of construction in progress	376	Long-Term Liabilities: 196	
		• Accounts payable—Trade		281
		• Short-term bank loans		40
Fixed Assets: 665	• Property and equipment	489	Minority Interests 12	
	• Intangible assets	16		
	• Investments and other assets	159		
		SHAREHOLDERS' EQUITY 1,217		
		Shareholders' Equity: 1,217	• Common stock	100
			• Retained earnings and others	1,117

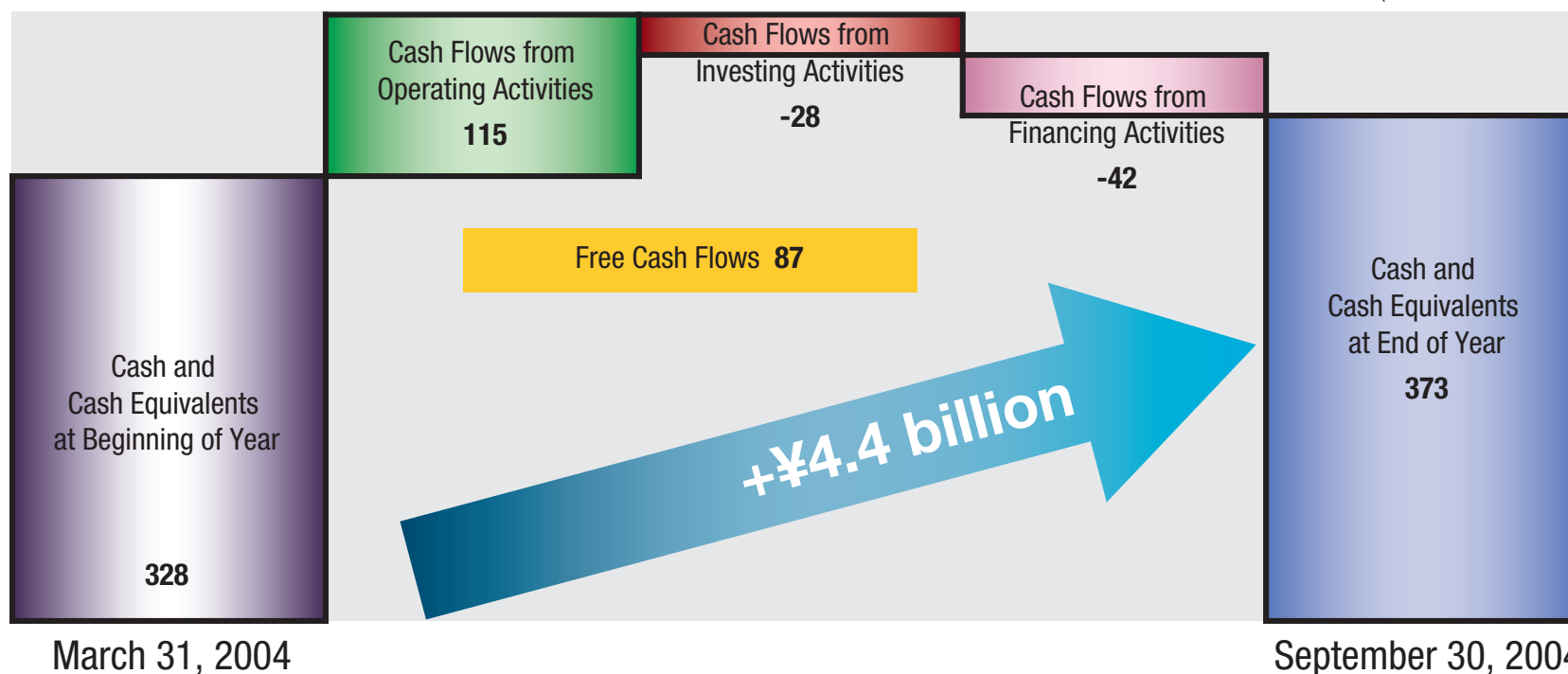
Reference: Main indicators

	1H FY3/05	FY3/04	Change
Interest-Bearing Debt	¥7.1 billion	¥11.4 billion	-¥4.3 billion
Equity ratio	63.5%	57.3%	+6.2
Net income per share	¥862	¥859	+¥3

7. Cash Flow

Despite the repayment of borrowings, cash and cash equivalents rose ¥4.4 billion to ¥37.3 billion at the end of 1H due to a significant increase in operating cash flow

(Unit: ¥100 million)

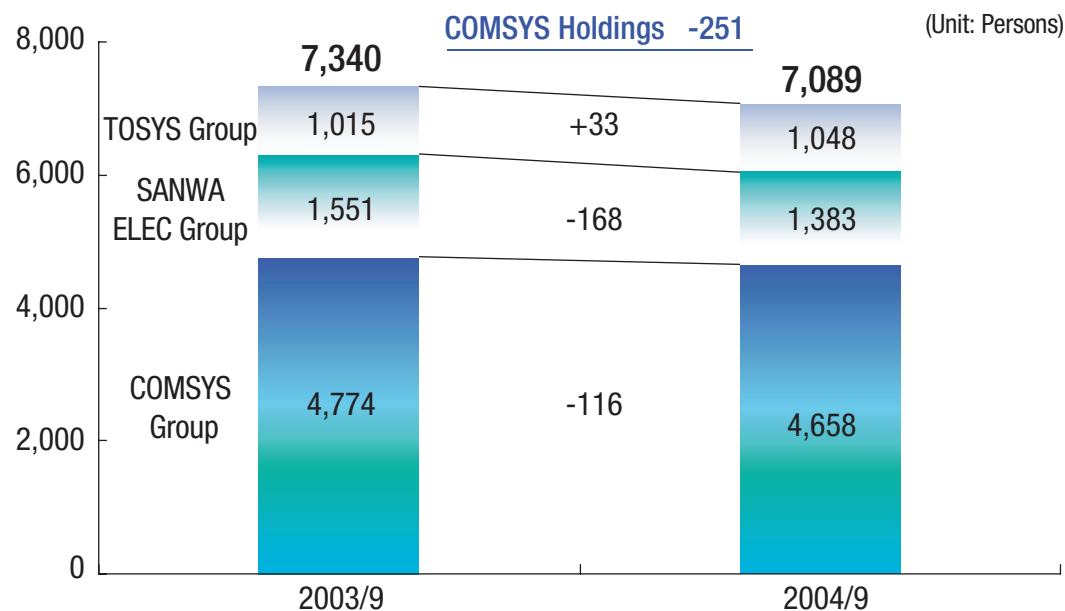


	1H FY3/05	FY3/04	Change
Debt redemption years (interest-bearing debt / operating cash flow) [years]	0.6	0.9	-0.3
Instant coverage ratio (operating cash flow / interest payments) [times]	107	88	+19



8. Employees, Capital Expenditures, and Other Data

1. Number of employees



2. Capital expenditures and other statistics

(Unit: ¥ million)

	COMSYS Group		SANWA ELEC Group		TOSYS Group		COMSYS Holdings		
		Year-on-year		Year-on-year		Year-on-year		Year-on-year	
Capital Expenditures	Property and equipment	1,093	590	29	29	117	53	1,239	672
	Intangible assets	91	-708	1	1	1	0	94	-707
	Total	1,184	-118	30	30	118	53	1,333	-35
Depreciation		1,468	-77	128	-36	127	-19	1,724	-131
R&D Expenditures		142	-68	12	-4	10	0	164	-72

9. Consolidated Subsidiaries



1. COMSYS Group

(Unit: ¥ million)

		Percentage Owned (%)	Number of Employees (Persons)	Net Sales		Operating Income	
				2004/6	2003/6	2004/6	2003/6
"Outside" Projects	OT Engineering Co., Ltd.	99.7%	146	2,359	4,078	-60	80
	Chuo. C Co., Ltd.	100.0%	118	1,907	2,781	10	60
	COMSYS Kansai Engineering Co., Ltd.	100.0%	64	1,439	1,514	70	43
	COMSYS Kyusyu Engineering Co., Ltd.	100.0%	70	1,146	1,128	-89	26
"Inside" Projects	Tokyo Tsuken Co., Ltd.	100.0%	186	5,873	6,631	108	437
	Nitto Tsuken Co., Ltd.	92.3%	207	3,619	4,360	-158	171
	COMSYS Net Corporation	100.0%	35	1,149	630	-5	-2
Others	COMSYS Tsusan Co., Ltd.	100.0%	145	7,093	5,798	47	69
	COMSYS Techno Co., Ltd.	100.0%	79	1,238	1,201	2	12
	COMSYS Business Service Co., Ltd.	100.0%	81	1,770	1,773	81	115
	Taiei Seisakusho Co., Ltd.	49.7%	86	2,290	1,436	-4	-84
	COMSYS Tohoku Techno Co., Ltd.	100.0%	56	491	1,081	3	59
	Total	—	1,273	30,374	32,411	5	986

2. SANWA ELEC Group

(Unit: ¥ million)

		Percentage Owned (%)	Number of Employees (Persons)	Net Sales		Operating Income	
				2004/9	2003/9	2004/9	2003/9
"Outside" Projects	Ibaraki Denden Kensetsu Co., Ltd.	100.0%	17	438	512	-18	-2
	San Access Co., Ltd.	100.0%	48	1,598	1,840	32	50
	Road-Techno Co., Ltd.	100.0%	37	291	210	2	-6
"Inside" Projects	SEC Hi Tec Co., Ltd.	100.0%	215	866	1,006	18	21
	SANWA Support Engineering Co., Ltd.	100.0%	47	341	307	-14	-2
	SANWA Denshi Inc.	99.3%	272	1,535	1,887	-153	34
Others	SEM Co., Ltd.	69.2%	9	129	222	4	7
	Sannect Co., Ltd.	40.0%	9	874	524	3	7
Total		—	654	6,077	6,510	-124	108

3. TOSYS Group

(Unit: ¥ million)

		Percentage Owned (%)	Number of Employees (Persons)	Net Sales		Operating Income	
				2004/9	2003/9	2004/9	2003/9
"Outside" Projects	TOSYS Nagano Co., Ltd.	71.7%	128	1,548	1,330	13	-15
	TOSYS Nigata Co., Ltd.	61.6%	204	1,695	1,901	-15	-3
	Alstar Co., Ltd.	100.0%	128	929	1,453	3	-40
	TOSYS Actis Co., Ltd.	52.5%	155	1,456	1,800	-15	53
	Yoshimoto Kensetsu Co., Ltd.	100.0%	13	92	132	-18	-4
Others	Tulip Keibi Co., Ltd.	100.0%	19	383	406	15	15
	TOSYS Ryokuka Co., Ltd.	100.0%	3	25	20	1	1
	Tulip Life Co., Ltd.	100.0%	30	288	307	11	8
Total		—	680	6,416	7,349	-5	15



Nippon COMSYS Detailed Data

[1 H FY3/05 Results]

1. FY3/05 Consolidated Earnings Forecasts

<Consolidated>



(Unit: ¥ million)

	2003/9 Actual (a)	2004/9 Initial forecasts (b)	2004/9 Actual (c)	Year-on-year		Compared to forecasts		2005/3 Initial forecasts (f)	2005/3 Forecasts (g)	Current revisions	
				Annual increase (d) (c)-(a)	Percentage of annual increase (d)/(a)	Change (e) (c)-(b)	Percent change (e)/(b)			Change (g)-(f)	Percent change (h)/(f)
Orders Received	99,898	98,000	102,155	2,257	2.3%	4,155	4.2%	203,000	207,000	4,000	2.0%
Net Sales	77,604	84,200	85,935	8,331	10.7%	1,735	2.1%	208,000	212,000	4,000	1.9%
Cost of Sales	69,138	75,000	75,164	6,026	8.7%	164	0.2%	183,500	187,300	3,800	2.1%
Gross Profits (Gross Profit Margin)	8,466 (10.9%)	9,200 (10.9%)	10,771 (12.5%)	2,305 —	27.2% —	1,571 —	17.1% —	24,500 (11.7%)	24,700 (11.7%)	200 —	0.8% —
Selling, General and Administrative Expenses	7,723	7,700	7,574	-149	-1.9%	-126	-1.6%	15,300	15,300	0	0.0%
Operating Income ¹ (Operating Margin)	742 (1.0%)	1,500 (1.8%)	3,196 (3.7%)	2,454 —	330.7% —	1,696 —	113.1% —	9,200 (4.4%)	9,400 (4.4%)	200 —	2.2% —
Other Income	641	1,100	1,110	469	73.2%	10	0.9%	1,700	1,300	-400	-23.5%
Other Expenses	217	100	12	-205	-94.5%	-88	-88.0%	400	0	-400	-100.0%
Recurring Profit (Recurring Profit Margin)	1,166 (1.5%)	2,500 (3.0%)	4,294 (5.0%)	3,128 —	268.3% —	1,794 —	71.8% —	10,500 (5.0%)	10,700 (5.0%)	200 —	1.9% —
Extraordinary Profit	1,476	100	171	-1,305	-88.4%	71	71.0%	100	1,100	1,000	1000.0%
Extraordinary Loss	1,162	300	1,266	104	9.0%	966	322.0%	400	1,400	1,000	250.0%
Income before Income Taxes (Pre-Tax Profit Margin)	1,480 (1.9%)	2,300 (2.7%)	3,199 (3.7%)	1,719 —	116.1% —	899 —	39.1% —	10,200 (4.9%)	10,400 (4.9%)	200 —	2.0% —
Income Taxes	721	1,000	1,200	479	66.4%	200	20.0%	4,200	4,000	-200	-4.8%
Net Income (Net Profit Margin)	759 (0.9%)	1,300 (1.5%)	1,999 (2.3%)	1,240 —	163.4% —	699 —	53.8% —	6,000 (2.9%)	6,400 (3.0%)	400 —	6.7% —

*1. Income taxes include minority interest income.



2. FY3/05 Non-Consolidated Earnings Forecasts

<Non-Consolidated>



(Unit: ¥ million)

	2003/9 Actual (a)	2004/9 Initial forecasts (b)	2004/9 Actual (c)	Year-on-year		Compared to forecasts		2005/3 Initial forecasts (f)	2005/3 Forecasts (g)	Current revisions	
				Annual increase (d) (c)-(a)	Percentage of annual increase (d)/(a)	Change (e) (c)-(b)	Percent change (e)/(b)			Change (g)-(f)	Percent change (h)/(f)
Orders Received	93,492	91,800	96,690	3,198	3.4%	4,890	5.3%	191,300	196,000	4,700	2.5%
Net Sales	71,576	77,600	78,883	7,307	10.2%	1,283	1.7%	195,000	198,000	3,000	1.5%
Cost of Sales	64,182	69,600	70,186	6,004	9.4%	586	0.8%	174,000	176,800	2,800	1.6%
Gross Profits (Gross Profit Margin)	7,394 (10.3%)	8,000 (10.3%)	8,697 (11.0%)	1,303 —	17.6% —	697 —	8.7% —	21,000 (10.7%)	21,200 (10.7%)	200 —	1.0% —
Selling, General and Administrative Expenses	6,760	6,800	6,580	-180	-2.7%	-220	-3.2%	13,500	13,500	0	0.0%
Operating Income ¹ (Operating Margin)	633 (0.9%)	1,200 (1.5%)	2,116 (2.7%)	1,483 —	234.3% —	916 —	76.3% —	7,500 (3.9%)	7,700 (3.9%)	200 —	2.7% —
Other Income	379	300	382	3	0.8%	82	27.3%	700	700	0	0.0%
Other Expenses	202	100	7	-195	-96.5%	-93	-93.0%	200	200	0	0.0%
Recurring Profit (Recurring Profit Margin)	810 (1.1%)	1,400 (1.8%)	2,491 (3.2%)	1,681 —	207.5% —	1,091 —	77.9% —	8,000 (4.1%)	8,200 (4.1%)	200 —	2.5% —
Extraordinary Profit	1,245	0	109	-1,136	-91.2%	109	—	0	900	900	—
Extraordinary Loss	1,110	200	1,227	117	10.5%	1,027	513.5%	400	1,300	900	225.0%
Income before Income Taxes (Pre-Tax Profit Margin)	945 (1.3%)	1,200 (1.5%)	1,374 (1.7%)	429 —	45.4% —	174 —	14.5% —	7,600 (3.9%)	7,800 (3.9%)	200 —	2.6% —
Income Taxes	500	700	612	112	22.4%	-88	-12.6%	3,600	3,700	100	2.8%
Net Income (Net Profit Margin)	445 (0.6%)	500 (0.6%)	761 (1.0%)	316 —	71.0% —	261 —	52.2% —	4,000 (2.1%)	4,100 (2.1%)	100 —	2.5% —



3. Income Statement Data

<Non-Consolidated>



◆ Breakdown of cost of sales

(Unit: ¥100 million)

Item	2003/9	Percentage of Total	2004/9	Percentage of Total	Change
Construction Contracts					
Materials costs	66	10.8%	80	12.0%	14
Labor costs	11	1.9%	14	2.1%	3
Payments to subcontractors	408	66.8%	452	67.6%	44
Operating expenses	125	20.5%	122	18.3%	-3
(Included labor costs)	(89)	(14.6%)	(87)	(13.1%)	(-2)
Total Construction Contracts	611	100.0%	669	100.0%	58
Information Systems	30	—	31	—	1
Total	641	—	701	—	60

◆ Gross margin forecast

By Business Category	2003/9 Actual	2004/9 Actual	2005/3 Forecast
Construction Contracts	10.2%	11.2%	10.7%
Information Systems	12.2%	6.7%	10.3%
Total	10.3%	11.0%	10.7%

◆ Breakdown of selling, general and administrative expenses

(Unit: ¥100 million)

Item	2003/9	Percentage of Total	2004/9	Percentage of Total	Change
Executive remuneration	1.1	1.6%	0.8	1.2%	-0.3
Salaries and bonuses	28.1	41.6%	26.3	40.0%	-1.8
Legal welfare expenses	3.7	5.5%	3.7	5.6%	0
Advertising expenses	0.1	0.1%	0.2	0.3%	0.1
Depreciation expenses	3.4	5.0%	2.8	4.3%	-0.6
Taxes	2.0	3.0%	3.1	4.7%	1.1
Miscellaneous	29.2	43.2%	28.9	43.9%	-0.3
Total	67.6	100.0%	65.8	100.0%	-1.8



4. FY3/05 Earnings by New Business Categories

<Non-Consolidated>



◆ Orders received

(Unit: ¥ million)

	2003/9 Actual (a)	2004/9 Actual (b)	Year-on-year	
			Annual increase (c) (b)-(a)	Percentage of annual increase (c)/(a)
NTT Information Communications Engineering	62,650	68,414	5,764	9.2%
Telecommunications Engineering	13,514	14,651	1,137	8.4%
IT Solutions	10,126	10,575	449	4.4%
Social Systems	7,201	3,048	-4,153	-57.7%
Total	93,492	96,690	3,198	3.4%

2005/3 Initial forecasts (d)	2005/3 Forecast (e)	Current revisions	
		Change (f) (e)-(d)	Percent Change (f)/(d)
113,600	122,500	8,900	7.8%
34,500	35,000	500	1.4%
24,200	23,500	-700	-2.9%
19,000	15,000	-4,000	-21.1%
191,300	196,000	4,700	2.5%

◆ Net sales

(Unit: ¥ million)

	2003/9 Actual (a)	2004/9 Actual (b)	Year-on-year	
			Annual increase (c) (b)-(a)	Percentage of annual increase (c)/(a)
NTT Information Communications Engineering	50,751	56,164	5,413	10.7%
Telecommunications Engineering	9,112	11,495	2,383	26.2%
IT Solutions	8,507	8,649	142	1.7%
Social Systems	3,204	2,574	-630	-19.7%
Total	71,576	78,883	7,307	10.2%

2005/3 Initial forecasts (d)	2005/3 Forecast (e)	Current revisions	
		Change (f) (e)-(d)	Percent Change (f)/(d)
118,400	125,600	7,200	6.1%
34,200	34,100	-100	-0.3%
23,900	23,700	-200	-0.8%
18,500	14,600	-3,900	-21.1%
195,000	198,000	3,000	1.5%

5. Major Orders Received — 1 —

<Non-Consolidated>



◆ NTT related

(Unit: ¥ 100 million)

	2003/9 Actual (a)	2004/9 Actual (b)	Year-on-year		2005/3 Initial forecasts (d)	2005/3 Forecast (e)	Current revisions	
			Annual increase (c) (b)-(a)	Percentage of annual increase (c)/(a)			Change (f) (e)-(d)	Percent Change (f)/(d)
IP (Internet Protocol) Installations	140	141	1	0.7%	295	295	0	0.0%
B-FLET'S installations (included in the above)	97	98	1	1.0%	205	205	0	0.0%
ADSL installations (included in the above)	21	12	-9	-42.9%	30	28	-2	-6.7%
Others (included in the above)	22	31	9	40.9%	60	62	2	3.3%

6. Major Orders Received — 2 —

<Non-Consolidated>



◆ NTT DoCoMo related

(Unit: ¥ 100 million)

	2003/9 Actual (a)	2004/9 Actual (b)	Year-on-year	
			Annual increase (c) (b)-(a)	Percentage of annual increase (c)/(a)
NTT Construction	289	326	37	12.8%
Domestic Construction and Engineering	8	8	0	0.0%
Information Systems	7	7	0	0.0%
Total	304	341	37	12.2%

2005/3 Initial forecasts (d)	2005/3 Forecast (e)	Current revisions	
		Change (f) (e)-(d)	Percent Change (f)/(d)
520	540	20	3.8%
3	9	6	200.0%
15	15	0	0.0%
538	564	26	4.8%

◆ Domestic Construction and Engineering (engineering)

(Unit: ¥ 100 million)

	2003/9 Actual (a)	2004/9 Actual (b)	Year-on-year	
			Annual increase (c) (b)-(a)	Percentage of annual increase (c)/(a)
New Common Carriers (NCC)	42	60	18	42.9%
NTT Affiliates	50	56	6	12.0%
Government Agencies	43	31	-12	-27.9%
General Contractors	29	29	0	0.0%
Manufacturers	13	10	-3	-23.1%

2005/3 Initial forecasts (d)	2005/3 Forecast (e)	Current revisions	
		Change (f) (e)-(d)	Percent Change (f)/(d)
119	130	11	9.2%
122	140	18	14.8%
127	100	-27	-21.3%
86	40	-46	-53.5%
30	60	30	100.0%

7. Capital Expenditures and Main Vendor Qualifications <Non-Consolidated>



◆ Capital expenditures and other statistics

(Unit: ¥ Million)

	2003/9	2004/9
Capital Expenditures		
Property and equipment	88	167
Intangible assets	723	67
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Total	811	235
Depreciation	815	741
R&D Expenditures	210	142

◆ Acquisition of main vendor qualification

(Unit: Persons)

Qualifications Name		2003/9	2004/9	Annual Increase	2005/3 (Estimate)
Microsoft	MCSE	5	6	1	6
	MCSA	1	1	0	5
	MCP	677	696	19	660
Cisco	CCIE	2	5	3	10
	CCNP	72	105	33	132
	CCDP	4	4	0	9
	CCNA	529	465	-64	600
	CCDA	95	97	2	115
Oracle	PLATINUM	5	6	1	7
	GOLD	17	19	2	22
	SILVER	49	63	14	71
Linux	RHCE	0	3	3	5
	LPIC-2	3	12	9	15
	LPIC-1	28	75	47	70
NTT com	.com Master☆☆	17	19	2	20
	.com Master☆	187	223	36	230
Sun	SCNA	0	6	6	4
	SCSA	0	30	30	14
JaVa	SJC-P	3	7	4	7



8. Number of Employees

<Non-Consolidated>



◆ Employee numbers by new business categories

(Unit: Persons)

	NTT Information Communications Engineering			Telecommunications Engineering			IT Solutions			Social Systems			Administrative Staff			Total		
	2003/9	2004/9	Change	2003/9	2004/9	Change	2003/9	2004/9	Change	2003/9	2004/9	Change	2003/9	2004/9	Change	2003/9	2004/9	Change
Construction personnel	1,002	1,011	9	385	374	-11	378	375	-3	24	23	-1	—	—	—	1,789	1,783	-6
Common personnel	466	471	5	107	120	13	124	140	16	8	10	2	—	—	—	705	741	36
Sales personnel	157	122	-35	218	253	35	65	69	4	14	10	-4	—	—	—	454	454	0
Administrative personnel	23	26	3	15	16	1	108	96	-12	6	5	-1	318	225	-93	470	368	-102
Total	1,648	1,630	-18	725	763	38	675	680	5	52	48	-4	318	225	-93	3,418	3,346	-72

◆ Forecast of employee numbers at end-FY3/05

(Unit: Persons)

	2003/9 (a)	2004/9 (b)	Change (b)-(a)	2004/3 Actual (c)	2005/3 Estimates (d)	Change (c)-(b)
Number of employees	3,418	3,346	-72	3,310	3,270	-40

