

NS Solutions

Business Results and Outlook

(April 1, 2004 through March 31, 2005)

May 13, 2005

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 an IT professional firm, NS Solutions creates real value to establish mutual trust with our customers, achieve mutual business growth and contribute to progress in our society.

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

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

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

We seek state-of-the-art technologies and customers' confidence because our competitive edge stems from these two factors.

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

(2) Basic Policy on Profit Sharing

The Company recognizes the importance of enhancing our competitiveness and boosting our corporate value for shareholders. Concerning profit sharing, it is basic company policy to provide proper and stable dividends to shareholders, to maintain a sufficient internal reserve for expanding our business activities and to ensure appropriate profit in the future.

In the fiscal year ended March 31, 2005, we will provide a ¥ 8.75 term-end dividend per share as initially scheduled. As we have already provided a ¥ 8.75 mid-term dividend per share, the annual total of dividend per share will be ¥ 17.50.

Concerning the dividend for the fiscal year ending March 31, 2006, in view of the outlook for our financial position and level of profitability and from the viewpoint of return to shareholders, we plan to provide an annual total of dividend of ¥ 25 per share.

Concerning the internal reserve, in order to combat the fierce competition and provide a high-quality solution service in a timely manner, we plan to spend our internal reserve for strategic investment such as expanding our solution menu, obtaining advanced information technologies and human resources development as well as for stepping up implementation of business strategies including forming alliances with other companies, which the Corporate Planning and Strategic Alliance Department established in

April last year is taking the lead in reviewing.

(3) Trading volume unit

In order to enhance active trading on stock markets and expand our shareholder base, the Company executed a 2-for-1 stock split as of August 19, 2004. (To shareholders of record on June 30, 2004)

(4) Our business strategy in the medium to long term and Management index targeted

Customers are positive about IT investment for a good corporate performance. However, while there is a growing recognition that corporate competitiveness is decided depending on clever IT strategy and high-quality IT investment, there are increasing customers' needs for improvement in ROI (Return On Investment) and reduction in TCO. Under such circumstances, in the information service industry IT firms are clearly being dichotomized into two groups, that is, firms that have solution-proposing and high technological capability to properly address the diversity and complexity of customers' needs and those that do not. Competition among IT firms is predicted to intensify.

In such market environment, by taking advantage of having the capability to provide coherent services for the system life cycle ranging from consulting, design, development, operation to maintenance, the Company aims at becoming a reliable IT partner that can address customers' needs for an IT strategy.

From a management perspective, the Company will positively pursue business structure reform such as allocating selectively business resources to growing sectors in which there are increasing customers' needs, planning advanced solutions and creating a new business model. By differentiating and obtaining customer confidence, the Company will gain the edge on its rivals, and will achieve the objectives of sustainable business expansion and improvement in profitability.

(5) Our Challenges

Enhancement of technological capability to develop systems as the organization.

We have enjoyed an excellent reputation from our customers for our highly technological capability to develop systems, which are typified by successful execution of large-scale projects and by the performance of the Systems Research and Development Center. In order to continue to maintain our competitiveness, which is top-ranked in the industry, the Company will redefine optimal role-sharing among the Company, subsidiaries and partner firms. Moreover, the Technology Bureau established in April this year will take the lead in wrestling with, with all might of the NS Solutions group, the task of constructing a common development process, developing and utilizing development support tools and project management tools and establishing the technique of fostering development in remote and off-shore, and will enhance the technological capability to develop systems as the organization and establish a more competitive business structure of the NS Solutions group.

Concerning the development of human resources shouldering these duties, the Company, through applying the IT Skill Standard (ITSS), will expand internal training schemes to improve our employees' abilities so that they are able to provide better solutions, proposals and properly manage various projects. Moreover, for the purpose of developing, securing, treating and revitalizing personnel who are highly professional, the Company has newly established the system entitled the "Executive Professional

System”.

Enhancing customer relationship capability and expansion of business opportunity by creating new solutions.

The Company will step up its inter-organization cooperation of sales activities, which it has long pursued. The Strategic Marketing and Vendor Alliance Department established in April this year will take the lead in tackling, on a full scale, the task of reforming sales process such as introduction of a sales portal to promote sharing information. Moreover, the Company will improve the existing solutions. Grasping properly customers’ needs and the market/technical trends and taking alliances with other vendors into consideration, the Company will endeavor to create new solutions mainly at the Corporate IT Consulting Center which is specialized in design and consulting of solutions as well as the Solution and Business Innovation Department, which was recently established in the business unit.

By doing so, the Company will enhance its customer relations capability such as dealing with the diversity and complexity of individual customer needs to make solution proposals suited to customers’ needs, and will expand business opportunities.

Expansion of service business

The Company has provided a high-quality operation and maintenance service to Nippon Steel Corporation 24 hours a day, 365 days a year for the past 40 years without interruption. In order to operate in a unified way the business resources held by NS Solutions group, the Company established NSSLC Service Corporation in April this year. The Company will improve the quality of the service and enhance competitiveness, and will provide outsourcing services such as operation and maintenance on a full scale. The said company will take the lead in promoting such activities.

The Company will provide services observing the laws and regulations such as Personal Information Protection Act. Furthermore, the Company will provide outsourcing services, such as the on demand type of service which manages in a unified way the operation process of customers and documents prepared in the course of carrying out operations, on the usage-based charging system, making free use of our high IT technological capability in the future as well.

Efforts to improve corporate governance and compliance

The Company recognizes it is an important management task to improve corporate governance and compliance, and will promote activities to improve them. Concerning corporate governance, the Company will enhance the management system such as introduction of the “executive officer (non-director)” system, and watching the movement of amendment to the Commercial Code, will disclose information in a timely and proper manner and enhance the auditing system. Concerning compliance, the Company will pursue the compliance improvement project based on the results of activities that we have performed up to now, such as prescribing necessary internal regulations that are in conformity to the laws and regulations, requiring our employees to observe them, setting up the internal reporting desk (Compliance Desk) and rising the sense of compliance by providing our staff with training sessions in legal affairs and the intellectual property field.

Regarding information security, the Personal Information Protection Act was enforced in April this

year. The Company recognizes that it is the minimum requirement and the basis of the continued existence of the enterprise that a company that is involved in information services manages information properly. From such viewpoint, we have taken various measures, such as, establishing the information management committee (chairperson: the president), setting up and putting the internal rules into practice, promoting educational and enlightening activity through e-learning, and taking measures for physical security. The Company obtained the privacy-mark soon after the accreditation system started in February 1999 and completed the third renewal in February this year. The Company will continue to promote information security activities.

Moreover, the Company extended the scope of applicable areas of Environment ISO (ISO 14001) to the whole area controlled by Head Office. We will focus our efforts on environmental protection activities in the future as well.

(6) Our Corporate Governance Basic Philosophy and Related-Activities

The Company recognizes the importance of successful corporate governance and is addressing the following challenges.

Organs of the Company, Internal control, Risk management system.

Under the current “board of auditors” system, our relatively small-sized board of directors (13 directors: It is expected to be reduced to 10 directors at the general meeting of shareholders, which is scheduled to be held this coming June) makes lawful, proper and quick decisions, while the board of auditors monitors carefully the decisions made by the board of directors.

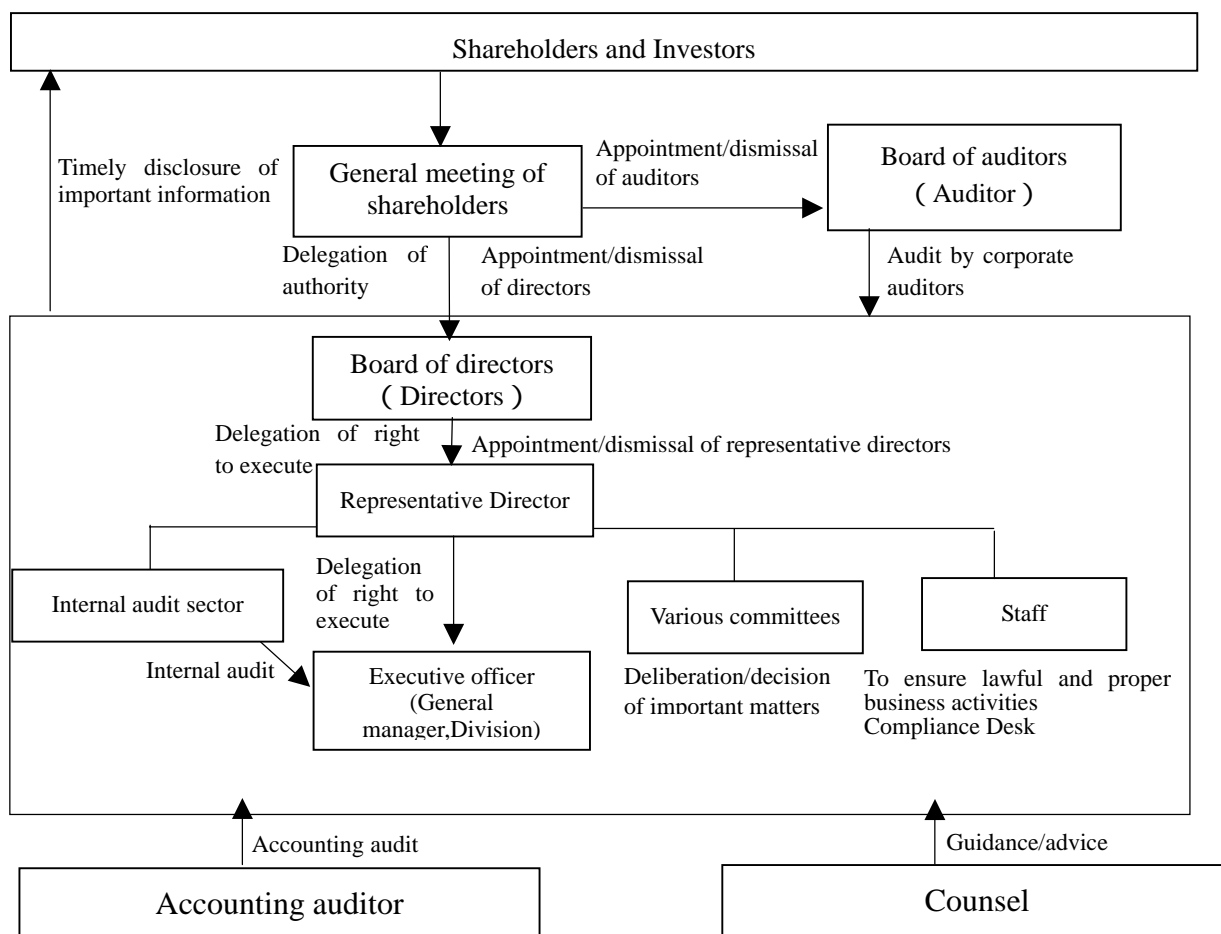
Concerning execution of corporate affairs, the Company adopts a divisional organization system under which profits and losses are calculated for each business unit, and in accordance with predetermined internal decision-making rules, the president delegates the authority to manage corporate affairs to division chiefs, and then the authority is delegated to department managers or section chiefs so that day-to-day operational decisions are made quickly. Due to the diversity and complexity of user needs and with the high technology required, expectations for the roles that these division chiefs play in their responsibility for managing corporate affairs are raising. For this reason, the Company has adopted newly “the executive officer (non-director) system”. Our internal inspection group, which directly reports to the president, monitors division chiefs’ behavior to ensure proper business activities.

Concerning important management matters, such as, planning business strategy, resources allocation, loan/investment projects and projects larger than the scale prescribed, we are to deliberate and make a decision at NS Solutions’ various committees such as the management committees composing of the president and other top management members or the project planning conferences.

NS Solutions has also been making endeavors to improve transparency through third-party monitoring scheme. We achieve proper management and operational activities by involving our CPA (ChuoAoyama PricewaterhouseCoopers) for audits and asking our counsels for valuable opinion/advice mainly for smooth operation at our director’s board. We disclose information in a timely and proper manner to shareholders and investors at the financial information meeting or via the website in accordance with the IR basic policy of the Company.

In order to ensure compliance, we have necessary internal rules and require our employees to obey

them, including the above-mentioned decision-making rules. We also provide our staff with training sessions in legal and intellectual property fields and establish an internal reporting desk (Compliance Desk) in order to raise sense of compliance. By doing so, we carry out our business activities in accordance with applicable laws and internal regulations.



(Note) We have three auditors in total. Our parent company, Nippon Steel Corporation, sends its director as our external auditor. For more information on our relationship with Nippon Steel Corporation, please see Section “(7) Matters concerning the parent company”.

Internal audit, Audit by corporate auditors, Accounting audit

< Procedures of internal audit, audit by corporate auditors and accounting audit >

Corporate auditors conduct audits focusing on the legality of a director’s performance of his duties in accordance with the auditing principles and auditing plan, which are decided by the board of auditors through their deliberation. Each auditor endeavors to grasp internal corporate affairs at all times by inspecting materials presented at the management conference and reports from internal staff, and to improve the quality of the audit by conducting an audit on a test basis of evidence including check sheets or field audits. After completing the audit on a test basis of evidence or a field audit, the auditor who has conducted the audit is obligated to submit an audit report to the board of auditors. Furthermore,

corporate auditors gain cooperation of auditors of subsidiaries to try to grasp the internal corporate affairs of subsidiaries, and as the need arises, investigate the status of corporate affairs of subsidiaries.

Our internal audit group, which directly reports to the president, conducts internal audits after deciding the chief auditing themes and drawing up the auditing plan each year. Our internal audit group conducts an audit on a test basis of evidence including check sheets and field audit at all internal departments focusing on the chief auditing themes, and after completing audits, draws up an audit report including indications and report periodically to the president. Our internal audit group always conducts a follow-up examination on how indications have been improved to ensure proper business activities.

In order to improve the effectiveness of audits by corporate auditors, internal audits and accounting audits, the auditors concerned keep in close contact to proceed with auditing procedure so as to be able to conduct the field audit involved in these audits as concurrently as possible.

<Name of CPA who conducted the audit, the number of years during which the CPA have been a reporting partner, the audit corporation >

Name of CPAs		Audit corporation
Designated Partner, Engagement Partner	Shigeyuki Nagayama	ChuoAoyama PricewaterhouseCoopers
	Masahiko Tezuka	

* Because all the above-mentioned CPA have worked less than seven years as a reporting partner, it is omitted.

The composition of an audit team is decided in accordance with the selection criteria prescribed by the audit corporation. Speaking specifically, the auditing team is mainly composed of CPA and junior CPA, if necessary, including a Systems Auditor and other assistant.

Efforts to improve corporate governance for these twelve months

<Number of conferences held>

Board of directors (13 times), management conference (32 times), and project planning conference (49 times)

<Audits>

- Conducted audits by corporate auditors, focusing on legality of director's performance of his duties, mainly on internal control, compliance and risk management in accordance with the auditing principles and audit plan.
- Conducted internal audits focusing on information assets management such as project management and customer/private information, and matters concerning the so-called Subcontract Act, in the manner of an audit on a test basis of evidence including check sheet and field audit at all divisions in NS Solutions

- In order to heighten the awareness of governance in subsidiaries, our corporate auditors cooperated with auditors of subsidiaries and our internal audit group in conducting an audit on a test basis of evidence and field audit at all subsidiaries in a similar manner to internal audits.

<Disclosure of information (IR / Closing accounts)>

- Disclosed timely and properly information such as disclosure regarding the stock split of the Company.
(TDnet、 press release, home page of the Company)
- Held the financial information meeting for institutional investors (April, October).
- Announced quarterly closing.

<Efforts to improve compliance>

【Compliance in general】

- Encouraged to make avail of an internal reporting desk (Compliance Desk), which was established in July 2003
- Provided the training session concerning compliance by e-learning (A little over 2,000 employees of the company including directors, auditors and executive officers received the said training session. Rate of participating in sessions, 100 %)

【Information asset protection】

- In February this year, completed the third renewal of privacy-mark, which the Company obtained soon after the accreditation system started.
- Held an Information Management Committee (Chairperson: the president) on almost a quarterly basis.
- Conducted an information asset protection audit (Conducted a voluntary audit using check lists and a field audit based on its results, as one series of audit)
- Provided the training session concerning information asset protection by e-learning (A little over 5,600 persons including not only directors, auditors, executive officers and employees but also all employees of companies that the Company entrusts with operations. Rate of participation in the training session, 100 %)

【Insider trading】

- In January 2005, laid down stricter internal rules, and provided education and heightened the awareness of employees at internal training session as well as the intranet websites.

Remuneration and bonus of directors and auditors; remuneration of accounting auditors

<Remuneration and bonus of directors and auditors>

		Number of people	Total payroll for this term
Directors	Remuneration	13	¥ 260 million
	Bonus	12	¥ 13 million
Auditors	Remuneration	2	¥ 26 million

(Note) 1. Remunerations for duties in an employee's capacity (73 million yen) are included in the directors' remuneration. The number of people is the total number of people for this term.

2. All directors are from within NS solutions.

<Remuneration for accounting auditors>

		Total payroll for this term
CPA	Remuneration	24 million yen

(Note) The accounting auditors' remuneration is for an audit certificate that is made based on the audit agreement between ChuoAoyama PricewaterhouseCoopers and NS solutions. Other remunerations (such as payment for consulting services) are not included

(7) Matters concerning the parent company

Trade name of the parent company

Parent company	Attribute	Percentage of our voting shares that the parent company owns (%)	Stock exchange on which the shares etc. issued by the parent company are listed.
Nippon Steel Corporation	Parent company	72.2%	Tokyo Stock Exchange First Section Osaka Stock Exchange First Section Nagoya Stock Exchange First Section Fukuoka Stock Exchange Sapporo Stock Exchange

Basic Policies regarding Relationship with our Stakeholders

The Company is a consolidated subsidiary of Nippon Steel Corporation, which owns 72.2 % of our voting shares.

As Nippon Steel Corporation exclusively commissions NS Solutions to plan, design, develop and operate their information systems, NS Solutions group contributes to streamlining their process of production, physical distribution, sales and procuring, and to enhancing their competitiveness. We will maintain the business relationship with Nippon Steel Corporation.

(Note) For more information on the pecuniary relation between the Company and the parent company and between the Company and the parent company group, please see Section “2.Operating Results and 5.Financial Position (2)Cash flow”.

(8) Other Important Management Matters

None.

2. Operating Results

(1) Trends in the Japanese economy and information service industry

In the fiscal year ended March 31, 2005, the Japanese economy moved into a period of moderate consolidation in the second half because of the slowing down of growth in U.S.A. and China, stock adjustments of digital-related products and so on, but has stayed firm supported by improvement in corporate profits, exports to the Chinese market and capital investment.

In the information service industry, customer companies are making stronger moves towards IT investment supported by improvement in corporate profits mainly in the manufacturing, distribution and services industries, but because of the increasing need to reduce TCO (Total Cost of Ownership), they continue to move towards selective investment projects and requests for IT price-cutting. In these circumstances, the sales totals in the information services industry recorded a temporary fall during the second quarter, but are now on a moderate recovery trend. (Source: Ministry of Economy, Trade and Industry, "Specified Service Industry Dynamic Statistics")

(2) Highlights for the NS Solutions Group

Although the market conditions continue to be severe, the Company has enhanced its capability to deal with customers' needs such as planning IT strategy at the corporate level of customers, optimization of the whole system, need to reduce TCO and so on by improving the function of the Corporate IT Consulting Center. Furthermore, the Company has offered effective and efficient solutions that meet the needs of customers such as the system life cycle total solutions to provide coherent services ranging from planning, construction and operation of solutions to maintenance service, legacy re-engineering solutions to shift from the legacy system including mainframes to the open system and so on. In addition to these operations, the Company has endeavored to expand the service business by establishing NSSL Service Corporation that specializes in operation and maintenance services. Moreover, the Company has taken measures to strengthen the managerial base such as enhancing project management and reducing outsourcing expenses.

Although business smoothly increased in the business service operations sector, because revenue declined in the Business Solutions and Platform Solutions sectors, we have achieved ¥ 146,526 million sales on a consolidated basis, with a ¥ 4, 317 million decline from the previous year (¥ 150,843 million). Meanwhile, a recurring profit of ¥ 11,790 million was recorded on a consolidated basis with a ¥ 2,005 million increase from the previous year (¥ 9,785 million). This increase in current profit is due to efforts to reduce unprofitable projects and to curtail costs including subcontract unit costs by enhancing project management.

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

- Business Solutions

We had a steady revenue stream mainly from the manufacturing, distribution and service industries, but revenue from the finance industry, government agencies and the public sector declined. As a result, we have achieved ¥ 81,956 million sales on a consolidated basis, with a ¥ 1,507 million decline from the previous year (¥ 83,463 million).

Manufacturing, distribution and service industries

From the manufacturing, distribution and service industries, we enjoyed steady demand in terms of both inquiries and orders, and sales increased. In the organization change effective from April 2004, the Company enhanced its capability to deal with customers' needs such as planning IT strategy at the corporate level of customers and the need to reduce TCO and so on. Consequently, inquiries related to consultation about IT concepts and legacy re-engineering increased. Moreover, in addition to individual solutions such as the ERP solution that integrates the production/sales process, the global SCM solution for reducing total lead time and total inventory and the PLM solution for shortening the R&D process from design to production, we focused our efforts to offer total solution business incorporating these individual solutions. In particular, in the current fiscal year, inquiries and sales for the MES solution that connect the core system with the control system of the production facilities has stayed brisk.

ERP: Enterprise Resource Planning

SCM: Supply Chain Management

PLM: Product Lifecycle Management

MES: Manufacturing Execution System

Finance industry

In the finance industry, the number of financial institutions has been decreasing due to mergers and consolidation, and there has been a move for some institutions to share the same computer center. As a result, the scale of investment in the information system is declining in the industry as the whole, and competition among vendors is becoming stronger. From the finance industry, we enjoyed steady demand for systems to deal with problems involved in the new BIS regulation in the current fiscal year, but sales declined due to intensified competition. Furthermore, the demand for systems, whose development the Company is wrestling with in the field of market-type, management control-type and information-type systems (the field of the non-accounting-type system), is growing.

Government agencies and the public sector

In government agencies and the public sector, we have offered solutions at which the Company is skillful, such as the development and operation of large-scale LAN and document control systems. However, the sales field has declined due to intensifying competition among vendors as the government's procurement system reform is progressing. Meanwhile, making the most of our expertise in high technology fields, we have provided the differential services of developing and operating various systems in the fields of satellite, science and so on. The Company is steadily expanding its customer base, and business in this field is increasing smoothly.

- Platform Solutions

In Platform Solutions operations, we have focused our efforts on expanding higher value-added business such as consulting, engineering and maintenance service of products, but the sales of products have declined. As a result, we have achieved ¥ 25,699 million sales on a consolidated basis, with a ¥ 4,247 million decline from the previous year (¥ 29,947 million). In the fields of consulting and engineering, customers are seeking the optimal design of mainframes and open systems, flexible and sturdy system infrastructure, reduction in TCO and so on. The Company has dealt with these needs of customers by the high technological capability of the IT Infrastructure Solutions & Services Division and the Systems Research & Development Center. Concerning maintenance service, from last year, we started offering "NSNAOS," one-stop support and services available for 24 hours a day, 365 days a year, for the maintenance of various products that comprise the system infrastructure. Its business is increasing smoothly.

- Business Services

In Business Services operations, business is increasing smoothly supported by expansion of the outsourcing market. We have achieved ¥ 38,870 million sales on a consolidated basis, with a ¥ 1,437 million increase from the previous term (¥ 37,433 million). Based on our experience of operating and managing the large-scale, complicated system of Nippon Steel Corporation over forty years, we are offering operation and management services, which are pursuant to ITIL (IT Infrastructure Library). Furthermore, we are offering the system lifecycle total solution to provide coherent services ranging from planning, development and operation to maintenance. Such activities have contributed to expansion of the business concerned. In addition to these operations, we have taken positive measures to expand service business including new services such as the on-demand type of operation and management service of IT systems entitled "Oracle On Demand @ NSSOL," the process service provider operations to control process and manage sales documents entitled "nsxpres for Salesforce.com" and so on. Furthermore, to promote these service activities, we established NSSL Service Corp. that specializes in operation and maintenance.

ITIL: Registered trademark of OGC (Office of Government Commerce) of the British government

To promote these operations, the Company has tied up with other companies as follows:

To better address the diverse needs of our customers, the Company tied up with Oracle Corporation Japan to commence providing the on-demand type of operation/management services of the IT system as “Oracle On Demand @ NSSOL.” Customers introduced to the integrated operation application entitled “Oracle E-Business Suite” of the said company can use the hardware and system operation/management service on the usage-sensitive charging system. The service of operating and managing the core system on the usage-sensitive charging system at the flat rate per user including charges for using hardware is the service put on sale for the first time in Japan.

Furthermore, many companies are seeking process control of sales activities and effective utilization of customer information to improve the efficiency of sales activities. To address these customers’ needs, the Company has tied up with Salesforce.com Inc. to commence offering ASP services entitled “nsxpres for Salesforce.com” that manage the lifecycle of customer information. Customers can use this service at the low cost. With this service, the Company will control the process and management documents involved in sales activities as the process service provider that can satisfy the customers’ need to improve the operation process.

The Company worked in conjunction with KDDI, which has a track record in communication networking and management of the data center, and commenced offering Japanese-affiliated companies in China the total solution including the wide area communication network, consulting, engineering, operation and maintenance of the systems. In September 2002, the Company established the China Business Group. Furthermore, the Company incorporated NS Solutions Software (Shanghai) Co., Ltd. as a local subsidiary and has provided services that support the whole system lifecycle for Japanese-affiliated companies moving into the Chinese market. In the future, by such joint work, the Company will reinforce activities that support the Japanese-affiliated companies that are attempting to expand business in the Chinese market.

3. Analysis of Operating Results

(1) Sales

We have achieved ¥ 146,526 million sales on a consolidated basis, with a 2.9% decline from the previous year (¥ 150,843 million). Our business performance for each service category is as follows:

In Business Solutions operations, we had a steady revenue stream mainly from the manufacturing, distribution and services industries, but due to the decline in sales in the finance industry, government agencies and the public sector, we have achieved ¥ 81,956 million sales on a consolidated basis, with a 1.8% decline from the previous year (¥ 83,463 million).

In Platform Solutions operations, we have focused our efforts on expanding higher value-added businesses such as consulting, engineering and product maintenance services, but because of the decline in product sales, we have achieved ¥ 25,699 million sales on a consolidated basis, with a 14.2% decline from the previous year (¥ 29,947 million).

In Business Services operations, the sales for Nippon Steel Corporation declined, but through endeavors to increase outsourcing service sales, we have achieved ¥ 38,870 million sales on a consolidated basis, with a 3.8% increase from the previous year (¥ 37,433 million).

(2) Sales costs, selling and administrative expenses

The sales cost on a consolidated basis decreased by 5.1% from the previous year (¥ 123,358 million) to ¥ 117,061 million. As a result, the gross profit margin increased by 1.9% from the previous year (18.2%) to 20.1%.

The reform of the corporate enterprise tax system, a change to pro forma standard taxation, and an R&D expense increase boosted up selling and administrative expenses. On the other hand, we have attempted to improve efficiency in sales activities, advertising/publicity and the internal system. Through such efforts to curtail costs, ¥ 17,754 million of selling and administrative expenses on a consolidated basis was recorded, which is similar to the previous year (¥ 17,759 million).

(3) Operating income

Due to increases in gross profit on sales, the operating income on a consolidated basis increased by 20.4% from the previous year (¥ 9,726 million) to ¥ 11,710 million. This is due to the reduction in unprofitable projects and curtailment of subcontract unit costs where sales declined but gross profit on sales increased.

(4) Non-operating income (expense)

Due to the increase in interest earned from long-term loans, the non-operating income (expense) on a consolidated basis increased to ¥ 80 million (net) from ¥ 59 million (net) in the previous year.

(5) Recurring profit

The recurring profit on a consolidated basis recorded ¥ 11,790 million with an increase of 20.5%

compared with the previous year (¥ 9,785 million).

(6) Extraordinary gain or loss (net)

Extraordinary gains or losses on a consolidated basis climbed into the black from a loss of ¥ 13 million in the previous year to a gain of ¥ 6 million.

Due to a reduction in profit on sales of investment securities, extraordinary gains on a consolidated basis decreased to ¥ 191 million from ¥ 715 million in the previous year.

The breakdown of extraordinary losses is as follows: the impairment loss of telephone subscription rights, ¥ 80 million, expenses for moving office, ¥ 63 million, loss on revaluation of golf club membership ¥ 23 million and loss on revaluation of investment securities, ¥ 17 million. As a result, extraordinary loss on a consolidated basis decreased to ¥ 184 million from ¥ 729 million in the previous fiscal year.

(7) Income before income taxes and minority interest

The income before income taxes and minority interest on a consolidated basis recorded ¥ 11,797 million with a 20.7% increase from the previous fiscal year (¥ 9,771 million).

(8) Income taxes

Income taxes on a consolidated basis recorded ¥ 4,954 million with a 17.0% increase from the previous year (¥ 4,236 million).

The ratio of income taxes to net profit before tax (tax burden ratio) fell by 1.4% from the previous year (43.4%) to 42.0%. This is mainly due to the introduction of the pro forma standard taxation system of corporate enterprise tax from the current fiscal year.

(9) Minority stockholders' interest

The minority stockholders' interest on a consolidated basis recorded ¥ 222 million with a 4.9% increase from the previous fiscal year (¥ 211 million).

(10) Net income

The net income on a consolidated basis recorded ¥ 6,620 million with a 24.4% increase from the previous term (¥ 5,323 million). The net income per share on a consolidated basis rose by 24.3% from ¥ 100.19 (after adjusting the impact by share split) in the previous year to ¥ 124.52.

(11) Significant accounting policies

The consolidated financial statements of the Company are drawn up in compliance with the generally accepted accounting principles of Japan. On drawing up these financial statements, the Company is required to estimate or forecast impacts on the financial position and operating results as of the closing date. The Company continues to make estimations or forecasts pursuant to the criteria considered reasonable, taking into account track record and business performance.

- Deferred tax assets

Deferred tax assets are reckoned based on the estimation of future taxable income.

- Allowance for employees' retirement benefits

Retirement benefit liabilities to employees are determined using the actuarial method. The amount of retirement benefit liabilities to employees varies depending upon the discount rate, the rate of increase in salary level and the average remaining service of employees expecting retirement, which are used in the calculation. The NS Solutions group determines the discount rate based on the interest rate of the government bond, and determines the rate of increase in salary level and the average remaining service of expected retirement of employees based on the track record of the NS Solutions groups.

- Allowance for doubtful accounts

The NS Solutions group provides allowance for doubtful accounts based on a bad debt ratio calculated from a track record. Furthermore, concerning receivable accounts against customers that could fall into financial difficulties or that are very likely to go into bankruptcy, the NS Solutions group provides additional allowance for doubtful accounts based on a review of the status of each individual receivable account.

- Allowance for loss on guarantees

The Company guarantees commitment on some money that its subsidiary by equity method borrowed from financial institutions. The Company provides allowance for this liability guarantee commitment of ¥ 68 million (as of March 31, 2005) based on a review of the financial position of the subsidiary concerned.

- Impairment of other securities

The NS Solutions group holds shares and other securities of specified customers and vendors (excluding shares of our affiliated companies), whose appraisal value amounts to ¥ 2,839 million as of March 31, 2005, from the viewpoint of promoting sales activities. These shares include those of public companies whose prices sharply fluctuate and those of non-public companies whose prices it is difficult to appraise. When judging that the investment value of these securities has depreciated, and that the possibility of recovery is very remote, the NS Solutions group accounts for the impairment of these securities. Concerning public companies when the share price falls below 50% of the acquisition price as of the closing date, or concerning non-public companies when the net asset value of the company falls below 50% of the acquisition price, the NS Solutions group judges that there is no possibility of the investment value recovering, and makes it a rule to account for impairment of these securities. In the fiscal year ended March 31, 2005, there were no shares that should have been accounted for impairment.

4.Outlook for the Next Period

Customers are continuing to take a selective investment attitude, becoming more conscious of reducing TCO and improving ROI. However, we believe that investment in systems by enterprises as a whole will subsequently be on a slow upward trend. The Company will attempt to expand business focusing on the manufacturing, distribution and service industries by addressing the customers' need to plan IT strategy and reduce TCO as a corporate IT partner. Furthermore, the Company will expand business service operations by grasping growing demand for outsourcing and by offering new services. In addition to these operations, the Company will attempt to strengthen sales and its production base by aggressively investing to reinforce the organizational structure, such as by upgrading technology to develop systems in an organized way, creating new solutions and developing human resources.

By implementing the strategies mentioned above, concerning performance for the fiscal year ending March 31, 2006, we project our consolidated sales to be ¥ 150,000 million and consolidated recurring profit to be ¥ 12,000 million on a full term basis.

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

5.Financial Position

(1) Balance sheet

1) Assets

The total assets as of the end of the current fiscal year amounted to ¥ 98,372 million with a ¥ 7,747 million increase from ¥ 90,624 as of the end of the previous year. Because the fixed assets held by the NS Solutions group are relatively few, the proportion of current assets to the total assets is relatively high, and reaches 72.5% at the end of the current fiscal year.

2) Liabilities

The liabilities as of the end of the current fiscal year amounted to ¥ 42,852 million with a ¥ 1,606 million increase from ¥ 41,246 million as of the end of the previous year. The liabilities of the NS Solutions group include accounts payable, accrued income taxes, allowance for employees' retirement benefits and so on. There are no liabilities with interest such as borrowings from financial institutions.

3) Shareholders' equity

The shareholders' equity as of the end of the current fiscal year amounted to ¥ 54,104 million with a ¥ 5,959 million increase from ¥ 48,144 million as of the end of the previous year. This is mainly due to the fact that the net income amounted to ¥ 6,620 million, and ¥ 927 million of dividends was paid to shareholders. As a result, the equity ratio rose by 1.9% from the previous year to 55.0%.

(2) Cash flows

1) Statement of cash flows

The balance of cash and cash equivalent as of the end of the current fiscal year amounted to ¥ 23,098 million with a ¥ 4,420 million decline from ¥ 27,518 million as of the end of the previous year (the total balance by an increase during the previous year, ¥ 1,864 million).

Cash flows for each activity category is as follows:

- Cash flows from operating activities

Concerning the cash flows from operating activities for the previous fiscal year, plus factors were income before income taxes and minority interest of ¥ 9,771 million, depreciation expenses of ¥ 1,202 million, and decrease in inventory assets of ¥ 2,027 million, meanwhile minus factors were payment of income taxes of ¥ 4,701 million and increase in trade credit of ¥ 5,388 million. Accordingly, a balance was ¥ 4,032 million.

Meanwhile, concerning cash flows from the operating activities for the current fiscal year, plus factors were income before income taxes and minority interest of ¥ 11,797 million, depreciation expenses of ¥ 1,307 million and the increase in allowance for employees' retirement benefits of ¥

897 million, meanwhile there was payment of corporate tax of ¥ 5,137 million. Accordingly, a balance was ¥ 9,187 million.

- Cash flows from investing activities

Concerning cash flows from investing activities for the previous year, ¥ 778 million came from the revenue from selling investment security, meanwhile ¥ 1,751 million was spent in acquiring tangible and intangible fixed assets. Accordingly, a balance was a minus of ¥ 1,115 million.

Meanwhile, concerning cash flows from investment activities for the current fiscal year, ¥ 224 million came from the revenue from selling investment securities, but minus factors were acquisition of tangible and intangible fixed assets of ¥ 965 million, acquisition of investment securities of ¥ 305 million, and payments for long term loan-related party of ¥ 12,000 million. Accordingly, a balance was a minus of ¥ 12,633 million

The long-term loan related party is that (a period of loan, 5 years) to Nippon Steel Corporation, our parent company. From the viewpoint of improving efficiency in fund management operations by managing idle funds at hand in the long term, the Company made the investment decision that the long-term loan to Nippon Steel Corporation is advantageous in terms of the risk involved and the interest rate, and made this loan on September 28, 2004.

- Cash flows from financing activities

Concerning cash flows from financial activities for the previous consolidated accounting year, there were payment of dividends for shareholders of ¥ 993 million and others, and in total it was a minus of ¥ 1,046 million.

Meanwhile, concerning cash flows from the financing activities for this consolidated accounting year, there were payment of dividends for shareholders of ¥ 927 million and others, and in total it was a minus of ¥ 973 million.

2) Credit lines from financial institutions

The Company has overdraft facilities by which the Company may withdraw money up to a maximum of ¥ 4,800 million from the four major financial groups. Moreover, the Company has overdraft facilities with a maximum of ¥ 4,600 million at Nittetsu Finance Co., Ltd., the 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)

The Company uses CMS of Nittetsu Finance mentioned above, and makes deposits of ¥ 10,925 million in Nittetsu Finance as of the end of the current fiscal year.

Moreover, the Company constructs and uses CMS with each of the seven consolidated subsidiaries. The Company takes in deposits of ¥ 4,129 million as of the end of the current fiscal year from the NS Solutions group companies.

<Reference> Trend of cash flows index

The equity ratio is being improved by the steady accumulation of profit as mentioned below.

	Year ended in March 2002	Year ended in March 2003	Year ended in March 2004	Year ended in March 2005
Equity ratio	39.9%	48.2%	53.1%	55.0%
Equity ratio on a fair market value basis	-	96.2%	202.1%	136.0%

(Note1) Equity ratio: Equity capital/Total assets

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

(Note2) Because there is no balance of liabilities with interest as of the term-end, the number of years of debt redemption is not stated. The interest coverage ratio is not stated because the amount of interest payment is very small.

6. Business Risks

Among matters concerning operations and accounting of the NS Solutions group, those considered to have a great potential effect on investor perceptions are stated in this paragraph.

Future matters concerning statements in this paragraph are projected as of the date of submitting this report.

(1) Unexpected changes in financial position, operating results and cash flows.

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

However, there is a possibility of operating results changing depending upon trends in system investment due to changes in economic conditions, how tough the competition is, whether we can take orders for large-scale projects, how an individual project is progressing, how profitable an individual project is, and so on. Moreover, because there is a tendency for the sales of system development projects for the governmental agencies and the public sector to be reckoned concentrated around the end of accounting year, the operating results considerably will change for each quarter or half year.

(2) Reliance on specified customers, products and technology

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

The NS Solutions group has enjoyed an excellent reputation with our customers of more than 1,500 companies, including the manufacturing industry, and in the distribution, finance, public service, transportation and communication industries. Among these companies, the NS Solutions group has stable and continuous business relations with Nippon Steel Corporation, which is the greatest customer of the NS Solutions group. The sales track record of the said company amounts to ¥ 21,558 million on a consolidated basis (share 14.7%). However, the NS Solutions group provides a solution menu of the system lifecycle ranging from consulting services about planning of IT strategy, planning, development, operation and maintenance, and is expanding business without heavily emphasizing specified products and technologies.

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

Conditions peculiar to the information service industry

In the course of developing and operating the core systems of customers, there may be problems with the systems of customers or customer information and private information received from customers divulged outside the Company due to unavoidable circumstances. As a result, we are exposed to the risk of customers claiming compensation for damages and losing our creditability.

In April this year, the Personal Information Protection Act was enforced. The Company already established a system to protect private information by setting up the information management committee (chairperson, president) or enforcing the internal rules or promoting educational and enlightening activities through e-learning and physically enhancing various security measures. In the future, the Company will positively pursue acquiring privacy marks and various certifications and will protect customer information and private information.

Moreover, as products and technologies are becoming more complex, there is the possibility of a third party instituting a lawsuit or making a claim against the NS Solutions group, arguing that the

services or products of the NS Solutions group has infringed their intellectual property and consequently, the NS Solutions group must compensate for damages or acquire or develop alternative technologies.

(4) Lawsuits that have a serious effect on the NS Solutions group

At present, there are no lawsuits as mentioned above instituted in connection with the NS Solutions group.

(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, and Nippon Steel Corporation owns 72.2% of the total shares as of March 31, 2005. The other day, the delisting requirements of the Tokyo Stock Exchange were amended and enforced. If the number of shares owned by the specified minority shareholders of the Company as of the end of each fiscal year since March 31, 2006 does not meet the said requirement, the shares of the Company will be delisted. To avoid such delisting, it is necessary to amend the number of specified minority shareholders within one year from March 31, 2006 to meet the said requirement.



NS Solutions

Financial Information Meeting for Fiscal Year 2004 (Year ended March 31, 2005)

2005.04.26

Shigeru Suzuki

Representative Director & President

NS Solutions Corporation



FORWARD-LOOKING STATEMENTS

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of NS Solutions Corporation (the “Company”) or its officers in terms of its operation and financial condition.

Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors.

FY2004 Consolidated Results Highlights

(Billions of yen)

	FY03 (Actual) A	FY04 (Actual) B	Change B - A	FY04 (Previous outlook) C	Change B - C
Sales	150.8	146.5	- 4.3	152.0	- 5.5
Business solutions	83.5	81.9	- 1.6	83.5	- 1.6
Platform solutions	29.9	25.7	- 4.2	28.5	- 2.8
Business services	37.4	38.9	+ 1.5	40.0	- 1.1
Gross profit	27.5	29.5	+ 2.0	30.1	- 0.6
<Gross profit margin>	<18.2%>	<20.1%>	<1.9%>	<19.8%>	<0.3%>
SG&A	17.8	17.8	+ 0.0	18.2	+ 0.4
Operating income	9.7	11.7	+ 2.0	11.9	- 0.2
Recurring profit	9.8	11.8	+ 2.0	12.0	- 0.2
Net income	5.3	6.6	+ 1.3	6.7	- 0.1

FY2004 Sales by Business Line / Customer Industry



(Billions of yen)

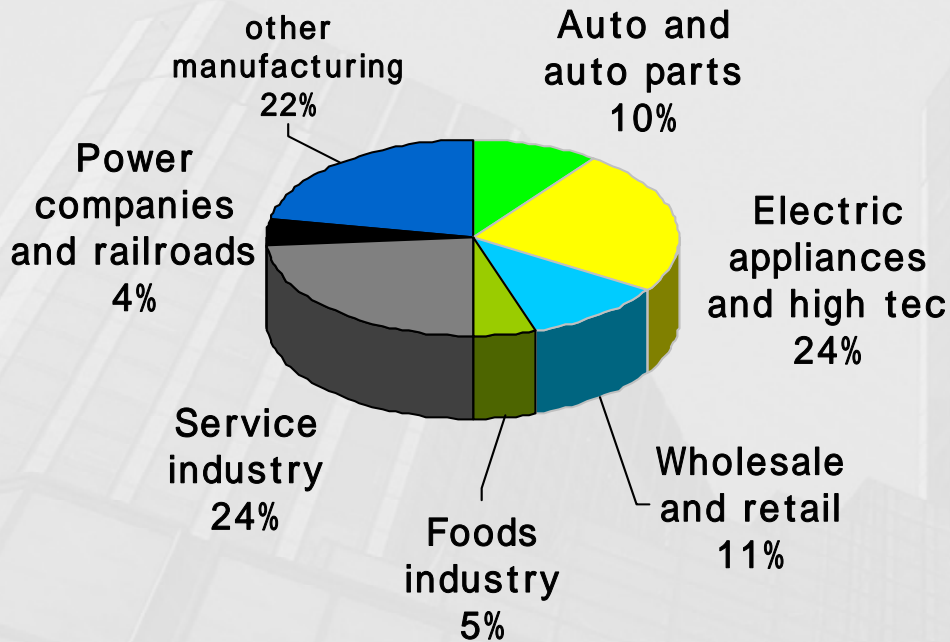
Business line / Customer industry	FY03 (Actual) A	FY04 (Actual) B	Change B - A	Comment
Business solutions	72.6	70.6	- 2.0	
Manufacturing, distrubution and service industries	32.2	32.8	+ 0.6	Increase in MES for manufacturers *. Large projects take more time to generate orders.
Financial services	20.8	19.4	- 1.4	Harsh competition increasing
Government, public organizations and others	19.6	18.4	- 1.2	Central government-related projects decreaed. Competition increasing.
Platform solutions	27.0	23.2	- 3.8	Hardware product decreased
Business services	36.5	38.1	+ 1.6	Increase in non-Nippon Steel business. Nippon Steel business decreased.
Non-consolidated sales	136.1	131.9	- 4.2	
Subsidiaries, net	14.7	14.6	- 0.1	
Consolidated sales	150.8	146.5	- 4.3	

* MES: Manufacturing Execution System

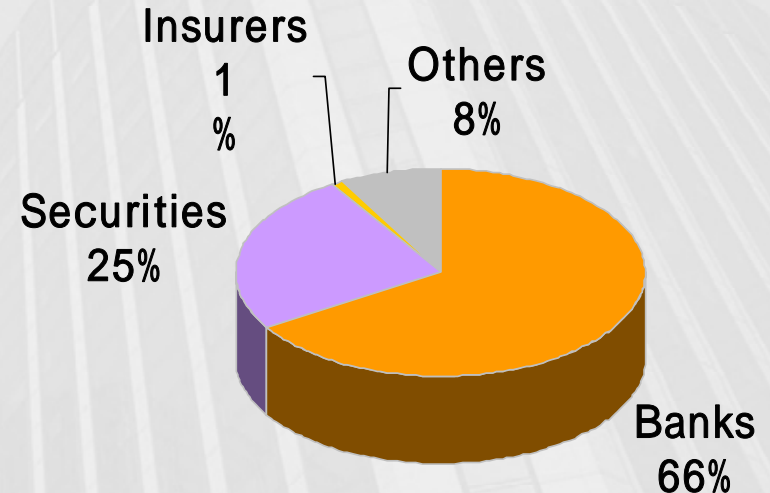
FY04 Breakdown of Sales to Manufacturing, Distribution and Service Industries, and Financial Services



Manufacturing, distribution and service industries



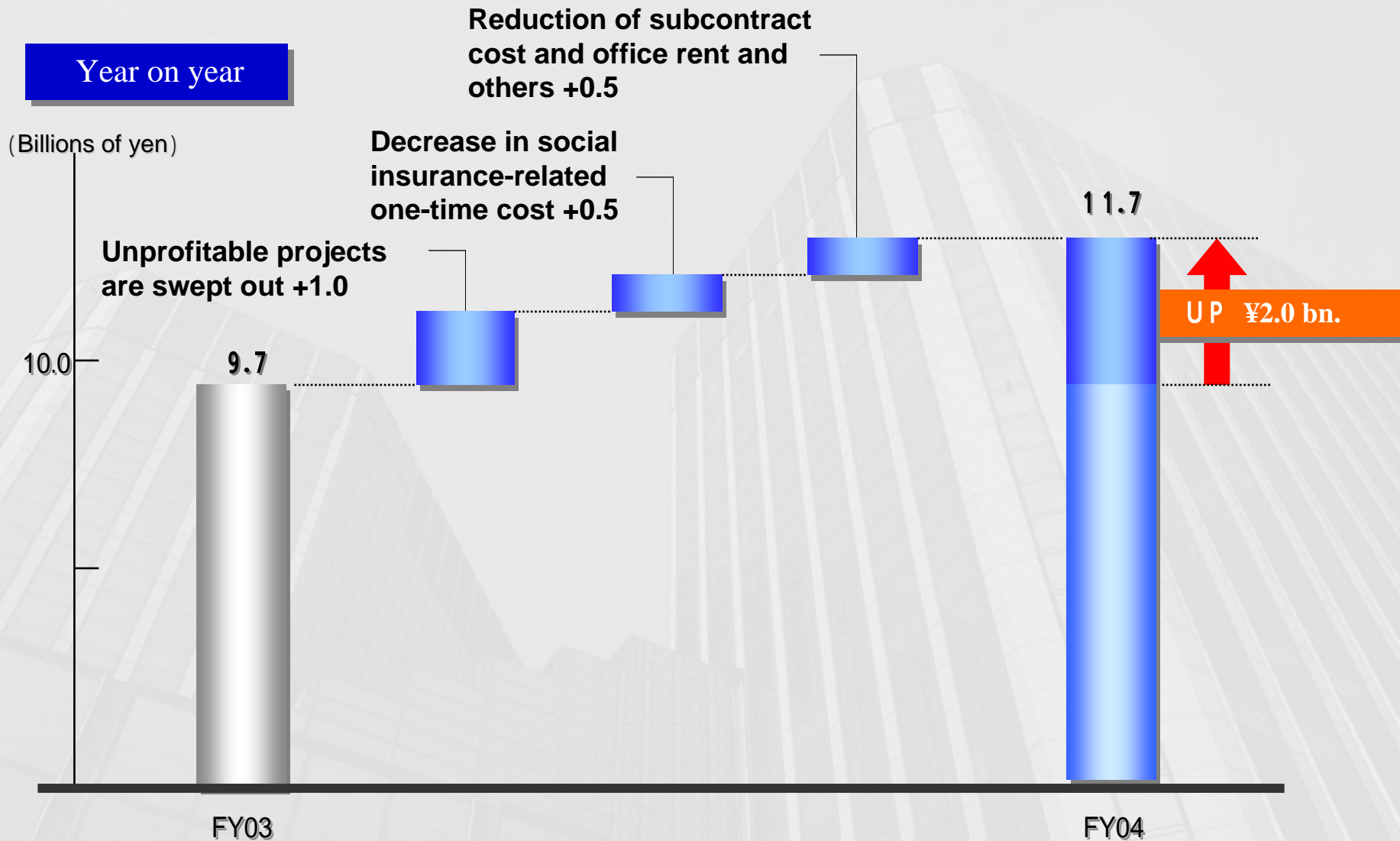
Financial Services



FY2004 Consolidated Operating Income Breakdown



NS Solutions



Outlook for FY2005 Consolidated Results

(Billions of yen)

	FY04 (Actual) A	FY05 (Outlook) B	Change B - A
Sales	146.5	150.0	+ 3.5
Business solutions	81.9	84.5	+ 2.6
Platform solutions	25.7	26.0	+ 0.3
Business services	38.9	39.5	+ 0.6
Gross profit	29.5	30.5	+ 1.0
<Gross profit margin>	<20.1%>	<20.3%>	0.2%
SG&A	17.8	18.7	- 0.9
Operationg income	11.7	11.8	+ 0.1
Recurring profit	11.8	12.0	+ 0.2
Net income	6.6	6.7	+ 0.1

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



Business line/ customer industry	Market trend	Market direction
Business solutions Manufacturing, distributions and service industries Financial services Government and public organizations	<ul style="list-style-type: none"> · Clients have strong will for investment in IT on the back of their steady business results · Demands shift from package software-based solutions to scratch-based solutions · Derivative and trading systems, management systems and database design business (the field of non-settlement systems) show signs of recovery · Harsh competition increasing · Reform of government's procurement system. Competitive bidding increasing. · Harsh competition increasing 	
Platform solutions	<ul style="list-style-type: none"> · Market picked up in 1H FY04, but the speed slow-down in 2H FY04 	Engineering Product sales
Business services	<ul style="list-style-type: none"> · Expecting non-Nippon Steel business and NSSLC Service Corp. to grow · Nippon Steel business slowly decreasing 	

Outlook for FY05 Sales by Business Line

/ Customer Industry



(Billions of yen)

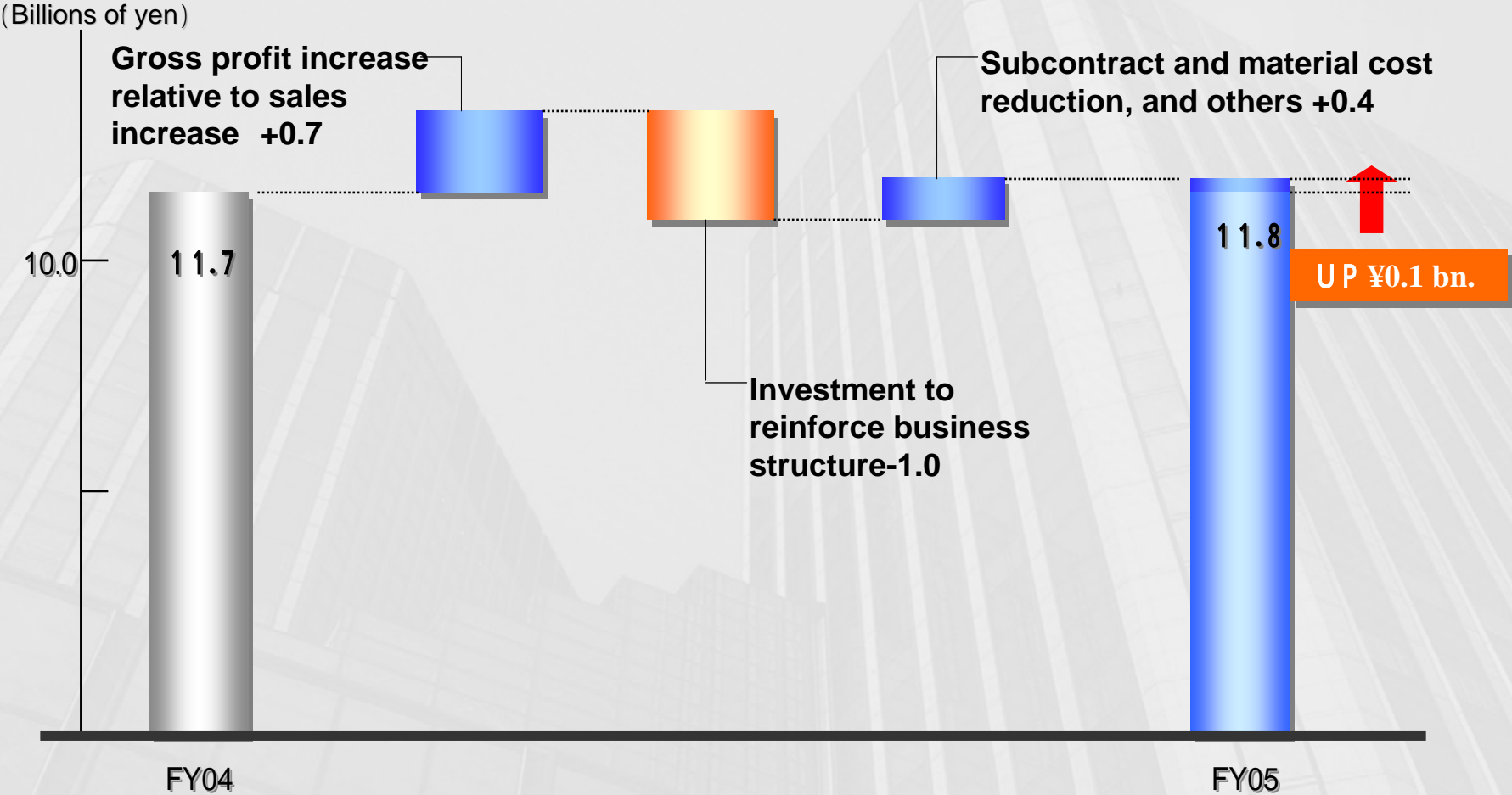
Business lines/ Customer industry	FY04 (Actual) A	FY05 (Outlook) B	Change B-A	Comment
Business solutions	70.6	72.5	+1.9	
Manufacturing, distribution and service industries	32.8	35.5	+2.7	Increase in large manufacturers. SLC-T will have positive impact. *
Financial services	19.4	19.0	-0.4	
Government, public organizations and others	18.4	18.0	-0.4	
Platform solutions	23.2	23.5	+0.3	Increase in consulting, engineering, and maintaining products
Business services	38.1	39.0	+0.9	Increase in SLC-T and brand-new solutions. Nippon Steel business flat.
Non-consolidated sales	131.9	135.0	+3.1	
Subsidiaries, net	14.6	15.0	+0.4	
Consolidated sales	146.5	150.0	+3.5	

* SLC-T: System Life-cycle Total Solution

FY2005 Consolidated Operating Income Breakdown



Year on year



Outlook for FY2005 Semiannual Consolidated Results

(Billions of yen)

	FY04 (Actual)		FY05 (Outlook)		Change	
	1H A	2H B	1H C	2H D	1H C - A	2H D - B
Sales	65.7	80.8	64.0	86.0	- 1.7	+ 5.2
Business solutions	33.4	48.5	33.0	51.5	- 0.4	+ 3.0
Platform solutions	13.8	11.9	12.0	14.0	- 1.8	+ 2.1
Business services	18.5	20.4	19.0	20.5	+ 0.5	+ 0.1
Gross profit	12.9	16.6	13.0	17.5	+ 0.1	+ 0.9
<Gross profit margin>	<19.6%>	<20.5%>	<20.3%>	<20.3%>	<0.7%>	- <0.2%>
SG&A	8.7	9.1	9.1	9.6	- 0.4	- 0.5
Operating income	4.2	7.5	3.9	7.9	- 0.3	+ 0.4
Recurring profit	4.3	7.5	4.0	8.0	- 0.3	+ 0.5
Net income	2.3	4.3	2.1	4.6	- 0.2	+ 0.3
Order backlog at beginning of period	21.2	31.7	* 26.8	—	+ 5.6	—

* This order backlog has been calculated in accordance with the method NS Solutions adopted as in the past.

FY2004 Major Business Strategies

Business strategies taken till FY2004

Differentiating our businesses by utilizing system life-cycle total solutions

Expanding our customer base by offering legacy reengineering solutions

Taking account relationship management strategy

Enhancing system development capabilities on a low-cost and low-risk basis

Regrouping our subcontractors

Judging by present circumstances,

Market Direction

- Mainframers and SI vendors suffering from unprofitable projects seem to be in a mess.
- Competition is getting hotter.

However, we face:

- Demands for systems redevelopment
- Moving toward servicing solutions

We realize:

- Our business chance has come.
- It's time to further strengthen our business structure.

Our Business Model has:

(based on intimate contact between sales force and system engineers,)

Solution-offering capabilities

Solution project risk management capabilities



Taking structural steps for further improvement of our business model

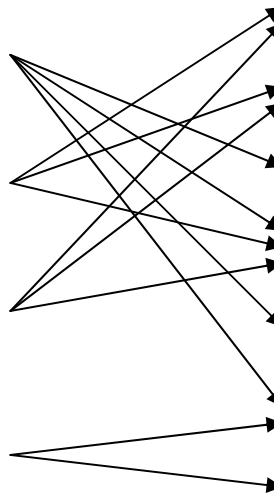
Theme

Enhancing order entry capabilities

Improving productivity greatly

Strengthening risk management capabilities

Incubating and enlarging differentiated servicing solution businesses



Measure

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

2 . Going ahead with our plan to set up modern software factory

3 . Strengthening consulting capabilities

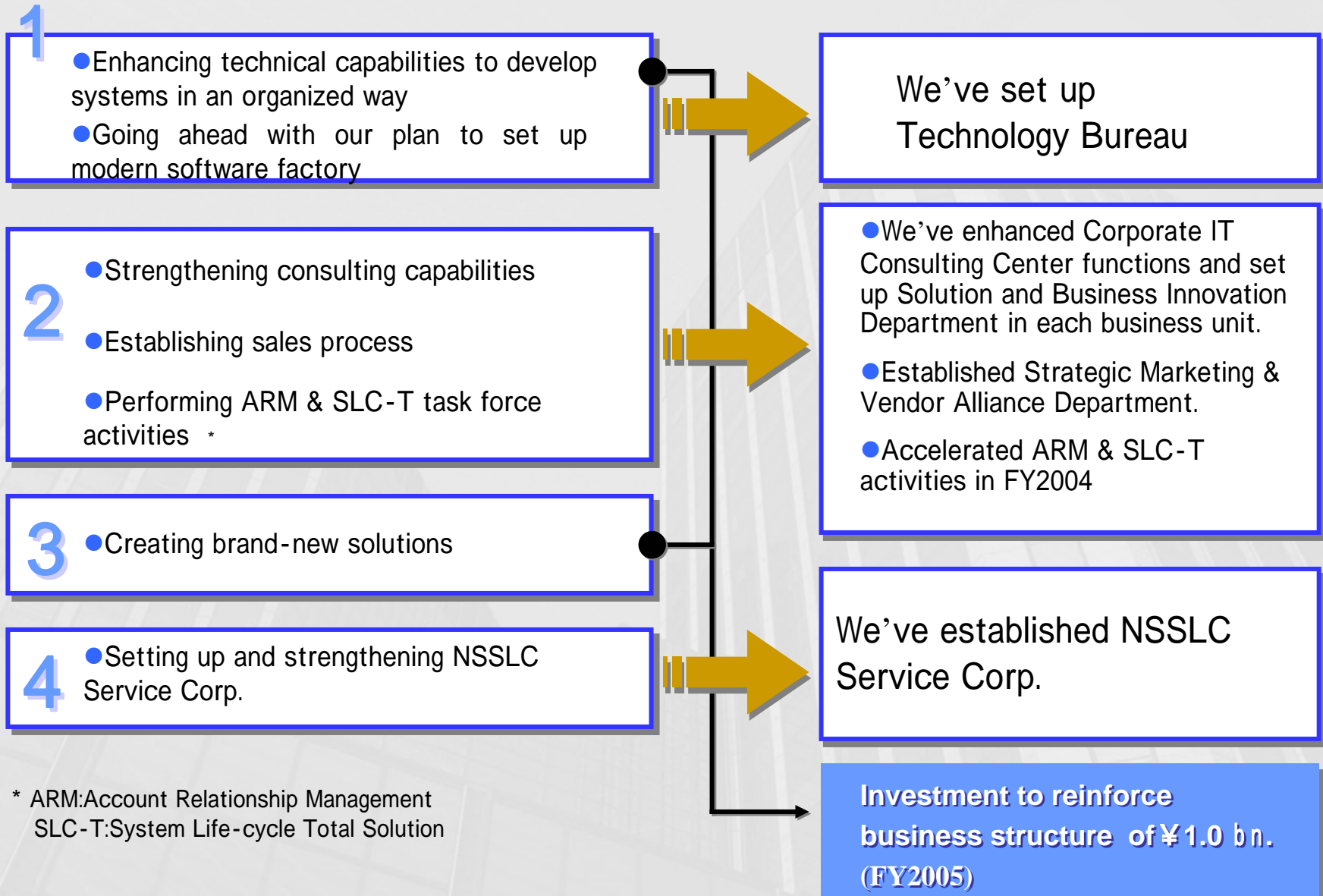
4 . Establishing sales process

5 . Performing ARM & SLC-T task force activities

6 . Creating brand-new solutions

7 . Setting up and strengthening NSSL Service Corp.

Improving Business Model



* ARM: Account Relationship Management
SLC-T: System Life-cycle Total Solution

Enhancing Technical Capabilities to Develop Systems in an Organized Way

Systems we develop from scratch are increasing
Cooperation with subsidiaries, partner firms and
offshore companies/Development in remote areas



1

Enhancing technical capabilities to develop systems in an organized way

Technology Bureau Start-up

Standardizing system development processes

Establishing technique of fostering development in remote and offshore

Maintaining project management tools and system development frameworks

Strengthening Consulting Capabilities and Establishing Sales Process

Shift from package software-based solutions to ARM-based solutions
We provide solutions that meet each client's needs



2

Reforming sales process

Enhancing planning, consulting and project-making capabilities

by Corporate Planning & Strategic Alliance Department, Corporate IT Consulting Center and Solution & Business Innovation Department in each division

Established Strategic Marketing & Vendor Alliance Department

Standardizing sales process

Maintaining sales activity-support systems/tools

3

SLC-T case examples (FY2004)

	Application development	Platform	Maintenance and operation
● Material company A	←		
● Telecom B	←		
● Wholesale/retail C	→		
● Service company D	→		

Total ¥ 3.0 bn.

ARM case examples

- We've set up client-by-client 21 sales teams and drawn up sales plans for each client.
- We plan to increase to 32 clients in FY2005
- FY2004 Actual
 - Auto maker E
 - Electric-appliance maker F
 - Telecom G
 - Service company H
 - Major bank I

21 clients

Total ¥31.0 bn.

Services through networks increasing
Spreading business model to provide common service and do so on the usage-based charging system



4

Expanding service business

Sharing the same computer systems

Providing differentiated and specialized services

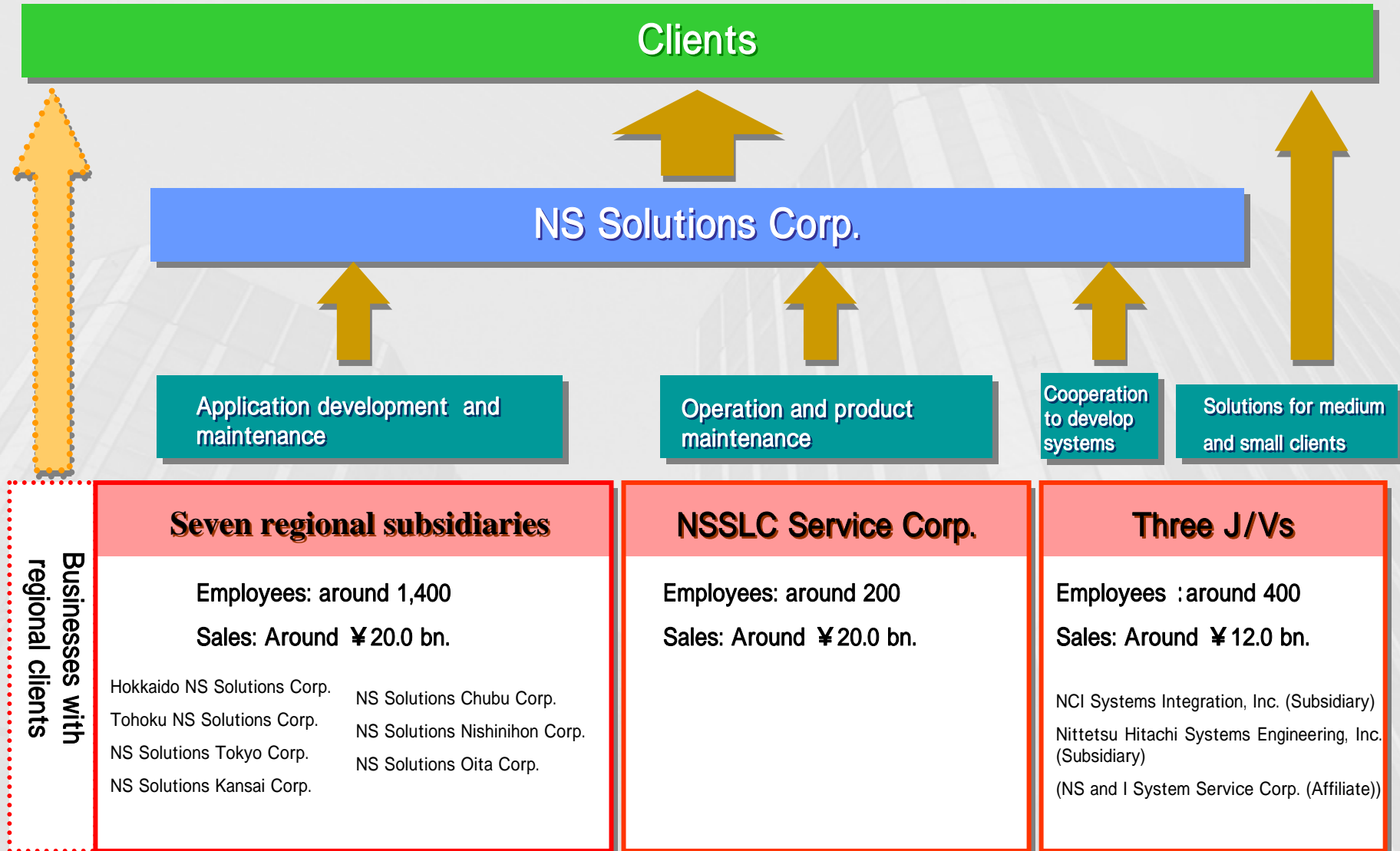
IT + extra service can cover the whole business process

Experience in Nippon Steel business on 24-hours-a-day and 365-days-a-year schedules and over 40 years

e.g. Oracle On Demand@NSSOL, E-Document Law-related solution, NSSLC Service Corp. start-up

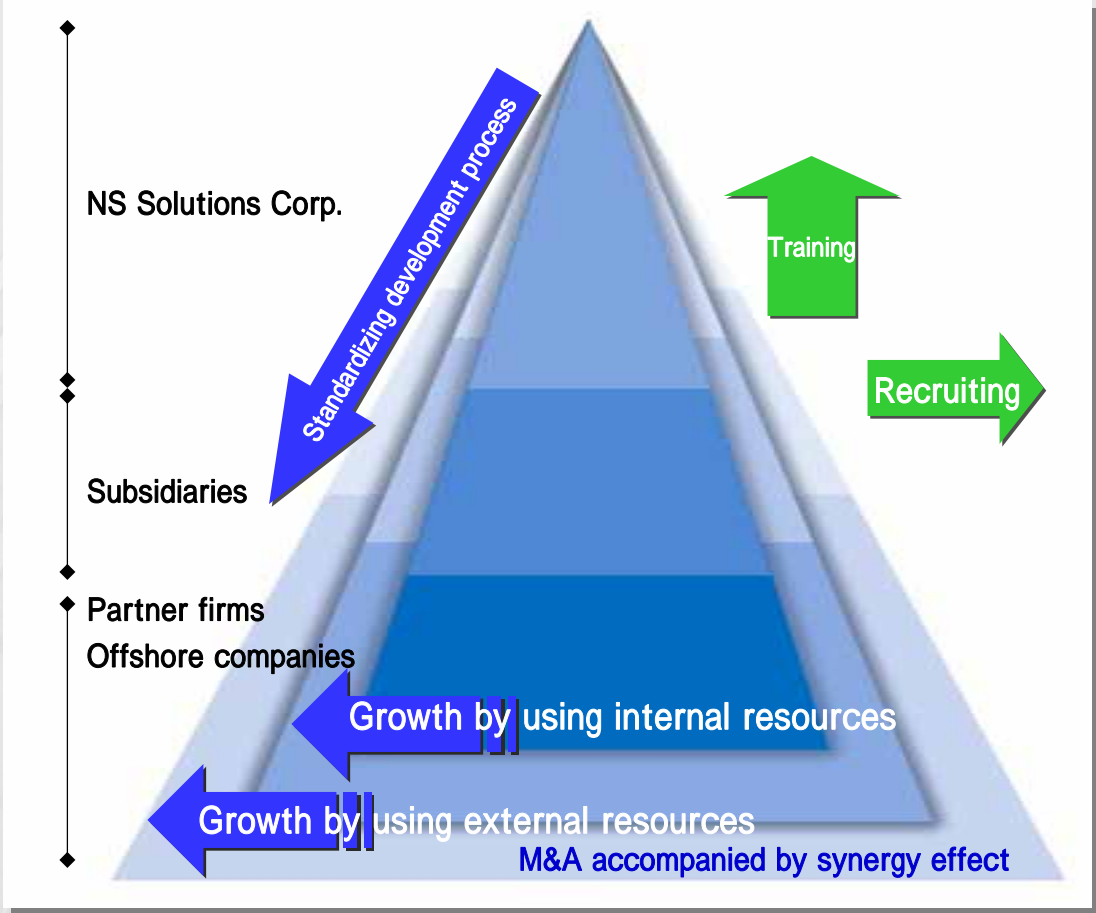
(specialized in operation and maintenance)

How we work with Group Companies...

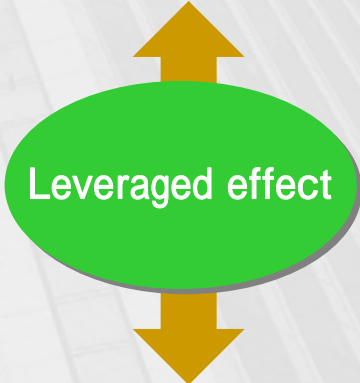


Medium-term Growth Strategy

Enhancing order entry capabilities and reacting to market changes



Increasing upstream resources
(by training and recruiting)



Increasing downstream resources

(1) Organizational changes and corporate governance

We've set up Technical Bureau

Established Strategic Marketing & Vendor Alliance Department

Introduced “Executive Officer (non-director)” system

Introduced “Executive Professional” system

(2) Alliances

We've tied up with Oracle Corporation Japan in on-demand business

Formed alliance with Salesforce.com in process service provider business

Formed partnership with KDDI in business in China

Policy on Profit Sharing

We provide stable dividends to shareholders and maintain internal reserve for expanding business activities in the future, etc.

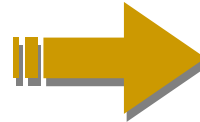
Operating income has recovered to around ¥12.0 billion.

Distributing profits among shareholders



We plan to increase an annual per-share dividend.

2005/3
¥17.50 per share



2006/3
¥25.00 per share



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



NS Solutions

平成17年3月期 決算説明会 補足資料

Appendix at Financial Information Meeting for the fiscal year ended Mar. 2005

2005年4月26日

Apr. 26, 2005

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	2001/9	2002/9	2003/9	2004/9	2005/9
	(みなし連結 Pro forma consolidated, including EI Division)	(みなし連結 Pro forma consolidated, including EI Division)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)
サービス区分の分類方法 Categorization method by business line	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	従来区分 Old	新区分 New	新区分 New	従来区分 Old	従来区分 Old	従来区分 Old	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	69,794	76,514	71,630	71,630	76,289
業務ソリューション Business solutions			73,029	81,859	74,011	79,671	84,363	30,900	42,435	36,950	40,063	41,153
基盤ソリューション Platform solutions			34,394	34,488	36,194	29,648	27,417	16,463	15,708	14,756	11,349	14,156
ビジネスサービス Business services			35,779	37,496	37,277	38,163	40,430	22,431	18,372	19,924	20,218	20,979
期末受注残高 Order backlog at end of period			※3 23,775	24,520	21,158	21,158	35,516	28,478	31,533	31,577	31,577	31,724
業務ソリューション Business solutions			14,501	14,599	10,806	10,806	13,213	17,209	21,619	20,351	20,351	18,545
基盤ソリューション Platform solutions			3,603	3,101	2,802	2,802	4,520	2,180	2,874	2,666	2,666	3,207
ビジネスサービス Business services			5,670	6,820	7,550	7,550	※5 17,782	9,089	7,040	8,560	8,560	9,972
売上高 Net sales	132,683	145,952	148,922	153,098	150,844	150,844	146,526	67,902	68,756	64,574	64,574	65,723
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	33,778	35,317	31,199	34,312	33,414
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	16,369	16,437	15,191	11,784	13,752
ビジネスサービス Business services	52,176	43,570	35,219	36,347	36,547	37,433	38,871	17,755	17,002	18,184	18,478	18,557
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485		29,464	13,803	14,585	12,635		12,914
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	8,058	9,142	8,976		8,701
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726		11,710	5,745	5,443	3,659		4,212
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785		11,791	5,736	5,454	3,691		4,272
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324		6,621	2,915	2,718	1,935		2,287
営業利益率(%) Operating income margin (%)	5.7%	7.6%	8.4%	7.9%	6.4%		8.0%	8.5%	7.9%	5.7%		6.4%
売上総利益率(%) Gross profit margin (%)	18.2%	21.8%	20.0%	19.8%	18.2%		20.1%	20.3%	21.2%	19.6%		20.3%
1株当たり当期純利益(円) Net income per share (yen)	—	—	133.33	123.29	100.20		124.52	60.72	56.26	36.51		43.16
株主資本 Total shareholders' equity	—	—	26,035	43,505	48,145		54,104	22,111	28,134	45,102		50,345
総資産 Total assets	—	—	65,244	90,324	90,625		98,372	53,911	59,867	77,937		82,607
研究開発費 R&D expenses	—	—	1,221	1,001	989		1,177	505	448	457		500
設備投資 Capital expenditure	—	—	2,109	1,370	1,752		966	1,536	933	1,136		625
減価償却費 Depreciation and amortization	—	—	1,197	1,284	1,203		1,307	517	604	553		638
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	4,178	4,224	4,160		4,087

※1 E事業部に関して新日本製鐵により採用されていた特定の原価及び費用を売上原価と販売費及び一般管理費とに配賦する方法が、NS Solutions、NHS及びNCIIによって採用されていたものと異なることから、2000年3月期及び2001年3月期のこれらの項目及び売上総利益についての金額は、2002年3月期以降の金額と、直接比較可能なものではありません。

Because of differences in the method of allocating certain costs and expenses as cost of sales or selling, general and administrative expenses applied by Nippon Steel with respect to its former EI Division from the method applied by NS Solutions, NHS and NCI with respect to their businesses, the amounts for these items and for gross profits for the fiscal years ended March 31, 2000 and 2001 are not directly comparable with amounts for such items for the fiscal years ended on and after March 31, 2002.

※2 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.

※3 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.

※4 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 categorize 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.

※5 2005年3月期のビジネスサービス事業の受注残高には、新日本製鐵向けサービスの受注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事による影響額8,673百万円を含んでおります。

We have changed the time when recording order backlogs for Nippon Steel Corp. That is a change from "the same time as recording sales" to "the time when making a contract." This change has boosted up the Business Services order backlog at the end of the fiscal year ended March 31, 2005 by ¥8,673 million.

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(1)資産の部 Assets

		(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted) (otherwise noted)																			
		2001/9		2002/3		2002/9		2003/3		2003/9		2004/3		2004/9		2005/3		2005/9		2006/3	
		(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)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook)	(見通Outlook)	(見通Outlook)	(見通Outlook)	(見通Outlook)
現金及び預金	Cash and bank deposits	9,131	7,335	6,404	20,956	13,024	14,605	11,682	11,477	21,370	25,720										
預け金	Deposited money	—	7,737	3,228	4,699	9,236	12,914	6,676	11,621												
受取手形及び売掛金	Trade notes and accounts receivable	19,670	26,348	22,173	38,319	25,049	37,462	23,311	37,265	23,580	38,180										
たな卸資産	Inventories	9,558	8,323	10,790	9,110	12,332	7,035	10,456	7,502	13,130	8,400										
繰延税金資産	Deferred tax assets—current	1,977	2,232	2,239	2,224	2,684	2,859	2,736	3,004	3,560	3,540										
その他	Others	1,791	564	798	1,165	958	683	688	480												
貸倒引当金	Allowance for doubtful accounts	△ 38	△ 41	△ 38	△ 31	△ 22	△ 30	△ 17	△ 23												
流動資産合計	Total current assets	42,089	52,498	45,594	76,442	63,261	75,528	55,532	71,327	61,650	75,840										
有形固定資産	Property and Equipment	4,227	4,499	4,594	4,514	4,987	5,009	4,760	4,499	27,180	27,200										
無形固定資産	Intangible fixed assets	713	937	1,077	1,029	971	982	859	669												
投資有価証券	Investments in securities	2,635	2,393	3,022	3,027	3,415	3,633	4,638	4,496												
関係会社長期貸付金	Long term loan-related party	—	—	—	—	—	—	12,000	12,000												
差入保証金	Guarantee deposits	1,917	1,908	2,179	2,145	2,136	2,271	1,702	1,837												
繰延税金資産	Deferred tax assets—non-current	1,978	2,658	3,032	2,834	2,285	2,887	2,787	3,265												
その他	Others	352	351	369	333	882	315	330	279												
固定資産合計	Total non-current assets	11,822	12,746	14,273	13,882	14,676	15,097	27,075	27,045	27,180	27,200										
資産合計	Total assets	53,911	65,244	59,867	90,324	77,937	90,625	82,607	98,372	88,830	103,040										

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

		(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted) (otherwise noted)																			
		2001/9		2002/3		2002/9		2003/3		2003/9		2004/3		2004/9		2005/3		2005/9		2006/3	
		(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)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook)	(見通Outlook)	(見通Outlook)	(見通Outlook)	(見通Outlook)
支払手形及び買掛金	Trade notes and accounts payable	10,960	14,186	9,475	23,478	10,190	17,232	10,672	17,341	12,170	21,480										
未払費用	Accrued expenses	2,367	3,686	2,846	3,659	3,753	4,732	1,976	2,826												
短期借入金	Short-term loans	—	—	400	—	—	—	—	—												
未払法人税等	Accrued income taxes	3,387	5,234	2,653	2,608	2,092	3,060	1,933	3,767	11,810	11,970										
賞与引当金	Accrued bonuses to employees	4,810	5,077	5,138	5,118	4,846	5,520	5,565	5,713												
前受金	Advance receipts	2,970	2,996	3,706	3,221	3,564	2,588	3,252	4,236												
未払金	Non-trade accounts payable	986	1,712	904	1,665	959	1,544	749	1,498												
その他	Others	576	225	204	195	223	230	213	177												
流動負債合計	Total current liabilities	26,056	33,116	25,326	39,944	25,627	34,906	24,360	35,558	23,980	33,460										
退職給付引当金	Allowance for employees' retirement benefits	4,774	4,969	5,185	5,478	5,822	6,042	6,318	6,940												
その他	Others	247	277	315	321	280	298	332	356												
固定負債合計	Total non-current liabilities	5,021	5,246	5,500	5,799	6,102	6,340	6,650	7,295	7,670	8,310										
少数株主持分	Minority interest in consolidated subsidiaries	723	847	907	1,076	1,106	1,234	1,252	1,415	1,450	1,610										
資本金	Common stock	6,500	6,838	6,838	12,953	12,953	12,953	12,953	12,953	12,950	12,950										
資本剰余金	Additional paid-in capital	3,500	3,838	3,838	9,950	9,950	9,950	9,950	9,950	9,950	9,950										
利益剰余金	Retained earnings	12,606	15,863	18,108	21,273	22,660	25,586	27,396	31,266	32,880	36,820										
再評価差額金	Reserve for revaluation of land	△ 740	△ 740	△ 740	△ 755	△ 755	△ 757	△ 757	△ 757	△ 60	△ 60										
その他有価証券評価差額金	Valuation gain on available-for-sale securities	—	—	—	—	—	—	—	—												
and others		245	236	90	84	294	413	803	693												
資本合計	Total shareholders' equity	22,111	26,035	28,134	43,505	45,102	48,145	50,345	54,104	55,720	59,660										
負債・資本合計	Total liabilities, minority interests and shareholders' equity	53,911	65,244	59,867	90,324	77,937	90,625	82,607	98,372	88,830	103,040										

(3)指標 Management index

		(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted) (otherwise noted)																			
		2001/9		2002/3		2002/9		2003/3		2003/9		2004/3		2004/9		2005/3		2005/9		2006/3	
		(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)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通Outlook)	(見通Outlook)	(見通Outlook)	(見通Outlook)	(見通Outlook)
自己資本比率(%)	Equity ratio (%)	—	39.9%	—	—	—	48.2%	—	—	—	—	—	53.1%	—	—	—	55.0%	—	—	—	57.9%
総資産利益率(%)	Return on total assets (%)	—	10.5%	—	—	—	8.0%	—	—	—	—	—	5.9%	—	—	—	7.0%	—	—	—	6.7%
株主資本利益率(%)	Return on equity (%)	—	28.0%	—	—	—	18.0%	—	—	—	—	—	11.6%	—	—	—	13.0%	—	—	—	11.8%

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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	2001/9	2002/9	2003/9	2004/9	2005/9
	(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)	(見通し Outlook)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(実績 Actual)	(見通し Outlook)
売上高 Net sales	132,683	145,952	148,922	153,098	150,844	146,526	150,000	67,902	68,756	64,574	65,723	64,000
売上原価 Cost of sales	108,499	114,182	119,203	122,766	123,359	117,062	119,500	54,099	54,171	51,939	52,810	51,000
売上総利益 Gross profit	24,184	31,770	29,719	30,332	27,485	29,464	30,500	13,803	14,585	12,635	12,914	13,000
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	18,700	8,058	9,142	8,976	8,701	9,100
営業利益 Operating income	7,523	11,067	12,479	12,097	9,726	11,710	11,800	5,745	5,443	3,659	4,212	3,900
営業外収益 Non-operating income	244	187	63	93	187	252	—	43	28	43	98	—
営業外費用 Non-operating expenses	819	585	120	104	128	171	—	52	17	11	38	—
経常利益 Recurring profit	6,948	10,669	12,422	12,086	9,785	11,791	12,000	5,736	5,454	3,691	4,272	4,000
特別利益 Extraordinary profit	178	120	7	12	716	192	—	13	5	—	14	—
特別損失 Extraordinary loss	742	305	579	201	729	185	—	303	143	—	10	—
税金等調整前当期純利益 Income before income taxes	6,384	10,484	11,850	11,897	9,772	11,797	12,000	5,446	5,316	3,691	4,276	4,000
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	—	3,459	2,764	2,253	1,970	—
法人税等調整額 Income taxes:Deferred	△ 631	△ 843	△ 1,962	△ 70	△ 918	△ 713	—	△ 1,034	△ 274	△ 578	△ 44	—
少数株主利益 Minority interests	90	154	231	260	212	222	—	106	108	81	63	—
当期純利益 Net income	3,425	5,827	6,422	6,247	5,324	6,621	6,700	2,915	2,718	1,935	2,287	2,100
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	—	—	13,712	14,266	13,966	—
材料費 Material cost	—	—	43,683	45,101	43,112	41,263	—	—	18,829	16,818	19,463	—
外注費 Subcontract cost	—	—	29,197	32,587	31,295	35,310	—	—	14,712	15,062	16,027	—
その他 Others	—	—	19,465	17,317	20,413	12,452	—	—	6,918	5,793	3,353	—
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	—	3,759	3,699	4,049	3,688	—
営業支援費 Operating expense for acceptance of orders	—	—	2,189	2,657	2,778	2,649	—	1,051	1,244	1,310	1,405	—
その他 Others	—	—	7,841	8,380	7,346	7,434	—	3,248	4,199	3,617	3,608	—
研究開発費 R&D expenses	—	—	1,221	1,001	989	1,177	—	505	448	457	500	—

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

(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	2001/9	2002/9	2003/9	2004/9	2005/9
	(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)	(実績 Actual)	(見通し Outlook)
税金等調整前当期純利益 Income before income taxes	11,850	11,897	9,772	11,797		5,446	5,316	3,691	4,276	
減価償却費 Depreciation	1,197	1,284	1,203	1,307		517	604	553	638	
退職給付引当金の増減額 Increase in allowance for employees' retirement benefits, net of paymer	407	509	564	898		202	216	343	276	
投資有価証券評価損 Loss on revaluation of investments in securities	251	171		18			142		10	
営業譲受関連費用 Loss on write-off of fixed assets acquired from the Electronics and Information Systems Division of Nippon Steel Corporation	303					303				
売上債権の増減額 Decrease (increase) in accounts receivable	△ 2	△ 1,170	857	196		6,675	4,175	13,230	14,151	
たな卸資産の増減額 Decrease in inventories	1,807	△ 787	2,075	△ 467		562	△ 2,467	△ 3,223	△ 3,421	
その他流動資産の増減額 Decrease (increase) in other current assets	322	△ 603	483	205		△ 9	△ 233	209	△ 3	
仕入債務の増減額 Decrease in accounts payable	△ 1,532	9,292	△ 6,246	△ 43		△ 4,759	△ 4,712	△ 13,288	△ 6,560	
その他 Others	305	205	411	349		△ 1,166	△ 785	△ 453	△ 2,577	
小計 Sub total	14,908	9,998	9,119	14,260		7,771	2,256	1,062	6,789	
法人税等の支払額 Income taxes paid	△ 4,414	△ 8,087	△ 4,701	△ 5,173		△ 2,561	△ 5,345	△ 2,769	△ 3,097	
その他 Others	17	17	△ 385	101		6	13	22	40	
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	4,750	5,216	△ 3,076	△ 1,685	3,732	△ 710
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		△ 1,536	△ 933	△ 1,135	△ 625	
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			△ 1,030	△ 40	△ 305	
貸付けによる支出 Payment for long-term loan				△ 12,000					△ 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					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					△ 7,459				
その他 Others	181	△ 269	676	638		△ 22	△ 300	48	546	
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	△ 950	△ 8,648	△ 2,263	△ 1,127	△ 12,384	△ 510
短期借入金の純増減額 Decrease in short-term loans	△ 145					△ 145	400			
株式発行による収入 Proceeds from issuance of common stock shares	7,667	12,179				6,993				
配当金の支払額 Dividends paid	△ 750	△ 815	△ 994	△ 927		△ 500	△ 501	△ 530	△ 464	
その他 Others		△ 31	△ 52	△ 46				△ 52	△ 46	
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	△ 1,170	6,348	△ 101	△ 582	△ 509	△ 510
現金及び現金同等物に係る換算差額 Effect of exchange rate changes on cash and cash equivalent			△ 6	△ 1					0	
現金及び現金同等物の増加額 Net increase in cash and cash equivalents	8,252	10,582	1,865	△ 4,420	2,620	2,916	△ 5,440	△ 3,394	△ 9,162	△ 1,730
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	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					△ 22				
現金及び現金同等物の期末(中間期末)残高 Cash and cash equivalents at end of year	15,072	25,654	27,519	23,099	25,720	9,736	9,632	22,260	18,357	21,370

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

	(単位:百万円(他に指定ない限り) Millions of Yen, except as otherwise noted)											
	2002/3	2003/3	2004/3		2005/3	2006/3	2001/9	2002/9	2003/9	2004/9	2005/9	
	(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)		(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	従来区分 Old	従来区分 Old	従来区分 Old	新区分 New	新区分 New	新区分 New
受注高 Amount of order acceptance	127,671	138,922	132,831	132,831	137,385	—	62,072	69,217	65,493	65,493	69,298	—
業務ソリューション Business solutions	62,304	71,277	63,183	68,815	72,905	—	26,253	36,610	31,964	35,057	35,423	—
基盤ソリューション Platform solutions	31,422	31,365	33,345	26,799	24,821	—	15,027	14,927	14,009	10,602	13,311	—
ビジネスサービス Business services	33,945	36,280	36,303	37,217	39,659	—	20,792	17,680	19,520	19,834	20,564	—
期末受注残高 Order backlog at end of period	20,210	21,275	17,970	17,970	32,139	—	27,789	27,660	29,112	29,112	28,634	—
業務ソリューション Business solutions	12,360	12,454	8,610	8,610	10,923	—	16,520	18,450	18,402	18,402	16,027	—
基盤ソリューション Platform solutions	2,180	2,001	1,810	1,810	3,433	—	2,180	2,170	2,150	2,150	2,635	—
ビジネスサービス Business services	5,670	6,820	7,550	7,550	17,782	※3	9,089	7,040	8,560	8,560	9,972	—
売上高 Net sales	131,680	137,857	136,136	136,136	131,889	135,000	58,503	61,767	57,656	57,656	58,634	57,000
業務ソリューション Business solutions	66,099	71,183	67,027	72,659	70,591	72,500	26,656	30,520	26,016	29,109	28,006	27,000
基盤ソリューション Platform solutions	32,197	31,544	33,536	26,990	23,198	23,500	14,958	14,937	13,860	10,453	12,486	11,000
ビジネスサービス Business services	33,384	35,130	35,573	36,487	38,100	39,000	16,889	16,310	17,780	18,094	18,142	19,000
売上総利益 Gross profit	24,469	25,234	22,808	22,808	24,705	25,600	11,416	12,119	10,433	10,433	10,885	10,800
販売費及び一般管理費 Selling, general and administrative expenses	14,365	15,525	15,157	15,157	15,101	16,100	6,675	7,581	7,635	7,635	7,350	7,800
営業利益 Operating income	10,104	9,709	7,651	7,651	9,604	9,500	4,741	4,538	2,798	2,798	3,535	3,000
経常利益 Recurring profit	10,031	9,886	7,787	7,787	9,737	9,800	4,743	4,774	3,041	3,041	3,729	3,300
当期純利益 Net income	5,297	5,331	4,496	4,496	5,721	5,800	2,486	2,529	1,747	1,747	2,148	1,900
営業利益率(%) Operating income margin (%)	7.7%	7.0%	5.6%	5.6%	7.3%	7.0%	8.1%	7.3%	4.9%	4.9%	6.0%	5.3%
売上総利益率(%) Gross profit margin (%)	18.6%	18.3%	16.8%	16.8%	18.7%	19.0%	19.5%	19.6%	18.1%	18.1%	18.6%	18.9%
業務ソリューション Business solutions	—	19.0%	16.4%	18.3%	20.7%	20.7%	—	21.2%	18.4%	20.4%	20.9%	21.3%
基盤ソリューション Platform solutions	—	21.0%	17.2%	12.5%	16.8%	16.8%	—	22.3%	19.8%	14.6%	14.7%	16.6%
ビジネスサービス Business services	—	14.5%	17.0%	16.8%	16.8%	16.8%	—	14.2%	16.3%	16.5%	17.6%	16.9%
1株当たり当期純利益(円) Net income per share (yen)	109.89	105.18	84.57	84.57	107.54	109.04	51.79	52.34	32.97	32.97	40.53	35.85
株主資本 Total shareholders' equity	23,183	39,739	43,552	43,552	48,607	53,260	19,956	25,092	41,148	41,148	45,610	50,020
総資産 Total assets	56,505	81,385	84,012	84,012	91,467	95,950	45,651	51,644	72,105	72,105	76,371	82,050
1株当たり配当金(円) Cash dividends per share (yen)	14.58	17.50	17.50	17.50	17.50	25.00	5.21	7.50	8.75	8.75	8.75	12.50
配当性向(%) Dividend payout ratio (%)	13.27%	16.64%	20.69%	20.69%	16.27%	22.93%	—	—	—	—	—	—
研究開発費 R&D expenses	1,083	962	974	974	1,105	—	459	422	446	446	453	—
設備投資 Capital expenditure	2,016	1,296	1,605	1,605	943	840	867	814	1,025	1,025	371	470
減価償却費 Depreciation and amortization	1,034	1,174	1,131	1,131	1,237	1,380	452	551	520	520	611	600
期末従業員数(人) Number of employees at end of period (jobs)	2,058	2,046	2,050	2,050	2,101	—	2,118	2,115	2,124	2,124	2,128	—

※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 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 2005年3月期のビジネスサービス事業の受注残高には、新日本製鐵株向けのサービスの受注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事による影響額8,673百万円を含んでおります。 We have changed the time when recording order backlogs for Nippon Steel Corp. That is a change from "the same time as recording sales" to "the time when making a contract." This change has boosted up the Business Services order backlog at the end of the fiscal year ended March 31, 2005 by ¥8,673 million.

6.要約単独貸借対照表 Condensed 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)

	2001/9	2002/3	2002/9	2003/3	2003/9	2004/3	2004/9	2005/3	2005/9	2006/3
	(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Outlook) (見通Outlook)
現金及び預金 Cash and bank deposits	5,745	3,367	3,072	17,281	12,274	13,652	10,531	10,374	19,600	23,800
預け金 Deposited money	—	7,200	2,800	4,501	8,903	12,510	6,020	10,925	—	—
受取手形及び売掛金 Trade notes and accounts receivable	16,413	22,851	19,125	34,201	21,704	33,647	20,506	33,604	20,360	35,030
たな卸資産 Inventories	9,208	8,025	9,803	8,765	11,805	6,462	9,887	7,155	12,870	7,990
繰延税金資産 Deferred tax assets—current	1,141	1,460	1,357	1,346	1,579	1,802	1,673	1,975	2,410	2,480
その他 Others	1,097	747	1,194	1,368	1,188	908	830	724	—	—
貸倒引当金 Allowance for doubtful accounts	△ 28	△ 31	△ 31	△ 23	△ 14	△ 21	△ 13	△ 17	—	—
流動資産合計 Total current assets	33,576	43,619	37,320	67,439	57,439	68,960	49,435	64,740	55,240	69,300
有形固定資産 Property and Equipment	4,118	4,353	4,439	4,343	4,786	4,842	4,602	4,263	26,810	26,650
無形固定資産 Intangible fixed assets	675	903	1,045	984	882	939	818	646	—	—
投資有価証券 Investments in securities	1,253	998	1,620	1,577	1,938	2,085	3,033	2,834	—	—
関係会社長期貸付金 Long term loan-related party	—	—	—	—	—	—	12,000	12,000	—	—
差入保証金 Guarantee deposits	1,559	1,558	1,792	1,786	1,793	1,932	1,372	1,504	—	—
繰延税金資産 Deferred tax assets—non-current	1,622	2,247	2,588	2,415	2,397	2,446	2,305	2,192	—	—
その他 Others	2,848	2,827	2,840	2,841	2,870	2,808	2,806	3,288	—	—
固定資産合計 Total non-current assets	12,075	12,886	14,324	13,946	14,666	15,052	26,936	26,727	26,810	26,650
資産合計 Total assets	45,651	56,505	51,644	81,385	72,105	84,012	76,371	91,467	82,050	95,950

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

	2001/9	2002/3	2002/9	2003/3	2003/9	2004/3	2004/9	2005/3	2005/9	2006/3
	(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Outlook) (見通Outlook)
支払手形及び買掛金 Trade notes and accounts payable	10,080	13,927	9,713	23,744	10,641	17,207	11,163	17,955	12,110	21,870
未払費用 Accrued expenses	1,899	3,161	2,496	3,250	3,145	4,288	1,495	2,337	—	—
短期借入金 Short-term loans	—	—	—	—	—	—	—	—	—	—
未払法人税等 Accrued income taxes	2,538	4,364	2,110	1,986	1,507	2,438	1,560	3,241	13,640	14,000
賞与引当金 Accrued bonuses to employees	2,948	3,186	3,249	3,225	2,986	3,404	3,394	3,603	—	—
前受金 Advance receipts	2,935	2,996	3,704	3,221	3,558	2,578	3,225	4,225	—	—
未払金 Non-trade accounts payable	219	258	145	301	186	402	135	184	—	—
その他 Others	914	1,109	616	1,179	3,903	4,878	4,289	5,324	—	—
流動負債合計 Total current liabilities	21,533	29,001	22,033	36,906	25,926	35,195	25,262	36,869	25,750	35,880
退職給付引当金 Allowance for employees' retirement benefits	4,027	4,184	4,358	4,563	4,867	5,084	5,301	5,776	—	—
その他 Others	135	137	161	177	164	181	198	215	—	—
固定負債合計 Total non-current liabilities	4,162	4,321	4,519	4,740	5,031	5,265	5,499	5,991	6,270	6,810
資本金 Common stock	6,500	6,838	6,838	12,953	12,953	12,953	12,953	12,953	12,950	12,950
資本剰余金 Additional paid-in capital	3,500	3,838	3,838	9,950	9,950	9,950	9,950	9,950	9,950	9,950
利益剰余金 Retained earnings	10,450	13,011	15,066	17,506	18,706	20,991	22,661	25,771	27,190	30,420
再評価差額金 Reserve for revaluation of land	△ 740	△ 740	△ 740	△ 755	△ 755	△ 757	△ 757	△ 757	△ 70	△ 70
その他有価証券評価差額金他 Valuation gain on available-for-sale securities and others	246	236	90	85	294	415	803	690	—	—
資本合計 Total shareholders' equity	19,956	23,183	25,092	39,739	41,148	43,552	45,610	48,607	50,020	53,260
負債・資本合計 Total liabilities and shareholders' equity	45,651	56,505	51,644	81,385	72,105	84,012	76,371	91,467	82,050	95,950

(3)指標 Management index

	2001/9	2002/3	2002/9	2003/3	2003/9	2004/3	2004/9	2005/3	2005/9	2006/3
	(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Outlook)	(見通Outlook)
自己資本比率(%) Equity ratio (%)	—	41.0%	—	48.8%	—	51.8%	—	53.1%	—	55.5%
総資産利益率(%) Return on total assets (%)	—	10.2%	—	7.7%	—	5.4%	—	6.5%	—	6.2%
株主資本利益率(%) Return on equity (%)	—	25.6%	—	16.9%	—	10.8%	—	12.4%	—	11.4%

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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	2001/9	2002/9	2003/9	2004/9	2005/9
	(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)	(実績 Actual)	(見通し Outlook)
売上高 Net sales	131,680	137,857	136,136	131,889	135,000	58,503	61,767	57,656	58,634	57,000
売上原価 Cost of sales	107,211	112,623	113,328	107,184	109,400	47,086	49,648	47,223	47,749	46,200
売上総利益 Gross profit	24,469	25,234	22,808	24,705	25,600	11,417	12,119	10,433	10,885	10,800
販売費及び一般管理費 Selling, general and administrative expenses	14,365	15,525	15,157	15,101	16,100	6,676	7,581	7,635	7,350	7,800
営業利益 Operating income	10,104	9,709	7,651	9,604	9,500	4,741	4,538	2,798	3,535	3,000
営業外収益 Non-operating income	22	256	257	297	—	19	251	248	231	—
営業外費用 Non-operating expenses	95	79	121	164	—	17	15	5	37	—
経常利益 Recurring profit	10,031	9,886	7,787	9,737	9,800	4,743	4,774	3,041	3,729	3,300
特別利益 Extraordinary profit	7	8	717	188	—	9	—	—	8	—
特別損失 Extraordinary loss	572	201	697	172	—	303	143	—	10	—
税引前当期純利益 Income before income taxes	9,466	9,693	7,807	9,753	9,800	4,449	4,631	3,041	3,727	3,300
法人税、住民税及び事業税 Income taxes:Current	5,741	4,319	4,028	4,660	—	2,599	2,235	1,653	1,577	—
法人税等調整額 Income taxes:Deferred	△ 1,572	43	△ 717	△ 628	—	△ 636	△ 133	△ 359	3	—
当期純利益 Net income	5,297	5,331	4,496	5,721	5,800	2,486	2,529	1,747	2,148	1,900
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	—	7,150	7,280	7,460	7,329	—
材料費 Material cost	37,271	41,752	39,364	38,395	—	14,880	17,050	15,250	17,860	—
外注費 Subcontract cost	36,959	39,911	39,906	43,190	—	16,630	18,110	19,350	19,881	—
賃借料 Rental expense	7,219	5,760	4,991	4,376	—	4,100	3,220	2,640	2,265	—
その他 Others	11,150	10,369	14,166	6,152	—	4,326	3,988	2,523	414	—
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	—	2,670	2,850	3,220	2,888	—
営業支援費 Operating expense for acceptance of orders	1,893	2,583	2,634	2,477	—	910	1,220	1,250	1,327	—
業務委託費 Subcontract cost	1,432	2,097	1,513	1,644	—	1,010	1,160	765	788	—
減価償却費 Depreciation and amortization	327	244	167	123	—	156	119	83	56	—
その他 Others	5,230	5,014	4,665	4,981	—	1,930	2,232	2,317	2,291	—
研究開発費 R&D expenses	1,083	962	974	1,105	—	459	422	446	453	—

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本資料には当社又は当社役員の当社の営業成績及び財政状態に関する意図、意見又は現時点の予想と関連する将来予想が記載されております。従って、この将来予想は、歴史的事実でも将来の業績を保証するものでもないため、リスクと不確定な要素を含んでおります。実際の業績は様々な要因により異なる可能性があります。当社は、この将来予想を、これらの変化要因を反映するために修正することを保証するものではありません。

当社は2001年4月1日に新日本製鐵(株)のエレクトロニクス・情報通信事業部(本文中「EI事業部」という。)の営業の一部並びに、新日本製鐵(株)が日鉄日立システムエンジニアリング(株)、エヌシーアイ総合システム(株)及びエヌエスアンドアイ・システムサービス(株)に有する株式持分を譲り受けました。本資料に「みなし連結」として記載されている2000年3月期及び2001年3月期の財務情報は、1999年4月1日及び2000年4月1日にそれぞれこれらの譲り受けが行われたものとみなして作成されております。日本において一般に公正妥当と認められる会計基準又は日本における手続き、法律若しくは規則において、みなし財務情報に関する定めは、現在ありません。また、このみなし財務情報は米国証券取引委員会のみなし財務情報に関する基準に従って作成したものではありません。

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

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