

NS Solutions Corporation

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CONSOLIDATED FINANCIAL RESULTS (From April 1, 2013 to December 31, 2013)

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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.

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NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEETS
March 31, 2013 and December 31, 2013

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2013	Dec. 31, 2013	(Note 2) Dec. 31, 2013
Assets			
Current assets:			
Cash and deposits	¥3,321	¥1,769	\$16,788
Deposits paid	22,832	29,756	282,342
Notes and accounts receivable-trade	39,041	26,951	255,729
Securities	7,999	8,000	75,909
Work in process.....	12,673	19,253	182,691
Raw materials and supplies	321	307	2,921
Current portion of long-term loans receivable from subsidiaries and affiliates	—	12,000	113,863
Other	4,167	4,107	38,976
Allowance for doubtful accounts	(32)	(21)	(209)
Total current assets	90,324	102,123	969,008
Noncurrent assets:			
Property, plant and equipment	20,760	21,522	204,214
Intangible assets:			
Goodwill	2,517	2,393	22,710
Other	1,442	1,668	15,830
Total intangible assets	3,959	4,061	38,540
Investments and other assets:			
Long-term loans receivable from subsidiaries and affiliates	12,000	—	—
Other	18,163	18,515	175,688
Allowance for doubtful accounts	(86)	(79)	(751)
Total investments and other assets	30,077	18,436	174,937
Total noncurrent assets	54,797	44,020	417,692
Total assets	¥145,121	¥146,144	\$1,386,700

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	Mar. 31, 2013	Dec. 31, 2013	Dec. 31, 2013
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	¥12,891	¥9,772	\$92,724
Income taxes payable	1,974	924	8,776
Advances received	8,258	11,209	106,359
Provision for bonuses	5,796	2,960	28,092
Other provision	459	837	7,948
Other	4,941	5,770	54,755
Total current liabilities	<u>34,321</u>	<u>31,475</u>	<u>298,655</u>
Noncurrent liabilities:			
Provision for retirement benefits	14,396	15,116	143,432
Provision for directors' retirement benefits	185	157	1,496
Other	646	1,766	16,766
Total noncurrent liabilities	<u>15,228</u>	<u>17,040</u>	<u>161,693</u>
Total liabilities	<u>49,550</u>	<u>48,516</u>	<u>460,348</u>
Net assets			
Shareholders' equity:			
Capital stock	12,952	12,952	122,903
Capital surplus	9,950	9,950	94,415
Retained earnings	70,544	72,363	686,631
Treasury stock	(4)	(4)	(42)
Total shareholders' equity	<u>93,443</u>	<u>95,262</u>	<u>903,907</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	72	151	1,433
Revaluation reserve for land	(1,276)	(1,276)	(12,117)
Foreign currency translation adjustment	(3)	28	267
Total accumulated other comprehensive income	<u>(1,208)</u>	<u>(1,097)</u>	<u>(10,416)</u>
Minority interests	<u>3,335</u>	<u>3,463</u>	<u>32,862</u>
Total net assets	<u>95,571</u>	<u>97,628</u>	<u>926,352</u>
Total liabilities and net assets	<u>¥145,121</u>	<u>¥146,144</u>	<u>\$1,386,700</u>

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

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the nine months ended December 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars
	2012	2013	(Note 2) 2013
Net sales	¥121,283	¥121,747	\$1,155,208
Cost of sales (Note 9)	98,910	98,562	935,218
Gross profit	22,373	23,184	219,990
Selling, general and administrative expenses (Note 9)	14,736	16,235	154,053
Operating income	7,636	6,949	65,937
Non-operating income:			
Interest income	182	197	1,877
Dividends income	135	137	1,306
Gain on sales of investment securities	97	22	213
Other	12	27	261
Total non-operating income	428	385	3,657
Non-operating expenses:			
Interest expenses	21	92	881
Equity in losses of affiliates.....	0	15	150
Loss on retirement of noncurrent assets	20	10	98
Other	29	4	44
Total non-operating expenses	71	123	1,172
Ordinary income	7,993	7,210	68,422
Income before income taxes and minority interests	7,993	7,210	68,422
Income taxes	3,261	3,037	28,822
Income before minority interests	4,732	4,173	39,600
Minority interests in income	264	234	2,225
Net income	¥4,468	¥3,938	\$37,375

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

	Yen		U.S. dollars
	2012	2013	(Note 2) 2013
Net income per share	¥84.31	¥74.32	\$0.71

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the nine months ended December 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2012	2013	2013
Income before minority interests	¥4,732	¥4,173	\$39,600
Other comprehensive income:			
Valuation difference on available-for-sale securities.....	16	78	749
Foreign currency translation adjustment.....	0	36	348
Total other comprehensive income	16	115	1,097
Comprehensive income	¥4,748	¥4,289	\$40,698
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent.....	4,484	4,049	38,424
Comprehensive income attributable to minority interests.....	¥264	¥239	\$2,274

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

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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 ¥105.39 = U.S. \$1, the effective rate of exchange prevailing on December 30, 2013, 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. Notes in case of significant changes to shareholders' equity

None

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

The Company has added PALSYS Software Co., Ltd., scope of consolidation from third quarter of the fiscal year ending March 31, 2014 as a result of an acquisition the shares.

6. Change in accounting policy

None

7. 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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

8. Notes to Consolidated Balance Sheets

None

9. 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 nine months ended December 31, 2012 and 2013 amounting to ¥1,048 million and ¥1,037 million (\$9,842 thousand), respectively.

10. 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 third quarter of the fiscal year.

Depreciation and amortization (including intangible fixed assets amortization other than goodwill) and Amortization of goodwill on December 31, 2012 and 2013 were as follows:

December 31,	Millions of yen		Thousands of U.S.
	2012	2013	dollars (Note 2)
Depreciation and amortization	¥ 2,314	¥ 2,695	\$ 25,581
Amortization of goodwill	¥ 123	¥ 125	\$ 1,190

11. Net Assets

(For the nine months ended December 31, 2012)

The Company paid cash dividends on June 1, 2012 and December 4, 2012 as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
May 15, 2012	Common stock	¥1,059 million	¥20.00	March 31, 2012	June 1, 2012	Retained earnings
October 26, 2012	Common stock	¥1,059 million	¥20.00	September 30, 2012	December 4, 2012	Retained earnings

(For the nine months ended December 31, 2013)

The Company paid cash dividends on June 3, 2013 and December 3, 2013 as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
May 14, 2013	Common stock	¥1,059 million	¥20.00	March 31, 2013	June 3, 2013	Retained earnings
October 29, 2013	Common stock	¥1,059 million	¥20.00	September 30, 2013	December 3, 2013	Retained earnings

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

12. 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.

13. Per Share Information

December 31,	yen		U.S. dollars
	2012	2013	(Note 2)
Net income per share.....	¥ 84.31	¥ 74.32	\$ 0.71

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

December 31,	Millions of yen		Thousands of
	2012	2013	U.S. dollars
Net income.....	¥ 4,468	¥ 3,938	\$37,375
Net income attributable to common stock.....	¥ 4,468	¥ 3,938	\$ 37,375
The average number of common stocks (shares).....	52,997,574	52,997,533	

14. Subsequent Events

There have been no material events subsequent to December 31, 2013.