



NS Solutions

Financial Information Meeting for First Half FY2007 (First Half ended Sep. 30, 2007)

2007. 10. 25

Mitsuo Kitagawa

Representative Director & President

NS Solutions Corporation

FORWARD-LOOKING STATEMENTS

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.

1H FY07 Consolidated Results Highlights

(Billions of yen)

1H FY06 (Actual) A	1H FY07 (Actual) B	Change B-A	1H FY07 (Previous outlook) C	Change B-C
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Sales	70.1	76.0	+ 5.9	75.0	+ 1.0
Business solutions	39.4	44.7	+ 5.3	42.0	+ 2.7
Platform solutions	12.1	10.2	- 1.9	13.0	- 2.8
Business services	18.6	21.1	+ 2.5	20.0	+ 1.1
Gross profit	14.5	16.5	+ 2.0	15.8	+ 0.7
<Gross profit margin>	<20.8%>	<21.8%>	<+ 1.0%>	<21.1%>	<+ 0.7%>
SG&A	-9.4	-10.2	- 0.8	-10.0	- 0.2
Operating income	5.1	6.3	+ 1.2	5.8	+ 0.5
Recurring profit	5.2	6.5	+ 1.3	6.0	+ 0.5
Net income	3.0	3.5	+ 0.5	3.1	+ 0.4

1H FY07 Sales by Business Line/Customer Industry



(Billions of yen)

Business line/ customer industry	1H FY06 (Actual) A	1H FY07 (Actual) B	Change B-A	Comment
Business solutions	33.0	37.9	+ 4.9	
Manufacturing, distribution and service industries	15.9	17.9	+ 2.0	Growth in large manufacturers
Financial services	10.2	13.7	+ 3.5	Business expansion in mega banks and Japan Post Bank
Government, public organizations and others	6.9	6.3	- 0.6	
Platform solutions	11.2	9.1	- 2.1	Decrease in product sales
Business services	18.4	20.9	+ 2.5	Increase both in Nippon Steel-related and non- Nippon Steel businesses
Non-consolidated sales	62.6	67.9	+ 5.3	
Subsidiaries, net	7.5	8.1	+ 0.6	
Consolidated sales	70.1	76.0	+ 5.9	

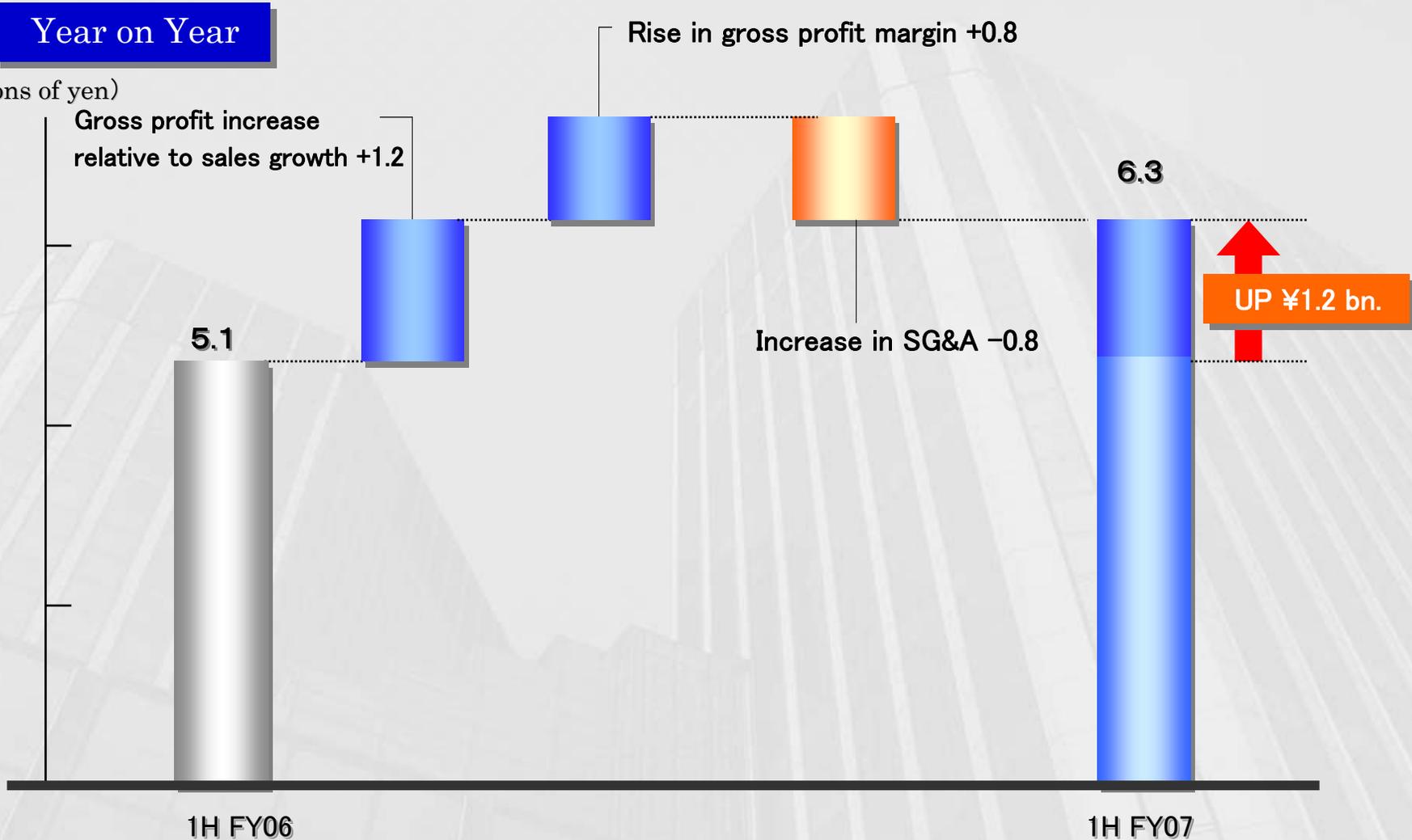
1H FY07 Consolidated Operating Income Breakdown



NS Solutions

Year on Year

(Billions of yen)



Market Trends by Business Line/Customer Industry are...



Business line/ customer industry	Market trend	Market direction
Business solutions		
Manufacturing, distribution and service industries	<ul style="list-style-type: none"> ▪ Large manufacturers keep their IT investments at a high level. ▪ The distribution and service industries have an aggressive stance on IT investments to sharpen their competitive edges. 	→
Financial services	<ul style="list-style-type: none"> ▪ Vigorous IT investments are seen at mega banks, Japan Post bank and others 	↗
Government and public organizations	<ul style="list-style-type: none"> ▪ More opportunities for NS Solutions to break into the central government market due to the government's procurement procedure reform 	→
Platform solutions	<ul style="list-style-type: none"> ▪ Steady demand for IT platform investments ▪ Strong demand for IT platform engineering 	Engineering → Product sales →
Business services	<ul style="list-style-type: none"> ▪ Inquiries for data center services have been moving briskly. ▪ Nippon Steel-related IT investments increased. 	→

Outlook for FY07 Consolidated Results

(Billions of yen)

	FY06 (Actual) A	FY07 (Outlook) B	FY07 (Previous outlook)	Change B-A
Sales	156.5	167.0	165.0	+ 10.5
Business solutions	92.6	101.0	97.0	+ 8.4
Platform solutions	24.5	23.0	26.0	- 1.5
Business services	39.4	43.0	42.0	+ 3.6
Gross profit	33.3	35.7	34.7	+ 2.4
<Gross profit margin>	<21.3%>	<21.4%>	<21.0%>	<+ 0.1%>
SG&A	-19.2	-20.5	-20.0	- 1.3
Operating income	14.1	15.2	14.7	+ 1.1
Recurring profit	14.4	15.5	15.0	+ 1.1
Net income	8.1	8.7	8.3	+ 0.6

Outlook for FY07 Sales by Business Line/Customer Industry

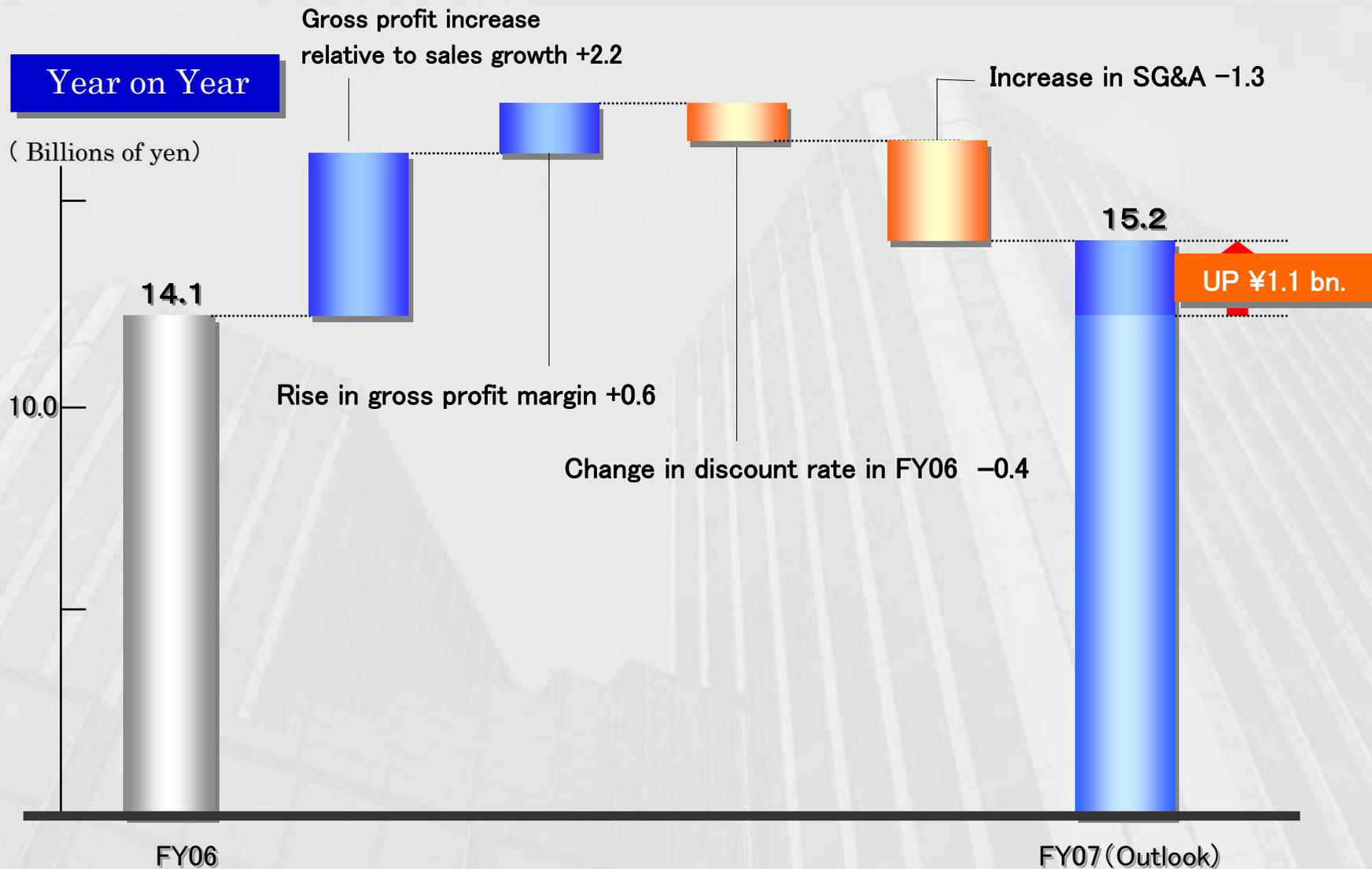


NS Solutions

(Billions of yen)

Business line/ customer industry	FY06 (Actual) A	FY07 (Outlook) B	FY07 (Previous outlook)	Change B-A	Comment
Business solutions	78.6	85.5	82.0	+ 6.9	
Manufacturing, distribution and service industries	36.1	39.0	39.0	+ 2.9	Growth mainly in manufacturing sector
Financial services	24.9	27.5	26.0	+ 2.6	Business expansion in mega banks and others
Government, public organizations and others	17.6	19.0	17.0	+ 1.4	Increase in central government
Platform solutions	22.2	21.5	24.0	- 0.7	Decrease in product sales
Business services	39.0	42.5	41.0	+ 3.5	Increase both in Nippon Steel- related and non- Nippon Steel businesses
Non-consolidated sales	139.8	149.5	147.0	+ 9.7	
Subsidiaries, net	16.7	17.5	18.0	+ 0.8	
Consolidated sales	156.5	167.0	165.0	+ 10.5	

FY07 Consolidated Operating Income Breakdown



Outlook for FY07 Semiannual Consolidated Results



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(Billions of yen)

	FY06 (Actual)		FY07 (Outlook)		Change	
	1H A	2H B	1H C	2H D	1H C-A	2H D-B
Sales	70.1	86.4	76.0	91.0	+ 5.9	+ 4.6
Business solutions	39.4	53.2	44.7	56.3	+ 5.3	+ 3.1
Platform solutions	12.1	12.4	10.2	12.8	- 1.9	+ 0.4
Business services	18.6	20.8	21.1	21.9	+ 2.5	+ 1.1
Gross profit	14.5	18.8	16.5	19.2	+ 2.0	+ 0.4
<Gross profit margin>	<20.8%>	<21.8%>	<21.8%>	<21.1%>	<+ 1.0%>	<- 0.7%>
SG&A	-9.4	-9.8	-10.2	-10.3	- 0.8	- 0.5
Operating income	5.1	9.0	6.3	8.9	+ 1.2	- 0.1
Recurring profit	5.2	9.2	6.5	9.0	+ 1.3	- 0.2
Net income	3.0	5.1	3.5	5.2	+ 0.5	+ 0.1
Order backlog at beginning of period	38.0	47.9	44.0	54.6	+ 6.0	+ 6.7

Business expansion mechanisms

① Organization structure

- 7 Business Units: independent "profit center" each possessing sales & marketing and development & engineering resources
- SLCT (System Life Cycle Total solutions) actions: stimulating collaboration among Business Units; application development, IT infrastructure and systems operation
- Corporate Decision-making Committee: corporate level risk management and monitoring board for major projects

② Standardization

- Standardizing systems development, maintenance and operation (NS Solutions-made "System Life Cycle Standards")
- Standardizing sales processes
- Evaluating human power (IT Skill Standards and a database of subcontractors)
- Standardizing internal workflow



Company-wide expressing the best practices in documents, computerizing them and training employees

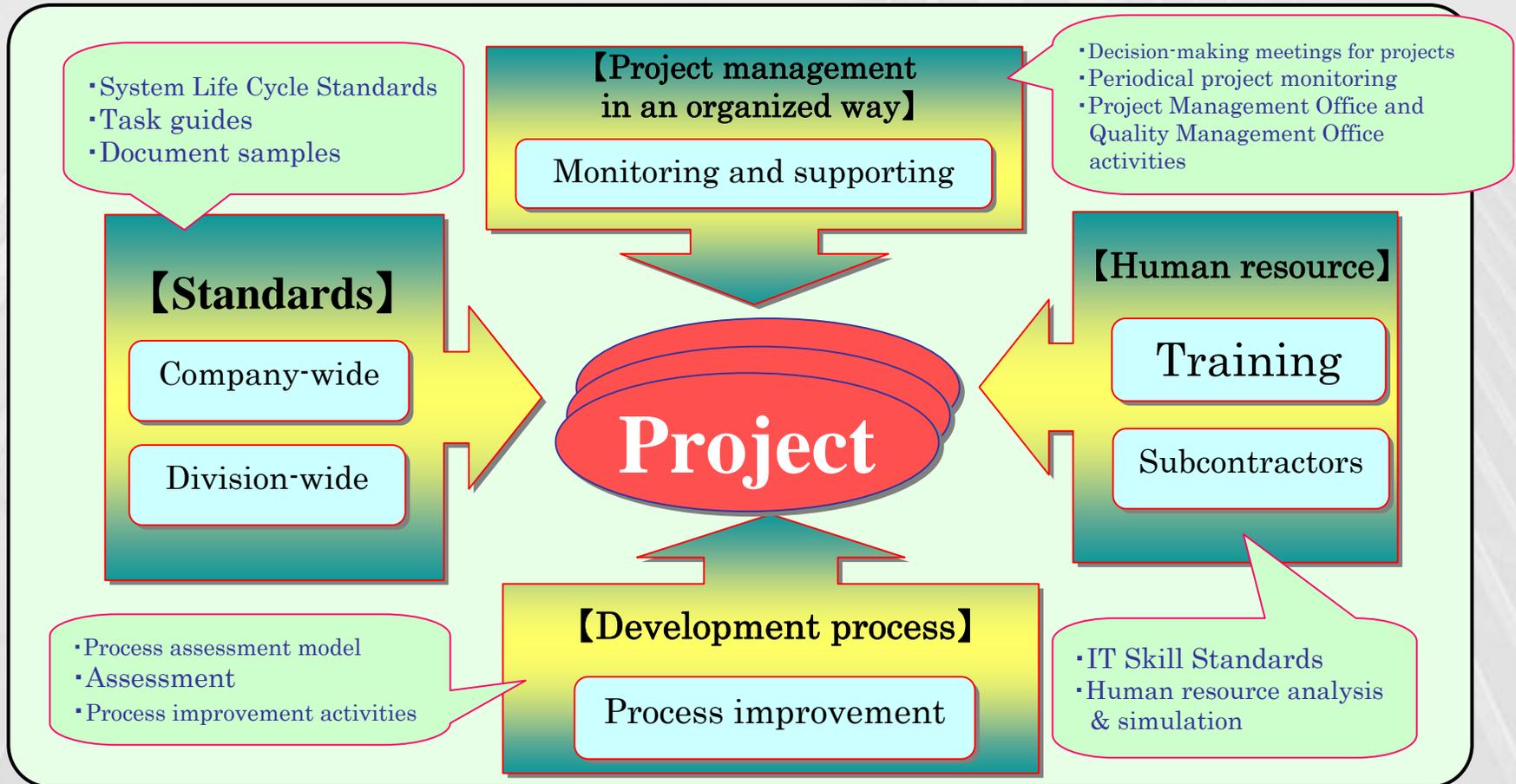
Further accelerating growth and establishing sustained growth path

1. Improving system development power & productivity
2. Enhancing capabilities to develop forefront solutions and advanced technologies
3. Strengthening human resource development

Improving System Development Power & Productivity-1

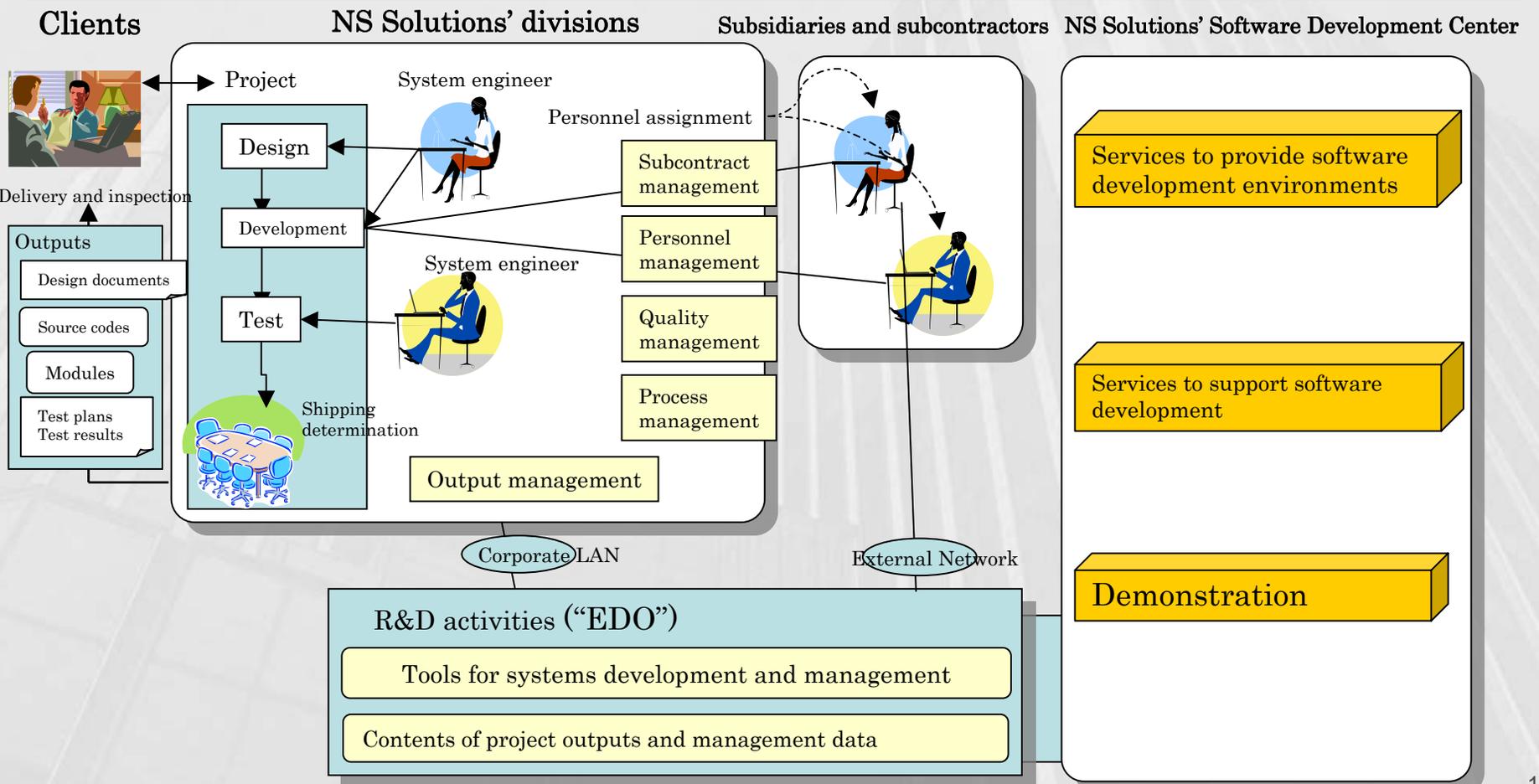
(1) Continuing to enhance technical capabilities to develop systems in an organized way

We provide stable, efficient and high-quality computer systems based on company-wide technology standards (“NSSOL System Life Cycle Standards”: We accumulated best practices over the past 40 years).



(2) Software Development Center

A mother plant providing services for software development

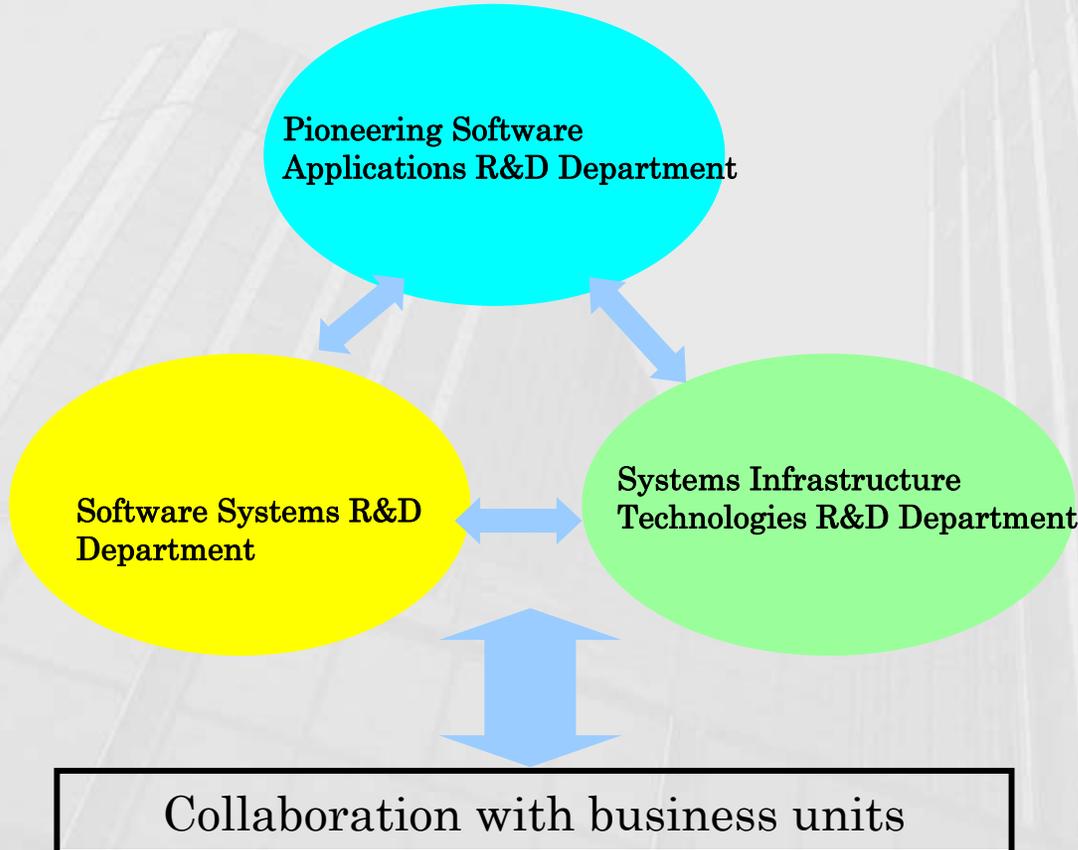


Enhancing Capabilities to Develop Forefront Solutions and Advanced Technologies-1

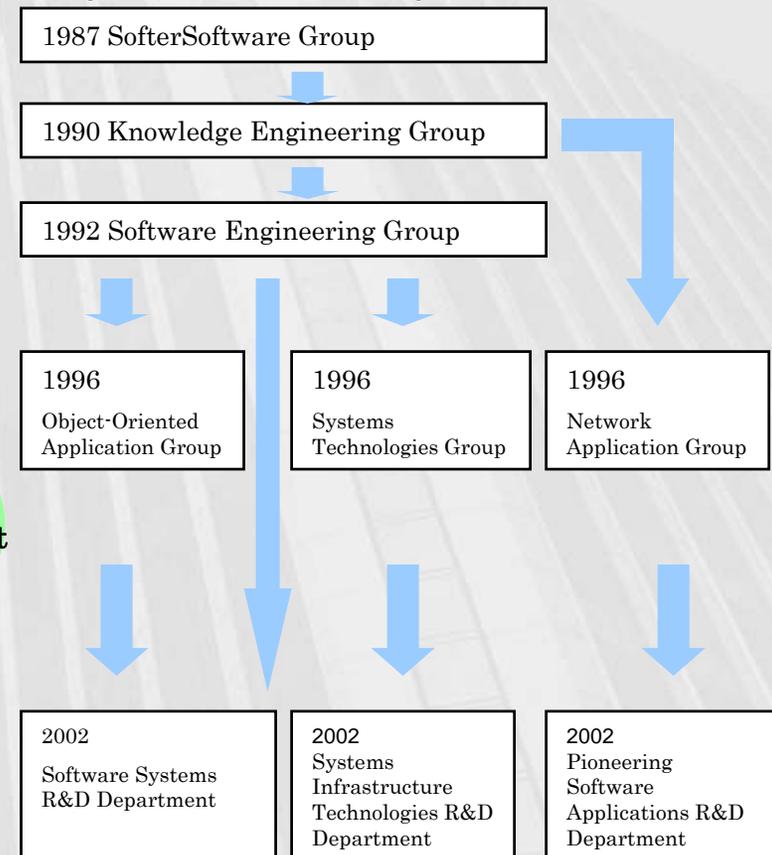
(1) Enriching our Systems R&D Center

Our R&D Center with around 100 researchers has accumulated technologies over the last 20 years and further enhance advanced technologies to develop systems.

- Synergy effects among research departments



- History of research subject



Enhancing Capabilities to Develop Forefront Solutions and Advanced Technologies-2

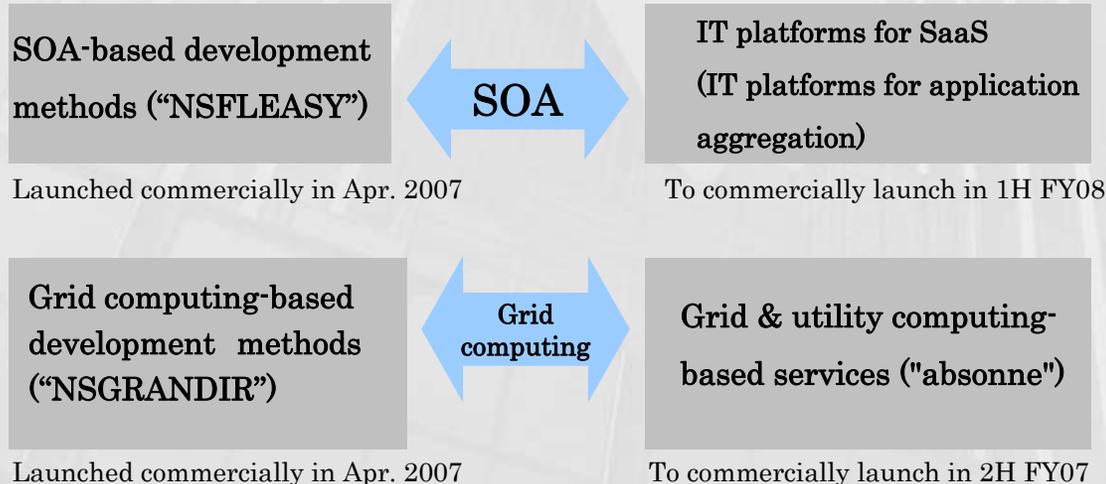
(2) SOA and grid & utility computing ※1

Toward a full-scale operation of service businesses, we've launched SOA-based systems development methods ("NSFLEASY" ※2), grid computing-based systems development methods ("NSGRANDIR" ※3), IT platforms for SaaS (IT platforms for application aggregation), and grid & utility computing-based services ("absonne" ※4).

●NS Solutions Grid & Utility Computing Center

- Ability: 223 nodes, 446 CPU
- Utilizing multi-vendor products
- Distributed environments (Systems R&D Center and Data Center) for Elementary Particle Physics

●Systems development methods and service businesses



●Case examples of grid computing

- Nippon Steel Corporation, Oita Works
- University of Tokyo, International Center
- Rakuten Travel, Inc.
- Large financial institutions, large manufacturers and others

※1 SOA: Service Oriented Architecture

※2 NSFLEASY: NS Solutions Federation of Loosely coupled Entity group by Application Synchronization

※3 NSGRANDIR: NS Solutions Grid And Dynamic InfrastRucture

※4 absonne : advanced business space on network

Enhancing Capabilities to Develop Forefront Solutions and Advanced Technologies-3

(3) BI (Business Intelligence) solutions

BI analyzing solutions

Business Solutions divisions

Consulting division

Analytic know-how

Focusing on specific industries, corporate functions and corporate cultures

BI technology solutions

Platform Solutions division

Systems R&D Center

Architecture design

Developing and operating large-scale databases
Scalable and flexible architecture
Technologies for statistics and analysis

Collecting information

Storing information

Utilizing information

Putting experiences on our solution menu



Know-how

BI service solutions

Service business division

Analyzing services

Stylized analyzing services
Non-stylized representative analyzing services

Verification results

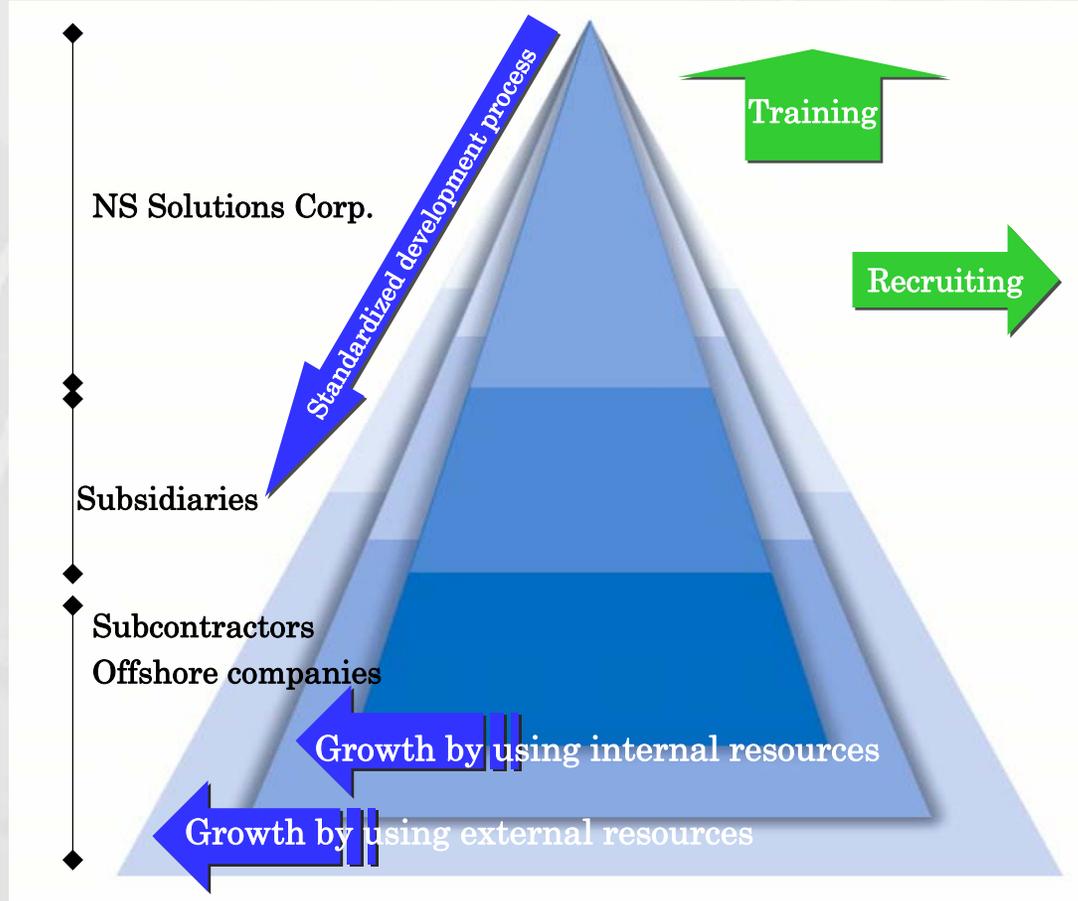
NS Solutions & Oracle Business Intelligence Solution Center (established in Aug. 2007)
-Co-founded with Oracle Corporation Japan and joined by IBM Japan, Ltd.

Verification experiment

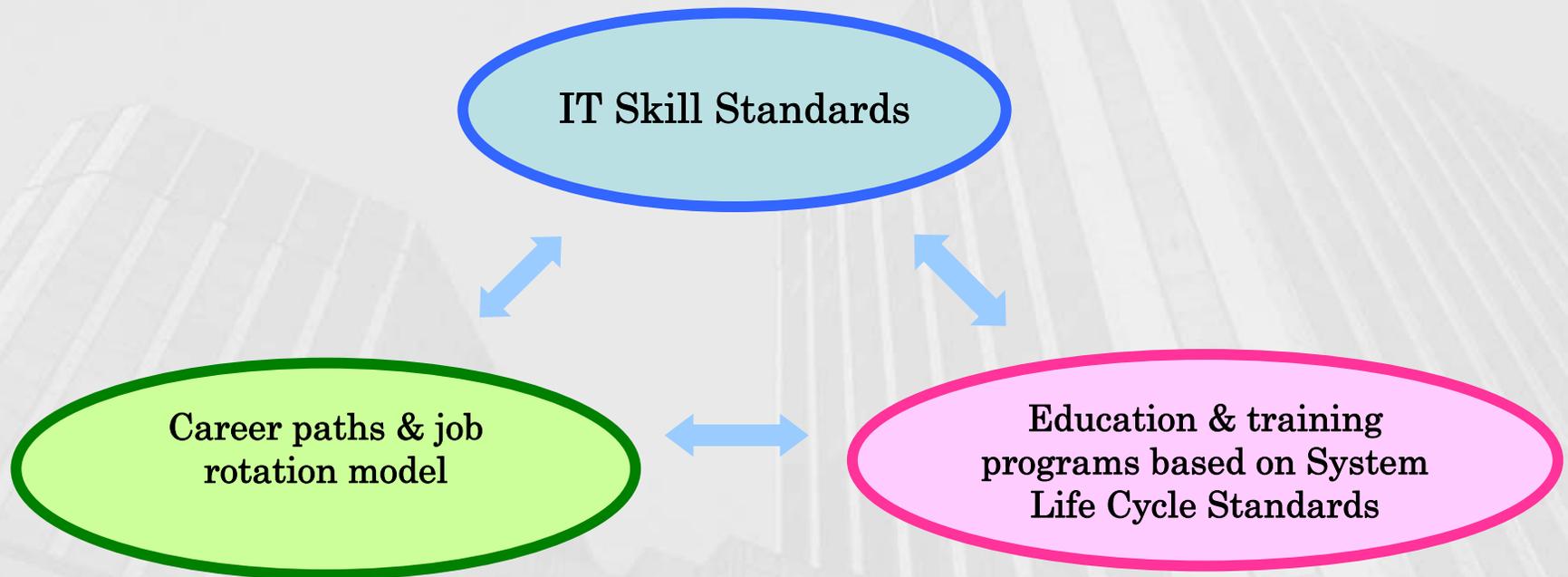
Strengthening Human Resource Development- 1

(1) Growth model based on human resource leverage

Enhancing and leveraging human resources by using subsidiaries, subcontractors and offshore companies



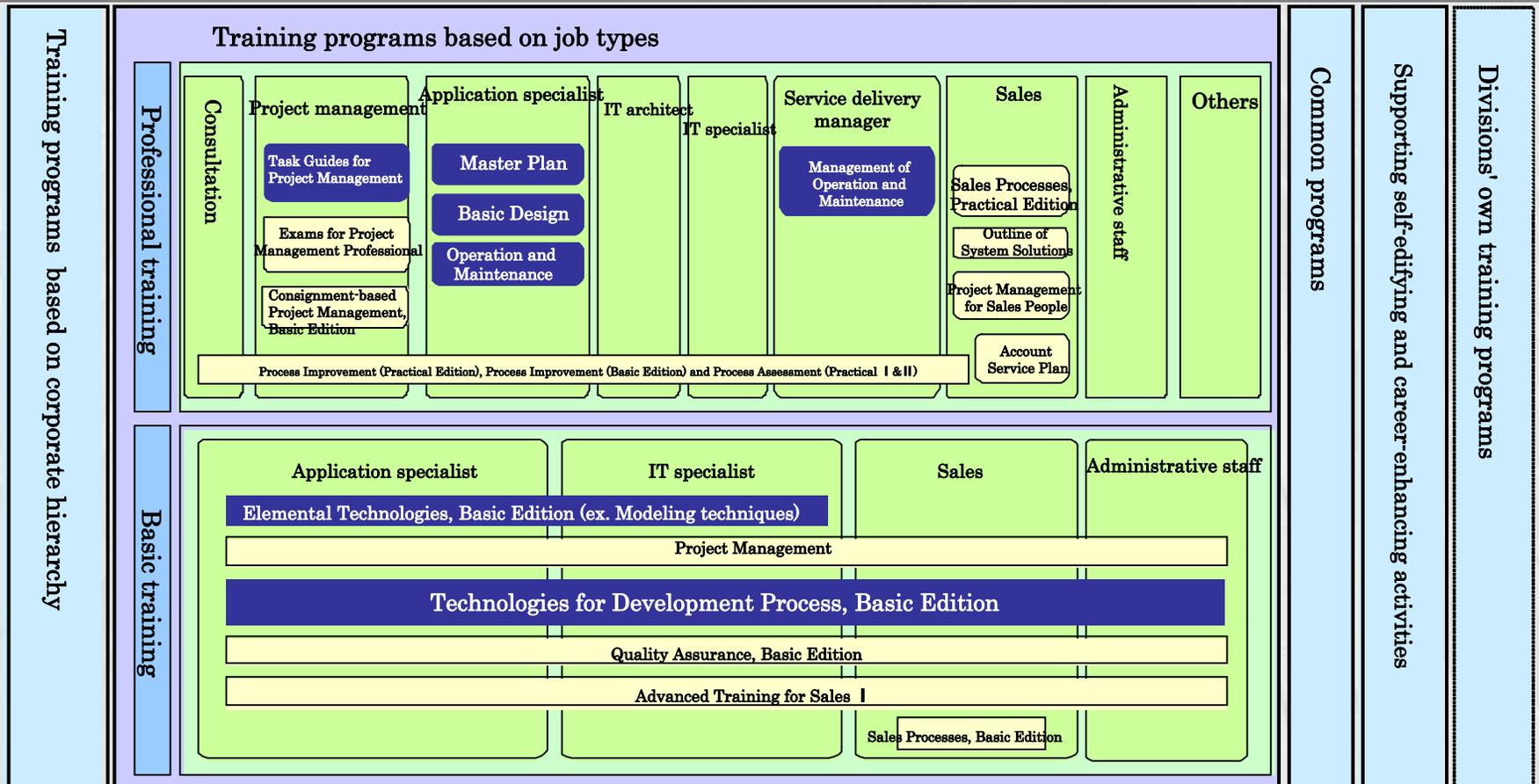
(2) Human resource development initiative



Strengthening Human Resource Development-3

(3) Improving training programs for standardizing systems development processes based on technology standards

- We've adopted our own System Life Cycle Standards and Task Guides for human resource development programs.
- We try to enrich high-quality and efficient training programs ranging from basic to project management-related contents.



- We've set up a consulting firm ("NSFMC Corporation") targeting financial institutions.
- INFORMATION-TECHNOLOGY PROMOTION AGENCY, JAPAN ("IPA") released to the public "IPA version of SPEAK," which was developed based on "SPEAK," a NS Solutions-made software process assessment model. ※

※SPEAK: Software Process Evaluation and Assessment Kit



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