



NS Solutions

Financial Information Meeting for Fiscal Year 2004 (Year ended March 31, 2005)

2005.04.26

Shigeru Suzuki

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.

FY2004 Consolidated Results Highlights

(Billions of yen)

	FY03 (Actual) A	FY04 (Actual) B	Change B - A	FY04 (Previous outlook) C	Change B - C
Sales	150.8	146.5	- 4.3	152.0	- 5.5
Business solutions	83.5	81.9	- 1.6	83.5	- 1.6
Platform solutions	29.9	25.7	- 4.2	28.5	- 2.8
Business services	37.4	38.9	+ 1.5	40.0	- 1.1
Gross profit	27.5	29.5	+ 2.0	30.1	- 0.6
<Gross profit margin>	<18.2%>	<20.1%>	<1.9%>	<19.8%>	<0.3%>
SG&A	17.8	17.8	+ 0.0	18.2	+ 0.4
Operating income	9.7	11.7	+ 2.0	11.9	- 0.2
Recurring profit	9.8	11.8	+ 2.0	12.0	- 0.2
Net income	5.3	6.6	+ 1.3	6.7	- 0.1

FY2004 Sales by Business Line / Customer Industry



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(Billions of yen)

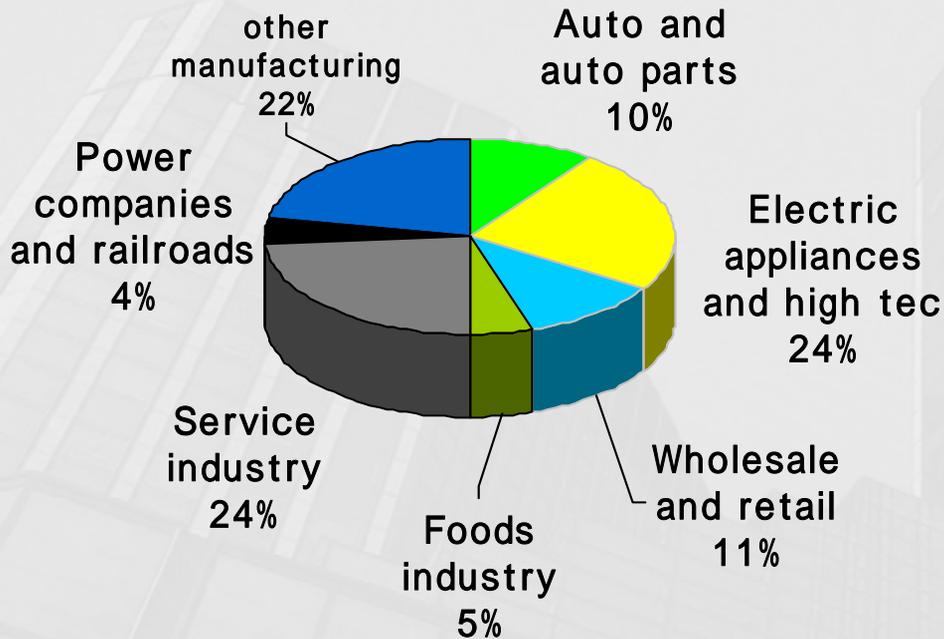
Business line / Customer industry	FY03 (Actual) A	FY04 (Actual) B	Change B - A	Comment
Business solutions	72.6	70.6	- 2.0	
Manufacturing, distrubution and service industries	32.2	32.8	+ 0.6	Increase in MES for manufacturers *. Large projects take more time to generate orders.
Financial services	20.8	19.4	- 1.4	Harsh competition increasing
Government, public organizations and others	19.6	18.4	- 1.2	Central government-related projects decreaed. Competition increasing.
Platform solutions	27.0	23.2	- 3.8	Hardware product decreased
Business services	36.5	38.1	+ 1.6	Increase in non-Nippon Steel business. Nippon Steel business decreased.
Non-consolidated sales	136.1	131.9	- 4.2	
Subsidiaries, net	14.7	14.6	- 0.1	
Consolidated sales	150.8	146.5	- 4.3	

* MES: Manufacturing Execution System

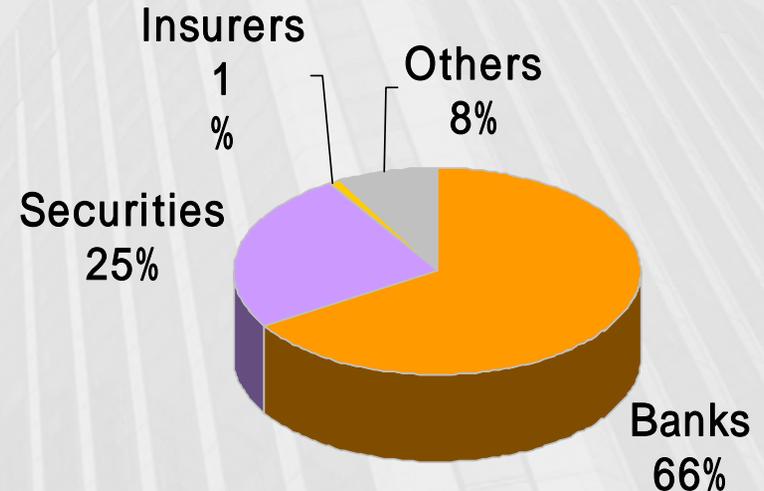
FY04 Breakdown of Sales to Manufacturing, Distribution and Service Industries, and Financial Services



Manufacturing, distribution and service industries



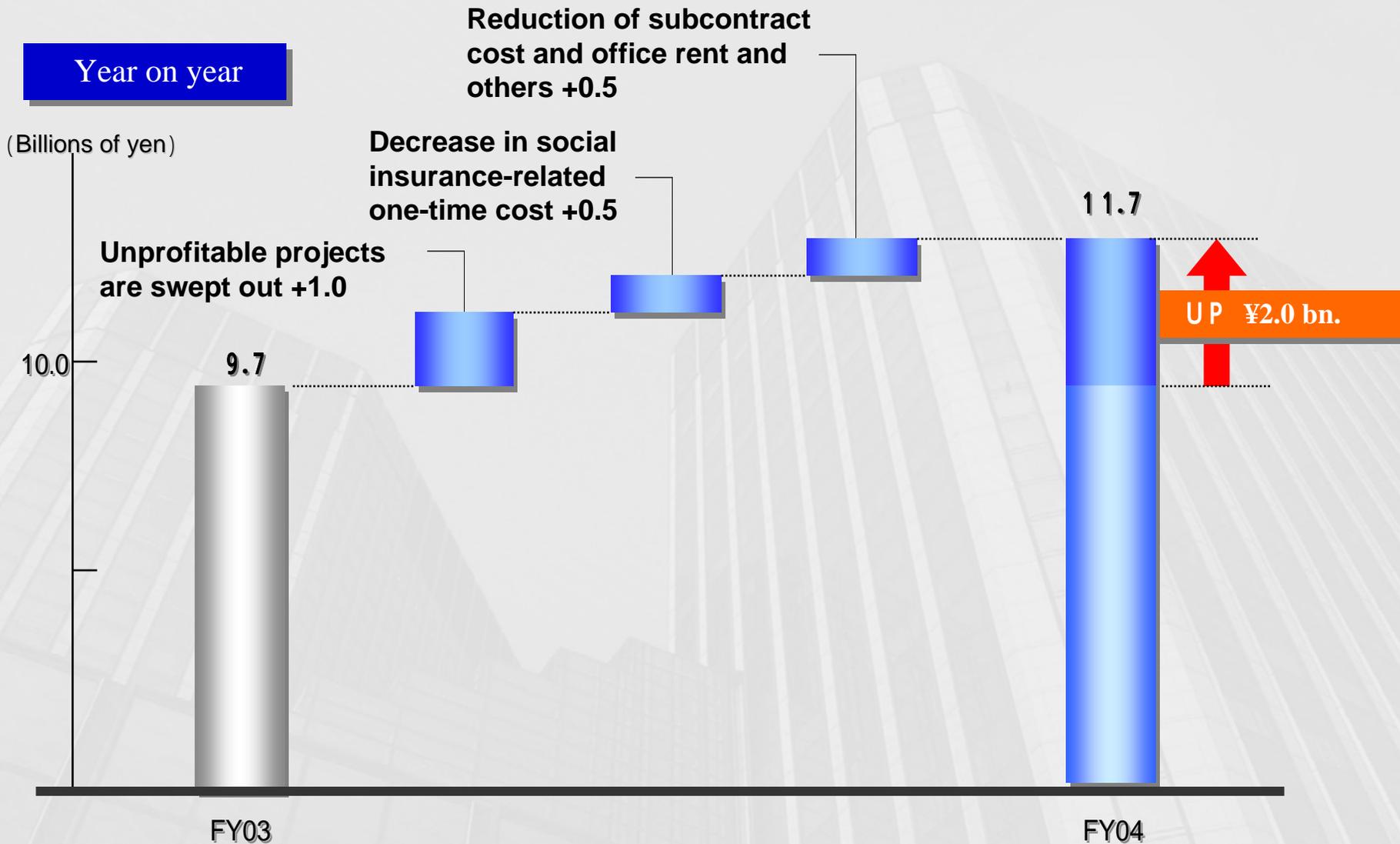
Financial Services



FY2004 Consolidated Operating Income Breakdown



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Outlook for FY2005 Consolidated Results

(Billions of yen)

	FY04 (Actual) A	FY05 (Outlook) B	Change B - A
Sales	146.5	150.0	+ 3.5
Business solutions	81.9	84.5	+ 2.6
Platform solutions	25.7	26.0	+ 0.3
Business services	38.9	39.5	+ 0.6
Gross profit	29.5	30.5	+ 1.0
<Gross profit margin>	<20.1%>	<20.3%>	0.2%
SG&A	17.8	18.7	- 0.9
Operationg income	11.7	11.8	+ 0.1
Recurring profit	11.8	12.0	+ 0.2
Net income	6.6	6.7	+ 0.1

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



Business line/ customer industry	Market trend	Market direction
Business solutions Manufacturing, distributions and service industries Financial services Government and public organizations	<ul style="list-style-type: none"> · Clients have strong will for investment in IT on the back of their steady business results · Demands shift from package software-based solutions to scratch-based solutions · Derivative and trading systems, management systems and database design business (the field of non-settlement systems) show signs of recovery · Harsh competition increasing · Reform of government's procurement system. Competitive bidding increasing. · Harsh competition increasing 	
Platform solutions	<ul style="list-style-type: none"> · Market picked up in 1H FY04, but the speed slow-down in 2H FY04 	Engineering Product sales
Business services	<ul style="list-style-type: none"> · Expecting non-Nippon Steel business and NSSLC Service Corp. to grow · Nippon Steel business slowly decreasing 	

Outlook for FY05 Sales by Business Line

/ Customer Industry



(Billions of yen)

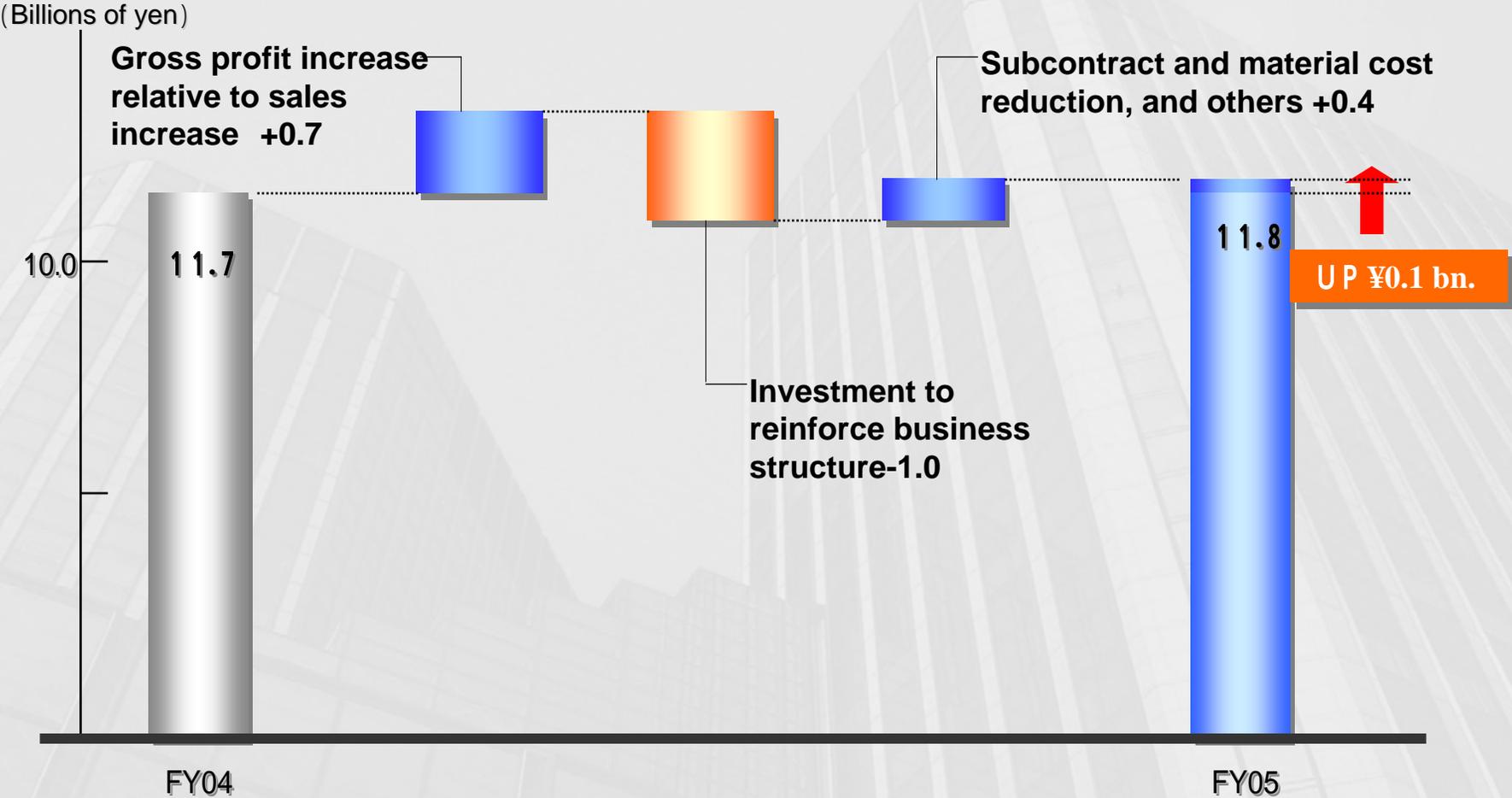
Business lines/ Customer industry	FY04 (Actual) A	FY05 (Outlook) B	Change B-A	Comment
Business solutions	70.6	72.5	+1.9	
Manufacturing, distribution and service industries	32.8	35.5	+2.7	Increase in large manufacturers. SLC-T will have positive impact. *
Financial services	19.4	19.0	-0.4	
Government, public organizations and others	18.4	18.0	-0.4	
Platform solutions	23.2	23.5	+0.3	Increase in consulting, engineering, and maintaining products
Business services	38.1	39.0	+0.9	Increase in SLC-T and brand-new solutions. Nippon Steel business flat.
Non-consolidated sales	131.9	135.0	+3.1	
Subsidiaries, net	14.6	15.0	+0.4	
Consolidated sales	146.5	150.0	+3.5	

* SLC-T: System Life-cycle Total Solution

FY2005 Consolidated Operating Income Breakdown



Year on year



Outlook for FY2005 Semiannual Consolidated Results

(Billions of yen)

	FY04 (Actual)		FY05 (Outlook)		Change	
	1H A	2H B	1H C	2H D	1H C - A	2H D - B
Sales	65.7	80.8	64.0	86.0	- 1.7	+ 5.2
Business solutions	33.4	48.5	33.0	51.5	- 0.4	+ 3.0
Platform solutions	13.8	11.9	12.0	14.0	- 1.8	+ 2.1
Business services	18.5	20.4	19.0	20.5	+ 0.5	+ 0.1
Gross profit	12.9	16.6	13.0	17.5	+ 0.1	+ 0.9
<Gross profit margin>	<19.6%>	<20.5%>	<20.3%>	<20.3%>	<0.7%>	- <0.2%>
SG&A	8.7	9.1	9.1	9.6	- 0.4	- 0.5
Operating income	4.2	7.5	3.9	7.9	- 0.3	+ 0.4
Recurring profit	4.3	7.5	4.0	8.0	- 0.3	+ 0.5
Net income	2.3	4.3	2.1	4.6	- 0.2	+ 0.3
Order backlog at beginning of period	21.2	31.7	* 26.8	—	+ 5.6	—

* This order backlog has been calculated in accordance with the method NS Solutions adopted as in the past.

FY2004 Major Business Strategies

Business strategies taken till FY2004

Differentiating our businesses by utilizing system life-cycle total solutions

Expanding our customer base by offering legacy reengineering solutions

Taking account relationship management strategy

Enhancing system development capabilities on a low-cost and low-risk basis

Regrouping our subcontractors

Judging by present circumstances,

Market Direction

- Mainframers and SI vendors suffering from unprofitable projects seem to be in a mess.
- Competition is getting hotter.

However, we face:

- Demands for systems redevelopment
- Moving toward servicing solutions

We realize:

- Our business chance has come.
- It's time to further strengthen our business structure.

Our Business Model has:

(based on intimate contact between sales force and system engineers,)

Solution-offering capabilities

Solution project risk management capabilities



Taking structural steps for further improvement of our business model

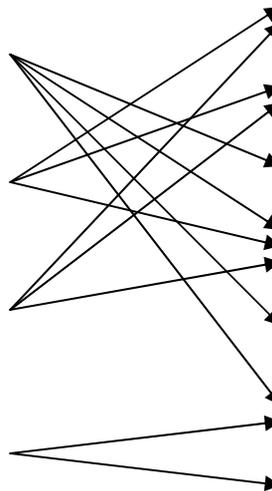
Theme

Enhancing order entry capabilities

Improving productivity greatly

Strengthening risk management capabilities

Incubating and enlarging differentiated servicing solution businesses



Measure

1 . Enhancing technical capabilities to develop systems in an organized way

2 . Going ahead with our plan to set up modern software factory

3 . Strengthening consulting capabilities

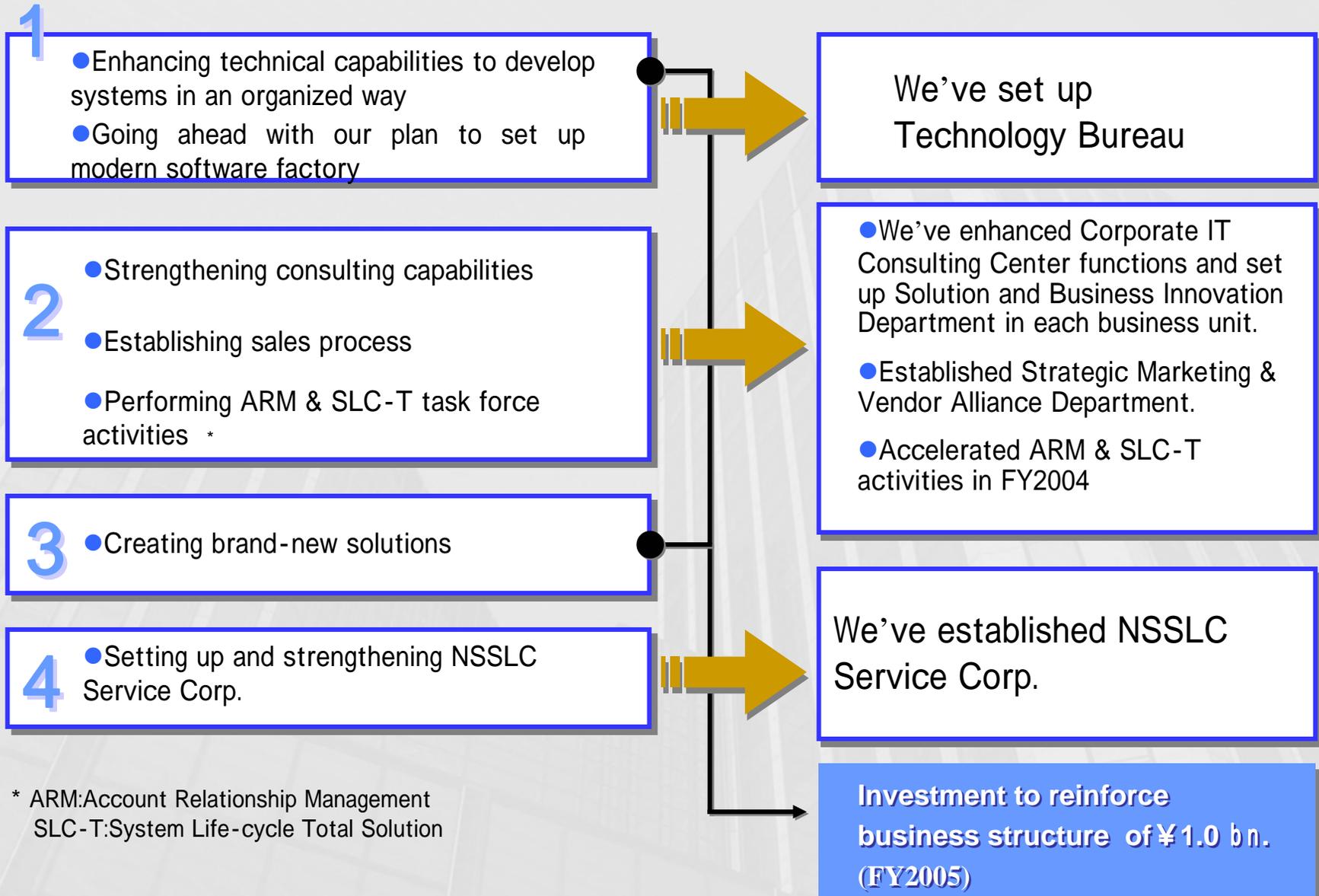
4 . Establishing sales process

5 . Performing ARM & SLC-T task force activities

6 . Creating brand-new solutions

7 . Setting up and strengthening NSSLC Service Corp.

Improving Business Model



* ARM: Account Relationship Management
SLC-T: System Life-cycle Total Solution

Enhancing Technical Capabilities to Develop Systems in an Organized Way

Systems we develop from scratch are increasing
Cooperation with subsidiaries, partner firms and
offshore companies/Development in remote areas



1

Enhancing technical capabilities to develop systems in an organized way

Technology Bureau Start-up

Standardizing system development processes

Establishing technique of fostering development in remote and offshore

Maintaining project management tools and system development frameworks

Strengthening Consulting Capabilities and Establishing Sales Process

Shift from package software-based solutions to ARM-based solutions
We provide solutions that meet each client's needs



2

Reforming sales process

Enhancing planning, consulting and project-making capabilities

by Corporate Planning & Strategic Alliance Department, Corporate IT Consulting Center and Solution & Business Innovation Department in each division

Established Strategic Marketing & Vendor Alliance Department

Standardizing sales process

Maintaining sales activity-support systems/tools

3

SLC-T case examples (FY2004)

	Application development	Platform	Maintenance and operation
● Material company A	←		
● Telecom B	←		
● Wholesale/retail C	→		
● Service company D	→		

Total ¥ 3.0 bn.

ARM case examples

- We've set up client-by-client 21 sales teams and drawn up sales plans for each client.
- We plan to increase to 32 clients in FY2005
- FY2004 Actual
 - Auto maker E
 - Electric-appliance maker F
 - Telecom G
 - Service company H
 - Major bank I

21 clients

Total ¥31.0 bn.

Services through networks increasing
Spreading business model to provide common service and do so on the usage-based charging system



4

Expanding service business

Sharing the same computer systems

Providing differentiated and specialized services

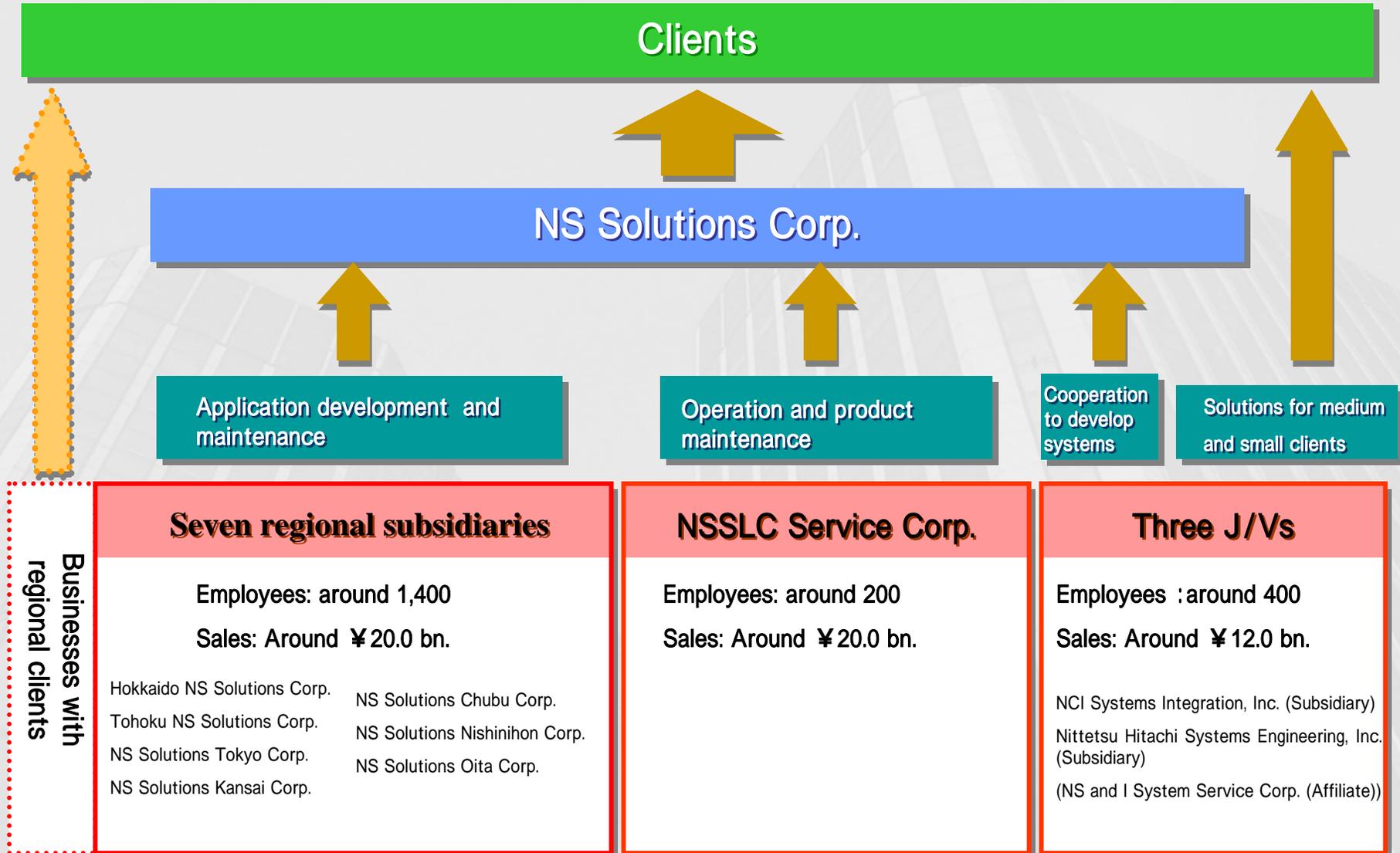
IT + extra service can cover the whole business process

Experience in Nippon Steel business on 24-hours-a-day and 365-days-a-year schedules and over 40 years

e.g. Oracle On Demand@NSSOL, E-Document Law-related solution, NSSLC Service Corp. start-up

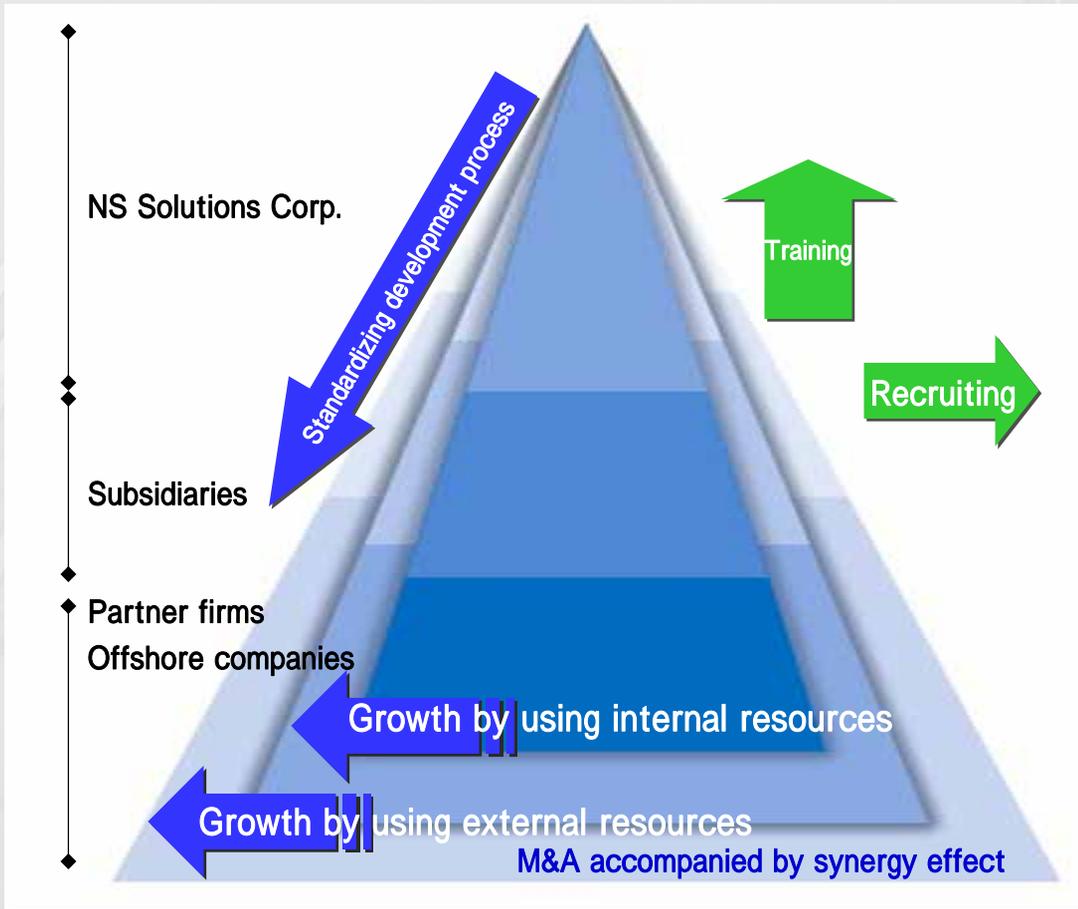
(specialized in operation and maintenance)

How we work with Group Companies...

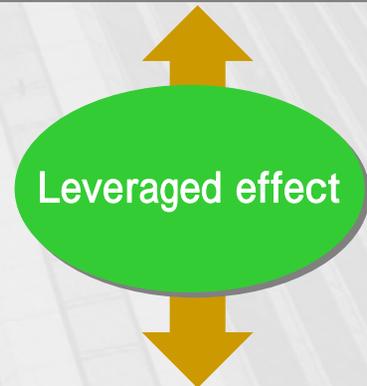


Medium-term Growth Strategy

Enhancing order entry capabilities and reacting to market changes



Increasing upstream resources
(by training and recruiting)



Increasing downstream resources

(1) Organizational changes and corporate governance

We've set up Technical Bureau

Established Strategic Marketing & Vendor Alliance Department

Introduced “Executive Officer (non-director)” system

Introduced “Executive Professional” system

(2) Alliances

We've tied up with Oracle Corporation Japan in on-demand business

Formed alliance with Salesforce.com in process service provider business

Formed partnership with KDDI in business in China

Policy on Profit Sharing

We provide stable dividends to shareholders and maintain internal reserve for expanding business activities in the future, etc.

Operating income has recovered to around ¥12.0 billion.

Distributing profits among shareholders



We plan to increase an annual per-share dividend.

2005/3
¥17.50 per share



2006/3
¥25.00 per share



<http://www.ns-sol.co.jp/>