

NS Solutions Corporation

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CONSOLIDATED FINANCIAL RESULTS (From April 1, 2014 to June 30, 2014)

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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, 2014 and June 30, 2014

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2014	Jun. 30, 2014	(Note 2) Jun. 30, 2014
Assets			
Current assets:			
Cash and deposits	¥1,971	¥2,016	\$19,895
Deposits paid	36,874	42,754	421,810
Notes and accounts receivable-trade	41,086	26,944	265,833
Securities	8,000	6,000	59,195
Work in process	17,043	21,103	208,205
Raw materials and supplies	226	182	1,801
Current portion of long-term loans receivable from subsidiaries and associates	12,000	12,000	118,390
Other	4,150	4,227	41,711
Allowance for doubtful accounts	(33)	(21)	(216)
Total current assets	121,318	115,208	1,136,624
Noncurrent assets:			
Property, plant and equipment	21,211	21,000	207,188
Intangible assets:			
Goodwill	2,453	2,406	23,741
Other	1,540	1,471	14,514
Total intangible assets	3,994	3,877	38,255
Investments and other assets:			
Other	16,333	16,331	161,125
Allowance for doubtful accounts	(68)	(68)	(679)
Total investments and other assets	16,264	16,262	160,446
Total noncurrent assets	41,469	41,140	405,889
Total assets	¥162,788	¥156,349	\$1,542,513

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

	Millions of yen		Thousands of U.S. dollars
			(Note 2)
	Mar. 31, 2014	Jun. 30, 2014	Jun. 30, 2014
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	¥16,241	¥9,781	\$96,503
Income taxes payable	3,949	1,255	12,387
Advances received	12,020	15,738	155,272
Provision for bonuses	5,948	3,184	31,415
Other provision	499	392	3,871
Other	5,831	7,048	69,540
Total current liabilities	<u>44,491</u>	<u>37,400</u>	<u>368,987</u>
Noncurrent liabilities:			
Provision for directors' retirement benefits	164	136	1,351
Net defined benefit liability	15,467	15,481	152,738
Other	1,705	1,628	16,064
Total noncurrent liabilities	<u>17,337</u>	<u>17,246</u>	<u>170,154</u>
Total liabilities	<u>61,829</u>	<u>54,647</u>	<u>539,141</u>
Net assets			
Shareholders' equity:			
Capital stock	12,952	12,952	127,790
Capital surplus	9,950	9,950	98,169
Retained earnings	75,496	76,346	753,222
Treasury shares	(4)	(4)	(44)
Total shareholders' equity	<u>98,395</u>	<u>99,245</u>	<u>979,137</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	133	170	1,683
Revaluation reserve for land	(1,276)	(1,276)	(12,598)
Foreign currency translation adjustment	88	56	554
Total accumulated other comprehensive income	<u>(1,055)</u>	<u>(1,050)</u>	<u>(10,362)</u>
Minority interests	3,619	3,506	34,597
Total net assets	<u>100,959</u>	<u>101,701</u>	<u>1,003,372</u>
Total liabilities and net assets	<u>¥162,788</u>	<u>¥156,349</u>	<u>\$1,542,513</u>

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

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the three months ended June 30, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2014	2014
Net sales	¥39,873	¥44,776	\$441,759
Cost of sales (Note 9)	32,573	35,913	354,320
Gross profit	7,300	8,862	87,439
Selling, general and administrative expenses (Note 9)	5,494	5,884	58,057
Operating income	1,806	2,978	29,382
Non-operating income:			
Interest income	63	72	717
Dividends income	129	122	1,207
Other	31	9	89
Total non-operating income	225	204	2,013
Non-operating expenses:			
Interest expenses	12	25	253
Share of loss of entities accounted for using equity method	3	7	78
Loss on retirement of non-current assets	1	0	7
Other	5	1	12
Total non-operating expenses	22	35	351
Ordinary income	2,008	3,146	31,044
Income before income taxes and minority interests	2,008	3,146	31,044
Income taxes	1,055	1,384	13,658
Income before minority interests	953	1,762	17,386
Minority interests in income	35	19	196
Net income	¥918	¥1,742	\$17,191

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

	Yen		U.S. dollars (Note 2)
	2013	2014	2014
Net income per share	¥17.32	¥32.88	\$0.32

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended June 30, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2014	2014
Income before minority interests	¥953	¥1,762	\$17,386
Other comprehensive income:			
Valuation difference on available-for-sale securities	36	36	362
Foreign currency translation adjustment	26	(33)	(326)
Total other comprehensive income	63	3	37
Comprehensive income	¥1,016	¥1,765	\$17,423
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	977	1,747	17,238
Comprehensive income attributable to minority interests	¥38	¥18	\$184

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 ¥101.36= U.S. \$1, the effective rate of exchange prevailing on June 30, 2014, 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

None

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

6. Change in accounting policy

(Accounting Standard for Retirement Benefits)

From April 1, 2014, the Companies have applied the provisions found in the body text of Paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and Paragraph 67 of the “Implementation Guidance for the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) .

Under the new standard, the calculation method for retirement benefit obligations and service costs is revised, with the method of determination of the discount rate revised to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and the method of attributing benefits to accounting periods changed from the straight-line method to the standard pension benefit formula basis.

In accordance with transitional accounting as stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits, the amount of financial impact resulting from changes of the calculation method for retirement benefit obligations and service costs was added to, or deducted from, retained earnings at the beginning of the fiscal year.

As a result, as of 1st April, 2014, ¥244 million (\$2,409 thousand) was decreased as net defined benefit liability and retained earnings increased by ¥ 167 million (\$1,652 thousand). In addition, operating income, ordinary income and income before income taxes and minority interests for the quarterly period under review decreased by ¥23 million (\$231 thousand).

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

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 three months ended June 30, 2013 and 2014 amounting to ¥406 million and ¥411 million (\$4,061 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 first quarter of the fiscal year.

Depreciation and amortization (including intangible fixed assets amortization other than goodwill) and Amortization of goodwill on June 30, 2013 and 2014 were as follows:

June 30,	Millions of yen		Thousands of U.S.
	2013	2014	dollars (Note 2)
Depreciation and amortization	¥ 761	¥ 882	\$ 8,711
Amortization of goodwill	¥ 41	¥ 46	\$ 457

11. Net Assets

(For the three months ended June 30, 2013)

The Company paid cash dividends as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
May 14, 2013	Common stock	¥1,059 million	¥20.00	March 31, 2013	June 3, 2013	Retained earnings

(For the three months ended June 30, 2014)

The Company paid cash dividends as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
May 13, 2014	Common stock	¥1,059 million	¥20.00	March 31, 2014	June 2, 2014	Retained earnings

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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

13. Per Share Information

June 30,	yen		U.S. dollars
	2013	2014	(Note 2)
Net income per share.....	¥ 17.32	¥ 32.88	\$ 0.32

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

June 30,	Millions of yen		Thousands of
	2013	2014	U.S. dollars
Net income.....	¥ 918	¥ 1,742	\$ 17,191
Net income attributable to common stock.....	¥ 918	¥ 1,742	\$ 17,191
The average number of common stocks (shares).....	52,997,566	52,997,481	

14. Subsequent Events

There have been no material events subsequent to June 30, 2014.