

# NS Solutions Corporation

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## CONSOLIDATED FINANCIAL RESULTS (From April 1, 2011 to June 30, 2011)

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## NS Solutions

- In this material, figures have been rounded down to the nearest millions of yen.
- The financial results have been translated from the Japanese Consolidated Financial Statements, which have been audited in Japan, for reference purposes only.

## Contents:

Consolidated Balance Sheets .....	1
Consolidated Statements of Income.....	3
Consolidated Statements of Comprehensive Income .....	4
Notes to Consolidated Financial Statements .....	5
1. Basis of Presenting Consolidated Financial Statements .....	5
2. U.S. Dollar Amounts.....	5
3. Going Concern Assumption .....	5
4. Change in Scope of Consolidated Subsidiaries and Applications of the Equity Method .....	5
5. Special Accounting Treatment for the Quarterly Consolidated Financial Statements .....	5
6. Additional Information .....	5
7. Notes to Consolidated Balance Sheets.....	6
8. Notes to Consolidated Statements of Income .....	6
9. Notes to Consolidated Statements of Cash Flows .....	6
10. Net Assets.....	6
11. Consolidated Segment Information.....	6
12. Per Share Information .....	7
13. Subsequent Events .....	7

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

March 31, 2011 and June 30, 2011

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2011	Jun. 30, 2011	(Note 2) Jun. 30, 2011
<b>Assets</b>			
Current assets:			
Cash and deposits .....	¥5,179	¥3,385	\$41,930
Deposits paid .....	22,855	21,366	264,666
Notes and accounts receivable-trade .....	34,384	24,201	299,778
Short-term investment securities .....	10,082	12,621	156,344
Work in process.....	9,980	15,160	187,797
Raw materials and supplies .....	126	119	1,480
Other .....	3,770	3,844	47,618
Allowance for doubtful accounts .....	(16)	(11)	(142)
Total current assets .....	<u>86,362</u>	<u>80,687</u>	<u>999,471</u>
Noncurrent assets:			
Property, plant and equipment .....	15,120	15,043	186,340
Intangible assets:			
Goodwill .....	2,847	2,806	34,759
Other .....	1,469	1,550	19,202
Total intangible assets .....	<u>4,317</u>	<u>4,356</u>	<u>53,961</u>
Investments and other assets:			
Long-term loans receivable from subsidiaries and affiliates .....	12,000	12,000	148,644
Other .....	16,102	17,047	211,165
Total investments and other assets .....	<u>28,102</u>	<u>29,047</u>	<u>359,809</u>
Total noncurrent assets .....	<u>47,539</u>	<u>48,446</u>	<u>600,110</u>
Total assets .....	<u>¥133,901</u>	<u>¥129,134</u>	<u>\$1,599,580</u>

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars
			(Note 2)
	Mar. 31, 2011	Jun. 30, 2011	Jun. 30, 2011
<b>Liabilities</b>			
Current liabilities:			
Notes and accounts payable-trade .....	¥12,711	¥9,052	\$112,136
Income taxes payable .....	2,830	1,362	16,880
Provision for bonuses .....	5,878	3,044	37,713
Other provision .....	684	416	5,165
Other .....	11,211	14,348	177,729
Total current liabilities .....	<u>33,315</u>	<u>28,225</u>	<u>349,622</u>
Noncurrent liabilities:			
Provision for retirement benefits .....	11,844	12,023	148,934
Provision for directors' retirement benefits .....	174	153	1,896
Other .....	1,116	1,018	12,614
Total noncurrent liabilities .....	<u>13,135</u>	<u>13,194</u>	<u>163,444</u>
Total liabilities .....	<u>46,450</u>	<u>41,419</u>	<u>513,066</u>
<b>Net assets</b>			
Shareholders' equity:			
Capital stock .....	12,952	12,952	160,445
Capital surplus .....	9,950	9,950	123,256
Retained earnings .....	63,006	63,350	784,725
Treasury stock .....	(4)	(4)	(51)
Total shareholders' equity .....	<u>85,905</u>	<u>86,249</u>	<u>1,068,376</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities .....	(34)	(65)	(807)
Revaluation reserve for land .....	(1,276)	(1,276)	(15,818)
Foreign currency translation adjustment .....	(23)	(20)	(249)
Total accumulated other comprehensive income ...	<u>(1,335)</u>	<u>(1,362)</u>	<u>(16,874)</u>
Minority interests .....	2,880	2,826	35,013
Total net assets .....	<u>87,451</u>	<u>87,714</u>	<u>1,086,514</u>
Total liabilities and net assets .....	<u>¥133,901</u>	<u>¥129,134</u>	<u>\$1,599,580</u>

The accompanying notes are an integral part of these financial statements.

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
For the three months ended June 30, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
<b>Net sales</b> .....	¥33,988	¥36,296	\$449,600
<b>Cost of sales (Note 8)</b> .....	26,985	28,397	351,759
<b>Gross profit</b> .....	7,003	7,898	97,841
<b>Selling, general and administrative expenses (Note 8) ..</b>	5,232	5,168	64,017
<b>Operating income</b> .....	1,771	2,730	33,824
<b>Non-operating income:</b>			
Interest income .....	68	56	697
Dividends income .....	155	125	1,552
Equity in earnings of affiliates .....	0	—	—
Other .....	31	6	82
Total non-operating income .....	257	188	2,331
<b>Non-operating expenses:</b>			
Interest expenses .....	20	15	187
Equity in losses of affiliates .....	—	12	160
Loss on valuation of golf club membership .....	—	8	109
Other .....	11	4	59
Total non-operating expenses .....	31	41	516
<b>Ordinary income</b> .....	1,996	2,877	35,639
<b>Income before income taxes and minority interests</b> .....	1,996	2,877	35,639
Income taxes .....	891	1,460	18,085
<b>Income before minority interests</b> .....	1,104	1,417	17,554
Minority interests in income .....	14	13	162
<b>Net income</b> .....	¥1,089	¥1,404	\$17,393

The accompanying notes are an integral part of these financial statements.

	Yen		U.S. dollars (Note 2)
	2010	2011	2011
<b>Net income per share</b>	¥20.56	¥26.49	\$0.33

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the three months ended June 30, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
<b>Income before minority interests</b> .....	¥1,104	¥1,417	\$17,554
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities.....	(30)	(30)	(380)
Foreign currency translation adjustment.....	0	4	55
Total other comprehensive income .....	(29)	(26)	(324)
<b>Comprehensive income</b> .....	¥1,074	¥1,390	\$17,230
<b>Comprehensive income attributable to:</b>			
Comprehensive income attributable to owners of the parent.....	1,059	1,377	17,060
Comprehensive income attributable to minority interests.....	¥14	¥13	\$169

The accompanying notes are an integral part of these financial statements.

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of NS Solutions Corporation and its consolidated subsidiaries (together, referred to as the “Companies”) have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Companies prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

### 2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers. The rate of ¥80.73= U.S. \$1, the effective rate of exchange prevailing on June 30, 2011, has been used in translation of yen amounts to U.S. dollar amounts. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

### 3. Going Concern Assumption

None

### 4. Change in Scope of Consolidated Subsidiaries and Applications of the Equity Method

None

### 5. Special Accounting Treatment for the Quarterly Consolidated Financial Statements

Income taxes were computed by multiplying consolidated quarterly income before income taxes and minority interests by a rational estimate of the effective tax rate on consolidated income before income taxes and minority interests for the fiscal year including the quarterly period under review after adjustments for the application of tax-effect accounting.

### 6. Additional Information

For the accounting changes and error corrections made in after the beginning of the year ending March 31, 2012, the Companies have applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24 of December 4, 2009).

**NS SOLUTIONS CORPORATION**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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**7. Notes to Consolidated Balance Sheets**

None

**8. Notes to Consolidated Statements of Income**

**Research and Development Costs**

Research and development costs are charged to expense as incurred. The expense were recorded as general and administrative expenses and manufacturing costs for the three months ended June 30, 2010 and 2011 amounting to ¥ 348 million and ¥ 400 million (\$4,957 thousand), respectively.

**9. Notes to Consolidated Statements of Cash Flows**

**Depreciation and amortization and Amortization of goodwill**

The Companies do not prepare a cumulative Quarterly Consolidated Statement of Cash Flows for the first quarter of the fiscal year.

Depreciation and amortization (including intangible fixed assets amortization other than goodwill) and Amortization of goodwill on June 30, 2010 and 2011 were as follows:

June 30,	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 2)
Depreciation and amortization .....	¥ 495	¥ 537	\$ 6,653
Amortization of goodwill .....	¥ 41	¥ 41	\$ 511

**10. Net Assets**

**Cash dividends**

The Company paid cash dividends on June 2, 2010, and 2011 as follows :

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
May 18, 2010	Common stock	¥1,059 million	¥20.00	March 31, 2010	June 2, 2010	Retained earnings
May 17, 2011	Common stock	¥1,059 million	¥20.00	March 31, 2011	June 2, 2011	Retained earnings

**11. Consolidated Segment Information**

Based on the similarities in the type and nature of business, business of the Companies constitutes a single segment and accordingly, segment information is not disclosed.



**NS SOLUTIONS CORPORATION**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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**12. Per Share Information**

June 30,	yen		U.S. dollars
	2010	2011	(Note 2)
Net income per share.....	¥ 20.56	¥ 26.49	\$ 0.33

(Notes) The basis for calculating net income per share were as follows:

June 30,	Millions of yen		Thousands of
	2010	2011	U.S. dollars
Net income.....	¥ 1,089	¥ 1,404	\$ 17,393
Net income attributable to common stock.....	¥ 1,089	¥ 1,404	\$ 17,393
The average number of common stocks (shares).....	52,997,741	52,997,644	

**13. Subsequent Events**

There have been no material events subsequent to June 30, 2011.