



**NS Solutions**

# First-Half Results and Outlook for the Fiscal Year ending March 2007

November 30, 2006

## NS Solutions Corp.

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

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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:

- ① To expand our business, we pioneer IT-based solutions targeted emerging markets with growth potential and allocate our resources to those markets with priority.
- ② 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.
- ③ Aware that our competitive edge stems from customer confidence and our state-of-the-art technology, we seek to maintain and bolster both.
- ④ We focus on our three core businesses, namely Business Solutions, Platform Solutions and Business Services, in order to provide consistent services ranging from consulting to design, development, operation and maintenance of IT-based solutions.

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

The Company recognizes the importance of retaining and enhancing our competitiveness and boosting our corporate value in the future. In terms of profit sharing, we have a basic stance of providing fair and stable dividends to our shareholders and securing a sufficient internal reserve for expanding our business activities and ensuring profitability in the future.

To increase profits to be redistributed to our shareholders, we have decided to raise the dividend by ¥5.00 per share as initially planned to pay per-share dividend of ¥17.50 from our surplus to our shareholders of record on September 30, 2006, the end of the first half of the current fiscal year. We are also expecting to distribute a per-share dividend of ¥17.50 to our shareholders of record on March 31, 2007, the end of the current fiscal year. This means our annual total dividend per share will be ¥35.00, ¥10.00 higher than in the preceding fiscal year ended March 31, 2006.

To provide high-quality solutions and services in a timely manner in answer to an intensifying competitive environment, we will be spending our internal reserve on strategic investments, such as expanding our array of solutions, launching our service operation, obtaining advanced information technologies and fostering human resources. We will also tap our internal reserves to invest in accelerating the implementation of our business strategies, including the formation of alliances with

other firms.

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

Increasingly, business strategies and IT strategies are closely linked and a superior IT strategy is essential to corporate survival. As circumstances surrounding business change, demand for redesigning and restructuring of existing systems rises. It is also necessary to enhance internal controls and address large-scale disasters or information leaks. There is ever growing demand for new systems that will provide IT governance, protect information assets and support disaster recovery.

We will be endeavoring to establish ourselves as a reliable IT partner by accurately identifying what business challenges our clients face, by presenting appropriate methodologies commensurate with the level expected from IT specialists and by offering a broad spectrum of services for the redesign of the entire IT assets of the client, including consulting, systems integration that covers systems planning, development, operation and maintenance, on-demand services and business process outsourcing.

From this managerial perspective, the Company will actively push ahead with business structure reforms, such as preferentially allocating business resources to growth sectors with high customer needs, planning visionary solutions and creating a new business model. By differentiating ourselves from our competitors and winning trust from customers, the Company will work to gain a competitive advantage, achieve sustainable business expansion and improve profitability.

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

#### **① Fostering IT services**

The broadband era has now become a reality. In light of this trend, the Company has been endeavoring to expand its service lineup.

Along with the spread of broadband connections, demand for data centers is on the rise. They are expected to support high capacity content distribution. We will step up our focus on the data center business to accomplish the next-generation data center initiative.

In terms of services for remote operation of IT infrastructure, document-related utility services and other utility services including security enhancement, we will expand our business to pioneer and add new distinctive services to our service lineup as the first mover, in an effort to foster the new IT services operation. Launched in April 2006, our new service, “electronic public notice investigation organ service,” made a positive start.

#### **② Strengthening the business foundations**

The Company will strengthen the business foundations by pursuing business process reforms, mainly targeting system development processes and sales processes, by enhancing internal controls and by training and strengthening our human resources.

In order to reform our business processes, especially system development processes, we will work to enhance the functions of tools for dispersed system development on a central control basis toward its full-scale operation, which serves as a common basis for sharing process improvement and best

practices. In addition, we will continue to improve the contents and services of the tool and also continue to develop into practice the activities of Quality Management Office (QMO), which was inaugurated in the first half of the current fiscal year.

Internal efforts will accelerate to upgrade the Company's internal control functions and ensure compliance with the Corporation Law of Japan, which came into effect in May this year, and with the Financial Instruments and Exchange Law, which is set to be introduced in the fiscal year ending in March 2008. We will actively commercialize the achievements of these efforts as new solutions and services.

To develop and increase human resources as part of vital business resources, NS Solutions will build up its recruiting capability and provide systematic education for young employees for steady workforce development. Moreover, we will strive to achieve closer ties with other companies in the Group, to effectively deploy our offshore workforce and to obtain good partner resources.

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

① Trade name of the parent company

Parent company, etc.	Type	Percentage of voting shares owned by the parent company, etc. (%)	Stock exchange on which the shares issued by the parent company, etc. are listed
Nippon Steel Corporation	Parent company	67.0%	Tokyo Stock Exchange First Section Osaka Stock Exchange First Section Nagoya Stock Exchange First Section Fukuoka Stock Exchange Sapporo Stock Exchange

② NS Solutions' status in the parent company's corporate group and other relationship between NS Solutions and the parent company

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

Nippon Steel Corporation is our parent firm and owned 67.0% of our voting shares on September 30, 2006. Nippon Steel Corporation is working to improve and enhance its structure to boost consolidated management. Defining as business domains six core business segments, namely steelmaking, engineering, urban development, chemicals, new materials, and system solutions, it has announced that the company will revamp its business structure to operate these businesses in an independent and parallel manner and 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 of Nippon Steel's production, physical distribution, sales and procurement processes and to enhancing its competitiveness. This business relationship with Nippon Steel Corporation is set to continue.

With respect to personnel, NS Solutions has appointed one employee of Nippon Steel as an outside auditor. As of September 30, 2006, we had 163 employees from Nippon Steel temporarily based at our subsidiaries.

Nippon Steel Corporation owned 72.2% of the Company's voting rights on March 31, 2006. In response to the revision to the Tokyo Stock Exchange delisting criteria, a securities disposal trust was launched for the purpose of selling part of the Company's shares on the stock market. As a result, Nippon Steel now holds 67.0% of the Company's voting rights, as of September 30, 2006.

- 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, personnel and capital relationships with the parent company and other companies in the group

As a subsidiary of Nippon Steel Corporation, we have a trade name 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, first-half sales to our largest account, Nippon Steel Corporation, stand at ¥9,195 million and account for 13.1% of our 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 reasonably decide on trade terms and conditions with Nippon Steel Corporation, checking references from market prices as well as trade terms with other customers.

- ③ Matters concerning transactions with the parent company and others

For the money loan relations between the Company and the parent company's corporate group, please refer to (2) *Cash flows* in 4. *Financial Position*.

**(6) Other Important Management Matters**

None.

## 2. Operating Results

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

During the first half of the current fiscal year, the Japanese economy achieved positive growth backed by improved corporate profits, increased capital investment by the private sector and rallying consumer spending. These positive factors more than offset economic concerns raised by the lifting of the zero-interest policy and soaring oil prices.

Our customers are stepping up IT investment in the integration and revamping of mission-critical systems for sales, production, distribution and other processes and improving information security. Financial institutions are making strategic IT investments. The sales of the information services industry as a whole continue to increase. (Source: Cabinet Office, *Monthly Economic Report* and the Ministry of Economy, Trade and Industry, *Dynamic Statistics on Specific Service Industries*)

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

In such a business environment, NS Solutions has been addressing increasingly sophisticated and complex customer needs and seizing business opportunities by providing a full range of System Life Cycle (SLC) total solutions that continuously cover system planning, development, operation and maintenance.

We have also been making company-wide efforts to further foster and expand our IT services operation, centering on the data center business and utility services. In April 2006, we launched new service, “electronic public notice investigation organ service.”

Apart from that, we continued with the business process reform chiefly targeted at the system development and sales processes in a bid for an enhanced business foundation. For the system development process, we launched the activities of the Quality Management Office (QMO) for upgrading institutional quality management capabilities, in addition to conventional efforts. This is based on our achievements in the activities of the Project Management Office for increasing organizational capabilities in project management. To reform our sales and marketing process, we continue to work to strengthen our sales efforts and to win more new orders. Specifically, we introduced a sales portal to encourage the sharing of marketing-related information and emphasized the cross-sectoral coordination of our sales and marketing efforts throughout the Company.

In the first half of the current fiscal year, our sales stood at ¥70,089 million, up ¥5,325 million from the first half of the previous fiscal year (¥64,763 million), with robust expansion of the Business Solutions sector. Our recurring profit amounted to ¥5,238 million, rising ¥485 million from the same period of the last fiscal year (¥4,752 million).

Our business performance during the first half of the current fiscal year for each service category,

namely Business Solutions, Platform Solutions and Business Services, is summarized as follows:

**- Business Solutions**

Achieving strong progress, especially with the financial industry, our Business Solutions sector registered sales of ¥39,394 million, an increase of ¥5,853 million from the first half of the last fiscal year (¥33,540 million).

• **Manufacturing, distribution and services industries.** In terms of our services for the manufacturing, distribution and services industries, our customers are making active IT-related investments, encouraged by their own brisk performance, with the aim of strengthening and enlarging their business operations. There was strong demand, especially from major automobile, electronics and high-tech manufacturers and leading service operators. We succeeded in adding a pharmaceutical giant and other business accounts to our customer base. As in the preceding fiscal year, we received many inquiries about accounting ERP systems among our many solutions. Driving this trend are moves to bolster internal controls. Good sales progress was also seen in PLM systems designed for curtailing the overall development process from design to production and in MES systems for connecting mission-critical systems with control systems at production facilities. Demand is rising particularly for SCE systems, which facilitate the implementation of logistical control operations among different SCM systems for reducing total lead time and total inventories.

ERP: Enterprise Resource Planning

PLM: Product Lifecycle Management

MES: Manufacturing Execution System

SCM: Supply Chain Management

SCE: Supply Chain Execution

• **Financial industry.** Reflecting robust performance throughout their industry, financial institutions have a strong intention to invest in IT. In response, NS Solutions steadily proceeded with large-scale projects relating to mega-banks' market- and information-related systems. Exerting our strong professional expertise in risk control, we won a large-scale order from Japan Post. For major regional banks, our solutions continued to enjoy robust demand, reflecting their compliance with the Basel II. Integrated profit management and risk management solutions remained strong.

• **Government agencies and the public sector.** In the market for government agencies and the public sector, we face tougher competition following the reform of the bidding framework in the government procurement process. In this environment, we steadily implemented the project for LAN integration and enhanced information security at central governmental offices. In addition,



we undertake to develop and operate differentiated systems in the sectors of satellites and sciences on the basis of our knowledge of advanced science and technology. In the market for national university corporations, the research results of our Systems Research & Development Center helped us receive an order for systems based on grid computing technology.

**- Platform Solutions**

Our Platform Solutions operation saw steady demand mainly for our maintaining and engineering solutions. However, the sector posted a ¥268 million decline in sales, to ¥12,066 million, in the first half of the current fiscal year compared with the same period of the last fiscal year (¥12,334 million). Our platform solutions earn high marks for the system development that need to deliver high performance and impressive reliability. NS Solutions worked on a large-scale upgrade of market-related infrastructure for a leading bank and provided infrastructure for sales assistance systems to a major automaker.

**- Business Services**

Positive growth in the outsourcing market and our active sales efforts for total SLC solutions boosted inquiries and orders for our business services for general customers. However, hit by a fall in sales to Nippon Steel Corporation, sales in the Business Services operation during the first half of the current fiscal year amounted to ¥18,628 million on a consolidated basis, down ¥260 million from the first half of the last fiscal year (¥18,888 million). In operation services, we supported Nippon Steel Corporation's large-scale steel mill systems for 40 years. The systems need to satisfy the challenging conditions of ensuring uninterrupted 24-hours-a-day, 365-days-a-year operation. Based on this track record, NSSLC Service Corporation, set up in April 2005, plays a central role in providing high value-added data center services. To move faster toward investing in data center facilities, we have acquired a data center that we had rented for business. This is part of our efforts to increase the competitiveness of our data center service operation. Launched in April 2006, our new service, "electronic public notice investigation organ service," got off to a healthy start in terms of inquiries and orders.

### **3. Outlook for Full-Year Results**

In the first half of the current fiscal year, our customers had a positive stance on investment and total IT-related investments were massive. The business climate is expected to remain positive in the second half and later.

As a corporate IT partner for customers, NS Solutions will respond to customer needs for devising IT strategies, reducing TCO (Total Cost of Ownership) and enhancing internal controls to attain growth in our Business Solutions and Platform Solutions operations. We will also take steps to meet growing outsourcing demand, foster IT services operations and enlarge our Business Services operations.

We project full-year sales of ¥156,000 million and recurring profit of ¥13,000 million, both on a consolidated basis.

Please note that forward-looking statements, such as full-year projections, are subject to change as a result of unexpected changes in economic conditions. The NS Solutions Group therefore does not guarantee these statements.

## 4. Financial Position

### (1) Balance sheet

#### ① Assets

As of the end of the first half of the current fiscal year, total assets stood at ¥99,732 million, down ¥3,383 million from ¥103,116 million at the close of the preceding fiscal year. This is mainly due to a ¥7,022 million decline in trade notes and accounts receivable and a ¥5,224 million rise in buildings and structures.

#### ② Liabilities

The liabilities as of the end of the first half of the current fiscal year totaled ¥35,901 million, down ¥5,586 million from ¥41,487 million at the close of the preceding fiscal year. This is largely attributable to the fall in trade notes and accounts payable by ¥4,934 million. The liabilities of the NS Solutions Group mainly consist of trade credits such as trade notes and accounts payable, and accrued accounts and allowances such as accrued income taxes and allowance for employees' retirement benefits. There are no interest-bearing liabilities, such as borrowings from financial institutions.

#### ③ Net assets

Net assets as of the end of the first half of the current fiscal year stood at ¥63,831 million, up ¥2,202 million from ¥61,628 million at the end of the previous fiscal year. The main reasons for this result include first-half net income amounting to ¥3,026 million and ¥662 million in dividends paid to shareholders. Consequently, the equity ratio is 62.3%.

### (2) Cash flows

#### ① Statement of cash flows

Cash and cash equivalents at the end of the first half of the current fiscal year was ¥26,078 million. While cash and cash equivalents increased by ¥1,051 million during the first half of the preceding fiscal year, the figure dropped by ¥5,646 million during the first half of the current fiscal year. Cash flows for each activity are as follows:

- *Cash flows from operating activities.* The Company generated ¥1,138 million of net cash from operating activities during the first half of the current fiscal year. This is mainly due to income before income taxes of ¥5,240 million, depreciation expenses of ¥699 million and a trade credit change of ¥2,088 million, while negatively affected by payment of income taxes of ¥3,736 million and an increase in inventory assets of ¥4,300 million. Meanwhile, during the first half of the last fiscal year, the Company generated ¥2,447 million of net cash from operating activities. This is mainly due to income before income taxes of ¥4,755 million, depreciation expenses of ¥626 million and a trade credit change of ¥6,110, while negatively impacted by payment of income taxes of ¥3,843 million and an increase in inventory assets of ¥5,097 million.

- *Cash flows from investing activities.* During the first half of the current fiscal year, the

Company used ¥6,071 million of net cash in investing activities. This resulted largely from the ¥5,912 million spent on the acquisition of tangible and intangible fixed assets, principally the acquisition of a data center. In the first half of the last fiscal year, the Company used ¥890 million of net cash in investing activities, mainly due to the acquisition of tangible and intangible fixed assets of ¥714 million.

- *Cash flows from financing activities.* In the first half of the current fiscal year, the Company used ¥712 million in financing activities. This was a result of dividend payments. During the first half of the last fiscal year, ¥509 of net cash was used in financing activities mainly for dividend payments.

② Credit lines from financial institutions

The Company has overdraft facilities at major banks 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.

③ Cash management system (=CMS)

NS Solutions uses the CMS of Nittetsu Finance, the company mentioned above, and has deposited ¥18,875 million with Nittetsu Finance as of the end of the first half of the current fiscal year.

Moreover, the Company uses a CMS together with its eight consolidated subsidiaries. The Company has collected deposits totaling ¥5,977 million from the companies in its corporate group as of the close of the first half of the current fiscal year.

<Reference> Trend of cash flow indices

The equity ratio has been improved due to a steady accumulation of profits, as outlined below.

	First half ended September 2004	Year ended March 2005	First Half ended September 2005	Year ended March 2006	First Half ended September 2006
Equity ratio	60.9%	55.0%	60.1%	58.2%	62.3%
Equity ratio on a fair market value basis	174.8%	136.0%	145.9%	168.1%	163.1%

Note 1: The equity ratio is calculated by dividing the equity capital by the total assets.

The equity ratio on a fair market value basis is calculated by dividing the market capitalization based on share price at the end of the term by the total assets.

Note 2: The table does not describe a debt redemption period because we did not have any interest-bearing debts outstanding as of the end of the term.

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

## 5. 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 any forward-looking statement, it represents our projection as of October 26, 2006.

### ***(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 change mainly resulting from system investment trends due to changes in economic conditions, how tough the competition is, whether we can win orders for large-scale projects and the progress, profitability or other factors relating to individual projects. Moreover, our sales of system development projects for government agencies and the public sector tend to be recorded at the end of fiscal year. The quarterly or semiannual operating results will depend on the tendency.

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

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 stood at ¥9,195 million in the first half of the current fiscal year, accounting for 13.1% of our overall sales. The NS Solutions Group provides an array of solutions to cover the overall systems lifecycle, ranging from consulting services on 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 may suffer a loss in credibility or face a customer claim for compensation after any system failure involving the customer's systems or any leakage of customer or personal information that we have inevitably received from the customer.

In April 2005, the Personal Information Protection Act came into full effect. The Company has long been committed to protecting customer information or personal data. Our initiatives include the setup of an information management committee chaired by the president; the drafting and enforcement of internal rules and other institutions; education and training through e-learning approaches; the implementation of physical security measures and active efforts to acquire 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 their intellectual property rights. In this event, 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, there are 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 owned 72.2% of the total shares as of March 31, 2006. In response to the revision to the delisting criteria of the Tokyo Stock Exchange, Nippon Steel set up a securities disposal trust for the purpose of selling part of NS Solutions' shares on the stock market. As a result, Nippon Steel holds 67.0% of the Company's voting rights as of September 30, 2006.



NS Solutions

# Financial Information Meeting for First Half FY2006 (First Half ended Sep. 30, 2006)

2006. 10. 26

Shigeru Suzuki

Representative Director & President

## NS Solutions Corporation

## FORWARD-LOOKING STATEMENTS

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# H1 FY06 Consolidated Results Highlights

(Billions of yen)

	H1 FY05 (Actual) A	H1 FY06 (Actual) B	Change B-A	H1 FY06 (Previous outlook) C	Change B-C
<b>Sales</b>	64.8	70.1	+ 5.3	66.0	+ 4.1
Business solutions	33.6	39.4	+ 5.8	33.5	+ 5.9
Platform solutions	12.3	12.1	- 0.2	12.5	- 0.4
Business services	18.9	18.6	- 0.3	20.0	- 1.4
<b>Gross profit</b>	13.4	14.5	+ 1.1	13.5	+ 1.0
<Gross profit margin>	<20.7%>	<20.8%>	<+ 0.1%>	<20.5%>	<+ 0.3%>
<b>SG&amp;A</b>	-8.8	-9.4	- 0.6	-9.1	- 0.3
<b>Operating income</b>	4.6	5.1	+ 0.5	4.4	+ 0.7
<b>Recurring profit</b>	4.8	5.2	+ 0.4	4.5	+ 0.7
<b>Net income</b>	2.7	3.0	+ 0.3	2.5	+ 0.5

# H1 FY06 Sales by Business Line/Customer Industry



NS Solutions

(Billions of yen)

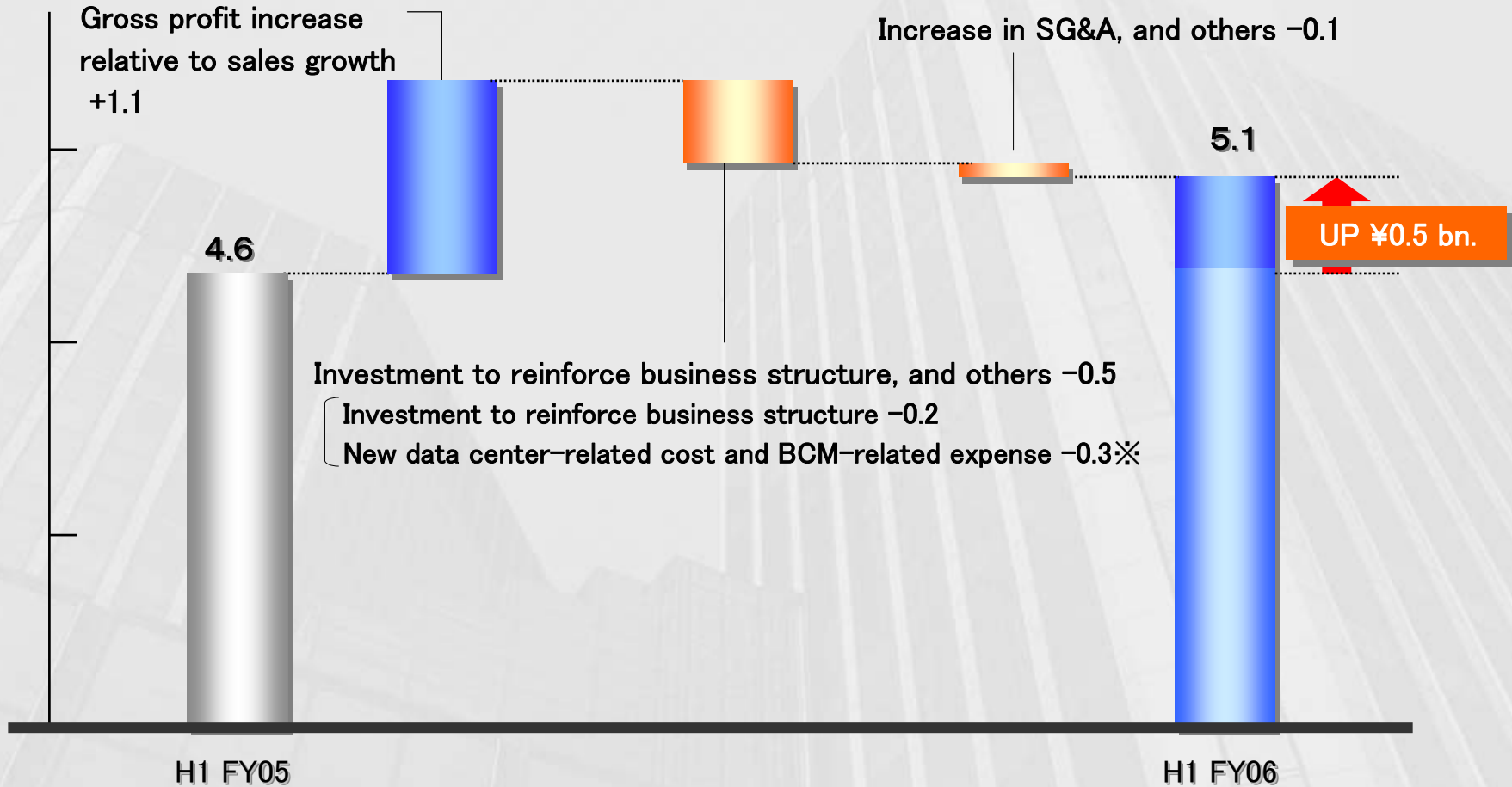
Business line/ Customer industry	H1 FY05 (Actual) A	H1 FY06 (Actual) B	Change B-A	Comment
<b>Business solutions</b>	28.1	33.0	+ 4.9	
Manufacturing, distribution and service industries	15.6	15.9	+ 0.3	Steady performance in manufacturing, distribution and service sectors
Financial services	7.1	10.2	+ 3.1	Growth mainly in megabank sector
Government, public organization and others	5.4	6.9	+ 1.5	Growth in satellite and science sectors
<b>Platform solutions</b>	11.0	11.2	+ 0.2	Increase in product maintenance
<b>Business services</b>	18.6	18.4	- 0.2	Decrease in Nippon Steel-related business. Increase in non-Nippon Steel business.
<b>Non-consolidated sales</b>	57.7	62.6	+ 4.9	
<b>Subsidiaries, net</b>	7.1	7.5	+ 0.4	
<b>Consolidated sales</b>	64.8	70.1	+ 5.3	

# H1 FY06 Consolidated Operating Income Breakdown



## Year on Year

(Billions of yen)



※BCM: Business Continuity Management

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



NS Solutions

Business line /Customer industry	Market trend	Market direction
Business solutions		
Manufacturing, distribution and service industries	<ul style="list-style-type: none"> <li>Steady demand from large-scale manufacturers such as auto, electric and high-tec industries, and service industry</li> </ul>	↗
Financial services	<ul style="list-style-type: none"> <li>Mainly mega banks have started expanding strategic IT investment</li> <li>Postal service privatization triggers Japan Post's IT investment</li> </ul>	↗
Government and public organizations	<ul style="list-style-type: none"> <li>Movement for reforming government's procurement procedures and for shifting to open systems</li> <li>Demand from satellite and science sectors has been moving steadily</li> </ul>	→
Platform solutions	<ul style="list-style-type: none"> <li>Expanding demand for IT infrastructure investment for the sake of advancing informatization, reducing TCO※and following new regulations, and others</li> </ul>	Engineering ↗ Product sales →
Business services	<ul style="list-style-type: none"> <li>Expanding demand for data centers to deliver large-volume content on the Internet</li> <li>Needs for various utility services</li> </ul>	↗

※ TCO: Total Cost of Ownership

# Outlook for FY06 Consolidated Results

(Billions of yen)

	FY05 (Actual) A	FY06 (Outlook) B	FY06 (Previous outlook)	Change B-A
<b>Sales</b>	148.3	156.0	152.0	+ 7.7
Business solutions	84.0	91.5	86.5	+ 7.5
Platform solutions	24.2	24.5	24.5	+ 0.3
Business services	40.1	40.0	41.0	- 0.1
<b>Gross profit</b>	30.5	32.1	31.4	+ 1.6
<Gross profit margin>	<20.6%>	<20.6%>	<20.7%>	<+ 0.0%>
<b>SG&amp;A</b>	-18.4	-19.2	-19.0	- 0.8
<b>Operating income</b>	12.1	12.9	12.4	+ 0.8
<b>Recurring profit</b>	12.4	13.0	12.5	+ 0.6
<b>Net income</b>	7.5	7.3	7.0	- 0.2

# Outlook for FY06 Sales by Business Line / Customer Industry



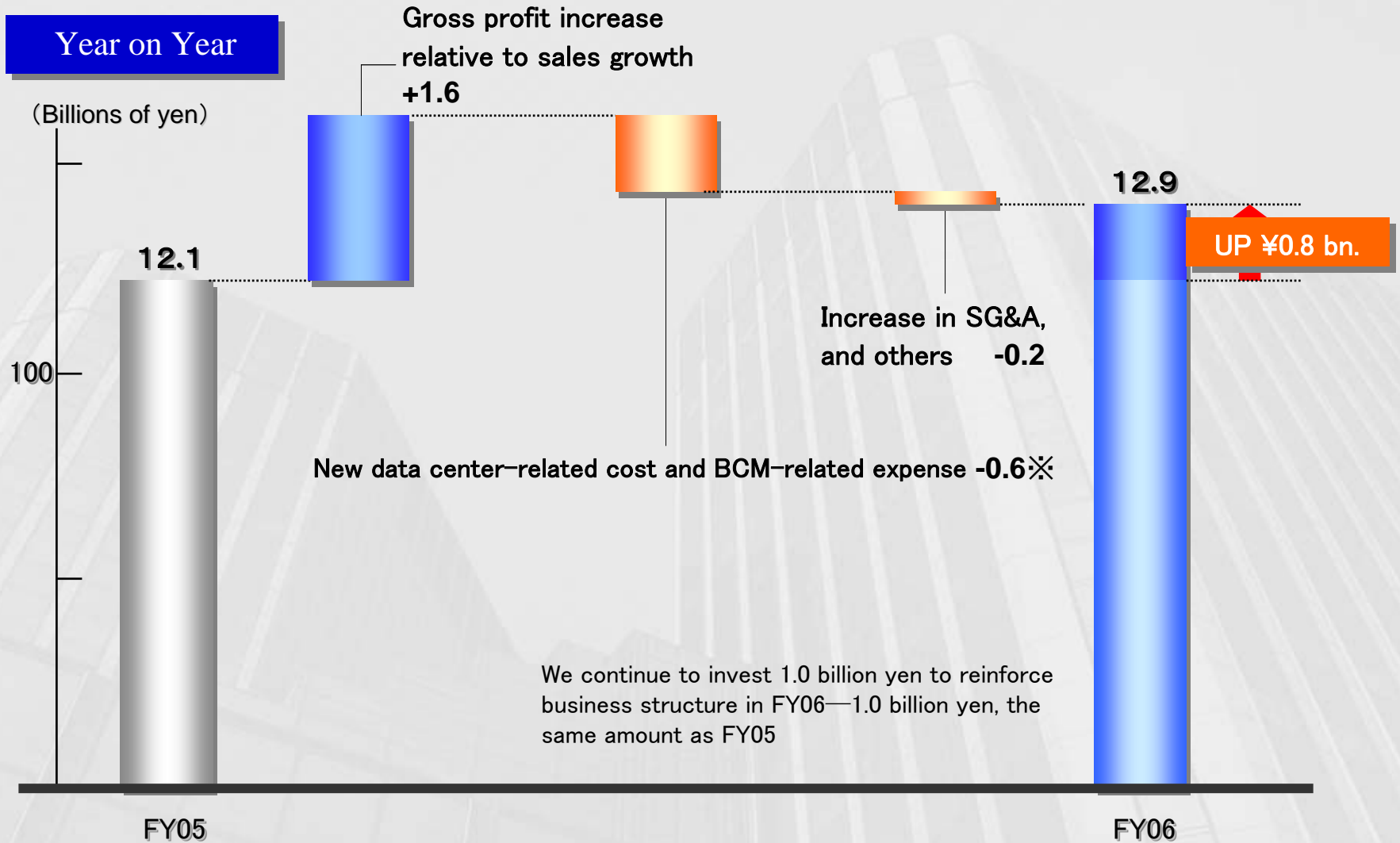
(Billions of yen)

Business line/ Customer industry	FY05 (Actual) A	FY06 (Outlook) B	FY06 (Previous outlook)	Change B-A	Comment
<b>Business solutions</b>	72.0	78.0	73.5	+ 6.0	Growth mainly in financial service sector
Manufacturing, distribution and service industries	36.6	37.0	37.5	+ 0.4	
Financial services	19.6	24.0	20.0	+ 4.4	Sales growth in megabanks, Japan Post and others
Government, public organization and others	15.8	17.0	16.0	+ 1.2	Growth in satellite and science sectors
<b>Platform solutions</b>	21.5	22.0	22.0	+ 0.5	Growth in engineering and maintaining products
<b>Business services</b>	39.6	39.5	40.5	- 0.1	Decrease in Nippon Steel-related business. Increase in non-Nippon Steel business.
<b>Non-consolidated sales</b>	133.1	139.5	136.0	+ 6.4	
<b>Subsidiaries, net</b>	15.2	16.5	16.0	+ 1.3	
<b>Consolidated sales</b>	148.3	156.0	152.0	+ 7.7	

# FY2006 Consolidated Operating Income Breakdown



NS Solutions



※BCM: Business Continuity Management

# Outlook for FY2006 Semiannual Consolidated Results



NS Solutions

(Billions of yen)

	FY05(Actual)		FY06(Outlook)		Change	
	H1 A	H2 B	H1 C	H2 D	H1 C-A	H2 D-B
<b>Sales</b>	64.8	83.5	70.1	85.9	+ 5.3	+ 2.4
Business solutions	33.6	50.4	39.4	52.1	+ 5.8	+ 1.7
Platform solutions	12.3	11.9	12.1	12.4	- 0.2	+ 0.5
Business services	18.9	21.2	18.6	21.4	- 0.3	+ 0.2
<b>Gross profit</b>	13.4	17.1	14.5	17.6	+ 1.1	+ 0.5
<Gross profit margin>	<20.7%>	<20.5%>	<20.8%>	<20.5%>	<+ 0.1%>	<+ 0.0%>
<b>SG&amp;A</b>	-8.8	-9.6	-9.4	-9.8	- 0.6	- 0.2
<b>Operating income</b>	4.6	7.5	5.1	7.8	+ 0.5	+ 0.3
<b>Recurring profit</b>	4.8	7.6	5.2	7.8	+ 0.4	+ 0.2
<b>Net income</b>	2.7	4.8	3.0	4.3	+ 0.3	- 0.5
<b>Order backlog at beginning of period</b>	35.5	45.4	38.0	47.9	+ 2.5	+ 2.5



## Basic policy for business operations

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



## Specific measures by business line/customer industry

- Business solutions for:
  - Manufacturing, distribution and service industries. ▪ Expanding business horizontally within the same industry ▪ Deepening and strengthening relationship with existing clients ▪ Winning large-scale customers
  - Financial services. Growth in our turf such as trading, management and database design businesses
  - Government and public organization. Focus on satellite, science, lifeline, education and others
- Platform solutions: Growth in engineering and supporting & maintaining products

# How we're going ahead with Major Business Strategies...

## Measures

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

2. Strengthening sales forces

3. Incubating and enlarging service businesses

4. Carrying forward business continuity management

5. Improving management of subcontractors

## How we're going...

- We facilitate sharing of system development standard and know-how
- Operation of dispersed development tools to start in H2 FY06
- Expanding internal use of sales processes by using SFA※
- Expanding utility service menu
- New data center has gone into full-scale operation
- We've built framework
- Started BCM solutions for clients
- New system went live in H1 FY06

※SFA: Sales Force Automation

# Enhancing Technical Capabilities to Develop Systems in an Organized Way

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## 1. Setting system development standard

- SLC standard we set last year is being applied to almost all orders※1
- We continue to improve software development processes by using "SPEAK", which is self-developed evaluation and assessment kit ※2
- We've set beta version of IT infrastructure engineering and operating standards. Improving it in H2 FY06.

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## 2. Sharing know-how corporate-wide

- Facilitating sharing of case study and technical information on its portal site. Trying to increase the site's visitors.
- We've considered efficient role sharing between NS Solutions, subsidiaries and partner firms. We train employees and spread SLC standard in subsidiaries in H2 FY06.

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## 3. Realizing the concept of modern software factory

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

- Operation of dispersed development tools to start in H2 FY06

※1 SLC: System Life Cycle

※2 SPEAK: Software Process Evaluation & Assessment Kit

We've built framework based on BCM master plan.

## ① Risk management for reliability of financial reporting

- We've assessed design of internal control and clarified the problems.
- We assess implementation of internal control and take measures to meet the situation in H2 FY06 (improve computer systems and business process standards)

## ② Risk management for information asset security

- We've performed risk analysis and implemented countermeasures against the situation (detecting spyware, etc.)
- We've designed Security BCP(contingency plan in the unlikely event of information leaks)

## ③ Risk management for disaster

- We've established a basic business continuity plan against disaster
- We've made a short list of target internal systems for disaster recovery sites.  
We set out a concrete program in H2 FY06.

## ④ Promoting BCM solutions for clients

## ① Tightening compliance control

- We've conducted workshops for all object employees to follow Act Against Delay in Payment of Subcontract Proceeds, etc. and Worker Dispatch Law
- Employees can use check lists

## ② Management system for subcontractors

- New system has gone live in H1 FY06(including ID and entry management)

## ③ E-learning

- We've started e-learning program for all subcontractors and temporary workers in H1 FY06

- 
- We've acquired No.1 Data Center that we had rented for business
  - We've set up system development center in Dalian, China  
(We've closed a quantity guarantee contract with Dalian Hi-Think Computer Technology Co., Ltd.(DHC))
  - Alliance with CA Japan, Ltd.  
(Project and portfolio management solution)
  - Alliance with Apriso Corporation Japan  
(Enterprise operations execution solution)
-



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





**NS Solutions**

## 平成19年3月期 中間決算説明会 補足資料

Appendix at Financial Information Meeting for the 1st half ended Sep. 2006

2006年10月26日  
Oct. 26, 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	2007/3	2007/3	※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)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見通し Previous 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	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	148,308	152,000	156,000
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	86,500	91,500
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	24,500	24,500
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	41,000	40,000
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485	—	29,464	30,519	31,400	32,100
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	19,200
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726	—	11,710	12,117	12,400	12,900
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785	—	11,791	12,356	12,500	13,000
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324	—	6,621	7,482	7,000	7,300
営業利益率(%) Operating income margin (%)	5.7%	7.6%	8.4%	7.9%	6.4%	—	8.0%	8.2%	8.2%	8.3%
売上総利益率(%) Gross profit margin (%)	18.2%	21.8%	20.0%	19.8%	18.2%	—	20.1%	20.6%	20.7%	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	—	124.52	141.17	132.08	137.74
純資産 Net Assets	—	—	26,882	44,581	49,379	—	55,520	61,629	—	—
総資産 Total assets	—	—	65,244	90,324	90,625	—	98,372	103,117	—	—
研究開発費 R&D expenses	—	—	1,221	1,001	989	—	1,177	1,254	—	—
設備投資 Capital expenditure	—	—	2,109	1,370	1,752	—	966	1,480	1,870	7,850
減価償却費 Depreciation and amortization	—	—	1,197	1,284	1,203	—	1,307	1,329	1,530	1,850
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	—	4,009	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)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(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・純資産の部 Liabilities and Net Assets

		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)
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
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
少数株主持分	Minority interest in consolidated subsidiaries	847	1,076	1,234	1,415	1,623
純資産合計	Total Net Assets	26,882	44,581	49,379	55,520	61,629
負債・純資産合計	Total Liabilities and Net Assets	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 Asset (%)	10.5%	8.0%	5.9%	7.0%	7.4%
自己資本当期純利益率(%)	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	2001/3	2002/3	2003/3	2004/3	2005/3	2006/3	2007/3	2007/3
	(EI事業部含む みなし連結 Pro forma consolidated, including EI Division)	(EI事業部含む みなし連結 Pro forma consolidated, including EI Division)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見直し Previous Outlook)	(見直し Outlook)
売上高 Net sales	132,683	145,952	148,922	153,098	150,844	146,526	148,308	152,000	156,000
売上原価 Cost of sales	108,499	114,182	119,203	122,766	123,359	117,062	117,789	120,600	123,900
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485	29,464	30,519	31,400	32,100
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	19,200
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726	11,710	12,117	12,400	12,900
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	12,356	12,500	13,000
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	12,874	12,500	13,000
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	7,482	7,000	7,300
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	—	—

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.

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 and amortization	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 payments	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 (increase) 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 (increase) 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 equivalents	—	—	△ 6	△ 1	9
現金及び現金同等物の増減額 Net increase (decrease) 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残高 Cash and cash equivalents at end of year	15,072	25,654	27,519	23,099	31,725

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.

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	2007/3	2007/3
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(前回見通し Previous 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 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	17,422	—
売上高 Net sales	131,680	137,857	136,136	136,136	131,889	133,143	136,000
業務ソリューション Business solutions	66,099	71,183	67,027	72,659	70,591	72,020	73,500
基盤ソリューション Platform solutions	32,197	31,544	33,536	26,990	23,198	21,471	22,000
ビジネスサービス Business services	33,384	35,130	35,573	36,487	38,100	39,652	40,500
売上総利益 Gross profit	24,469	25,234	22,808	24,705	24,883	25,700	26,400
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	16,000
営業利益 Operating income	10,104	9,709	7,651	9,604	9,484	9,900	10,400
経常利益 Recurring profit	10,031	9,886	7,787	9,737	9,794	10,200	10,700
当期純利益 Net income	5,297	5,331	4,496	5,721	6,732	6,000	6,300
営業利益率(%) Operating income margin (%)	7.7%	7.0%	5.6%	7.3%	7.1%	7.3%	7.5%
売上総利益率(%) Gross profit margin (%)	18.6%	18.3%	16.8%	18.7%	18.7%	18.9%	18.9%
業務ソリューション Business solutions	—	19.0%	16.4%	18.3%	20.7%	20.1%	21.7%
基盤ソリューション Platform solutions	—	21.0%	17.2%	16.8%	16.8%	18.4%	17.3%
ビジネスサービス Business services	—	14.5%	17.0%	16.8%	16.3%	16.0%	14.4%
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	113.21	118.87
純資産 Net Assets	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	35.00	35.00
配当性向(%) Dividend payout ratio (%)	13.27%	16.64%	20.69%	16.27%	19.68%	30.92%	29.44%
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	1,760	7,750
減価償却費 Depreciation and amortization	1,034	1,174	1,131	1,237	1,219	1,400	1,750
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.

※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、新日本製鐵鋼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)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(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・純資産の部 Liabilities and Net Assets

	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)
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
純資産合計 Total Net Assets	23,183	39,739	43,552	48,607	53,730
負債・純資産合計 Total Liabilities and Net Assets	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)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(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 Asset (%)	10.2%	7.7%	5.4%	6.5%	7.2%
自己資本当期純利益率(%) 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	2007/3 (前回見直し Previous Outlook)	2007/3 (見直し Outlook)
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)		
売上高 Net sales	131,680	137,857	136,136	131,889	133,143	136,000	139,500
売上原価 Cost of sales	107,211	112,623	113,328	107,184	108,260	110,300	113,100
売上総利益 Gross profit	24,469	25,234	22,808	24,705	24,883	25,700	26,400
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	16,000
営業利益 Operating income	10,104	9,709	7,651	9,604	9,484	9,900	10,400
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	9,794	10,200	10,700
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	10,712	10,200	10,700
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	6,732	6,000	6,300
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	—	—

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.

中間財務情報 First Half Financial Information  
**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)

	2001/9	2002/9	2003/9	2004/9	2005/9	2006/9	2006/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)
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	79,972
業務ソリューション Business solutions	30,900	42,435	36,950	40,063	41,153	41,870	48,313
基盤ソリューション Platform solutions	16,463	15,708	14,756	11,349	14,156	11,528	10,953
ビジネスサービス Business services	22,431	18,372	19,924	20,218	20,979	21,205 ※4	20,705
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	47,880
業務ソリューション Business solutions	17,209	21,619	20,351	20,351	18,545	21,542	24,785
基盤ソリューション Platform solutions	2,180	2,874	2,666	2,666	3,207	3,713	3,596
ビジネスサービス Business services	9,089	7,040	8,560	8,560	9,972	20,099 ※4	19,499
売上高 Net sales	67,902	68,756	64,574	64,574	65,723	64,764	70,089
業務ソリューション Business solutions	33,778	35,317	31,199	34,312	33,414	33,541	39,395
基盤ソリューション Platform solutions	16,369	16,437	15,191	11,784	13,752	12,334	12,066
ビジネスサービス Business services	17,755	17,002	18,184	18,478	18,557	18,888	18,628
売上総利益 Gross profit	13,803	14,585	12,635	12,914	13,429	13,500	14,553
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	9,409
営業利益 Operating income	5,745	5,443	3,659	4,212	4,589	4,400	5,144
経常利益 Recurring profit	5,736	5,454	3,691	4,272	4,752	4,500	5,238
当期純利益 Net income	2,915	2,718	1,935	2,287	2,706	2,500	3,026
営業利益率(%) Operating income margin (%)	8.5%	7.9%	5.7%	6.4%	7.1%	6.7%	7.3%
売上総利益率(%) Gross profit margin (%)	20.3%	21.2%	19.6%	19.6%	20.7%	20.5%	20.8%
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	57.11
純資産 Net Assets	22,834	29,041	46,208	51,597	57,694	—	63,832
総資産 Total assets	53,911	59,867	77,937	82,607	93,509	—	99,733
研究開発費 R&D expenses	505	448	457	500	582	—	609
設備投資 Capital expenditure	1,536	933	1,136	625	714	1,230	5,913
減価償却費 Depreciation and amortization	517	604	553	638	627	730	700
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	—	4,156

※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.



中間財務情報 First Half Financial Information  
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)

		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)	(実績 Actual)
現金及び預金	Cash and bank deposits	9,131	6,404	13,024	11,682	11,199	6,512
預け金	Deposited money	—	3,228	9,236	6,676	12,951	19,567
受取手形及び売掛金	Trade notes and accounts receivable	19,670	22,173	25,049	23,311	25,955	27,211
たな卸資産	Inventories	9,558	10,790	12,332	10,456	12,599	11,934
繰延税金資産	Deferred tax assets—current	1,977	2,239	2,684	2,736	2,867	3,033
その他	Others	1,791	798	958	688	438	582
貸倒引当金	Allowance for doubtful accounts	△ 38	△ 38	△ 22	△ 17	△ 16	△ 14
流動資産合計	Total current assets	42,089	45,594	63,261	55,532	65,993	68,825
有形固定資産	Property and Equipment	4,227	4,594	4,987	4,760	4,555	10,029
無形固定資産	Intangible fixed assets	713	1,077	971	859	658	396
投資有価証券	Investments in securities	2,635	3,022	3,415	4,638	4,387	2,583
関係会社長期貸付金	Long term loan-related party	—	—	—	12,000	12,000	12,000
差入保証金	Guarantee deposits	1,917	2,179	2,136	1,702	2,039	2,135
繰延税金資産	Deferred tax assets—non-current	1,978	3,032	2,285	2,787	3,614	3,442
その他	Others	352	369	882	330	263	323
固定資産合計	Total non-current assets	11,822	14,273	14,676	27,075	27,516	30,908
資産合計	Total Assets	53,911	59,867	77,937	82,607	93,509	99,733

(2)負債・純資産の部 Liabilities and Net Assets

		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)	(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	10,757
未払費用	Accrued expenses	2,367	2,846	3,753	1,976	2,369	2,405
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	2,270
賞与引当金	Accrued bonuses to employees	4,810	5,138	4,846	5,565	5,584	5,595
前受金	Advance receipts	2,970	3,706	3,564	3,252	5,128	4,805
未払金	Non-trade accounts payable	986	904	959	749	678	493
その他	Others	576	204	223	213	217	956
流動負債合計	Total current liabilities	26,056	25,326	25,627	24,360	28,251	27,281
退職給付引当金	Allowance for employees' retirement benefits	4,774	5,185	5,822	6,318	7,305	8,279
その他	Others	247	315	280	332	260	342
固定負債合計	Total non-current liabilities	5,021	5,500	6,102	6,650	7,565	8,621
資本金	Common stock	6,500	6,838	12,953	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	9,950
利益剰余金	Retained earnings	12,606	18,108	22,660	27,396	33,487	39,964
再評価差額金	Reserve for revaluation of land	△ 740	△ 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	245	90	294	803	609	552
少数株主持分	Minority interest in consolidated subsidiaries	723	907	1,106	1,252	1,453	1,690
純資産合計	Total Net Assets	22,834	29,041	46,208	51,597	57,694	63,832
負債・純資産合計	Total Liabilities and Net Assets	53,911	59,867	77,937	82,607	93,509	99,733

(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	2006/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)
売上高 Net sales	67,902	68,756	64,574	65,723	64,764	66,000	70,089
売上原価 Cost of sales	54,099	54,171	51,939	52,810	51,334	52,500	55,536
売上総利益 Gross profit	13,803	14,585	12,635	12,914	13,429	13,500	14,553
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	9,409
営業利益 Operating income	5,745	5,443	3,659	4,212	4,589	4,400	5,144
営業外収益 Non-operating income	43	28	43	98	187	—	111
営業外費用 Non-operating expenses	52	17	11	38	23	—	17
経常利益 Recurring profit	5,736	5,454	3,691	4,272	4,752	4,500	5,238
特別利益 Extraordinary profit	13	5	—	14	3	—	7
特別損失 Extraordinary loss	303	143	—	10	—	—	5
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	5,241
法人税、住民税及び事業税 Income taxes:Current	3,459	2,764	2,253	1,970	2,113	—	2,095
法人税等調整額 Income taxes:Deferred	△ 1,034	△ 274	△ 578	△ 44	△ 145	—	2
少数株主利益 Minority interests	106	108	81	63	82	—	117
当期純利益 Net income	2,915	2,718	1,935	2,287	2,706	2,500	3,026
<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	—	14,357
材料費 Material cost	—	18,829	16,818	19,463	16,339	—	18,614
外注費 Subcontract cost	—	14,712	15,062	16,027	21,238	—	21,319
その他 Others	—	6,918	5,793	3,353	△ 298	—	1,246
<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	—	4,066
営業支援費 Operating expense for acceptance of orders	1,051	1,244	1,310	1,405	1,421	—	1,455
その他 Others	3,248	4,199	3,617	3,608	3,550	—	3,888
研究開発費 R&D expenses	505	448	457	500	582	—	609

(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)	(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	5,241
減価償却費 Depreciation and amortization	517	604	553	638	627	700
退職給付引当金の増減額 Increase in allowance for employees' retirement benefits, net of payments	202	216	343	276	365	469
投資有価証券評価損 Loss on revaluation of investments in securities	—	142	—	10	—	3
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	7,023
たな卸資産の増減額 Decrease (increase) in inventories	562	△ 2,467	△ 3,223	△ 3,421	△ 5,097	△ 4,300
その他流動資産の増減額 Decrease (increase) in other current assets	△ 9	△ 233	209	△ 3	42	△ 11
仕入債務の増減額 Decrease (increase) in accounts payable	△ 4,759	△ 4,712	△ 13,288	△ 6,560	△ 5,200	△ 4,934
その他 Others	△ 1,166	△ 785	△ 453	△ 2,577	△ 615	591
小計 Sub total	7,771	2,256	1,062	6,789	6,188	4,782
法人税等の支払額 Income taxes paid	△ 2,561	△ 5,345	△ 2,769	△ 3,097	△ 3,844	△ 3,737
その他 Others	6	13	22	40	104	94
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	1,139
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	△ 5,913
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	△ 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	△ 158
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	△ 6,072
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	△ 662
その他 Others	—	—	△ 52	△ 46	—	△ 51
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	△ 713
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 equivalents	—	—	—	0	3	△ 0
現金及び現金同等物の増減額 Net increase (decrease) in cash and cash equivalents	2,916	△ 5,440	△ 3,394	△ 9,162	1,051	△ 5,646
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	31,725
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中間期末残高 Cash and cash equivalents at end of period	9,736	9,632	22,260	18,357	24,150	26,079

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.

(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	2006/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)
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	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 ※3	—
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 ※3	—
売上高 Net sales	58,503	61,767	57,656	57,656	58,634	57,670	58,500
業務ソリューション Business solutions	26,656	30,520	26,016	29,109	28,006	28,086	27,500
基盤ソリューション Platform solutions	14,958	14,937	13,860	10,453	12,486	10,950	11,500
ビジネスサービス Business services	16,889	16,310	17,780	18,094	18,142	18,634	19,500
売上総利益 Gross profit	11,416	12,119	10,433	10,433	10,885	11,201	11,200
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	7,700
営業利益 Operating income	4,741	4,538	2,798	2,798	3,535	3,603	3,500
経常利益 Recurring profit	4,743	4,774	3,041	3,041	3,729	3,898	3,800
当期純利益 Net income	2,486	2,529	1,747	1,747	2,148	2,381	2,200
営業利益率(%) Operating income margin (%)	8.1%	7.3%	4.9%	4.9%	6.0%	6.2%	6.0%
売上総利益率(%) Gross profit margin (%)	19.5%	19.6%	18.1%	18.1%	18.6%	19.4%	19.1%
業務ソリューション Business solutions	—	21.2%	18.4%	20.4%	20.9%	20.5%	20.4%
基盤ソリューション Platform solutions	—	22.3%	19.8%	14.6%	14.7%	19.9%	20.9%
ビジネスサービス Business services	—	14.2%	16.3%	16.5%	17.6%	17.6%	16.4%
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	41.51
純資産 Net Assets	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	17.50
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	1,160
減価償却費 Depreciation and amortization	452	551	520	520	611	580	680
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。  
 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	2006/9
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)
現金及び預金 Cash and bank deposits	5,745	3,072	12,274	10,531	10,050	5,149
預け金 Deposited money	—	2,800	8,903	6,020	12,337	18,876
受取手形及び売掛金 Trade notes and accounts receivable	16,413	19,125	21,704	20,506	22,916	23,863
たな卸資産 Inventories	9,208	9,803	11,805	9,887	11,880	11,230
繰延税金資産 Deferred tax assets—current	1,141	1,357	1,579	1,673	1,691	1,861
その他 Others	1,097	1,194	1,188	830	769	962
貸倒引当金 Allowance for doubtful accounts	△ 28	△ 31	△ 14	△ 13	△ 12	△ 9
流動資産合計 Total current assets	33,576	37,320	57,439	49,435	59,631	61,932
有形固定資産 Property and Equipment	4,118	4,439	4,786	4,602	4,289	9,728
無形固定資産 Intangible fixed assets	675	1,045	882	818	603	370
投資有価証券 Investments in securities	1,253	1,620	1,938	3,033	2,649	2,401
関係会社長期貸付金 Long term loan-related party	—	—	—	12,000	12,000	12,000
差入保証金 Guarantee deposits	1,559	1,792	1,793	1,372	1,709	1,800
繰延税金資産 Deferred tax assets—non-current	1,622	2,588	2,397	2,305	3,051	2,787
その他 Others	2,848	2,840	2,870	2,806	2,777	1,556
固定資産合計 Total non-current assets	12,075	14,324	14,666	26,936	27,078	30,642
資産合計 Total Assets	45,651	51,644	72,105	76,371	86,709	92,574

## (2)負債・純資産の部 Liabilities and Net Assets

	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)	(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	10,816
未払費用 Accrued expenses	1,899	2,496	3,145	1,495	2,088	2,512
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	1,670
賞与引当金 Accrued bonuses to employees	2,948	3,249	2,986	3,394	3,334	3,245
前受金 Advance receipts	2,935	3,704	3,558	3,225	5,086	4,631
未払金 Non-trade accounts payable	219	145	186	135	90	116
その他 Others	914	616	3,903	4,289	5,381	6,964
流動負債合計 Total current liabilities	21,533	22,033	25,926	25,262	30,082	29,954
退職給付引当金 Allowance for employees' retirement benefits	4,027	4,358	4,867	5,301	6,067	6,882
その他 Others	135	161	164	198	154	188
固定負債合計 Total non-current liabilities	4,162	4,519	5,031	5,499	6,221	7,070
資本金 Common stock	6,500	6,838	12,953	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	9,950
利益剰余金 Retained earnings	10,450	15,066	18,706	22,661	27,666	33,390
再評価差額金 Reserve for revaluation of land	△ 740	△ 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	246	90	294	803	594	533
純資産合計 Total Net Assets	19,956	25,092	41,148	45,610	50,406	55,549
負債・純資産合計 Total Liabilities and Net Assets	45,651	51,644	72,105	76,371	86,709	92,574

中間財務情報 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		2006/9	
	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)	(実績 Actual)	(実績 Actual)
売上高 Net sales	58,503	61,767	57,656	58,634	57,670	58,500	62,549							
売上原価 Cost of sales	47,086	49,648	47,223	47,749	46,469	47,300	50,805							
売上総利益 Gross profit	11,416	12,119	10,433	10,885	11,201	11,200	11,744							
販売費及び一般管理費 Selling, general and administrative expenses	6,675	7,581	7,635	7,350	7,598	7,700	7,784							
営業利益 Operating income	4,741	4,538	2,798	3,535	3,603	3,500	3,960							
営業外収益 Non-operating income	19	251	248	231	311	—	327							
営業外費用 Non-operating expenses	17	15	5	37	16	—	6							
経常利益 Recurring profit	4,743	4,774	3,041	3,729	3,898	3,800	4,281							
特別利益 Extraordinary profit	9	—	—	8	5	—	7							
特別損失 Extraordinary loss	303	143	—	10	—	—	5							
税引前当期純利益 Income before income taxes	4,449	4,631	3,041	3,727	3,903	3,800	4,283							
法人税、住民税及び事業税 Income taxes:Current	2,599	2,235	1,653	1,577	1,511	—	1,522							
法人税等調整額 Income taxes:Deferred	△ 636	△ 133	△ 359	3	11	—	63							
当期純利益 Net income	2,486	2,529	1,747	2,148	2,381	2,200	2,698							
<b>売上原価の内訳 Breakdown of cost of sales</b>														
労務費 Labor cost	7,150	7,280	7,460	7,329	7,116	—	7,395							
材料費 Material cost	14,880	17,050	15,250	17,860	14,711	—	17,190							
外注費 Subcontract cost	16,630	18,110	19,350	19,881	24,950	—	25,276							
賃借料 Rental expense	4,100	3,220	2,640	2,265	2,062	—	2,302							
その他 Others	4,326	3,988	2,523	414	△ 2,370	—	△ 1,358							
<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	2,670	2,850	3,220	2,888	2,974	—	3,078							
営業支援費 Operating expense for acceptance of orders	910	1,220	1,250	1,327	1,334	—	1,455							
業務委託費 Subcontract cost	1,010	1,160	765	788	939	—	835							
減価償却費 Depreciation and amortization	156	119	83	56	65	—	80							
その他 Others	1,929	2,232	2,317	2,291	2,286	—	2,336							
研究開発費 R&D expenses	459	422	446	453	547	—	588							

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.

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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。

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of NS Solutions Corporation (the “Company”) or its officers in terms of its operation and financial condition. Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors.

The Company acquired part of the business of the Electronics and Information Systems Division of Nippon Steel (referred to “EI Division”), as well as the interests of Nippon Steel in Nittetsu Hitachi systems Engineering, Inc., NCI Systems Integration, Inc., and NS&I System Service Corporation, on April 1, 2001. Such acquisitions are reflected on Financial Information for the fiscal years ended March 31, 2000 and 2001 described as “Pro forma consolidated” as if they had occurred on April 1, 1999 and 2000 respectively. No presentation of “pro forma” financial information is currently required under Japanese GAAP or any procedure, law and regulation in Japan. Moreover, such “Pro forma consolidated” information is not prepared in accordance with the pro forma presentation requirements of the U.S. Securities and Exchange Commission.