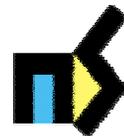


**.Outline of Financial Results for the  
1<sup>st</sup> half of fiscal year ended March 2003**  
(From April 1 to September 30, 2002)  
**and Financial Results Outlook  
for fiscal year ended March 2003**  
(From April 1, 2002 to March 31, 2003)

**Takemi Yanagihara**  
Senior Executive Director



## **FORWARD-LOOKING STATEMENTS & PRO FORMA INFORMATION**

**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.**

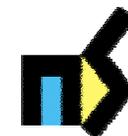
**The Company acquired part of the business of the Electronics and Information Systems Division of Nippon Steel (referred to “EI Division”), as well as the interests of Nippon Steel in Nittetsu Hitachi systems Engineering, Inc., NCI Systems Integration, Inc., and NS&I System Service Corporation, on April 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.**

# 1. Outline of Financial Results for the 1st half of fiscal year ended March 2003

(From April 1 to September 30, 2002)

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# Outline of Financial Results (Consolidated)



NS Solutions

(Billions of yen)

	1st half Mar. 2002 <b>A</b>	1st half Mar. 2003 <b>B</b>	Change B-A <%>	1st half Mar. 2003 Previous outlook <b>C</b>	Change B-C
Net sales	<b>67.9</b>	<b>68.8</b>	<b>+ 0.9</b> <+ 1.3%>	<b>70.0</b>	<b>- 1.2</b>
Operating income	<b>5.7</b>	<b>5.4</b>	<b>- 0.3</b> <- 5.2%>		
Recurring profit	<b>5.7</b>	<b>5.5</b>	<b>- 0.3</b> <- 4.9%>	<b>4.5</b>	<b>+ 1.0</b>
Net income	<b>2.9</b>	<b>2.7</b>	<b>- 0.2</b> <- 6.7%>	<b>2.2</b>	<b>+ 0.5</b>
Number of employees at end of period	<b>4,178</b>	<b>4,224</b>	<b>+ 46</b> <+ 1.1%>		

# Outline of Financial Results (Non-consolidated)

( Billions of yen)

	1st half Mar. 2002 <b>A</b>	1st half Mar. 2003 <b>B</b>	Change B-A <%>	Previous outlook for 1st half Mar. 2003 <b>C</b>	Change B-C
Net sales	58.5	61.8	+ 3.3 <+ 5.6%>	63.0	- 1.2
Operating profit	4.7	4.5	- 0.2 <- 4.3%>		
Recurring profit	4.7	4.8	+ 0.0 <+ 0.6%>	4.0	+ 0.8
Net income	2.5	2.5	+ 0.0 <+ 1.7%>	2.2	+ 0.3
Number of employees at end of period	2,118	2,115	- 3 <- 0.1%>		

# Comments on the Previous Outlook



NS Solutions

(Billions of yen)

	1st half of Mar. 2002  Actual	1st half Mar. 2003  Previous outlook	Change
Net sales	67.9	70.0	+ 2.1
Recurring profit	5.7	4.5	- 1.2
Net income	2.9	2.2	- 0.7

- Business expansion mainly in the field of Business Solutions and resource shift to high value-added business
- An increase in cost for relocating our division to new office facilities, training employees related to shift to high value-added business and enhancing sales and technical capabilities
- An increase in net sales and a decrease in profit compared to the corresponding period a year ago

# Features of Interim Results (Consolidated)

## -Changes Compared to Previous Outlook

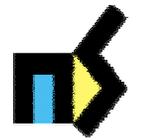
(Billions of yen)

	1st half Mar. 2003 Previous outlook	1st half Mar. 2003 Actual	Change
Net sales	70.0	68.8	- 1.2
Recurring profit	4.5	5.5	+ 1.0
Net income	2.2	2.7	+ 0.5

- We couldn't achieve the previous sales outlook due to a delay in completion of some business solutions projects.
- However, we've made up for a decrease in gross profit margin related to a delay in completion of some projects by enhancing efficiency of sales activities.
- We secured a profit increase compared to the previous outlook due primarily to a delay in expenditure of cost items and cost cutting efforts.

# Features of Interim Results (Consolidated)

## -Changes in year to year Comparison

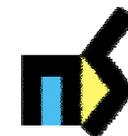


NS Solutions

(Billions of yen)

	1st half Mar. 2002 Actual	1st half Mar. 2003 Actual	Change
<b>Net sales</b>	<b>67.9</b>	<b>68.8</b>	<b>+ 0.9</b>
Business Solutions	<b>33.8</b>	<b>35.3</b>	<b>+ 1.5</b>
Platform Solutions	<b>16.4</b>	<b>16.4</b>	<b>+ 0.1</b>
Business Services	<b>17.8</b>	<b>17.0</b>	<b>- 0.8</b>
<b>Gross profit</b>	<b>13.8</b>	<b>14.6</b>	<b>+ 0.8</b>
Selling, general and administrative expenses	<b>8.1</b>	<b>9.1</b>	<b>+ 1.1</b>
<b>Operating income</b>	<b>5.7</b>	<b>5.4</b>	<b>- 0.3</b>
Non-operating profit and loss	<b>0.0</b>	<b>0.0</b>	<b>+ 0.0</b>
<b>Recurring profit</b>	<b>5.7</b>	<b>5.5</b>	<b>- 0.3</b>
Extraordinary profit and loss	<b>-0.3</b>	<b>-0.1</b>	<b>+ 0.2</b>
Income before income taxes	<b>5.4</b>	<b>5.3</b>	<b>- 0.1</b>
<b>Net income</b>	<b>2.9</b>	<b>2.7</b>	<b>- 0.2</b>

# Conditions of Order Acceptance by Business Field



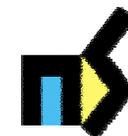
NS Solutions

Business field	Business conditions	Order level compared to the same period a year earlier
Industrial Systems Solutions	Stable demand continues for large-scale ERP project as a part of integrated solutions and global solutions, SCM project by beverage companies and PDM projects for high-tech, electronic & machinery and automobile part makers.	
Financials Systems Solutions	While general business conditions are getting worse, we gained new orders from our clients for market trading systems, decision support systems and platform systems where we have advantageous positions.	
Government and Public Sector Solutions	Along with trends of e-Japan initiatives, business for central government agencies and local governments shows stable progress mainly in the field of record management solutions. We gained large-scale science system solution projects.	
Internet Solutions	Weak demand due to worsened conditions of net business	
Business Solutions		
Platform Solutions	While contraction of hardware and software products continues, we focus on high-end platform solutions.	

(Billions of yen)

	Mar. 2002	Mar. 2003	Change
Amount of Order Acceptance	69.8	79.4	+ 9.6
Order Backlog at end of Period	28.5	31.5	+ 3.1

# Net Sales Trend by Industry of Customer (Consolidated)



NS Solutions

(Billions of yen)

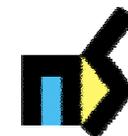
	Mar. 2000 (Pro forma consolidated)		Mar. 2001 (Pro forma consolidated)		Mar. 2002 Actual		1st half Mar. 2002 Actual		1st half Mar. 2003 Actual	
		Share		Share		Share		Share		Share
<b>Industry and manufacturing, Distribution and consumer goods</b>										
	63.6	47.9%	67.2	46.1%	62.5	41.9%	30.7	45.2%	29.5	42.8%
Nippon steel	30.5	23.0%	29.3	20.0%	24.6	16.5%	12.9	18.9%	12.4	18.0%
Others	33.1	25.0%	38.0	26.0%	37.8	25.4%	17.9	26.3%	17.1	24.8%
<b>Financial services</b>	15.5	11.7%	19.7	13.5%	23.4	15.7%	11.0	16.2%	9.8	14.3%
<b>Government and public organizations</b>	13.2	10.0%	18.8	12.9%	25.5	17.1%	8.3	12.2%	11.5	16.7%
<b>Telecommunications</b>	6.6	4.9%	8.6	5.9%	8.3	5.6%	5.7	8.4%	7.4	10.8%
<b>Other solution providers, Service industries, Others</b>	33.8	25.5%	31.6	21.7%	29.2	19.6%	12.1	17.9%	10.5	15.3%
<b>Total</b>	132.7	100.0%	146.0	100.0%	148.9	100.0%	67.9	100.0%	68.8	100.0%

# Balance Sheets (Consolidated)

(Billions of yen)

	Mar 2002 Actual	Sep 2002 Actual	Change
Cash and bank deposits and deposited money	15.1	9.6	- 5.4
<b>Current assets</b>	<b>52.5</b>	<b>45.6</b>	<b>- 6.9</b>
<b>Non-current assets</b>	<b>12.7</b>	<b>14.3</b>	<b>+ 1.5</b>
<b>Total assets</b>	<b>65.2</b>	<b>59.9</b>	<b>- 5.4</b>
Short-term loans	0.0	0.4	+ 0.4
<b>Current liabilities</b>	<b>33.1</b>	<b>25.3</b>	<b>- 7.8</b>
<b>Non-current liabilities</b>	<b>5.2</b>	<b>5.5</b>	<b>+ 0.3</b>
<b>Total liabilities</b>	<b>38.4</b>	<b>30.8</b>	<b>- 7.5</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>0.8</b>	<b>0.9</b>	<b>+ 0.1</b>
Common stock and additional paid-in capital	10.7	10.7	+ 0.0
Retained earnings and others	15.4	17.5	+ 2.1
<b>Total shareholders' equity</b>	<b>26.0</b>	<b>28.1</b>	<b>+ 2.1</b>
<b>Total liabilities, minority interests and shareholders'</b>	<b>65.2</b>	<b>59.9</b>	<b>- 5.4</b>

# Cash Flows Statements (Consolidated)



NS Solutions

(Billions of yen)

	1st half Mar. 2002		Net	1st half Mar. 2003	Change
		Effect of acquiring EI Division's business (increase of capital, purchase of business and cash owned by newly consolidated subsidiaries)			
		*			
Cash and cash equivalents at beginning of period (net of cash owned by a deconsolidated subsidiary)	6.8		6.8	15.1	+ 8.3
Net cash provided by operating activities	5.2		5.2	-3.1	- 8.3
Net cash used for investing activities	-8.6	-7.1	-1.6	-2.3	- 0.7
Net cash provided by financing activities	6.3	7.0	-0.7	-0.1	+ 0.6
Net increase (decrease) in period	2.9	-0.1	3.0	-5.4	- 8.4
Cash and cash equivalents at end of period	9.7	-0.1	9.8	9.6	- 0.2

\*Breakdown of effect of acquiring EI Division's business (increase of capital, purchase of business and cash owned by newly consolidated subsidiaries)

Payment for acquirement of EI Division's business (including shares of newly consolidated subsidiaries) -8.1

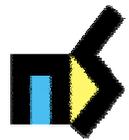
Cash owned by newly consolidated subsidiaries +1.0

Total net cash used for investing activities -7.1

Capital increase through shareholder allocation in Apr 2001 +7.0

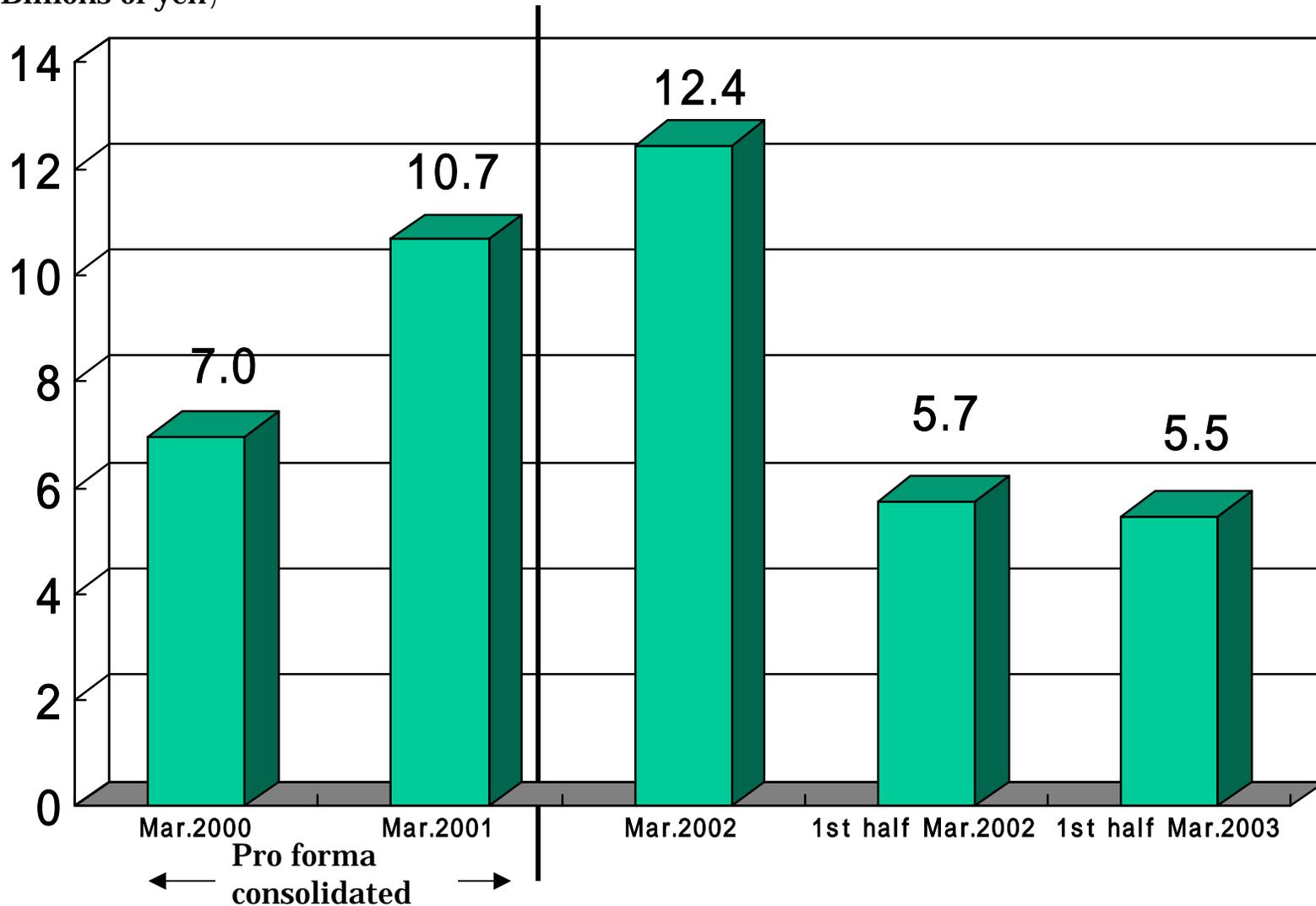
Total net cash provided by financing activities +7.0

# Trend of Recurring Profit (Consolidated)



NS Solutions

(Billions of yen)

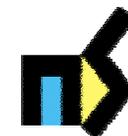


# **2. Financial Results Outlook for fiscal year ended March 2003**

**(From April 1, 2002 to March 31, 2003)**

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# Outlook Summary (Consolidated)



NS Solutions

(Billions of yen)

	Mar. 2002 Actual A	Mar. 2003 Outlook B	Change B-A <%>	Mar. 2003 Previous outlook C	Change B-C	Target model
Net sales	148.9	157.0	+ 8.1 <+ 5.4%>	157.0	+ 0.0	200.0
Recurring profit	12.4	12.6	+ 0.2 <+ 1.4%>	12.6	+ 0.0	
Net income	6.4	6.6	+ 0.2 <+ 2.8%>	6.6	+ 0.0	
Recurring profit margin	8.3%	8.0%	- 0.3%	8.0%	+ 0.0%	over10%
Recurring profit per employee (million yen per employee at end of period)*	3.0	3.0	- 0.0	3.0	+ 0.0	

\* The numbers set forth as "Recurring profit per employee" under "B" and "C" are calculated using the number of employees at end of Sep 2002.

# Outlook Summary (Non-consolidated)

(Billions of yen)

	Mar. 2002 Actual A	Mar. 2003 Outlook B	Change B-A <%>	Mar. 2003 Previous outlook C	Change B-C
<b>Net sales</b>	<b>131.7</b>	<b>142.0</b>	<b>+ 10.3</b> <+ 7.8%>	<b>142.0</b>	<b>+ 0.0</b>
<b>Recurring profit</b>	<b>10.0</b>	<b>10.5</b>	<b>+ 0.5</b> <+ 4.7%>	<b>10.5</b>	<b>+ 0.0</b>
<b>Net income</b>	<b>5.3</b>	<b>5.8</b>	<b>+ 0.5</b> <+ 9.5%>	<b>5.8</b>	<b>+ 0.0</b>

<b>Recurring profit margin</b>	<b>7.6%</b>	<b>7.4%</b>	<b>- 0.2%</b>	<b>0.1</b>	<b>+ 0.0%</b>
<b>Recurring profit per employee (million yen per employee at end of period)*</b>	<b>4.9</b>	<b>5.0</b>	<b>+ 0.1</b>	<b>5.0</b>	<b>+ 0.0</b>

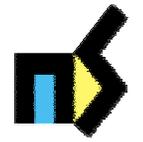
\* The numbers set forth as "Recurring profit per employee" under "B" and "C" are calculated using the number of employees at end of Sep 2002.

# Comments on Financial Results Outlook for fiscal year ended March 2002

(Billions of yen)

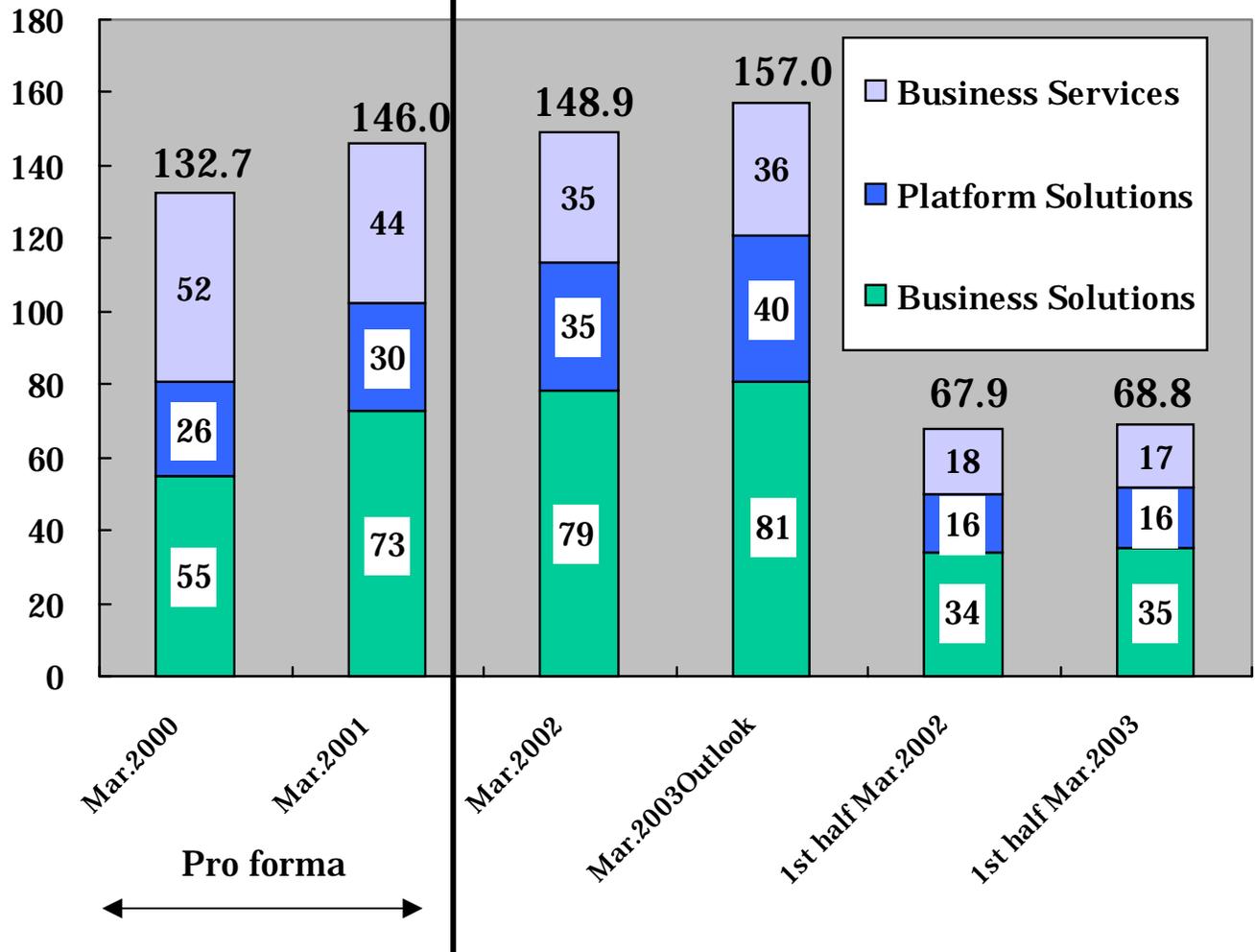
	Mar.2002 Actual A	Mar. 2003 Previous outlook	Mar. 2003 Outlook B	Change B-A
Net sales	148.9	157.0	157.0	+ 8.1
Recurring profit	12.4	12.6	12.6	+ 0.2
Net income	6.4	6.6	6.6	+ 0.2

- Business expansion mainly in the fields of Platform Solutions and Business Solutions and resource shift to high value-added business
- An increase in net sales and a small increase in profit compared to the previous fiscal year
- An increase in cost for listing on the Tokyo Stock Exchange, relocating to new office facilities, training employees shifted to high value-added business , and enhancing sales and technical capabilities



# Net Sales Trend by Business Line (Consolidated)

(Billions of yen)



(Billions of yen)

■ Divestiture of phone line reselling business (named E-net) in Sep. 2000

Mar.2000 16.3

Mar. 2001 7.3

Mar. 2002 0

■ Nippon Steel began to directly purchase their own hardware for work since Jul. 2001

Mar 2001 7.3

Mar 2002 1.3

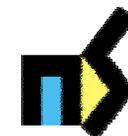
(Note) The above figures are categorized as Business Services.

# Balance Sheets (Consolidated)

(Billions of yen)

	Mar 2002 Actual	Mar 2003 Outlook	Change
Cash and bank deposits and deposited money	15.1	25.8	+ 10.7
<b>Current assets</b>	<b>52.5</b>	<b>67.6</b>	<b>+ 15.1</b>
<b>Non-current assets</b>	<b>12.7</b>	<b>14.9</b>	<b>+ 2.1</b>
<b>Total assets</b>	<b>65.2</b>	<b>82.4</b>	<b>+ 17.2</b>
Short-term loans	0.0	0.0	+ 0.0
<b>Current liabilities</b>	<b>33.1</b>	<b>31.7</b>	<b>- 1.5</b>
<b>Non-current liabilities</b>	<b>5.3</b>	<b>5.8</b>	<b>+ 0.6</b>
<b>Total liabilities</b>	<b>38.4</b>	<b>37.5</b>	<b>- 0.9</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>0.8</b>	<b>1.1</b>	<b>+ 0.2</b>
Common stock and additional paid-in capital	10.7	22.9	+ 12.2
Retained earnings and others	15.4	21.0	+ 5.6
<b>Total shareholders' equity</b>	<b>26.0</b>	<b>43.9</b>	<b>+ 17.9</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>65.2</b>	<b>82.4</b>	<b>+ 17.2</b>

# Cash Flows Statements (Consolidated)



NS Solutions

(Billions of yen)

	Mar. 2002		Mar. 2003 Outlook	Change	
	Effect of acquiring EI Division's business (increase of capital, purchase of business and cash owned by newly consolidated subsidiaries)	Net			
			A	B	B-A
Cash and cash equivalents at beginning of year (net of cash owned by a deconsolidated subsidiary)	6.8		6.8	15.1	+ 8.3
Net cash provided by operating activities	10.5		10.5	2.9	- 7.7
Net cash used for investing activities	-9.0	-7.1	-1.9	-3.5	- 1.5
Net cash provided by financing activities	6.8	7.0	-0.2	11.4	+ 11.6
Net increase (decrease) in period	8.3	-0.1	8.3	10.7	+ 2.4
Cash and cash equivalents at end of year	15.1	-0.1	15.2	25.8	+ 10.6