

NS Solutions Corporation

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November 7, 2014

CONSOLIDATED FINANCIAL RESULTS (From April 1, 2014 to September 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 September 30, 2014

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|---------------|------------------------------|
| | Mar. 31, 2014 | Sep. 30, 2014 | (Note 2) Sep. 30, 2014 |
| Assets | | | |
| Current assets: | | | |
| Cash and deposits | ¥1,971 | ¥1,771 | \$16,183 |
| Deposits paid | 36,874 | 43,134 | 394,100 |
| Notes and accounts receivable-trade | 41,086 | 35,580 | 325,086 |
| Securities..... | 8,000 | 6,300 | 57,561 |
| Work in process | 17,043 | 19,225 | 175,658 |
| Raw materials and supplies | 226 | 174 | 1,598 |
| Short-term loans receivable from subsidiaries and associates | — | 12,000 | 109,639 |
| Current portion of long-term loans receivable from subsidiaries and associates | 12,000 | — | — |
| Other | 4,150 | 4,357 | 39,811 |
| Allowance for doubtful accounts | (33) | (28) | (262) |
| Total current assets | 121,318 | 122,515 | 1,119,373 |
| Non-current assets: | | | |
| Property, plant and equipment | 21,211 | 21,260 | 194,247 |
| Intangible assets: | | | |
| Goodwill | 2,453 | 2,358 | 21,550 |
| Other | 1,540 | 1,367 | 12,490 |
| Total intangible assets | 3,994 | 3,725 | 34,040 |
| Investments and other assets: | | | |
| Other | 16,333 | 16,163 | 147,678 |
| Allowance for doubtful accounts | (68) | (68) | (629) |
| Total investments and other assets | 16,264 | 16,094 | 147,049 |
| Total non-current assets | 41,469 | 41,080 | 375,336 |
| Total assets | ¥162,788 | ¥163,595 | \$1,494,710 |

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

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------------|------------------------------|
| | | | (Note 2) |
| | Mar. 31, 2014 | Sep. 30, 2014 | Sep. 30, 2014 |
| Liabilities | | | |
| Current liabilities: | | | |
| Notes and accounts payable - trade | ¥16,241 | ¥12,025 | \$109,872 |
| Income taxes payable | 3,949 | 2,681 | 24,502 |
| Advances received | 12,020 | 14,444 | 131,971 |
| Provision for bonuses | 5,948 | 6,405 | 58,528 |
| Other provision | 499 | 469 | 4,286 |
| Other | 5,831 | 5,770 | 52,726 |
| Total current liabilities | <u>44,491</u> | <u>41,797</u> | <u>381,884</u> |
| Non-current liabilities: | | | |
| Provision for directors' retirement benefits | 164 | 146 | 1,338 |
| Net defined benefit liability | 15,467 | 15,679 | 143,258 |
| Other | 1,705 | 1,497 | 13,681 |
| Total non-current liabilities | <u>17,337</u> | <u>17,323</u> | <u>158,276</u> |
| Total liabilities | <u>61,829</u> | <u>59,120</u> | <u>540,161</u> |
| Net assets | | | |
| Shareholders' equity: | | | |
| Capital stock | 12,952 | 12,952 | 118,344 |
| Capital surplus | 9,950 | 9,950 | 90,913 |
| Retained earnings | 75,496 | 78,850 | 720,424 |
| Treasury shares | (4) | (4) | (41) |
| Total shareholders' equity | <u>98,395</u> | <u>101,749</u> | <u>929,640</u> |
| Accumulated other comprehensive income: | | | |
| Valuation difference on available-for-sale securities | 133 | 284 | 2,597 |
| Revaluation reserve for land | (1,276) | (1,276) | (11,667) |
| Foreign currency translation adjustment | 88 | 39 | 360 |
| Total accumulated other comprehensive income | <u>(1,055)</u> | <u>(953)</u> | <u>(8,710)</u> |
| Minority interests | 3,619 | 3,679 | 33,619 |
| Total net assets | <u>100,959</u> | <u>104,475</u> | <u>954,549</u> |
| Total liabilities and net assets | <u>¥162,788</u> | <u>¥163,595</u> | <u>\$1,494,710</u> |

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

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

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|--|-----------------|---------|--|
| | 2013 | 2014 | 2014 |
| Net sales | ¥81,453 | ¥94,891 | \$866,989 |
| Cost of sales (Note 9) | 65,953 | 76,290 | 697,039 |
| Gross profit | 15,499 | 18,601 | 169,950 |
| Selling, general and administrative expenses (Note 9) | 10,973 | 11,603 | 106,012 |
| Operating income | 4,525 | 6,998 | 63,938 |
| Non-operating income: | | | |
| Interest income | 130 | 140 | 1,285 |
| Dividend income | 132 | 125 | 1,142 |
| Other | 36 | 66 | 603 |
| Total non-operating income | 298 | 331 | 3,031 |
| Non-operating expenses: | | | |
| Interest expenses | 63 | 49 | 452 |
| Share of loss of entities accounted for using equity method | 11 | 12 | 110 |
| Loss on retirement of non - current assets | 1 | 39 | 358 |
| Other | 9 | 2 | 27 |
| Total non-operating expenses | 85 | 103 | 946 |
| Ordinary income | 4,738 | 7,226 | 66,023 |
| Income before income taxes and minority interests | 4,738 | 7,226 | 66,023 |
| Income taxes | 2,084 | 2,786 | 25,462 |
| Income before minority interests | 2,654 | 4,439 | 40,561 |
| Minority interests in income | 175 | 193 | 1,765 |
| Net income | ¥2,478 | ¥4,246 | \$38,796 |

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

| | Yen | | U.S. dollars (Note 2) |
|-----------------------------|--------|--------|--------------------------|
| | 2013 | 2014 | 2014 |
| Net income per share | ¥46.77 | ¥80.12 | \$0.73 |

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

| | Millions of yen | | Thousands of U.S. dollars (Note 3) |
|---|-----------------|--------|--|
| | 2013 | 2014 | 2014 |
| Income before minority interests | ¥2,654 | ¥4,439 | \$40,561 |
| Other comprehensive income: | | | |
| Valuation difference on available-for-sale securities | 29 | 150 | 1,375 |
| Foreign currency translation adjustment | 45 | (50) | (459) |
| Total other comprehensive income | 74 | 100 | 916 |
| Comprehensive income | ¥2,728 | ¥4,539 | \$41,476 |
| Comprehensive income attributable to: | | | |
| Comprehensive income attributable to owners of parent | 2,547 | 4,348 | 39,726 |
| Comprehensive income attributable to minority interests | ¥181 | ¥191 | \$1,750 |

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

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended September 30, 2013 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 3) |
|---|-----------------|--------------|--|
| | 2013 | 2014 | 2014 |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | ¥4,738 | ¥7,226 | \$66,023 |
| Depreciation | 1,744 | 1,855 | 16,950 |
| Amortization of goodwill | 82 | 92 | 846 |
| Increase (decrease) in allowance for doubtful accounts | (16) | (4) | (40) |
| Increase (decrease) in provision for bonuses | 106 | 457 | 4,176 |
| Increase (decrease) in provision for retirement benefits | 435 | — | — |
| Increase (decrease) in net defined benefit liability | — | 455 | 4,166 |
| Interest and dividend income | (262) | (265) | (2,428) |
| Interest expenses | 63 | 49 | 452 |
| Share of (profit) loss of entities accounted for using equity method | 11 | 12 | 110 |
| Loss on retirement of non-current assets | 1 | 39 | 358 |
| Decrease (increase) in notes and accounts receivable-trade ... | 10,269 | 5,492 | 50,184 |
| Decrease (increase) in inventories | (3,845) | (2,154) | (19,683) |
| Increase (decrease) in notes and accounts payable-trade | (3,494) | (4,205) | (38,421) |
| Other, net | 1,822 | 1,704 | 15,573 |
| Subtotal | 11,658 | 10,755 | 98,265 |
| Interest and dividend income received | 261 | 271 | 2,479 |
| Interest expenses paid | (63) | (49) | (452) |
| Income taxes paid | (2,039) | (4,061) | (37,112) |
| Net cash provided by (used in) operating activities | 9,816 | 6,914 | 63,179 |
| Cash flows from investing activities: | | | |
| Purchase of securities | (3,000) | (2,000) | (18,273) |
| Proceeds from redemption of securities | 4,000 | 4,000 | 36,546 |
| Purchase of property, plant and equipment and intangible assets | (1,407) | (1,329) | (12,143) |
| Purchase of investment securities | (1,060) | (0) | (0) |
| Proceeds from sales of investment securities | 326 | — | — |
| Payments of loans receivable from subsidiaries and associates | — | (12,000) | (109,639) |
| Collection of loans receivable from subsidiaries and associates | — | 12,000 | 109,639 |
| Other, net | (28) | (42) | (384) |
| Net cash provided by (used in) investing activities | (¥1,170) | ¥628 | \$5,745 |

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

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------------|------------------------------|
| | | | (Note 3) |
| | 2013 | 2014 | 2014 |
| Cash flows from financing activities: | | | |
| Purchase of treasury shares | (¥0) | (¥0) | (\$1) |
| Cash dividends paid | (1,059) | (1,059) | (9,684) |
| Cash dividends paid to minority shareholders | (113) | (120) | (1,103) |
| Repayments of lease obligations | (247) | (267) | (2,448) |
| Net cash provided by (used in) financing activities | (1,421) | (1,448) | (13,237) |
| Effect of exchange rate change on cash and cash equivalents | 31 | (34) | (317) |
| Net increase (decrease) in cash and cash equivalents | 7,255 | 6,060 | 55,371 |
| Cash and cash equivalents at beginning of period | 28,152 | 39,845 | 364,048 |
| Cash and cash equivalents at end of period (Note 10) | ¥35,408 | ¥45,905 | \$419,420 |

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 ¥109.45= U.S. \$1, the effective rate of exchange prevailing on September 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

The Company has added PT. NSSOL SYSTEMS INDONESIA to the scope of consolidation from second quarter of the fiscal year ending March 31, 2015 as a result of establishment.

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 was decreased as net defined benefit liability and retained earnings increased by ¥167 million. In addition, operating income, ordinary income and income before income taxes and minority interests for the quarterly period ended September 30, 2014 decreased by ¥46 million (\$427 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

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 six months ended September 30, 2013 and 2014 were as follows:

| September 30, | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|-----------------|---------|--|
| | 2013 | 2014 | 2014 |
| Salaries and allowances..... | ¥ 3,331 | ¥ 3,481 | \$ 31,812 |
| Provision for bonuses | 1,154 | 1,214 | 11,095 |
| Retirement benefit expenses | 262 | 290 | 2,653 |
| Provision for directors' retirement benefits | 14 | 13 | 127 |
| Depreciation | 58 | 66 | 606 |
| Amortization of goodwill | 82 | 92 | 846 |
| Operating expense for acceptance of orders ... | ¥ 1,873 | ¥ 1,706 | \$ 15,594 |

(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 six months ended September 30, 2013 and 2014 amounting to ¥725 million and ¥774 million (\$7,080 thousand), respectively.

10. Notes to Consolidated Statements of Cash Flows

Cash and Cash Equivalent

Cash and cash equivalents on September 30, 2013 and 2014 were as follows:

| September 30, | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|-----------------|----------|---------------------------------------|
| | 2013 | 2014 | 2014 |
| Cash and deposits..... | ¥1,341 | ¥ 1,771 | \$ 16,183 |
| Deposits paid..... | 33,066 | 43,134 | 394,100 |
| Securities (maturing in less than three months from acquisition date) | 1,000 | 1,000 | 9,137 |
| Cash and cash equivalents..... | ¥ 35,408 | ¥ 45,905 | \$ 419,420 |

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

11. Net Assets

(For the six months ended September 30, 2013)

Dividends paid were 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 |

Dividends whose reference date were in the six months ended September 30, 2013 but effective dates were later than September 30, 2013 were as follows:

| Date of board resolution | Class of stock | Total dividend amount | Dividend per share | Reference date | Effective date | Source of dividends |
|--------------------------|----------------|-----------------------|--------------------|--------------------|------------------|---------------------|
| October 29, 2013 | Common stock | ¥1,059 million | ¥20.00 | September 30, 2013 | December 3, 2013 | Retained earnings |

(For the six months ended September 30, 2014)

Dividends paid were 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 |

Dividends whose reference date were in the six months ended September 30, 2014 but effective dates were later than September 30, 2014 were as follows:

| Date of board resolution | Class of stock | Total dividend amount | Dividend per share | Reference date | Effective date | Source of dividends |
|--------------------------|----------------|-----------------------|--------------------|--------------------|------------------|---------------------|
| October 28, 2013 | Common stock | ¥1,192 million | ¥22.50 | September 30, 2014 | December 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

| September 30, | yen | | U.S. dollars |
|---------------------------|---------|---------|--------------|
| | 2013 | 2014 | (Note 2) |
| Net income per share..... | ¥ 46.77 | ¥ 80.12 | \$ 0.73 |

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

| September 30, | Millions of yen | | Thousands of |
|---|-----------------|------------|--------------|
| | 2013 | 2014 | U.S. dollars |
| Net income..... | ¥ 2,478 | ¥ 4,246 | \$ 38,796 |
| Net income attributable to common stock..... | ¥ 2,478 | ¥ 4,246 | \$ 38,796 |
| The average number of common stocks (shares)..... | 52,997,548 | 52,997,462 | |

14. Subsequent Events

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