

NS Solutions Corporation

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CONSOLIDATED FINANCIAL RESULTS (From April 1, 2010 to December 31, 2010)

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NS Solutions

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- In this material, figures have been rounded down to the nearest millions of yen.
- The financial results have been translated from the Japanese Consolidated Financial Statements, which have been audited in Japan, for reference purposes only.

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEETS

March 31, 2010 and December 31, 2010

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2010	Dec. 31, 2010	(Note 2) Dec. 31, 2010
Assets			
Current assets:			
Cash and deposits	¥4,389	¥5,628	\$69,075
Deposits paid	25,206	16,847	206,744
Notes and accounts receivable-trade	33,881	25,313	310,629
Short-term investment securities	12,518	13,192	161,887
Work in process	11,219	15,230	186,895
Raw materials and supplies	120	133	1,635
Other	3,876	3,984	48,894
Allowance for doubtful accounts	(134)	(11)	(143)
Total current assets	91,077	80,317	985,615
Noncurrent assets:			
Property, plant and equipment (Note 8)	10,733	12,935	158,734
Intangible assets:			
Goodwill	3,012	2,888	35,447
Other	1,087	1,366	16,771
Total intangible assets	4,100	4,255	52,219
Investments and other assets:			
Long-term loans receivable from subsidiaries and affiliates	12,000	12,000	147,257
Other	14,054	13,829	169,702
Total investments and other assets	26,054	25,829	316,960
Total noncurrent assets	40,888	43,019	527,912
Total assets	¥131,966	¥123,337	\$1,513,528

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2010	Dec. 31, 2010	(Note 2)
			Dec. 31, 2010
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	¥14,517	¥8,860	\$108,729
Income taxes payable	2,559	883	10,844
Provision for bonuses	5,905	3,036	37,266
Other provision	531	735	9,020
Other	12,788	11,895	145,977
Total current liabilities	36,301	25,411	311,835
Noncurrent liabilities:			
Provision for retirement benefits	10,898	11,662	143,120
Provision for directors' retirement benefits	160	166	2,045
Other	1,539	1,219	14,967
Total noncurrent liabilities	12,598	13,049	160,132
Total liabilities	48,900	38,460	471,967
Net assets			
Shareholders' equity:			
Capital stock	12,952	12,952	158,949
Capital surplus	9,950	9,950	122,106
Retained earnings	58,722	60,506	742,503
Treasury stock	(3)	(4)	(50)
Total shareholders' equity	81,621	83,405	1,023,508
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	52	3	40
Revaluation reserve for land	(1,276)	(1,276)	(15,670)
Foreign currency translation adjustment	(11)	(21)	(267)
Total valuation and translation adjustments	(1,235)	(1,295)	(15,897)
Minority interests	2,679	2,766	33,950
Total net assets	83,065	84,876	1,041,560
Total liabilities and net assets	¥131,966	¥123,337	\$1,513,528

The accompanying notes are an integral part of these financial statements.

	Yen		U.S. dollars
	Mar. 31, 2010	Dec. 31, 2010	(Note 2)
			Dec. 31, 2010
Net assets per share	¥1,516.79	¥1,549.32	\$19.01

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the nine months ended December 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
Net sales	¥102,379	¥109,177	\$1,339,770
Cost of sales (Note 9)	81,711	87,619	1,075,212
Gross profit	20,668	21,558	264,558
Selling, general and administrative expenses (Note 9) ..	15,270	14,853	182,268
Operating income	5,397	6,705	82,290
Non-operating income:			
Interest income	243	182	2,239
Dividends income	61	158	1,949
Equity in earnings of affiliates	1	1	16
Foreign exchange gains	—	1	24
Reversal of allowance for doubtful accounts	115	39	485
Other	6	21	258
Total non-operating income	428	405	4,971
Non-operating expenses:			
Interest expenses	53	58	716
Foreign exchange losses	1	—	—
Loss on retirement of noncurrent assets	29	32	394
Office transfer expenses.....	40	—	—
Other	7	30	373
Total non-operating expenses	131	120	1,484
Ordinary income	5,695	6,990	85,777
Income before income taxes and minority interests	5,695	6,990	85,777
Income taxes (Note 9)	2,462	2,961	36,339
Income before minority interests	—	4,028	49,439
Minority interests in income	34	124	1,532
Net income	¥3,197	¥3,903	\$47,907

The accompanying notes are an integral part of these financial statements.

	Yen		U.S. dollars (Note 2)
	2009	2010	2010
Net income per share	¥60.34	¥73.66	\$0.90

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended December 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥5,695	¥6,990	\$85,777
Depreciation and amortization	1,534	1,629	20,000
Amortization of goodwill	123	123	1,519
Increase (decrease) in allowance for doubtful accounts	(121)	(125)	(1,537)
Increase (decrease) in provision for bonuses	(2,914)	(2,868)	(35,198)
Increase (decrease) in provision for retirement benefits ...	820	764	9,379
Interest and dividends income	(305)	(341)	(4,188)
Interest expenses	53	58	716
Equity in (earnings) losses of affiliates	(1)	(1)	(16)
Decrease (increase) in notes and accounts receivable-	10,462	8,563	105,092
Decrease (increase) in inventories	(4,521)	(4,023)	(49,374)
Increase (decrease) in notes and accounts payable-trade ..	(6,134)	(5,655)	(69,402)
Other, net	2,531	(585)	(7,185)
Sub total	7,222	4,529	55,585
Interest and dividends income received	281	356	4,375
Interest expenses paid	(53)	(58)	(716)
Income taxes paid	(6,139)	(4,649)	(57,050)
Net cash provided by (used in) operating activities	1,309	178	2,193
Net cash provided by (used in) investing activities:			
Purchase of short-term investment securities	(8,146)	(6,013)	(73,792)
Proceeds from redemption of securities	4,350	9,000	110,443
Purchase of property, plant and equipment and intangible assets	(1,284)	(4,256)	(52,229)
Purchase of investment securities	(20)	(0)	(11)
Proceeds from sales of investment securities	—	18	227
Proceeds from redemption of investment securities	3,000	—	—
Payments of loans receivable from subsidiaries and affiliates	(12,000)	—	—
Collection of loans receivable from subsidiaries and affiliates	12,000	—	—
Purchase of stocks of subsidiaries and affiliates	—	(21)	(258)
Payments for guarantee deposits	(1,058)	(7)	(95)
Proceeds from collection of guarantee deposits	577	187	2,297
Other, net	94	(13)	(168)
Net cash provided by (used in) investing activities	(¥2,488)	(¥1,107)	(\$13,586)

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars
	2009	2010	(Note 2)
			2010
Net cash provided by (used in) financing activities:			
Repayment of long-term loans payable	(¥12)	\$—	\$—
Purchase of treasury stock	—	(0)	(3)
Cash dividends paid	(2,252)	(2,119)	(26,014)
Cash dividends paid to minority shareholders	(96)	(36)	(445)
Repayments of lease obligations	(314)	(368)	(4,518)
Net cash provided by (used in) financing activities	(2,675)	(2,524)	(30,981)
Effect of exchange rate change on cash and cash equivalents ...	(0)	(6)	(78)
Net increase (decrease) in cash and cash equivalents	(3,854)	(3,459)	(42,451)
Cash and cash equivalents at beginning of period	35,427	34,115	418,649
Cash and cash equivalents at end of period (Note 10)	¥31,572	¥30,656	\$376,198

The accompanying notes are an integral part of these financial statements.

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of NS Solutions Corporation and its consolidated subsidiaries (together, referred to as the “Companies”) have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Companies prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers. The rate of ¥81.49= U.S. \$1, the effective rate of exchange prevailing on December 30, 2010, has been used in translation of yen amounts to U.S. dollar amounts. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

3. Change in scope of application of the equity method

The Companies added “Himawari Operation Enterprise Corporation (HOPE)” to scope of application of the equity method from the second quarter of the fiscal year ending March 31, 2011, as a result of newly acquisition of shares. The Companies deemed the acquisition date to be September 30, 2010.

4. Change in accounting principle

Beginning with the first quarter of the fiscal year ending March 31, 2011, the Companies has applied “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008). The effect of this change on quarterly consolidated financial statements was none.

5. Change in presentation

The Companies has applied the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 of December 26, 2008) from the first quarter. As a result, “Income before minority interests” was presented on the consolidated financial statements for the first quarter of the fiscal year ending March 31,

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

2011.

6. Simplified accounting methods

In judging the possibility of recovering deferred tax assets, as severe and major changes in the operating environment and major temporary differences following the close of the previous consolidated fiscal year had not been recognized, the future business forecasts and tax planning documents that were used for making such judgments related to the previous fiscal year were used.

7. Special accounting treatment for the quarterly consolidated financial statements

Income taxes were computed by multiplying consolidated quarterly income before income taxes and minority interests by a rational estimate of the effective tax rate on consolidated income before income taxes and minority interests for the fiscal year including the quarterly period under review after adjustments for the application of tax-effect accounting.

8. Notes to Consolidated Balance Sheets

(1) Depreciation on Property, Plant and Equipment

Property, plant and equipment were recorded at cost, net of accumulated depreciation of ¥10,845 million and ¥11,588 million (\$142,205 thousand) on March 31, 2010 and December 31, 2010, respectively. Depreciation on property, plant and equipment is computed principally using the declining-balance method over the estimated useful lives of the assets. However, depreciation of buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998, has been computed using the straight-line method.

(2) Contingent Liabilities

The Company's loss contingencies for guaranteeing the indebtedness of other parties were ¥8 million and ¥6 million (\$78 thousand) on March 31, 2010 and December 31, 2010, respectively, each of which were Guarantees for bank loans of the Hokkaido High Information Technology Center Co. Ltd.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

9. Notes to Consolidated Statements of Income

(1) Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses for the nine months ended December 31, 2009 and 2010 were as follows:

December 31,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
Salaries and allowances	¥ 5,997	¥ 5,864	\$71,962
Provision for bonuses	566	598	7,339
Retirement benefit expenses.....	370	365	4,484
Provision for directors' retirement benefits	25	23	293
Depreciation and amortization	150	125	1,541
Amortization of goodwill	123	123	1,519
Operating expense for acceptance of orders.....	¥2,489	¥2,402	\$29,485

(2) Research and Development Costs

Research and development costs are charged to expense as incurred. The expense were recorded as general and administrative expenses and manufacturing costs for the nine months ended December 31, 2009 and 2010 amounting to ¥ 952 million and ¥ 983 million (\$12,072 thousand), respectively.

(3) Income Taxes

Deferred tax expense is included in income taxes.

10. Notes to Consolidated Statements of Cash Flows

Cash and Cash Equivalents

Cash and cash equivalents on December 31, 2009 and 2010 were as follows:

December 31,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
Cash and deposits	¥ 4,520	¥ 5,628	\$ 69,075
Deposits paid.....	20,992	16,847	206,744
Short-term investment securities	14,056	13,192	161,887
Sub total.....	39,569	35,668	437,706
Short-term investment securities (maturing in more than three months from acquisition date)	(7,996)	(5,012)	(61,509)
Cash and cash equivalents.....	¥ 31,572	¥ 30,656	\$ 376,198

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

11. Net Assets

(1) Shares

The number of shares on December 31, 2010 was as follows:

December 31, 2010	Shares in issue	Treasury stock
Number of shares	52,999,120	1,476

(2) Cash dividends

The Company paid cash dividends on June 2, 2010 and December 3, 2010 as follows :

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
May 18, 2010	Common stock	¥1,059 million	¥20.00	March 31, 2010	June 2, 2010	Retained earnings
October 27, 2010	Common stock	¥1,059 million	¥20.00	September 30, 2010	December 3 2010	Retained earnings

12. Consolidated Segment Information

(Additional Information)

“Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No. 20, March 21, 2008) have been applied from the first quarter.

The Companies responds to customer needs through the supply of a variety of IT services ranging from information system planning through software development, hardware selection, system operation and system support. Based on the similarities in the type and nature of business, business of the Companies constitutes a single segment and accordingly, segment information is not disclosed.

13. Application of Accounting Standards for Asset Retirement Obligations

The Companies has obligations to restore original conditions mainly to the corporate head quarter buildings under the rental contracts. However, the useful period of those is unclear and the Companies has no relocation plan. Therefore, it is difficult to estimate the asset retirement obligations reasonably and the asset retirement obligations were not recorded at the period ended December 31, 2010.

14. Subsequent Events

There have been no material events subsequent to December 31, 2010.