

NS Solutions Corporation

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Outline of Consolidated Business Results for the Third Quarter ended Dec. 31, 2003

Feb. 3, 2004

Contact(s):

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Outline of Consolidated Business Results for Nine Months ended Dec. 31, 2003

Consolidated sales

(Millions of yen, except percentages)

| | Nine Months ended Dec. 31, | | | Mar. 2003 |
|-------|----------------------------|--------|------------|-----------|
| | 2002 | 2003 | Difference | |
| Sales | 91,366 | 93,106 | 1.9% | 153,098 |

Our sales for the nine months ended Dec. 31, 2003 increased by ¥1,740 million from the sales for the corresponding period of the last year. In the first half of the last fiscal year, a large-scale system development project was posted to sales. The sales for the nine months of the current fiscal year increased slightly compared with the corresponding period of the last year in spite of an absence of such project.

Ref. Non-consolidated sales

(Millions of yen, except percentages)

| | Nine Months ended Dec. 31, | | | Mar. 2003 |
|-------|----------------------------|--------|------------|-----------|
| | 2002 | 2003 | Difference | |
| Sales | 81,515 | 83,517 | 2.5% | 137,857 |

Events that materially affected our financial conditions and operating results

None.

Outlook for the Fiscal Year ending March 31, 2004

Consolidated Business Results

(Millions of yen, except percentages)

| | Sales | Recurring Profit | Net Income |
|------------------|---------|------------------|------------|
| Current Outlook | 147,000 | 9,500 | 5,100 |
| Previous Outlook | 150,000 | 12,000 | 6,400 |
| Difference | 3,000 | 2,500 | 1,300 |
| (%) | (2.0%) | (20.8%) | (20.3%) |

Reference: Net income per share forecast (full-year) 191.79 yen

Ref. Non-consolidated Business Results

(Millions of yen, except percentages)

| | Sales | Recurring Profit | Net Income |
|-------------------------|--------------|-------------------------|-------------------|
| Current Outlook | 132,000 | 9,500 | 4,400 |
| Previous Outlook | 135,000 | 10,200 | 5,700 |
| Difference | 3,000 | 2,500 | 1,300 |
| (%) | (2.2%) | (24.5%) | (22.8%) |

Reference: Net income per share forecast (full-year) 165.38 yen

Taking recent our business performance and prospects into consideration, we revised downward our outlook for the fiscal year ending March 31, 2004, which had been disclosed on October 31, 2003, as follows:

As for sales outlook, we forecast a decrease of ¥3 billion compared with the previous outlook. This revision is required mainly for the following two reasons:

- stranded market demands in several sectors while the industrial sector shows steady,
- clients' deferred order placement by time-consuming lead time for examining TCO(Total Cost of Ownership) reduction and enhancing ROI-consciousness.

As for a profit outlook, the recurring profit is forecasted to decrease by ¥2.5 billion because of lowered gross margin resulted from harsh price competition and unprofitable projects, in addition to a decrease of gross profit as such sales volume decreased.

Accounting Procedure Differences with respect to Sales Recognition between the Quarters ended Dec. 31, 2002 and 2003 and the Fiscal Year ending March 31, 2003

None.

(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 be varied from the outlook figures by various factors in the future.



2004年3月期 第3四半期の概況 補足資料 NS Solutions

*Appendix of Business Results Outline for the Quarterly Period
Ended December 31, 2003*

2004年2月3日
February 3, 2004

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 the outline of the third quarter results in some cases.

1.連結業績概要 Outline of Consolidated Business Results

(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)

| ※3 | 2003/3 | | | | | 2004/3 | | | | |
|---------------------------------------|-----------|--------|--------|--------|---------|--------|--------|--------|----|-------|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total |
| 受注高 Amount of order acceptance | 32,213 | 44,302 | 30,653 | 46,676 | 153,844 | 30,847 | 40,783 | 30,452 | | |
| 業務ソリューション Business solutions | ※1 18,810 | 23,625 | 17,034 | 22,390 | 81,859 | 18,404 | 18,545 | 16,655 | | |
| 基盤ソリューション Platform solutions | 6,632 | 9,076 | 7,005 | 11,775 | 34,488 | 6,369 | 8,387 | 7,992 | | |
| ビジネスサービス Business services | 6,771 | 11,601 | 6,614 | 12,510 | 37,496 | 6,074 | 13,851 | 5,806 | | |
| 期末受注残高 Order backlog at end of period | 26,027 | 31,533 | 39,576 | 24,520 | 24,520 | 31,377 | 31,577 | 33,496 | | |
| 業務ソリューション Business solutions | 16,638 | 21,619 | 28,617 | 14,599 | 14,599 | 22,113 | 20,351 | 22,964 | | |
| 基盤ソリューション Platform solutions | 4,326 | 2,874 | 4,835 | 3,101 | 3,101 | 3,808 | 2,666 | 4,054 | | |
| ビジネスサービス Business services | 5,062 | 7,040 | 6,124 | 6,820 | 6,820 | 5,456 | 8,560 | 6,479 | | |
| 売上高 Net sales | 29,960 | 38,796 | 22,610 | 61,732 | 153,098 | 23,990 | 40,584 | 28,533 | | |
| 業務ソリューション Business solutions | ※1 16,673 | 18,645 | 10,036 | 36,408 | 81,761 | 10,891 | 20,308 | 14,041 | | |
| 基盤ソリューション Platform solutions | 5,909 | 10,529 | 5,044 | 13,509 | 34,990 | 5,661 | 9,529 | 6,604 | | |
| ビジネスサービス Business services | 7,379 | 9,623 | 7,530 | 11,815 | 36,347 | 7,438 | 10,747 | 7,888 | | |

※1 当該期に計上した大型開発案件を含む。This figure includes a large-scale system development project that was posted to the same period sales and order acceptance.

| ※3 | 2000/3 | 2001/3 | 2002/3 | 2003/3 | 2004/3 | 2004/3 | 2001/9 | 2002/9 | 2003/9 |
|---|--|--|-------------|-------------|--------------------------|---------------|-------------|-------------|-------------|
| | (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) | (前回見通し Previous Outlook) | (見通し Outlook) | (実績 Actual) | (実績 Actual) | (実績 Actual) |
| 受注高 Amount of order acceptance | | | 143,202 | 153,844 | | | 69,794 | 76,514 | 71,630 |
| 業務ソリューション Business solutions | | | 73,029 | 81,859 | | | 30,900 | 42,435 | 36,950 |
| 基盤ソリューション Platform solutions | | | 34,394 | 34,488 | | | 16,463 | 15,708 | 14,756 |
| ビジネスサービス Business services | | | 35,779 | 37,496 | | | 22,431 | 18,372 | 19,924 |
| 期末受注残高 Order backlog at end of period | | | ※2 23,775 | 24,520 | | | 28,478 | 31,533 | 31,577 |
| 業務ソリューション Business solutions | | | 14,501 | 14,599 | | | 17,209 | 21,619 | 20,351 |
| 基盤ソリューション Platform solutions | | | 3,603 | 3,101 | | | 2,180 | 2,874 | 2,666 |
| ビジネスサービス Business services | | | 5,670 | 6,820 | | | 9,089 | 7,040 | 8,560 |
| 売上高 Net sales | 132,683 | 145,952 | 148,922 | 153,098 | 150,000 | 147,000 | 67,902 | 68,756 | 64,574 |
| 業務ソリューション Business solutions | 55,048 | 72,558 | 78,534 | 81,761 | 79,000 | — | 33,778 | 35,317 | 31,199 |
| 基盤ソリューション Platform solutions | 25,459 | 29,824 | 35,169 | 34,990 | 34,000 | — | 16,369 | 16,437 | 15,191 |
| ビジネスサービス Business services | 52,176 | 43,570 | 35,219 | 36,347 | 37,000 | — | 17,755 | 17,002 | 18,184 |
| 売上総利益 Gross profit | 24,184 | 31,770 | 29,719 | 30,332 | 30,200 | — | 13,803 | 14,585 | 12,635 |
| 販売費及び一般管理費 Selling, general and administrative expenses | 16,661 | 20,703 | 17,240 | 18,235 | 18,300 | — | 8,058 | 9,142 | 8,976 |
| 営業利益 Operating income | 7,523 | 11,067 | 12,479 | 12,097 | 11,900 | 9,400 | 5,745 | 5,443 | 3,659 |
| 経常利益 Recurring profit | 6,948 | 10,669 | 12,422 | 12,086 | 12,000 | 9,500 | 5,736 | 5,454 | 3,691 |
| 当期純利益 Net income | 3,425 | 5,827 | 6,422 | 6,247 | 6,400 | 5,100 | 2,915 | 2,718 | 1,935 |
| 売上高営業利益率(%) Operating income margin (%) | 5.7% | 7.6% | 8.4% | 7.9% | 7.9% | 6.4% | 8.5% | 7.9% | 5.7% |

※2 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.

※3 サービス区別の数値は個別プロジェクト単位で分類した旧区分に基づいている。Sales, order acceptance and order backlog by our business line are categorized on a project-by-project basis as in the past.

巻末の開示事項をご覧ください。 Please see the important disclosures at the end of this material.

2.単独業績概要 Outline of Non-consolidated Business Results

(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)

| ※3 | 2003/3 | | | | | 2004/3 | | | | |
|---------------------------------------|-----------|--------|--------|--------|---------|--------|--------|--------|----|-------|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total |
| 受注高 Amount of order acceptance | 29,961 | 39,256 | 28,156 | 41,549 | 138,922 | 28,888 | 36,605 | 27,638 | | |
| 業務ソリューション Business solutions | ※1 17,029 | 19,581 | 15,100 | 19,567 | 71,277 | 16,843 | 15,121 | 14,525 | | |
| 基盤ソリューション Platform solutions | 6,395 | 8,532 | 6,523 | 9,915 | 31,365 | 6,197 | 7,812 | 7,490 | | |
| ビジネスサービス Business services | 6,537 | 11,143 | 6,533 | 12,067 | 36,280 | 5,848 | 13,672 | 5,622 | | |
| 期末受注残高 Order backlog at end of period | 22,845 | 27,660 | 36,068 | 21,275 | 21,275 | 28,789 | 29,112 | 30,889 | | |
| 業務ソリューション Business solutions | 14,356 | 18,450 | 25,545 | 12,454 | 12,454 | 20,409 | 18,402 | 20,924 | | |
| 基盤ソリューション Platform solutions | 3,427 | 2,170 | 4,399 | 2,001 | 2,001 | 2,924 | 2,150 | 3,487 | | |
| ビジネスサービス Business services | 5,062 | 7,040 | 6,124 | 6,820 | 6,820 | 5,456 | 8,560 | 6,479 | | |
| 売上高 Net sales | 27,325 | 34,442 | 19,748 | 56,342 | 137,857 | 21,375 | 36,281 | 25,861 | | |
| 業務ソリューション Business solutions | ※1 15,033 | 15,487 | 8,005 | 32,658 | 71,183 | 8,888 | 17,128 | 12,004 | | |
| 基盤ソリューション Platform solutions | 5,148 | 9,789 | 4,294 | 12,313 | 31,544 | 5,274 | 8,586 | 6,154 | | |
| ビジネスサービス Business services | 7,145 | 9,166 | 7,449 | 11,371 | 35,130 | 7,212 | 10,568 | 7,703 | | |

※1 当該期に計上した大型開発案件を含む。This figure includes a large-scale system development project that was posted to the same period sales and order acceptance.

| ※3 | 2002/3 | 2003/3 | 2004/3 | 2004/3 | 2001/9 | 2002/9 | 2003/9 |
|---|-------------|-------------|--------------------------|---------------|-------------|-------------|-------------|
| | (実績 Actual) | (実績 Actual) | (前回見直し Previous Outlook) | (見直し Outlook) | (実績 Actual) | (実績 Actual) | (実績 Actual) |
| 受注高 Amount of order acceptance | 127,671 | 138,922 | | | 62,072 | 69,217 | 65,493 |
| 業務ソリューション Business solutions | 62,304 | 71,277 | | | 26,253 | 36,610 | 31,964 |
| 基盤ソリューション Platform solutions | 31,422 | 31,365 | | | 15,027 | 14,927 | 14,009 |
| ビジネスサービス Business services | 33,945 | 36,280 | | | 20,792 | 17,680 | 19,520 |
| 期末受注残高 Order backlog at end of period | 20,210 | 21,275 | | | 27,789 | 27,660 | 29,112 |
| 業務ソリューション Business solutions | 12,360 | 12,454 | | | 16,520 | 18,450 | 18,402 |
| 基盤ソリューション Platform solutions | 2,180 | 2,001 | | | 2,180 | 2,170 | 2,150 |
| ビジネスサービス Business services | 5,670 | 6,820 | | | 9,089 | 7,040 | 8,560 |
| 売上高 Net sales | 131,680 | 137,857 | 135,000 | 132,000 | 58,503 | 61,767 | 57,656 |
| 業務ソリューション Business solutions | 66,099 | 71,183 | 68,000 | — | 26,656 | 30,520 | 26,016 |
| 基盤ソリューション Platform solutions | 32,197 | 31,544 | 31,000 | — | 14,958 | 14,937 | 13,860 |
| ビジネスサービス Business services | 33,384 | 35,130 | 36,000 | — | 16,889 | 16,310 | 17,780 |
| 売上総利益 Gross profit | 24,469 | 25,234 | 25,700 | — | 11,416 | 12,119 | 10,433 |
| 販売費及び一般管理費 Selling, general and administrative expenses | 14,365 | 15,525 | 15,700 | — | 6,675 | 7,581 | 7,635 |
| 営業利益 Operating income | 10,104 | 9,709 | 10,000 | 7,500 | 4,741 | 4,538 | 2,798 |
| 経常利益 Recurring profit | 10,031 | 9,886 | 10,200 | 7,700 | 4,743 | 4,774 | 3,041 |
| 当期純利益 Net income | 5,297 | 5,331 | 5,700 | 4,400 | 2,486 | 2,529 | 1,747 |
| 売上高営業利益率(%) Operating income margin (%) | 7.7% | 7.0% | 7.4% | 5.7% | 8.1% | 7.3% | 4.9% |
| 売上高売上総利益率(%) Gross profit margin (%) | 18.6% | 18.3% | 19.0% | — | 19.5% | 19.6% | 18.1% |
| 業務ソリューション Business solutions | — | 19.0% | 20.1% | — | — | 21.2% | 18.4% |
| 基盤ソリューション Platform solutions | — | 21.0% | 20.3% | — | — | 22.3% | 19.8% |
| ビジネスサービス Business services | — | 14.5% | 15.7% | — | — | 14.2% | 16.3% |
| 一株当たり配当金(円) Cash dividends per share (yen) | 29.16 | 35.00 | 35.00 | 35.00 | 10.41 | 15.00 | 17.50 |

※2 株式分割を考慮し遡及修正後の数値 These figures have been retroactively revised to reflect stock splits.

※3 サービス区別の数値は個別プロジェクト単位で分類した旧区分に基づいている。Sales, order acceptance and order backlog by our business line are categorized on a project-by-project basis as in the past.

巻末の開示事項をご覧ください。 Please see the important disclosures at the end of this material.

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.



Business Results Outlook for the Fiscal Year ending Mar. 31, 2004

Shigeru Suzuki
Representative Director and President

Feb. 3, 2004

Consolidated Business Results Outlook for the Fiscal Year ending Mar. 31, 2004 Compared with the last year



NS Solutions

(Billions of yen, except percentages)

| | Mar. 2003 | Mar. 2004 | Change | |
|------------------|-----------|---------------------------|--------|-------|
| | Actual | Outlook (Feb. 3, 2004) | Amount | % |
| Net sales | 153.1 | 147.0 | 6.1 | 4.0% |
| Recurring profit | 12.1 | 9.5 | 2.6 | 21.5% |
| Net income | 6.2 | 5.1 | 1.1 | 17.7% |

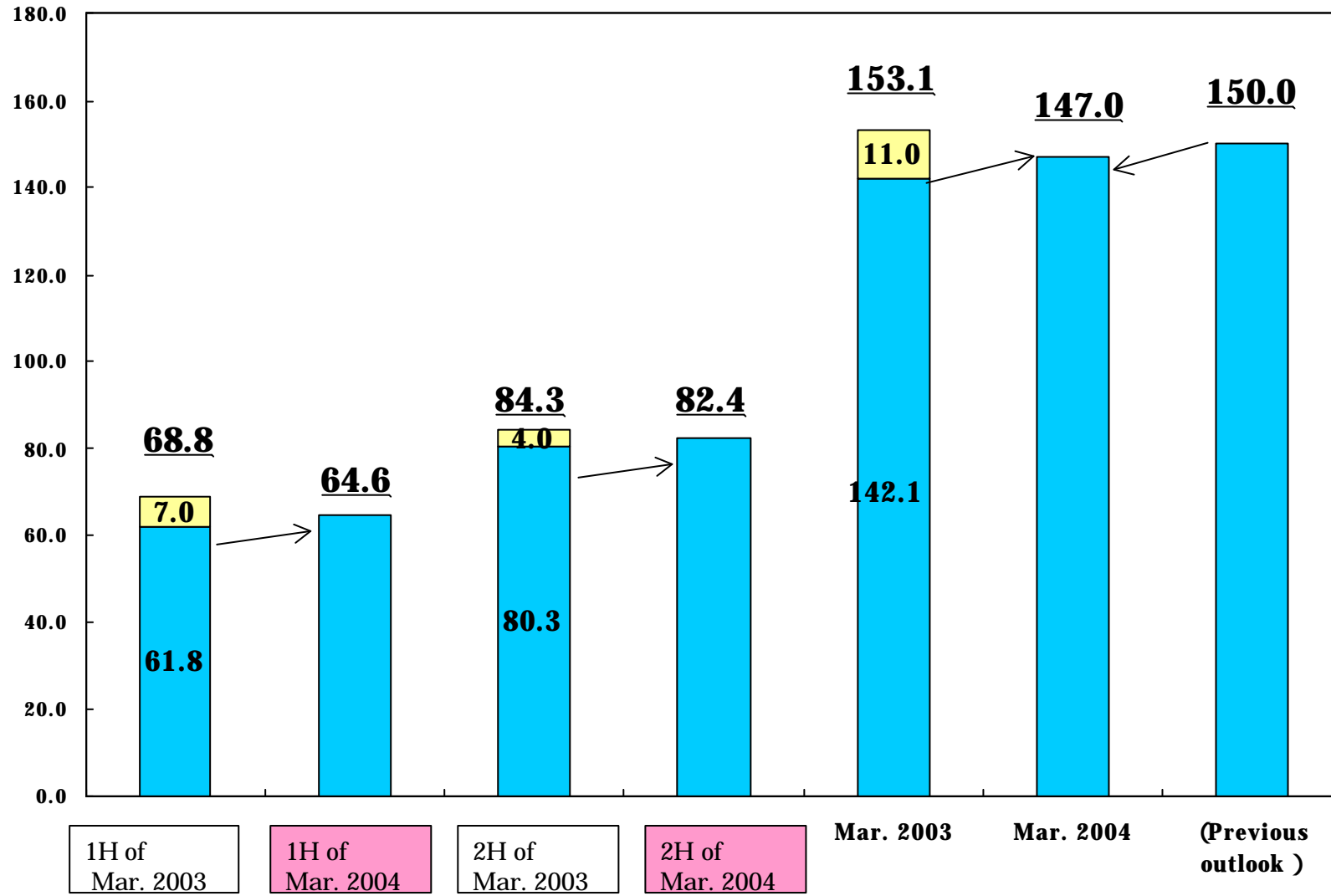
Sales Outlook for the Fiscal Year ending Mar. 31, 2004

Compared with the last year and previous outlook



NS Solutions

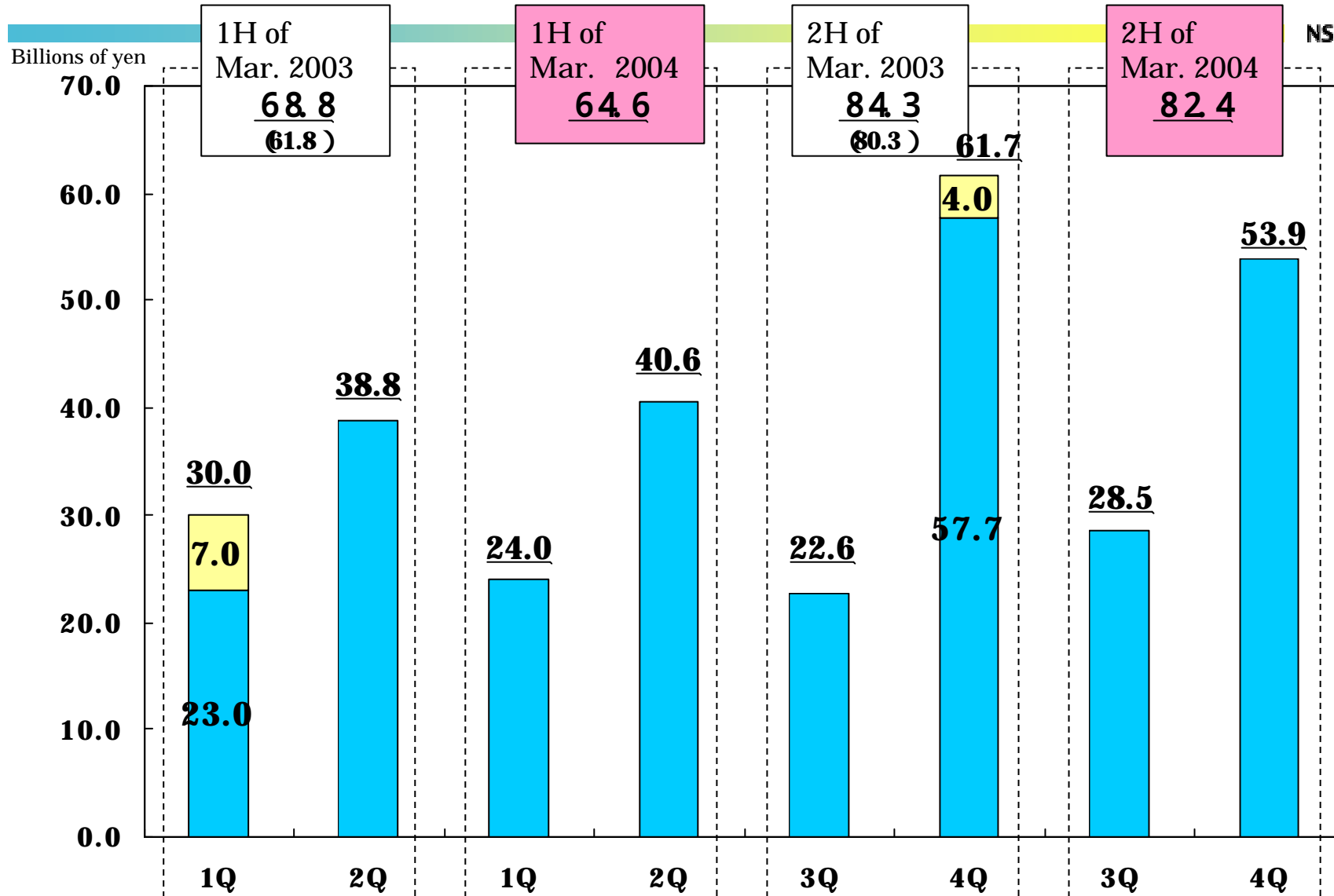
Billions of yen



Sales Outlook for the Fiscal Year ending Mar. 31, 2004(Quarterly)



NS Solutions



Consolidated Business Results Outlook for the Fiscal Year ending Mar. 31, 2004 Compared with previous outlook



NS Solutions

(Billions of yen , except percentages)

| | Previous Outlook (Oct .30 ,2003) | Outlook (Feb .3 ,2004) | Changes | |
|------------------|-------------------------------------|---------------------------|------------|--------------|
| | | | Amount | % |
| Net sales | 150.0 | 147.0 | 3.0 | 2.0% |
| Recurring profit | 12.0 | 9.5 | 2.5 | 20.8% |
| Net income | 6.4 | 5.1 | 1.3 | 20.3% |

Reason for sales decrease

<Business solutions>

- Fiercer competition and prolonged lead time required for order acceptance due to customers' strict ROI evaluation
- Some projects slipped.

<Platform solutions>

- Weak demand for software and hardware products

Consolidated Business Results Outlook for the Fiscal Year ending Mar. 31, 2004 Compared with the last year



NS Solutions

(Billions of yen, except percentages)

| | Mar. 2003 | Mar. 2004 | Change | |
|------------------|-----------|---------------------------|--------|-------|
| | Actual | Outlook (Feb. 3, 2004) | Amount | % |
| Net sales | 153.1 | 147.0 | 6.1 | 4.0% |
| Recurring profit | 12.1 | 9.5 | 2.6 | 21.5% |
| Net income | 6.2 | 5.1 | 1.1 | 17.7% |

Consolidated Business Results Outlook for the Fiscal Year ending Mar. 31, 2004 Compared with previous outlook



NS Solutions

(Billions of yen ,except percentages)

| | Previous Outlook (Oct .30 ,2003) | Outlook (Feb .3 ,2004) | Change | |
|------------------|-------------------------------------|---------------------------|--------|-------|
| | | | Amount | % |
| Net sales | 150.0 | 147.0 | 3.0 | 2.0% |
| Recurring profit | 12.0 | 9.5 | 2.5 | 20.8% |
| Net income | 6.4 | 5.1 | 1.3 | 20.3% |

Reason for profit decrease outlook

- Gross profit will decline in proportion to sales volume decrease.
- Business solutions gross profit margin will go down ;
 - Price down due to fiercer competition environment and declining operating ratio because of prolonged lead time required for order acceptance, etc
 - Unprofitable projects occurred



. **Improve order acceptance capabilities**

1. Business growth based on three key drivers; deploying new solutions, penetrating major accounts and focusing on system life cycle solutions
2. Expand legacy system reengineering services
3. Expand recurring businesses

. **Increase profitability**

1. Establish a cost-competitive system development scheme
2. Strengthen project risk control capability by enhancing PMO (Project Management Office) activities
3. Refine subcontracting schemes



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.