

Corporate Name: JUSTSYSTEMS CORPORATION

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President & CEO

Securities Code: No. 4686

Exchange Market: JASDAQ Securities Exchange

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## Notice of Modification of the Consolidated and Non-Consolidated Business Outlook for the Fiscal Year ending March 31, 2008 and Extraordinary Losses

We modify the consolidated and non-consolidated business outlook for the fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008), which were released in the CONSOLIDATED SEMIANNUAL RESULTS FOR FISCAL 2008 dated November 22, 2007, as follows:

### 1. Modification of the Consolidated and Non-Consolidated Business Outlook for the Fiscal Year ended March 31, 2008 ( April 1, 2007 - March 31, 2008 )

#### (1) The Consolidated Business Outlook for the Fiscal Year ended March 31, 2008

( April 1, 2007 - March 31, 2008 )

<Millions of Yen>

	Net Sales (Loss)	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous Outlook (A)	16,250	(2,850)	(2,900)	(3,300)
Modified Outlook (B)	14,573	(3,911)	(4,167)	(4,752)
Difference (B-A)	(1,677)	(1,061)	(1,267)	(1,452)
Rate of Change	(10.3%)	-	-	-
Fiscal Year ended March 31, 2007	13,087	(3,071)	(3,287)	(2,460)

#### (2) The Non-Consolidated Business Outlook for the Fiscal Year ended March 31, 2008

( April 1, 2007 - March 31, 2008 )

<Millions of Yen>

	Net Sales (Loss)	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous Outlook (A)	15,250	(2,250)	(2,350)	(2,990)
Modified Outlook (B)	13,994	(3,169)	(3,294)	(4,852)
Difference (B-A)	(1,256)	(919)	(944)	(1,862)
Rate of Change	(8.2%)	-	-	-
Fiscal Year ended March 31, 2007	12,748	(1,830)	(2,068)	(1,391)

### (3) Reasons of Modification

On a consolidated basis, non-consolidated sales of the existing businesses exceeded the planned figure by 200 million yen, however the xfy business fell short of the planned figure by 1,480 million. In terms of the latter, as its users do not require the XML platform itself, the key for success is to present what kind of benefits it can bring to users.[ 1] With this in mind, the Company has aimed to create solution packages similar to the solutions manual. However, the xfy products initially developed had a platform-like nature, which caused a gap between the software program and user needs, resulting in failing to define requirements for its introduction by the customer. This, together with other facts such as that shipment timing of new products was at the end of the term, and delay in hiring marketing personnel, also caused sales to remain at 170 million yen, drastically below the planned figure.

In addition, the sales generated by the XMetaL business of JustSystems Canada Inc. remained at 570 million yen, 400 million yen lower than planned. This was mainly due to low retention rate of the marketing personnel in the first half of the term and it was only in the latter half of the term when the operating rate started to rise, and to the impact of the foreign exchange on sales which saw a 15% progressive appreciation of the yen against the Canadian dollar toward the term end as compared with the mid-period, resulting in a decrease of 79 million yen when converted into yen.

As a result of the above, consolidated sales were 14,573 million yen, 1,677 million yen lower than planned. Due to the above short-fall in sales, the operating loss showed 3,911 million yen, 1,061 million yen lower than the planned figures. The ordinary loss showed 4,167 million yen, 1,267 million yen lower compared with the planned figure by posting 124 million yen exchange loss as other expense, despite the improvement shown in the profit of the existing businesses on a non-consolidated basis.

The net loss was 4,752 million yen, resulting from, in addition to the above, posting of a total of 633 million yen deferred income taxes; 500 million yen from the first half of the year plus 133 million yen added for the amount reversed of deferred tax assets.

On a non-consolidated basis, in the same way, sales were 13,994 million yen, 1,256 million yen lower than planned, resulting in an operating loss of 3,169 million yen with an increase by 919 million yen compare with plan, and an ordinary loss of 3,294 million yen with an increase by 944 million yen compare with plan. For an extraordinary loss, the Company posted a total of 571 million yen; 264 million yen posted in the first half of the year plus 307 million yen added to the loss on devaluation of investment of JustSystems Canada Inc., while posting 386 million yen for capital deficit of JustSystems Canada Inc. as operating loss reserves and so on. The net loss was 4,852 million yen, resulting from the posting of a total of 633 million yen deferred income taxes; 500 million yen from the first half of the year plus 133 million yen added for the amount reversed of deferred tax assets.

## 2. Extraordinary losses

On a non-consolidated basis, as JustSystems Canada Inc. which undertakes the XMetaL business posted two consecutive years in the red, the Company posted a total of 957 million yen for extraordinary losses with respect to affiliated companies; 386 million yen for capital deficit of JustSystems Canada Inc. posted as operating loss reserves and so on, in addition to 571 million yen as our investment in JustSystems Canada Inc.