

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.

**Consolidated Financial Results
for the Second Quarter of Fiscal 2017
(April 1, 2017 - September 30, 2017)
[under Japanese GAAP]**

October 27, 2017

Company name: NS Solutions Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2327
 URL: <http://www.nssol.nssmc.com>
 Representative: Munetaka Shashiki, Representative Director & President
 Contact: Hideki Komatsu, Director, Accounting & Finance Department
 Phone: +81-3-5117-4111
 Scheduled date of filing quarterly securities report: November 13, 2017
 Scheduled date of commencing dividend payments: December 4, 2017
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Second Quarter of Fiscal 2017

(April 1, 2017 to September 30, 2017)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017 2Q	116,554	10.1	10,073	2.5	10,475	2.6	6,569	(0.4)
FY2016 2Q	105,855	(0.4)	9,826	0.1	10,209	1.5	6,598	9.5

(Note) Comprehensive income: FY2017 2Q: 12,081 million yen [39.8%]

FY2016 2Q: 8,644 million yen [50.3%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY2017 2Q	69.38		-	
FY2016 2Q	70.95		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2017 2Q	215,863	135,456	60.6
FY2016	200,811	125,724	60.3

(Reference) Equity: FY2017 2Q: 130,735 million yen

FY2016: 121,053 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	-	22.50	-	22.50	45.00
FY2017	-	25.00			
FY2017(Forecast)			-	25.00	50.00

(Notes) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for Fiscal 2017 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	242,000	4.1	22,700	5.4	23,000	4.0	15,000	7.4	158.41

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: Yes
 - 3) Changes in accounting estimates: Yes
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

FY2017 2Q :	99,504,740	shares
FY2016:	105,998,240	shares
 - 2) Total number of treasury shares at the end of the period:

FY2017 2Q :	4,815,596	shares
FY2016:	11,308,612	shares
 - 3) Average number of shares during the period:

FY2017 2Q :	94,689,305	shares
FY2016 2Q:	93,006,916	shares

* This quarterly consolidated financial results report is exempt from the audit procedures.

* Explanation of the proper use of financial results forecast and other notes

The forecasts stated above are based on information available as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors hereafter.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Millions of yen)

	March 31, 2017	September 30, 2017
Assets		
Current assets		
Cash and deposits	2,857	3,347
Deposits paid	43,103	50,346
Notes and accounts receivable - trade	51,187	40,505
Securities	-	1,000
Work in process	21,423	27,361
Raw materials and supplies	49	36
Short-term loans receivable from subsidiaries and associates	12,000	12,000
Other	5,894	5,948
Allowance for doubtful accounts	(22)	(17)
Total current assets	136,493	140,527
Non-current assets		
Property, plant and equipment	20,298	22,601
Intangible assets		
Goodwill	4,826	4,552
Other	2,407	3,741
Total intangible assets	7,234	8,294
Investments and other assets		
Investment securities	30,992	38,609
Other	5,837	5,876
Allowance for doubtful accounts	(44)	(45)
Total investments and other assets	36,784	44,441
Total non-current assets	64,317	75,336
Total assets	200,811	215,863
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,985	15,901
Income taxes payable	4,763	3,766
Advances received	13,782	17,024
Provision for bonuses	7,957	8,097
Other provision	1,626	1,180
Other	7,083	6,645
Total current liabilities	53,198	52,615
Non-current liabilities		
Provision for directors' retirement benefits	136	136
Other provision	238	119
Net defined benefit liability	19,650	20,951
Other	1,862	6,584
Total non-current liabilities	21,887	27,792
Total liabilities	75,086	80,407
Net assets		
Shareholders' equity		
Capital stock	12,952	12,952
Capital surplus	10,899	9,950
Retained earnings	100,530	95,918
Treasury shares	(17,416)	(7,416)
Total shareholders' equity	106,966	111,404
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,286	20,543
Revaluation reserve for land	(1,276)	(1,276)
Foreign currency translation adjustment	77	64
Total accumulated other comprehensive income	14,086	19,330
Non-controlling interests	4,671	4,720
Total net assets	125,724	135,456
Total liabilities and net assets	200,811	215,863

Quarterly Consolidated Statements of Income

(Millions of yen)

	2016Fy 2Q	2017Fy 2Q
Net sales	105,855	116,554
Cost of sales	83,577	92,960
Gross profit	22,278	23,593
Selling, general and administrative expenses	12,451	13,520
Operating profit	9,826	10,073
Non-operating income		
Interest income	67	70
Dividend income	268	326
Share of profit of entities accounted for using equity method	23	18
Other	80	101
Total non-operating income	440	516
Non-operating expenses		
Interest expenses	18	6
Loss on retirement of non-current assets	4	7
Foreign exchange losses	15	10
Loss on liquidation of subsidiaries	-	34
Other	19	55
Total non-operating expenses	58	114
Ordinary profit	10,209	10,475
Profit before income taxes	10,209	10,475
Income taxes	3,422	3,636
Profit	6,786	6,838
Profit attributable to non-controlling interests	187	268
Profit attributable to owners of parent	6,598	6,569

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	2016Fy 2Q	2017Fy 2Q
Profit	6,786	6,838
Other comprehensive income		
Valuation difference on available-for-sale securities	2,089	5,256
Foreign currency translation adjustment	(231)	(13)
Total other comprehensive income	1,858	5,243
Comprehensive income	8,644	12,081
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,464	11,814
Comprehensive income attributable to non-controlling interests	179	267

Quarterly Consolidated Statement of Cash Flows

	(Millions of yen)	
	2016Fy 2Q	2017Fy 2Q
Cash flows from operating activities		
Profit before income taxes	10,209	10,475
Depreciation	1,929	2,170
Amortization of goodwill	91	232
Increase (decrease) in allowance for doubtful accounts	(2)	(4)
Increase (decrease) in provision for bonuses	(129)	139
Increase (decrease) in net defined benefit liability	480	1,301
Interest and dividend income	(336)	(396)
Interest expenses	18	6
Share of (profit) loss of entities accounted for using equity method	(23)	(18)
Loss on retirement of non-current assets	4	7
Decrease (increase) in notes and accounts receivable - trade	6,849	10,677
Decrease (increase) in inventories	(3,852)	(5,924)
Increase (decrease) in notes and accounts payable - trade	(3,421)	(2,081)
Other, net	138	1,518
Subtotal	<u>11,952</u>	<u>18,103</u>
Interest and dividend income received	337	395
Interest expenses paid	(18)	(6)
Income taxes paid	(4,036)	(4,591)
Net cash provided by (used in) operating activities	<u>8,235</u>	<u>13,901</u>
Cash flows from investing activities		
Payments into time deposits	(175)	-
Proceeds from withdrawal of time deposits	-	194
Purchase of property, plant and equipment and intangible assets	(2,203)	(2,085)
Purchase of investment securities	(40)	(1,030)
Proceeds from sales of investment securities	-	5
Proceeds from redemption of investment securities	2,000	-
Other, net	(76)	44
Net cash provided by (used in) investing activities	<u>(495)</u>	<u>(2,871)</u>
Cash flows from financing activities		
Purchase of treasury shares	-	(1)
Cash dividends paid	(1,976)	(2,130)
Dividends paid to non-controlling interests	(193)	(217)
Repayments of lease obligations	(310)	(538)
Other, net	-	(31)
Net cash provided by (used in) financing activities	<u>(2,480)</u>	<u>(2,919)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(140)</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	<u>5,118</u>	<u>8,110</u>
Cash and cash equivalents at beginning of period	<u>43,133</u>	<u>45,582</u>
Cash and cash equivalents at end of period	<u>48,251</u>	<u>53,693</u>