



### ***Consolidated financial condition***

(Millions of yen, except per share amounts and percentages)

	<b>Jun.30, 2004</b>	<b>Jun.30, 2005</b>	<b>Mar. 31, 2005</b>
Total assets	¥79,028	¥88,032	¥98,372
Shareholders' equity	49,419	54,489	54,104
Shareholders' equity ratio	62.5%	61.9%	55.0%
Shareholders' equity per share of common stock*	¥1,864.91	¥1,028.12	¥1,020.46

\*The number of shares at the end of the periods (used for computation of shareholders' equity per share of common stock) for the three-month period ended Jun. 30, 2004 and 2005, and for the fiscal year ended Mar. 31, 2005 is shown in the chart below.

	(Thousands of shares)		Fiscal Year ended Mar. 31, 2005
	Three Months ended Jun. 30, 2004	2005	
Number of issued shares at end of period	26,500	52,999	52,999
Number of own shares at end of period	0	1	1

### ***Ref. Consolidated cash flow***

(Millions of yen)

	Three Months ended Jun.30,		Difference	Fiscal Year ended
	2004	2005		Mar.2005
Cash flow from operating activities	¥ 1,353	¥3,585	¥+2,232	¥9,188
Cash flow from investing activities	(561)	(251)	+310	(12,634)
Cash flow from financing activities	(509)	(510)	1	(974)
Cash and cash equivalents at end of period	27,802	25,925	1,877	23,099

Cash and cash equivalents at the end of the first quarter of this fiscal year increased by ¥2,827 million to ¥25,925 million compared with the end of the last fiscal year. Cash flows by activities are as follows:

**Operating Activities:** Operating activities generated ¥3,586 million cash. This is mainly due to income before income taxes of ¥1,729 million and improvements in inter-company credit of ¥12,787 million, while negatively impacted by income taxes paid of ¥3,823 million and an increase in inventories of ¥6,853 million.

**Investing Activities:** Investing activities used ¥251 million cash. This is mainly due to payments for purchase of property and equipment and intangible fixed assets of ¥262 million.

**Financing Activities:** Financing activities used ¥510 million. This is due to dividends paid.

### ***Consolidated outlook for the Fiscal Year ending March 31, 2006 (FY2005)***

Business results for the three-month period ended June 30, 2005 have been moving steadily as forecasted before. Accordingly, there is no change in our outlook both for the first half of the current fiscal year and for the current fiscal year, as mentioned below.

Current outlook	(Millions of yen)		
	Sales	Recurring profit	Net income
First half of FY2005	64,000	4,000	2,100
FY2005	¥150,000	12,000	6,700

Ref. Net income per share forecast (full-year) 126.02 yen\*

#### **Adoption of Concise Accounting Procedure for the Quarterly Period**

None.

#### **Accounting Procedure Differences between the Quarters ended Jun. 30, 2004 and 2005, and the Fiscal Year ended March 31, 2005**

The Company adopted “Accounting Standard for Impairment of Fixed Assets” and “Application Guideline for Accounting Standard for Impairment of Fixed Assets” from the fiscal year ended March 31,2006.

#### **Difference in Consolidation and Equity Method Scope between the Quarters ended Jun. 30, 2004 and 2005, and the Fiscal Year ended March 31, 2005.**

The Company added NSSL Service Corporation to the consolidation scope from the fiscal year ended March 31,2006.

## Non-consolidated Results Information

### Non-consolidated operating results

(Millions of yen, except per share amounts and percentages)

	Three Months ended Jun. 30,			Fiscal Year ended
	2004	2005	Difference	Mar. 2005
Sales	¥26,981	¥24,784	8.1%	¥131,889
Operating income	1,510	1,597	5.8	9,603
Recurring profit	1,727	1,863	7.9	9,737
Net income	1,006	1,112	10.6	5,721
Net income per share of common stock				
Basic	¥37.97	¥20.99		¥107.54
Diluted	-	-		-

\* Average shares used for computation of net income per share of common stock for the three-month period ended Jun. 30, 2004 and 2005, and for the fiscal year ended Mar. 31, 2005 are shown in the chart below.

	Three Months ended Jun. 30,		Fiscal Year ended Mar.
	2004	2005	31, 2005
Net income per share of common stock Basic	26,499	52,998	52,999

### Non-consolidated financial condition

(Millions of yen, except per share amounts and percentages)

	Jun. 30, 2004	Jun. 30, 2005	Mar. 31, 2005
Total assets	¥73,408	¥82,199	¥91,467
Shareholders' equity	44,895	49,147	48,607
Shareholders' equity ratio	61.2%	59.8%	53.1%
Shareholders' equity per share of common stock*	¥1,694.20	¥927.33	¥916.74

\*The number of shares at the end of the periods (used for computation of shareholders' equity per share of common stock) for the three-month period ended Jun.30, 2004 and 2005, and for the fiscal year ended Mar. 31, 2005 is shown in the chart below.

	Three Months ended Jun 30,		Fiscal Year ended Mar.
	2004	2005	31, 2005
Number of issued shares at end of period	26,500	52,999	52,999
Number of own shares at end of shares	0	1	1

***Non-consolidated Outlook for the Fiscal Year ending March 31, 2006 (FY2005)***

Business results for the three-month period ended June 30, 2005 have been moving steadily as forecasted before. Accordingly, there is no change in our outlook both for the first half of the current fiscal year and for the current fiscal year, as mentioned below.

Current outlook	(Millions of yen)		
	Sales	Recurring profit	Net income
First half of FY2005	57,000	3,300	1,900
FY2004	¥135,000	9,800	5,800

Ref. Net income per share forecast (full-year) 109.04yen\*

(Note) Figures in this material have been rounded.

**The above statements were prepared, based on the materials available as of the release date. Actual results may vary from the outlook figures by various factors in the future.**

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

As of Jun. 30, 2004, Mar. 31, 2005 and Jun. 30, 2005

	Millions of yen			Thousands of U.S. dollars
	Jun. 30, 2004	Mar. 31, 2005	Jun. 30, 2005	( Note 3 ) Jun. 30, 2005
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank deposits	¥13,811	¥11,477	¥12,021	\$108,669
Deposited money	13,990	11,621	13,904	125,696
Trade notes and accounts receivable	19,693	37,265	17,269	156,115
Inventories	12,063	7,502	14,355	129,769
Deferred tax assets-current	2,892	3,004	3,100	28,025
Others	704	481	567	5,120
Allowance for doubtful accounts	(14)	(23)	(11)	(100)
<b>Total current assets</b>	<b>63,139</b>	<b>71,327</b>	<b>61,205</b>	<b>553,294</b>
Property and equipment ( Note 2(7) )	4,882	4,499	4,444	40,176
Intangible fixed assets	965	669	614	5,550
<b>Investments and other assets</b>				
Long term loan-related party	-	12,000	12,000	108,479
Others	10,042	9,877	9,769	88,303
<b>Total assets</b>	<b>¥79,028</b>	<b>¥98,372</b>	<b>¥88,032</b>	<b>\$795,802</b>
<b>Liabilities and Shareholders' Equity</b>				
<b>Current liabilities</b>				
Trade notes and accounts payable	9,393	17,341	10,132	91,590
Accrued expenses	3,109	2,826	3,034	27,424
Accrued income taxes	882	3,767	915	8,273
Accrued bonuses to employees	2,924	5,713	3,092	27,953
Others	5,538	5,911	7,611	68,804
<b>Total current liabilities</b>	<b>21,846</b>	<b>35,558</b>	<b>24,784</b>	<b>224,044</b>
Allowance for employees' retirement benefits	6,283	6,940	7,197	65,057
Other long-term liabilities ( Note 7 )	314	355	245	2,215
Minority interest in consolidated subsidiaries	1,166	1,415	1,317	11,909
<b>Shareholders' equity</b>				
Common stock	12,953	12,953	12,953	117,092
Additional paid-in capital	9,950	9,950	9,950	89,951
Retained earnings	26,046	31,266	31,736	286,896
Reserve for revaluation of land	(757)	(757)	(757)	(6,847)
Valuation gain on available-for-sale securities and others	1,233	700	613	5,541
Foreign currency translation adjustment	(5)	(6)	(4)	(38)
Treasury stock	(1)	(2)	(2)	(18)
<b>Total shareholders' equity</b>	<b>49,419</b>	<b>54,104</b>	<b>54,489</b>	<b>492,577</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>¥79,028</b>	<b>¥98,372</b>	<b>¥88,032</b>	<b>\$795,802</b>

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

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**For the Nine Months Ended Jun. 30, 2004 and 2005**

	Millions of yen		Thousands of U.S. dollars ( Note 3 )
	2004	2005	2005
<b>Net sales</b>	¥29,692	¥27,188	\$245,777
<b>Cost of sales</b>	23,602	21,059	190,367
<b>Gross profit</b>	6,090	6,129	55,410
<b>Selling, general and administrative expenses (Note 5,6)</b>	4,380	4,470	40,412
<b>Operating income</b>	1,710	1,659	14,998
<b>Other income (expenses)</b>	42	70	632
<b>Income before income taxes and minority interest</b>	1,752	1,729	15,630
<b>Income Taxes</b>	838	826	7,463
<b>Income before minority interest</b>	914	903	8,167
<b>Minority interest</b>	(23)	(53)	(475)
<b>Net income</b>	¥937	¥956	\$8,642

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

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Three Months Ended Jun. 30, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars ( Note 3 )
	2004	2005	2005
<b>Cash flows from operating activities;</b>			
Income before income taxes			
Adjustments to reconcile income before income taxes to net cash provided by operating activities	¥1,752	¥1,729	\$15,630
Depreciation	315	305	2,761
Decrease in allowance for doubtful accounts	(2,596)	(2,621)	(23,690)
Increase in allowance for employees' retirement benefits, net of payments	241	257	2,323
Decrease in accounts receivable	17,769	19,996	180,762
Increase in inventories	(5,028)	(6,853)	(61,951)
Decrease in accounts payable	(7,839)	(7,209)	(65,172)
Others, net	(256)	1,764	15,949
Sub total	4,358	7,368	66,612
Income taxes paid	(3,037)	(3,823)	(34,560)
Others, net	31	40	362
Net cash provided by operating activities	1,352	3,585	32,414
<b>Cash flow from investing activities;</b>			
Payments for purchase of property and equipment and intangible fixed assets	(420)	(262)	(2,850)
Others, net	(140)	11	582
Net cash used for investing activities	(560)	(251)	(2,268)
<b>Cash flows from financing activities;</b>			
Payments for purchase of treasury stock	(1)		
Dividends paid	(464)	(464)	(4,192)
Dividends paid to minority shareholders	(44)	(46)	(416)
Net cash used for financing activities	(509)	(510)	(4,608)
Effect of exchange rate changes on cash and cash equivalents	(0)	2	16
Net increase in cash and cash equivalents	283	2,826	25,554
<b>Cash and cash equivalents at beginning of period</b>	<b>27,519</b>	<b>23,099</b>	<b>208,811</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥27,802</b>	<b>¥25,925</b>	<b>\$234,365</b>

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

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

**1. Basis of Presenting Consolidated Financial Statements**

The accompanying consolidated financial statements have been prepared based on the accounts maintained by the Company and its consolidated subsidiaries in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law of Japan, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards and of accounting principles and practices generally accepted and applied in the United States. The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. However, certain reclassifications are incorporated in order to present the financial statements in a form which is more familiar to readers outside Japan. Such reclassifications have no effect on net income or retained earnings.

**2. Summary of Significant Accounting Policies**

**(1) Principles of consolidation**

The consolidated financial statements for the fiscal year ended March 31, 2005 and the three-month period ended June 30, 2004 and 2005 include the accounts of the Company and its 11 significant subsidiaries, as listed below:

- Hokkaido NS Solutions Corporation
- Tohoku NS Solutions Corporation
- NS Solutions Tokyo Corporation
- NS Solutions Kansai Corporation
- NS Solutions Chubu Corporation
- NS Solutions Nishinihon Corporation
- NS Solutions Oita Corporation
- NSSLC Service Corporation
- Nittetsu Hitachi Systems Engineering, Inc.
- NCI Systems Integration, Inc.
- NS Solutions Software (Shanghai) Co., Ltd.

The Company added NSSLC Service Corporation to the consolidation scope from the fiscal year ended March 31, 2006 . NSSLC Service Corporation was established by spin-off from NS Solutions Tokyo Corporation on April 1, 2005.

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Due to a decrease in its importance as a result of suspension of its business operations, the investment in NS Solutions USA Corporation, a wholly-owned subsidiary, is stated at cost, after recognition of impairment losses, on the Company's consolidated balance sheets. The total assets, net sales, net income and surplus of NS Solutions USA Corporation are not significant to the Company's consolidated financial statements.

All significant inter-company accounts and transactions and unrealized inter-group profit, if any, have been eliminated on consolidation.

The Company's overseas subsidiary, NS Solutions Software (Shanghai) Co., Ltd., has a fiscal year ending June 30 and the three-month period ending March 31, which differ from those of the Company. The company incorporated this subsidiary's accounts for the three-month period ended March 31, 2005 into these unaudited condensed consolidated financial statements for the three-month period ended June 30, 2005. Any material transactions occurring in the period, April 1 to June 30 are adjusted for in these unaudited condensed consolidated financial statements.

### (2) Investments in affiliates

The Company's investments in three significant affiliates were accounted for using the equity method for the three-month period ended June 30, 2004 and 2005 and the fiscal year ended March 31, 2005 as listed below:

NS&I System Service Corporation

Solnet Co., Ltd.

Hokkaido High Information Technology Center Co., Ltd.

The Company's investments in other affiliates remained at their respective acquisition costs. The net income and surplus of these affiliates are not significant to the Company's consolidated financial statements.

Other affiliates are as follows:

June 30, 2004	March 31, 2005 and June 30, 2005
Japan Maintenance and Operation Service Co. Ltd.	-

### (3) Allowance for doubtful accounts

Receivables are required to be categorized into "normal receivables" and "doubtful receivables" for the purpose of providing an allowance for doubtful accounts under

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

prevailing accounting practice in Japan. An allowance for doubtful accounts is provided for normal receivables based on the Company's historical write-off experience, plus an estimate of irrecoverable amounts on an individual account basis.

### **(4) Allowance for loss on guarantees**

An allowance for loss on guarantees is provided at the estimated amount of future losses likely to occur from guaranteeing the indebtedness of other parties, based on the Company's analysis of the other parties' financial condition and results of operations.

### **(5) Inventories**

Inventories are valued at cost as determined by the following methods:

Work-in-process .....the individual cost method

Merchandise and supplies .....primarily, the gross average method

### **(6) Investments in securities**

Available-for-sale securities with a market quotation on a stock exchange are valued at market value. Unrealized holding gains and losses, net of tax, are recognized in "Valuation gain on available-for-sale securities" as a separate component of shareholders' equity.

Available-for-sale securities without a market quotation are recorded at cost. The cost of available-for-sale securities sold is principally based on the moving average cost method.

### **(7) Property and equipment**

Property and equipment is recorded at cost, net of accumulated depreciation of ¥5,072 million and ¥5,603 million (\$50,652 thousand) at June 30, 2004 and 2005 and ¥5,437 million at March 31, 2005, respectively. Depreciation of property and equipment is computed principally using the declining-balance method at rates based on the estimated useful lives of the assets. However, depreciation of buildings (except for building improvements) acquired on or after April 1, 1998, is computed using the straight-line method.

The Company launched a new business of leasing property and equipment to clients from October 1, 2004. Depreciation of these leased assets is computed using the straight-line method over the period of the lease contract term, with no residual value.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

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

**(8) Intangible fixed assets and long-term prepaid expenses**

Amortization of intangible fixed assets and long-term prepaid expenses is computed using the straight-line method over the estimated useful lives of the assets. Software costs for internal use are amortized over their estimated useful lives (less than 5 years) on a straight-line basis.

**(9) Allowance for retirement benefits**

**(a) Retirement benefits for employees**

The employees of the Company are generally covered by retirement benefit plans under which retiring employees are entitled to lump-sum payments determined by reference to current rates of pay, length of service and conditions under which the termination occurs.

An allowance for retirement benefits to employees of the Company and its major consolidated subsidiaries is provided based on the estimated present value of projected benefit obligations. For some minor consolidated subsidiaries, an allowance for retirement benefits to employees is provided using a simple method, as permitted by "Opinion Concerning Establishment of Accounting Standard for Retirement Benefits", based on the estimated amount which would be payable if all employees voluntarily retired at the relevant balance sheet date.

Actuarial gains (losses) are charged as income or expense in the year they arise.

**(b) Retirement benefits for directors**

An allowance for retirement benefits to directors and corporate auditors of the Company and its consolidated subsidiaries is provided based on the Companies' internal rules and is based on the estimated amount which would be payable if all directors and corporate auditors retired at the relevant balance sheet date.

**(10) Accrued bonuses to employees**

Accrued bonuses to employees are provided at the estimated amount which the Company is obliged to pay to employees after the period-end, based on their service for the three-month period ended on the relevant balance sheet date.

**(11) Accounting for finance lease transactions**

Finance lease transactions, except for those which are deemed to transfer ownership of the leased assets to lessees, are accounted for using a method similar to that used for regular operating lease transactions.

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

**(12) Net income per share**

Net income per share of common stock is computed based on the weighted average number of outstanding shares of common stock during the respective periods. Under the Statement of Financial Accounting Standard No. 2 “Net income per Share” issued by the Accounting Standards Board of Japan, net income should be adjusted by deducting bonuses paid to directors and statutory auditors as well as the payment of dividends to shareholders of preferred stocks to be recognized as an appropriation of retained earnings, from net income shown in the statement of income, and the computation of net income per share be made on that adjusted net income basis. Since no convertible bonds or warrants were issued and outstanding, there was no dilutive effect on net income per share during these periods.

The average number of shares used in the computation was 26,500 thousand and 52,999 thousand for the three-month period ended June 30, 2004 and 2005, respectively. Each of the Company’s shares was divided into 2 shares on August 19, 2005 and the weighted average number of outstanding shares adjusted retroactively for the stock splits to the beginning of the year was used in computing net income per share for the three-month period ended June 30, 2005.

Assuming that the above stock split had occurred at the beginning of the fiscal year ended March 31, 2005, for the three-month period ended June 30, 2004, the net income per share would be ¥17.69.

**3. Change in accounting principle**

The Company adopted “Accounting Standard for Impairment of Fixed Assets” and “Application Guideline for Accounting Standard for Impairment of Fixed Assets” effective for the fiscal years beginning April 1, 2005 or thereafter.

There were no effects on the Companies’ consolidated financial statements during the three-month ended June 30, 2005.

**4. U.S. Dollar Amounts**

Amounts in U.S. dollars are included solely for the convenience of readers. The rate of ¥110.62=U.S. \$1, the effective rate of exchange prevailing at June 30, 2005, 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.

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

**5. Leases**

Leased assets, and related expenses in respect of the Company's finance leases, other than those which transfer ownership of the leased assets, are accounted for using a method similar to that used for regular operating leases. Finance lease charges of the Companies were ¥259 million and ¥138 million (\$1,251 thousand) for the three-month period ended June 30, 2004 and 2005 and ¥807 million for the fiscal year ended March 31, 2005, respectively. Had they been capitalized, the following items would have been recognized on the consolidated balance sheets and the consolidated statements of income as at and for the three-month period ended June 30, 2004 and 2005 and the fiscal year ended March 31, 2005:

	Millions of yen		
	Acquisition Cost	Accumulated Depreciation	Net balance
<b>June 30, 2004</b>			
Machinery and equipment .....	¥ 97	¥ 60	¥ 38
Tools, furniture and fixtures .....	3,515	2,395	1,120
Software .....	1,026	672	353
<b>Total .....</b>	<b>¥4,638</b>	<b>¥3,127</b>	<b>¥1,511</b>

	Millions of yen		
	Acquisition Cost	Accumulated Depreciation	Net balance
<b>March 31, 2005</b>			
Machinery and equipment .....	¥ 97	¥ 75	¥ 22
Tools, furniture and fixtures .....	3,092	2,387	705
Software .....	777	569	208
<b>Total .....</b>	<b>¥3,966</b>	<b>¥3,031</b>	<b>¥ 935</b>

	Millions of yen		
	Acquisition Cost	Accumulated Depreciation	Net balance
<b>June 30, 2005</b>			
Machinery and equipment .....	¥ 78	¥ 60	¥ 18
Tools, furniture and fixtures .....	1,894	1,230	664
Software .....	648	469	179
<b>Total .....</b>	<b>¥2,620</b>	<b>¥1,759</b>	<b>¥861</b>

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

June 30, 2005	Thousands of U.S. dollars (Note 3)		
	Acquisition	Accumulated	Net balance
	Cost	Depreciation	
Machinery and equipment .....	\$ 709	\$ 546	\$ 163
Tools, furniture and fixtures .....	17,121	11,116	6,005
Software .....	5,857	4,238	1,619
<b>Total .....</b>	<b>\$23,687</b>	<b>\$15,900</b>	<b>\$7,787</b>

	Millions of Yen			Thousands of U.S. dollars (Note 3)
	June 30,	March 31,	June 30,	June 30,
	2004	2005	2005	2005
Depreciation expense .....	¥241	¥748	¥129	\$1,164
Interest expense .....	11	33	6	53

Depreciation is computed using the straight-line method over the lease period of leased assets, with no residual value at the end of the lease period. The interest expense portion is determined by subtracting an amount equivalent to the acquisition cost from the total lease fee. Total interest payments over the lease period are allocated to each period using the interest method.

The present values of future lease payments at June 30, 2004 and 2005 and March 31, 2005 are as follows:

	Millions of Yen			Thousands of U.S. dollars (Note 3)
	June 30,	March	June 30,	June 30,
	2004	31, 2005	2005	2005
Within one year .....	¥702	¥437	¥406	\$ 3,669
Over one year .....	768	550	502	4,538
<b>Total .....</b>	<b>¥1,470</b>	<b>¥987</b>	<b>¥908</b>	<b>\$8,207</b>

Future operating lease payments under non-cancelable lease contracts at June 30, 2004 and 2005 and March 31, 2005 are as follows;

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

	Millions of Yen			Thousands of U.S. dollars (Note 3)
	June 30, 2004	March 31, 2005	June 30, 2005	June 30, 2005
Within one year .....	¥2	¥2	¥2	\$19
Over one year.....	4	2	2	15
<b>Total.....</b>	<b>¥6</b>	<b>¥4</b>	<b>¥4</b>	<b>\$34</b>

**6. Selling, General and Administrative Expenses**

The main components of selling, general and administrative expenses for the three-month period ended June 30, 2004 and 2005 are as follows:

	Millions of Yen		Thousands of U.S. dollars (Note 3)
	June 30 2004	2005	2005
Payroll and bonuses.....	¥1,779	¥1,859	\$16,807
Allowance for employees' retirement benefits .....	72	110	994
Allowance for directors' retirement benefits .....	16	19	174
Depreciation expense.....	35	40	364
Operating expense for acceptance of orders.....	672	754	6,812

**7. Research and Development Costs**

Research and development costs charged to income for the three-month period ended June 30, 2004 and 2005 were ¥226 million and ¥277 million (\$2,501 thousand), respectively.

**8. Contingent Liabilities**

The Company's loss contingencies for guaranteeing the indebtedness of other parties, excluding the portion for which a related allowance is provided as a liability on the consolidated balance sheets, were ¥51 million and ¥23 million (\$208 thousand) at June 30, 2004 and 2005, and ¥30 million at March 31, 2005, respectively, each of which are Guarantees for bank loans of the Hokkaido High Information Technology Center Co., Ltd.



NS Solutions

# 平成18年3月期 第1四半期財務・業績の概況 補足資料

*Appendix of Financial Information and Business Results Outline for the Quarterly Period ended Jun. 30, 2006*

2005年7月28日  
July 28, 2005

## 新日鉄ソリューションズ株式会社 NS Solutions Corporation

(注)この資料において百万円もしくはパーセントで記載してある情報は四捨五入しておりますので、第1四半期財務・業績の概況と数値が異なる場合があります。

(Note) In this material, where information is presented in millions of yen or percentages, these amounts have been rounded. Accordingly, these amounts may differ from figures included in *outline of consolidated financial results for the first quarter* in some cases.

1.連結業績概要 Outline of Consolidated Business Results

(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)

	2005/3					2006/3				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
サービス区分の分類方法 Categorization method by business line	← 新区分 New →					← 新区分 New →				
受注高 Amount of order acceptance	32,749	43,540	29,543	46,378	152,210	32,574				32,574
業務ソリューション Business solutions	19,202	21,951	16,669	26,540	84,363	19,141				19,141
基盤ソリューション Platform solutions	7,090	7,066	5,403	7,859	27,417	5,781				5,781
ビジネスサービス Business services	6,457	14,522	7,472	11,979	40,430	3,752				7,652
期末受注残高 Order backlog at end of period	24,216	31,724	33,992	35,516	35,516	40,902				40,902
業務ソリューション Business solutions	15,610	18,545	20,750	13,213	13,213	19,405				19,405
基盤ソリューション Platform solutions	2,961	3,207	4,450	4,520	4,520	4,117				4,117
ビジネスサービス Business services	5,645	9,972	8,793	31,782	31,782	17,380				17,380
売上高 Net sales	29,692	36,032	27,275	53,528	146,526	27,188				27,188
業務ソリューション Business solutions	14,398	19,016	14,464	34,078	81,956	12,950				12,950
基盤ソリューション Platform solutions	6,932	6,820	4,160	7,788	25,700	6,184				6,184
ビジネスサービス Business services	8,362	10,195	8,651	11,663	38,871	8,054				8,054
売上総利益 Gross profit	6,090	6,824	5,901	10,649	29,464	6,129				6,129
販売費及び一般管理費 Selling, general and administrative expenses	4,381	4,320	4,015	5,038	17,754	4,470				4,470
営業利益 Operating income	1,710	2,502	1,887	5,611	11,710	1,659				1,659
経常利益 Recurring profit	1,736	2,536	1,961	5,558	11,791	1,718				1,718
当期純利益 Net income	937	1,350	1,240	3,094	6,621	956				956

売上高営業利益率(%) Operating income margin (%)	5.8%	6.9%	6.9%	10.5%	8.0%	6.1%				6.1%
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新日鉄向け売上高 Sales to Nippon Steel Corp.	4,450	6,425	4,413	6,271	21,558	4,501				4,501
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	2000/3	2001/3	2002/3		2003/3		2004/3		2005/3		2006/3		2001/9		2002/9		2003/9		2004/9		2005/9		2006/9	
	(みなし連結 Pro forma consolidated, including EI Division)	(みなし連結 Pro forma consolidated, including EI Division)	(実績 Actual)	前回(見通し Outlook)	前回(見通し Outlook)	(実績 Actual)	前回(見通し Outlook)	前回(見通し Outlook)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)												
サービス区分の分類方法 Categorization method by business line	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old
受注高 Amount of order acceptance	143,202	153,844	147,482	147,482	152,210									69,794	76,514	71,630	71,630	76,289						
業務ソリューション Business solutions	73,029	81,859	74,011	79,671	84,363									30,900	42,435	36,950	40,063	41,153						
基盤ソリューション Platform solutions	34,394	34,488	36,194	29,648	27,417									16,463	15,708	14,756	11,349	14,156						
ビジネスサービス Business services	35,779	37,496	37,277	38,163	40,430									22,431	18,372	19,924	20,218	20,979						
期末受注残高 Order backlog at end of period	123,775	24,520	21,158	21,158	35,516									28,478	31,533	31,577	31,577	31,724						
業務ソリューション Business solutions	14,501	14,599	10,806	10,806	13,213									17,209	21,619	20,351	20,351	18,545						
基盤ソリューション Platform solutions	3,603	3,101	2,802	2,802	4,520									2,180	2,874	2,666	2,666	3,207						
ビジネスサービス Business services	5,670	6,820	7,550	7,550	17,782									9,089	7,040	8,560	8,560	9,972						
売上高 Net sales	132,683	145,952	148,922	153,098	150,844	150,844	146,526	150,000	150,000					67,902	68,756	64,574	64,574	65,723	64,000	64,000				
業務ソリューション Business solutions	55,048	72,558	78,534	81,761	77,804	83,463	81,956	84,500	84,500					33,778	35,317	31,199	34,312	33,414	33,000					
基盤ソリューション Platform solutions	25,459	29,824	35,169	34,990	36,493	29,948	25,700	26,000	26,000					16,369	16,437	15,191	11,784	13,752	12,000					
ビジネスサービス Business services	52,176	43,570	35,219	36,347	36,547	37,433	38,871	39,500	39,500					17,755	17,002	18,184	18,478	18,557	19,000					
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485		29,464	30,500						13,803	14,585	12,635		12,914	13,000					
販売費及び一般管理費 Selling, general and administrative expenses	16,661	20,703	17,240	18,235	17,759		17,754	18,700						8,058	9,142	8,976		8,701	9,100					
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726		11,710	11,800						5,745	5,443	3,659		4,212	3,900					
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785		11,791	12,000	12,000					5,736	5,454	3,691		4,272	4,000	4,000				
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324		6,621	6,700	6,700					2,915	2,718	1,935		2,287	2,100	2,100				
売上高営業利益率(%) Operating income margin (%)	5.7%	7.6%	8.4%	7.9%	6.4%		8.0%	7.9%						8.5%	7.9%	5.7%		6.4%	6.1%					

1 連結子会社の一部で2002年4月より受注残高管理を開始しました。2002年3月末の受注残高は、2002年4月以降の受注残高との比較可能性を補うため、当該子会社が2002年3月以前から受注残高管理を開始していた場合を想定し算出したものであります。

One of our consolidated subsidiaries has newly started to manage its order backlogs through figures since April 2002. Order backlogs at the end of March 2002 have been estimated as if this change had occurred before March 2002 in order to raise the comparability between the figures in March 2002 and those in and after April 2002.

2 サービス区分別の受注高・期末受注残高・売上高などの金額は、従来、個別プロジェクト毎に分類しておりましたが、2004年3月期より部門別に分類する方法に変更しました。2004年3月期については、前年との比較を容易にするため従来区分と新区分の両方を記載しております。 Business line-related figures such as order acceptance, order backlog and sales had been categorized on a project-by-project basis. NS Solutions has just started to categorize these figures on a division-by-division basis for the fiscal year ended Mar. 2004. NS Solutions prepared both categorization data for the fiscal year ended Mar. 2004 in order to raise the year-on-year comparability.

3 ビジネスサービス事業の受注高及び受注残高には、2005年3月末に、新日本製鐵株向けサービスの受注高の把握方法を売上高計上時点での把握から、契約締結時点での把握に変更したことによる影響額を含んでおります。

影響額としては、2005年3月期末受注残高においては8,673万円、2006年3月期第1四半期受注高においては 843百万円、同期末受注残高においては7,831百万円含まれております。

In terms of the order acceptance from Nippon Steel Corporation, the company changed its recognition timing from sales-recognition basis to contract-date basis on March 31, 2005.

The effect of such change resulted in 8,673 million yen for order backlog on March 31, 2005, minus 843 million yen for order acceptance during the three-month period ended June 30, 2005 and 7,831 million yen on June 30, 2005 respectively.

サービス区分の分類方法 Categorization method by business line	2005/3					2006/3				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
受注高 Amount of order acceptance	30,370	38,928	27,141	40,946	137,385	30,377				30,377
業務ソリューション Business solutions	17,467	17,956	14,830	22,652	72,905	17,368				17,368
基盤ソリューション Platform solutions	6,675	6,636	5,022	6,488	24,821	5,490				5,490
ビジネスサービス Business services	6,228	14,336	7,290	11,805	39,659	3	7,520			7,520
期末受注残高 Order backlog at end of period	21,359	28,634	31,134	32,139	32,139	37,733				37,733
業務ソリューション Business solutions	13,702	16,027	18,395	10,923	10,923	17,144				17,144
基盤ソリューション Platform solutions	2,013	2,635	3,946	3,433	3,433	3,209				3,209
ビジネスサービス Business services	5,645	9,972	8,793	3	17,782	3	17,380			17,380
売上高 Net sales	26,981	31,653	24,642	48,613	131,889	24,784				24,784
業務ソリューション Business solutions	12,376	15,630	12,462	30,123	70,591	11,147				11,147
基盤ソリューション Platform solutions	6,472	6,014	3,711	7,001	23,198	5,714				5,714
ビジネスサービス Business services	8,133	10,009	8,469	11,489	38,100	7,922				7,922
売上総利益 Gross profit	5,263	5,622	5,098	8,722	24,705	5,425				5,425
販売費及び一般管理費 Selling, general and administrative expenses	3,753	3,597	3,404	4,347	15,101	3,828				3,828
営業利益 Operating income	1,510	2,025	1,693	4,376	9,604	1,596				1,596
経常利益 Recurring profit	1,727	2,002	1,724	4,284	9,737	1,863				1,863
当期純利益 Net income	1,006	1,142	1,048	2,525	5,721	1,112				1,112
売上高営業利益率(%) Operating income margin (%)	5.6%	6.4%	6.9%	9.0%	7.3%	6.4%				6.4%
新日鉄向け売上高 Sales to Nippon Steel Corp.	4,124	6,044	4,082	5,945	20,194	4,267				4,267

サービス区分の分類方法 Categorization method by business line	2002/3	2003/3	2004/3	2005/3	2006/3	2001/9	2002/9	2003/9	2004/9	2005/9	2006/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(見通し Outlook)
受注高 Amount of order acceptance	127,671	138,922	132,831	137,385	/	62,072	69,217	65,493	69,298	/	/
業務ソリューション Business solutions	62,304	71,277	63,183	68,815	/	26,253	36,610	31,964	35,057	/	/
基盤ソリューション Platform solutions	31,422	31,365	33,345	26,799	/	15,027	14,927	14,009	10,602	/	/
ビジネスサービス Business services	33,945	36,280	36,303	37,217	/	20,792	17,680	19,520	19,834	/	/
期末受注残高 Order backlog at end of period	20,210	21,275	17,970	17,970	32,139	27,789	27,660	29,112	29,112	28,634	/
業務ソリューション Business solutions	12,360	12,454	8,610	8,610	10,923	16,520	18,450	18,402	18,402	16,027	/
基盤ソリューション Platform solutions	2,180	2,001	1,810	1,810	3,433	2,180	2,170	2,150	2,150	2,635	/
ビジネスサービス Business services	5,670	6,820	7,550	7,550	17,782	9,089	7,040	8,560	8,560	9,972	/
売上高 Net sales	131,680	137,857	136,136	136,136	131,889	58,503	61,767	57,656	57,656	58,634	57,000
業務ソリューション Business solutions	66,099	71,183	67,027	72,659	70,591	26,656	30,520	26,016	29,109	28,006	27,000
基盤ソリューション Platform solutions	32,197	31,544	33,536	26,990	23,198	14,958	14,937	13,860	10,453	12,486	11,000
ビジネスサービス Business services	33,384	35,130	35,573	36,487	38,100	16,889	16,310	17,780	18,094	18,142	19,000
売上総利益 Gross profit	24,469	25,234	22,808	24,705	25,600	11,416	12,119	10,433	10,885	10,800	/
販売費及び一般管理費 Selling, general and administrative expenses	14,365	15,525	15,157	15,101	16,100	6,675	7,581	7,635	7,350	7,800	/
営業利益 Operating income	10,104	9,709	7,651	9,604	9,500	4,741	4,538	2,798	3,535	3,000	/
経常利益 Recurring profit	10,031	9,886	7,787	9,737	9,800	4,743	4,774	3,041	3,729	3,300	3,300
当期純利益 Net income	5,297	5,331	4,496	5,721	5,800	2,486	2,529	1,747	2,148	1,900	1,900
売上高営業利益率(%) Operating income margin	7.7%	7.0%	5.6%	7.3%	7.0%	8.1%	7.3%	4.9%	6.0%	5.3%	/
売上高売上総利益率(%) Gross profit margin (%)	18.6%	18.3%	16.8%	18.7%	19.0%	19.5%	19.6%	18.1%	18.1%	18.6%	18.9%
業務ソリューション Business solutions	19.0%	16.4%	18.3%	20.7%	20.7%	21.2%	18.4%	20.4%	20.9%	21.3%	/
基盤ソリューション Platform solutions	21.0%	17.2%	12.5%	16.8%	16.8%	22.3%	19.8%	14.6%	14.7%	16.6%	/
ビジネスサービス Business services	14.5%	17.0%	16.8%	16.8%	16.8%	14.2%	16.3%	16.5%	17.6%	16.6%	/
株当たり配当金(円) Cash dividends per share (yen)	14.58	17.50	17.50	17.50	25.00	5.21	7.50	8.75	8.75	12.50	12.50

1 2004/3期以前は2004/8に実施した株式分割を考慮し遡及修正後の数値 Figures for the fiscal years ended in and before Mar. 2004 have been retroactively revised to reflect stock split made in Aug. 2004.

2 サービス区分別の受注高・期末受注残高・売上高などの金額は、従来、個別プロジェクト毎に分類しておりましたが、2004年3月期より部門別に分類する方法に変更致しました。2004年3月期については、前年との比較を容易にするため従来区分と新区分の両方を記載しております。Business line-related figures such as order acceptance, order backlog and sales had been categorized on a project-by-project basis. NS Solutions has just started to categorize these figures on a division-by-division basis for the fiscal year ended Mar. 2004. NS Solutions prepared both categorization data for the fiscal year ended Mar. 2004 in order to raise the year-on-year comparability.

3 ビジネスサービス事業の受注高及び受注残高には、2005年3月末に、新日本製鐵(株)向けサービスの受注高の把握方法を売上高計上時点での把握から、契約締結時点での把握に変更したことによる影響額を含んでおります。影響額としては、2005年3月期末受注残高においては8,673万円、2006年3月期第1四半期受注高においては843百万円、同期未受注残高においては7,831百万円含まれております。

In terms of the order acceptance from Nippon Steel Corporation, the company changed its recognition timing from sales-recognition basis to contract-date basis on March 31, 2005.

The effect of such change resulted in 8,673 million yen for order backlog on March 31, 2005, minus 843 million yen for order acceptance during the three-month period ended June 30, 2005 and 7,831 million yen on June 30, 2005 respectively.

巻末の開示事項をご覧ください。 Please see the important disclosures at the end of this material.

本資料には当社又は当社役員の当社の営業成績及び財政状態に関する意図、意見又は現時点の予想と関連する将来予想が記載されております。従って、この将来予想は、歴史的事実でも将来の業績を保証するものでもないため、リスクと不確定な要素を含んでおります。実際の業績は様々な要因により異なる可能性があります。当社は、この将来予想を、これらの変化要因を反映するために修正することを保証するものではありません。

当社は2001年4月1日に新日本製鐵(株)のエレクトロニクス・情報通信事業部(本文中「EI事業部」という。)の営業の一部並びに、新日本製鐵(株)が日鉄日立システムエンジニアリング(株)、エヌシーアイ総合システム(株)及びエヌエスアンドアイ・システムサービス(株)に有する株式持分を譲り受けました。本資料に「みなし連結」として記載されている2000年3月期及び2001年3月期の財務情報は、1999年4月1日及び2000年4月1日にそれぞれこれらの譲り受けが行われたものとみなして作成されております。日本において一般に公正妥当と認められる会計基準又は日本における手続き、法律若しくは規則において、みなし財務情報に関する定めは、現在ありません。また、このみなし財務情報は米国証券取引委員会のみなし財務情報に関する基準に従って作成したものではありません。

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of NS Solutions Corporation (the “Company”) or its officers in terms of its operation and financial condition. Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors.

The Company acquired part of the business of the Electronics and Information Systems Division of Nippon Steel (referred to “EI Division”), as well as the interests of Nippon Steel in Nittetsu Hitachi systems Engineering, Inc., NCI Systems Integration, Inc., and NS&I System Service Corporation, on April 1, 2001. Such acquisitions are reflected on Financial Information for the fiscal years ended March 31, 2000 and 2001 described as “Pro forma consolidated” as if they had occurred on April 1, 1999 and 2000 respectively. No presentation of “pro forma” financial information is currently required under Japanese GAAP or any procedure, law and regulation in Japan. Moreover, such “Pro forma consolidated” information is not prepared in accordance with the pro forma presentation requirements of the U.S. Securities and Exchange Commission.