



# Financial Information Meeting for Fiscal Year 2005

(Year ended March 31, 2006)

2006.04.28

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.

# FY2005 Consolidated Results Highlights

(Billions of yen)

	<b>FY04</b> <b>(Actual)</b> <b>A</b>	<b>FY05</b> <b>(Actual)</b> <b>B</b>	<b>Change</b> <b>B-A</b>	<b>FY05</b> <b>(Previous outlook)</b> <b>C</b>	<b>Change</b> <b>B-C</b>
<b>Sales</b>	146.5	148.3	+ 1.8	150.0	- 1.7
Business solutions	81.9	84.0	+ 2.1	84.5	- 0.5
Platform solutions	25.7	24.2	- 1.5	26.0	- 1.8
Business services	38.9	40.1	+ 1.2	39.5	+ 0.6
<b>Gross profit</b>	29.5	30.5	+ 1.0	30.5	+ 0.0
<Gross profit margin>	<20.1%>	<20.6%>	<0.5%>	<20.3%>	<0.3%>
<b>SG&amp;A</b>	17.8	18.4	- 0.6	18.7	+ 0.3
<b>Operating income</b>	11.7	12.1	+ 0.4	11.8	+ 0.3
<b>Recurring profit</b>	11.8	12.4	+ 0.6	12.0	+ 0.4
<b>Net income</b>	6.6	7.5	+ 0.9	7.2	+ 0.3

# FY2005 Sales by Business Line / Customer Industry



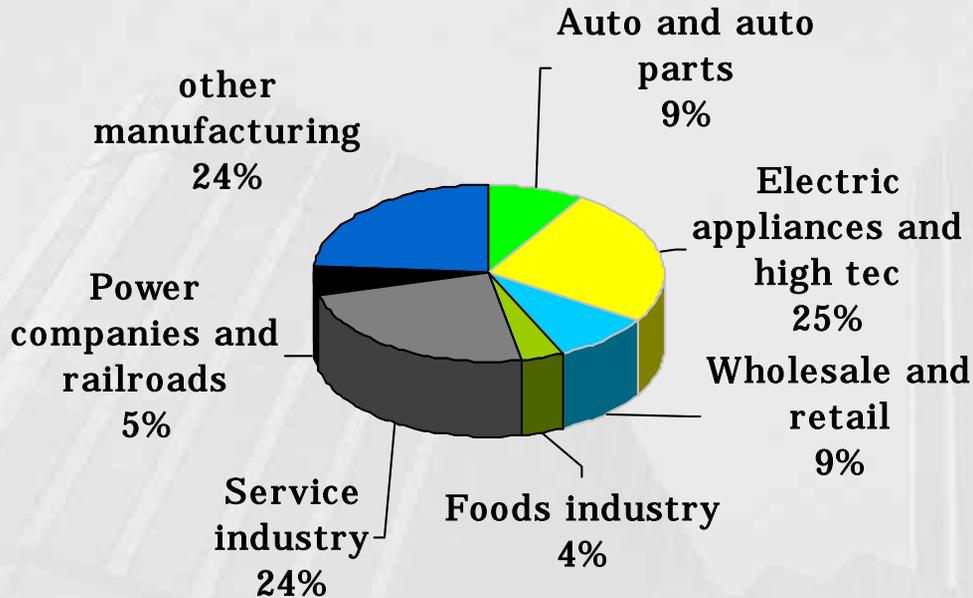
(Billions of yen)

Business line/ Customer industry	FY04 (Actual) A	FY05 (Actual) B	Change B-A	Comment
<b>Business solutions</b>	70.6	72.0	+ 1.4	
Manufacturing, distribution and service industries	32.8	36.6	+ 3.8	Increase in system development from scratch for large manufacturers
Financial services	19.4	19.6	+ 0.2	Mainly mega banks set a firm trend
Government, public organizations and others	18.4	15.8	- 2.6	Decrease in sales to central government
<b>Platform solutions</b>	23.2	21.5	- 1.7	Product sales decreased
<b>Business services</b>	38.1	39.6	+ 1.5	Increase in sales to Nippon Steel Group companies
<b>Non-consolidated sales</b>	131.9	133.1	+ 1.2	
<b>Subsidiaries, net</b>	14.6	15.2	+ 0.6	
<b>Consolidated sales</b>	146.5	148.3	+ 1.8	

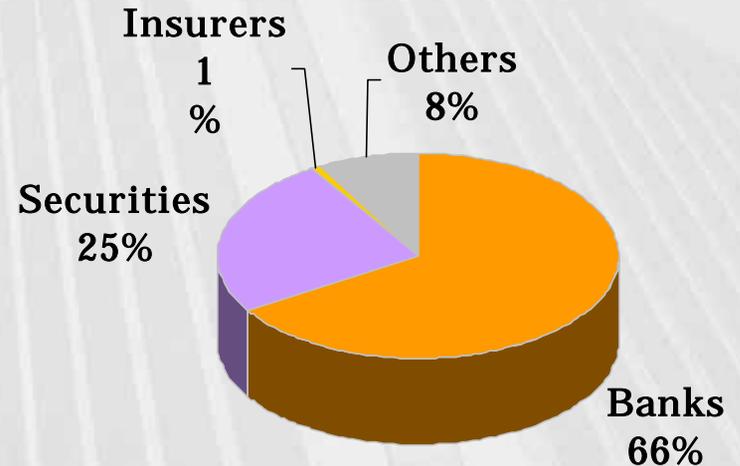
# FY05 Breakdown of Sales to Manufacturing, Distribution and Service Industries, and Financial Services



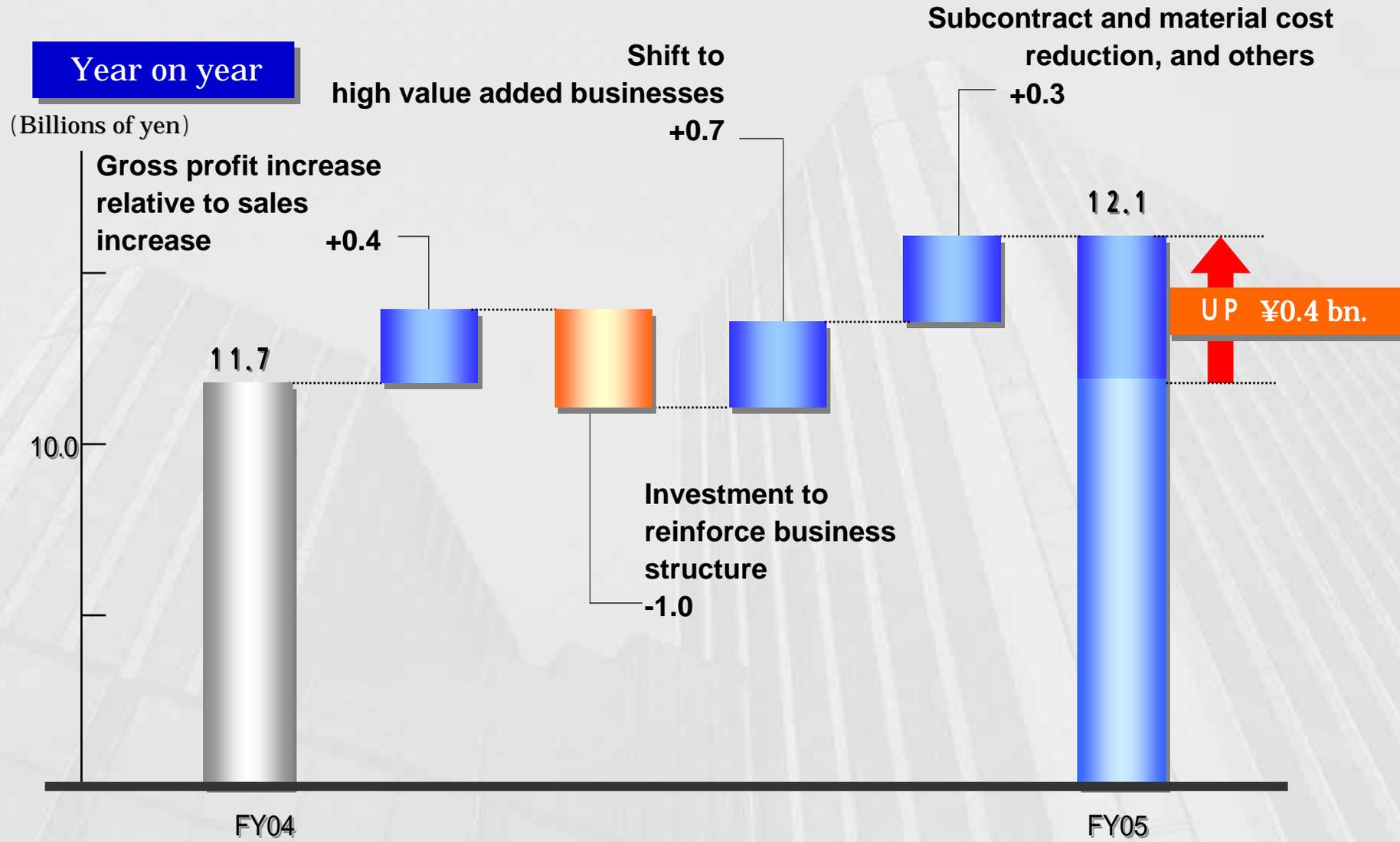
## Manufacturing, distribution and service industries



## Financial Services



# FY2005 Consolidated Operating Income Breakdown



# Outlook for FY2006 Consolidated Results

(Billions of yen)

	FY05 (Actual) A	FY06 (Outlook) B	Change B-A
<b>Sales</b>	148.3	152.0	+ 3.7
Business solutions	84.0	86.5	+ 2.5
Platform solutions	24.2	24.5	+ 0.3
Business services	40.1	41.0	+ 0.9
<b>Gross profit</b>	30.5	31.4	+ 0.9
<Gross profit margin>	<20.6%>	<20.7%>	<0.1%>
<b>SG&amp;A</b>	18.4	19.0	- 0.6
<b>Operating income</b>	12.1	12.4	+ 0.3
<b>Recurring profit</b>	12.4	12.5	+ 0.1
<b>Net income</b>	7.5	7.0	- 0.5

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

Business line/ Customer industry	Market trend	Market direction
<b>Business solutions</b>		
Manufacturing, distribution and service industries	<ul style="list-style-type: none"> <li>· Clients have strong will for IT investment in system renewal, logistics, CRM, PLM and so on.</li> </ul>	
Financial services	<ul style="list-style-type: none"> <li>· Mainly mega banks have started to expand strategic IT investment</li> </ul>	
Government and public organizations	<ul style="list-style-type: none"> <li>· Movement for reforming government's procurement system. Intensifying price competition.</li> </ul>	
<b>Platform solutions</b>	<ul style="list-style-type: none"> <li>· Movement for IT infrastructure improvement and integration under broadbandization</li> <li>· Enhancing security</li> </ul>	<b>Engineering</b> <b>Product sales</b>
<b>Platform solutions</b>	<ul style="list-style-type: none"> <li>· Market for data center service is expanding</li> <li>· Needs for various utility services</li> </ul>	

CRM: Customer Relationship Management, PLM: Product Lifecycle Management

# Outlook for FY06 Sales by Business Line / Customer Industry



(Billions of yen)

Business line/ Customer industry	FY05 (Actual) A	FY06 (Outlook) B	Change B-A	Comment
<b>Business solutions</b>	72.0	73.5	+ 1.5	Growth mainly in manufacturing and finance industries
Manufacturing, distribution and service industries	36.6	37.5	+ 0.9	
Financial services	19.6	20.0	+ 0.4	
Government, public organizations and others	15.8	16.0	+ 0.2	
<b>Platform solutions</b>	21.5	22.0	+ 0.5	Increase in engineering and product maintenance businesses
<b>Business services</b>	39.6	40.5	+ 0.9	Growth in non-Nippon Steel businesses
<b>Non-consolidated sales</b>	133.1	136.0	+ 2.9	
<b>Subsidiaries, net</b>	15.2	16.0	+ 0.8	
<b>Consolidated sales</b>	148.3	152.0	+ 3.7	



# Outlook for FY2006 Semiannual Consolidated Results



NS Solutions

(Billions of yen)

	FY05 (Actual)		FY06 (Outlook)		Change	
	1H	2H	1H	2H	1H	2H
	A	B	C	D	C - A	D - B
<b>Sales</b>	64.8	83.5	66.0	86.0	+ 1.2	+ 2.5
Business solutions	33.6	50.4	33.5	53.0	- 0.1	+ 2.6
Platform solutions	12.3	11.9	12.5	12.0	+ 0.2	+ 0.1
Business services	18.9	21.2	20.0	21.0	+ 1.1	- 0.2
<b>Gross profit</b>	13.4	17.1	13.5	17.9	+ 0.1	+ 0.8
<Gross profit margin>	<20.7%>	<20.5%>	<20.5%>	<20.8%>	<- 0.2%>	<+ 0.3%>
<b>SG&amp;A</b>	8.8	9.6	9.1	9.9	- 0.3	- 0.3
<b>Operating income</b>	4.6	7.5	4.4	8.0	- 0.2	+ 0.5
<b>Recurring profit</b>	4.8	7.6	4.5	8.0	- 0.3	+ 0.4
<b>Net income</b>	2.7	4.8	2.5	4.5	- 0.2	- 0.3
<b>Order backlog at beginning of period</b>	35.5	45.4	38.0	—	+ 2.5	—

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.**



- **Above programs have developed as planned at the beginning of FY05.**
- **We've invested ¥1.0 bn. to reinforce our business structure.**

ARM : Account Relationship Management

SLC-T : System Life Cycle Total Solution

## Structural reform of clients and projects

### Background

Market expands, but the limit of our human resources.

- Projects are growing in size
- Products' margins are getting lower
- A larger number of clients



### Policy

- Selection and concentration of industries and clients
- Shift to large-scale and high value added businesses
- Shift from selling products to engineering and maintaining products

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

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2. **Strengthening sales efforts**

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3. **Incubating and enlarging service businesses**

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4. **Carrying forward business continuity management**

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5. **Going ahead with management of subcontractors**

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# Enhancing Technical Capabilities to Develop Systems in an Organized Way

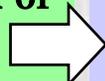
2006/3

2007/3

## 1. Setting the standard of system development

**Setting the standard of SLC <sup>1</sup>**

- Development process
- Task
- Deliverable



- Spreading internally
- Establishing internally
- Continue to improve system development process

**Setting the standard of IT infrastructure engineering and system operation**

## 2. Sharing know-how internally

D-PMO Liaison Conference <sup>2</sup>  
Institution of technical advisory

- Case study and technical information exchange
- Role sharing between NS Solutions, its subsidiaries and partner firms

## 3. Realizing the concept of modern software factory

- Doing R&D

- Trying pilot projects

- Tools for Project management
- Tools for auto-generation
- Environment for dispersed development

1 SLC: System Life Cycle, 2 D-PMO: Division-Project Management Office

2006/3

**Introducing sales processes by using Sales Force Automation**

2007 /3

- **Establishing sales process**
- **Assembling database for sales promotion knowledge**
- **Developing education program for sales promotion**
- **Improving consulting methodology**

## Expanding data center service menu

- New data center started operations
- Disaster recovery service to start

## Incubating and enlarging professional network services

- Developing various utility services
- Security services and network performance evaluating services

## Establishing the operating base of NSSLC Service Corp.

We go ahead with BCM, as preparing master plan and constructing cooperative framework between business unit, subsidiaries and headquarters.

## Risk management for reliability of financial reporting

- Assessing design and implementation of internal control
- Standardizing business processes

## Risk management for information asset security

- Improving security measures
- Enhancing PDCA system

## Risk management for disaster

- Making up business continuity plan for disaster
- Setting up disaster recovery sites

## Promoting BCM solutions for clients

## Tightening compliance control

- Following Act Against Delay in Payment of Subcontract Proceeds, etc. and Worker Dispatch Law

## Management system for subcontractors

- ID system and visitor's pass management

## E-learning

## (1) Workplace environment and motivation

We prohibited late-night overtime (22:00-5:00) and holiday work

We recommend our staff members to take a nine straight day vacation

## (2) Organization and equipment

We've set up Business Continuity Management Group in October 2005

We've improved new data center facilities (started operations in January 2006)

## (3) Alliances

Electronic publication (Takara Printing Co., Ltd. and Teikoku Databank, Ltd.)

Responding to J-SOX Law (Protivity Japan Co., Ltd.)

Expanding business in China (Shanghai Baosight Software Co., Ltd.)

Network performance evaluating solution (Shunra Software Ltd.)

# Policy on Profit Sharing

- ◇ We provide stable dividends to shareholders and maintain internal reserve for expanding business activities in the future, etc.
- ◇ Sales and profit increased year on year.
- ◇ Distributing profits among shareholders



We plan to increase an annual per-share dividend.

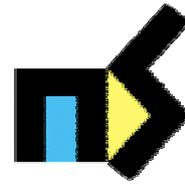
**2006/3**  
¥25.00 per share



**2007/3**  
¥35.00 per share



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



**NS Solutions**

# Business Results and Outlook

(April 1, 2005 through March 31, 2006)

May 17, 2006

## NS Solutions Corp.

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In this material, where information is presented in millions of yen or percentages, these amounts have been rounded down. Accordingly, these amounts may differ from figures included in financial statements in some cases.

## 1. Business Policies

### *(1) Our Basic Business Policies*

NS Solutions Corporation adopts the following corporate philosophy in order to play a leading role in Japan's information service industry, achieve sustainable business expansion and high profitability, and contribute to creating a better society.

#### Creation, Reliability and Growth

As a professional IT firm, NS Solutions focuses on creating real value to establish mutual trust with our customers, achieve mutual business growth and contribute to progress in our society.

To this end, NS Solutions has four basic business policies, as follows:

To expand our business, we design creative solutions and selectively allocate more business resources to markets that have significant potential demand for IT solutions.

We integrate our sales and manufacturing functions into a single business unit for these target markets and devise the most appropriate business model for each business unit in order to differentiate ourselves and to achieve high profitability.

We seek to improve customer confidence in our company and strengthen our use of state-of-the-art technology because our competitive edge stems from these two factors.

We focus on our three core businesses (i.e. Business Solutions, Platform Solutions and Business Services) in order to provide a comprehensive service ranging from consulting, design, development and implementation of solutions to maintenance.

### *(2) Basic Policy on Profit Sharing*

The Company recognizes the importance of enhancing our competitiveness and boosting our corporate value for shareholders. In terms of profit sharing, we basically intend to provide fair and stable dividends to shareholders and to maintain a sufficient internal reserve for expanding our business activities and generating appropriate profit in the future.

In the fiscal year ended March 31, 2006, we will provide a ¥12.50 term-end dividend per share, as initially scheduled. As we have already provided a ¥12.50 mid-term dividend per share, the annual total dividend per share will be ¥25.00. This means the dividend will increase by ¥7.50 on an annual basis, compared with the fiscal year ended March 31, 2005.

In terms of the dividend for the fiscal year ending March 31, 2007, considering the outlook for our financial position and level of profitability and with the view to return profits to our shareholders, we plan to increase the dividend by ¥10.00 per share on an annual basis to provide a dividend of ¥35.00 per share.

In order to combat fierce competition and provide high-quality solutions and services in a timely manner, we plan to spend our internal reserve on strategic investments, such as expanding our solutions

menu, launching service businesses, obtaining advanced information technologies and fostering human resources. We also intend to step up our implementation of our business strategies, including forming alliances with other firms.

### ***(3) Medium- to long-term business strategies and targeted management indices***

Business enterprises are now facing totally new environments, mainly due to the following two factors: business strategies have become closely connected with IT strategies and a better IT strategy is essential for corporate survival. To ensure that their systems flexibly and efficiently address corporate business strategy, the business community now has an obvious need to redesign and restructure their existing systems. As it becomes necessary to enhance internal controls and address large-scale disasters or information leaks, the business community will develop a stronger need for new systems that will provide IT governance, protect information assets and address disaster recovery in a proper manner.

In this context, we intend to position ourselves as a trusted IT partner for our customers by understanding their needs, offering professional IT solutions, and by providing on-demand, business process outsourcing and system integration services, which would cover the design, development, operation and maintenance of IT systems.

From this managerial perspective, the Company will actively push ahead with business structure reforms, such as selectively allocating business resources to growing sectors where customer need is greatest, planning advanced solutions and creating a new business model. By differentiating ourselves from our competitors and obtaining the confidence of our customers, the Company intends to gain a competitive advantage, achieve sustainable business expansion and improve profitability.

### ***(4) Our challenges***

#### **Fostering IT services**

The broadband era has now become a reality. The Company recognizes this trend and has been making an effort to provide an improved service menu.

In April 2006, the Company set up a new unit that is exclusively in charge of planning and promoting IT services. We will implement a next-generation data center initiative by establishing a new data center and providing better services for evaluating network security. Through these efforts, the Company intends to foster new innovative, unique IT services, thereby providing an improved service menu.

For example, the Company launched new investigative services for statutory electronic announcements in April 2006.

#### **Pushing ahead with BCM (Business Continuity Management)**

As lawmakers have recently implemented new corporate laws and amended the Securities Exchange Law, the business community has developed a stronger need to enhance their corporate internal controls. Since the Personal Information Protection Law became fully effective in April 2005, Japanese society has been paying increasing attention to protecting information assets. In this context,

it is increasingly important for business enterprises to establish effective information security procedures as soon as possible. To continue to operate their businesses effectively, the business community needs to pay more attention to disaster recovery and disaster prevention.

Aiming to improve our ability to deal with these risks, we set up a new unit last October, the BCM Promotion Office, which will systematically work on these challenges. We will increase our efforts to achieve this goal and intend to provide new commercial solutions and services by ensuring proper employment of such efforts.

**(5) Matters concerning the parent company**

Trade name of the parent company			
Parent company, etc.	Type	Percentage of voting shares owned by the parent company (%)	Stock exchange on which the shares issued by the parent company are listed
Nippon Steel Corporation	Parent company	72.2%	Tokyo Stock Exchange First Section Osaka Stock Exchange First Section Nagoya Stock Exchange First Section Fukuoka Stock Exchange Sapporo Stock Exchange

NS Solutions' status in the parent company's corporate group and the relationship between NS Solutions and the parent company

- 1) NS Solutions' status in the parent company's corporate group and its business/human/capital relationships with the parent company and other companies in its group

Nippon Steel Corporation is our parent firm and owns 72.2% of our voting shares. Nippon Steel Corporation intends to implement and enhance its management structure through consolidation. It has designated six core business segments (steelmaking, engineering, urban development, chemicals, new materials, and system solutions) and has announced that the corporation will operate these businesses independently and collaterally, and will reorganize its business structure to achieve self-sustaining development of these business activities. In this context, NS Solutions plays an important role as a core business in the Nippon Steel Corporation's system solutions sector.

As Nippon Steel Corporation exclusively commissions NS Solutions to plan, design, develop, operate and maintain its information systems, NS Solutions contributes to streamlining Nippon Steel's production process, physical distribution, sales and procurement processes, and to enhancing its competitiveness. We intend to maintain this business relationship with Nippon Steel Corporation.

A director of Nippon Steel Corporation serves as our outside board member. Our subsidiaries have accepted 197 seconded staff from Nippon Steel Corporation.

- 2) Business constraints, risks and advantages due to our membership in the parent company's corporate group and impacts on our business operations resulting from our business/human/capital relationships with the parent company and other companies in its group

As a subsidiary of Nippon Steel Corporation, our trade name is associated with the Nippon Steel Corporation's brand. We provide our services as a system integrator trusted by society.

We maintain a stable business relationship with Nippon Steel Corporation. On a consolidated basis, sales to our largest customer, Nippon Steel Corporation, stand at ¥21,390 million (14.4% of total sales). In addition, as the exclusive provider of Nippon Steel Corporation's information systems, we have gained professional expertise and specialized knowledge of advanced IT systems. This factor helps us to differentiate ourselves in the manufacturing industry. We decide on reasonable trade terms and conditions with Nippon Steel Corporation, paying careful attention to market prices as well as trade terms with other customers.

Nippon Steel Corporation owns 72.2% of our voting shares (as of March 31, 2006). If the shareholding ratio of our major shareholders increases in future, NS Solutions may no longer qualify to be listed on the Tokyo Stock Exchange (i.e. if the major shareholders' ratio reaches 75%).

Business relationships with the parent company

For more information on our debtor-creditor relationship with the parent company or its corporate group, please see section "5. Financial Position, (2) Cash Flows."

***(6) Other Important Management Matters***

None.

## 2. Operating Results

### *(1) Trends in the Japanese economy and information services industry*

In the fiscal year ended March 31, 2006, the Japanese economy saw steady growth, backed by improved corporate profits and increased capacity investments in the private sector.

Our customers are still finding it necessary to improve the ROI (Return on Investment) and reduce the TCO (Total Cost Ownership) of their IT investments but they are making active IT-related investments, such as integrating/improving their mission-critical systems in marketing/production/distribution tasks, integrating IT systems in the financial sector and addressing information security. Overall, sales in the information services industry have also been trending upward (Sources: Cabinet Office, “Monthly Economic Report” and Ministry of Economy, Trade and Industry, “Specified Service Industry Dynamic Statistics”).

### *(2) Highlights for the NS Solutions Group*

In such a business environment, NS Solutions has been making an effort to address increasingly sophisticated and complex customer needs by providing SLC (System Life Cycle) total solutions that cover planning, development, operation and maintenance of IT systems. In April 2005, we set up our NSSLC Service, which provides high-quality operation/maintenance services. By managing our group’s business resources in an integrated manner, we have strengthened our ability to provide SLC total solutions.

Aiming to address these more sophisticated and complex customer needs and to further enhance our business infrastructure, we have been making an effort to reinforce our business structure.

In April 2005, NS Solutions set up two new divisions (the Technology Bureau and the Strategic Marketing & Vendor Alliance Department) and we began reforming our development and sales/marketing processes. To reform our development processes, we have enhanced our group-wide system development capability (our organizational ability to develop IT systems) through the following efforts: encouraging our employees to use development process standards and quality assurance standards; establishing remote development and offshore development approaches; effectively employing development support frameworks and project management portals; promoting PMO (Project Management Office) efforts to systematically enhance our project management capabilities; and efficiently using our technology portals for sharing technical information. To reform our sales/marketing processes, we have emphasized company-wide coordination of our sales and marketing efforts and encouraged sharing of marketing-related information by introducing a new sales portal. Our intention is to strengthen our sales efforts and win more new orders.

With steady growth in our Business Solutions and Business Services sectors, our consolidated sales increased by ¥1,782 million to ¥148,308 million, compared with the last fiscal year ended March 31,

2005 (¥146,526 million). Meanwhile, our consolidated recurring profit amounted to ¥12,355 million, up ¥565 million from the previous fiscal year ended March 31, 2005 (¥11,790 million).

Our business performance for each service category (i.e. Business Solutions, Platform Solutions and Business Services) is summarized as follows:

**- Business Solutions**

With a steady revenue stream mainly from the manufacturing, distribution and services industries, we saw sales of ¥83,998 million on a consolidated basis, up ¥2,042 million from the last fiscal year ended March 31, 2005 (¥81,956 million).

- **Manufacturing, distribution and services industries.** In terms of our services bound for the manufacturing, distribution and services industries, our customers are making active IT-related investments for their sales, production and distribution processes, backed by their brisk business performance. We also saw abundant requests for our accounting ERP packages due to our customer's increasing need to enhance their internal controls. We also enjoyed steady demand for various solutions: SCM for reducing total lead time and total inventory; PLM for shortening the overall development process from design to production; and MES for connecting mission-critical systems with control systems at production facilities.

ERP: Enterprise Resource Planning

SCM: Supply Chain Management

PLM: Product Lifecycle Management

MES: Manufacturing Execution System

- **Financial industry.** Financial institutions have a strong intention to make IT-related investments due to their brisk business performance, but they put a higher priority on investing in system integration, which results from mergers. In this context, their investments in strategic information systems (e.g., market-related systems and information-related systems) where NT Solutions has a competitive edge over our competitors, tends to remain at the same level. In these situations, we won a number of new orders for large-scale projects relating to the mega banks' market- and information-related systems. We also enjoyed steady demand, mainly from large regional banks, for new solutions compatible with the Basel Capital Accord II and for comprehensive profits management solutions.

- **Government agencies and the public sector.** In government agencies and the public sector, we face severe competition due to the new bidding framework in the government procurement process. Effectively using our advanced technological expertise, we develop and operate our unique systems in the satellite and science fields and also provide solutions for universities and

other educational institutions.

**- Platform Solutions**

Our Platform Solutions operation saw steady demand for our consulting and engineering solutions. However, as we placed more emphasis on high-value added projects, sales amounted to ¥24,180 million on a consolidated basis, down ¥1,518 million from the previous fiscal year ended March 31, 2005 (¥25,699 million). Our customers continue to value NT Solutions' platform solutions, especially our high performance, high reliability system architectures. We have provided mobile phone firms with mail filtering systems for screening out rapidly increasing spam mail and major dot-com firms with E-commerce web systems. Aiming to address our customers' sophisticated and complicated needs for building IT systems, we set up the Grid Utility Computing Center in December 2005 in order to develop and validate new solutions employing grid computing or utility computing technologies.

**- Business Services**

With growth in the outsourcing market as well as active sales efforts for SLC total solutions, sales in the Business Services operation amounted to ¥40,129 million on a consolidated basis, up ¥1,258 million from the last fiscal year ended March 31, 2005 (¥38,870 million). In operation services, we have been supporting Nippon Steel Corporation's large-scale steel mill systems for 40 years; the systems need to endure harsh operating conditions 24 hours a day, every day of the year. Benefiting from our past record in this regard, we provide high-value added data center services, mainly through NSSL Service, a new firm established in April 2005.

In addition, our document management service "nsxpres.com" has received multiple enquiries from potential customers because it provides an e-documentation approach as well as an information security service. By further enhancing our information security capability, we provided "nsxpres.com" as a BPO (Business Process Outsourcing) service, i.e., an outsourcing service for whole business process of document management. In addition to these services, we made an effort to expand our service menu, including the measured-rate-based on-demand-type system operation/management service "Oracle on Demand @NSSOL" as well as our information security solutions and other professional services that require advanced expertise.

In pushing ahead with these operations, NS Solutions Group has been making the following efforts:

**(3) Business alliances**

To address increasingly-complicated and sophisticated customer needs, we have developed collaborative relationships with other firms to provide new solutions or new services.

As we are now seeing the era of broadband and ubiquitous environments, it is necessary to ensure an IT system provides stable network services in a complicated wide area network environment. We have formed an alliance with a US- and Israeli-based firm, Shunra Software Ltd., in order to launch a new performance assessment solution, which supports stable operation of network services.

In terms of legacy reengineering solutions to redesign and rebuild mission-critical systems, we formed a business alliance with IONA Technologies Japan, Ltd. In such a manner, we began transforming our legacy mission-critical system into a new system built with SOA (Service Oriented Architecture).

We set up NS Solutions Software (Shanghai) Co., Ltd. and formed a business alliance with KDDI to provide support services for Japanese firms entering the Chinese market. Furthermore, aiming to enhance IT support services for Japanese firms and expand IT market demand from Chinese firms, we agreed to work with a China-based firm - Shanghai Baosight Software Co., Ltd.

#### ***(4) Staffing***

Recognizing that human resources are an important business resource and can facilitate the development of a competitive edge, the NS Solutions Group has made various efforts to foster our human resources. Intending to selectively foster human resources capable of creating and addressing new businesses, we started the “Intensive Management Training Program” for section chiefs in July 2005 because they play important roles in pushing ahead our business activities.

In addition, we are also working on standardizing our business processes and sharing our know-how in order to improve our operating efficiency and encourage vitality at personal and organizational levels. To this end, we have prohibited holiday work and graveyard shift (starting at 10 p.m. or later) in December 2005. We also launched the “Refresh Consecutive Holidays Program” to encourage our employees to take paid holidays.

### **3. Analysis of Operating Results**

#### ***(1) Sales***

Our consolidated sales rose to ¥148,308 million by ¥1.2% compared with the last fiscal year ended March 31, 2005 (¥146,526 million). Our business performance for each service category is as follows:

In the Business Solutions operation, we saw a steady revenue stream mainly from the manufacturing, distribution and services industries. Sales increased to ¥83,998 million by 2.5% compared with the previous fiscal year ended March 31, 2005 (¥81,956 million).

In the Platform Solutions operation, we reviewed our customer/project mix and placed more emphasis on higher value-added businesses; sales decreased to ¥24,180 million by 5.9% compared with the last fiscal year ended March 31, 2005 (¥25,699 million).

In the Business Services operation, as a result of going after the growing outsourcing market, we have achieved sales of ¥40,129 million, up 3.2% from the previous fiscal year ended March 31, 2005 (¥38,870 million).

#### ***(2) Cost of sales, selling, general and administrative expenses***

Cost of sales on a consolidated basis increased to ¥117,789 million by 0.6% compared with the previous fiscal year ended March 31, 2005 (¥117,061 million). As a result, the gross profit margin increased by 0.5% from the last fiscal year ended March 31, 2005 (20.1%) to 20.6%.

With our increased efforts to enhance our business structure, selling, general and administrative expenses increased to ¥18,401 million on a consolidated basis by 3.6% compared with the previous fiscal year ended March 31, 2005 (¥17,754 million).

#### ***(3) Operating income***

Due to increases in gross profit on sales, the operating income on a consolidated basis increased to ¥12,117 million by 3.5% compared with the previous fiscal year ended March 31, 2005 (¥11,710 million). This is due to increased sales and an improved profit ratio, which results from our focus on higher value-added businesses, mainly in the Platform Solutions operation.

#### ***(4) Non-operating income (expenses)***

Due to the increase in interest revenues as well as the decrease in loss on disposal of fixed assets and obsolete inventories disposal loss, the non-operating income (on a net basis) on a consolidated basis increased to ¥238 million (on a net basis) from ¥ 80 million (on a net basis) for the fiscal year ended March 31, 2005.

#### ***(5) Recurring profit***

The recurring profit on a consolidated basis grew to ¥12,355 million by 4.8% compared with the previous fiscal year ended March 31, 2005 (¥11,790 million).

**(6) Extraordinary gain or loss (net)**

The extraordinary gains or losses on a consolidated basis were a profit of ¥518 million, compared with a profit of ¥6 million for the preceding fiscal year ended March 31, 2005.

With the profit on selling shares in equity-method subsidiaries as well as profit on selling patent rights, the extraordinary gains on a consolidated basis increased to ¥634 million from ¥191 million for the last fiscal year ended March 31, 2005.

Due to an investment securities valuation loss of ¥115 million, extraordinary losses on a consolidated basis decreased to ¥115 million from ¥184 million for the last fiscal year ended March 31, 2005.

**(7) Income before income taxes and minority interest**

The net income before income taxes and minority interest on a consolidated basis increased to ¥12,873 million by 9.1% compared with the last fiscal year ended March 31, 2005 (¥11,797 million).

**(8) Income taxes**

Income taxes on a consolidated basis increased to ¥5,141 million by 3.8% compared with the preceding fiscal year ended March 31, 2005 (¥4,954 million).

**(9) Minority interest**

The minority interest on a consolidated basis increased to ¥250 million, up 12.7% from ¥222 million for the last fiscal year ended March 31, 2005.

**(10) Net income**

The net income on a consolidated basis amounted to ¥7,481 million, up 13.0% from ¥6,620 million for the previous fiscal year ended March 31, 2005. The net income per share was ¥141.17, up 13.4% from ¥124.52 for the last fiscal year ended March 31, 2005.

#### **4. Outlook for the Next Period**

Our customers still have a strong need to improve the ROI (Return on Investment) and reduce the TCO (Total Cost of Ownership) of their IT investments. However, as brisk corporate earnings will lead to active IT investments, we believe that corporate investments in systems as a whole will increase steadily. The Company intends to expand our Business Solutions operation by addressing our customers' needs (e.g. planning their IT strategies, reducing their TCO and enhancing their internal controls) as their corporate IT partner. Furthermore, we will expand our Business Services operation by exploiting the growing demand for outsourcing services. Aiming at further growth, we will also attempt to reinforce our operating base by strengthening our business structural reform efforts, including establishing proper development and sales/marketing processes, fostering IT service operations, and pushing ahead with BCM.

By implementing the strategies mentioned above, we estimate our consolidated sales will be ¥ 152,000 million and our consolidated recurring profit ¥12,500 million for the fiscal year ending March 31, 2007.

Forward-looking statements, such as projections for the next fiscal year, may be subject to unexpected changes in economic conditions. Note that these statements do not guarantee the actual performance of the NS Solutions Group.

## 5. Financial Position

### (1) Balance sheet

#### Assets

Total assets as of the end of the current fiscal year ended March 31, 2006 amounted to ¥103,116 million, up ¥4,744 million from ¥98,372 million for the last fiscal year ended March 31, 2005. Because the NS Solutions Group had a relatively small number of fixed assets, the proportion of current assets to total assets was relatively high and reached 75.0% at the end of the current fiscal year ended March 31, 2006.

#### Liabilities

The liabilities as of the end of the current fiscal year ended March 31, 2006 amounted to ¥41,487 million, down ¥1,364 million from ¥42,852 million at the end of the previous fiscal year ended March 31, 2005. The liabilities of the NS Solutions Group included accounts payable and other inter-company credits, accrued income taxes, allowances for bonuses payable and allowances for employees' retirement benefits and so on. There were no interest-bearing liabilities, such as borrowings from financial institutions.

#### Shareholders' equity

The shareholders' equity as of the end of the current fiscal year ended March 31, 2006 amounted to ¥60,006 million, up ¥5,901 million from ¥54,104 million at the end of the previous fiscal year ended March 31, 2005. This is mainly due to the following factors: the net income amounted to ¥7,481 million; and ¥1,126 million of dividends was paid to shareholders. As a result, the equity ratio rose to 58.2%, up 3.2% from the last fiscal year ended March 31, 2005.

### (2) Cash flows

#### Statement of cash flows

The balance of cash and cash equivalent as of the end of the current fiscal year ended March 31, 2006 amounted to ¥31,725 million, up ¥8,626 million from ¥23,098 million at the end of the previous fiscal year ended March 31, 2005. Cash and cash equivalent decreased by ¥4,420 million during the last fiscal year ended March 31, 2005.

Cash flows for each activity category are as follows:

- *Cash flows from operating activities.* During the current fiscal year ended March 31, 2006, the Company generated ¥10,420 million of cash, mainly from the following factors: income before income taxes and minority interest (¥12,873 million); depreciation expenses (¥1,328 million); payment of income taxes (negative ¥6,193 million); decreases in inter-company credits (¥1,381 million); increases in allowances for employees' retirement benefits (¥871 million); and interest/dividend income (¥1,434 million), mainly through bonus dividends from affiliated companies.

In the last fiscal year ended March 31, 2005, the Company generated ¥9,187 million, mainly from the following factors: income before income taxes and minority interest (¥11,797 million);

depreciation expenses (¥1,307 million); payment of income taxes (negative ¥5,173 million); and increases in allowances for employees' retirement benefits (¥897 million).

- *Cash flows from investing activities.* During the current fiscal year ended March 31, 2006, the Company used ¥629 million of cash, mainly for the following factors: acquisition of tangible and intangible fixed assets (negative ¥1,479 million); and the revenue from selling shares in affiliated firms (¥914 million).

In the last fiscal year ended March 31, 2005, the Company used ¥12,633 million of cash, mainly for the following factors: acquisition of tangible and intangible fixed assets (negative ¥965 million); acquisition of investment securities (negative ¥305 million); revenue from selling investment securities (¥224 million); and long-term lending to affiliated firms (negative ¥12,000 million).

The long-term lending to affiliated firms represents a long-term (5-year) loan receivable from our parent firm Nippon Steel Corporation.

- *Cash flows from financing activities.* During the current fiscal year ended March 31, 2006, the Company used ¥1,172 million of cash, mainly for dividend payments (negative ¥1,126 million).

In the last fiscal year ended March 31, 2005, the Company used ¥973 million, mainly for dividend payments (negative ¥927 million).

#### Credit lines from financial institutions

The Company has overdraft facilities at three major financial groups from which it may withdraw up to a maximum of ¥ 4,800 million. Moreover, the Company has an overdraft facility with a maximum of ¥4,600 million at Nittetsu Finance Co., Ltd., a consolidated subsidiary of Nippon Steel Corporation. Therefore, the Company has total overdraft facilities of a maximum of ¥9,400 million.

#### Cash management system (=CMS)

The Company uses the CMS of Nittetsu Finance, the company mentioned above, and has deposited ¥18,250 million with Nittetsu Finance as of the end of the current fiscal year ended March 31, 2006.

Moreover, the Company constructs and uses a CMS in combination with our eight consolidated subsidiaries. The Company collected deposits totaling ¥5,800 million from the NS Solutions Group companies at the end of the current fiscal year ended March 31, 2006.

#### <Reference> Trend of cash flows indices

The equity ratio improved due to the steady accumulation of profits, as outlined below.

	Year ended March 2003	Year ended March 2004	Year ended March 2005	Year ended March 2006
Equity ratio	48.2%	53.1%	55.0%	58.2%
Equity ratio on a fair market value basis	96.2%	202.1%	136.0%	168.1%

(Note1) Equity ratio: Equity capital/Total assets

Equity ratio on a fair market value basis: Market capitalization based on share price at the term-end/Total assets

(Note2) The table does not describe a debt redemption period because we don't have any interest-bearing debts outstanding as of the term-end.

The interest coverage ratio is not stated because the amount of interest paid is very small.

## 6. Business Risks

This section describes the NS Solutions Group's business conditions or accounting approaches that would have significant impacts on investor perceptions.

If this section includes a forward-looking statement, it represents our projection as of the date of submission of this report.

### ***(1) Unexpected abnormal changes in financial position, operating results and cash flows***

There are no unexpected abnormal changes in financial position, operating results or cash flows.

However, our operating results may fluctuate, mainly resulting from the following factors: system investment trends due to changes in economic conditions; how tough the competition is; whether we can win orders for large-scale projects; how an individual project is progressing; and how profitable an individual project is. Moreover, because our sales of system development projects for government agencies and the public sector tend to occur at the end of the fiscal year, the operating results will fluctuate considerably on a quarterly or semiannual basis.

### ***(2) Reliance on specific customers, products and technologies***

Concerning the above, there are no particular matters to note at present.

The NS Solutions Group has an excellent reputation with more than 1,500 corporate customers, including manufacturers, distribution service providers, financial institutions, public service and transportation providers, and communications carriers. In particular, the NS Solutions Group has a stable and continuous business relationship with Nippon Steel Corporation, which is NS Solutions Group's biggest customer. Our sales to Nippon Steel Corporation stand at ¥21,390 million on a consolidated basis, totaling 14.4% of our overall sales. However, the NS Solutions Group provides a solution menu to cover the overall systems lifecycle, ranging from consulting services on planning IT strategy as well as planning, development, operation and maintenance services. As a result, we are providing our solutions without depending heavily on specific products or technologies.

### ***(3) Specific legal regulations, trade practice and business policies***

(Conditions specific to the information services industry)

As we develop and operate mission-critical systems for our customers, we might find problems in our customer's existing systems; there is also the possibility that customer information or personal data that should be confidential can be leaked. If this occurred, we may suffer a loss in credibility or face a customer claim for compensation.

In April 2005, the Personal Information Protection Act came into effect. The Company has made the following efforts to protect customer information or personal data: setting up an information management committee chaired by the president; stipulating or enforcing internal rules; providing training sessions through e-learning approaches; enhancing various physical security measures; and actively acquiring privacy marks and other certifications.

Moreover, as products and technologies become more complex, a third party might file a lawsuit or

make a claim against the NS Solutions Group, arguing that our services or products have infringed on their intellectual property. In this situation, the NS Solutions Group might have to pay compensation for damages or acquire or develop alternative technologies.

***(4) Lawsuits that will have a serious effect on the NS Solutions Group***

At present, we have no lawsuits that would fall under this category.

***(5) Important matters concerning executive officers, major shareholders and affiliated companies***

(The Company's shares)

The number of shares issued by the Company is 52,999,120 in total; Nippon Steel Corporation owns 72.2% of the total shares as of March 31, 2006. If the shareholding ratio of our major shareholders increases in future, NS Solutions may no longer qualify to list on the Tokyo Stock Exchange (i.e. if the major shareholders' ratio reaches 75%).



**NS Solutions**

## 平成18年3月期 決算説明会 補足資料

Appendix at Financial Information Meeting for the fiscal year ended Mar. 2006

2006年3月31日  
Mar. 31, 2006

# 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、財務諸表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 financial statements 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)

	2000/3	2001/3	2002/3	2003/3	2004/3	2005/3	2006/3	2006/3	2007/3
	(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)	2006.01.31 (見通し Outlook)	(見通し Outlook)				
サービス区分の分類方法 Categorization method by business line	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	新区分 New	新区分 New	新区分 New	新区分 New
受注高 Amount of order acceptance			143,202	153,844	147,482	147,482	152,210	—	150,790
業務ソリューション Business solutions			73,029	81,859	74,011	79,671	84,363	—	86,652
基盤ソリューション Platform solutions			34,394	34,488	36,194	29,648	27,417	—	24,369
ビジネスサービス Business services			35,779	37,496	37,277	38,163	40,430	—	39,769 ※4
期末受注残高 Order backlog at end of period			※2 23,775	24,520	21,158	21,158	35,516	—	37,997
業務ソリューション Business solutions			14,501	14,599	10,806	10,806	13,213	—	15,867
基盤ソリューション Platform solutions			3,603	3,101	2,802	2,802	4,520	—	4,708
ビジネスサービス Business services			5,670	6,820	7,550	7,550	17,782 ※4	—	17,422
売上高 Net sales	132,683	145,952	148,922	153,098	150,844	150,844	146,526	150,000	148,308
業務ソリューション Business solutions	55,048	72,558	78,534	81,761	77,804	83,463	81,956	—	83,999
基盤ソリューション Platform solutions	25,459	29,824	35,169	34,990	36,493	29,948	25,700	—	24,181
ビジネスサービス Business services	52,176	43,570	35,219	36,347	36,547	37,433	38,871	—	40,129
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485	27,485	29,464	—	30,519
販売費及び一般管理費 Selling, general and administrative expenses	16,661	20,703	17,240	18,235	17,759	17,759	17,754	—	18,402
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726	9,726	11,710	—	12,117
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785	9,785	11,791	12,000	12,356
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324	5,324	6,621	7,200	7,482
営業利益率(%) Operating income margin (%)	5.7%	7.6%	8.4%	7.9%	6.4%	6.4%	8.0%	—	8.2%
売上総利益率(%) Gross profit margin (%)	18.2%	21.8%	20.0%	19.8%	18.2%	18.2%	20.1%	—	20.6%
1株当たり当期純利益(円) Net income per share (yen) ※1	—	—	133.33	123.29	100.20	100.20	124.52	—	141.17
株主資本 Total shareholders' equity	—	—	26,035	43,505	48,145	48,145	54,104	—	60,006
総資産 Total assets	—	—	65,244	90,324	90,625	90,625	98,372	—	103,117
研究開発費 R&D expenses	—	—	1,221	1,001	989	989	1,177	—	1,254
設備投資 Capital expenditure	—	—	2,109	1,370	1,752	1,752	966	—	1,480
減価償却費 Depreciation and amortization	—	—	1,197	1,284	1,203	1,203	1,307	—	1,329
期末従業員数(人) Number of employees at end of period (jobs)	4,177	4,112	4,101	4,124	4,025	4,025	4,009	—	4,032

※1 2004/3期以前は、2004/8に実施した株式分割を考慮した遡及修正後の数値  
Figures for the fiscal years ended in and before Mar. 2004 have been retroactively revised to reflect stock split made in Aug. 2004.

※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 サービス区分別の受注高・期末受注残高・売上高などの金額は、従来、個別プロジェクト毎に分類しておりましたが、2004年3月期より部門別に分類する方法に変更致しました。2004年3月期については、前年との比較を容易にするため従来区分と新区分の両方を記載しております。  
Business line-related figures such as order acceptance, order backlog and sales had been categorized on a project-by-project basis. NS Solutions has just started to categorise these figures on a division-by-division basis for the fiscal year ended Mar. 2004. NS Solutions prepared both categorization data for the fiscal year ended Mar. 2004 in order to raise the year-on-year comparability.

※4 ビジネスサービス事業の受注高及び受注残高には、2005年3月末に、新日本製鐵㈱向けサービスの受注高の把握方法を売上高計上時点での把握から、契約締結時点での把握に変更したことによる影響額を含んでおります。影響額としては、2005年3月期末受注残高においては8,673百万円、2006年3月期受注高においては△1,584百万円含まれております。  
In terms of the order acceptance from Nippon Steel Corporation, the company changed its recognition timing from sales-recognition basis to contract-date basis on March 31, 2005. The effect of such change resulted in 8,673 million yen for order backlog on March 31, 2005. minus 1,584 million yen for order acceptance during the fiscal year March 31, 2006

2.要約連結貸借対照表 Condensed Consolidated Balance Sheets

(1)資産の部 Assets

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

		2002/3	2003/3	2004/3	2005/3	2006/3
		(実績 Actual)				
現金及び預金	Cash and bank deposits	7,335	20,956	14,605	11,477	12,845
預け金	Deposited money	7,737	4,699	12,914	11,621	18,880
受取手形及び売掛金	Trade notes and accounts receivable	26,348	38,319	37,462	37,265	34,234
たな卸資産	Inventories	8,323	9,110	7,035	7,502	7,633
繰延税金資産	Deferred tax assets—current	2,232	2,224	2,859	3,004	3,217
その他	Others	564	1,165	683	480	573
貸倒引当金	Allowance for doubtful accounts	△ 41	△ 31	△ 30	△ 23	△ 21
流動資産合計	Total current assets	52,498	76,442	75,528	71,327	77,361
有形固定資産	Property and Equipment	4,499	4,514	5,009	4,499	4,861
無形固定資産	Intangible fixed assets	937	1,029	982	669	523
投資有価証券	Investments in securities	2,393	3,027	3,633	4,496	2,928
関係会社長期貸付金	Long term loan-related party	—	—	—	12,000	12,000
差入保証金	Guarantee deposits	1,908	2,145	2,271	1,837	2,046
繰延税金資産	Deferred tax assets—non-current	2,658	2,834	2,887	3,265	3,111
その他	Others	351	333	315	279	287
固定資産合計	Total non-current assets	12,746	13,882	15,097	27,045	25,756
資産合計	Total assets	65,244	90,324	90,625	98,372	103,117

(2)負債及び資本の部 Liabilities and Shareholders' Equity

		2002/3	2003/3	2004/3	2005/3	2006/3
		(実績 Actual)				
支払手形及び買掛金	Trade notes and accounts payable	14,186	23,478	17,232	17,341	15,691
未払費用	Accrued expenses	3,686	3,659	4,732	2,826	2,604
短期借入金	Short-term loans	—	—	—	—	—
未払法人税等	Accrued income taxes	5,234	2,608	3,060	3,767	3,806
賞与引当金	Accrued bonuses to employees	5,077	5,118	5,520	5,713	5,802
前受金	Advance receipts	2,996	3,221	2,588	4,236	3,212
未払金	Non-trade accounts payable	1,712	1,665	1,544	1,498	1,647
その他	Others	225	195	230	177	615
流動負債合計	Total current liabilities	33,116	39,944	34,906	35,558	33,377
退職給付引当金	Allowance for employees' retirement benefits	4,969	5,478	6,042	6,940	7,811
その他	Others	277	321	298	356	300
固定負債合計	Total non-current liabilities	5,246	5,799	6,340	7,295	8,111
少数株主持分	Minority interest in consolidated subsidiaries	847	1,076	1,234	1,415	1,623
資本金	Common stock	6,838	12,953	12,953	12,953	12,953
資本剰余金	Additional paid-in capital	3,838	9,950	9,950	9,950	9,950
利益剰余金	Retained earnings	15,863	21,273	25,586	31,266	37,600
再評価差額金	Reserve for revaluation of land	△ 740	△ 755	△ 757	△ 757	△ 1,277
その他有価証券評価差額金他	Valuation gain on available-for-sale securities and others	236	84	413	693	780
資本合計	Total shareholders' equity	26,035	43,505	48,145	54,104	60,006
負債・資本合計	Total liabilities, minority interests and shareholders' equity	65,244	90,324	90,625	98,372	103,117

(3)指標 Management index

	2002/3	2003/3	2004/3	2005/3	2006/3	
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	
自己資本比率(%)	Equity ratio (%)	39.9%	48.2%	53.1%	55.0%	58.2%
総資産利益率(%)	Return on total assets (%)	10.5%	8.0%	5.9%	7.0%	7.4%
株主資本利益率(%)	Return on equity (%)	28.0%	18.0%	11.6%	13.0%	13.1%

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.

### 3.要約連結損益計算書 Condensed Consolidated Income Statements

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

	2000/3 (EI事業部含む みなし連結 Pro forma consolidated, including EI Division)	2001/3 (EI事業部含む みなし連結 Pro forma consolidated, including EI Division)	2002/3 (実績 Actual)	2003/3 (実績 Actual)	2004/3 (実績 Actual)	2005/3 (実績 Actual)	2006/3 (見通し Outlook)	2006/3 (実績 Actual)	2007/3 (見通し Outlook)
売上高 Net sales	132,683	145,952	148,922	153,098	150,844	146,526	150,000	148,308	152,000
売上原価 Cost of sales	108,499	114,182	119,203	122,766	123,359	117,062	—	117,789	120,600
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485	29,464	—	30,519	31,400
販売費及び一般管理費 Selling, general and administrative expenses	16,661	20,703	17,240	18,235	17,759	17,754	—	18,402	19,000
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726	11,710	—	12,117	12,400
営業外収益 Non-operating income	244	187	63	93	187	252	—	327	—
営業外費用 Non-operating expenses	819	585	120	104	128	171	—	88	—
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785	11,791	12,000	12,356	12,500
特別利益 Extraordinary profit	178	120	7	12	716	192	—	634	—
特別損失 Extraordinary loss	742	305	579	201	729	185	—	116	—
税金等調整前当期純利益 Income before income taxes	6,384	10,484	11,850	11,897	9,772	11,797	12,000	12,874	12,500
法人税、住民税及び事業税 Income taxes:Current	3,500	5,346	7,159	5,460	5,154	5,668	—	5,760	—
法人税等調整額 Income taxes:Deferred	△ 631	△ 843	△ 1,962	△ 70	△ 918	△ 713	—	△ 619	—
少数株主利益 Minority interests	90	154	231	260	212	222	—	251	—
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324	6,621	7,200	7,482	7,000
売上原価の内訳 Breakdown of cost of sales									
労務費 Labor cost	—	—	26,858	27,762	28,539	28,037	—	28,634	—
材料費 Material cost	—	—	43,683	45,101	43,112	41,263	—	35,852	—
外注費 Subcontract cost	—	—	29,197	32,587	31,295	35,310	—	42,930	—
その他 Others	—	—	19,465	17,317	20,413	12,452	—	10,373	—
販売費及び一般管理費の内訳 Breakdown of selling, general and administrative expenses									
労務費 Labor cost	—	—	7,210	7,198	7,635	7,671	—	7,590	—
営業支援費 Operating expense for acceptance of orders	—	—	2,189	2,657	2,778	2,649	—	2,844	—
その他 Others	—	—	7,841	8,380	7,346	7,434	—	7,968	—
研究開発費 R&D expenses	—	—	1,221	1,001	989	1,177	—	1,254	—

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#### 4.要約連結キャッシュフロー計算書 Condensed Consolidated Cash Flows Statements

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

	2002/3	2003/3	2004/3	2005/3	2006/3
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)
税金等調整前当期純利益 Income before income taxes	11,850	11,897	9,772	11,797	12,874
減価償却費 Depreciation	1,197	1,284	1,203	1,307	1,329
退職給付引当金の増減額 Increase in allowance for employees' retirement benefits, net of payn	407	509	564	898	871
投資有価証券評価損 Loss on revaluation of investments in securities	251	171	—	18	116
営業譲受関連費用 Loss on write-off of fixed assets acquired from the Electronics and Information Systems Division of Nippon Steel Corporation	303	—	—	—	—
売上債権の増減額 Decrease (increase) in accounts receivable	△ 2	△ 11,970	857	196	3,032
たな卸資産の増減額 Decrease in inventories	1,807	△ 787	2,075	△ 467	△ 131
その他流動資産の増減額 Decrease (increase) in other current assets	322	△ 603	483	205	161
仕入債務の増減額 Decrease in accounts payable	△ 1,532	9,292	△ 6,246	△ 43	△ 1,650
その他 Others	305	205	411	349	△ 1,423
小計 Sub total	14,908	9,998	9,119	14,260	15,179
法人税等の支払額 Income taxes paid	△ 4,414	△ 8,087	△ 4,701	△ 5,173	△ 6,193
その他 Others	17	17	△ 385	101	1,434
営業活動によるキャッシュフロー Net cash provided by operating activities	10,511	1,928	4,033	9,188	10,420
有形・無形固定資産の取得による支出 Payments for purchase of property and equipment and intangible fixed assets	△ 2,109	△ 1,370	△ 1,752	△ 966	△ 1,480
投資有価証券の取得による支出 Payments for purchase of investments in securities	△ 13	△ 1,040	△ 40	△ 306	△ 1
貸付けによる支出 Payment for long-term loan	—	—	—	△ 12,000	—
連結の範囲の変更を伴う子会社株式の取得による収入 Acquisition of cash owned by new subsidiaries, net of payment for purchase of subsidiary's shares	369	—	—	—	—
営業譲受による支出 Payment for acquisition of the Electronics and Information Systems Division of Nippon Steel Corporation	△ 7,459	—	—	—	—
その他 Others	181	△ 269	676	638	851
投資活動によるキャッシュフロー Net cash used for investing activities	△ 9,031	△ 2,679	△ 1,116	△ 12,634	△ 630
短期借入金の純増減額 Decrease in short-term loans	△ 145	—	—	—	—
株式発行による収入 Proceeds from issuance of common stock shares	7,667	12,179	—	—	—
配当金の支払額 Dividends paid	△ 750	△ 815	△ 994	△ 927	△ 1,126
その他 Others	—	△ 31	△ 52	△ 46	△ 47
財務活動によるキャッシュフロー Net cash provided by financing activities	6,772	11,333	△ 1,046	△ 974	△ 1,173
現金及び現金同等物に係る換算差額 Effect of exchange rate changes on cash and cash equiva	—	—	△ 6	△ 1	9
現金及び現金同等物の増加額 Net increase in cash and cash equivalents	8,252	10,582	1,865	△ 4,420	8,626
現金及び現金同等物の期首残高 Cash and cash equivalents at beginning of year	6,842	15,072	25,654	27,519	23,099
連結除外会社の現金及び現金同等物の期首残高 Cash owned by a deconsolidated subsidiary	△ 22	—	—	—	—
現金及び現金同等物の期末(中間期末)残高 Cash and cash equivalents at end of year	15,072	25,654	27,519	23,099	31,725

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5.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)

	2002/3	2003/3	2004/3	2005/3	2006/3	2006/3	2007/3
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	2006.01.31 (見通し Outlook)	(実績 Actual)	(見通し Outlook)
サービス区分の分類方法 Categorization method by business line	従来区分 Old	従来区分 Old	従来区分 Old 新区分 New	新区分 New	新区分 New	新区分 New	新区分 New
受注高 Amount of order acceptance	127,671	138,922	132,831	132,831	137,385	—	134,374
業務ソリューション Business solutions	62,304	71,277	63,183	68,815	72,905	—	73,456
基盤ソリューション Platform solutions	31,422	31,365	33,345	26,799	24,821	—	21,627
ビジネスサービス Business services	33,945	36,280	36,303	37,217	39,659	—	39,291 ※3
期末受注残高 Order backlog at end of period	20,210	21,275	17,970	17,970	32,139	—	33,370
業務ソリューション Business solutions	12,360	12,454	8,610	8,610	10,923	—	12,359
基盤ソリューション Platform solutions	2,180	2,001	1,810	1,810	3,433	—	3,589
ビジネスサービス Business services	5,670	6,820	7,550	7,550	17,782 ※3	—	17,422
売上高 Net sales	131,680	137,857	136,136	136,136	131,889	135,000	133,143
業務ソリューション Business solutions	66,099	71,183	67,027	72,659	70,591	—	72,020
基盤ソリューション Platform solutions	32,197	31,544	33,536	26,990	23,198	—	21,471
ビジネスサービス Business services	33,384	35,130	35,573	36,487	38,100	—	39,652
売上総利益 Gross profit	24,469	25,234	22,808	24,705	—	—	24,883
販売費及び一般管理費 Selling, general and administrative expenses	14,365	15,525	15,157	15,101	—	—	15,399
営業利益 Operating income	10,104	9,709	7,651	9,604	—	—	9,484
経常利益 Recurring profit	10,031	9,886	7,787	9,737	9,800	9,800	9,794
当期純利益 Net income	5,297	5,331	4,496	5,721	6,700	6,700	6,732
営業利益率(%) Operating income margin (%)	7.7%	7.0%	5.6%	7.3%	—	—	7.1%
売上総利益率(%) Gross profit margin (%)	18.6%	18.3%	16.8%	16.8%	18.7%	—	18.7%
業務ソリューション Business solutions	—	19.0%	16.4%	18.3%	20.7%	—	20.1%
基盤ソリューション Platform solutions	—	21.0%	17.2%	12.5%	16.8%	—	18.4%
ビジネスサービス Business services	—	14.5%	17.0%	16.8%	16.8%	—	16.3%
1株当たり当期純利益(円) Net income per share (yen) ※1	109.89	105.18	84.57	107.54	—	—	127.01
株主資本 Total shareholders' equity	23,183	39,739	43,552	48,607	—	—	53,730
総資産 Total assets	56,505	81,385	84,012	91,467	—	—	96,052
1株当たり配当金(円) Cash dividends per share (yen) ※1	14.58	17.50	17.50	17.50	25.00	25.00	35.00
配当性向(%) Dividend payout ratio (%)	13.27%	16.64%	20.69%	16.27%	—	—	19.68%
研究開発費 R&D expenses	1,083	962	974	1,105	—	—	1,210
設備投資 Capital expenditure	2,016	1,296	1,605	943	—	—	1,386
減価償却費 Depreciation and amortization	1,034	1,174	1,131	1,237	—	—	1,219
期末従業員数(人) Number of employees at end of period (jobs)	2,058	2,046	2,050	2,101	—	—	2,060

※1 2004/3期以前は、2004/8に実施した株式分割を考慮した遡及修正後の数値  
Figures for the fiscal years ended in and before Mar. 2004 have been retroactively revised to reflect stock split made in Aug. 2004.

※2 サービス区分別の受注高・期末受注残高・売上高などの金額は、従来、個別プロジェクト毎に分類しておりましたが、2004年3月期より部門別に分類する方法に変更しました。2004年3月期については、前年との比較を容易にするため従来区分と新区分の両方を記載しております。  
Business line-related figures such as order acceptance, order backlog and sales had been categorized on a project-by-project basis. NS Solutions has just started to categorise these figures on a division-by-division basis for the fiscal year ended Mar. 2004. NS Solutions prepared both categorization data for the fiscal year ended Mar. 2004 in order to raise the year-on-year comparability.

※3 ビジネスサービス事業の受注高及び受注残高には、2005年3月末に、新日本製鐵向けサービスの受注高の把握方法を売上高計上時点での把握から、契約締結時点での把握に変更したことによる影響額を含んでおります。影響額としては、2005年3月期末受注残高においては8,673百万円、2006年3月期受注高においては△1,584百万円含まれております。  
In terms of the order acceptance from Nippon Steel Corporation, the company changed its recognition timing from sales-recognition basis to contract-date basis on March 31, 2005. The effect of such change resulted in 8,673 million yen for order backlog on March 31, 2005. minus 1,584 million yen for order acceptance during the fiscal year March 31, 2006

6.要約単独貸借対照表 Condensed Non-consolidated Balance Sheet

(1)資産の部 Assets

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

	2002/3	2003/3	2004/3	2005/3	2006/3
	(実績 Actual)				
現金及び預金 Cash and bank deposits	3,367	17,281	13,652	10,374	11,595
預け金 Deposited money	7,200	4,501	12,510	10,925	18,251
受取手形及び売掛金 Trade notes and accounts receivable	22,851	34,201	33,647	33,604	30,420
たな卸資産 Inventories	8,025	8,765	6,462	7,155	7,253
繰延税金資産 Deferred tax assets—current	1,460	1,346	1,802	1,975	2,087
その他 Others	747	1,368	908	724	943
貸倒引当金 Allowance for doubtful accounts	△ 31	△ 23	△ 21	△ 17	△ 16
流動資産合計 Total current assets	43,619	67,439	68,960	64,740	70,533
有形固定資産 Property and Equipment	4,353	4,343	4,842	4,263	4,573
無形固定資産 Intangible fixed assets	903	984	939	646	485
投資有価証券 Investments in securities	998	1,577	2,085	2,834	2,768
関係会社長期貸付金 Long term loan-related party				12,000	12,000
差入保証金 Guarantee deposits	1,558	1,786	1,932	1,504	1,709
繰延税金資産 Deferred tax assets—non-current	2,247	2,415	2,446	2,712	2,475
その他 Others	2,827	2,841	2,808	2,768	1,509
固定資産合計 Total non-current assets	12,886	13,946	15,052	26,727	25,519
資産合計 Total assets	56,505	81,385	84,012	91,467	96,052

(2)負債及び資本の部 Liabilities and Shareholders' Equity

	2002/3	2003/3	2004/3	2005/3	2006/3
	(実績 Actual)				
支払手形及び買掛金 Trade notes and accounts payable	13,927	23,744	17,207	17,955	16,236
未払費用 Accrued expenses	3,161	3,250	4,288	2,337	2,202
短期借入金 Short-term loans					
未払法人税等 Accrued income taxes	4,364	1,986	2,438	3,241	2,904
賞与引当金 Accrued bonuses to employees	3,186	3,225	3,404	3,603	3,439
前受金 Advance receipts	2,996	3,221	2,578	4,225	3,194
未払金 Non-trade accounts payable	258	301	402	184	273
その他 Others	1,109	1,179	4,878	5,324	7,420
流動負債合計 Total current liabilities	29,001	36,906	35,195	36,869	35,668
退職給付引当金 Allowance for employees' retirement benefits	4,184	4,563	5,084	5,776	6,483
その他 Others	137	177	181	215	171
固定負債合計 Total non-current liabilities	4,321	4,740	5,265	5,991	6,654
資本金 Common stock	6,838	12,953	12,953	12,953	12,953
資本剰余金 Additional paid-in capital	3,838	9,950	9,950	9,950	9,950
利益剰余金 Retained earnings	13,011	17,506	20,991	25,771	31,355
再評価差額金 Reserve for revaluation of land	△ 740	△ 755	△ 757	△ 757	△ 1,277
その他有価証券評価差額金他 Valuation gain on available-for-sale securities and others	236	85	415	690	749
資本合計 Total shareholders' equity	23,183	39,739	43,552	48,607	53,730
負債・資本合計 Total liabilities and shareholders' equity	56,505	81,385	84,012	91,467	96,052

(3)指標 Management index

	2002/3	2003/3	2004/3	2005/3	2006/3
	(実績 Actual)				
自己資本比率(%) Equity ratio (%)	41.0%	48.8%	51.8%	53.1%	55.9%
総資産利益率(%) Return on total assets (%)	10.2%	7.7%	5.4%	6.5%	7.2%
株主資本利益率(%) Return on equity (%)	25.6%	16.9%	10.8%	12.4%	13.2%

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7.要約単独損益計算書 Condensed Non-consolidated Income Statement

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

	2002/3	2003/3	2004/3	2005/3	2006/3 2006.01.31 (見通し Outlook)	2006/3 (実績 Actual)	2007/3 (見通し Outlook)
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)	(見通し Outlook)
売上高 Net sales	131,680	137,857	136,136	131,889	135,000	133,143	136,000
売上原価 Cost of sales	107,211	112,623	113,328	107,184	—	108,260	110,300
売上総利益 Gross profit	24,469	25,234	22,808	24,705	—	24,883	25,700
販売費及び一般管理費 Selling, general and administrative expenses	14,365	15,525	15,157	15,101	—	15,399	15,800
営業利益 Operating income	10,104	9,709	7,651	9,604	—	9,484	9,900
営業外収益 Non-operating income	22	256	257	297	—	384	—
営業外費用 Non-operating expenses	95	79	121	164	—	74	—
経常利益 Recurring profit	10,031	9,886	7,787	9,737	9,800	9,794	10,200
特別利益 Extraordinary profit	7	8	717	188	—	1,402	—
特別損失 Extraordinary loss	572	201	697	172	—	484	—
税引前当期純利益 Income before income taxes	9,466	9,693	7,807	9,753	9,800	10,712	10,200
法人税、住民税及び事業税 Income taxes:Current	5,741	4,319	4,028	4,660	—	4,416	—
法人税等調整額 Income taxes:Deferred	△ 1,572	43	△ 717	△ 628	—	△ 436	—
当期純利益 Net income	5,297	5,331	4,496	5,721	6,700	6,732	6,000
売上原価の内訳 Breakdown of cost of sales							
労務費 Labor cost	14,612	14,831	14,901	15,071	—	14,871	—
材料費 Material cost	37,271	41,752	39,364	38,395	—	33,073	—
外注費 Subcontract cost	36,959	39,911	39,906	43,190	—	51,023	—
賃借料 Rental expense	7,219	5,760	4,991	4,376	—	4,198	—
その他 Others	11,150	10,369	14,166	6,152	—	5,095	—
販売費及び一般管理費の内訳 Breakdown of selling, general and administrative expenses							
労務費 Labor cost	5,483	5,587	6,178	5,876	—	5,762	—
営業支援費 Operating expense for acceptance of orders	1,893	2,583	2,634	2,477	—	2,679	—
業務委託費 Subcontract cost	1,432	2,097	1,513	1,644	—	1,843	—
減価償却費 Depreciation and amortization	327	244	167	123	—	144	—
その他 Others	5,230	5,014	4,665	4,981	—	4,971	—
研究開発費 R&D expenses	1,083	962	974	1,105	—	1,210	—

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

	2001/9	2002/9	2003/9	2004/9	2005/9	2006/9	
	(実績 Actual)	(見通し Outlook)					
サービス区分の分類方法 Categorization method by business line	従来区分 Old	従来区分 Old	従来区分 Old	新区分 New	新区分 New	新区分 New	新区分 New
受注高 Amount of order acceptance	69,794	76,514	71,630	71,630	76,289	74,602	— ※3
業務ソリューション Business solutions	30,900	42,435	36,950	40,063	41,153	41,870	—
基盤ソリューション Platform solutions	16,463	15,708	14,756	11,349	14,156	11,528	—
ビジネスサービス Business services	22,431	18,372	19,924	20,218	20,979	21,205	— ※4
期末受注残高 Order backlog at end of period	※2 28,478	31,533	31,577	31,577	31,724	45,354	—
業務ソリューション Business solutions	17,209	21,619	20,351	20,351	18,545	21,542	—
基盤ソリューション Platform solutions	2,180	2,874	2,666	2,666	3,207	3,713	—
ビジネスサービス Business services	9,089	7,040	8,560	8,560	9,972	20,099	— ※4
売上高 Net sales	67,902	68,756	64,574	64,574	65,723	64,764	66,000
業務ソリューション Business solutions	33,778	35,317	31,199	34,312	33,414	33,541	33,500
基盤ソリューション Platform solutions	16,369	16,437	15,191	11,784	13,752	12,334	12,500
ビジネスサービス Business services	17,755	17,002	18,184	18,478	18,557	18,888	20,000
売上総利益 Gross profit	13,803	14,585	12,635		12,914	13,429	13,500
販売費及び一般管理費 Selling, general and administrative expenses	8,058	9,142	8,976		8,701	8,840	9,100
営業利益 Operating income	5,745	5,443	3,659		4,212	4,589	4,400
経常利益 Recurring profit	5,736	5,454	3,691		4,272	4,752	4,500
当期純利益 Net income	2,915	2,718	1,935		2,287	2,706	2,500
営業利益率(%) Operating income margin (%)	8.5%	7.9%	5.7%		6.4%	7.1%	6.7%
売上総利益率(%) Gross profit margin (%)	20.3%	21.2%	19.6%		19.6%	20.7%	20.5%
1株当たり当期純利益(円) Net income per share (yen) ※1	60.72	56.26	36.51		43.15	51.06	47.17
株主資本 Total shareholders' equity	22,111	28,134	45,102		50,345	56,241	—
総資産 Total assets	53,911	59,867	77,937		82,607	93,509	—
研究開発費 R&D expenses	505	448	457		500	582	—
設備投資 Capital expenditure	1,536	933	1,136		625	714	1,230
減価償却費 Depreciation and amortization	517	604	553		638	627	730
期末従業員数(人) Number of employees at end of period (jobs)	4,178	4,224	4,160		4,087	4,094	—

※1 2004/3期以前は、2004/8月に実施した株式分割を考慮した遡及修正後の数値  
 Figures for the fiscal years ended in and before Mar. 2004 have been retroactively revised to reflect stock split made in Aug. 2004.

※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。従って、受注高及び受注残高につきまして、2001年9月期の数値と2002年9月期以降の数値は、直接的な比較可能性はございません。  
 One of our consolidated subsidiaries has newly started to manage its order backlogs through figures since April 2002. Accordingly, amounts reported for order acceptance and order backlog for the six-month period ended Sep. 2001 are not directly comparable with amounts for the six-month periods ended in and after Sep. 2002.

※3 サービス区分別の受注高・期末受注残高・売上高などの金額は、従来、個別プロジェクト毎に分類しておりましたが、2004年3月期より部門別に分類する方法に変更致しました。2003年9月期については、前年同期との比較を容易にするため従来区分と新区分の両方を記載しております。  
 Business line-related figures such as order acceptance, order backlog and sales had been categorized on a project-by-project basis. NS Solutions has just started to categorise these figures on a division-by-division basis for the fiscal year ended Mar. 2004. NS Solutions prepared both categorization data for the six-month period ended Sep. 2003 in order to raise the year-on-year comparability.

※4 ビジネスサービス事業の受注高及び受注残高には、2005年3月末に、新日本製鐵㈱向けサービスの受注高の把握方法を売上高計上時点での把握から、契約締結時点での把握に変更したことによる影響額を含んでおります。影響額としては、2005年9月中間期受注高においては△320百万円、同期末受注残高においては8,353百万円含まれております。  
 In terms of the order acceptance from Nippon Steel Corporation, the company changed its recognition timing from sales-recognition basis to contract-date basis on March 31, 2005. Such change had a 320 million yen negative impact on order acceptance for the six-month period ended Sep. 2005 and an 8,353 million yen positive impact on order backlog at the end of the same period.

(1)資産の部 Assets

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

		2001/9	2002/9	2003/9	2004/9	2005/9
		(実績 Actual)				
現金及び預金	Cash and bank deposits	9,131	6,404	13,024	11,682	11,199
預け金	Deposited money	—	3,228	9,236	6,676	12,951
受取手形及び売掛金	Trade notes and accounts receivable	19,670	22,173	25,049	23,311	25,955
たな卸資産	Inventories	9,558	10,790	12,332	10,456	12,599
繰延税金資産	Deferred tax assets—current	1,977	2,239	2,684	2,736	2,867
その他	Others	1,791	798	958	688	438
貸倒引当金	Allowance for doubtful accounts	△ 38	△ 38	△ 22	△ 17	△ 16
流動資産合計	Total current assets	42,089	45,594	63,261	55,532	65,993
有形固定資産	Property and Equipment	4,227	4,594	4,987	4,760	4,555
無形固定資産	Intangible fixed assets	713	1,077	971	859	658
投資有価証券	Investments in securities	2,635	3,022	3,415	4,638	4,387
関係会社長期貸付金	Long term loan-related party	—	—	—	12,000	12,000
差入保証金	Guarantee deposits	1,917	2,179	2,136	1,702	2,039
繰延税金資産	Deferred tax assets—non-current	1,978	3,032	2,285	2,787	3,614
その他	Others	352	369	882	330	263
固定資産合計	Total non-current assets	11,822	14,273	14,676	27,075	27,516
資産合計	Total assets	53,911	59,867	77,937	82,607	93,509

(2)負債及び資本の部 Liabilities and Shareholders' Equity

		2001/9	2002/9	2003/9	2004/9	2005/9
		(実績 Actual)				
支払手形及び買掛金	Trade notes and accounts payable	10,960	9,475	10,190	10,672	12,141
未払費用	Accrued expenses	2,367	2,846	3,753	1,976	2,369
短期借入金	Short-term loans	—	400	—	—	—
未払法人税等	Accrued income taxes	3,387	2,653	2,092	1,933	2,133
賞与引当金	Accrued bonuses to employees	4,810	5,138	4,846	5,565	5,584
前受金	Advance receipts	2,970	3,706	3,564	3,252	5,128
未払金	Non-trade accounts payable	986	904	959	749	678
その他	Others	576	204	223	213	217
流動負債合計	Total current liabilities	26,056	25,326	25,627	24,360	28,251
退職給付引当金	Allowance for employees' retirement benefits	4,774	5,185	5,822	6,318	7,305
その他	Others	247	315	280	332	260
固定負債合計	Total non-current liabilities	5,021	5,500	6,102	6,650	7,565
少数株主持分	Minority interest in consolidated subsidiaries	723	907	1,106	1,252	1,453
資本金	Common stock	6,500	6,838	12,953	12,953	12,953
資本剰余金	Additional paid-in capital	3,500	3,838	9,950	9,950	9,950
利益剰余金	Retained earnings	12,606	18,108	22,660	27,396	33,487
再評価差額金	Reserve for revaluation of land	△ 740	△ 740	△ 755	△ 757	△ 757
その他有価証券評価差額金他	Valuation gain on available-for-sale securities and others	245	90	294	803	609
資本合計	Total shareholders' equity	22,111	28,134	45,102	50,345	56,241
負債・資本合計	Total liabilities, minority interests and shareholders' equity	53,911	59,867	77,937	82,607	93,509

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

	2001/9	2002/9	2003/9	2004/9	2005/9	2006/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)
売上高 Net sales	67,902	68,756	64,574	65,723	64,764	66,000
売上原価 Cost of sales	54,099	54,171	51,939	52,810	51,334	52,500
売上総利益 Gross profit	13,803	14,585	12,635	12,914	13,429	13,500
販売費及び一般管理費 Selling, general and administrative expenses	8,058	9,142	8,976	8,701	8,840	9,100
営業利益 Operating income	5,745	5,443	3,659	4,212	4,589	4,400
営業外収益 Non-operating income	43	28	43	98	187	—
営業外費用 Non-operating expenses	52	17	11	38	23	—
経常利益 Recurring profit	5,736	5,454	3,691	4,272	4,752	4,500
特別利益 Extraordinary profit	13	5	—	14	3	—
特別損失 Extraordinary loss	303	143	—	10	—	—
税金等調整前当期純利益 Income before income taxes	5,446	5,316	3,691	4,276	4,756	4,500
法人税、住民税及び事業税 Income taxes:Current	3,459	2,764	2,253	1,970	2,113	—
法人税等調整額 Income taxes:Deferred	△ 1,034	△ 274	△ 578	△ 44	△ 145	—
少数株主利益 Minority interests	106	108	81	63	82	—
当期純利益 Net income	2,915	2,718	1,935	2,287	2,706	2,500
<b>売上原価の内訳 Breakdown of cost of sales</b>						
労務費 Labor cost	—	13,712	14,266	13,966	13,854	—
材料費 Material cost	—	18,829	16,818	19,463	16,339	—
外注費 Subcontract cost	—	14,712	15,062	16,027	21,238	—
その他 Others	—	6,918	5,793	3,353	△ 298	—
<b>販売費及び一般管理費の内訳 Breakdown of selling, general and administrative expenses</b>						
労務費 Labor cost	3,759	3,699	4,049	3,688	3,870	—
営業支援費 Operating expense for acceptance of orders	1,051	1,244	1,310	1,405	1,421	—
その他 Others	3,248	4,199	3,617	3,608	3,550	—
研究開発費 R&D expenses	505	448	457	500	582	—

4.要約連結キャッシュフロー計算書 Condensed Consolidated Cash Flows Statements

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

	2001/9	2002/9	2003/9	2004/9	2005/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)
税金等調整前当期純利益 Income before income taxes	5,446	5,316	3,691	4,276	4,756
減価償却費 Depreciation	517	604	553	638	627
退職給付引当金の増減額 Increase in allowance for employees' retirement benefits, net of paymer	202	216	343	276	365
投資有価証券評価損 Loss on revaluation of investments in securities	—	142	—	10	—
営業譲受関連費用 Loss on write-off of fixed assets acquired from the Electronics and Information Systems Division of Nippon Steel Corporation	303	—	—	—	—
売上債権の増減額 Decrease (increase) in accounts receivable	6,675	4,175	13,230	14,151	11,311
たな卸資産の増減額 Decrease in inventories	562	△ 2,467	△ 3,223	△ 3,421	△ 5,097
その他流動資産の増減額 Decrease (increase) in other current assets	△ 9	△ 233	209	△ 3	42
仕入債務の増減額 Decrease in accounts payable	△ 4,759	△ 4,712	△ 13,288	△ 6,560	△ 5,200
その他 Others	△ 1,166	△ 785	△ 453	△ 2,577	△ 615
小計 Sub total	7,771	2,256	1,062	6,789	6,188
法人税等の支払額 Income taxes paid	△ 2,561	△ 5,345	△ 2,769	△ 3,097	△ 3,844
その他 Others	6	13	22	40	104
営業活動によるキャッシュフロー Net cash provided by operating activities	5,216	△ 3,076	△ 1,685	3,732	2,448
有形・無形固定資産の取得による支出 Payments for purchase of property and equipment and intangible fixed assets	△ 1,536	△ 933	△ 1,135	△ 625	△ 714
投資有価証券の取得による支出 Payments for purchase of investments in securities	—	△ 1,030	△ 40	△ 305	△ 1
貸付けによる支出 Payment for long-term loan	—	—	—	△ 12,000	—
連結の範囲の変更を伴う子会社株式の取得による収入 Acquisition of cash owned by new subsidiaries, net of payment for purchase of subsidiary's shares	369	—	—	—	—
営業譲受による支出 Payment for acquisition of the Electronics and Information Systems Division of Nippon Steel Corporation	△ 7,459	—	—	—	—
その他 Others	△ 22	△ 300	48	546	△ 176
投資活動によるキャッシュフロー Net cash used for investing activities	△ 8,648	△ 2,263	△ 1,127	△ 12,384	△ 890
短期借入金の純増減額 Decrease in short-term loans	△ 145	400	—	—	—
株式発行による収入 Proceeds from issuance of common stock shares	6,993	—	—	—	—
配当金の支払額 Dividends paid	△ 500	△ 501	△ 530	△ 464	△ 510
その他 Others	—	—	△ 52	△ 46	—
財務活動によるキャッシュフロー Net cash provided by financing activities	6,348	△ 101	△ 582	△ 509	△ 510
現金及び現金同等物に係る換算差額 Effect of exchange rate changes on cash and cash equivalent	—	—	—	0	3
現金及び現金同等物の増加額 Net increase in cash and cash equivalents	2,916	△ 5,440	△ 3,394	△ 9,162	1,051
現金及び現金同等物の期首残高 Cash and cash equivalents at beginning of year	6,842	15,072	25,654	27,519	23,099
連結除外会社の現金及び現金同等物の期首残高 Cash owned by a deconsolidated subsidiary	△ 22	—	—	—	—
現金及び現金同等物の期末(中間期末)残高 Cash and cash equivalents at end of year	9,736	9,632	22,260	18,357	24,150

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

	2001/9	2002/9	2003/9	2004/9	2005/9	2006/9
	(実績 Actual)	(見通し Outlook)				
サービス区分の分類方法 Categorization method by business line	従来区分 Old	従来区分 Old	従来区分 Old	新区分 New	新区分 New	新区分 New
受注高 Amount of order acceptance	62,072	69,217	65,493	65,493	69,298	67,718
業務ソリューション Business solutions	26,253	36,610	31,964	35,057	35,423	36,171
基盤ソリューション Platform solutions	15,027	14,927	14,009	10,602	13,311	10,596
ビジネスサービス Business services	20,792	17,680	19,520	19,834	20,564	20,951
期末受注残高 Order backlog at end of period	27,789	27,660	29,112	29,112	28,634	42,187
業務ソリューション Business solutions	16,520	18,450	18,402	18,402	16,027	19,009
基盤ソリューション Platform solutions	2,180	2,170	2,150	2,150	2,635	3,079
ビジネスサービス Business services	9,089	7,040	8,560	8,560	9,972	20,099
売上高 Net sales	58,503	61,767	57,656	57,656	58,634	57,670
業務ソリューション Business solutions	26,656	30,520	26,016	29,109	28,006	28,086
基盤ソリューション Platform solutions	14,958	14,937	13,860	10,453	12,486	10,950
ビジネスサービス Business services	16,889	16,310	17,780	18,094	18,142	18,634
売上総利益 Gross profit	11,416	12,119	10,433	10,433	10,885	11,201
販売費及び一般管理費 Selling, general and administrative expenses	6,675	7,581	7,635	7,635	7,350	7,598
営業利益 Operating income	4,741	4,538	2,798	2,798	3,535	3,603
経常利益 Recurring profit	4,743	4,774	3,041	3,041	3,729	3,898
当期純利益 Net income	2,486	2,529	1,747	1,747	2,148	2,381
営業利益率(%) Operating income margin (%)	8.1%	7.3%	4.9%	4.9%	6.0%	6.2%
売上総利益率(%) Gross profit margin (%)	19.5%	19.6%	18.1%	18.1%	18.6%	19.4%
業務ソリューション Business solutions	—	21.2%	18.4%	20.4%	20.9%	20.5%
基盤ソリューション Platform solutions	—	22.3%	19.8%	14.6%	14.7%	19.9%
ビジネスサービス Business services	—	14.2%	16.3%	16.5%	17.6%	17.6%
1株当たり当期純利益(円) Net income per share (yen) ※1	51.79	52.34	32.97	32.97	40.53	44.92
株主資本 Total shareholders' equity	19,956	25,092	41,148	41,148	45,610	50,406
総資産 Total assets	45,651	51,644	72,105	72,105	76,371	86,709
1株当たり配当金(円) Cash dividends per share (yen) ※1	5.21	7.50	8.75	8.75	8.75	12.50
配当性向(%) Dividend payout ratio (%)	—	—	—	—	—	—
研究開発費 R&D expenses	459	422	446	446	453	547
設備投資 Capital expenditure	867	814	1,025	1,025	371	656
減価償却費 Depreciation and amortization	452	551	520	520	611	580
期末従業員数(人) Number of employees at end of period (jobs)	2,118	2,115	2,124	2,124	2,128	2,125

※1 2004/3期以前は、2004/8に実施した株式分割を考慮した遡及修正後の数値  
 Figures for the fiscal years ended in and before Mar. 2004 have been retroactively revised to reflect stock split made in Aug. 2004.

※2 サービス区分別の受注高・期末受注残高・売上高などの金額は、従来、個別プロジェクト毎に分類しておりましたが、2004年3月期より部門別に分類する方法に変更致しました。  
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(1)資産の部 Assets

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

	2001/9	2002/9	2003/9	2004/9	2005/9
	(実績 Actual)				
現金及び預金 Cash and bank deposits	5,745	3,072	12,274	10,531	10,050
預け金 Deposited money	—	2,800	8,903	6,020	12,337
受取手形及び売掛金 Trade notes and accounts receivable	16,413	19,125	21,704	20,506	22,916
たな卸資産 Inventories	9,208	9,803	11,805	9,887	11,880
繰延税金資産 Deferred tax assets—current	1,141	1,357	1,579	1,673	1,691
その他 Others	1,097	1,194	1,188	830	769
貸倒引当金 Allowance for doubtful accounts	△ 28	△ 31	△ 14	△ 13	△ 12
流動資産合計 Total current assets	33,576	37,320	57,439	49,435	59,631
有形固定資産 Property and Equipment	4,118	4,439	4,786	4,602	4,289
無形固定資産 Intangible fixed assets	675	1,045	882	818	603
投資有価証券 Investments in securities	1,253	1,620	1,938	3,033	2,649
関係会社長期貸付金 Long term loan-related party	—	—	—	12,000	12,000
差入保証金 Guarantee deposits	1,559	1,792	1,793	1,372	1,709
繰延税金資産 Deferred tax assets—non-current	1,622	2,588	2,397	2,305	3,051
その他 Others	2,848	2,840	2,870	2,806	2,777
固定資産合計 Total non-current assets	12,075	14,324	14,666	26,936	27,078
資産合計 Total assets	45,651	51,644	72,105	76,371	86,709

(2)負債及び資本の部 Liabilities and Shareholders' Equity

	2001/9	2002/9	2003/9	2004/9	2005/9
	(実績 Actual)				
支払手形及び買掛金 Trade notes and accounts payable	10,080	9,713	10,641	11,163	12,577
未払費用 Accrued expenses	1,899	2,496	3,145	1,495	2,088
短期借入金 Short-term loans	—	—	—	—	—
未払法人税等 Accrued income taxes	2,538	2,110	1,507	1,560	1,526
賞与引当金 Accrued bonuses to employees	2,948	3,249	2,986	3,394	3,334
前受金 Advance receipts	2,935	3,704	3,558	3,225	5,086
未払金 Non-trade accounts payable	219	145	186	135	90
その他 Others	914	616	3,903	4,289	5,381
流動負債合計 Total current liabilities	21,533	22,033	25,926	25,262	30,082
退職給付引当金 Allowance for employees' retirement benefits	4,027	4,358	4,867	5,301	6,067
その他 Others	135	161	164	198	154
固定負債合計 Total non-current liabilities	4,162	4,519	5,031	5,499	6,221
資本金 Common stock	6,500	6,838	12,953	12,953	12,953
資本剰余金 Additional paid-in capital	3,500	3,838	9,950	9,950	9,950
利益剰余金 Retained earnings	10,450	15,066	18,706	22,661	27,666
再評価差額金 Reserve for revaluation of land	△ 740	△ 740	△ 755	△ 757	△ 757
その他有価証券評価差額金他 Valuation gain on available-for-sale securities and others	246	90	294	803	594
資本合計 Total shareholders' equity	19,956	25,092	41,148	45,610	50,406
負債・資本合計 Total liabilities and shareholders' equity	45,651	51,644	72,105	76,371	86,709

<参考>中間財務情報 Ref. First Half Financial Information  
 7.要約単独損益計算書 Condensed Non-consolidated Income Statement

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

	2001/9		2002/9		2003/9		2004/9		2005/9		2006/9
	(実績 Actual)	(見通し Outlook)									
売上高 Net sales	58,503	61,767	57,656	58,634	57,670	58,500					
売上原価 Cost of sales	47,086	49,648	47,223	47,749	46,469	47,300					
売上総利益 Gross profit	11,417	12,119	10,433	10,885	11,201	11,200					
販売費及び一般管理費 Selling, general and administrative expenses	6,676	7,581	7,635	7,350	7,598	7,700					
営業利益 Operating income	4,741	4,538	2,798	3,535	3,603	3,500					
営業外収益 Non-operating income	19	251	248	231	311	—					
営業外費用 Non-operating expenses	17	15	5	37	16	—					
経常利益 Recurring profit	4,743	4,774	3,041	3,729	3,898	3,800					
特別利益 Extraordinary profit	9	—	—	8	5	—					
特別損失 Extraordinary loss	303	143	—	10	—	—					
税引前当期純利益 Income before income taxes	4,449	4,631	3,041	3,727	3,903	3,800					
法人税、住民税及び事業税 Income taxes:Current	2,599	2,235	1,653	1,577	1,511	—					
法人税等調整額 Income taxes:Deferred	△ 636	△ 133	△ 359	3	11	—					
当期純利益 Net income	2,486	2,529	1,747	2,148	2,381	2,200					
売上原価の内訳 Breakdown of cost of sales											
労務費 Labor cost	7,150	7,280	7,460	7,329	7,116	—					
材料費 Material cost	14,880	17,050	15,250	17,860	14,711	—					
外注費 Subcontract cost	16,630	18,110	19,350	19,881	24,950	—					
賃借料 Rental expense	4,100	3,220	2,640	2,265	2,062	—					
その他 Others	4,326	3,988	2,523	414	△ 2,370	—					
販売費及び一般管理費の内訳 Breakdown of selling, general and administrative expenses											
労務費 Labor cost	2,670	2,850	3,220	2,888	2,974	—					
営業支援費 Operating expense for acceptance of orders	910	1,220	1,250	1,327	1,334	—					
業務委託費 Subcontract cost	1,010	1,160	765	788	939	—					
減価償却費 Depreciation and amortization	156	119	83	56	65	—					
その他 Others	1,930	2,232	2,317	2,291	2,286	—					
研究開発費 R&D expenses	459	422	446	453	547	—					

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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。

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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.