



NS Solutions

Financial Information Meeting for 2nd Quarter FY2008

(April 1, 2008 through September 30, 2008)

October 29, 2008

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 FY08 Consolidated Financial Highlights

(Billions of yen)

	1H FY07 (Actual) A	1H FY08 (Actual) B	Change B-A	(Previous outlook in July 2008) D	Change B-D
Sales	76.0	76.4	+ 0.4	74.0	+ 2.4
Business solutions	44.7	44.0	- 0.7		
Platform solutions	10.2	8.8	- 1.4		
Business services	21.1	23.6	+ 2.5		
Gross profit	16.5	15.4	- 1.1		
<Gross profit margin>	<21.8%>	<20.1%>	<- 1.7%>		
SG&A	-10.2	-11.1	- 0.9		
Operating income	6.3	4.3	- 2.0	4.8	- 0.5
Recurring profit	6.5	4.6	- 1.9	5.0	- 0.4
Net income	3.5	2.3	- 1.2	2.7	- 0.4

1H FY08 Quarterly Consolidated Results



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(Billions of yen)

	FY07 (Actual)			FY08 (Actual)			Change		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
	A	B	C	D	E	F	D-A	E-B	F-C
Sales	33.0	43.0	76.0	34.8	41.6	76.4	+ 1.8	- 1.4	+ 0.4
Business solutions	18.9	25.8	44.7	19.3	24.7	44.0	+ 0.4	- 1.1	- 0.7
Platform solutions	5.3	4.9	10.2	4.2	4.6	8.8	- 1.1	- 0.3	- 1.4
Business services	8.8	12.3	21.1	11.3	12.3	23.6	+ 2.5	+ 0.0	+ 2.5
Gross profit	7.7	8.8	16.5	7.2	8.2	15.4	- 0.5	- 0.6	- 1.1
<Gross profit margin>	<23.5%>	<20.4%>	<21.8%>	<20.8%>	<19.5%>	<20.1%>	<- 2.7%>	<- 0.9%>	<- 1.7%>
SG&A	-5.1	-5.1	-10.2	-5.8	-5.3	-11.1	- 0.7	- 0.2	- 0.9
Operating income	2.6	3.7	6.3	1.4	2.9	4.3	- 1.2	- 0.8	- 2.0
Recurring profit	2.8	3.7	6.5	1.6	3.0	4.6	- 1.2	- 0.7	- 1.9
Net income	1.5	2.0	3.5	0.7	1.6	2.3	- 0.8	- 0.4	- 1.2

1H FY08 Sales by Business Line/Customer Industry



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(Billions of yen)

	1H FY07 (Actual) A	1H FY08 (Actual) B	Change B-A	Comment
Business solutions	37.9	35.8	- 2.1	-
Manufacturing, distribution and service industries	17.9	16.3	- 1.6	IT investment reduction by manufacturing, distribution and service industries
Financial services	13.7	12.3	- 1.4	Decreased sales to major and regional banks
Government, public organizations and others	6.3	7.2	+ 0.9	Sales growth in central government
Platform solutions	9.1	7.7	- 1.4	Sluggish market for product sales
Business services	20.9	23.4	+ 2.5	Sales growth mainly in Nippon Steel businesses
Non-consolidated sales	67.9	66.9	- 1.0	-
Subsidiaries, net	8.1	9.5	+ 1.4	Sales expansion in JVs and other subsidiaries
Consolidated sales	76.0	76.4	+ 0.4	-

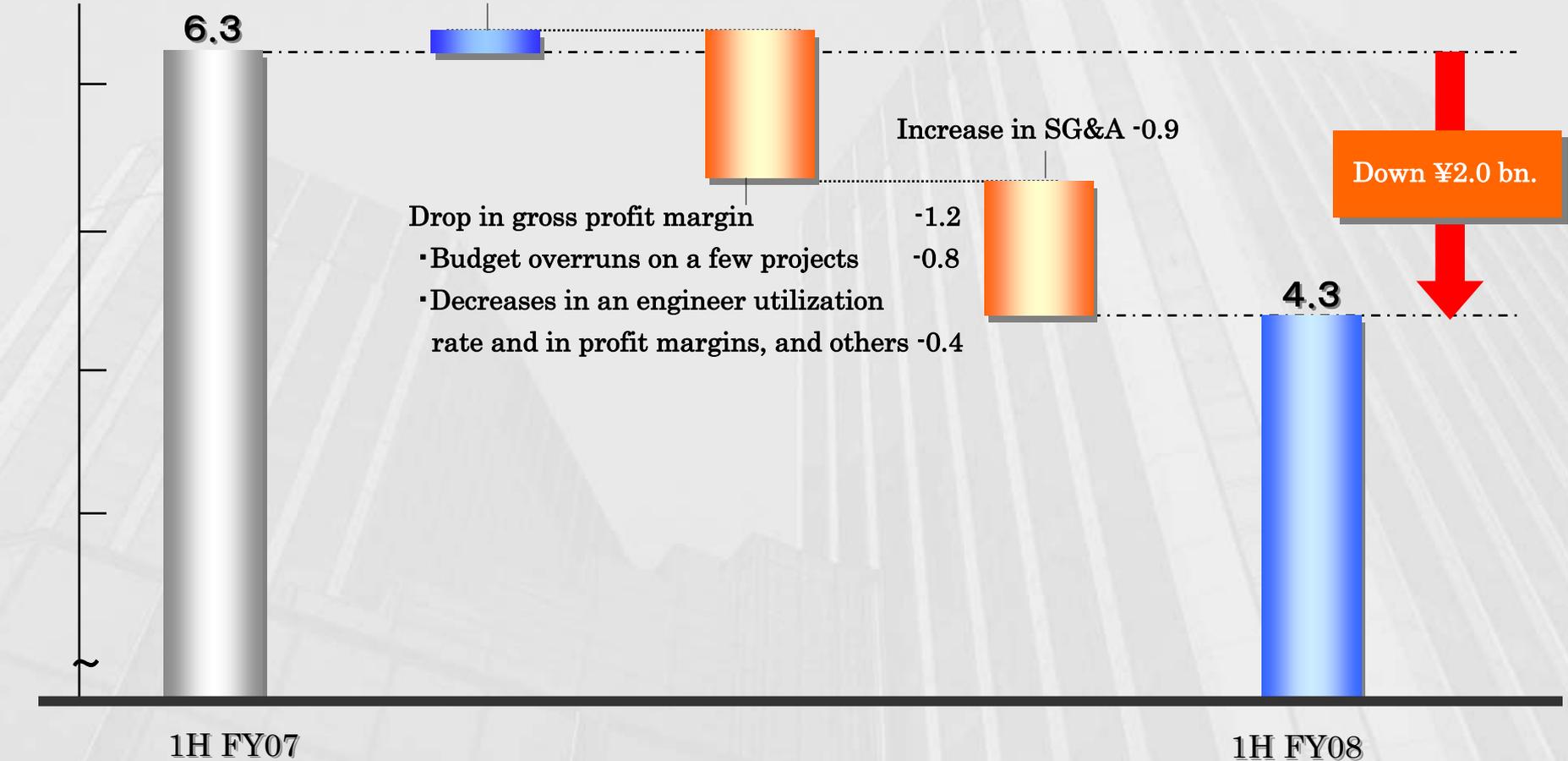
1H FY08 Consolidated Operating Income Breakdown



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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 Financial services Government and public organizations	Decreasing IT investments due to soaring prices of raw materials, sluggish markets within Japan and abroad, the strengthening yen and declining revenues, etc. Impaired business environment due to the subprime lending crisis and more cautious IT investment stance due to the global financial crisis IT budgets are flat or on slightly downward trend, but competition is increasingly fierce	→ ↘ →
Platform solutions	Product sales have remained sluggish due to reduced overall demand	→
Business services	Nippon Steel businesses remained steady due to full-fledged operations of ongoing large-scale projects. Balance of supply and demand for data centers is softening.	→

Outlook for FY08 Consolidated Results

(Billions of yen)

	FY07 (Actual) A	FY08 (Outlook) B	Change B-A	FY08 (Previous outlook*) C	Change B-C
Sales	165.4	165.0	- 0.4	170.0	- 5.0
Business solutions	101.9	99.5	- 2.4	105.5	- 6.0
Platform solutions	22.2	20.0	- 2.2	22.0	- 2.0
Business services	41.3	45.5	+ 4.2	42.5	+ 3.0
Gross profit	35.6	34.6	- 1.0	37.4	- 2.8
<Gross profit margin>	<21.5%>	<21.0%>	<- 0.5%>	<22.0%>	<- 1.0%>
SG&A	-20.7	-22.0	- 1.3	-21.8	- 0.2
Operating income	14.9	12.6	- 2.3	15.6	- 3.0
Recurring profit	15.2	13.0	- 2.2	16.0	- 3.0
Net income	8.4	7.0	- 1.4	8.9	- 1.9

*The numbers shown under "FY08(Previous outlook)" were originally announced on April 25, 2008 and were kept unchanged in 1Q results announcement dated July 31, 2008.

Outlook for FY08 Sales by Business Line/Customer Industry



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(Billions of yen)

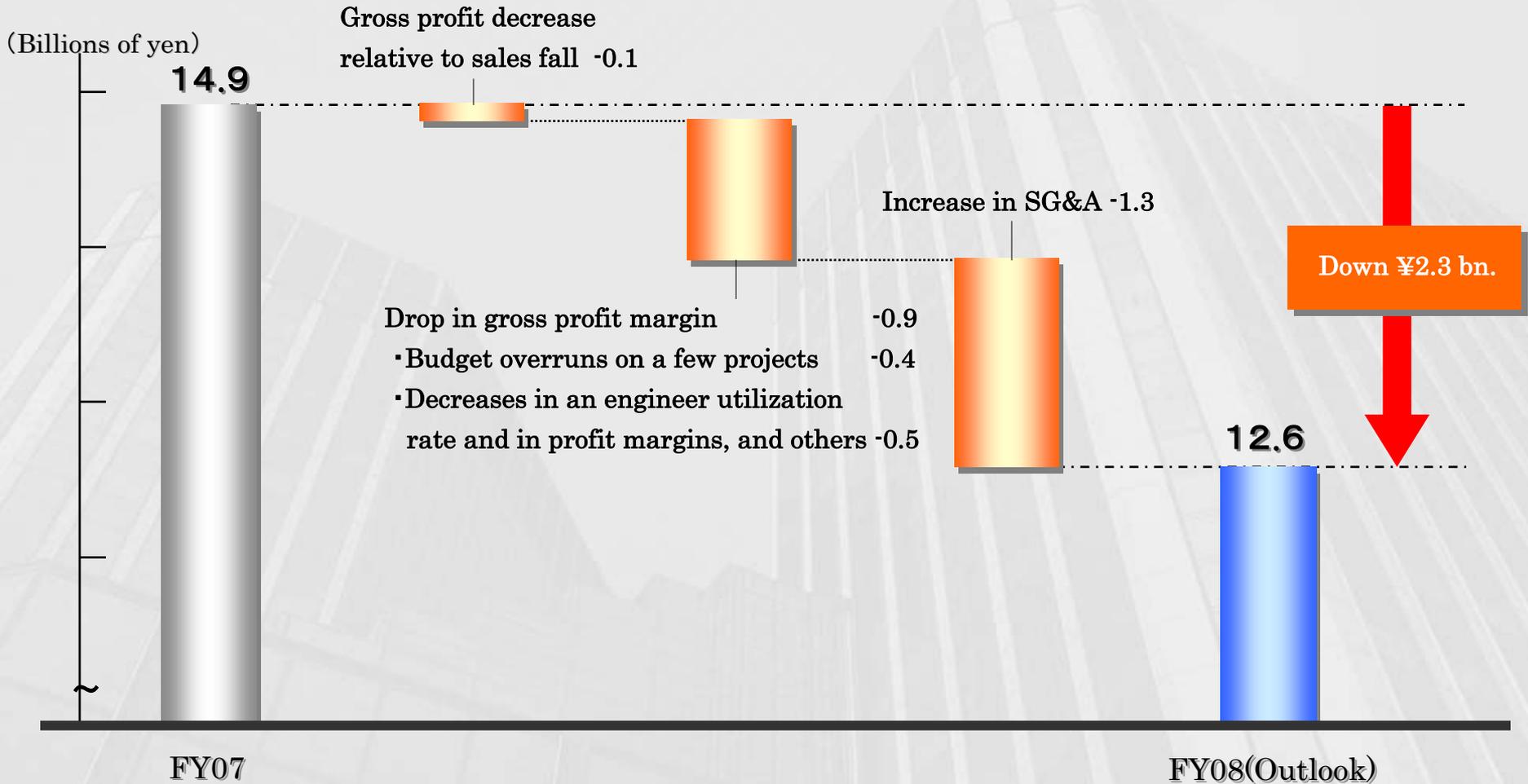
	FY07 (Actual) A	FY08 (Outlook) B	Change B-A	Comment
Business solutions	86.5	82.0	- 4.5	-
Manufacturing, distribution and service industries	38.6	36.0	- 2.6	IT investment reduction in manufacturing and distributin sectors
Financial services	27.6	25.5	- 2.1	Cutting down on IT investments due to the financial crisis
Government, public organizations and others	20.3	20.5	+ 0.2	Flat sales mainly to central government
Platform solutions	19.3	18.0	- 1.3	Sluggish market for product sales
Business services	40.9	45.0	+ 4.1	Steady sales growth mainly in Nippon Steel businesses
Non-consolidated sales	146.7	145.0	- 1.7	-
Subsidiaries, net	18.7	20.0	+ 1.3	Sales expansion in JVs and other subsidiaries
Consolidated sales	165.4	165.0	- 0.4	

FY08 Consolidated Operating Income Breakdown



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Year on Year



Outlook for FY08 Semiannual Consolidated Results

(Billions of yen)

	FY07 (Actual)		FY08 (Outlook)		Change	
	1H A	2H B	1H C	2H D	1H C-A	2H D-B
Sales	76.0	89.4	76.4	88.6	+ 0.4	- 0.8
Business solutions	44.7	57.2	44.0	55.5	- 0.7	- 1.7
Platform solutions	10.2	12.0	8.8	11.2	- 1.4	- 0.8
Business services	21.1	20.2	23.6	21.9	+ 2.5	+ 1.7
Gross profit	16.5	19.1	15.4	19.2	- 1.1	+ 0.1
<Gross profit margin>	<21.8%>	<21.4%>	<20.1%>	<21.7%>	<- 1.7%>	<+ 0.3%>
SG&A	-10.2	-10.5	-11.1	-10.9	- 0.9	- 0.4
Operating income	6.3	8.6	4.3	8.3	- 2.0	- 0.3
Recurring profit	6.5	8.7	4.6	8.4	- 1.9	- 0.3
Net income	3.5	4.9	2.3	4.7	- 1.2	- 0.2
Order backlog at beginning of period	44.0	54.6	47.9	58.7	+ 3.9	+ 4.1

Progress

Enhancing and reinforcing earnings capabilities

- Improving ability to secure orders and enhancing advanced total solutions
- Developing consolidated business management structure

(1) Action to bolster profit

Investigating profit improvement measures and implementing them at emergency meetings

- Improving ability to secure orders
- Implementing tighter project risk control
- Streamlining SG&A budget

(2) Strengthening advanced technical capabilities

- Improving strategic integrated IT platforms and overall optimization total solutions
- Establishing BI (Business Intelligence) and other advanced solutions

Improving systems development power & productivity

- Enhancing the Software Development Center
- Advocating the NSSOL WAY

Enhancing the Software Development Center (founded on April 1, 2008)

- Continuing to improve systems development environments
- Developing project management system

Continuous enhancement of employee development

- Career paths, systematic job rotation and ability development: Three pillars for human resources development

- Working capability analysis based on NSSOL edition IT Skill Standards

- Improving employee development system based on FY2008 Technical Standards

Improving ability to secure orders

- Improving capabilities for proposing system solutions based on close cooperation between sales persons and system engineers (account axis, solution axis)
- Boosting up retention rate
- Enhancing SLC* total solutions

Implementing tighter project risk management

- Revising functions of project risk management system (Project Policy Meeting, Project Management Office, Quality Management Office) and reinforcing the system by re-checking it (focusing on the way how to transfer to the next phase at estimated time of basic design completion)
- Checking up all ongoing projects
- Deploying small group activities on company-wide basis to improve project risk sensitivity
- Upgrading contract management level

Streamlining SG&A budget

- Streamlining sales support expenses
- Cutting down on other expenses

* SLC : System Life Cycle

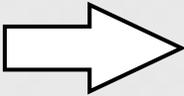
Strengthening Advanced Technical Capabilities (1)



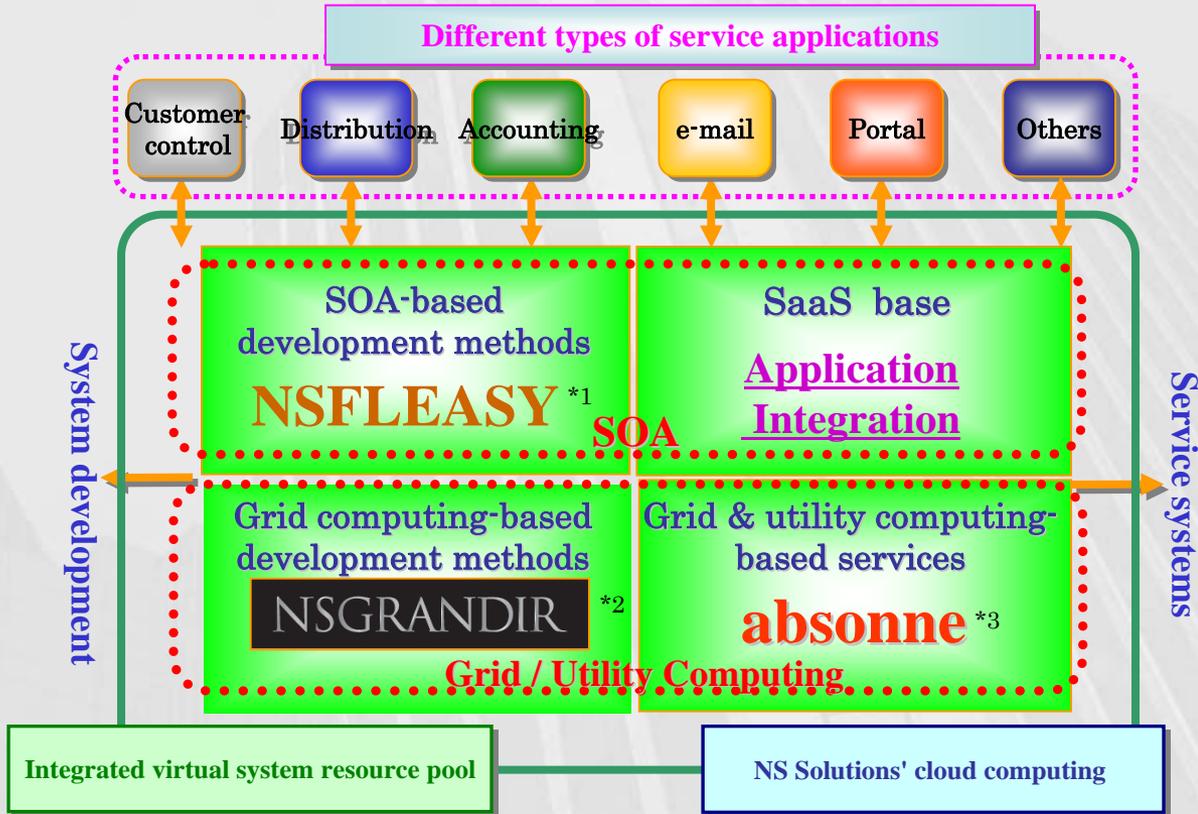
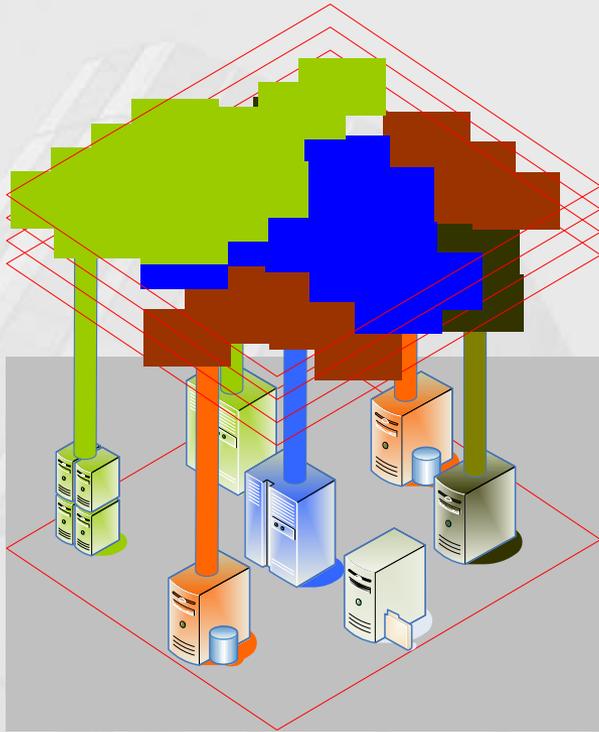
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Improving strategic integrated IT platforms and overall optimization total solutions

Each application and IT platform has been individually developed and deployed so far



Developing overall optimization systems capable of adjusting to changes



*1 NSFLEASY: NS Solutions Federation of Loosely coupled Entity group by Application Synchronization

*2 NSGRANDIR: NS Solutions Grid And Dynamic Infrastructure

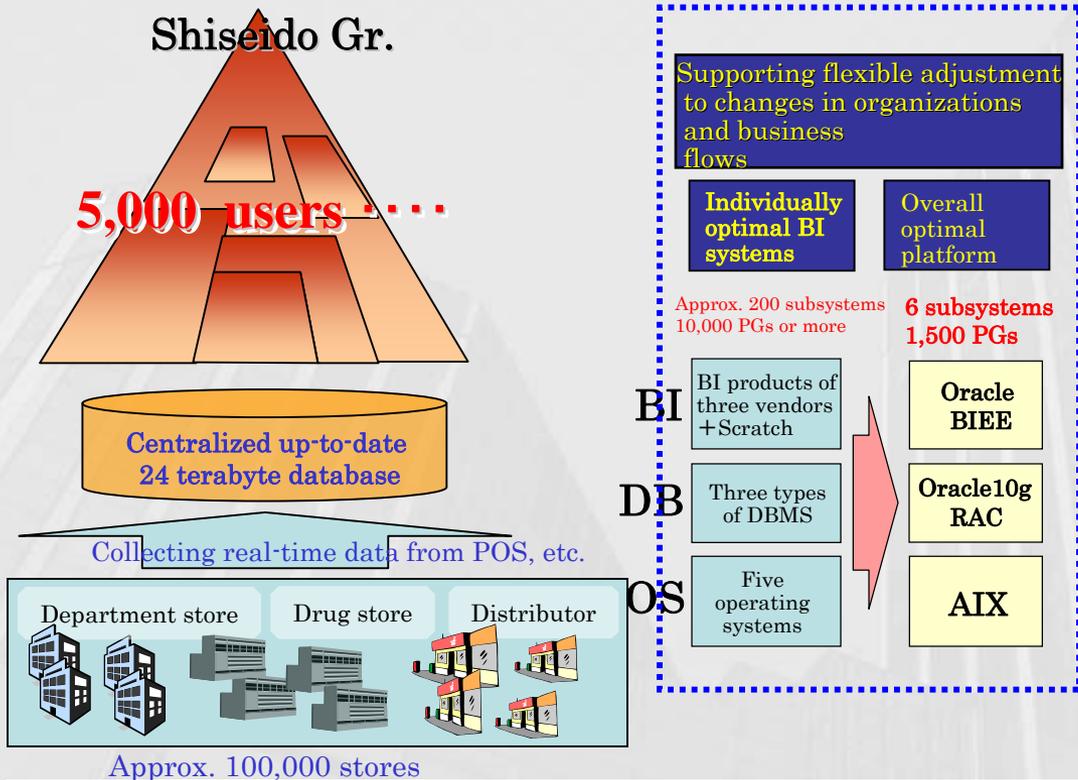
*3 absonne: advanced business space on network

* Providing business ASP service for nursing care business operators

Strengthening Advanced Technical Capabilities (2)

Developing large-scale enterprise BI systems

(Example of system development for Shiseido)



- Analyzing management information on multi-dimensional axes (brand axis, product axis, region axis, sales channel axis)
- Providing numerous users with up-to-date information
- Sharing analysis reports & methods (decentralization of PDCA)

Systems Research & Development Center's technical support to individual BUs



Promoting education on and diffusion of SLC standards and SI Support System

- In-house training on SLC standards/guidebook
- Demonstrating SI Support System

Adding different functions to SI Support System and making improvements to it

- Project management support function
 - Introducing workflows compatible with SLC standards/guidebook into SI Support System
 - Expanding core functions
- Function to support product quality improvements
 - Developing and expanding different types of tools, including program auto-generation/
source code inspection tools

Providing backup services to introduce and operate SI Support System

Acquiring 100% shares of Financial Engineering Group, Inc. ("FEG")

NS Solutions aims to attain the position of leading vendor of risk management systems for financial institutions by utilizing FEG's capabilities for risk management and data mining using customer information in the personal financing sector.

- FEG's main line of business

Survey, analysis and consultation focusing on financial mathematics and data mining, and software development for financial institutions

- Date of foundation: April 26, 1989

- Number of employees: 67 persons (As of May 1, 2008)

- Financial highlights

(100 million yen)

	March 31, 2006	March 31, 2007	March 31, 2008
Sales	16	19	17
Recurring profit	3	4	2

- Acquisition date: May 28, 2008 (stock certificates received)

※ The statement of income and cash flows of FEG were consolidated from the second quarter of the current fiscal year ending March 31, 2009

- Acquisition price: 3.75 billion yen

- ◇ Provide stable dividends to shareholders and maintain internal reserves for expanding our businesses and for other purposes
- ◇ Distribute profits among shareholders



- We plan to distribute dividends of 22.50 yen per share at the end of the 2nd quarter ended September 30, 2008.
- We also plan to distribute dividends of 22.50 yen per share at the end of the fiscal year ending March 31, 2009.

As a result, annual dividends will be 45.00 yen per share, as announced at the beginning of the current fiscal year ending March 31, 2009.

Note: We do not distribute dividends at the end of the 1st and 3rd quarters (the last days of the 1st and 3rd quarters are not our regular record dates).



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