



Cybozu (TSE1st :4776)

FY Jan-2008, Interim Presentation

September 11, 2007

<http://cybozu.co.jp/>

Digest of Interim FY Jan-2008

- Non-consolidated: Due to the favorable Groupware products, both sales and profit was increased. Net interim profit was down 31.8% because of extraordinary loss, investment security appraisal loss.
- Consolidated: A part of subsidiaries was still red-ink. Goodwill amortization was 220 M and investment security appraisal loss was 220 M.

(million yen)

	Consolidated		Non-consolidated	
	Amount	YOY	Amount	YOY
Sales	5,847	+27.2%	2,007	+7.7%
Operating Profit	451	+29.2%	691	+68.7%
Recurring Profit	433	+49.3%	692	+71.3%
Net Interim profit	25	54.9%	155	31.8%

Topics of interim FY Jan-2008

Promote business along the two major themes of this term

1. Improve profitability

- In non-consolidated, favorable result due to the growth of 'Garoon' and continuous sales
- In consolidated, a part of subsidiaries was still red-ink

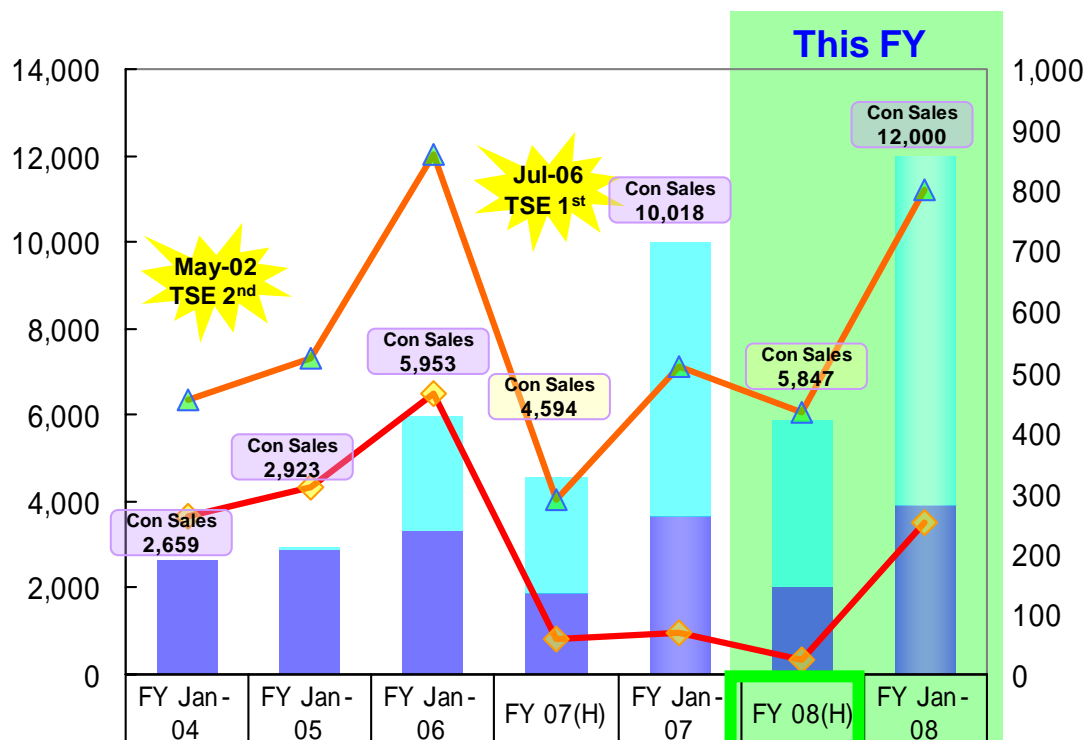
2. Enhancing group synergy

- 'Gamma Engine' was released, collaborated product with Bringup for J-SOX and internal control.
- Web database ASP service was started with Feedpath
- SFA, 'Cybozu. Sales' was released with Integratto

Business Performance (consolidated)

Million yen (Sales)

(Profit)



Con/non consolidated sales times

2.46

2.91

Interim special profit and loss

· Goodwill amortization (SG&A)

224 million yen

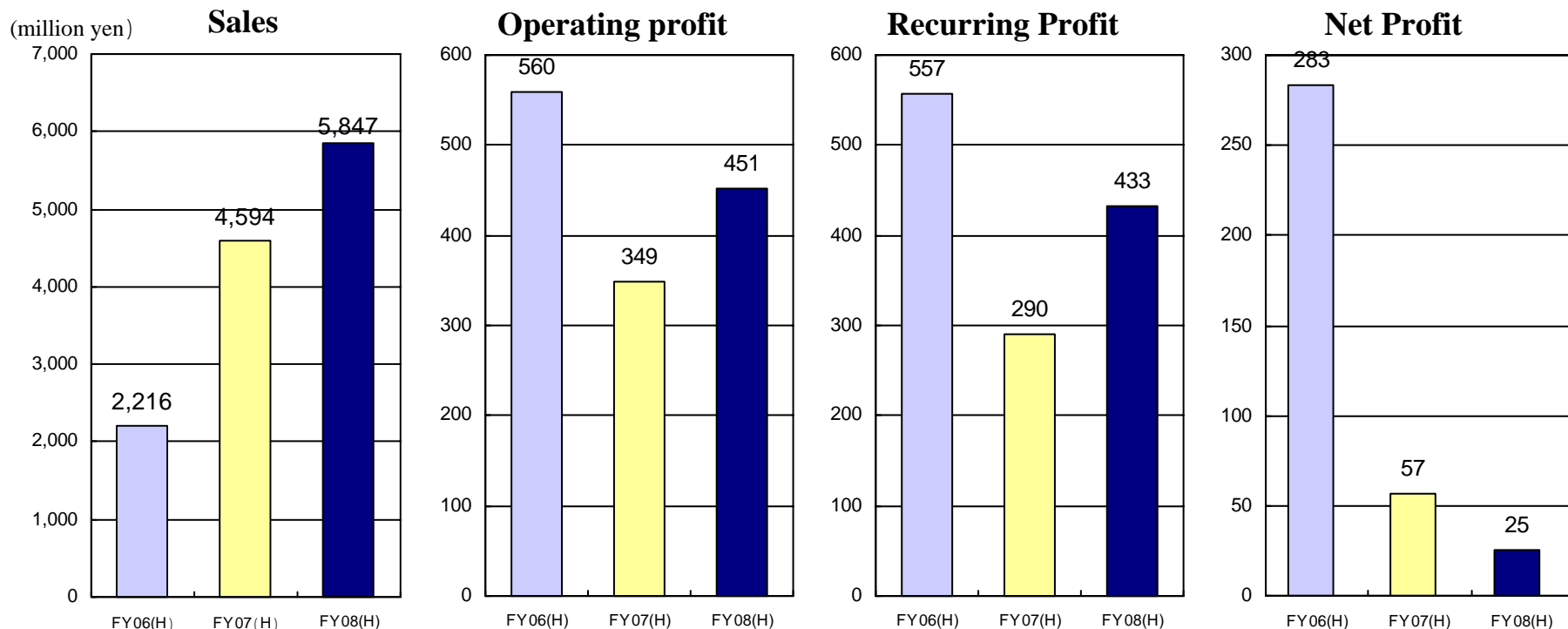
· Equity portion change profit

+24 million yen

· Investment security appraisal loss

219 million yen

Consolidated Interim Financial summary

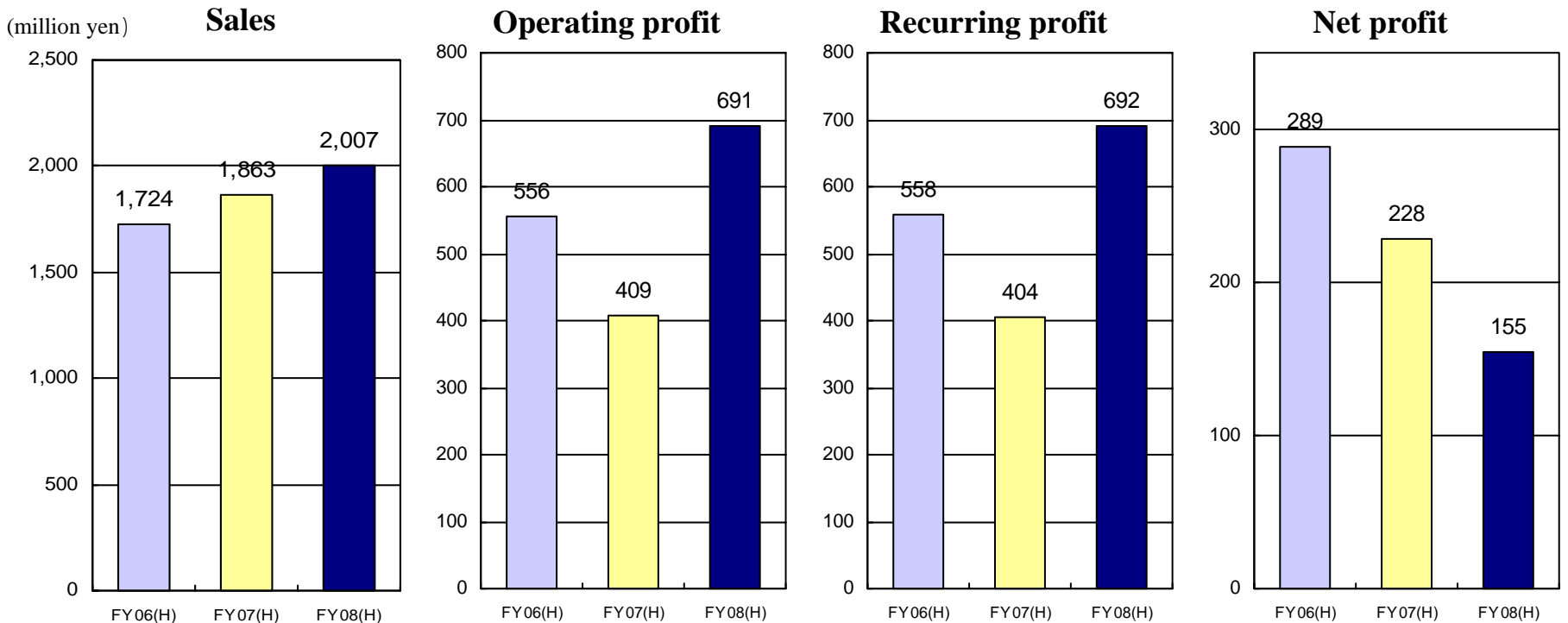


Consolidated (Interim)

(million yen)

PL	FY 06(H)		FY 07(H)		FY 08(H)Revision	FY 08(H)		
	Amount	YOY	Amount	YOY	Jun-2007	Amount	YOY	Forecast ±
Sales	2,216	50.1%	4,594	107.3%	5,800	5,847	27.2%	0.8%
Operating Profit	560	122.0%	349	37.7%	-	451	29.2%	-
Recurring Profit	557	112.4%	290	48.0%	380	433	49.3%	14.1%
Net Profit	283	131.5%	57	79.8%	130	25	54.9%	80.1%

Non-consolidated Interim Financial summary



Non-consolidated (interim)

(million yen)

PL	FY 06(H)		FY 07(H)		Y08(H) Revisio	FY 08(H)		Forecast ±
	Amount	YOY	Amount	YOY	Jun-2007	Amount	YOY	
Sales	1,724	17.9%	1,863	8.1%	1,950	2,007	7.7%	2.9%
Operating Profit	556	113.1%	409	26.5%	-	691	68.7%	-
Recurring profit	558	215.7%	404	27.6%	560	692	71.3%	23.6%
Net Profit	289	280.6%	228	20.9%	340	155	31.8%	54.1%

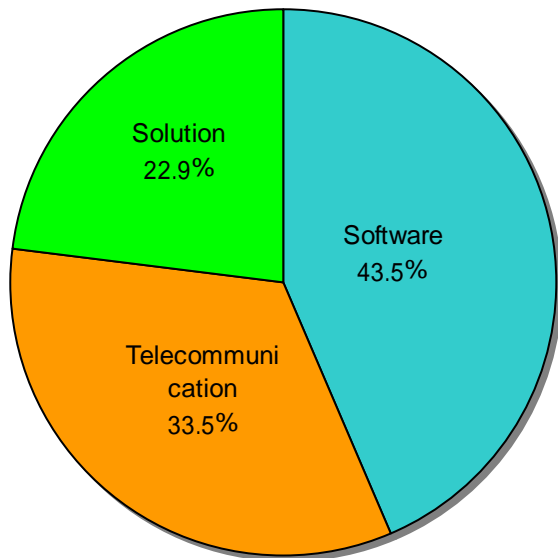
Sales segmentation (consolidated)

Software business (Cybozu, Integratto Business System, Cybozu Labs, YMIRLINK, Feedpath, J-Yad)

Solution business (Cross Head, YMIRLINK, Okinawa Cross Head, Bring up Cybozu Media and Technology,)

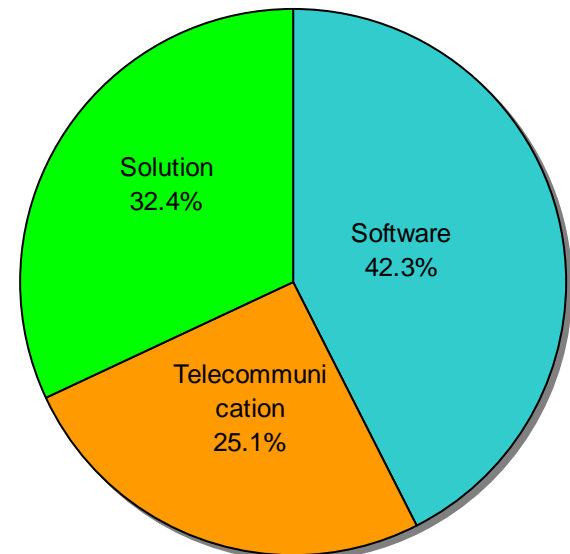
Telecommunication (Inphonix)

FY Jan-2007 Interim Sales : 4,594 M



+ 27.2% UP

FY Jan-2008 Interim Sales : 5,847 M



Software	Telecommunication	Solution	
		Netwaor	Consulting
2,033 M	1,565 M	1,038 M	34 M

* Consolidated Adjusted 77 M

Software	Telecommunication	Solution
2,481M	1,495M	1,871M

* Consolidated Adjusted 111 M

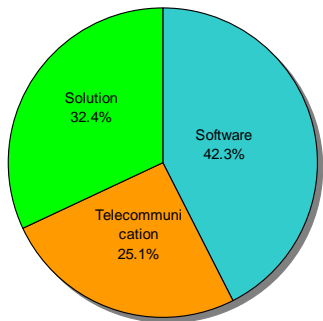
Group subsidiaries Financial situation

(million yen)

Cybozu	
Sales	5,847
Operating Profit	451
(Depre+Amort)	(383)

(million yen)

Software Business						
Sales	2,481					
Operating Profit	660					
(Depreciation+Amortization)	(142)					
Company	Cybozu	Integratto	YMIRLINK	Feedpath	J-YADO	Cybozu Labo
Equity		100.0%	70.5%	35.1%	51.9%	100.0%
CEO	Mr. Aono	Mr. Kitahara	Mr. Kei	Mr. Tsubata	Mr.takahashi	Mr.Hata
Business	Bsusiness Soft	SFA	Sowtware	Web2.0 soft	Site operation	R&D
Capital	534	50	98	71	127	40



From the second half, it will be equity method affiliate

Business Cash flow is plus

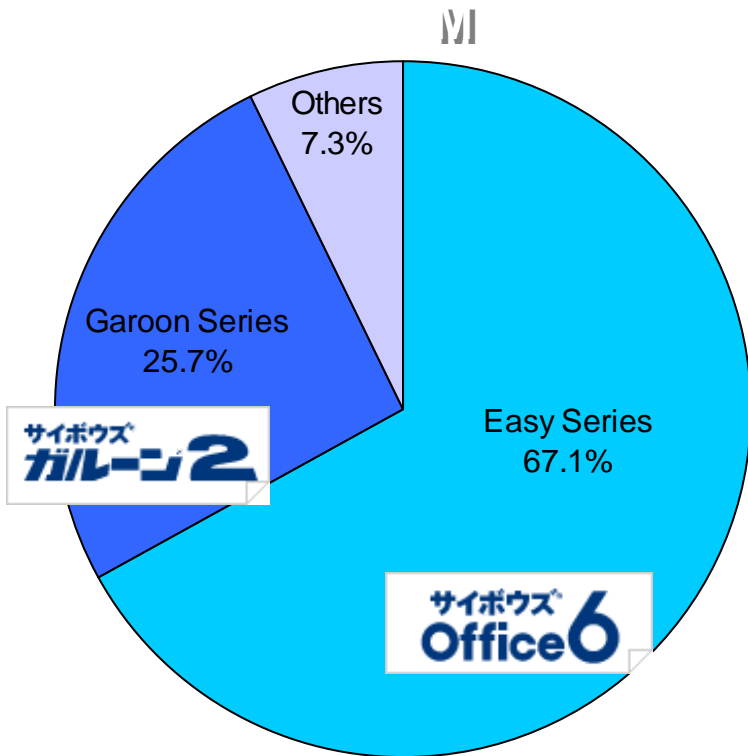
Network related					
Sales	1,871				
Operating Profit	118				
(Depreciation + Amortization)	(158)				
Company	YMIRLINK	Cross Head	Okinawa Cross Head	Bring Up	Cyboz Media & Techonology
Equity	70.5%	54.0%	54.0%	57.1%	58.1%
CEO	Mr. Kei	Mr.Cou	Mr. Arai	Mr.Kuniyoshi	Mr.Tsuchiya
Business	Netwaork	Netwaorksystem	NetworkSystem	Consulting	Thin client
Capital	98	395	51	20	257

Telecommunication	
Sales	1,495
Operating Profit	90
(Depreciation + Amortization)	(83)
Inphonix	
Equity	66.5%
CEO	Mr.Asano
Business	Telecommunication
Capital	100

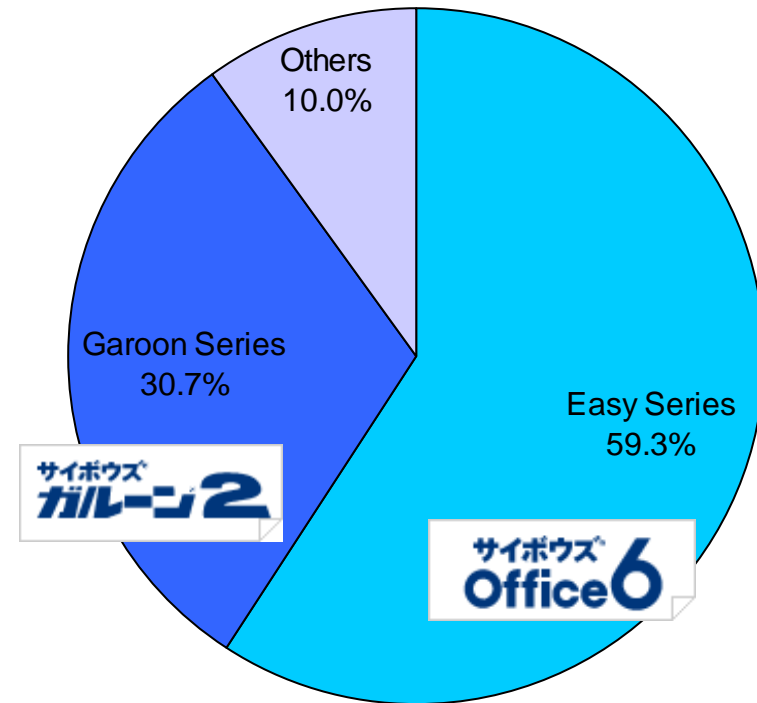
* YMIRLINK's sales was accounted on both Software and network

Sales segmentation (non-consolidated)

FY Jan-2007 Interim Sales : 1,863



FY Jan-2008 Interim Sales : 2,007 M



+7.7% UP

Easy Series	Garoon Series	Others
1,249 M	478 M	135 M

Easy Series	Garoon Series	Others
1,190 M	617 M	200 M

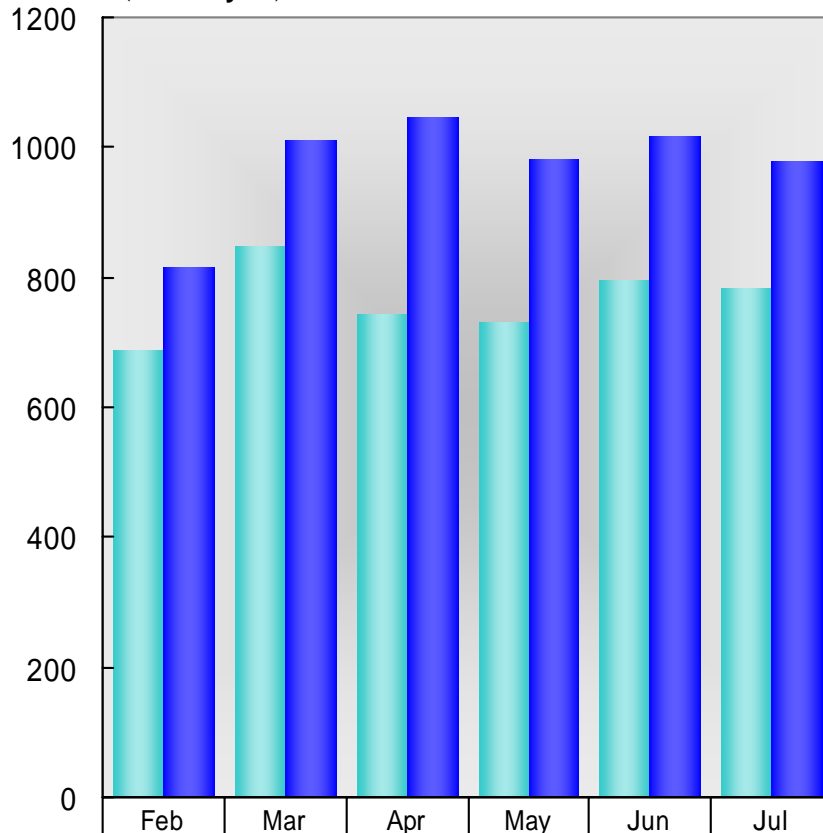
Monthly sales (consolidated/non-consolidated)

2006 May M & A (Bring Up, Cybozu Media & Technology)

June M&A (J-YADO, Integratto)

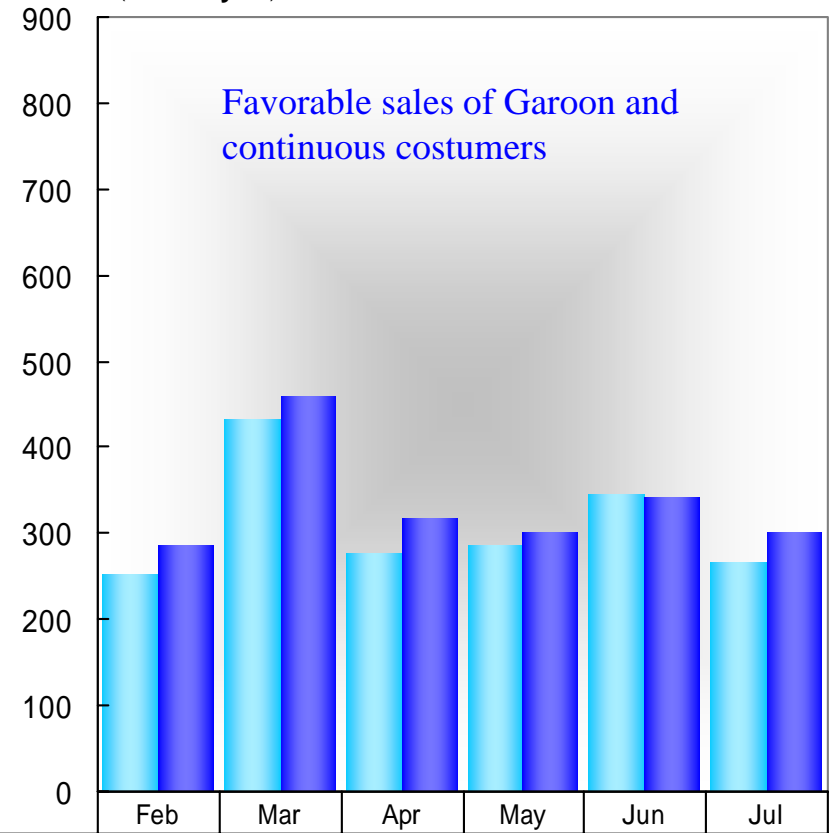
Consolidated

(million yen)



Non-consolidated

(million yen)

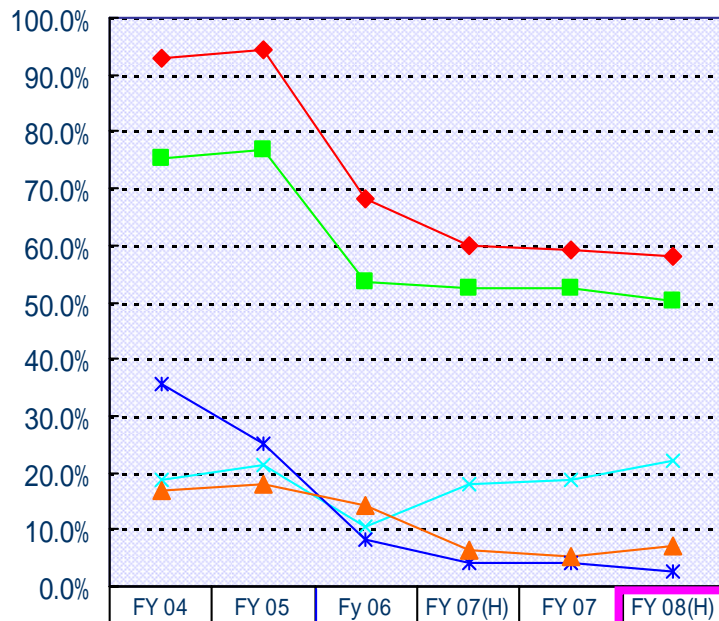


FY 06 Sales	253	433	277	286	345	267
FY 07 Sales	286	459	318	300	342	300

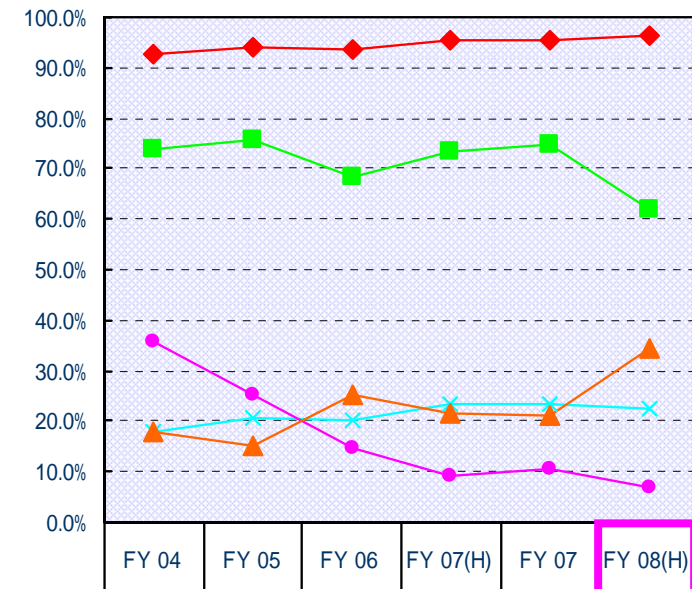
Financial figures (consolidated · non-consolidated)

Due to being consolidated subsidiaries through M&A Gross Margin and SG&A ratio was decreased. Non-consolidated, advertisement cost was shifted to second half.

Consolidated



Non-consolidated



◆ Gross Margin	92.9%	94.2%	68.2%	60.0%	59.0%	58.1%
■ SG & A	75.2%	76.6%	53.7%	52.3%	52.6%	50.3%
✕ (Salaries)	18.9%	21.5%	10.6%	18.0%	18.7%	22.2%
* (Advertisement)	35.5%	25.0%	8.4%	4.0%	4.2%	2.8%
▲ Recurring Profit Margin	17.0%	17.9%	14.4%	6.3%	5.2%	7.3%

◆ Gross Margin	92.7%	94.1%	93.5%	95.2%	95.6%	96.3%
■ SG & A	73.9%	75.9%	68.5%	73.2%	74.7%	61.8%
✕ (Salaries)	17.9%	20.8%	20.3%	23.3%	23.5%	22.7%
● (Advertisement)	35.7%	25.1%	14.8%	9.3%	10.4%	6.7%
▲ Recurring Profit Margin	18.1%	15.2%	25.2%	21.7%	20.9%	34.5%

→ Expand M & A

Interim Jan-2008 B S C F (Consolidated)

(million yen)

	FY 07(H)	FY 08(H)	± %	Comments
Current Asset	3,303	4,159	25.9%	
Cash/Deposit	1,506	1,757	16.7%	
Account receivable	1,623	1,760	8.4%	
Others	174	642	269.0%	inventories 383 M
Fix Assets	3,619	3,835	6.0%	
Tangible Assets	352	404	14.8%	
Intangible Assets	2,196	2,274	3.6%	Software 690 M Goodwill 1,232 M
Investment/Others	1,070	1,157	8.1%	Investment Security 430
Total Assets	6,923	7,994	15.5%	
Current Liability	2,529	3,345	32.3%	
Account payable	293	539	84.0%	
Short term borrowing	814	780	-4.2%	
Within one year payment debt	321	362	12.8%	
Tax payable	229	423	84.7%	
Accrued liability	431	448	3.9%	
Others	441	793	79.8%	
Fix Liability	870	820	-5.7%	Bond 260 M LD 520 M
Net Assets	3,523	3,829	8.7%	
Equity ration %	44.6%	40.3%	-9.6%	
Liability and EQ	6,923	7,994	15.5%	

	FY 07(H)	FY 08(H)
Operating Cash Flow	526	1,023
Investment Cash Flow	-1,360	-743
Free Cash Flow	-834	280
Financial Cash Flow	817	202
Cash Balance	1,506	1,757

Increased Operating CF

[Operating CF]

Operating Profit

Goodwill Amortization

[Investment CF]

Purchased Fix Assets and Intangible Assets

[Financial CF]

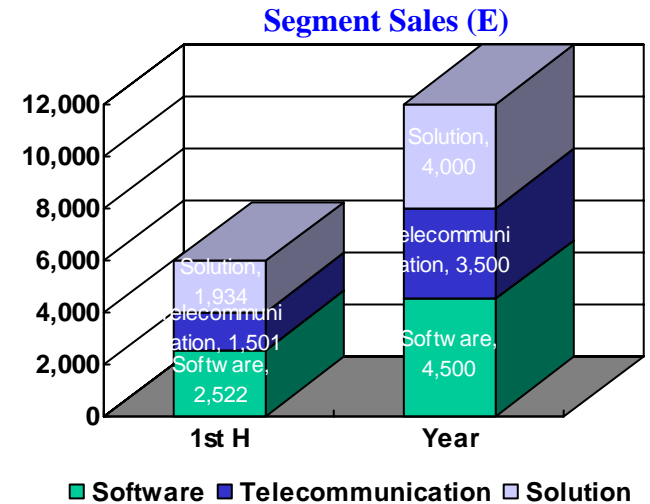
Borrowing new debt and payment of subsidiaries

Goodwill (5 year amortization) : 1,232 M (Interim 224 M)

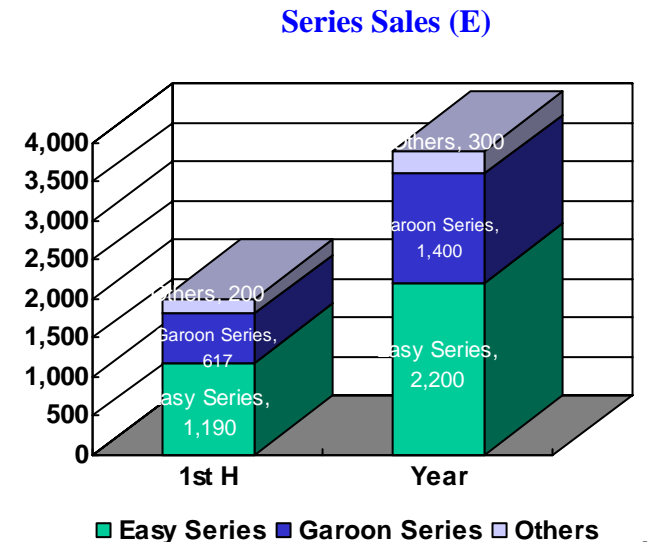
Forecast of FY May-2008 (Consolidated / non-consolidated)

(million yen)

Con	FYJan-07	FYJan-08 (1H)	FY Jan-08 (E)	Progress %	YOY %
Sales	10,018	5,847	12,000	48.7	+19.8
Re Profit	509	433	800	54.1	+57.2
Net Profit	69	25	250	10.0	+362.3
E P S yen	137.32		487.98		



Non	FYJan-07	FYJan-08 (1H)	FY Jan-08 (E)	Progress %	YOY %
Sales	3,678	2,007	3,900	51.4	+6.0
Re Profit	768	692	950	72.8	+23.7
Net profit	372	155	400	38.8	+7.5
E P S yen	733.62		780.76		



Medium term Business strategy and Each Business

Medium and Long term strategy

Mission of Cybozu Group

「Contribute to create knowledge by expanding share the information」

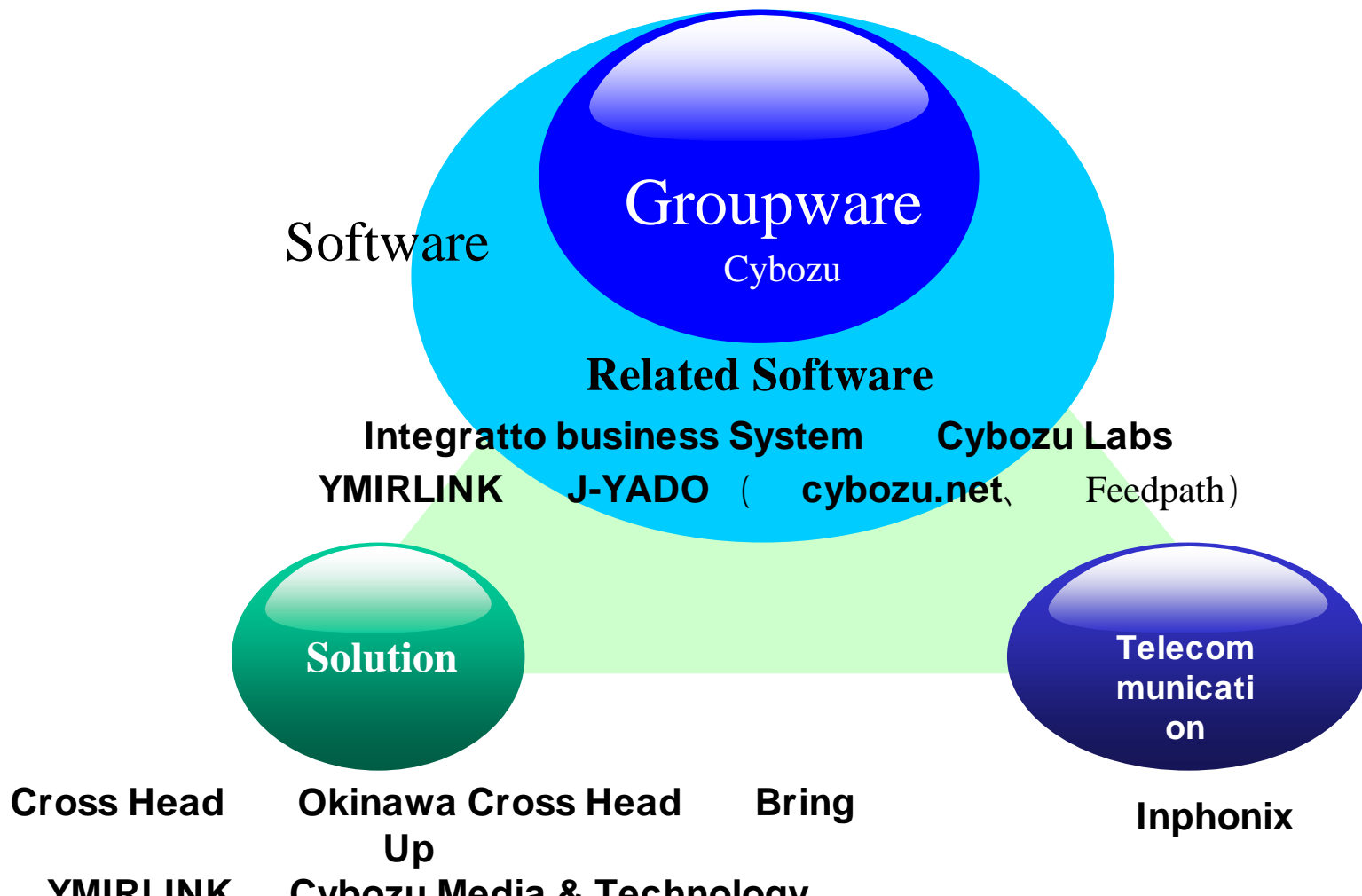
「Popularization of information」

Medium and long term strategy

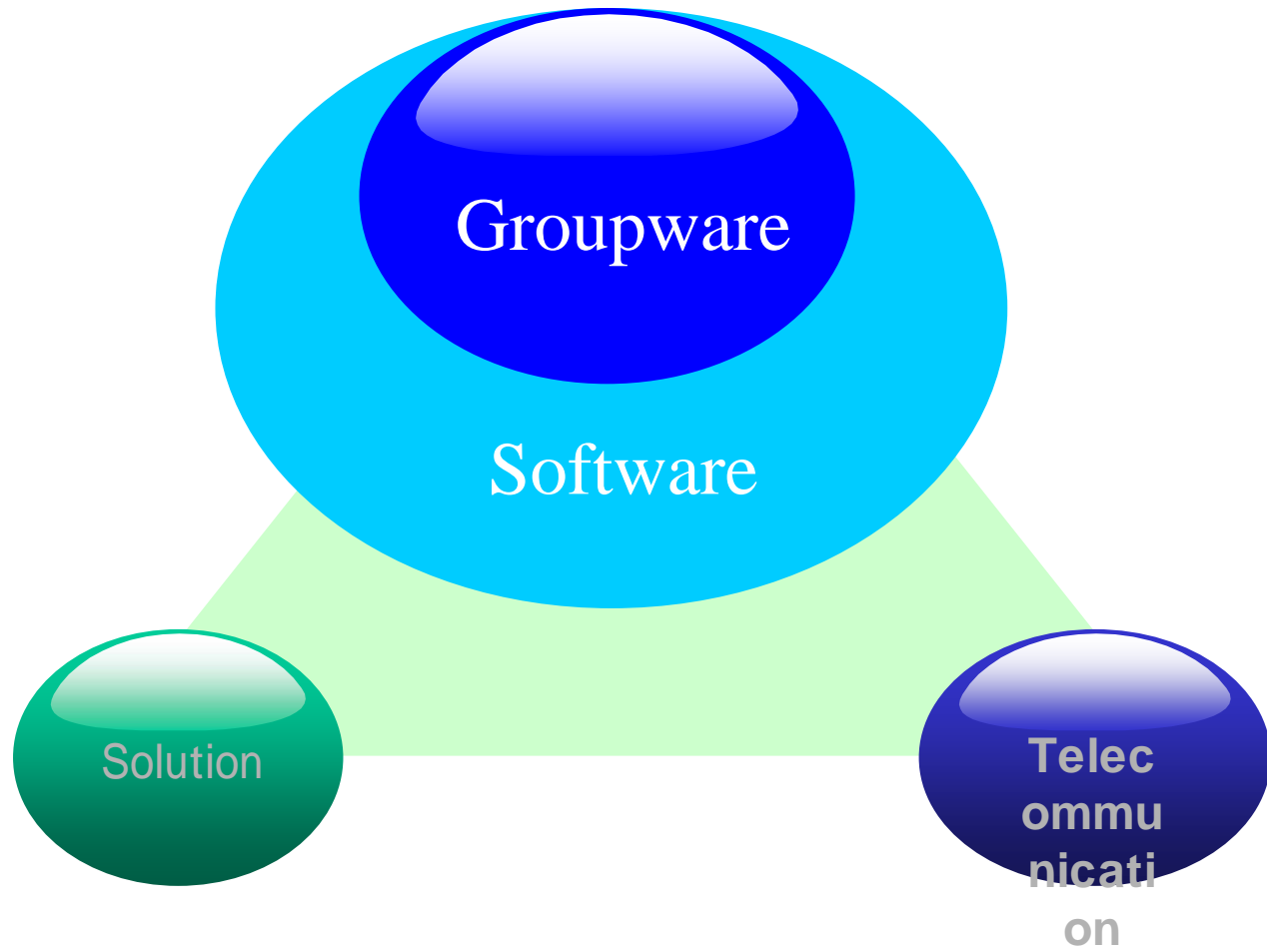
Aiming at **Top share of Groupware** in the world

Group Management Policy

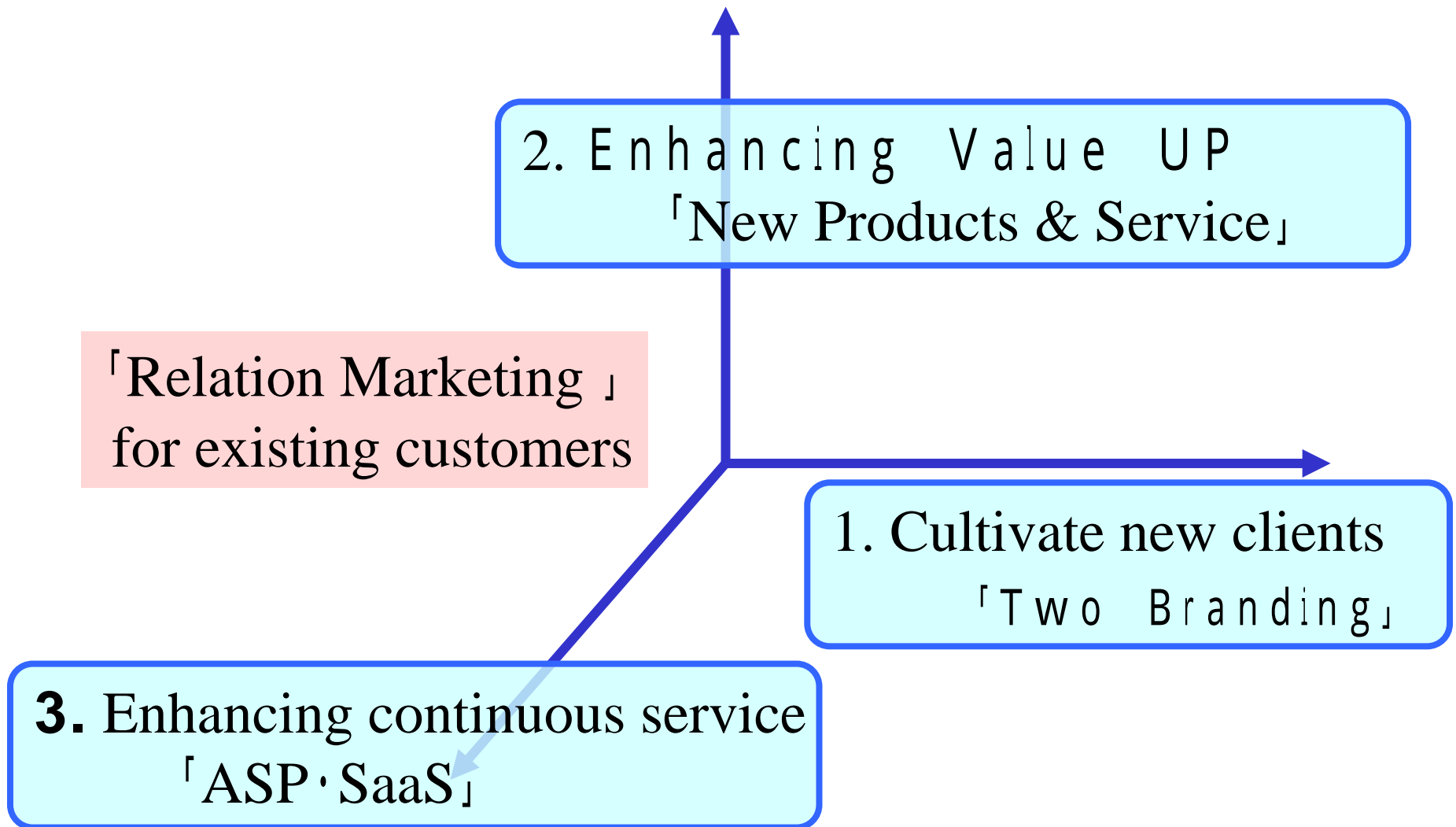
To increase the Groupware share we add value by the Related Software, Solution and Telecommunication



Software Business



Software business: growth strategy



Two Products Branding

Two categorize of products line-up

Easy Series for mid & small companies

サイボウズ®
Office6

サイボウズ® テキチ恵I

サイボウズ® メールワイズ®

[Others]

Share360™
The center of workplace efficiency. by Cybozu

サイボウズ®
リモートサービス

サイボウズ® Collaborex®

Garoon Series for bigger companies

サイボウズ®
ガルーン®

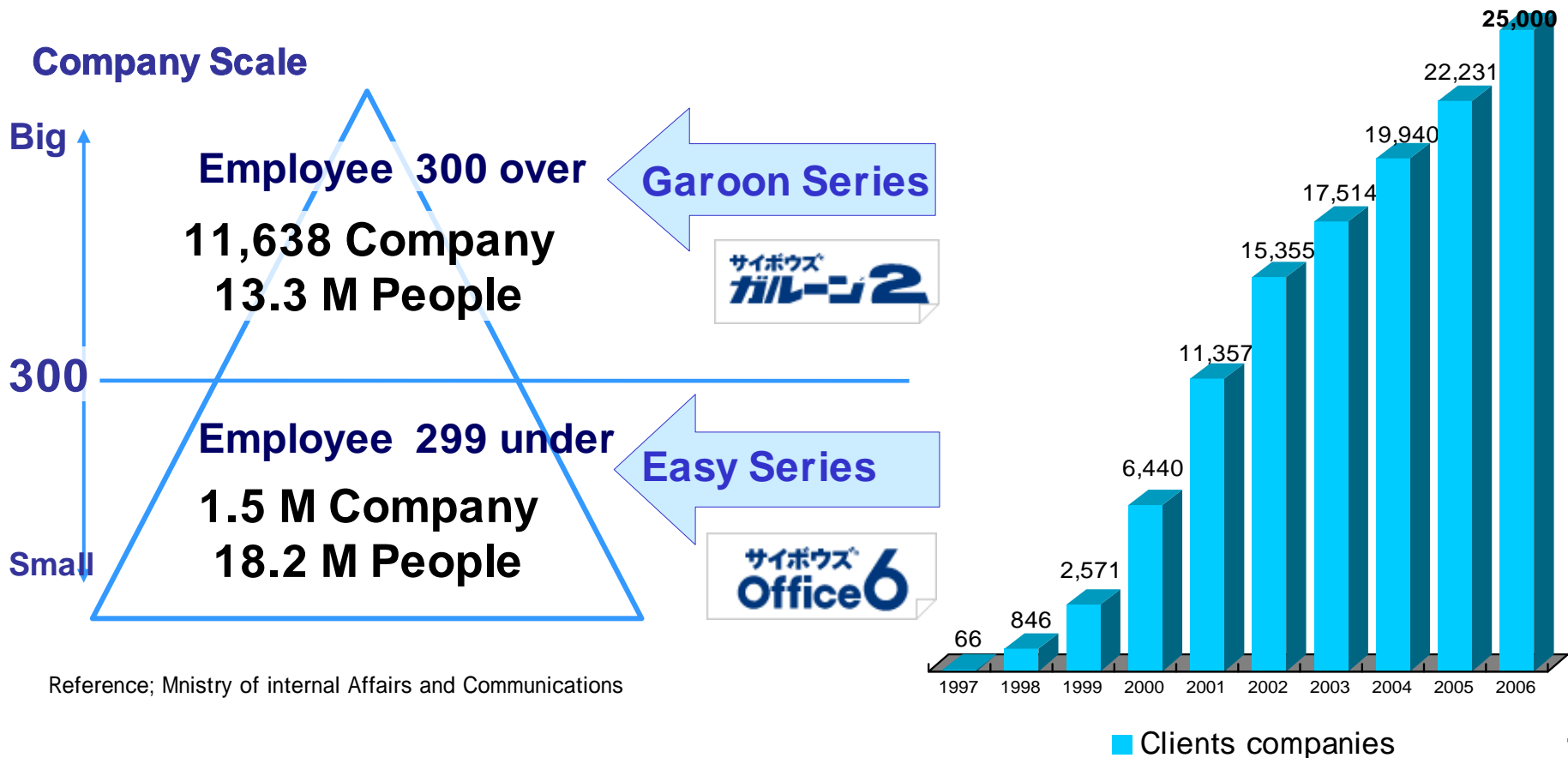
サイボウズ®
ワークフロー
for ガルーン2

CybozuBlog

サイボウズ® ドットセールス

Targeting Clients for Two Brand

「Easy Series」・「Garoon Series」
Enhancing Market share by improvement of two Series



Each Groupware Products Sales

Easy Series



(Feb-2007 ~ Jul-2007 Sales, YOY %)

Easy Groupware	Easy Web Database	Group mail system
		
Sales 877 M	Sales 252 M	Sales 63 M
YOY 11.1 %	YOY + 22.4 %	YOY + 14.2 %

Garoon Series

EIP Group ware	Internal Blog
	
Sales 643 M	Sales 10 M
YOY +34.7%	YOY -

Others

B to B Groupware	Remote Access
	
Sales 16 M	Sales 105 M
YOY +34.4%	YOY +25.7%

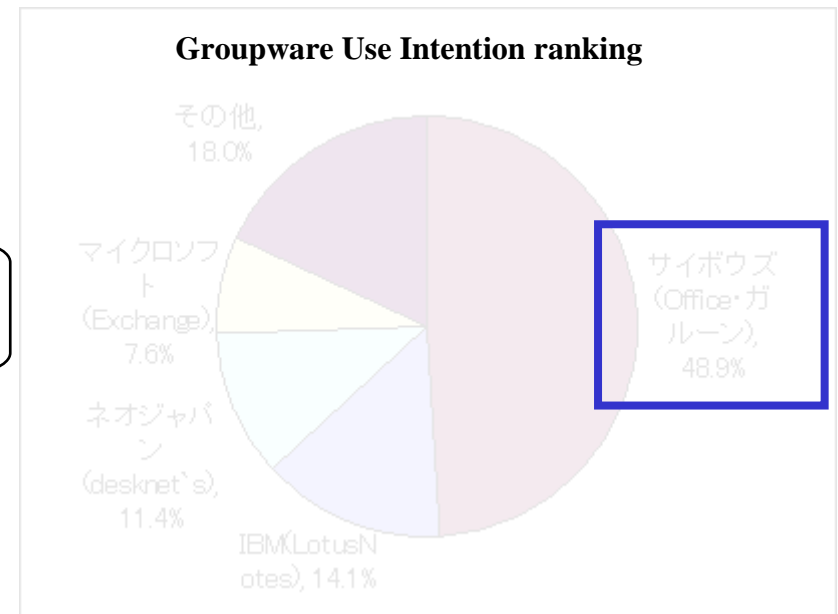
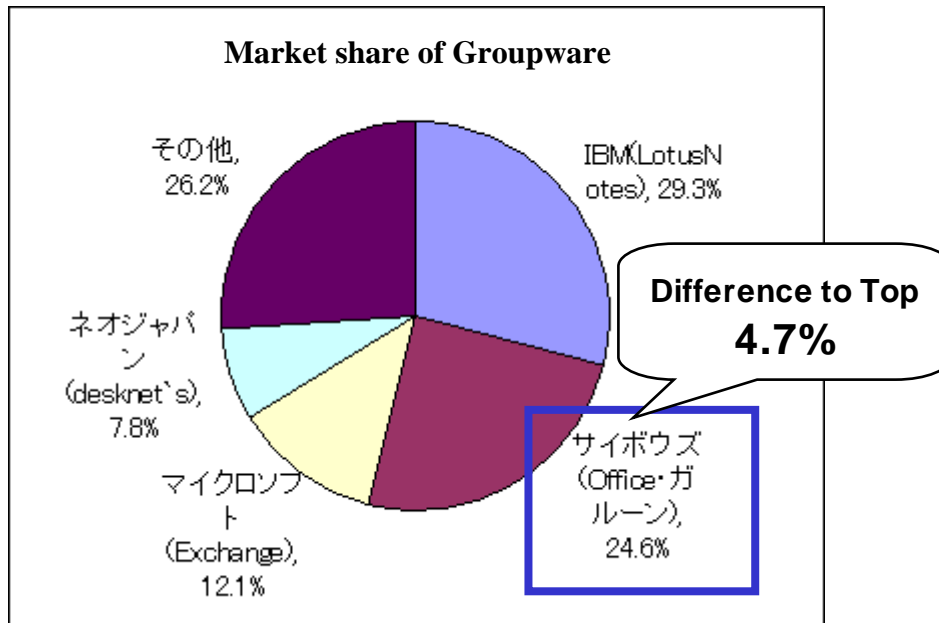
Groupware share situation and Ranking



Nikkei Computer Magazine' Customer satisfactions survey Seven year consecutive No1 Ranking in Group Software

順位 (前回)	会社名	総合満足度	製品満足度	サポート満足度	継続意向度	有効回答数
	全体	58.6	59.1	52.8	59.5	1246
1(1)	サイボウズ	65.7	66.3	59.7	66.8	289

(Source; Nikkei Computer HP)



Relation Marketing

Strengthen service for existing customers to keep usage and introduce new products & service



1. Follow up by Phone for new customers
2. Communication between users
3. Renewal community site
4. 10th Anniversary event
5. Brochure for guidance of new customer
6. 「Cybozu Office」 New Version (This FY release)

New Products and Service

Using group knowledge & Know-how,
Develop new products and service in short period

- **Cybozu Blog**

CybozuBlog

- OEM Products by Feedpath (Oct-2006)

- **Cybozu Remote Service**

サイボウズ
リモートサービス

- System development by Cybozu and operation by CrossHead, ASP model (Mar-2007)

Feedpath

- **SaaS・ASP Service**

- Groupware and Database ASP service by Feedpath (May-2007)

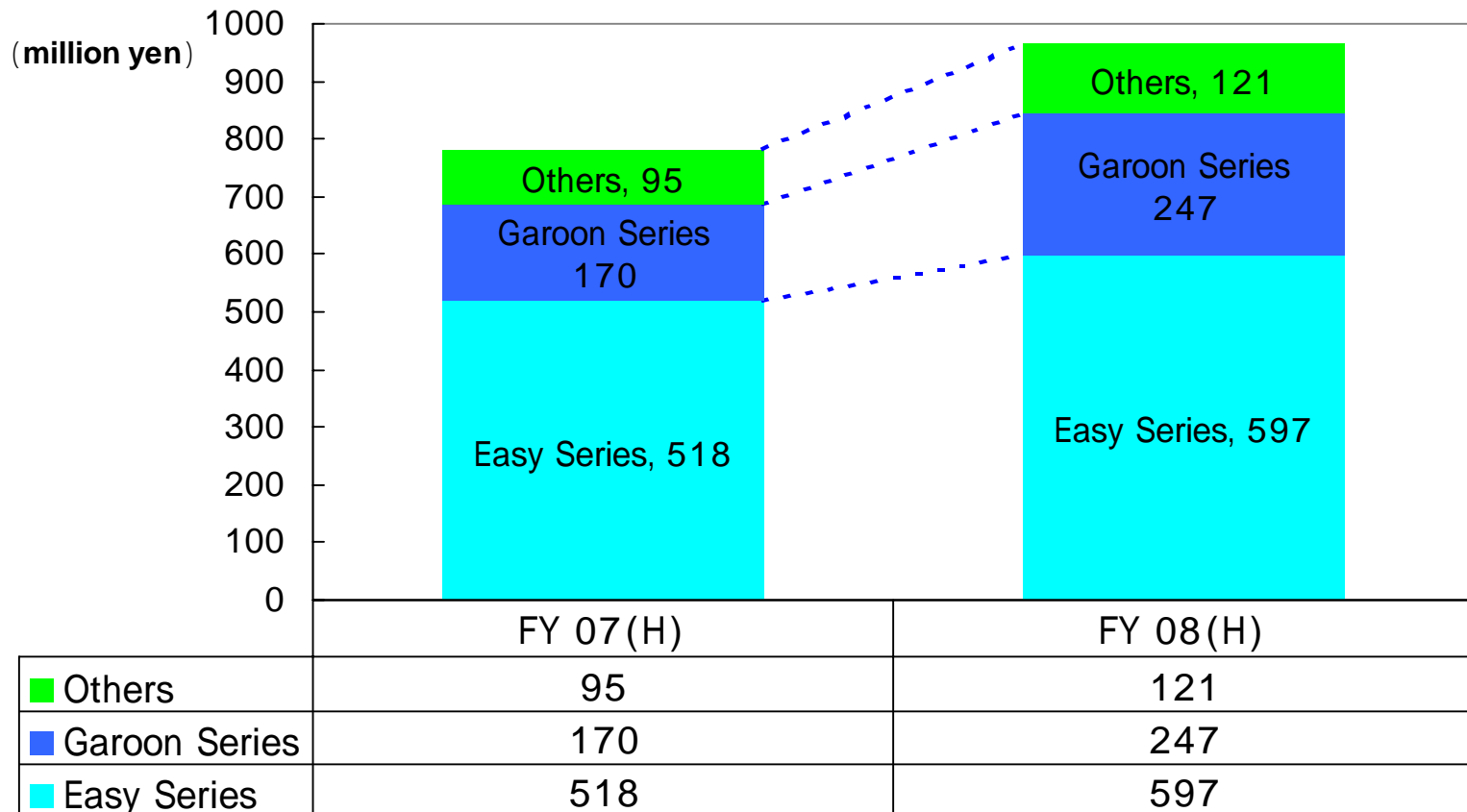
サイボウズ **ドットセールス**

- **SFA 'Cybozu.Sales'**

- SFA product with Integratto based on 'webHello' (Jul-2007)

Continuous Service Sales Growth

Steady revenue from continuous license and ASP



Total : 784 (**40.2%** of non-co Sales)

Total : 965 (**48.0%** of non-co Sales)

The result began to appear in two years.

Purpose of Cybozu Labs

1. R&D for software aiming at global market
2. Adoption of the excellent engineer
3. Workplace environment pleased of engineer

A free research is possible according to 50% rule.

Recent results

- Eleven engineer in two years
- Open the 「Pathtraq」 in Aug-8, 2007



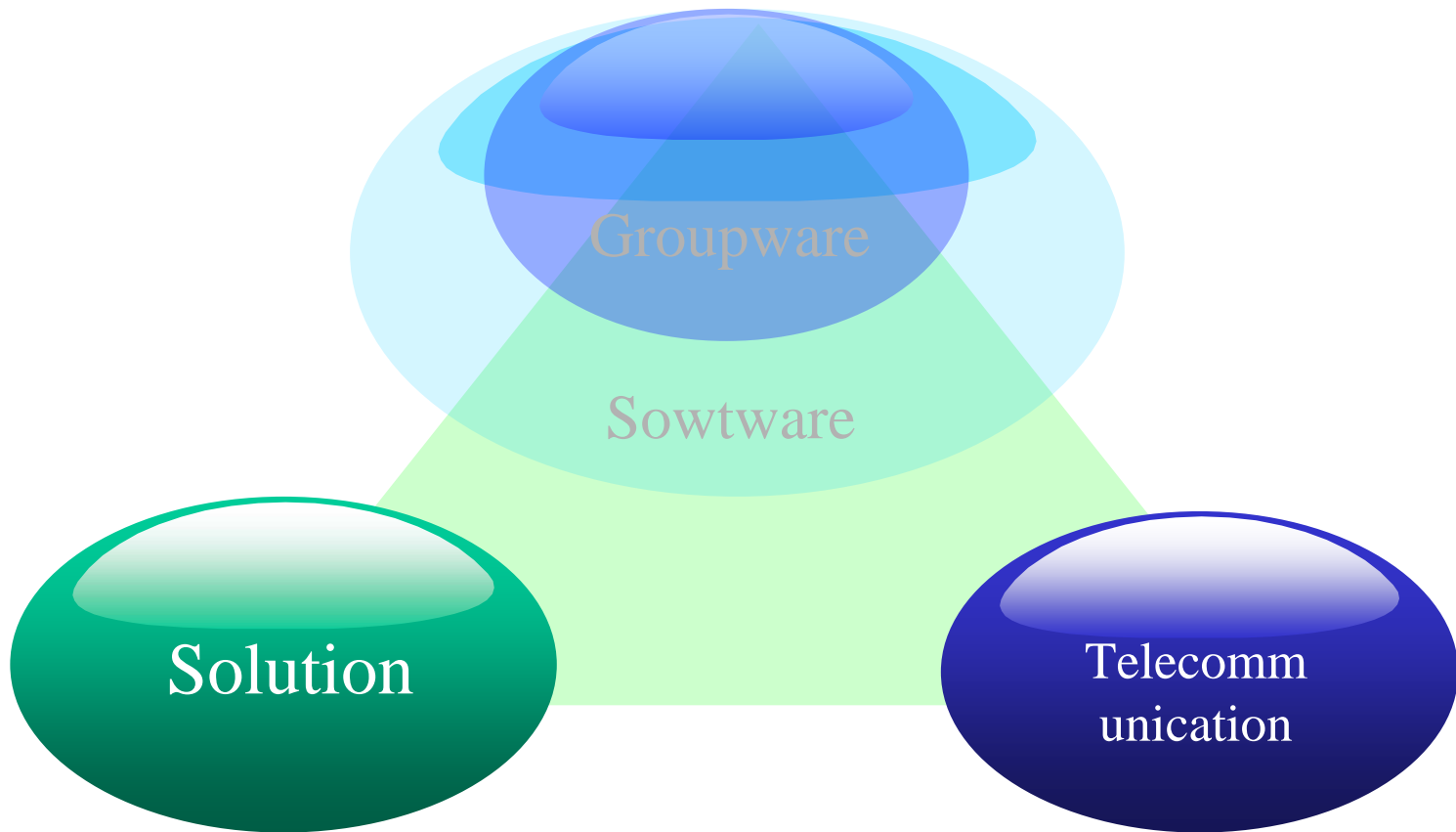
Expand overseas

The subsidiary company is established in Shanghai (China), and groupware ASP service is released.



- Initial target is Japanese companies
- Keep the test marketing collaborated with MIJS's activity

Solution and Telecommunication



Solution business

- **Data center operation watch business**
 - Operation watch Cybozu ASP·SaaS service by CrossHead and Okinawa CrossHead
- **Consulting**
 - Internal control supporting business with Bring Up
 - New products released, ‘Gamma Engine for Cybozu’ for internal control solution based on Cybozu Dezie
- **Thinclients**
 - Cybozu media and the technology sell thin client PC for the information leakage and the personal computer management cost decrease
 - BenefitOne, Do financial were adopted
 - Rationalization is advanced with the business operation of Cybozu

Telecommunication

- **MVNO**

- The earning power of Inphonix decreases changing in a rapid outside environment. Earning power is recovered by the cost decrease

- **MVNE**

- The Ministry of Public Management, Home Affairs, Posts and Telecommunications revises "Guideline concerning the application of Telecommunications Business Law and Radio Law that lies MVNO" (MVNO business making guideline) in February, 2007, and one step advances aiming at the equipment of the communication of the career opening.
- The problem is unsettled as the Japan communication doesn't agree with the condition of the line offer by NTT Docomo and offer the Public Management Minister the decision in September, 2007.
- The preparation is advanced about "Groupware carrying" plan by the Cybozu and Inphonix while seeing the situation.

Corporate Profile (as of July 31, 2007)

Company	Cybozu (TSE 1st Code : 4776)
Address	12F Koraku Mori Build 1-4-14 Koraku Bunkyo-ku Tokyo
Establish	August 1997
Business	Development and Sales of Software for Internet and Intranet
Capital	553 million yen Outstanding shares 512,313 shares, no of shareholders 19,353
Directors	CEO Yoshihisa Aono (Real name Yoshihisa Nishibata), Vice President Osamu Yamada, Outside Ex. Toru Akaura · Izumi Yutani, Three Auditors
Corporate Officer	Yuji Yamamoto, Kazuhiko Ishii, Hideki Fudatsuji, Hirotaka Yamamoto
Shareholders	Yoshihisa Aono 17.45%, Shinya Hata 17.45%, Sumisho Computer System, 14.44%, Hiroyuki Nakano 3.80%, Osamu Yamada 1.36%, Yuji Yamamoto 0.81%
Employees	Non-co 211 (Full time 162, part time 49) Con 829 (Full time 724 , part time 105)
Consolidated Subsidiaries	Inphonix Inc. Cybozu Labs Inc. Cross Head K.K., YMIRLINK Inc. Integratto Business System Inc, Media and Technology Co., Ltd Bring up Co., Ltd, J-Yado, Okinawa Cross Head EQM subsidiaries FeedPath Inc. Cybozu.net



All statements in this presentation that are not based on historic facts represent forward-looking statements based on the company's outlook and plans. These statements are based on the judgments of management in accordance with information available at the time this presentation was prepared. Actual results may differ significantly due to risks, both known and unknown, and other uncertainties. Such risks and uncertainties include, but are not limited to, (1) economic conditions in the major business domains of Cybozu, particularly trends in consumer spending; (2) changes in foreign exchange rates, laws and the political climate; (3) the company's ability to develop new products and services that will be timely and well received by customers, amid an extremely competitive environment characterized by the constant introduction of new products and rapid technological advances, and shifting customer needs; (4) the ability of Cybozu to form alliances with other companies; and (5) other contingencies