

NS Solutions Corporation

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CONSOLIDATED FINANCIAL RESULTS (From April 1, 2015 to June 30, 2015)

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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 for reference purposes only.

In the event of any discrepancy between the Japanese version and the English translation, the Japanese version will prevail.

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NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEETS
 March 31, 2015 and June 30, 2015

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2015	Jun. 30, 2015	(Note 2) Jun. 30, 2015
Assets			
Current assets:			
Cash and deposits	¥2,070	¥2,841	\$23,203
Deposits paid	31,875	35,697	291,527
Notes and accounts receivable - trade	45,196	30,902	252,367
Securities	2,000	1,000	8,167
Work in process	18,350	23,007	187,892
Raw materials and supplies	124	146	1,195
Short-term loans receivable from subsidiaries and associates	12,000	12,000	97,999
Other	4,400	5,029	41,078
Allowance for doubtful accounts	(35)	(25)	(204)
Total current assets	115,981	110,599	903,224
Non-current assets:			
Property, plant and equipment	20,649	20,803	169,893
Intangible assets:			
Goodwill	2,280	2,231	18,227
Other	1,361	1,337	10,923
Total intangible assets	3,641	3,569	29,150
Investments and other assets:			
Investment securities	19,676	19,604	160,106
Other	6,383	6,471	52,849
Allowance for doubtful accounts	(48)	(48)	(399)
Total investments and other assets	26,010	26,027	212,556
Total non-current assets	50,302	50,400	411,599
Total assets	¥166,283	¥161,000	\$1,314,823

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

	Millions of yen		Thousands of U.S. dollars
			(Note 2)
	Mar. 31, 2015	Jun. 30, 2015	Jun. 30, 2015
Liabilities			
Current liabilities:			
Notes and accounts payable - trade	¥15,972	¥11,273	\$92,066
Income taxes payable	4,572	1,755	14,339
Advances received	14,485	18,231	148,891
Provision for bonuses	6,775	3,472	28,357
Other provision	753	652	5,325
Other	8,161	8,160	66,647
Total current liabilities	<u>50,720</u>	<u>43,546</u>	<u>355,625</u>
Non-current liabilities:			
Provision for directors' retirement benefits	159	118	966
Net defined benefit liability	16,658	16,827	137,425
Other	1,302	1,387	11,330
Total non-current liabilities	<u>18,119</u>	<u>18,333</u>	<u>149,722</u>
Total liabilities	<u>68,840</u>	<u>61,879</u>	<u>505,347</u>
Net assets			
Shareholders' equity:			
Capital stock	12,952	12,952	105,780
Capital surplus	9,950	9,950	81,261
Retained earnings	82,489	84,256	688,093
Treasury shares	(20,004)	(20,004)	(163,371)
Total shareholders' equity	<u>85,387</u>	<u>87,155</u>	<u>711,763</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	9,191	9,154	74,757
Revaluation reserve for land.....	(1,276)	(1,276)	(10,429)
Foreign currency translation adjustment	252	244	1,998
Total accumulated other comprehensive income	<u>8,167</u>	<u>8,121</u>	<u>66,326</u>
Non-controlling interests	3,888	3,843	31,387
Total net assets	<u>97,443</u>	<u>99,120</u>	<u>809,476</u>
Total liabilities and net assets	<u>¥166,283</u>	<u>¥161,000</u>	<u>\$1,314,823</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, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2014	2015	2015
Net sales	¥44,776	¥51,223	\$418,321
Cost of sales (Note 9)	35,913	40,392	329,867
Gross profit	8,862	10,831	88,453
Selling, general and administrative expenses (Note 9)	5,884	6,170	50,390
Operating income	2,978	4,660	38,063
Non-operating income:			
Interest income	72	37	302
Dividend income	122	217	1,774
Other	9	21	173
Total non-operating income	204	275	2,250
Non-operating expenses:			
Interest expenses	25	18	148
Share of loss of entities accounted for using equity method	7	17	140
Loss on retirement of non - current assets	0	3	31
Bad debts expenses	—	38	315
Other	1	3	29
Total non-operating expenses	35	81	663
Ordinary income	3,146	4,855	39,649
Income before income taxes and minority interests	3,146	4,855	39,649
Income taxes	1,384	1,962	16,029
Profit	1,762	2,892	23,621
Profit attributable to non-controlling interests	19	78	638
Profit attributable to owners of parent	¥1,742	¥2,814	\$22,983

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

	Yen		U.S. dollars (Note 2)
	2014	2015	2015
Net income per share	¥32.88	¥60.52	\$0.49

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended June 30, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2014	2015	2015
Profit	¥1,762	¥2,892	\$23,621
Other comprehensive income:			
Valuation difference on available-for-sale securities	36	(37)	(305)
Foreign currency translation adjustment	(33)	(8)	(67)
Total other comprehensive income.....	3	(45)	(371)
Comprehensive income	¥1,765	¥2,846	\$23,249
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	1,747	2,768	22,611
Comprehensive income attributable to non-controlling interests ...	¥18	¥78	\$638

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 ¥122.45= U.S. \$1, the effective rate of exchange prevailing on June 30, 2015, 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 Nishinohon Corporation has absorbed Oita NS Solutions Corporation and changed its business name to Kyushu NS Solutions Corporation. Furthermore, Oita NS Solutions Corporation has been dissolved and thus removed from the scope of consolidation.

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

6. Change in accounting policy

(Accounting Standard for Business Combinations, Etc.)

“Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, hereinafter referred to as the “Business Combinations Accounting Standard”), the “Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, hereinafter referred to as the “Consolidated Financial Statements Accounting Standard”), and the “Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7, hereinafter referred to as the “Business Divestitures Accounting Standard”) have been applied from the first quarter of fiscal 2015. As a result, for subsidiaries the Company continues to control, differences arising due to changes in the equity portion are entered in capital surplus and costs associated with the acquisition of shares are now treated as expenses in the consolidated fiscal year in which they are incurred.

In addition, for business combinations that are implemented after the beginning of the first quarter of fiscal 2015, the allocation of the cost of acquisitions, as determined after review of provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the quarter in which the business combination took place.

Additionally, the Company has changed the method of presenting consolidated quarterly net income and moved “minority interests ” to “non-controlling interests ”. To reflect these changes, the Company has reclassified its quarterly consolidated financial statements for the first quarter of the previous fiscal year and consolidated financial statements for the previous fiscal year.

The Company has applied these standards in accordance with the transitional treatment prescribed in Section 58-2 (4) of the Business Combinations Accounting Standard, Section 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Section 57-4 (4) of the Business Divestitures Accounting Standard, and will continue to apply these standards from the beginning of the first quarter of fiscal 2015 into the future.

The effect of these changes in accounting standards had no effect on the quarterly consolidated financial statements for the first quarter of fiscal 2015.

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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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, 2014 and 2015 amounting to ¥411 million and ¥412 million (\$3,366 thousand), respectively.

10. Notes to Consolidated Statements of Cash Flows

Depreciation 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 (including intangible fixed assets amortization other than goodwill) and Amortization of goodwill on June 30, 2014 and 2015 were as follows:

June 30,	Millions of yen		Thousands of U.S.
	2014	2015	dollars (Note 2)
Depreciation.....	¥ 882	¥ 935	\$ 7,641
Amortization of goodwill	¥ 46	¥ 46	\$ 381

11. Net Assets

(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

(For the three months ended June 30, 2015)

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 12, 2015	Common stock	¥1,046 million	¥22.50	March 31, 2015	June 1, 2015	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
	2014	2015	(Note 2)
Net income per share.....	¥ 32.88	¥ 60.52	\$ 0.49

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

June 30,	Millions of yen		Thousands of
	2014	2015	U.S. dollars
Profit attributable to owners of parent	¥ 1,742	¥ 2,814	\$ 22,983
Profit attributable to owners of parent related to common stock	¥1,742	¥ 2,814	\$ 22,983
The average number of common stocks (shares).....	52,997,481	46,503,858	

14. Subsequent Events

There have been no material events subsequent to June 30, 2015.