

# NS Solutions Corporation

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## CONSOLIDATED FINANCIAL RESULTS (From April 1, 2011 to December 31, 2011)

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## NS Solutions

- 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.

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**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**  
March 31, 2011 and December 31, 2011

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2011	Dec. 31, 2011	(Note 2) Dec. 31, 2011
<b>Assets</b>			
Current assets:			
Cash and deposits .....	¥5,179	¥4,012	\$51,619
Deposits paid .....	22,855	20,581	264,748
Notes and accounts receivable-trade .....	34,384	24,405	313,931
Short-term investment securities .....	10,082	10,602	136,382
Work in process.....	9,980	16,328	210,046
Raw materials and supplies .....	126	116	1,502
Other .....	3,770	3,691	47,489
Allowance for doubtful accounts .....	(16)	(11)	(149)
Total current assets .....	86,362	79,727	1,025,569
Noncurrent assets:			
Property, plant and equipment .....	15,120	17,028	219,041
Intangible assets:			
Goodwill .....	2,847	2,723	35,034
Other .....	1,469	1,467	18,875
Total intangible assets .....	4,317	4,190	53,909
Investments and other assets:			
Long-term loans receivable from subsidiaries and affiliates .....	12,000	12,000	154,361
Other .....	16,181	15,389	197,955
Allowance for doubtful accounts .....	(78)	(70)	(907)
Total investments and other assets .....	28,102	27,318	3,514,095
Total noncurrent assets .....	47,539	48,537	624,359
Total assets .....	¥133,901	¥128,265	\$1,649,928

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

	Millions of yen		Thousands of U.S. dollars
			(Note 2)
	Mar. 31, 2011	Dec. 31, 2011	Dec. 31, 2011
<b>Liabilities</b>			
Current liabilities:			
Notes and accounts payable-trade .....	¥12,711	¥8,216	\$105,697
Income taxes payable .....	2,830	706	9,091
Provision for bonuses .....	5,878	2,958	38,057
Other provision .....	684	656	8,450
Other .....	11,211	14,038	180,586
Total current liabilities .....	<u>33,315</u>	<u>26,577</u>	<u>341,881</u>
Noncurrent liabilities:			
Provision for retirement benefits .....	11,844	12,471	160,421
Provision for directors' retirement benefits .....	174	176	2,264
Other .....	1,116	805	10,358
Total noncurrent liabilities .....	<u>13,135</u>	<u>13,452</u>	<u>173,043</u>
Total liabilities .....	<u>46,450</u>	<u>40,030</u>	<u>514,923</u>
<b>Net assets</b>			
Shareholders' equity:			
Capital stock .....	12,952	12,952	166,616
Capital surplus .....	9,950	9,950	127,996
Retained earnings .....	63,006	63,837	821,168
Treasury stock .....	(4)	(4)	(54)
Total shareholders' equity .....	<u>85,905</u>	<u>86,736</u>	<u>1,115,727</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities .....	(34)	(116)	(1,493)
Revaluation reserve for land .....	(1,276)	(1,276)	(16,426)
Foreign currency translation adjustment .....	(23)	(28)	(363)
Total accumulated other comprehensive income ...	<u>(1,335)</u>	<u>(1,421)</u>	<u>(18,281)</u>
Minority interests	2,880	2,919	37,559
Total net assets .....	<u>87,451</u>	<u>88,235</u>	<u>1,135,005</u>
Total liabilities and net assets .....	<u>¥133,901</u>	<u>¥128,265</u>	<u>\$1,649,928</u>

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

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
For the nine months ended December 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 2) 2011
<b>Net sales</b> .....	¥109,177	¥110,686	\$1,423,800
<b>Cost of sales (Note 9)</b> .....	87,619	89,028	1,145,207
<b>Gross profit</b> .....	21,558	21,657	278,593
<b>Selling, general and administrative expenses (Note 9)</b> .....	14,853	14,840	190,896
<b>Operating income</b> .....	6,705	6,817	87,697
<b>Non-operating income:</b>			
Interest income .....	182	170	2,191
Dividends income .....	158	137	1,763
Equity in earnings of affiliates .....	1	—	—
Other .....	62	36	469
Total non-operating income .....	405	343	4,423
<b>Non-operating expenses:</b>			
Interest expenses .....	58	40	524
Equity in losses of affiliates.....	—	22	287
Loss on retirement of noncurrent assets .....	32	11	146
Loss on valuation of golf club membership.....	—	34	443
Other .....	30	5	68
Total non-operating expenses .....	120	114	1,468
<b>Ordinary income</b> .....	6,990	7,047	90,652
<b>Income before income taxes and minority interests</b> .....	6,990	7,047	90,652
Income taxes .....	2,961	3,989	51,314
<b>Income before minority interests</b> .....	4,028	3,058	39,338
Minority interests in income .....	124	107	1,380
<b>Net income</b> .....	¥3,903	¥2,950	\$37,957

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

	Yen		U.S. dollars
	2010	2011	(Note 2) 2011
<b>Net income per share</b>	¥73.66	¥55.68	\$0.72

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the nine months ended December 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 2) 2011
<b>Income before minority interests</b> .....	¥4,028	¥3,058	\$39,338
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities.....	(49)	(81)	(1,049)
Foreign currency translation adjustment.....	(11)	(4)	(60)
Total other comprehensive income .....	(61)	(86)	(1,109)
<b>Comprehensive income</b> .....	¥3,967	¥2,971	\$38,229
<b>Comprehensive income attributable to:</b>			
Comprehensive income attributable to owners of the parent.....	3,843	2,865	36,854
Comprehensive income attributable to minority interests.....	¥123	¥106	\$1,375

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

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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### 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 ¥77.74= U.S. \$1, the effective rate of exchange prevailing on December 30, 2011, 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. Going Concern Assumption

None

### 4. Notes in case of significant changes to shareholders' equity

None

### 5. Change in Scope of Consolidated Subsidiaries and Applications of the Equity Method

NS Solutions Asia Pacific Pte. Ltd. was established and included in the scope of consolidation from third quarter of the fiscal year ending March 31, 2012.

### 6. 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.

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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### 7. Additional Information

(Application of the “Accounting Standard for Accounting Changes and Error Corrections)

For the accounting changes and error corrections made in after the beginning of the year ending March 31, 2012, the Companies have applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24 of December 4, 2009).

(Change in effective statutory tax rates)

Following the promulgation on December 2,2011 of the “Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No.114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No.117 of 2011), corporation tax rates will be changed for the fiscal years beginning on or after April 1, 2012. In addition, the Special Reconstruction Corporation Tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will be imposed for the fiscal years beginning in the period from April 1, 2012 to March 31, 2015. In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities were changed from 40.7% to 38.0% for temporary differences expected to be utilized in the fiscal years beginning on or after April 1, 2012. The rate was changed from 40.7% to 35.6% for temporary differences expected to be utilized in the fiscal years beginning on or after April 1, 2015.

As a result of this change, deferred tax assets in current assets and fixed assets decreased by ¥ 843 million, and income taxes increased by ¥ 843 million.

### 8. Notes to Consolidated Balance Sheets

None

### 9. Notes to Consolidated Statements of Income

#### 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, 2010 and 2011 amounting to ¥ 983 million and ¥ 1,112 million (\$14,315 thousand), respectively.



**NS SOLUTIONS CORPORATION**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**10. Notes to Consolidated Statements of Cash Flows**

**Depreciation and amortization and Amortization of goodwill**

The Companies do not prepare a cumulative Quarterly Consolidated Statement of Cash Flows for the third quarter of the fiscal year.

Depreciation and amortization (including intangible fixed assets amortization other than goodwill) and Amortization of goodwill on December 31, 2010 and 2011 were as follows:

December 31,	Millions of yen		Thousands of U.S.
	2010	2011	dollars (Note 2)
Depreciation and amortization .....	¥ 1,629	¥ 1,774	\$ 22,824
Amortization of goodwill .....	¥ 123	¥ 123	\$ 1,592

**11. Net Assets**

**(For the nine months ended December 31, 2010)**

The Company paid cash dividends on June 2, 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

The company decided to pay cash dividends at the board of directors' meeting held on October 27, 2010 as follows:

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

**(For the nine months ended December 31, 2011)**

The Company paid cash dividends on June 2, 2011 as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
May 17, 2011	Common stock	¥1,059 million	¥20.00	March 31, 2011	June 2, 2011	Retained earnings

The company decided to pay cash dividends at the board of directors' meeting held on October 26, 2011 as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
October 26, 2011	Common stock	¥1,059 million	¥20.00	September 30, 2011	December 2, 2011	Retained earnings

**NS SOLUTIONS CORPORATION**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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**12. Consolidated Segment Information**

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. Per Share Information**

December 31,	yen		U.S. dollars
	2010	2011	(Note 2) 2011
Net income per share.....	¥ 73.66	¥ 55.68	\$ 0.72

(Notes) The basis for calculating net income per share were as follows:

December 31,	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 2) 2011
Net income.....	¥ 3,903	¥ 2,950	\$ 37,957
Net income attributable to common stock.....	¥ 3,903	¥ 2,950	\$ 37,957
The average number of common stocks (shares).....	52,997,688	52,997,630	

**14. Subsequent Events**

There have been no material events subsequent to December 31, 2011.