

Consolidated financial condition

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

	Dec. 31, 2004	Dec. 31, 2005	Mar. 31, 2005
Total assets	¥82,658	¥91,473	¥98,372
Shareholders' equity	51,230	57,358	54,104
Shareholders' equity ratio	62.0%	62.7%	55.0%
Shareholders' equity per share of common stock*	¥966.63	¥1,082.25	¥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 nine-month period ended Dec. 31, 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
	Nine Months ended Dec. 31, 2004	2005	
Number of issued shares at end of period	52,999	52,999	52,999
Number of own shares at end of period	1	1	1

Ref. Consolidated cash flow

(Millions of yen)

	Nine Months ended Dec. 31,			Fiscal Year ended
	2004	2005	Difference	Mar. 31 2005
Cash flow from operating activities	¥4,128	¥2,977	¥ 1,152	¥9,188
Cash flow from investing activities	(12,537)	(195)	+12,342	(12,634)
Cash flow from financing activities	(973)	(1,173)	199	(974)
Cash and cash equivalents at end of period	18,138	24,714	+6,576	23,099

Cash and cash equivalents at the end of the third quarter of this fiscal year increased by ¥1,615 million to ¥24,714 million compared with the end of the last fiscal year. Cash flows by activities are as follows:

Operating Activities: Operating activities generated ¥2,977 million cash. This is mainly due to income before income taxes of ¥7,388 million and improvements in inter-company credit of ¥9,811 million, while negatively impacted by income taxes paid of ¥6,112 million and an increase in inventories of ¥8,946 million.

Investing Activities: Investing activities used ¥195 million cash. This is mainly due to payments for purchase of property and equipment and intangible fixed assets of ¥900 million and proceeds from sale of investment securities of ¥914 million.

Financing Activities: Financing activities used ¥1,172 million. This is due to dividends paid.

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

During the nine-month period ended December 31, 2005, our businesses moved steadily as originally forecasted. Accordingly, we keep our original forecast of sales and recurring profit unchanged. As for net income, we incorporated into our original forecast gain on sale of investment in affiliate NS&I System Service Corporation, and other factors. Therefore, we revise upward our original net income forecast from ¥6,700 million to ¥7,200 million as shown below:

Current outlook	(Millions of yen)		
	Sales	Recurring profit	Net income
FY2005	¥150,000	12,000	7,200

Ref. Net income per share forecast (full-year) 135.45 yen*

Adoption of Concise Accounting Procedure for the Quarterly Period

None.

Accounting Procedure Differences between the Quarters ended Dec. 31, 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 Dec. 31, 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.

The Company excluded NS&I System Service Corporation from the scope of the equity method at the end of the third quarter, due to sales of the stock on December 28, 2005.

Non-consolidated Results Information

Non-consolidated operating results

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

	Nine Months ended Dec. 31,			Fiscal Year ended
	2004	2005	Difference	Mar. 31 2005
Sales	¥83,276	¥85,264	+2.4%	¥131,889
Operating income	5,228	5,325	+1.9	9,603
Recurring profit	5,453	5,640	+3.4	9,737
Net income	3,196	4,059	+27.0	5,721
Net income per share of common stock				
Basic	¥60.30	¥76.58		¥107.54
Diluted	-	-		-

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

	(Thousands of shares)		Fiscal Year ended Mar.
	Nine Months ended Dec. 31,		31, 2005
	2004	2005	
Number of average shares	52,999	52,998	52,999

Non-consolidated financial condition

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

	Dec. 31, 2004	Dec. 31, 2005	Mar. 31, 2005
Total assets	¥77,121	¥85,655	¥91,467
Shareholders' equity	46,303	51,650	48,607
Shareholders' equity ratio	60.0%	60.3%	53.1%
Shareholders' equity per share of common stock*	¥873.67	¥974.56	¥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 nine-month period ended Dec. 31, 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.
	Nine Months ended Dec. 31,		31, 2005
	2004	2005	
Number of issued shares at end of period	52,999	52,999	52,999
Number of own shares at end of period	1	1	1

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

During the nine-month period ended December 31, 2005, our businesses moved steadily as originally forecasted. Accordingly, we keep our original forecast of sales and recurring profit unchanged. As for net income, we incorporated into our original forecast gain on sale of investment in affiliate NS&I System Service Corporation, and other factors. Therefore, we revise upward our original net income forecast from ¥5,800 million to ¥6,700 million as shown below:

Current outlook	(Millions of yen)		
	Sales	Recurring profit	Net income
FY2005	¥135,000	9,800	6,700

Ref. Net income per share forecast (full-year) 126.01 yen*

(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 Dec. 31, 2004, Mar. 31, 2005 and Dec. 31, 2005

	Millions of yen			Thousands of U.S. dollars (Note 3)
	Dec. 31, 2004	Mar. 31, 2005	Dec. 31, 2005	Dec. 31, 2005
Assets				
Current assets				
Cash and bank deposits	¥11,465	¥11,477	¥12,371	\$104,778
Deposited money	6,673	11,621	12,343	104,537
Trade notes and accounts receivable	18,186	37,265	20,804	176,199
Inventories	15,817	7,502	16,448	139,311
Deferred tax assets-current	2,827	3,004	2,914	24,682
Others	713	481	594	5,033
Allowance for doubtful accounts	(13)	(23)	(14)	(120)
Total current assets	55,668	71,327	65,460	554,420
Property and equipment (Note 2(7))	4,556	4,499	4,451	37,698
Intangible fixed assets	843	669	624	5,283
Investments and other assets				
Long term loan-related party	12,000	12,000	12,000	101,635
Others	9,591	9,877	8,938	75,698
Total assets	¥82,658	¥98,372	¥91,473	\$774,733
Liabilities and Shareholders' Equity				
Current liabilities				
Trade notes and accounts payable	10,121	17,341	10,691	90,547
Accrued expenses	2,386	2,826	2,733	23,148
Accrued income taxes	843	3,767	1,332	11,279
Accrued bonuses to employees	2,903	5,713	3,017	25,551
Others	7,056	5,911	7,103	60,160
Total current liabilities	23,309	35,558	24,876	210,685
Allowance for employees' retirement benefits	6,533	6,940	7,519	63,679
Other long-term liabilities	350	355	280	2,372
Minority interest in consolidated subsidiaries	1,236	1,415	1,441	12,204
Shareholders' equity				
Common stock	12,953	12,953	12,953	109,704
Additional paid-in capital	9,950	9,950	9,950	84,276
Retained earnings	28,172	31,266	34,352	290,949
Reserve for revaluation of land	(757)	(757)	(757)	(6,415)
Valuation gain on available-for-sale securities and others	917	700	863	7,305
Foreign currency translation adjustment	(3)	(6)	(1)	(5)
Treasury stock	(2)	(2)	(2)	(20)
Total shareholders' equity	51,230	54,104	57,358	485,794
Total liabilities, minority interests and shareholders' equity	¥82,658	¥98,372	¥91,473	\$774,733

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 Dec. 31, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2005	2005
Net sales	¥92,998	¥95,245	\$806,681
Cost of sales	74,183	75,588	640,194
Gross profit	18,815	19,657	166,487
Selling, general and administrative expenses (Note 5,6)	12,716	12,996	110,069
Operating income	6,099	6,661	56,418
Other income (expenses)	142	726	6,153
Income before income taxes and minority interest	6,241	7,388	62,570
Income Taxes	2,668	3,084	26,122
Income before minority interest	3,573	4,304	36,449
Minority interest	(46)	(69)	(587)
Net income	¥3,527	¥4,234	\$35,862

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 Nine Months Ended Dec. 31, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2005	2005
Cash flows from operating activities;			
Income before income taxes			
Adjustments to reconcile income before income taxes to net cash provided by operating activities	¥6,241	¥7,388	\$62,570
Depreciation	981	965	8,176
Decrease in allowance for doubtful accounts	(2,617)	(2,696)	(22,833)
Increase in allowance for employees' retirement benefits, net of payments	491	579	4,902
Gains on sale of investment securities	(0)	(494)	(4,186)
Decrease in accounts receivable	19,275	16,462	139,423
Increase in inventories	(8,782)	(8,946)	(75,766)
Decrease in accounts payable	(7,112)	(6,650)	(56,325)
Others, net	780	1,110	9,403
Sub total	9,258	7,717	65,363
Income taxes paid	(5,173)	(6,112)	(51,767)
Interest and dividends received	43	1,371	11,615
Net cash provided by operating activities	4,128	2,977	25,210
Cash flow from investing activities;			
Payments for purchase of property and equipment and intangible fixed assets	(790)	(901)	(7,629)
Payments for long term loan-related party	(12,000)	-	-
Proceeds from sale of investment securities	4	914	7,744
Others, net	249	(209)	(1,769)
Net cash used for investing activities	(12,537)	(195)	(1,655)
Cash flows from financing activities;			
Payments for purchase of treasury stock	(2)	(0)	(2)
Dividends paid	(927)	(1,126)	(9,539)
Dividends paid to minority shareholders	(44)	(46)	(390)
Net cash used for financing activities	(973)	(1,173)	(9,931)
Effect of exchange rate changes on cash and cash equivalents	1	6	54
Net increase in cash and cash equivalents	(9,381)	1,615	13,680
Cash and cash equivalents at beginning of period	27,519	23,099	195,635
Cash and cash equivalents at end of period	¥18,138	¥24,714	\$209,315

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 nine-month period ended December 31, 2004 include the accounts of the Company and its 10 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
- Nittetsu Hitachi Systems Engineering, Inc.
- NCI Systems Integration, Inc.
- NS Solutions Software (Shanghai) Co., Ltd.

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

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As a result, the consolidated financial statements for the nine-month period ended December 31, 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 Nishinohon Corporation
- NS Solutions Oita Corporation
- NSSLC Service Corporation
- Nittetsu Hitachi Systems Engineering, Inc.
- NCI Systems Integration, Inc.
- NS Solutions Software (Shanghai) Co., Ltd.

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 December 31 and the nine-month period ending March 31, which differ from those of the Company. The company incorporated this subsidiary's accounts for the nine-month period ended March 31, 2005 into these unaudited condensed consolidated financial statements for the nine-month period ended December 31, 2005. Any material transactions occurring in the period, April 1 to December 31 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 nine-month period ended December 31, 2004 and 2005 and the fiscal year ended March 31, 2005 as listed below:

- NS&I System Service Corporation

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Solnet Co., Ltd.

Hokkaido High Information Technology Center Co., Ltd.

The Company excluded NS&I System Service Corporation from the scope of the equity method at the end of the third quarter, due to sales of the stock on December 28, 2005. The net income of NS&I System Service Corporation before the sales is accounted for by the equity method.

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:

December 31, 2004	March 31, 2005 and December 31, 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 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-processthe individual cost method

Merchandise and suppliesprimarily, the gross average method

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(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 ¥5,494 million and ¥5,972 million (\$50,577 thousand) at December 31, 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.

Depreciation of the 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.

(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

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

“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 nine-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.

(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 52,999 thousand and 52,998 thousand for the nine-month period ended December 31, 2004 and 2005, respectively. Each of the Company's shares was divided into 2 shares on August 19, 2004 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 nine-month period ended December 31, 2004.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(13) Accounting standard for impairment of fixed assets

On August 9, 2002, the Business Accounting Council in Japan issued “Accounting Standard for Impairment of Fixed Assets.” The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or group of assets to the recoverable amount to be measured as the higher of net selling price and value in use. The standard shall be effective for fiscal years beginning April 1, 2005, or thereafter, with early adoption possible for fiscal years ended March 31, 2004, or thereafter.

The Company adopted this standard with effect from the year beginning April 1, 2005. The adoption of this standard had no effect on the Company’s consolidated financial statements for the nine-month period ended December 31, 2005.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers. The rate of ¥118.07=U.S. \$1, the effective rate of exchange prevailing at December 31, 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.

4. 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 ¥600 million and ¥368 million (\$3,120 thousand) for the nine-month period ended December 31, 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 nine-month period ended December 31, 2004 and 2005 and the fiscal year ended March 31, 2005:

	Millions of yen		
	Acquisition Cost	Accumulated Depreciation	Net balance
December 31, 2004			
Machinery and equipment	¥ 98	¥ 71	¥ 28
Tools, furniture and fixtures	3,293	2,474	819
Software	953	705	248
Total	¥4,344	¥3,250	¥1,095

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

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005	Millions of yen		
	Acquisition	Accumulated	Net balance
	Cost	Depreciation	
Machinery and equipment	¥ 26	¥ 16	¥ 10
Tools, furniture and fixtures	1,889	1,351	538
Software	556	429	127
Total	¥2,470	¥1,796	¥674

December 31, 2005	Thousands of U.S. dollars (Note 3)		
	Acquisition	Accumulated	Net balance
	Cost	Depreciation	
Machinery and equipment	\$ 218	\$ 137	\$ 81
Tools, furniture and fixtures	15,998	11,444	4,554
Software	4,707	3,631	1,076
Total	\$20,924	\$15,212	\$5,711

	Millions of Yen			Thousands of
				U.S. dollars
				(Note 3)
	December	March	December	December
31, 2004	31, 2005	31, 2005	31, 2005	
Depreciation expense	¥559	¥748	¥341	\$2,889
Interest expense	23	33	15	125

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 December 31, 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)
	December	March	December	December
	31, 2004	31, 2005	31, 2005	31, 2005
Within one year	¥525	¥437	¥247	\$ 2,092
Over one year.....	629	550	462	3,916
Total.....	¥1,154	¥987	¥709	\$6,008

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

	Millions of Yen			Thousands of U.S. dollars (Note 3)
	December	March	December	December
	31, 2004	31, 2005	31, 2005	31, 2005
Within one year	¥2	¥2	¥2	\$14
Over one year.....	3	2	1	9
Total.....	¥5	¥4	¥3	\$23

5. Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses for the nine-month period ended December 31, 2004 and 2005 are as follows:

December 31	Millions of Yen		Thousands of U.S. dollars (Note 3)
	2004	2005	2005
Payroll and bonuses.....	¥5,181	¥604	\$5,120
Allowance for employees' retirement benefits	198	268	2,272
Allowance for directors' retirement benefits	53	54	455
Depreciation expense.....	116	131	1,106
Operating expense for acceptance of orders.....	2,037	2,172	18,392

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. Research and Development Costs

Research and development costs charged to income for the nine-month period ended December 31, 2004 and 2005 were ¥686 million and ¥831 million (\$7,041 thousand), respectively.

7. 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 ¥37 million and ¥9 million (\$78 thousand) at December 31, 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3四半期財務・業績の概況 補足資料

Appendix of Financial Information and Business Results Outline for the Quarterly Period ended Dec. 31, 2005

2006年1月31日
Jan. 31, 2006

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3四半期財務・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 third quarter* in some cases.

(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	42,028	31,098		105,700
業務ソリューション Business solutions	19,202	21,951	16,669	26,540	84,363	19,141	22,729	18,326		60,196
基盤ソリューション Platform solutions	7,090	7,066	5,403	7,859	27,417	5,781	5,747	5,758		17,286
ビジネスサービス Business services	6,457	14,522	7,472	11,979	40,430	7,652	13,553	7,013		28,218
期末受注残高 Order backlog at end of period	24,216	31,724	33,992	35,516	35,516	40,902	45,354	45,971		45,971
業務ソリューション Business solutions	15,610	18,545	20,750	13,213	13,213	19,405	21,542	23,207		23,207
基盤ソリューション Platform solutions	2,961	3,207	4,450	4,520	4,520	4,117	3,713	4,546		4,546
ビジネスサービス Business services	5,645	9,972	8,793	17,782	17,782	17,380	20,099	18,218		18,218
売上高 Net sales	29,692	36,032	27,275	53,528	146,526	27,188	37,576	30,481		95,245
業務ソリューション Business solutions	14,398	19,016	14,464	34,078	81,956	12,950	20,591	16,661		50,202
基盤ソリューション Platform solutions	6,932	6,820	4,160	7,788	25,700	6,184	6,150	4,926		17,260
ビジネスサービス Business services	8,362	10,195	8,651	11,663	38,871	8,054	10,835	8,894		27,783
売上総利益 Gross profit	6,090	6,824	5,901	10,649	29,464	6,129	7,300	6,228		19,657
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	4,370	4,156		12,996
営業利益 Operating income	1,710	2,502	1,887	5,611	11,710	1,659	2,930	2,072		6,661
経常利益 Recurring profit	1,736	2,536	1,961	5,558	11,791	1,718	3,034	2,136		6,888
当期純利益 Net income	937	1,350	1,240	3,094	6,621	956	1,750	1,528		4,234
売上高営業利益率(%) Operating income margin (%)	5.8%	6.9%	6.9%	10.5%	8.0%	6.1%	7.8%	6.8%		7.0%
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	6,206	4,875		15,582

	2000/3	2001/3	2002/3	2003/3	2004/3	2005/3	2006/3	2006/3	2001/9	2002/9	2003/9	2004/9	2005/9
	(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)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見通し Previous Outlook)	(見通し Outlook)	(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	新区分 New	新区分 New	新区分 New	従来区分 Old	従来区分 Old	従来区分 Old	新区分 New	新区分 New
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			23,775	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	67,902	68,756	64,574	64,574	65,723
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	33,778	35,317	31,199	34,312	33,414
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	16,369	16,437	15,191	11,784	13,752
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	17,755	17,002	18,184	18,478	18,557
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
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
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
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785		11,791	12,000	5,736	5,454	3,691		4,272
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324		6,621	6,700	2,915	2,718	1,935		2,287
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%

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ありましたが、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 categorise 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あります。

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3四半期累計受注高においては 2,274万円、同期末受注残高においては6,399百万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 2,274 million yen for order acceptance during the nine-month period ended December 31, 2005 and 6,399 million yen on December 31, 2005 respectively.

	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	30,370	38,928	27,141	40,946	137,385	30,377	37,341	28,115		95,833
業務ソリューション Business solutions	17,467	17,956	14,830	22,652	72,905	17,368	18,803	15,913		52,084
基盤ソリューション Platform solutions	6,675	6,636	5,022	6,488	24,821	5,490	5,106	5,333		15,929
ビジネスサービス Business services	6,228	14,336	7,290	11,805	39,659	7,520	13,431	6,869		27,820
期末受注残高 Order backlog at end of period	21,359	28,634	31,134	32,139	32,139	37,733	42,187	42,707		42,707
業務ソリューション Business solutions	13,702	16,027	18,395	10,923	10,923	17,144	19,009	20,383		20,383
基盤ソリューション Platform solutions	2,013	2,635	3,946	3,433	3,433	3,209	3,079	4,106		4,106
ビジネスサービス Business services	5,645	9,972	8,793	3	3	17,380	20,099	18,218		18,218
売上高 Net sales	26,981	31,653	24,642	48,613	131,889	24,784	32,886	27,594		85,264
業務ソリューション Business solutions	12,376	15,630	12,462	30,123	70,591	11,147	16,939	14,538		42,624
基盤ソリューション Platform solutions	6,472	6,014	3,711	7,001	23,198	5,714	5,236	4,306		15,256
ビジネスサービス Business services	8,133	10,009	8,469	11,489	38,100	7,922	10,713	8,750		27,385
売上総利益 Gross profit	5,263	5,622	5,098	8,722	24,705	5,425	5,776	5,311		16,512
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	3,770	3,588		11,186
営業利益 Operating income	1,510	2,025	1,693	4,376	9,604	1,596	2,007	1,722		5,325
経常利益 Recurring profit	1,727	2,002	1,724	4,284	9,737	1,863	2,035	1,742		5,640
当期純利益 Net income	1,006	1,142	1,048	2,525	5,721	1,112	1,269	1,678		4,059
売上高営業利益率(%) Operating income margin (%)	5.6%	6.4%	6.9%	9.0%	7.3%	6.4%	6.1%	6.2%		6.2%
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	5,800	4,609		14,676

	2002/3	2003/3	2004/3	2005/3	2006/3	2006/3
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見通し Previous Outlook)	(見通し Outlook)
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	新区分 New	新区分 New	新区分 New
受注高 Amount of order acceptance	127,671	138,922	132,831	132,831	137,385	
業務ソリューション Business solutions	62,304	71,277	63,183	68,815	72,905	
基盤ソリューション Platform solutions	31,422	31,365	33,345	26,799	24,821	
ビジネスサービス Business services	33,945	36,280	36,303	37,217	39,659	
期末受注残高 Order backlog at end of period	20,210	21,275	17,970	17,970	32,139	
業務ソリューション Business solutions	12,360	12,454	8,610	8,610	10,923	
基盤ソリューション Platform solutions	2,180	2,001	1,810	1,810	3,433	
ビジネスサービス Business services	5,670	6,820	7,550	7,550	17,782	
売上高 Net sales	131,680	137,857	136,136	136,136	131,889	135,000
業務ソリューション Business solutions	66,099	71,183	67,027	72,659	70,591	72,500
基盤ソリューション Platform solutions	32,197	31,544	33,536	26,990	23,198	23,500
ビジネスサービス Business services	33,384	35,130	35,573	36,487	38,100	39,000
売上総利益 Gross profit	24,469	25,234	22,808		24,705	25,600
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
営業利益 Operating income	10,104	9,709	7,651		9,604	9,500
経常利益 Recurring profit	10,031	9,886	7,787		9,737	9,800
当期純利益 Net income	5,297	5,331	4,496		5,721	6,700
売上高営業利益率(%) Operating income margin	7.7%	7.0%	5.6%		7.3%	7.0%
売上高売上総利益率(%) Gross profit margin (%)	18.6%	18.3%	16.8%	16.8%	18.7%	19.0%
業務ソリューション Business solutions	19.0%	18.3%	16.4%	18.3%	20.7%	20.7%
基盤ソリューション Platform solutions	21.0%	17.2%	12.5%	16.8%	16.8%	16.8%
ビジネスサービス Business services	14.5%	17.0%	16.8%	16.8%	16.8%	16.8%
一株当たり配当金(円) Cash dividends per share (yen)	14.58	17.50	17.50	17.50	25.00	25.00

	2001/9	2002/9	2003/9	2004/9	2005/9
	(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	新区分 New	新区分 New
受注高 Amount of order acceptance	62,072	69,217	65,493	65,493	69,298
業務ソリューション Business solutions	26,253	36,610	31,964	35,057	35,423
基盤ソリューション Platform solutions	15,027	14,927	14,009	10,602	13,311
ビジネスサービス Business services	20,792	17,680	19,520	19,834	20,564
期末受注残高 Order backlog at end of period	27,789	27,660	29,112	29,112	28,634
業務ソリューション Business solutions	16,520	18,450	18,402	18,402	16,027
基盤ソリューション Platform solutions	2,180	2,170	2,150	2,150	2,635
ビジネスサービス Business services	9,089	7,040	8,560	8,560	9,972
売上高 Net sales	58,503	61,767	57,656	57,656	58,634
業務ソリューション Business solutions	26,656	30,520	26,016	29,109	28,006
基盤ソリューション Platform solutions	14,958	14,937	13,860	10,453	12,486
ビジネスサービス Business services	16,889	16,310	17,780	18,094	18,142
売上総利益 Gross profit	11,416	12,119	10,433		10,885
販売費及び一般管理費 Selling, general and administrative expenses	6,675	7,581	7,635		7,350
営業利益 Operating income	4,741	4,538	2,798		3,535
経常利益 Recurring profit	4,743	4,774	3,041		3,729
当期純利益 Net income	2,486	2,529	1,747		2,148
売上高営業利益率(%) Operating income margin	8.1%	7.3%	4.9%		6.0%
売上高売上総利益率(%) Gross profit margin (%)	19.5%	19.6%	18.1%	18.1%	18.6%
業務ソリューション Business solutions	21.2%	18.4%	20.4%	20.4%	20.9%
基盤ソリューション Platform solutions	22.3%	19.8%	14.6%	14.7%	19.9%
ビジネスサービス Business services	14.2%	16.3%	16.5%	17.6%	17.6%
一株当たり配当金(円) Cash dividends per share (yen)	5.21	7.50	8.75	8.75	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いましたが、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 categorise 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3四半期累計受注高においては 2,274百万円、同期末受注残高においては6,399百万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 2,274 million yen for order acceptance during the nine-month period ended December 31, 2005 and 6,399 million yen on December 31, 2005 respectively.

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.