



NS Solutions

Financial Information Meeting for Interim Period ended Sep 30, 2003 (April 1 to September 30, 2003)

NS Solution Corporation

October 31, 2003

I. Executive Summary

Shigeru Suzuki

Representative Director & President

II .Outline of Financial Results for the 1st half of fiscal year ended March 2004

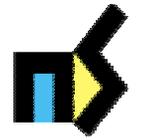
(From April 1 to September 30, 2003)

and Financial Results Outlook for fiscal year ended March 2004

(From April 1, 2003 to March 31, 2004)

Takemi Yanagihara

Senior Executive Director



I. Executive Summary

Shigeru Suzuki

Representative Director & President

Market Trends Update

< Overview >

- ★ Upward trend of the market from the bottom in the 2nd half of the last year
- ★ Harsh and steady cost-down request based on customers' consciousness for TCO reduction and ROI improvement
- ★ Continuous fierce price competition among SI vendors

< By Customer Sector >

- Manufacturing: Financially stable companies keeping active IT investment
- Financial Sector: Easing excessive curtailment of investment
- Public Sector: Continuous fierce price competition among SI vendors because of new comers

March 2004

Our Business Environment and Action Plan



<By Solutions/Service>

▪ Business Solutions:

Stable sales increase of manufacturing, financial and public sectors for the sake of our competitive solutions and IT technologies

▪ Platform Solutions:

Product sales reduction due to price down substituted by increase of sales of designing, engineering and maintenance-support

▪ Business Service:

▪ Steady expansion of outsourcing market and increase of demand for us, i.e. increasing business chance by our SLC integrated solution

Financial Results for the 1st half and Forecasts of Fiscal Year 2003

(Billions of yen)

	Actual 1st half	Forecast Mar.2003
Sales	64.6	150.0
Operating Profit	3.7	12.0
Net income	1.9	6.4

Main business strategies to be taken during Fiscal Year ended March 2004

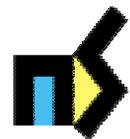
Strengthen customer relation and intensify major account

Enhance recurring business ratio

Refine subcontracting scheme

Establish competitive-cost development scheme

Promote China business



II .Outline of Financial Results for the 1st half of fiscal year ended March 2004

(From April 1 to September 30, 2003)

and Financial Results Outlook for fiscal year ended March 2004

(From April 1, 2003 to March 31, 2004)

Takemi Yanagihara

Senior Executive Director

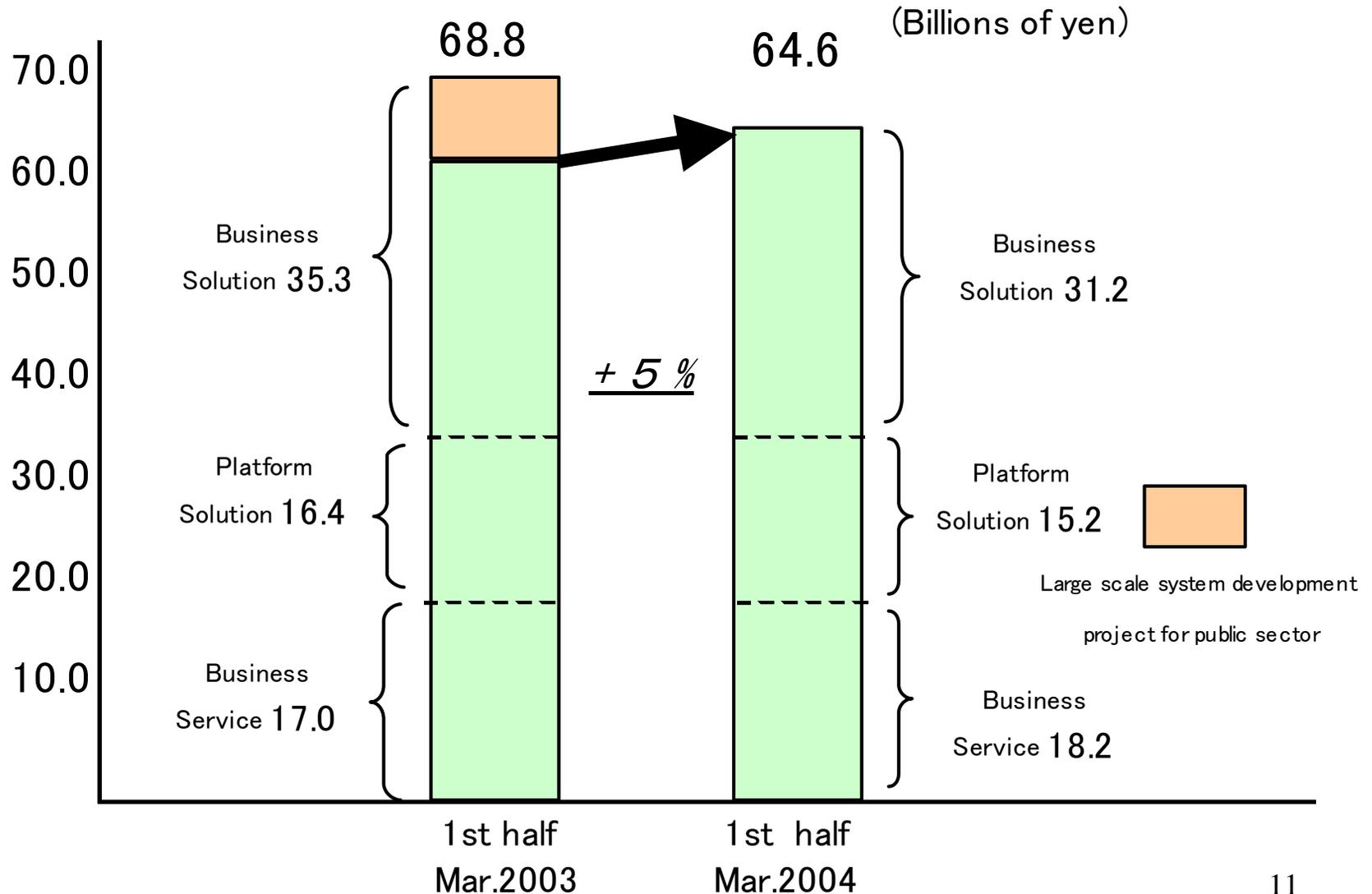
1. Outline of Financial Results for the 1st half of fiscal year ended March 2004 (From April 1 to September 30, 2003)

Outline of Financial Results

(Billions of yen)

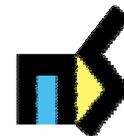
	1st half Mar.2003 A	1st half Mar.2004 B	Change B-A	1st half Mar.2004 Previous outlook C	Change B-C
Net sales	68.8	64.6	- 4.2	64.0	+ 0.6
Operating income	5.4	3.7	- 1.7	3.5	+ 0.2
Recurring profit	5.5	3.7	- 1.8	3.6	+ 0.1
Net income	2.7	1.9	- 0.8	1.7	+ 0.2
Number of employees at end of period	4,224	4,160	- 64.0	—	—

Features of Interim Results-1



Features of Interim Results-2

【VS Previous outlook】

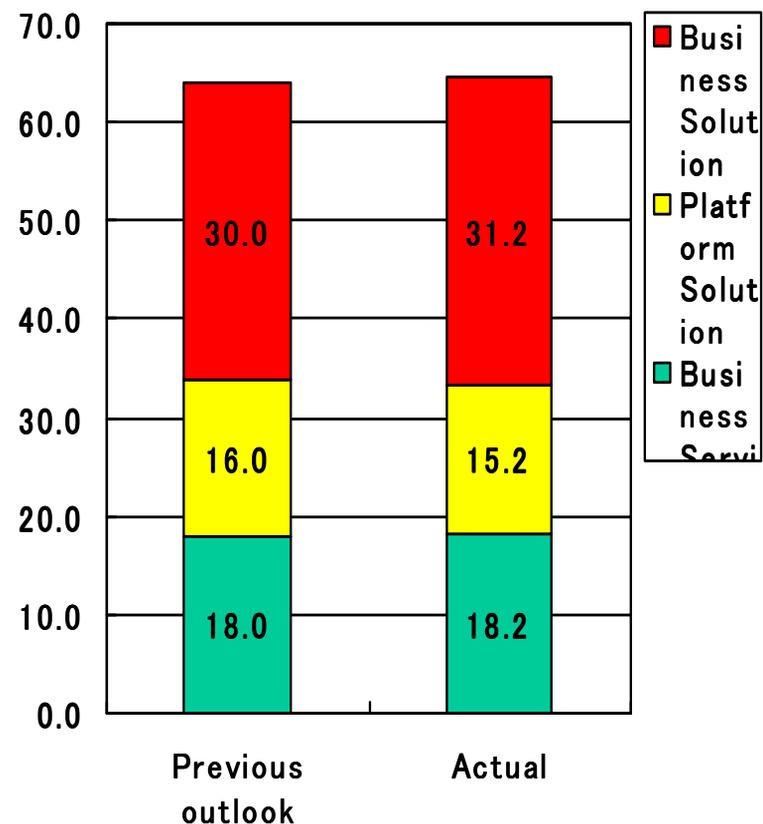


NS Solutions

Billions of yen

	1st half Mar.2004 Previous outlook	1st half Mar.2004 Actual	Change
Net sales	64.0	64.6	+ 0.6
Business Solution	30.0	31.2	+ 1.2
Platform Solution	16.0	15.2	- 0.8
Business service	18.0	18.2	+ 0.2
Gross profit	12.7	12.6	- 0.1
Selling, general and administrative expenses	9.2	9.0	- 0.2
Operating income	3.5	3.7	+ 0.2
Non-operating profit and loss	0.1	0.0	- 0.1
Recurring profit	3.6	3.7	+ 0.1
Net income	1.7	1.9	+ 0.2

Breakdown by Solution/Service



Features of Interim Results-3

Billions of yen

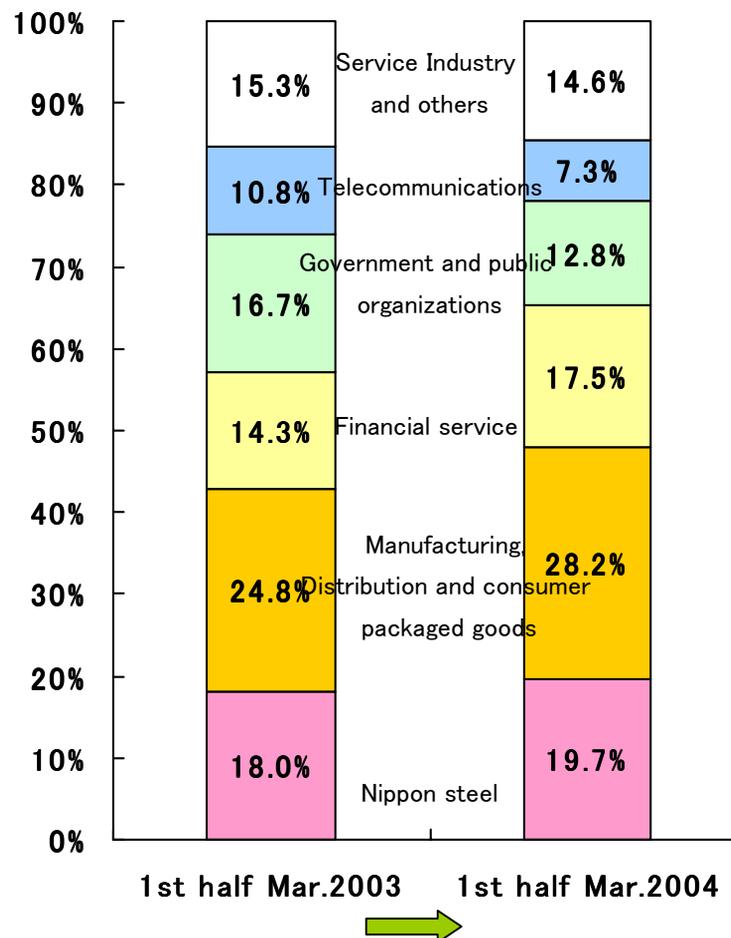
	1st half Mar.2003 Actual	1st half Mar.2004 Actual	Change
Net sales	68.8	64.6	- 4.2
Business Solution	35.3	31.2	- 4.1
Platform Solution	16.4	15.2	- 1.2
Business service	17.0	18.2	+ 1.2
Gross profit	14.6	12.6	- 2.0
Selling, general and administrative expenses	9.1	8.9	- 0.2
Operating income	5.4	3.7	- 1.7
Non-operating profit and loss	0.0	0.0	- 0.0
Recurring profit	5.5	3.7	- 1.8
Net income	2.7	1.9	- 0.8

Features of Interim Results-4

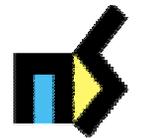
【Net Sales Trend by Customer's Industry】

(Billions of yen)

	1st half Mar.2003		1st half Mar.2004	
	Actual	Share	Actual	Share
Manufacturing, distribution and consumer packaged goods	29.5	42.8%	30.9	47.8%
Nippon steel	12.4	18.0%	12.7	19.7%
Others	17.1	24.8%	18.2	28.2%
Financial services	9.8	14.3%	11.3	17.5%
Government and public organizations	11.5	16.7%	8.3	12.8%
Telecommunications	7.4	10.8%	4.7	7.3%
Service industry and others	10.5	15.3%	9.4	14.6%
Total	68.8	100.0%	64.6	100.0%



1st half Order accepted and Order Backlog-1



Consolidated

Billions of yen	① Order Backlog at beginning of 1st half	② 1st half Order accepted	③ 1st half Net Sales	①+②-③ Order Backlog at end of 1st half
Mar-04	24.5	71.6	64.6	31.6
Mar-03	23.8	※ 76.5	※ 68.8	31.5
Change	+ 0.7	▲ 4.9	▲ 4.2	+ 0.1

※Each figure includes a large scale system development project

1st half Order accepted and Order Backlog—2

【Breakdown by solution/service】

Billions of yen		①	②	③	①+②-③
		Order Backlog at beginning of 1st half	1st half Order accepted	1st half Net Sales	Order Backlog at end of 1st half
Business Solution	Mar-04	14.6	37.0	31.2	20.4
	Mar-03	14.5	※ 42.4	※ 35.3	21.6
	Change	+ 0.1	▲ 5.4	▲ 4.1	▲ 1.2
Platform Solution	Mar-04	3.1	14.8	15.2	2.7
	Mar-03	3.6	15.7	16.4	2.9
	Change	▲ 0.5	▲ 0.9	▲ 1.2	▲ 0.2
Business Service	Mar-04	6.8	19.9	18.2	8.7
	Mar-03	5.7	18.4	17.0	7.0
	Change	+ 1.1	+ 1.5	+ 1.2	+ 1.7

※Each figure includes a large scale system development project

2. Financial Results Outlook for fiscal year ended March 2004

(From April 1, 2003 to March 31, 2004)

Outlook Summary

(Billions of yen)

	Mar.2003 Actual A	Mar.2004 Outlook B	Change B-A	Mar.2004 Previous outlook C	Change B-C
Net sales	153.1	150.0	- 3.1	150.0	—
Business Solution	81.8	79.0	- 2.8	77.0	+ 2.0
Platform Solution	35.0	34.0	- 1.0	36.0	- 2.0
Business service	36.3	37.0	+ 0.7	37.0	-
Operating income	12.1	11.9	- 0.2	11.9	—
Recurring profit	12.1	12.0	- 0.1	12.0	—
Net income	6.2	6.4	+ 0.2	6.4	—

Features of Outlook

(Billions of yen)

	Mar.2003(Actual)		Mar.2004(Outlook)		Change	
	1st.half	2nd.half	1st.half	2nd.half	1st.half	2nd.half
Net sales	68.8	84.3	64.6	85.4	- 4.2	+ 1.1
Gross profit	14.6	15.7	12.6	17.5	- 2.0	+ 1.8
Recurring profit	5.5	6.6	3.7	8.3	- 1.8	+ 1.7

Change of Definition on Solution/Service

(Billions of yen)

	Existing		To be changed		Change	
	Mar-04 Outlook	1st. half	Mar-04 Outlook	1st. half		1st. half
Net sales	150.0	64.6	150.0	64.6	-	-
Business Solution	79.0	31.2	85.0	34.3	+ 6.0	+ 3.1
Platform Solution	34.0	15.2	28.0	11.8	- 6.0	- 3.4
Business Service	37.0	18.2	37.0	18.5	-	+ 0.3

From “BY Each Project” to “By Business Unit”

Reference

1. Financial Data for Fiscal year ended March 2004

Outline of Financial Results (Non-consolidated)

Billions of yen

	1st half Mar.2003 A	1st half Mar.2004 B	Change B-A	1st half Mar.2004 Previous outlook C	Change B-C
Net sales	61.8	57.7	- 4.1	56.0	+ 1.7
Operating income	4.5	2.8	- 1.7	—	—
Recurring profit	4.8	3.0	- 1.7	2.6	+ 0.4
Net income	2.5	1.7	- 0.8	1.4	+ 0.3
Number of employees at end of period	2,058	2,124	+ 66	—	—

Balance Sheets (Consolidated)

Billions of yen

	Mar.2003	Sep.2003	Change
Cash and bank deposits and deposited money	25.7	22.3	- 3.4
Current assets	76.4	63.3	- 13.2
Non-current assets	13.9	14.7	+ 0.8
Total assets	90.3	77.9	- 12.4
Short-term loans	0.0	0.0	-
Current liabilities	39.9	25.6	- 14.3
Non-current liabilities	5.8	6.1	+ 0.3
Total liabilities	45.7	31.7	- 14.0
Minority interest in consolidated subsidiaries	1.1	1.1	+ 0.0
Common stock and additional paid-in capital	22.9	22.9	-
Retained earnings and others	20.6	22.2	+ 1.6
Total shareholders' equity	43.5	45.1	+ 1.6
Total liabilities, minority interests and shareholders' equity	90.3	77.9	- 12.4

Cash Flows Statements (Consolidated)

(Billions of yen)

	1st. half Mar.2003 A	1st. half Mar.2004 B	Change B-A
Cash and cash equivalents at beginning of period (net of cash owned by a deconsolidated subsidiary)	15.1	25.7	+ 10.6
Net cash provided by operating activities	▲ 3.1	▲ 1.7	+ 1.4
Net cash used for investing activities	▲ 2.3	▲ 1.1	+ 1.1
Net cash provided by financing activities	▲ 0.1	▲ 0.6	- 0.5
Net increase (decrease) in period	▲ 5.4	▲ 3.4	+ 2.0
Cash and cash equivalents at end of period	9.6	22.3	+ 12.6

2.Outlook Data for fiscal year ended March 2004

Outlook Summary (Non-consolidated)

Billions of yen

	Mar.2003 (Actual) A	Mar.2004 (Outlook) B	Change B-A	Mar.2004 (Previous outlook) C	Change B-C
Net sales	137.9	135.0	- 2.9	133.0	+ 2.0
Recurring profit	9.9	10.2	+ 0.3	9.4	+ 0.8
Net income	5.3	5.7	+ 0.4	5.2	+ 0.5
Recurring profit margin	7.2%	7.6%	+ 0.4%	7.1%	+ 0.5%

Balance sheets(Consolidated)

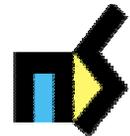
Billions of yen

	Mar. 2003 (Actual)	Mar. 2004 (Outlook)	Change
Cash and bank deposits and deposited money	25.7	27.4	+ 1.8
Current assets	76.4	78.0	+ 1.6
Non-current assets	13.9	15.7	+ 1.8
Total assets	90.3	93.7	+ 3.4
Short-term loans	0.0	0.0	—
Current liabilities	39.9	36.9	— 3.1
Non-current liabilities	5.8	6.5	+ 0.7
Total liabilities	45.7	43.4	— 2.4
Minority interest in consolidated subsidiaries	1.1	1.2	+ 0.2
Common stock and additional paid-in capital	22.9	22.9	—
Retained earnings and others	20.6	26.2	+ 5.6
Total shareholders' equity	43.5	49.1	+ 5.6
Total liabilities, minority interests and shareholders'	90.3	93.7	+ 3.4

Cash Flow Statements (Consolidated)

Billions of yen

	Mar.2003 (Actual) A	Mar.2004 (Outlook) B	Change B-A
Cash and cash equivalents at beginning of period (net of cash owned by a deconsolidated subsidiary)	15.1	25.7	+ 10.6
Net cash provided by operating activities	1.9	5.3	+ 3.4
Net cash used for investing activities	▲ 2.7	▲ 2.5	+ 0.2
Net cash provided by financing activities	11.3	▲ 1.0	- 12.4
Net increase (decrease) in period	10.6	1.8	- 8.8
Cash and cash equivalents at end of period	25.7	27.4	+ 1.8



FORWARD-LOOKING STATEMENTS & PRO FORMA INFORMATION

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of NS Solutions Corporation (the “Company”) or its officers in terms of its operation and financial condition. Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors.