

NS Solutions Corporation

20-15, Shinkawa 2-chome,
Chuo-ku, Tokyo 104-8280, Japan

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CONSOLIDATED FINANCIAL RESULTS (From April 1, 2010 to June 30, 2010)

Contacts: Mitsuo Kitagawa
Representative Director and
President
NS Solutions Corporation

Nobumoto Kiyama
Executive Director,
Accounting & Finance Department
NS Solutions Corporation
+81-3-5117-4111



NS Solutions

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

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEETS
 March 31, 2010 and June 30, 2010

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2010	Jun. 30, 2010	(Note 2) Jun. 30, 2010
Assets			
Current assets:			
Cash and deposits	¥4,389	¥4,170	\$47,140
Deposits paid	25,206	26,522	299,757
Notes and accounts receivable-trade	33,881	19,770	223,446
Short-term investment securities	12,518	11,827	133,673
Work in process	11,219	14,891	168,304
Raw materials and supplies	120	113	1,284
Other	3,876	4,020	45,442
Allowance for doubtful accounts	(134)	(104)	(1,185)
Total current assets	<u>91,077</u>	<u>81,212</u>	<u>917,861</u>
Noncurrent assets:			
Property, plant and equipment (Note 5)	10,733	12,707	143,621
Intangible assets:			
Goodwill	3,012	2,971	33,580
Other	1,087	1,104	12,488
Total intangible assets	<u>4,100</u>	<u>4,076</u>	<u>46,068</u>
Investments and other assets:			
Long-term loans receivable from subsidiaries and affiliates	12,000	12,000	135,624
Other	14,054	14,008	158,329
Total investments and other assets	<u>26,054</u>	<u>26,008</u>	<u>293,953</u>
Total noncurrent assets	<u>40,888</u>	<u>42,792</u>	<u>483,642</u>
Total assets	<u>¥131,966</u>	<u>¥124,004</u>	<u>\$1,401,503</u>

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

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2010	Jun. 30, 2010	(Note 2)
			Jun. 30, 2010
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	¥14,517	¥8,235	\$93,079
Income taxes payable	2,559	1,039	11,746
Provision for bonuses	5,905	3,072	34,730
Other provision	531	359	4,060
Other	12,788	15,461	174,743
Total current liabilities	36,301	28,168	318,357
Noncurrent liabilities:			
Provision for retirement benefits	10,898	11,197	126,556
Provision for directors' retirement benefits	160	153	1,733
Other	1,539	1,441	16,293
Total noncurrent liabilities	12,598	12,792	144,582
Total liabilities	48,900	40,960	462,939
Net assets			
Shareholders' equity:			
Capital stock	12,952	12,952	146,392
Capital surplus	9,950	9,950	112,460
Retained earnings	58,722	58,752	664,016
Treasury stock	(3)	(3)	(45)
Total shareholders' equity	81,621	81,651	922,823
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	52	22	250
Revaluation reserve for land	(1,276)	(1,276)	(14,432)
Foreign currency translation adjustment	(11)	(10)	(119)
Total valuation and translation adjustments	(1,235)	(1,265)	(14,301)
Minority interests	2,679	2,658	30,042
Total net assets	83,065	83,044	938,564
Total liabilities and net assets	¥131,966	¥124,004	\$1,401,503

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

	Yen		U.S. dollars
	Mar. 31, 2010	Jun. 30, 2010	(Note 2)
			Jun. 30, 2010
Net assets per share	¥1,516.79	¥1,516.78	\$17.14

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the three months ended June 30, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
Net sales	¥32,637	¥33,988	\$384,142
Cost of sales (Note 6)	25,510	26,985	304,988
Gross profit	7,127	7,003	79,154
Selling, general and administrative expenses (Note 6) ..	5,241	5,232	59,135
Operating income	1,885	1,771	20,019
Non-operating income:			
Interest income	85	68	778
Dividends income	58	155	1,761
Equity in earnings of affiliates	0	0	9
Other	22	31	357
Total non-operating income	167	257	2,905
Non-operating expenses:			
Interest expenses	7	20	236
Foreign exchange losses	1	1	18
Loss on retirement of noncurrent assets	0	3	42
Other	0	5	65
Total non-operating expenses	10	31	361
Ordinary income	2,042	1,996	22,562
Income before income taxes and minority interests	2,042	1,996	22,562
Income taxes (Note 6)	1,036	891	10,080
Income before minority interests	—	1,104	12,482
Minority interests in income	1	14	168
Net income	¥1,004	¥1,089	\$12,314

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

	Yen		U.S. dollars (Note 2)
	2009	2010	2010
Net income per share	¥18.96	¥20.56	\$0.23

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended June 30, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars
	2009	2010	(Note 2) 2010
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥2,042	¥1,996	\$22,562
Depreciation and amortization	415	495	5,600
Amortization of goodwill	41	41	466
Increase (decrease) in allowance for doubtful accounts	(21)	(30)	(340)
Increase (decrease) in provision for bonuses	(2,797)	(2,832)	(32,009)
Increase (decrease) in provision for retirement benefits ...	266	299	3,380
Interest and dividends income	(143)	(203)	(2,299)
Interest expenses	7	20	236
Equity in (earnings) losses of affiliates	(0)	(0)	(9)
Decrease (increase) in notes and accounts receivable-	13,946	14,111	159,491
Decrease (increase) in inventories	(4,993)	(3,665)	(41,425)
Increase (decrease) in notes and accounts payable-trade ..	(6,075)	(6,281)	(70,997)
Other, net	5,002	2,503	28,297
Sub total	7,690	6,455	72,956
Interest and dividends income received	123	200	2,271
Interest expenses paid	(7)	(20)	(236)
Income taxes paid	(3,924)	(2,427)	(27,431)
Net cash provided by (used in) operating activities	3,882	4,208	47,560
Net cash provided by (used in) investing activities:			
Purchase of short-term investment securities	(4,400)	(997)	(11,274)
Proceeds from redemption of securities	200	5,000	56,510
Purchase of property, plant and equipment and intangible assets	(535)	(2,606)	(29,456)
Purchase of investment securities	(0)	(0)	(3)
Proceeds from redemption of investment securities	3,000	—	—
Other, net	17	21	247
Net cash provided by (used in) investing activities	(¥1,718)	¥1,417	\$16,024

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

	Millions of yen		Thousands of U.S. dollars
			(Note 2)
	2009	2010	2010
Net cash provided by (used in) financing activities:			
Repayment of long-term loans payable	(¥4)	¥—	\$—
Purchase of treasury stock	—	(0)	(1)
Cash dividends paid	(1,192)	(1,059)	(11,980)
Cash dividends paid to minority shareholders	(96)	(36)	(410)
Repayments of lease obligations	(66)	(122)	(1,385)
Net cash provided by (used in) financing activities	(1,359)	(1,218)	(13,776)
Effect of exchange rate change on cash and cash	4	0	6
Net increase (decrease) in cash and cash equivalents	809	4,407	49,814
Cash and cash equivalents at beginning of period	35,427	34,115	385,575
Cash and cash equivalents at end of period (Note 7)	¥36,236	¥38,523	\$435,389

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

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Consolidated Financial Statements

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

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

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers. The rate of ¥88.48= U.S. \$1, the effective rate of exchange prevailing on June 30, 2010, has been used in translation of yen amounts to U.S. dollar amounts. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

3. Change in accounting principle

Beginning with the first quarter of the fiscal year ending March 31, 2011, the Companies has applied “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008). The effect of this change on quarterly consolidated financial statements was none.

4. Change in presentation

The Companies has applied the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 of December 26, 2008) from this first quarter. As a result, “Income before minority interests” was presented on the consolidated financial statements for the first quarter of the fiscal year ending March 31, 2011.

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

5. Simplified accounting methods

In judging the possibility of recovering deferred tax assets, as severe and major changes in the operating environment and major temporary differences following the close of the previous consolidated fiscal year had not been recognized, the future business forecasts and tax planning documents that were used for making such judgments related to the previous fiscal year were used.

6. Special accounting treatment for the quarterly consolidated financial statements

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

7. Notes to Consolidated Balance Sheets

(1) Depreciation on Property, Plant and Equipment

Property, plant and equipment were recorded at cost, net of accumulated depreciation of ¥10,845 million and ¥11,105 million (\$125,517 thousand) on March 31, 2010 and June 30, 2010, respectively. Depreciation on property, plant and equipment is computed principally using the declining-balance method over the estimated useful lives of the assets. However, depreciation of buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998, has been computed using the straight-line method.

(2) Contingent Liabilities

The Company's loss contingencies for guaranteeing the indebtedness of other parties were ¥8 million and ¥7 million (\$86 thousand) on March 31, 2010 and June 30, 2010, respectively, each of which were Guarantees for bank loans of the Hokkaido High Information Technology Center Co. Ltd.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

8. Notes to Consolidated Statements of Income

(1) Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses for the three months ended June 30, 2009 and 2010 were as follows:

June 30,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
Salaries and allowances	¥ 1,749	¥ 1,648	\$18,627
Provision for bonuses	593	641	7,248
Retirement benefit expenses.....	135	128	1,449
Provision for directors' retirement benefits	8	8	92
Depreciation and amortization	47	41	472
Amortization of goodwill	41	41	466
Operating expense for acceptance of orders.....	¥820	¥882	\$9,976

(2) Research and Development Costs

Research and development costs are charged to expense as incurred. The expense were recorded as general and administrative expenses and manufacturing costs for the three months ended June 30, 2009 and 2010 amounting to ¥ 302 million and ¥ 348 million (\$3,933 thousand), respectively.

(3) Income Taxes

Deferred tax expense is included in income taxes.

9. Notes to Consolidated Statements of Cash Flows

Cash and Cash Equivalents

Cash and cash equivalents on June 30, 2009 and 2010 were as follows:

June 30,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
Cash and deposits	¥ 4,309	¥ 4,170	\$ 47,140
Deposits paid.....	25,948	26,522	299,757
Short-term investment securities	14,379	11,827	133,673
Sub total.....	44,636	42,520	480,570
Short-term investment securities (maturing in more than three months from acquisition date)	(8,400)	(3,997)	(45,181)
Cash and cash equivalents.....	¥ 36,236	¥ 38,523	\$ 435,389

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

10. Net Assets

(1) Shares

The number of shares on June 30, 2010 was as follows:

June 30, 2010	Shares in issue	Treasury stock
Number of shares	52,999,120	1,384

(2) Cash dividends

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

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

11. Consolidated Segment Information

(Additional Information)

“Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No. 20, March 21, 2008) have been applied from this first quarter.

The Companies responds to customer needs through the supply of a variety of IT services ranging from information system planning through software development, hardware selection, system operation and system support. Based on the similarities in the type and nature of business, business of the Companies constitutes a single segment and accordingly, segment information is not disclosed.

12. Application of Accounting Standards for Asset Retirement Obligations

The Companies has obligations to restore original conditions mainly to the corporate head quarter buildings under the rental contracts. However, the useful period of those is unclear and the Companies has no relocation plan. Therefore, it is difficult to estimate the asset retirement obligations reasonably and the asset retirement obligations were not recorded at the period ended June 30, 2010.

13. Subsequent Events

There have been no material events subsequent to June 30, 2010.