

NS Solutions

Business Results and Outlook for First Half FY2005

(April 1, 2005 through September 30, 2005)

November 10, 2005

NS Solutions Corp.

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

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In this material, where information is presented in millions of yen or percentages, these amounts have been rounded down. Accordingly, these amounts may differ from figures included in financial statements in some cases.

1. Business Policies

(1) Our Basic Business Policies

NS Solutions Corporation adopts the following corporate philosophy in order to play a leading role in Japan's information service industry, achieve sustainable business expansion and high profitability, and contribute to creating a better society.

Creation, Reliability and Growth

As an IT professional firm, NS Solutions creates real value to establish mutual trust with our customers, achieve mutual business growth and contribute to progress in our society.

To this end, NS Solutions has four basic business policies as follows:

To expand our business, we design creative solutions and selectively allocate more business resources for markets that have significant potential demand for IT solutions.

We integrate sales and manufacturing functions into a single business unit for such target markets and devise the most appropriate business model for each business unit in order to differentiate ourselves and achieve high profitability.

We seek state-of-the-art technologies and customers' confidence because our competitive edge stems from these two factors.

We focus on our three core business (i.e. Business Solutions, Platform Solutions and Business Services) to provide coherent services ranging from consulting services, design, development and implementation of solutions to maintenance services.

(2) Basic Policy on Profit Sharing

The Company recognizes the importance of enhancing our competitiveness and boosting our corporate value for shareholders. Concerning profit sharing, the Company makes it a basic policy to provide proper and stable dividends to shareholders and to maintain sufficient internal reserve for expanding our business activities and ensuring appropriate profit in the future.

For the 1st half of the current fiscal year, we decided to provide a ¥ 12.50 mid-term dividend per share with an increase of ¥ 3.75 per share as initially scheduled. At the end of the current fiscal year, we plan to provide the ¥ 12.50 term-end dividends per share. Accordingly, the annual total dividend per share will be ¥ 25.00 with an increase of ¥ 7.50.

Concerning internal reserve, from the viewpoint of addressing fiercer competition with competitors and providing high-quality solution service timely by taking advantage of business opportunities, we plan to spend our internal reserve for strategic investment such as expanding our solution menu, obtaining advanced information technologies and human resources development, as well as for stepping up the implementation of business strategies including alliance with other companies.

(3) Our Business Strategy in the Medium to Long Term and Management Index Targeted

While there is a growing recognition that business strategy is becoming more and more closely connected with IT strategy, and that our customers' survival depends upon whether they can get an

edge on other competitive companies in terms of IT strategy, we see customer needs for re-design and re-structure of core systems sizably emerging, reflecting management reform needs and the progress of IT.

In such circumstances, the Company grasps correctly the management task of customers to present the right approach to solve them as an IT professional, and aims at attaining the position of a reliable IT partner by providing services for consulting on the re-design of all IT equipment and software of customers, system integration ranging from planning, development, operation to maintenance, on demand service to business process outsourcing and so forth.

From such a managerial perspective, the Company will positively pursue the business structure reform such as selectively allocating business resources to growing sectors in which there are increasing customer needs, planning advanced solutions and creating a new business model. By differentiating ourselves and obtaining confidence from our customers, the Company will get an edge on our rivals in our industry, and will achieve the objectives of sustainable business expansion, profit growth and improvement in profitability.

(4) Our Challenges

Enhancement of technological capability to develop systems as the organization

We have enjoyed an excellent reputation from our customers regarding our highly technological capability to develop systems, which are typified by the project management business of successfully executing large-scale projects or by the Systems Research & Development Center which has a high degree of expertise. In order to further enhance our technological capability, the Company established the Technology Bureau in April this year, and is promoting best practice-based improvement and standardization of the development process, establishing the technique of fostering development in remote and offshore areas and utilizing development support tools and project management tools. The Company will wrestle with the task of enhancing technological capability to develop systems as an organization in the future.

Concerning the development of human resources shouldering these tasks, the Company, by making avail of the IT Skill Standard (ITSS), will expand the internal training scheme, with planning, to improve our employees' abilities so that they will be able to provide better solutions, proposals and properly manage various projects.

Enhancing customer relations capability and expansion of business opportunity by creating new solutions

In April this year, the Company established the Strategic Marketing & Vendor Alliance Department, and will step up our inter-organization cooperation of sales activities, which we have pursued for many years. The Company is wrestling with the task of reforming the sales process such as introduction of the sales portal to promote information sharing.

Moreover, the Corporate IT Consulting as well as the Solution & Business Innovation Department established in the business unit, by grasping properly customer needs and the market/technical trends, will endeavor to improve the existing solutions and create new solutions. By doing so, the Company will enhance its customer relation capability such as dealing with the diversity and complexity of individual customer needs to propose solutions suited to such needs, and will expand business opportunities.

Expansion of service business

Based on the Company's rich experience of having provided Nippon Steel Corporation with services available 24 hours a day 365-day a year for the past 40 years without interruption, the Company has provided high-quality operation and maintenance service. In the future, NSSLC Service Corporation established in April this year will take the lead to provide outsourcing services such as high-quality operation and maintenance on a full scale by utilizing the business resources held by the NS Solutions group.

Furthermore, the Company will provide outsourcing service, such as the on demand type of service on the usage-sensitive charging system like Oracle On Demand@NSSOL, creating the free use of our high IT technological capability in the future as well.

Promotion of BCM (Business Continuity Management)

Recently, as seen in establishment of the new company law, amendment to the Generally Accepted Auditing Standard (GAAS) and movement to establish the Japanese version of the Sarbanes-Oxley Act, the Company recognizes that it is necessary for enterprises to enhance the activity of internal control and compliance. The Act on the Protection of Personal Information, which came into enforcement in April this year, acted as a trigger for the growing interest in protecting personal information. The Company recognizes that it is an important obligation of enterprises to ensure information security. In addition to these, there is growing concern about disaster prevention such as disaster recovery from the viewpoint of business continuity, etc.

In October this year, the Company established the Business Continuity Management Group which specializes in business continuity management, aiming at strengthening capability to deal with these risks. The Company will actively promote business continuity management activities not only for in-house operations but also for our new solution business.

(5) Other Important Management Matters

None

2. Operating Results

(Trend in the Japanese economy and information service industry)

During the 1st half of the current fiscal year, although there were some factors dragging the economy down such as an increase in crude oil prices and others, the Japanese economy has stayed firm supported by improvement in corporate profits and increase in capital investment mainly in the manufacturing industry.

While in the information service industry, customer companies continue to move towards selective IT investment projects and request lower quotation bids, the sales totals in the information service industry as a whole recovered in the second quarter from the first quarter in which sales were flat compared to the previous year, and have remained relatively firm. (Source: The Bank of Japan “Short-Term Economic Survey of Principal Enterprises in Japan,” and the Ministry of Economy, Trade and Industry, “Specified Service Industry Dynamic Statistics”)

(Highlights for NS Solutions Group)

In such a market environment, the Company has expanded its business focusing on the system life cycle total solutions to provide coherent services ranging from planning, construction and operation to maintenance and the legacy re-engineering solutions to re-design and re-construct the core system, and has addressed the diversity and complexity of customer needs. In April this year, the Company reformed its business structure to manage business resources held by the NS Solutions group in a unified manner so as to provide high-quality operation and maintenance services, and has taken measures to enhance, with all the might of the NS Solutions group, services for the system life cycle total solutions by establishing NSSL Service Corporation which specializes in operation and maintenance service. On the other hand, in order to enhance technological capability to develop systems as the organization, the Company has wrestled with the task of improving and standardizing the development process, establishing the technique of fostering development in remote and offshore areas and utilizing development support tools and project management tools. Furthermore, the Company has taken measures to strengthen the managerial base such as enhancement of the project management and partner relations.

Because of sophistication and screening of the product mix in Platform Solutions, we have achieved ¥ 64,763 million sales for the 1st half of the current fiscal year, with a ¥ 959 million decline compared with the same period of the last fiscal year (¥ 65,723 million). Meanwhile, the recurring profit of ¥ 4,752 million was recorded in the 1st half of the current fiscal year, with a ¥ 480 million increase compared with the same period of the last fiscal year (¥ 4,272 million). Such increase in recurring profit is due to efforts in curtailing costs including outsourcing and procuring costs and in improving profitability by shifting to high value-added products in Platform Solutions operation.

Our business performance for each service category (i.e. Business Solutions, Platform Solutions and Business Services) is summarized as follows:

○ Business Solutions

We had a steady revenue stream mainly from the manufacturing, distribution and service industries, but revenue from the finance industry, government agency and public sectors declined. As a result, we have achieved ¥ 33,540 million sales for the 1st half of the current fiscal year, with almost the same level of sales as those of the same period of the last fiscal year (¥ 33,414 million).

Manufacturing, distribution and service industries

In the manufacturing, distribution and service industries, customers are showing stronger moves toward IT investment supported by strong corporate performance. Particularly, we have enjoyed steady demands for developing large-scale systems in the fields of production, sales and physical distribution for the manufacturing industries. Moreover, quotations and sales for various solutions such as the PLM solution for shortening the R&D process from design to production, the ERP solution that integrates the production/sales process, the SCM solution for reducing the total lead time and total inventory, and the MES solution that connects the core system with the control system of production, have remained firm.

PLM: Product Lifecycle Management

ERP: Enterprise Resource Planning

SCM: Supply Chain Management

MES: Manufacturing Execution System

Finance industry

The scale of investment in the information system has remained firm in the financial industry as a whole, but over the past several years, priority has been given to investment in system integration due to merger and consolidation including those between mega banks in the financial industry. As a result, the scale of strategic investment in information systems such as market type and information type systems, whose development the Company is wrestling with, is on a declining trend, and the market conditions continue to be severe. On the other hand, a movement whereby financial institutions increase strategic investment in information systems was observed. We enjoyed an excellent reputation for the solution for the Basel regulation, the solution for integrated income management and so on from our customers, and the business is smoothly increasing in terms of both quotation and order.

Government agency and public sector

In the government agency and public sector, competition is intensifying among vendors due to the procurement system reform of the government. In such circumstances, making the most of our expertise in high scientific technology fields, we have provided services of constructing and operating various systems that are original and unique to the Company in the fields of satellite, science and so forth.

○ Platform Solutions

In Platform Solutions operations, we enjoyed steady demands mainly for the consulting, engineering and maintenance service of products. However, because we attempted sophistication and screening of the product mix laying emphasis on profitability, we have achieved ¥ 12,334 million sales for the 1st half of the current fiscal year, with a ¥ 1,417 million decline compared with the same period of the last fiscal year (¥ 13,751 million).

○ Business Services

In Business Services operations, the business is increasing smoothly supported by expansion of the outsourcing market and by offering the system lifecycle total solution, and we enjoyed steady demands in terms of quotation and order. As a result, we have achieved ¥ 18,888 million sales for the 1st half of the current fiscal year, with a ¥ 330 million increase compared with the same period of the last fiscal year (¥ 18,557 million). Based on our experience of operating and managing the large-scale and complicated system of Nippon Steel Corporation with services available 24 hours a day 365-day a year over forty years without interruption, we have offered operation and management service, which are pursuant to ITIL (IT Infrastructure Library), and the Company has enjoyed an excellent reputation from our customers to date. In April this year, we established NSSL Service Corporation which specializes in high-quality operation and maintenance services, and are wrestling with development of the system lifecycle total solution with all the might of the NS Solutions group. Furthermore, in addition to the “Oracle On Demand@NSSOL” service whose development we have been wrestling with since last year as well as the process service provider operations, we are putting all our efforts into expansion of the service business such as investment for creating the service type of business model.

ITIL: The work into which the British government agency compiled all available data concerning the best practice of IT service management in the latter half of the 1980s. In Europe and the U.S., it is recognized as the de facto standard.

3. Outlook for Full Year

In the 1st half of the current fiscal year, we enjoyed relatively steady demands for the information system, supported by improvement in corporate profits. But since the 2nd half, customers have begun to adopt a cautious attitude towards investment. Whether the economy is on course for recovery remains to be seen. We will deal with the diversity and complexity of customers' needs such as planning of the IT strategy matched with their management strategy as a corporate IT partner and the system optimization as a whole, and will expand the business service operations by getting a grasp of the growing demand for outsourcing and creating new solutions.

Concerning performance on a full year basis, we project our consolidated sales at ¥ 150,000 million and consolidated recurring profit at ¥ 12,000 million.

Forward-looking statements, such as projection for performance on a full year basis, might be subject to unexpected changes in economic conditions. Please understand that these statements do not guarantee actual performance of the NS Solutions group.

4. Financial Position

(1) Balance sheet

1) Assets

The total assets as of the end of the 1st half of the current fiscal year amounted to ¥ 93,509 million with a ¥ 4,863 million decline from ¥ 98,372 million as of the end of the previous fiscal year. This is mainly due to the fact that trade notes and accounts receivable decreased by ¥ 11,310 million. We started to provide a long-term loan for the purpose of improving the efficiency in fund management operation in the 1st half of the last fiscal year.

2) Liabilities

The liabilities as of the end of the 1st half of the current fiscal year amounted to ¥ 35,815 million with a ¥ 7,037 million decline from ¥ 42,852 as of the end of the previous fiscal year. This is mainly due to the fact that trade notes and accounts payable decreased by ¥ 5,199 million. The liabilities of the NS Solutions group are chiefly constituted of trade credit such as trade notes and accounts payable, and accrued accounts and allowances such as accrued income taxes and allowance for employees' retirement benefits. There are no liabilities with interest such as borrowing from financial institutions.

3) Shareholders' equity

The shareholders' equity as of the end of the 1st half of the current fiscal year amounted to ¥ 56,240 million with a ¥ 2,136 million increase from ¥ 54,104 million as of the end of the previous fiscal year. This is mainly due to the fact that net income amounted to ¥ 2,706 million although ¥ 463 million of dividends was paid to shareholders. As a result, the equity ratio rose to 60.1%.

(2) Cash flows

1) Statement of cash flows

Cash and cash equivalent as of the end of the 1st half of the current fiscal year amounted to ¥ 24,149 million. During the 1st half of the last fiscal year, cash and cash equivalent decreased by ¥ 9,161 million. On the other hand, that for the same period of the current fiscal year increased by ¥ 1,051 million. Cash flow for each activity category is as follows:

• Cash flows from operating activities

In the 1st half of the previous fiscal year, the Company generated ¥ 3,732 million from operating activities. This is mainly due to income before income taxes of ¥ 4,275 million, depreciation expenses of ¥ 638 million and trade credit change of ¥ 7,590 million, while negatively impacted by payment of income taxes of ¥ 3,097 million and increase in inventory assets of ¥ 3,421 million. Meanwhile, during the 1st half of the current fiscal year, ¥ 2,447 million of cash was provided by operating activities. This is mainly due to income before income taxes of ¥ 4,755 million, depreciation expenses of ¥ 626 million and trade credit change of ¥ 6,110 million, while negatively affected by payment of income taxes of ¥ 3,843 and increase in inventory assets of ¥ 5,097 million.

• Cash flows from investing activities

During the 1st half of the last fiscal year, the Company used ¥ 12,384 million in investing activities. This is mainly due to acquisition of tangible and intangible assets of ¥ 625 million, acquisition of investment securities of ¥ 305 million and long-term loan to the affiliated company of ¥ 12,000 million. Meanwhile, ¥ 890 million of cash was used for investing activities in the 1st half

of the current fiscal year mainly due to acquisition of tangible and intangible assets of ¥ 714 million.

The long-term-loan to the affiliated company is that (the period of loan, five years) to Nippon Steel Corporation, our parent company.

• Cash flows from financing activities

The Company used ¥ 509 million in financing activities during the 1st half of the last fiscal year, mainly due to payment of dividends. On the other hand, ¥ 509 million of cash was used mainly for payment of dividends also in the 1st half of the current fiscal year.

2) Commitment line from financial institutions

The Company has overdraft facilities by which the Company may withdraw money up to a maximum of ¥ 4,800 million from each bank of three major financial groups in excess of the balance on deposit. Moreover, the Company has overdraft facilities with a maximum of ¥ 4,600 million at Nittetsu Finance Co., Ltd., the consolidated subsidiary of Nippon Steel Corporation. Therefore, the Company has overdraft facilities with a maximum of ¥ 9,400 million in total.

3) Cash management system (= CMS)

The Company uses CMS of Nittetsu Finance as mentioned above, and makes deposits of ¥ 12,337 million in Nittetsu Finance as of the end of the 1st half of the current fiscal year.

Moreover, the Company constructs and uses CMS of NS Solutions group with each of eight consolidated subsidiaries. The Company takes in deposits of ¥ 4,870 million as of the end of the 1st half of the current fiscal year from the NS Solutions group companies.

<Reference> Trend of cash flow index

The equity ratio is being improved by the steady accumulation of profit as mentioned below.

	September 2003	March 2004	September 2004	March 2005	September 2005
Equity ratio	57.9%	53.1%	60.9%	55.0%	60.1%
Equity ratio on fair market value basis	211.1%	202.1%	174.8%	136.0%	145.9%

(Note 1) Equity ratio: Equity capital/Total assets

Equity ratio on fair market value basis: Market capitalization based on share price at the term end/Total assets

(Note 2) Because there is no balance of liabilities with interest as of the term end, the number of years of debt redemption is not stated. The interest coverage ratio is not stated because the amount of interest payment is very small.



NS Solutions

Financial Information Meeting for First Half FY2005 (First Half ended Sep. 30, 2005)

2005. 10. 31

Shigeru Suzuki

Representative Director & President

NS Solutions Corporation

FORWARD-LOOKING STATEMENTS

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H1 FY05 Consolidated Results Highlights

(Billions of yen)

	H1 FY04 (Actual) A	H1 FY05 (Actual) B	Change B-A	H1 FY05 (Previous outlook) C	Change B-C
Sales	65.7	64.8	- 0.9	64.0	+ 0.8
Business solutions	33.4	33.6	+ 0.2	33.0	+ 0.6
Platform solutions	13.8	12.3	- 1.5	12.0	+ 0.3
Business services	18.5	18.9	+ 0.4	19.0	- 0.1
Gross profit	12.9	13.4	+ 0.5	13.0	+ 0.4
<Gross profit margin>	<19.6%>	<20.7%>	<+ 1.1%>	<20.3%>	<+ 0.4%>
SG&A	8.7	8.8	- 0.1	9.1	+ 0.3
Operating income	4.2	4.6	+ 0.4	3.9	+ 0.7
Recurring profit	4.3	4.8	+ 0.5	4.0	+ 0.8
Net income	2.3	2.7	+ 0.4	2.1	+ 0.6

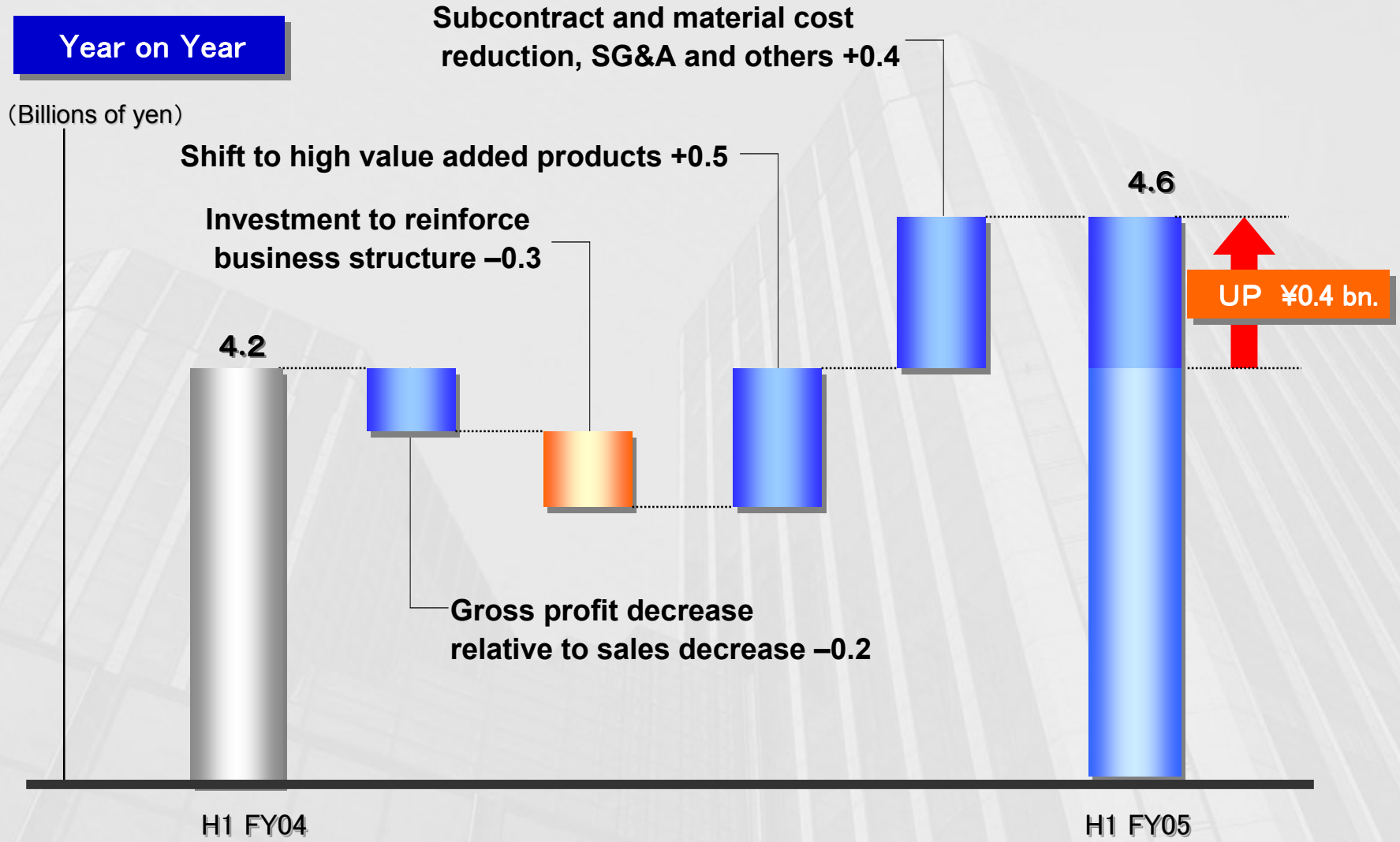
H1 FY05 Sales by Business Line/Customer Industry



(Billions of yen)

Business line/ Customer industry	H1 FY04 (Actual) A	H1 FY05 (Actual) B	Change B-A	Comment
Business solutions	28.0	28.1	+ 0.1	
Manufacturing, distribution and service industries	13.7	15.6	+ 1.9	Sales growth due to large-scale projects for large manufacturers
Financial services	8.5	7.1	- 1.4	Sales to mega banks are concentrated in H2
Government, public organizations and others	5.8	5.4	- 0.4	
Platform solutions	12.5	11.0	- 1.5	Low-end products decreased
Business services	18.1	18.6	+ 0.5	Increase in outsourcing business with Nippon Steel
Non-consolidated sales	58.6	57.7	- 0.9	
Subsidiaries, net	7.1	7.1	- 0.0	
Consolidated sales	65.7	64.8	- 0.9	

H1 FY05 Consolidated Operating Income Breakdown



Outlook for FY2005 Consolidated Results

(Billions of yen)

	FY04 (Actual) A	FY05 (Outlook) B	FY05 (Previous outlook)	Change B-A
Sales	146.5	150.0	150.0	+ 3.5
Business solutions	81.9	84.5	84.5	+ 2.6
Platform solutions	25.7	26.0	26.0	+ 0.3
Business services	38.9	39.5	39.5	+ 0.6
Gross profit	29.5	30.5	30.5	+ 1.0
<Gross profit margin>	<20.1%>	<20.3%>	<20.3%>	<+ 0.2%>
SG&A	17.8	18.7	18.7	- 0.9
Operating income	11.7	11.8	11.8	+ 0.1
Recurring profit	11.8	12.0	12.0	+ 0.2
Net income	6.6	6.7	6.7	+ 0.1

Outlook for FY05 Sales by Business Line / Customer Industry



(Billions of yen)

Business line/ Customer industry	FY04 (Actual) A	FY05 (Outlook) B	FY05 (Previous outlook)	Change B-A	Comment
Business solutions	70.6	72.5	72.5	+ 1.9	
Manufacturing, distribution and service industries	32.8	35.5	35.5	+ 2.7	Increase in sales to large manufacturers
Financial services	19.4	19.0	19.0	- 0.4	
Government, public organizations and others	18.4	18.0	18.0	- 0.4	
Platform solutions	23.2	23.5	23.5	+ 0.3	Increase in consulting and product maintenance businesses
Business services	38.1	39.0	39.0	+ 0.9	Sales growth due to SLC-T and brand-new solutions *
Non-consolidated sales	131.9	135.0	135.0	+ 3.1	
Subsidiaries, net	14.6	15.0	15.0	+ 0.4	
Consolidated sales	146.5	150.0	150.0	+ 3.5	

* SLC-T: System Life-cycle Total Solution

Outlook for FY2005 Semiannual Consolidated Results

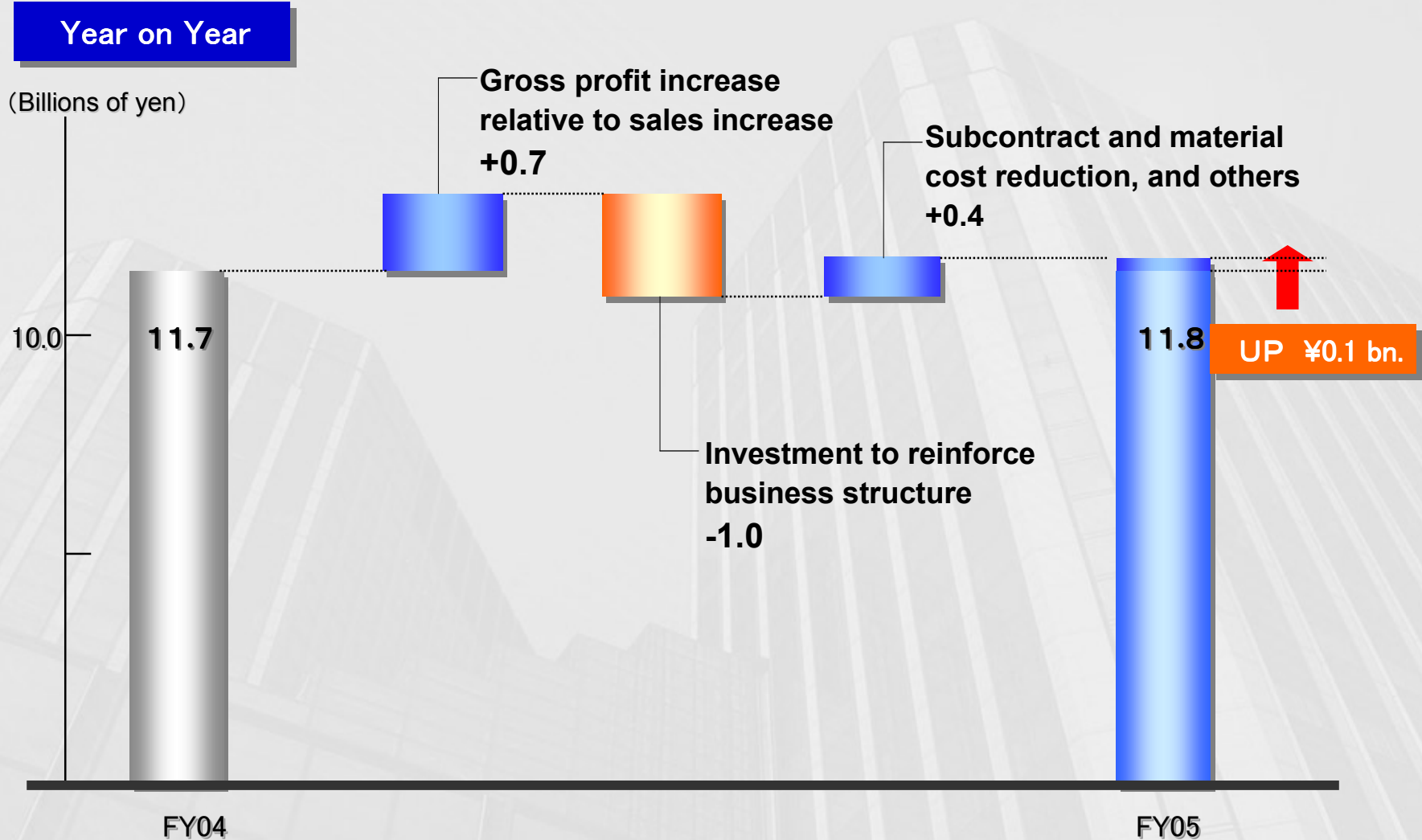


(Billions of yen)

	FY04 (Actual)		FY05 (Outlook)		Change	
	H1 A	H2 B	H1 C	H2 D	H1 C-A	H2 D-B
Sales	65.7	80.8	64.8	85.2	- 0.9	+ 4.4
Business solutions	33.4	48.5	33.6	50.9	+ 0.2	+ 2.4
Platform solutions	13.8	11.9	12.3	13.7	- 1.5	+ 1.8
Business services	18.5	20.4	18.9	20.6	+ 0.4	+ 0.2
Gross profit	12.9	16.6	13.4	17.1	+ 0.5	+ 0.5
<Gross profit margin>	<19.6%>	<20.5%>	<20.7%>	<20.1%>	<+ 1.1%>	<- 0.4%>
SG&A	8.7	9.1	8.8	9.9	- 0.1	- 0.8
Operating income	4.2	7.5	4.6	7.2	+ 0.4	- 0.3
Recurring profit	4.3	7.5	4.8	7.2	+ 0.5	- 0.3
Net income	2.3	4.3	2.7	4.0	+ 0.4	- 0.3
Order backlog at beginning of period	21.2	31.7	* 26.8	* 37.0	+ 5.6	+ 5.3

* These order backlogs have been calculated in accordance with the method NS Solutions adopted in the past.

FY2005 Consolidated Operating Income Breakdown



Market Trends by Business Line/ Customer Industry are...



Business line /Customer industry	Market trend	Market direction
Business solutions Manufacturing, distribution and service industries Financial services Government and public organizations	<ul style="list-style-type: none"> ▪ Clients still have strong will for investment in IT ▪ Increasing system development from scratch ▪ Recovering demand for ERP accounting system <ul style="list-style-type: none"> ▪ Derivative and trading systems, management systems and database design business (the field of non-settlement systems) show signs of recovery ▪ Steady demand for systems to deal with the Basel II regulation <ul style="list-style-type: none"> ▪ Reform of government's procurement system. Competitive bidding increasing. 	↑ → →
Platform solutions	<ul style="list-style-type: none"> ▪ Steady demand for engineering and maintaining products ▪ Commonly seen demand to renew products introduced around the year 2000 	Engineering ↑ Product sales →
Business services	<ul style="list-style-type: none"> ▪ Expecting non-Nippon Steel business and NSSLC Service Corp. to grow ▪ Incubating and enlarging servicing solution businesses 	↑

Business strategies taken till FY04

Differentiating our businesses by utilizing system life-cycle total solutions

Expanding our customer base by offering legacy reengineering solutions

Taking account relationship management strategy

Enhancing system development capabilities on a low-cost and low-risk basis

Regrouping our subcontractors



Business strategies taken in FY05

1. Enhancing technical capabilities to develop systems in an organized way

2. Going ahead with our plan to set up modern software factory

3. Strengthening consulting capabilities

4. Establishing sales process

5. Performing ARM & SLC-T task force activities *

6. Creating brand-new solutions

7. Setting up and strengthening NSSLC Service Corp.

Investment to reinforce business structure

Around ¥1.0 bn.

* ARM:Account Relationship Management
SLC-T:System Life-cycle Total Solution

How we're going ahead with investment to reinforce business structure...

We're spending money approximately in line with our original plan—¥0.3 billion in H1 FY05 (¥1.0 billion in FY05)



Enhancing technical capabilities to develop systems in an organized way

- Maintaining system development frameworks
- Developing our own tools and promoting the use of these
- Adopting such frameworks and tools to actual projects, assessing and improving these

Creating brand-new solutions

- System transformation (System architecture transformation by using SOA, and others *)
 - Servicing solution businesses (E-Document Law-related solution and security solution)
 - Package solution (Distribution control system)
- * SOA: Service-Oriented Architecture

Investment to train employees

- Management training program (targets around 30% of NS Solutions Corp. total employees)

Promoting the internal IT infrastructure

- Integrating the internal computer system and improving human resource system

Incubating brand-new solutions



NS Solutions

~2005.03

Reengineering legacy system

- Strengthening consulting capabilities
- Using know-how accumulated in the Nippon Steel business

.....

Enlarging servicing solution businesses

- Process service provider
- Oracle on Demand



Accelerating solution-creating activities by using investment fund to reinforce business structure

System transformation (Reengineering legacy system)

- System architecture transformation by using SOA *1
- Integrating IT platform. Performance assessment of computer network.
- Grid computing

.....

Enlarging servicing solution businesses

- Expanding BPO service menu such as E-Document Law-related solutions *2
- Security solutions

.....

Package solution

- Distribution control system

*1 SOA: Service-Oriented Architecture

*2 BPO: Business Process Outsourcing

Around ¥2.0 bn.

Sales growth

2005.3

2006.3

-
- **We've set up Business Continuity Management Group on October 1st.**

- **Dealing with compliance, security and disaster risk**

- **We have a plan to expand data center facilities**

- **Improving our infrastructure for increasing servicing solution businesses**



NS Solutions

<http://www.ns-sol.co.jp/>



NS Solutions

平成18年3月期 中間決算説明会 補足資料

Appendix at Financial Information Meeting for the 1st half ended Sep. 2005

2005年10月31日
Oct. 31, 2005

新日鉄ソリューションズ株式会社 NS Solutions Corporation

(注)この資料において百万円もしくはパーセントで記載してある情報は四捨五入しておりますので、財務諸表と数値が異なる場合があります。

(Note) In this material, where information is presented in millions of yen or percentages, these amounts have been rounded. Accordingly, these amounts may differ from figures included in financial statements in some cases.

1.連結業績概要 Outline of Consolidated Business Results

	2000/3	2001/3	2002/3	2003/3	2004/3	2005/3	2006/3	2006/3
	(みなし連結 Pro forma consolidated, including EI Division)	(みなし連結 Pro forma consolidated, including EI Division)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見通し Previous Outlook)	(見通し Outlook)
サービス区分の分類方法 Categorization method by business line	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	新区分 New	新区分 New	新区分 New
受注高 Amount of order acceptance			143,202	153,844	147,482	147,482	152,210	—
業務ソリューション Business solutions			73,029	81,859	74,011	79,671	84,363	—
基盤ソリューション Platform solutions			34,394	34,488	36,194	29,648	27,417	—
ビジネスサービス Business services			35,779	37,496	37,277	38,163	40,430	—
期末受注残高 Order backlog at end of period			※2 23,775	24,520	21,158	21,158	35,516	—
業務ソリューション Business solutions			14,501	14,599	10,806	10,806	13,213	—
基盤ソリューション Platform solutions			3,603	3,101	2,802	2,802	4,520	—
ビジネスサービス Business services			5,670	6,820	7,550	7,550	17,782	—
売上高 Net sales	132,683	145,952	148,922	153,098	150,844	150,844	146,526	150,000
業務ソリューション Business solutions	55,048	72,558	78,534	81,761	77,804	83,463	81,956	84,500
基盤ソリューション Platform solutions	25,459	29,824	35,169	34,990	36,493	29,948	25,700	26,000
ビジネスサービス Business services	52,176	43,570	35,219	36,347	36,547	37,433	38,871	39,500
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485	—	29,464	30,500
販売費及び一般管理費 Selling, general and administrative expenses	16,661	20,703	17,240	18,235	17,759	—	17,754	18,700
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726	—	11,710	11,800
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785	—	11,791	12,000
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324	—	6,621	6,700
営業利益率(%) Operating income margin (%)	5.7%	7.6%	8.4%	7.9%	6.4%	—	8.0%	7.9%
売上総利益率(%) Gross profit margin (%)	18.2%	21.8%	20.0%	19.8%	18.2%	—	20.1%	20.3%
1株当たり当期純利益(円) Net income per share (yen) ※1	—	—	133.33	123.29	100.20	—	124.52	126.02
株主資本 Total shareholders' equity	—	—	26,035	43,505	48,145	—	54,104	59,660
総資産 Total assets	—	—	65,244	90,324	90,625	—	98,372	103,040
研究開発費 R&D expenses	—	—	1,221	1,001	989	—	1,177	—
設備投資 Capital expenditure	—	—	2,109	1,370	1,752	—	966	920
減価償却費 Depreciation and amortization	—	—	1,197	1,284	1,203	—	1,307	1,440
期末従業員数(人) Number of employees at end of period (jobs)	4,177	4,112	4,101	4,124	4,025	—	4,009	—

(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)

	2001/9	2002/9	2003/9	2004/9	2005/9	2005/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)
従来区分 Old	従来区分 Old	従来区分 Old	新区分 New	新区分 New	新区分 New	新区分 New
受注高 Amount of order acceptance	69,794	76,514	71,630	71,630	76,289	74,602
業務ソリューション Business solutions	30,900	42,435	36,950	40,063	41,153	41,870
基盤ソリューション Platform solutions	16,463	15,708	14,756	11,349	14,156	11,528
ビジネスサービス Business services	22,431	18,372	19,924	20,218	20,979	21,205
期末受注残高 Order backlog at end of period	28,478	31,533	31,577	31,577	31,724	45,354
業務ソリューション Business solutions	17,209	21,619	20,351	20,351	18,545	21,542
基盤ソリューション Platform solutions	2,180	2,874	2,666	2,666	3,207	3,713
ビジネスサービス Business services	9,089	7,040	8,560	8,560	9,972	20,099
売上高 Net sales	67,902	68,756	64,574	64,574	65,723	64,764
業務ソリューション Business solutions	33,778	35,317	31,199	34,312	33,414	33,541
基盤ソリューション Platform solutions	16,369	16,437	15,191	11,784	13,752	12,334
ビジネスサービス Business services	17,755	17,002	18,184	18,478	18,557	18,888
売上総利益 Gross profit	13,803	14,585	12,635	—	12,914	13,429
販売費及び一般管理費 Selling, general and administrative expenses	8,058	9,142	8,976	—	8,701	8,840
営業利益 Operating income	5,745	5,443	3,659	—	4,212	4,589
経常利益 Recurring profit	5,736	5,454	3,691	—	4,272	4,752
当期純利益 Net income	2,915	2,718	1,935	—	2,287	2,706
営業利益率(%) Operating income margin (%)	8.5%	7.9%	5.7%	—	6.4%	7.1%
売上総利益率(%) Gross profit margin (%)	20.3%	21.2%	19.6%	—	19.6%	20.7%
1株当たり当期純利益(円) Net income per share (yen) ※1	60.72	56.26	36.51	—	43.15	51.06
株主資本 Total shareholders' equity	22,111	28,134	45,102	—	50,345	56,241
総資産 Total assets	53,911	59,867	77,937	—	82,607	93,509
研究開発費 R&D expenses	505	448	457	—	500	582
設備投資 Capital expenditure	1,536	933	1,136	—	625	714
減価償却費 Depreciation and amortization	517	604	553	—	638	627
期末従業員数(人) Number of employees at end of period (jobs)	4,178	4,224	4,160	—	4,087	4,094

※1 2004/3期以前は、2004/8月に実施した株式分割を考慮した遡及修正後の数値

Figures for the fiscal years ended in and before Mar. 2004 have been retroactively revised to reflect stock split made in Aug. 2004.

※2 連結子会社の一部で2002年4月より受注残高管理を開始しました。2002年3月末の受注残高は、2002年4月以降の受注残高との比較可能性を補うため、当該子会社が2002年3月以前から受注残高管理を開始していた場合を想定し算出したものであります。

One of our consolidated subsidiaries has newly started to manage its order backlogs through figures since April 2002. Order backlogs at the end of March 2002 have been estimated as if this change had occurred before March 2002 in order to raise the comparability between the figures in March 2002 and those in and after April 2002.

※3 サービス区分別の受注高・期末受注残高・売上高などの金額は、従来、個別プロジェクト毎に分類しておりましたが、2004年3月期より部門別に分類する方法に変更致しました。2004年3月期については、前年との比較を容易にするため従来区分と新区分の両方を記載しております。

Business line-related figures such as order acceptance, order backlog and sales had been categorized on a project-by-project basis.

NS Solutions has just started to categorise these figures on a division-by-division basis for the fiscal year ended Mar. 2004. NS Solutions prepared both categorization data for the fiscal year ended Mar. 2004 in order to raise the year-on-year comparability.

※4 ビジネスサービス事業の受注高及び受注残高には、2005年3月末に、新日本製鐵㈱向けサービスの受注高の把握方法を売上高計上時点での把握から、契約締結時点での把握に変更したことによる影響額を含んでおります。

影響額としては、2005年3月期末受注残高においては8,673万円、2005年9月中間期受注高においては△320百万円、同期末受注残高においては8,353百万円含まれております。

In terms of the order acceptance from Nippon Steel Corporation, the company changed its recognition timing from sales-recognition basis to contract-date basis on March 31, 2005.

The effect of such change resulted in 8,673 million yen for order backlog on March 31, 2005, minus 320 million yen for order acceptance during the six-month period ended September 30, 2005 and 8,353 million yen on September 30, 2005 respectively.

巻末の開示事項をご覧ください。 Please see the important disclosures at the end of this material.

2.要約連結貸借対照表 Condensed Consolidated Balance Sheets

(1)資産の部 Assets

		(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)																			
		2001/9		2002/3		2002/9		2003/3		2003/9		2004/3		2004/9		2005/3		2005/9		2005/9	
		(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook)	(実績 Actual)	(実績 Actual)
現金及び預金	Cash and bank deposits	9,131	7,335	6,404	20,956	13,024	14,605	11,682	11,477	21,370	11,199										
預け金	Deposited money	—	7,737	3,228	4,699	9,236	12,914	6,676	11,621	12,951											
受取手形及び売掛金	Trade notes and accounts receivable	19,670	26,348	22,173	38,319	25,049	37,462	23,311	37,265	23,580	25,955										
たな卸資産	Inventories	9,558	8,323	10,790	9,110	12,332	7,035	10,456	7,502	13,130	12,599										
繰延税金資産	Deferred tax assets—current	1,977	2,232	2,239	2,224	2,684	2,859	2,736	3,004	3,560	2,867										
その他	Others	1,791	564	798	1,165	958	683	688	480	438											
貸倒引当金	Allowance for doubtful accounts	△ 38	△ 41	△ 38	△ 31	△ 22	△ 30	△ 17	△ 23	△ 16											
流動資産合計	Total current assets	42,089	52,498	45,594	76,442	63,261	75,528	55,532	71,327	61,650	65,993										
有形固定資産	Property and Equipment	4,227	4,499	4,594	4,514	4,987	5,009	4,760	4,499	27,180	4,555										
無形固定資産	Intangible fixed assets	713	937	1,077	1,029	971	982	859	669	658											
投資有価証券	Investments in securities	2,635	2,393	3,022	3,027	3,415	3,633	4,638	4,496	4,387											
関係会社長期貸付金	Long term loan-related party	—	—	—	—	—	—	12,000	12,000	12,000											
差入保証金	Guarantee deposits	1,917	1,908	2,179	2,145	2,136	2,271	1,702	1,837	2,039											
繰延税金資産	Deferred tax assets—non-current	1,978	2,658	3,032	2,834	2,285	2,887	2,787	3,265	3,614											
その他	Others	352	351	369	333	882	315	330	279	263											
固定資産合計	Total non-current assets	11,822	12,746	14,273	13,882	14,676	15,097	27,075	27,045	27,180	27,516										
資産合計	Total assets	53,911	65,244	59,867	90,324	77,937	90,625	82,607	98,372	88,830	93,509										

(2)負債及び資本の部 Liabilities and Shareholders' Equity

		(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)																			
		2001/9		2002/3		2002/9		2003/3		2003/9		2004/3		2004/9		2005/3		2005/9		2005/9	
		(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook)	(実績 Actual)	(実績 Actual)
支払手形及び買掛金	Trade notes and accounts payable	10,960	14,186	9,475	23,478	10,190	17,232	10,672	17,341	12,170	12,141										
未払費用	Accrued expenses	2,367	3,686	2,846	3,659	3,753	4,732	1,976	2,826	2,369											
短期借入金	Short-term loans	—	—	400	—	—	—	—	—	—											
未払法人税等	Accrued income taxes	3,387	5,234	2,653	2,608	2,092	3,060	1,933	3,767	18,810	2,133										
賞与引当金	Accrued bonuses to employees	4,810	5,077	5,138	5,118	4,846	5,520	5,565	5,713	5,584											
前受金	Advance receipts	2,970	2,996	3,706	3,221	3,564	2,588	3,252	4,236	5,128											
未払金	Non-trade accounts payable	986	1,712	904	1,665	959	1,544	749	1,498	678											
その他	Others	576	225	204	195	223	230	213	177	217											
流動負債合計	Total current liabilities	26,056	33,116	25,326	39,944	25,627	34,906	24,360	35,558	23,980	28,251										
退職給付引当金	Allowance for employees' retirement benefits	4,774	4,969	5,185	5,478	5,822	6,042	6,318	6,940	7,305											
その他	Others	247	277	315	321	280	298	332	356	260											
固定負債合計	Total non-current liabilities	5,021	5,246	5,500	5,799	6,102	6,340	6,650	7,295	7,670	7,565										
少数株主持分	Minority interest in consolidated subsidiaries	723	847	907	1,076	1,106	1,234	1,252	1,415	1,450	1,453										
資本金	Common stock	6,500	6,838	6,838	12,953	12,953	12,953	12,953	12,953	12,950	12,953										
資本剰余金	Additional paid-in capital	3,500	3,838	3,838	9,950	9,950	9,950	9,950	9,950	9,950	9,950										
利益剰余金	Retained earnings	12,606	15,863	18,108	21,273	22,660	25,586	27,396	31,266	32,880	33,487										
再評価差額金	Reserve for revaluation of land	△ 740	△ 740	△ 740	△ 755	△ 755	△ 757	△ 757	△ 757	△ 60	△ 757										
その他有価証券評価差額金他	Valuation gain on available-for-sale securities and others	245	236	90	84	294	413	803	693	609											
資本合計	Total shareholders' equity	22,111	26,035	28,134	43,505	45,102	48,145	50,345	54,104	55,720	56,241										
負債・資本合計	Total liabilities, minority interests and shareholders' equity	53,911	65,244	59,867	90,324	77,937	90,625	82,607	98,372	88,830	93,509										

(3)指標 Management index

		(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)																			
		2001/9		2002/3		2002/9		2003/3		2003/9		2004/3		2004/9		2005/3		2005/9		2005/9	
		(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook)	(実績 Actual)	(実績 Actual)
自己資本比率(%)	Equity ratio (%)	—	39.9%	—	48.2%	—	53.1%	—	55.0%	—	—	—	—	—	—	—	—	—	—	—	—
総資産利益率(%)	Return on total assets (%)	—	10.5%	—	8.0%	—	5.9%	—	7.0%	—	—	—	—	—	—	—	—	—	—	—	—
株主資本利益率(%)	Return on equity (%)	—	28.0%	—	18.0%	—	11.6%	—	13.0%	—	—	—	—	—	—	—	—	—	—	—	—

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3.要約連結損益計算書 Condensed Consolidated Income Statements

(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)

	2000/3	2001/3	2002/3	2003/3	2004/3	2005/3	2006/3	2006/3	2001/9	2002/9	2003/9	2004/9	2005/9	2005/9
	(EI事業部含む みなし連結 Pro forma consolidated, including EI Division)	(EI事業部含む みなし連結 Pro forma consolidated, including EI Division)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見通し Previous Outlook)	(見通し Outlook)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)
売上高 Net sales	132,683	145,952	148,922	153,098	150,844	146,526	150,000	150,000	67,902	68,756	64,574	65,723	64,000	64,764
売上原価 Cost of sales	108,499	114,182	119,203	122,766	123,359	117,062	119,500	119,500	54,099	54,171	51,939	52,810	51,000	51,334
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485	29,464	30,500	30,500	13,803	14,585	12,635	12,914	13,000	13,429
販売費及び一般管理費 Selling, general and administrative expenses	16,661	20,703	17,240	18,235	17,759	17,754	18,700	18,700	8,058	9,142	8,976	8,701	9,100	8,840
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726	11,710	11,800	11,800	5,745	5,443	3,659	4,212	3,900	4,589
営業外収益 Non-operating income	244	187	63	93	187	252	—	—	43	28	43	98	—	187
営業外費用 Non-operating expenses	819	585	120	104	128	171	—	—	52	17	11	38	—	23
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785	11,791	12,000	12,000	5,736	5,454	3,691	4,272	4,000	4,752
特別利益 Extraordinary profit	178	120	7	12	716	192	—	—	13	5	—	14	—	3
特別損失 Extraordinary loss	742	305	579	201	729	185	—	—	303	143	—	10	—	—
税金等調整前当期純利益 Income before income taxes	6,384	10,484	11,850	11,897	9,772	11,797	12,000	12,000	5,446	5,316	3,691	4,276	4,000	4,756
法人税、住民税及び事業税 Income taxes:Current	3,500	5,346	7,159	5,460	5,154	5,668	—	—	3,459	2,764	2,253	1,970	—	2,113
法人税等調整額 Income taxes:Deferred	△ 631	△ 843	△ 1,962	△ 70	△ 918	△ 713	—	—	△ 1,034	△ 274	△ 578	△ 44	—	△ 145
少数株主利益 Minority interests	90	154	231	260	212	222	—	—	106	108	81	63	—	82
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324	6,621	6,700	6,700	2,915	2,718	1,935	2,287	2,100	2,706
売上原価の内訳 Breakdown of cost of sales														
労務費 Labor cost	—	—	26,858	27,762	28,539	28,037	—	—	—	13,712	14,266	13,966	—	13,854
材料費 Material cost	—	—	43,683	45,101	43,112	41,263	—	—	—	18,829	16,818	19,463	—	16,339
外注費 Subcontract cost	—	—	29,197	32,587	31,295	35,310	—	—	—	14,712	15,062	16,027	—	21,238
その他 Others	—	—	19,465	17,317	20,413	12,452	—	—	—	6,918	5,793	3,353	—	△ 298
販売費及び一般管理費の内訳 Breakdown of selling, general and administrative expenses														
労務費 Labor cost	—	—	7,210	7,198	7,635	7,671	—	—	3,759	3,699	4,049	3,688	—	3,870
営業支援費 Operating expense for acceptance of orders	—	—	2,189	2,657	2,778	2,649	—	—	1,051	1,244	1,310	1,405	—	1,421
その他 Others	—	—	7,841	8,380	7,346	7,434	—	—	3,248	4,199	3,617	3,608	—	3,550
研究開発費 R&D expenses	—	—	1,221	1,001	989	1,177	—	—	505	448	457	500	—	582

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4.要約連結キャッシュフロー計算書 Condensed Consolidated Cash Flows Statements

	2002/3	2003/3	2004/3	2005/3
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)
税金等調整前当期純利益 Income before income taxes	11,850	11,897	9,772	11,797
減価償却費 Depreciation	1,197	1,284	1,203	1,307
退職給付引当金の増減額 Increase in allowance for employees' retirement benefits, net of paym	407	509	564	898
投資有価証券評価損 Loss on revaluation of investments in securities	251	171	—	18
営業譲受関連費用 Loss on write-off of fixed assets acquired from the Electronics and Information Systems Division of Nippon Steel Corporation	303	—	—	—
売上債権の増減額 Decrease (increase) in accounts receivable	△ 2	△ 11,970	857	196
たな卸資産の増減額 Decrease in inventories	1,807	△ 787	2,075	△ 467
その他流動資産の増減額 Decrease (increase) in other current assets	322	△ 603	483	205
仕入債務の増減額 Decrease in accounts payable	△ 1,532	9,292	△ 6,246	△ 43
その他 Others	305	205	411	349
小計 Sub total	14,908	9,998	9,119	14,260
法人税等の支払額 Income taxes paid	△ 4,414	△ 8,087	△ 4,701	△ 5,173
その他 Others	17	17	△ 385	101
営業活動によるキャッシュフロー Net cash provided by operating activities	10,511	1,928	4,033	9,188
有形・無形固定資産の取得による支出 Payments for purchase of property and equipment and intangible fixed assets	△ 2,109	△ 1,370	△ 1,752	△ 966
投資有価証券の取得による支出 Payments for purchase of investments in securities	△ 13	△ 1,040	△ 40	△ 306
貸付けによる支出 Payment for long-term loan	—	—	—	△ 12,000
連結の範囲の変更を伴う子会社株式の取得による収入 Acquisition of cash owned by new subsidiaries, net of payment for purchase of subsidiary's shares	369	—	—	—
営業譲受による支出 Payment for acquisition of the Electronics and Information Systems Division of Nippon Steel Corporation	△ 7,459	—	—	—
その他 Others	181	△ 269	676	638
投資活動によるキャッシュフロー Net cash used for investing activities	△ 9,031	△ 2,679	△ 1,116	△ 12,634
短期借入金の純増減額 Decrease in short-term loans	△ 145	—	—	—
株式発行による収入 Proceeds from issuance of common stock shares	7,667	12,179	—	—
配当金の支払額 Dividends paid	△ 750	△ 815	△ 994	△ 927
その他 Others	—	△ 31	△ 52	△ 46
財務活動によるキャッシュフロー Net cash provided by financing activities	6,772	11,333	△ 1,046	△ 974
現金及び現金同等物に係る換算差額 Effect of exchange rate changes on cash and cash equivalents	—	—	△ 6	△ 1
現金及び現金同等物の増加額 Net increase in cash and cash equivalents	8,252	10,582	1,865	△ 4,420
現金及び現金同等物の期首残高 Cash and cash equivalents at beginning of year	6,842	15,072	25,654	27,519
連結除外会社の現金及び現金同等物の期首残高 Cash owned by a deconsolidated subsidiary	△ 22	—	—	—
現金及び現金同等物の期末(中間期末)残高 Cash and cash equivalents at end of year	15,072	25,654	27,519	23,099

(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)

	2001/9	2002/9	2003/9	2004/9	2005/9	2005/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)
	5,446	5,316	3,691	4,276	—	4,756
	517	604	553	638	—	627
	202	216	343	276	—	365
	—	142	—	10	—	—
	303	—	—	—	—	—
	6,675	4,175	13,230	14,151	—	11,311
	562	△ 2,467	△ 3,223	△ 3,421	—	△ 5,097
	△ 9	△ 233	209	△ 3	—	42
	△ 4,759	△ 4,712	△ 13,288	△ 6,560	—	△ 5,200
	△ 1,166	△ 785	△ 453	△ 2,577	—	△ 615
	7,771	2,256	1,062	6,789	—	6,188
	△ 2,561	△ 5,345	△ 2,769	△ 3,097	—	△ 3,844
	6	13	22	40	—	104
	5,216	△ 3,076	△ 1,685	3,732	△ 710	2,448
	△ 1,536	△ 933	△ 1,135	△ 625	—	△ 714
	—	△ 1,030	△ 40	△ 305	—	△ 1
	—	—	—	△ 12,000	—	—
	369	—	—	—	—	—
	△ 7,459	—	—	—	—	—
	△ 22	△ 300	48	546	—	△ 176
	△ 8,648	△ 2,263	△ 1,127	△ 12,384	△ 510	△ 890
	△ 145	400	—	—	—	—
	6,993	—	—	—	—	—
	△ 500	△ 501	△ 530	△ 464	—	△ 510
	—	—	△ 52	△ 46	—	—
	6,348	△ 101	△ 582	△ 509	△ 510	△ 510
	—	—	—	0	—	3
	2,916	△ 5,440	△ 3,394	△ 9,162	△ 1,730	1,051
	6,842	15,072	25,654	27,519	23,099	23,099
	△ 22	—	—	—	—	—
	9,736	9,632	22,260	18,357	21,370	24,150

巻末の開示事項をご覧ください。 Please see the important disclosures at the end of this material.

5.単独業績概要 Outline of Non-consolidated Business Results

サービス区分の分類方法 Categorization method by business line	(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)							(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)																				
	2002/3		2003/3		2004/3		2005/3		2006/3		2006/3		2001/9		2002/9		2003/9		2004/9		2005/9		2005/9					
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見通し Previous Outlook)	(見通し Outlook)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)			
受注高 Amount of order acceptance	127,671	138,922	132,831	132,831	137,385	—	—	62,072	69,217	65,493	65,493	69,298	—	67,718	26,253	36,610	31,964	35,057	35,423	—	36,171	15,027	14,927	14,009	10,602	13,311	—	10,596
業務ソリューション Business solutions	62,304	71,277	63,183	68,815	72,905	—	—	26,253	36,610	31,964	35,057	35,423	—	36,171	15,027	14,927	14,009	10,602	13,311	—	10,596	33,945	36,280	36,303	37,217	39,659	—	—
基盤ソリューション Platform solutions	31,422	31,365	33,345	26,799	24,821	—	—	20,792	17,680	19,520	19,834	20,564	—	20,951	27,789	27,660	29,112	29,112	28,634	—	42,187	2,180	2,001	1,810	1,810	3,433	—	—
ビジネスサービス Business services	33,945	36,280	36,303	37,217	39,659	—	—	2,180	2,170	2,150	2,150	2,635	—	3,079	9,089	7,040	8,560	8,560	9,972	—	20,099	10,104	9,709	7,651	9,604	9,500	9,500	
期末受注残高 Order backlog at end of period	20,210	21,275	17,970	17,970	32,139	—	—	27,789	27,660	29,112	29,112	28,634	—	42,187	16,520	18,450	18,402	18,402	16,027	—	19,009	2,180	2,001	1,810	1,810	3,433	—	—
業務ソリューション Business solutions	12,360	12,454	8,610	8,610	10,923	—	—	2,180	2,170	2,150	2,150	2,635	—	3,079	9,089	7,040	8,560	8,560	9,972	—	20,099	5,670	6,820	7,550	7,550	17,782	—	—
基盤ソリューション Platform solutions	2,180	2,001	1,810	1,810	3,433	—	—	58,503	61,767	57,656	57,656	58,634	57,000	57,670	26,656	30,520	26,016	29,109	28,006	27,000	28,086	14,958	14,937	13,860	10,453	12,486	11,000	10,950
ビジネスサービス Business services	5,670	6,820	7,550	7,550	17,782	—	—	16,889	16,310	17,780	18,094	18,142	19,000	18,634	4,741	4,538	2,798	3,535	3,000	3,603	4,743	4,774	3,041	3,729	3,300	3,898		
売上高 Net sales	131,680	137,857	136,136	136,136	131,889	135,000	135,000	58,503	61,767	57,656	57,656	58,634	57,000	57,670	26,656	30,520	26,016	29,109	28,006	27,000	28,086	14,958	14,937	13,860	10,453	12,486	11,000	10,950
業務ソリューション Business solutions	66,099	71,183	67,027	72,659	70,591	72,500	72,500	16,889	16,310	17,780	18,094	18,142	19,000	18,634	11,416	12,119	10,433	10,885	10,800	11,201	6,675	7,581	7,635	7,635	7,350	7,800	7,598	
基盤ソリューション Platform solutions	32,197	31,544	33,536	26,990	23,198	23,500	23,500	4,741	4,538	2,798	3,535	3,000	3,603	4,743	4,774	3,041	3,729	3,300	3,898	2,486	2,529	1,747	2,148	1,900	2,381			
ビジネスサービス Business services	33,384	35,130	35,573	36,487	38,100	39,000	39,000	8.1%	7.3%	4.9%	6.0%	5.3%	6.2%	19.5%	19.6%	18.1%	18.1%	18.6%	18.9%	19.4%	—	21.2%	18.4%	20.4%	20.9%	21.3%	20.5%	
売上総利益 Gross profit	24,469	25,234	22,808	24,705	25,600	25,600	25,600	11,416	12,119	10,433	10,885	10,800	11,201	6,675	7,581	7,635	7,635	7,350	7,800	7,598	4,741	4,538	2,798	3,535	3,000	3,603		
販売費及び一般管理費 Selling, general and administrative expenses	14,365	15,525	15,157	15,101	16,100	16,100	16,100	6,675	7,581	7,635	7,635	7,350	7,800	7,598	4,741	4,538	2,798	3,535	3,000	3,603	4,743	4,774	3,041	3,729	3,300	3,898		
営業利益 Operating income	10,104	9,709	7,651	9,604	9,500	9,500	9,500	4,741	4,538	2,798	3,535	3,000	3,603	4,743	4,774	3,041	3,729	3,300	3,898	2,486	2,529	1,747	2,148	1,900	2,381			
経常利益 Recurring profit	10,031	9,886	7,787	9,737	9,800	9,800	9,800	4,743	4,774	3,041	3,729	3,300	3,898	2,486	2,529	1,747	2,148	1,900	2,381	7.7%	7.0%	5.6%	7.3%	7.0%	7.0%			
当期純利益 Net income	5,297	5,331	4,496	5,721	5,800	5,800	5,800	2,486	2,529	1,747	2,148	1,900	2,381	8.1%	7.3%	4.9%	6.0%	5.3%	6.2%	18.6%	18.3%	16.8%	16.8%	18.7%	19.0%	19.0%		
営業利益率(%) Operating income margin (%)	7.7%	7.0%	5.6%	7.3%	7.0%	7.0%	7.0%	8.1%	7.3%	4.9%	6.0%	5.3%	6.2%	19.5%	19.6%	18.1%	18.1%	18.6%	18.9%	19.4%	—	21.2%	18.4%	20.4%	20.9%	21.3%	20.5%	
売上総利益率(%) Gross profit margin (%)	18.6%	18.3%	16.8%	16.8%	18.7%	19.0%	19.0%	19.5%	19.6%	18.1%	18.1%	18.6%	18.9%	19.4%	—	22.3%	19.8%	14.6%	14.7%	16.6%	19.9%	—	14.2%	16.3%	16.5%	17.6%	16.9%	17.6%
業務ソリューション Business solutions	—	19.0%	16.4%	18.3%	20.7%	20.7%	20.2%	—	21.2%	18.4%	20.4%	20.9%	21.3%	20.5%	—	22.3%	19.8%	14.6%	14.7%	16.6%	19.9%	—	14.2%	16.3%	16.5%	17.6%	16.9%	17.6%
基盤ソリューション Platform solutions	—	21.0%	17.2%	12.5%	16.8%	16.8%	18.5%	—	22.3%	19.8%	14.6%	14.7%	16.6%	19.9%	—	14.2%	16.3%	16.5%	17.6%	16.9%	17.6%	—	14.2%	16.3%	16.5%	17.6%	16.9%	17.6%
ビジネスサービス Business services	—	14.5%	17.0%	16.8%	16.8%	16.8%	16.8%	—	14.2%	16.3%	16.5%	17.6%	16.9%	17.6%	—	14.2%	16.3%	16.5%	17.6%	16.9%	17.6%	—	14.2%	16.3%	16.5%	17.6%	16.9%	17.6%
1株当たり当期純利益(円) Net income per share (yen) ※1	109.89	105.18	84.57	107.54	109.04	109.04	109.04	51.79	52.34	32.97	40.53	35.85	44.92	19,956	25,092	41,148	45,610	50,020	50,406	50,406	56,505	81,385	84,012	91,467	95,950	—	—	
株主資本 Total shareholders' equity	23,183	39,739	43,552	48,607	53,260	—	—	19,956	25,092	41,148	45,610	50,020	50,406	50,406	56,505	81,385	84,012	91,467	95,950	—	—	—	—	—	—	—	—	—
総資産 Total assets	56,505	81,385	84,012	91,467	95,950	—	—	45,651	51,644	72,105	76,371	82,050	86,709	86,709	14,58	17,50	17,50	17,50	25,00	25,00	25,00	—	—	—	—	—	—	—
1株当たり配当金(円) Cash dividends per share (yen) ※1	14.58	17.50	17.50	17.50	25.00	25.00	25.00	5.21	7.50	8.75	8.75	12.50	12.50	12.50	—	—	—	—	—	—	—	—	—	—	—	—	—	—
配当性向(%) Dividend payout ratio (%)	13.27%	16.64%	20.69%	16.27%	22.93%	22.93%	22.93%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
研究開発費 R&D expenses	1,083	962	974	1,105	—	—	—	459	422	446	453	—	547	867	814	1,025	371	470	656	452	551	520	611	600	580			
設備投資 Capital expenditure	2,016	1,296	1,605	943	840	1,373	1,373	867	814	1,025	371	470	656	452	551	1,025	371	470	656	452	551	520	611	600	580			
減価償却費 Depreciation and amortization	1,034	1,174	1,131	1,237	1,380	1,506	1,506	452	551	520	611	600	580	452	551	520	611	600	580	452	551	520	611	600	580			
期末従業員数(人) Number of employees at end of period (jobs)	2,058	2,046	2,050	2,101	—	—	—	2,118	2,115	2,124	2,128	—	2,125	2,118	2,115	2,124	2,128	—	2,125									

※1 2004/3期以前は、2004/8月に実施した株式分割を考慮した遡及修正後の数値
 Figures for the fiscal years ended in and before Mar. 2004 have been retroactively revised to reflect stock split made in Aug. 2004.

※2 サービス区分別の受注高・期末受注残高・売上高などの金額は、従来、個別プロジェクト毎に分類しておりましたが、2004年3月期より部門別に分類する方法に変更しました。2004年3月期については、前年との比較を容易にするため従来区分と新区分の両方を記載しております。
 Business line-related figures such as order acceptance, order backlog and sales had been categorized on a project-by-project basis. NS Solutions has just started to categorize these figures on a division-by-division basis for the fiscal year ended Mar. 2004. NS Solutions prepared both categorization data for the fiscal year ended Mar. 2004 in order to raise the year-on-year comparability.

※3 ビジネスサービス事業の受注高及び受注残高には、2005年3月末に、新日本製鐵㈱向けサービスの受注高の把握方法を売上高計上時点での把握から、契約締結時点での把握に変更したことによる影響額を含んでおります。
 影響額としては、2005年3月期末受注残高においては8,673万円、2005年9月中旬期受注高においては△320百万円、同期末受注残高においては8,353百万円含まれております。
 In terms of the order acceptance from Nippon Steel Corporation, the company changed its recognition timing from sales-recognition basis to contract-date basis on March 31, 2005. The effect of such change resulted in 8,673 million yen for order backlog on March 31, 2005, minus 320 million yen for order acceptance during the six-month period ended September 30, 2005 and 8,353 million yen on September 30, 2005 respectively.

6.要約単独貸借対照表 Condensed Consolidated Balance Sheet

(1)資産の部 Assets

	(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)									
	2001/9	2002/3	2002/9	2003/3	2003/9	2004/3	2004/9	2005/3	2005/9	2005/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook) (実績 Actual)
現金及び預金 Cash and bank deposits	5,745	3,367	3,072	17,281	12,274	13,652	10,531	10,374	19,600	10,050
預け金 Deposited money	—	7,200	2,800	4,501	8,903	12,510	6,020	10,925	—	12,337
受取手形及び売掛金 Trade notes and accounts receivable	16,413	22,851	19,125	34,201	21,704	33,647	20,506	33,604	20,360	22,916
たな卸資産 Inventories	9,208	8,025	9,803	8,765	11,805	6,462	9,887	7,155	12,870	11,880
繰延税金資産 Deferred tax assets—current	1,141	1,460	1,357	1,346	1,579	1,802	1,673	1,975	2,410	1,691
その他 Others	1,097	747	1,194	1,368	1,188	908	830	724	—	769
貸倒引当金 Allowance for doubtful accounts	△ 28	△ 31	△ 31	△ 23	△ 14	△ 21	△ 13	△ 17	—	△ 12
流動資産合計 Total current assets	33,576	43,619	37,320	67,439	57,439	68,960	49,435	64,740	55,240	59,631
有形固定資産 Property and Equipment	4,118	4,353	4,439	4,343	4,786	4,842	4,602	4,263	26,810	4,289
無形固定資産 Intangible fixed assets	675	903	1,045	984	882	939	818	646	—	603
投資有価証券 Investments in securities	1,253	998	1,620	1,577	1,938	2,085	3,033	2,834	—	2,649
関係会社長期貸付金 Long term loan-related party	—	—	—	—	—	—	12,000	12,000	—	12,000
差入保証金 Guarantee deposits	1,559	1,558	1,792	1,786	1,793	1,932	1,372	1,504	—	1,709
繰延税金資産 Deferred tax assets—non-current	1,622	2,247	2,588	2,415	2,397	2,446	2,305	2,712	—	3,051
その他 Others	2,848	2,827	2,840	2,841	2,870	2,808	2,806	2,768	—	2,777
固定資産合計 Total non-current assets	12,075	12,886	14,324	13,946	14,666	15,052	26,936	26,727	26,810	27,078
資産合計 Total assets	45,651	56,505	51,644	81,385	72,105	84,012	76,371	91,467	82,050	86,709

(2)負債及び資本の部 Liabilities and Shareholders' Equity

	(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)									
	2001/9	2002/3	2002/9	2003/3	2003/9	2004/3	2004/9	2005/3	2005/9	2005/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook) (実績 Actual)
支払手形及び買掛金 Trade notes and accounts payable	10,080	13,927	9,713	23,744	10,641	17,207	11,163	17,955	12,110	12,577
未払費用 Accrued expenses	1,899	3,161	2,496	3,250	3,145	4,288	1,495	2,337	—	2,088
短期借入金 Short-term loans	—	—	—	—	—	—	—	—	—	—
未払法人税等 Accrued income taxes	2,538	4,364	2,110	1,986	1,507	2,438	1,560	3,241	13,640	1,526
賞与引当金 Accrued bonuses to employees	2,948	3,186	3,249	3,225	2,986	3,404	3,394	3,603	—	3,334
前受金 Advance receipts	2,935	2,996	3,704	3,221	3,558	2,578	3,225	4,225	—	5,086
未払金 Non-trade accounts payable	219	258	145	301	186	402	135	184	—	90
その他 Others	914	1,109	616	1,179	3,903	4,878	4,289	5,324	—	5,381
流動負債合計 Total current liabilities	21,533	29,001	22,033	36,906	25,926	35,195	25,262	36,869	25,750	30,082
退職給付引当金 Allowance for employees' retirement benefits	4,027	4,184	4,358	4,563	4,867	5,084	5,301	5,776	—	6,067
その他 Others	135	137	161	177	164	181	198	215	—	154
固定負債合計 Total non-current liabilities	4,162	4,321	4,519	4,740	5,031	5,265	5,499	5,991	6,270	6,221
資本金 Common stock	6,500	6,838	6,838	12,953	12,953	12,953	12,953	12,953	12,950	12,953
資本剰余金 Additional paid-in capital	3,500	3,838	3,838	9,950	9,950	9,950	9,950	9,950	9,950	9,950
利益剰余金 Retained earnings	10,450	13,011	15,066	17,506	18,706	20,991	22,661	25,771	27,190	27,666
再評価差額金 Reserve for revaluation of land	△ 740	△ 740	△ 740	△ 755	△ 755	△ 757	△ 757	△ 757	△ 70	△ 757
その他有価証券評価差額金他 Valuation gain on available-for-sale securities and others	246	236	90	85	294	415	803	690	—	594
資本合計 Total shareholders' equity	19,956	23,183	25,092	39,739	41,148	43,552	45,610	48,607	50,020	50,406
負債・資本合計 Total liabilities and shareholders' equity	45,651	56,505	51,644	81,385	72,105	84,012	76,371	91,467	82,050	86,709

(3)指標 Management index

	(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)									
	2001/9	2002/3	2002/9	2003/3	2003/9	2004/3	2004/9	2005/3	2005/9	2005/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook) (実績 Actual)
自己資本比率(%) Equity ratio (%)	—	41.0%	—	48.8%	—	51.8%	—	53.1%	—	—
総資産利益率(%) Return on total assets (%)	—	10.2%	—	7.7%	—	5.4%	—	6.5%	—	—
株主資本利益率(%) Return on equity (%)	—	25.6%	—	16.9%	—	10.8%	—	12.4%	—	—

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7.要約単独損益計算書 Condensed Non-consolidated Income Statement

	2002/3	2003/3	2004/3	2005/3	2006/3	2006/3	(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)					
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見直し Previous Outlook)	(見直し Outlook)	2001/9	2002/9	2003/9	2004/9	2005/9	2005/9
売上高 Net sales	131,680	137,857	136,136	131,889	135,000	135,000	58,503	61,767	57,656	58,634	57,000	57,670
売上原価 Cost of sales	107,211	112,623	113,328	107,184	109,400	109,400	47,086	49,648	47,223	47,749	46,200	46,469
売上総利益 Gross profit	24,469	25,234	22,808	24,705	25,600	25,600	11,417	12,119	10,433	10,885	10,800	11,201
販売費及び一般管理費 Selling, general and administrative expenses	14,365	15,525	15,157	15,101	16,100	16,100	6,676	7,581	7,635	7,350	7,800	7,598
営業利益 Operating income	10,104	9,709	7,651	9,604	9,500	9,500	4,741	4,538	2,798	3,535	3,000	3,603
営業外収益 Non-operating income	22	256	257	297	—	—	19	251	248	231	—	311
営業外費用 Non-operating expenses	95	79	121	164	—	—	17	15	5	37	—	16
経常利益 Recurring profit	10,031	9,886	7,787	9,737	9,800	9,800	4,743	4,774	3,041	3,729	3,300	3,898
特別利益 Extraordinary profit	7	8	717	188	—	—	9	—	—	8	—	5
特別損失 Extraordinary loss	572	201	697	172	—	—	303	143	—	10	—	—
税引前当期純利益 Income before income taxes	9,466	9,693	7,807	9,753	9,800	9,800	4,449	4,631	3,041	3,727	3,300	3,903
法人税、住民税及び事業税 Income taxes:Current	5,741	4,319	4,028	4,660	—	—	2,599	2,235	1,653	1,577	—	1,511
法人税等調整額 Income taxes:Deferred	△ 1,572	43	△ 717	△ 628	—	—	△ 636	△ 133	△ 359	3	—	11
当期純利益 Net income	5,297	5,331	4,496	5,721	5,800	5,800	2,486	2,529	1,747	2,148	1,900	2,381
売上原価の内訳 Breakdown of cost of sales												
労務費 Labor cost	14,612	14,831	14,901	15,071	—	—	7,150	7,280	7,460	7,329	—	7,116
材料費 Material cost	37,271	41,752	39,364	38,395	—	—	14,880	17,050	15,250	17,860	—	14,711
外注費 Subcontract cost	36,959	39,911	39,906	43,190	—	—	16,630	18,110	19,350	19,881	—	24,950
賃借料 Rental expense	7,219	5,760	4,991	4,376	—	—	4,100	3,220	2,640	2,265	—	2,062
その他 Others	11,150	10,369	14,166	6,152	—	—	4,326	3,988	2,523	414	—	△ 2,370
販売費及び一般管理費の内訳 Breakdown of selling, general and administrative expenses												
労務費 Labor cost	5,483	5,587	6,178	5,876	—	—	2,670	2,850	3,220	2,888	—	2,974
営業支援費 Operating expense for acceptance of orders	1,893	2,583	2,634	2,477	—	—	910	1,220	1,250	1,327	—	1,334
業務委託費 Subcontract cost	1,432	2,097	1,513	1,644	—	—	1,010	1,160	765	788	—	939
減価償却費 Depreciation and amortization	327	244	167	123	—	—	156	119	83	56	—	65
その他 Others	5,230	5,014	4,665	4,981	—	—	1,930	2,232	2,317	2,291	—	2,286
研究開発費 R&D expenses	1,083	962	974	1,105	—	—	459	422	446	453	—	547

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The Company acquired part of the business of the Electronics and Information Systems Division of Nippon Steel (referred to “EI Division”), as well as the interests of Nippon Steel in Nittetsu Hitachi systems Engineering, Inc., NCI Systems Integration, Inc., and NS&I System Service Corporation, on April 1, 2001. Such acquisitions are reflected on Financial Information for the fiscal years ended March 31, 2000 and 2001 described as “Pro forma consolidated” as if they had occurred on April 1, 1999 and 2000 respectively. No presentation of “pro forma” financial information is currently required under Japanese GAAP or any procedure, law and regulation in Japan. Moreover, such “Pro forma consolidated” information is not prepared in accordance with the pro forma presentation requirements of the U.S. Securities and Exchange Commission.