

# NS Solutions Corporation

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

May 21, 2010

## CONSOLIDATED FINANCIAL RESULTS (From April 1, 2009 to March 31, 2010)

Contacts: Mitsuo Kitagawa  
Representative Director and  
President  
NS Solutions Corporation

Nobumoto Kiyama  
General Manager,  
Finance & Accounting 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, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars
			(Note 3)
	2009	2010	2010
<b>Assets</b>			
Current assets:			
Cash and deposits .....	¥4,113	¥4,389	\$47,177
Deposits paid .....	22,521	25,206	270,919
Notes and accounts receivable-trade .....	32,714	33,881	364,164
Short-term investment securities .....	12,992	12,518	134,548
Merchandise and finished goods .....	5	—	—
Work in process (Note 7).....	11,362	11,219	120,592
Raw materials and supplies .....	142	120	1,290
Current portion of long-term loans receivable from subsidiaries and affiliates .....	12,000	—	—
Deferred tax assets.....	3,463	3,308	35,558
Other .....	607	568	6,112
Allowance for doubtful accounts .....	(158)	(134)	(1,450)
Total current assets .....	<u>99,765</u>	<u>91,077</u>	<u>978,911</u>
Noncurrent assets:			
Property, plant and equipment :			
Buildings and structures, net.....	6,237	5,884	63,252
Machinery, equipment and vehicles, net.....	5	3	39
Tools, furniture and fixtures, net.....	2,013	2,384	25,630
Land (Note 7).....	882	882	9,490
Lease assets, net.....	197	1,353	14,553
Construction in progress.....	257	223	2,403
Total property, plant and equipment (Note 7)	<u>9,594</u>	<u>10,733</u>	<u>115,366</u>
Intangible assets:			
Software.....	569	526	5,661
Goodwill .....	3,177	3,012	32,377
Lease assets.....	48	540	5,808
Other .....	32	20	220
Total intangible assets .....	<u>3,828</u>	<u>4,100</u>	<u>44,067</u>
Investments and other assets:			
Investment securities (Note 7) .....	4,745	4,797	51,563
Long-term loans receivable from subsidiaries and affiliates .....	—	12,000	128,977
Deferred tax assets .....	5,214	5,142	55,277
Guarantee deposits .....	3,121	3,775	40,581
Other .....	1,276	419	4,506
Allowance for doubtful accounts .....	(722)	(80)	(867)
Total investments and other assets .....	<u>13,635</u>	<u>26,054</u>	<u>280,037</u>
Total noncurrent assets .....	<u>27,058</u>	<u>40,888</u>	<u>439,470</u>
Total assets .....	<u>¥126,823</u>	<u>¥131,966</u>	<u>\$1,418,381</u>

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

	Millions of yen		Thousands of U.S. dollars
			(Note 3)
	2009	2010	2010
<b>Liabilities</b>			
Current liabilities:			
Notes and accounts payable-trade .....	¥14,776	¥14,517	\$156,033
Current portion of long-term loans payable .....	12	—	—
Lease obligations .....	137	479	5,149
Accounts payable-other .....	1,462	1,535	16,500
Accrued expenses .....	2,478	2,384	25,627
Income taxes payable .....	4,112	2,559	27,507
Advances received .....	7,223	8,092	86,976
Deposits received .....	255	297	3,199
Provision for bonuses .....	5,936	5,905	63,468
Provision for loss on order received (Note 7).....	—	239	2,575
Allowance for program product warranty .....	412	291	3,137
Other .....	420	—	—
Total current liabilities .....	37,227	36,301	390,171
Noncurrent liabilities:			
Lease obligations .....	120	1,539	16,550
Provision for retirement benefits .....	10,364	10,898	117,139
Provision for directors' retirement benefits .....	255	160	1,723
Total noncurrent liabilities .....	10,740	12,598	135,412
Total liabilities .....	47,967	48,900	525,583
<b>Net assets</b>			
Shareholders' equity:			
Capital stock .....	12,952	12,952	139,217
Capital surplus .....	9,950	9,950	106,948
Retained earnings .....	54,676	58,722	631,154
Treasury stock .....	(3)	(3)	(41)
Total shareholders' equity .....	77,575	81,621	877,277
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities .....	(59)	52	569
Revaluation reserve for land (Note 7).....	(1,276)	(1,276)	(13,725)
Foreign currency translation adjustment .....	(13)	(11)	(122)
Total valuation and translation adjustments ...	(1,350)	(1,235)	(13,278)
Minority interests .....	2,631	2,679	28,799
Total net assets .....	78,856	83,065	892,798
Total liabilities and net assets .....	¥126,823	¥131,966	\$1,418,381

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

	Yen		U.S. dollars
			(Note 3)
	2009	2010	2010
<b>Net assets per share</b>	¥1,438.27	¥1,516.79	\$16.30

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
For the fiscal years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
<b>Net sales</b> .....	¥161,539	¥152,158	\$1,635,407
<b>Cost of sales (Note 8)</b> .....	128,286	121,070	1,301,276
<b>Gross profit</b> .....	33,253	31,087	334,130
<b>Selling, general and administrative expenses (Note 8) ..</b>	21,745	20,297	218,155
<b>Operating income</b> .....	11,508	10,790	115,975
<b>Non-operating income:</b>			
Interest income .....	378	317	3,409
Dividends income .....	64	64	693
Equity in earnings of affiliates .....	2	2	30
Reversal of allowance for doubtful accounts .....	—	219	2,361
Other .....	31	7	82
Total non-operating income .....	478	611	6,573
<b>Non-operating expenses:</b>			
Interest expenses .....	0	75	813
Foreign exchange losses .....	5	4	45
Loss on retirement of noncurrent assets .....	33	39	425
Office transfer expenses.....	—	40	430
Other .....	3	20	221
Total non-operating expenses .....	42	179	1,934
<b>Ordinary income</b> .....	11,943	11,221	120,615
<b>Extraordinary income:</b>			
Gain on sales of investment securities .....	9	—	—
Total extraordinary income .....	9	—	—
<b>Extraordinary loss:</b>			
Loss on valuation of golf club membership .....	32	—	—
Total extraordinary losses .....	32	—	—
<b>Income before income taxes and minority interests</b> .....	11,920	11,221	120,615
Income taxes-current .....	5,622	4,630	49,768
Income taxes-deferred .....	(499)	148	1,601
<b>Income taxes</b> .....	5,123	4,779	51,369
<b>Minority interests in income</b> .....	432	144	1,549
<b>Net income</b> .....	¥6,364	¥6,298	\$67,696

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

	Yen		U.S. dollars (Note 3)
	2009	2010	2010
<b>Net income per share</b>	¥120.09	¥118.84	\$1.28

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
For the fiscal years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
<b>Shareholders' equity:</b>			
Capital stock			
Balance at the end of previous period .....	¥12,952	¥12,952	\$139,217
Changes of items during the period			
Total changes of items during the period .....	—	—	—
Balance at the end of current period .....	12,952	12,952	139,217
Capital surplus			
Balance at the end of previous period .....	9,950	9,950	106,948
Changes of items during the period			
Total changes of items during the period .....	—	—	—
Balance at the end of current period .....	9,950	9,950	106,948
Retained earnings			
Balance at the end of previous period .....	50,564	54,676	587,666
Changes of items during the period			
Dividends from surplus .....	(2,252)	(2,252)	(24,209)
Net income .....	6,364	6,298	67,696
Disposal of treasury stock .....	(0)	—	—
Total changes of items during the period .....	4,112	4,046	43,487
Balance at the end of current period .....	54,676	58,722	631,154
Treasury stock			
Balance at the end of previous period .....	(3)	(3)	(41)
Changes of items during the period			
Purchase of treasury stock .....	(0)	(0)	(0)
Disposal of treasury stock .....	0	—	—
Total changes of items during the period .....	(0)	(0)	(0)
Balance at the end of current period .....	(3)	(3)	(41)
Total shareholders' equity			
Balance at the end of previous period .....	73,463	77,575	833,790
Changes of items during the period			
Dividends from surplus .....	(2,252)	(2,252)	(24,209)
Net income .....	6,364	6,298	67,696
Purchase of treasury stock .....	(0)	(0)	(0)
Disposal of treasury stock .....	0	—	—
Total changes of items during the period .....	4,111	4,046	43,487
Balance at the end of current period .....	¥77,575	¥81,621	\$877,277

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

	Millions of yen		Thousands of U.S. dollars
			(Note 3)
	2009	2010	2010
<b>Valuation and translation adjustments:</b>			
Valuation difference on available-for-sale securities .....			
Balance at the end of previous period .....	¥188	(¥59)	(\$643)
Changes of items during the period			
Net changes of items other than shareholders' equity ...	(248)	112	1,212
Total changes of items during the period .....	(248)	112	1,212
Balance at the end of current period .....	(59)	52	569
Revaluation reserve for land			
Balance at the end of previous period .....	(1,276)	(1,276)	(13,725)
Changes of items during the period			
Net changes of items other than shareholders' equity ...	—	—	—
Total changes of items during the period .....	—	—	—
Balance at the end of current period .....	(1,276)	(1,276)	(13,725)
Foreign currency translation adjustment			
Balance at the end of previous period .....	4	(13)	(150)
Changes of items during the period			
Net changes of items other than shareholders' equity ...	(18)	2	28
Total changes of items during the period .....	(18)	2	28
Balance at the end of current period .....	(13)	(11)	(122)
Total valuation and translation adjustments			
Balance at the end of previous period .....	(1,083)	(1,350)	(14,519)
Changes of items during the period			
Net changes of items other than shareholders' equity ...	(266)	115	1,240
Total changes of items during the period .....	(266)	115	1,240
Balance at the end of current period .....	(1,350)	(1,235)	(13,278)
<b>Minority interests:</b>			
Balance at the end of previous period .....	2,295	2,631	28,284
Changes of items during the period			
Net changes of items other than shareholders' equity .....	336	47	515
Total changes of items during the period .....	336	47	515
Balance at the end of current period .....	2,631	2,679	28,799
<b>Total net assets:</b>			
Balance at the end of previous period .....	74,675	78,856	847,555
Changes of items during the period			
Dividends from surplus .....	(2,252)	(2,252)	(24,209)
Net income .....	6,364	6,298	67,696
Purchase of treasury stock .....	(0)	(0)	(0)
Disposal of treasury stock .....	0	—	—
Net changes of items other than shareholders' equity .....	69	163	1,755
Total changes of items during the period .....	4,181	4,209	45,242
Balance at the end of current period .....	¥78,856	¥83,065	\$892,798

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

**NS SOLUTIONS CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the fiscal years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
<b>Net cash provided by (used in) operating activities:</b>			
Income before income taxes and minority interests .....	¥11,920	¥11,221	\$120,615
Depreciation and amortization .....	1,774	2,137	22,970
Amortization of goodwill .....	123	165	1,774
Increase (decrease) in allowance for doubtful accounts .....	606	(674)	(7,253)
Increase (decrease) in provision for bonuses .....	(75)	(31)	(334)
Increase (decrease) in provision for retirement benefits ...	1,219	534	5,746
Increase (decrease) in provision for directors' retirement benefits .....	(73)	(94)	(1,019)
Increase (decrease) in other provision .....	30	118	1,275
Interest and dividends income .....	(443)	(381)	(4,101)
Loss on valuation of golf club memberships .....	32	—	—
Interest expenses .....	0	75	813
Equity in (earnings) losses of affiliates .....	(2)	(2)	(30)
Loss on retirement of noncurrent assets .....	33	39	422
Decrease (increase) in notes and accounts receivable-	1,419	(514)	(5,530)
Decrease (increase) in inventories .....	(1,074)	171	1,840
Decrease (increase) in other current assets .....	122	62	676
Increase (decrease) in notes and accounts payable-trade ..	(1,058)	(259)	(2,791)
Increase (decrease) in other current liabilities .....	2,499	508	5,462
Other, net .....	(90)	23	255
Sub total .....	16,964	13,099	140,789
Interest and dividends income received .....	431	365	3,934
Interest expenses paid .....	(0)	(75)	(813)
Income taxes paid .....	(6,009)	(6,168)	(66,296)
<b>Net cash provided by (used in) operating activities .....</b>	<b>11,386</b>	<b>7,221</b>	<b>77,614</b>
<b>Net cash provided by (used in) investing activities:</b>			
Purchase of short-term investment securities .....	(4,200)	(8,146)	(87,559)
Proceeds from redemption of securities .....	5,000	4,350	46,754
Purchase of property, plant and equipment and intangible assets .....	(1,557)	(1,608)	(17,291)
Purchase of investment securities .....	(3,001)	(2,871)	(30,860)
Proceeds from sales of investment securities .....	27	7	84
Proceeds from redemption of investment securities .....	—	3,000	32,244
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 10).....	(3,470)	—	—
Payments of loans receivable from subsidiaries and affiliates .....	—	(12,000)	(128,977)
Collection of loans receivable from subsidiaries and affiliates .....	—	12,000	128,977
Payments for guarantee deposits .....	—	(1,266)	(13,615)
Proceeds from collection of guarantee deposits .....	—	612	6,578
Other, net .....	(355)	192	2,064
<b>Net cash provided by (used in) investing activities .....</b>	<b>(¥7,557)</b>	<b>(¥5,731)</b>	<b>(\$61,602)</b>

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
	<b>Net cash provided by (used in) financing activities:</b>		
Repayment of long-term loans payable .....	(¥20)	(¥12)	(\$131)
Purchase of treasury stock .....	(0)	(0)	(0)
Proceeds from sales of treasury stock .....	0	—	—
Cash dividends paid .....	(2,252)	(2,252)	(24,209)
Cash dividends paid to minority shareholders .....	(93)	(96)	(1,039)
Repayments of lease obligations .....	(179)	(441)	(4,747)
Net cash provided by (used in) financing activities .....	(2,545)	(2,802)	(30,126)
Effect of exchange rate change on cash and cash	(10)	1	13
Net increase (decrease) in cash and cash equivalents .....	1,272	(1,311)	(14,101)
<b>Cash and cash equivalents at beginning of period</b>	<b>34,154</b>	<b>35,427</b>	<b>380,779</b>
<b>Cash and cash equivalents at end of period (Note 10)</b>	<b>¥35,427</b>	<b>¥34,115</b>	<b>\$366,678</b>

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

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Nature of Operations

NS Solutions Corporation (referred to as the “Company”) was incorporated on October 1, 1980 as Nippon Steel Computer Systems Co., Ltd., a wholly owned subsidiary of Nippon Steel Corporation. The Company changed its name in 1988 to Nippon Steel Information & Communication Systems Inc, or ENICOM. Effective April 1, 2001, the Company acquired part of the business of the Electronics & Information Systems Division of Nippon Steel (“EI Division”) and changed its name to NS Solutions Corporation on that date. On October 11, 2002, the Company was successfully listed on the First Section of the Tokyo Stock Exchange. The parent company holds 67.0% of the Company’s voting rights, as of March 31, 2010.

NS Solutions Corporation and its consolidated subsidiaries (together, referred to as the “Companies”) are leading information technology solution providers in Japan. The Companies provide integrated solutions, which address their customers’ needs for both business applications and system platforms. The Companies provide end-to-end services, including system consulting, planning, design, development, deployment, operation, and maintenance, and total end-to-end outsourcing services. The Companies are proficient in providing multi-vendor and mission critical systems solutions, as well as incorporating best-of-breed products and technologies to address customer needs.

The Companies’ principal business lines are:

- Business Solutions

The Companies provide solutions for industry-specific business applications to corporate enterprises, government agencies and public organizations.

- Platform Solutions

The Companies provide solutions for system platforms including middleware, databases, operating systems, networking systems, storage systems, security systems, and services which enable systems running on diverse platforms to collaborate with each other.

- Business Services

The Companies provide system operation and maintenance services and total end-to-end outsourcing services.

### 2. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of 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

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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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.

### 3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers. The rate of ¥93.04 = U.S. \$1, the effective rate of exchange prevailing at March 31, 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.

### 4. Summary of Significant Accounting Policies

#### (1) Principles of consolidation

The consolidated financial statements for the fiscal year ended March 31, 2010, include the accounts of the Company and its 14 significant subsidiaries, as listed below:

- Hokkaido NS Solutions Corporation
- Tohoku NS Solutions Corporation
- NS Solutions Tokyo Corporation
- NS Solutions Kansai Corporation
- NS Solutions Chubu Corporation
- NS Solutions Nishinohon Corporation
- NS Solutions Oita Corporation
- NS SLC Service Corporation
- NS FMC Corporation
- Financial Engineering Group, Inc
- NCI Systems Integration, Inc.
- Nittetsu Hitachi Systems Engineering, Inc.
- NS Solutions Software (Shanghai) Co., Ltd.
- NS Solutions USA Corporation

The Company have added Financial Engineering Group, Inc.,(FEG) scope of consolidation from the first quarter ended March 31, 2009 as a result of an acquisition the entire shares on May 28, 2008.

FEG's financial results were included in the Consolidated Statements of Income and Cash Flows from the second quarter ended March 31, 2009.

All significant inter-company accounts and transactions and unrealized inter-group profit, if any, have been eliminated on consolidation.

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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The Company's overseas subsidiaries, NS Solutions Software (Shanghai) Co., Ltd. and NS Solutions USA Corporation, have a fiscal year ending December 31, which differ from that of the Company. These subsidiaries do not prepare financial statements at any date after December 31 or on or before March 31 in the following year. Any material transactions occurring in the period, January 1 to March 31, are adjusted for in these consolidated financial statements.

### **(2) Investments in affiliates**

The Company's investment in the affiliate was accounted for using the equity method for the fiscal year ended March 31, 2010 as listed below:

Hokkaido High Information Technology Center Co., Ltd.

### **(3) Translation of foreign currency**

Assets and liabilities denominated in foreign currencies are translated into yen at the exchange rate prevailing at the relevant balance sheet date.

Assets, liabilities and all income and expense accounts of foreign subsidiaries are translated into Japanese yen at the exchange rate prevailing at the relevant balance sheet date. Shareholders' equity accounts of foreign subsidiaries are translated at historical rates.

The net difference arising from translation of the financial statements of the foreign subsidiary is recorded as "Foreign currency translation adjustment" in the accompanying consolidated balance sheets.

### **(4) Investment securities**

Investment securities consist of held-to-maturity investments, available-for-sale securities with market quotation, available-for-sale securities without market quotation.

Held-to-maturity investments are valued at cost, adjusted for the amortization of premium or the accretion of discounts based on straight line method.

Available-for-sale securities with market quotation are valued at market value. Unrealized holding gains, net of tax, are recognized in "Unrealized gain on available-for-sale securities" as a separate component of net assets.

Available-for-sale securities without market quotation are stated at cost.

The cost of available-for-sale securities sold is principally based on the moving average method.

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

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**(5) Inventories**

Inventories are valued at cost as determined by the following methods:

Work in process ..... Individual cost method, which reduces the book value of inventories based on the decrease in profitability.

Merchandise and supplies ..... primarily, the average method, which reduces the book value of inventories based on the decrease in profitability.

**(6) Intangible fixed assets**

Amortization of intangible fixed assets is computed using the straight-line method over the estimated useful lives of the assets. Software costs for internal use are amortized over their estimated useful lives (less than 5 years) on a straight-line basis.

**(7) Allowance for doubtful accounts**

Receivables are required to be categorized into “normal receivables” and “doubtful receivables” for the purpose of providing an allowance for doubtful accounts under prevailing accounting practice in Japan. Allowance for normal receivables is provided based on the Companies’ historical write-off experiences. Allowance for doubtful receivables is provided based on an estimate of uncollectible amount on an individual doubtful receivables.

**(8) Provision for bonuses**

Provision for bonuses is provided at the estimated amount, which the Companies are obliged to pay employees after fiscal year-end, based on their service for the fiscal year ended on the relevant balance sheet date.

**(9) Provision for loss on order received**

Provision for loss on order received is provided based on the excess of estimated costs over contract revenue.

**(10) Allowance for program product warranty**

Allowance for program product warranty is provided at the estimated amount computed by the actual rate of the past expenditure.

**(11) Retirement benefits**

(a) Provision for retirement benefits

The employees of the Company and its major consolidated subsidiaries are generally covered by defined benefit pension plan under which retiring employees are entitled to lump-sum payments determined by reference to current rates of pay, length of service and conditions under which the termination occurs.

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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Accrued employees' retirement benefits of the Company and its major consolidated subsidiaries are provided based on the estimated present value of projected benefit obligations.

Net obligation at translation on the employees' retirement benefits plan is charged to income or expense as incurred.

Actuarial gains (losses) are charged to income or expense as incurred.

### (b) Provision for directors' retirement benefits

Provision for directors' retirement benefits of the Companies are calculated based on the Companies' internal rules and the estimated amount, which would be payable if all directors and corporate auditors retired at the relevant balance sheet date.

### **(12) Accounting for consumption tax**

Consumption tax is excluded from the figures of the accompanying financial statements.

### **(13) Remeasurement of assets and liabilities of subsidiaries**

For consolidated subsidiaries and affiliated companies where the Company has the ability to exercise control or significant influence, assets and liabilities of those companies are fully marked to their respective fair values at the date of acquisition of control or significant influence.

### **(14) Goodwill**

Goodwill arising from mergers, which represents the excess of the purchase price over the fair value of net assets acquired, had been amortized on a straight line basis over the respective estimated useful lives. When its amount is not material, it is charged to expense as incurred.

### **(15) Cash and cash equivalents**

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturity of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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### 5. Change in accounting principle

With respect to made-to-order software, previously, the Companies had applied the completed-contract method. From the First Quarter of FY 2009, the “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan (“ASBJ”) Statement No.15) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No.18) have been applied. Adopting the new standard, the Companies have been applying the percentage of completion method after April 1,2009, in case that the outcome of the construction activity is deemed certain (the degree of completion of construction is estimated by the cost-to-cost method). In other case, the Companies have been applying the completed-contract method in case that the outcome of the construction activity is deemed uncertain.

With this change, net sales increased by ¥1,145 million (\$12,315 thousand), and operating income, ordinary income, and income before income taxes and minority interests increased by ¥172 million (\$1,850 thousand), respectively.

From the fiscal year ended March 31, 2009, the Companies have applied the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force Report No.18). The effects of adopting the new standard were none.

From the fiscal year ended March 31, 2009, the Companies have adopted the new accounting standard “Accounting Standard for Lease Transactions”(ASBJ Statement No.13) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16). Prior to adoption of the standard, the Companies accounted for finance lease transactions, which do not transfer ownership as rental transactions. After the adoption of the standard, all finance leases are accounted as assets.

In addition, the finance lease assets that do not transfer ownership are depreciated by the straight-line method over the lease period, with no residual value at the end of the lease period.

As a result of this change, property, plant and equipment increased ¥197 million, Intangible fixed assets increased ¥48 million, and the effect on the consolidated statements of income was not material.

### 6. Change in presentation

As the Cabinet Office Ordinance Partially Revising Regulation for Financial Statements, etc. (Cabinet Office Ordinance No. 50) was adopted, “Inventories” for the fiscal year ended March 31, 2008 was separately presented as “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies,” effective from the fiscal year ended March 31, 2009.

“Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies,” which were presented aggregately in “Inventories” for the fiscal year ended March 31, 2008, were ¥0million, ¥10,239 million and ¥156 million, respectively.

# NS SOLUTIONS CORPORATION

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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For the fiscal year ended March 31, 2010, “Payments for guarantee deposits” and “Proceeds from collection of guarantee deposits” were each presented as separate line items due to increases in materiality.

“Payments for guarantee deposits” and “Proceeds from collection of guarantee deposits” which were presented aggregately in “Other, net” in “Net cash provided by (used in) investing activities” for the fiscal year ended March 31, 2009, were ¥348 million and ¥35 million, respectively.

### 7. Notes to Consolidated Balance Sheets

#### (1) Depreciation on Property, Plant and Equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation of ¥10,190 million and ¥10,845 million (\$116,564 thousand) at March 31, 2009 and 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, is computed using the straight-line method.

#### (2) Investment in non-consolidated subsidiaries and affiliates

Investment in non-consolidated subsidiaries and affiliates were ¥7 million and ¥ 10 million (\$114 thousand) on March 31, 2009 and 2010, respectively.

#### (3) Revaluation of Land

Land used for business purposes was revalued in accordance with the “Law Concerning the Revaluation of Land” as at March 31, 2000. Under the law, Japanese companies were allowed to revalue the land used for business purposes to fair value only for the limited period during the year ended March 31, 1998 to March 31, 2001. Unrealized gains and losses were charged directly to net assets, rather than to the income statement. Application of the law was voluntary, but permitted only one time during the three-year period.

The detail of the revaluation is as follows:

- Method of revaluation  
The calculations were made in accordance with the “Law Concerning the Revaluation of Land”.
- Date of revaluation  
The companies revalued based on the fair value as of March 31, 2000.
- The difference between the fair value and book value as of March 31, 2009 and 2010 amounted to ¥90 million and ¥160 million (\$1,724 thousand), respectively.

#### (4) Work in process and provision for contract loss for the same made-to-order software

With respect to the work in process and the provision for contract loss for the same made-to-order software, the Companies are not offset but individually reported .

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

The amount of the provision for contract loss in the inventories offset was ¥188 million (\$2,030 thousand) on March 31, 2010.

**(5) Contingent Liabilities**

The Companies' loss contingencies for guaranteeing the indebtedness of other parties were ¥10 million and ¥ 8 million (\$88 thousand) on March 31, 2009 and 2010, respectively, each of which are Guarantees for bank loans of the Hokkaido High Information Technology Center Co. Ltd.

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

**(1) Selling, General and Administrative Expenses**

The main components of selling, general and administrative expenses for the fiscal years ended March 31, 2009 and 2010 are as follows:

March 31,	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
Salaries and allowances .....	¥ 7,334	¥ 7,456	\$ 80,143
Provision for bonuses .....	1,292	1,169	12,568
Retirement benefit expenses .....	541	381	4,096
Provision for directors' retirement benefits.....	44	35	382
Depreciation and amortization .....	265	208	2,241
Amortization of goodwill.....	123	165	1,774
Operating expense for acceptance of orders .....	3,520	3,279	35,246
Provision for allowance for doubtful accounts...	¥ 609	¥ —	\$ —

**(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 fiscal years ended March 31, 2009 and 2010 amounting to ¥1,229 million and ¥ 1,288 million (\$13,849 thousand), respectively.

**(3) Provision for loss on order received**

Provision for loss on order received was recorded as Cost of sales for the fiscal years ended March 31, 2010 amounting to ¥ 239 million (\$2,575 thousand).

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

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**9. Notes to Consolidated Statements of Changes in Net Assets**

(As of March 31, 2009)

**(1) Information on issued shares**

The number of shares as of March 31, 2009 is as follows:

Kind of stock	As of March 31, 2008	Increase	Decrease	As of March 31, 2009
Common stock	52,999,120	—	—	52,999,120

**(2) Information on treasury stock**

The number of shares as of March 31, 2009 is as follows:

Kind of stock	As of March 31, 2008	Increase	Decrease	As of March 31, 2009
Common stock	1,202	117	20	1,299

(Reason for increase or decrease treasury stock)

- Increase  
Odd lot stock purchases: 117
- Decrease  
Odd lot stock sold: 20

**(3) Information on acquisition rights**

None

**(4) Information on dividends**

The Company paid cash dividends on June 2, 2008 and December 4, 2008 as follows:

Date of board resolution	Class of stock	Source of dividends	Total dividend amount	Dividend per share	Reference date	Effective date
May 16, 2008	Common stock	Retained earnings	¥1,059 million	¥20.00	March 31, 2008	June 2, 2008
October 29, 2008	Common stock	Retained earnings	¥1,192 million	¥22.50	September 30, 2008	December 4, 2008

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

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(As of March 31, 2010)

**(1) Information on issued shares**

The number of shares as of March 31, 2010 is as follows:

Kind of stock	As of March 31, 2009	Increase	Decrease	As of March 31, 2010
Common stock	52,999,120	—	—	52,999,120

**(2) Information on treasury stock**

The number of shares as of March 31, 2010 is as follows:

Kind of stock	As of March 31, 2009	Increase	Decrease	As of March 31, 2010
Common stock	1,299	15	—	1,314

(Reason for increase or decrease treasury stock)

- Increase  
 Odd lot stock purchases: 15

**(3) Information on acquisition rights**

None

**(4) Information on dividends**

The Company paid cash dividends on June 1, 2009 and December 4, 2009 as follows:

Date of board resolution	Class of stock	Source of dividends	Total dividend amount	Dividend per share	Reference date	Effective date
May 15, 2009	Common stock	Retained earnings	¥1,192 million (\$ 12,817 thousand)	¥22.50 (\$ 0.24)	March 31, 2009	June 1, 2009
October 29, 2009	Common stock	Retained earnings	¥1,059 million (\$ 11,392 thousand)	¥20.00 (\$ 0.21)	September 30, 2009	December 4, 2009

The Company decided to pay cash dividends at the board of directors' meeting held on May 18, 2010 as follows:

Date of board resolution	Class of stock	Source of dividends	Total dividend amount	Dividend per share	Reference date	Effective date
May 18, 2010	Common stock	Retained earnings	¥1,059 million (\$ 11,392 thousand)	¥20.00 (\$ 0.21)	March 31, 2010	June 2, 2010

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

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

**(1) Cash and Cash Equivalents**

Cash and cash equivalents at March 31, 2009 and 2010 are as follows:

March 31,	Millions of yen		Thousands of U.S.
	2009	2010	dollars (Note 3)
Cash and deposits .....	¥ 4,113	¥ 4,389	\$ 47,177
Deposits paid .....	22,521	25,206	270,919
Short-term investment securities (maturing in less than three months from acquisition date) .....	8,792	4,520	48,581
Cash and cash equivalents .....	¥ 35,427	¥ 34,115	\$ 366,678

**(2) Breakdown of assets and liabilities of companies added as subsidiaries due to the acquisition of stock**

The following table presents the breakdown of the assets and liabilities of FEG, which was newly consolidated due to acquisition of the stock, and net expenditure for purchase of investments in subsidiaries resulting in change in scope of consolidation:

Jun 30, 2008	Millions of yen
Current assets.....	¥ 481
Fixed assets.....	299
Goodwill on acquisition .....	3,301
Current liabilities .....	(278)
Non-current liabilities .....	(53)
Purchase price of subsidiary.....	¥ 3,751
Cash and cash equivalents owned by the subsidiary .....	(280)
Purchase of inventories in subsidiaries resulting in change in scope of consolidation.....	¥ 3,470

**(3) Non-cash investing and financing transactions**

Assets and liabilities related to finance lease transactions newly recognized for the fiscal year ended March 31, 2010, were ¥2,097 million (\$ 22,543 thousand ) and ¥2,202 million (\$ 23,670 thousand ) respectively.

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

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**11. Segment Information**

**(1) Industry segment information**

The Companies responds to customer needs through the supply of a variety of information 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, the Companies' business constitutes a single segment and accordingly, industry segment information is not disclosed.

**(2) Geographic segment information**

The domestic proportion in relation to all segments is in excess of 90% in terms of both net income and total assets. Accordingly, geographic segment information is not separately disclosed.

**(3) Overseas sales**

The share of overseas sales to consolidated net sales is less than 10%. Accordingly, overseas sales information is not separately disclosed.

**12. Leases**

Leased assets, and related expenses in respect of the Companies' finance leases, other than those which transfer ownership of the leased assets, are accounted for using a method similar to that used for operating leases.

Depreciation is computed using the straight-line method over the lease period of leased assets, with no residual value at the end of the lease period. The interest expense portion is determined by subtracting an amount equivalent to the acquisition cost from the total lease fee. Total interest payments over the lease period are allocated to each period using the interest method.

Operating lease payments under non-cancelable lease contracts at March 31, 2009 and 2010 are as follows:

March 31,	Millions of yen		Thousands of U.S.
	2009	2010	dollars (Note 3)
Within one year .....	¥ —	¥ 1,413	\$ 15,182
Over one year .....	—	4,935	53,050
Total.....	¥ —	¥ 6,348	\$ 68,233

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**13. Related Party Transactions**

(Additional information)

The Companies adopted a new accounting standard “Accounting Standard for Related Party Disclosures” (ASBJ Statement No.11) and “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No.13) from the fiscal year ended March.31, 2009. The adoption of this standard did not result in any changes to the scope of disclosure for related party transactions.

Related party transactions during the years ended March 31, 2009 and 2010 were as follows:

**(1) Parent company**

March 31,	2009	2010
Name of the company .....	Nippon Steel Corporation	Nippon Steel Corporation
Address.....	Chiyoda-ku Tokyo	Chiyoda-ku Tokyo
Common stock amount.....	¥ 419,524 million	¥ 419,524 million
Type of business .....	Manufacturing, selling and engineering steel products	Manufacturing, selling and engineering steel products
Equity share percentage of the Company	67% (direct)	67% (direct)
Relationship .....	Sales of systems integration services Loan Directors and auditors who have a position in both companies	Sales of systems integration services Loan Directors and auditors who have a position in both companies
Transaction amounts:		
Sales of systems integration services.....	¥ 24,526 million	¥ 26,506 million (\$ 284,896 thousand)
Interest income.....	¥ 107 million	¥ 117 million (\$ 1,264 thousand)
Balances at fiscal year-end:		
Accounts receivable.....	¥ 2,084million	¥ 1,998million (\$ 21,481thousand)
Current portion of long-term loans receivable from subsidiaries and affiliates .....	¥ 12,000 million	—
Long-term loans receivable from subsidiaries and affiliates.....	—	¥ 12,000 million (\$ 128,977thousand)
Advanced received .....	¥ 4,241 million	¥ 4,621 million (\$ 49,672 thousand)

\* The terms and conditions applicable to the above transactions were determined on an arm's length basis and with reference to normal market prices.

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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**(2) Subsidiary of Nippon Steel Corporation**

March 31,	2009	2010
Name of the company .....	Nittetsu Finance Co., Ltd.	Nittetsu Finance Co., Ltd.
Address.....	Chiyoda-ku Tokyo	Chiyoda-ku Tokyo
Common stock amount.....	¥ 1,000 million	¥ 1,000 million
Type of business.....	Financing	Financing
Relationship .....	Deposit of funds	Deposit of funds
	Directors and auditors who have a position in both companies	
Transaction amounts:		
Interest income.....	¥ 140 million	¥ 84 million (\$ 909 thousand)
Money deposited.....	¥ 35,600 million	¥ 36,600 million (\$ 393,379 thousand)
Money refunded.....	¥ 37,200 million	¥ 34,000 million (\$ 365,434 thousand)
Balances at fiscal year-end:		
Deposited money .....	¥ 22,521 million	¥ 25,206 million (\$ 270,919 thousand)

\* The terms and conditions applicable to the above transactions were determined on an arm's length basis and with reference to normal market prices.

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**14. Income Taxes**

The Company and its domestic consolidated subsidiaries are subject to several types of taxes based on income, which in aggregate resulted in a statutory tax rate of approximately 40.7% for the fiscal years ended March 31, 2009 and 2010.

Foreign consolidated subsidiaries are subject to income and other taxes based on tax rates applicable in their countries of incorporation.

At the fiscal years ended March 31, 2009 and 2010, the significant components of deferred tax assets and liabilities were as follows:

March 31,	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
Deferred tax assets:			
Provision for retirement benefits.....	¥ 4,212	¥ 4,433	\$ 47,652
Provision for bonuses .....	2,416	2,410	25,907
Amortization of software costs.....	594	498	5,354
Accrued enterprise tax .....	340	236	2,542
Elimination of unrealized profits on consolidation .....	134	129	1,397
Valuation difference on available-for-sale securities.....	41	—	—
Others.....	1,228	1,020	10,965
Subtotal deferred tax assets.....	8,968	8,728	93,817
Valuation allowance.....	(212)	(216)	(2,327)
Total deferred tax assets.....	¥ 8,755	¥ 8,512	\$ 91,490
Deferred tax liabilities:			
Reserve for special tax purposes .....	(78)	(24)	(265)
Valuation difference on available-for-sale securities.....	—	(36)	(390)
Total deferred tax liabilities .....	¥ (78)	¥ (60)	\$ (655)
Net deferred tax assets.....	¥ 8,677	¥ 8,451	\$ 90,835

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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Reconciliation between the statutory tax rate and the effective tax rate for the fiscal year ended March 31, 2009 is as follows:

March 31, 2009	Percent
Statutory tax rate.....	40.7%
Non-deductible expenses .....	1.9
Dividend income not taxable.....	(0.1)
Inhabitants tax per capita.....	0.5
Amortization of goodwill.....	0.4
Tax deduction .....	(0.7)
Others .....	0.3
Effective income tax rate.....	43.0%

Since the difference between the statutory tax rate and the effective tax rate for the fiscal year ended March 31, 2010 is less than 5%, a reconciliation of these two rates is not presented.

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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**15. Financial Instruments**

For the fiscal year ended March 31, 2010.

(Additional information)

From the fiscal year ended March 31, 2010, the Companies have applied the “Accounting Standard for Financial Instruments”(ASBJ Statement No.10) and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19).

1. Status of financial instruments

(1) Management policy

The Companies are mainly financed by their own funds for operating funds, and manage fund surpluses through financial assets that have high levels of safety.

(2) Financial instruments, risk, and risk management

“Notes and accounts receivable-trade” is exposed to credit risk in relation to customers and trading partners. For such risk, pursuant to criteria for managing credit exposure, the Companies have systems enabling the management of due dates and balances of each customer and trading partner as well as the regularly analysis of credit status.

“Deposits paid” is deposited to the Parent Company’s Group, based on fund policy.

“Short-term investment securities” is mainly "held-to-maturity debt securities" and there is little credit risk because the Companies invest in only securities which are high credit ratings based on fund policy.

“Investment securities”, which is mainly stock in relation to customers and trading partners for the purpose of the partnership business and capital alliance, is exposed to credit risk and market price fluctuation risk. For such risk, the Companies continuously review the analysis of fair value, customer’s financial situation, and relation to customers.

“Long-term loans receivable from subsidiaries and affiliates” is loaned to Parent Company, based on fund policy.

Almost of “notes and accounts payable-trade”, “accounts payable-other”, and “accrued expenses” have payment due dates within three months. “Lease obligations” related to finance lease transactions have no fluctuation risk because it adopts fix interest rate.

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

2. Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2010 were as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, were not included (Please see “Note2. Financial instruments of which the fair value is extremely difficult to measure”).

March 31, 2010	Millions of yen		
	Carrying amount	Fair value	Differences
<b>Assets:</b>			
(1) Cash and deposits.....	¥ 4,389	¥ 4,389	¥—
(2) Deposits paid.....	25,206	25,206	—
(3) Notes and accounts receivable-trade.....	33,881	33,881	—
(4) Short-term investment securities and Investment securities:			
①Held-to-maturity debt securities.....	12,518	12,518	—
②Marketable and investment securities ....	565	565	—
(5) Long-term loans receivable from subsidiaries and affiliates.....	12,000	12,137	137
<b>Total.....</b>	<b>¥ 88,561</b>	<b>¥ 88,698</b>	<b>¥ 137</b>
<b>Liabilities:</b>			
(6) Notes and accounts payable-trade.....	14,517	14,517	—
(7) Accounts payable-other .....	1,535	1,535	—
(8) Accrued expenses.....	2,384	2,384	—
(9) Income taxes payable .....	2,559	2,559	—
(10) Deposits received .....	297	297	—
(11) Lease obligations.....	1,773	1,773	(0)
<b>Total.....</b>	<b>¥ 23,066</b>	<b>¥ 23,066</b>	<b>¥ (0)</b>

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2010	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Differences
<b>Assets:</b>			
(1) Cash and deposits.....	\$ 47,177	\$ 47,177	\$ —
(2) Deposits paid.....	270,919	270,919	—
(3) Notes and accounts receivable-trade.....	364,164	364,164	—
(4) Short-term investment securities and Investment securities:			
①Held-to-maturity debt securities.....	134,548	134,548	—
②Marketable and investment securities....	6,082	6,082	—
(5) Long-term loans receivable from subsidiaries and affiliates.....	128,977	130,450	1,474
<b>Total.....</b>	<b>\$ 951,867</b>	<b>\$ 953,341</b>	<b>\$ 1,474</b>
<b>Liabilities:</b>			
(6) Notes and accounts payable-trade.....	156,033	156,033	—
(7) Accounts payable-other.....	16,500	16,500	—
(8) Accrued expenses.....	25,627	25,627	—
(9) Income taxes payable.....	27,507	27,507	—
(10) Deposits received.....	3,199	3,199	—
(11) Lease obligations.....	19,059	19,059	(0)
<b>Total.....</b>	<b>\$ 247,924</b>	<b>\$ 247,924</b>	<b>\$ (0)</b>

**Note 1. Fair value measurement of financial instruments**

- (1) Cash and deposits, (2) Deposits paid, and (3) Notes and accounts receivable-trade  
The carrying amount approximates fair value because of the short maturity of these instruments.
- (4) Short-term investment securities and Investment securities  
The fair value of equity securities equals quoted market price. The fair value of debt security approximates fair value because of the short maturity of these instruments. (Please see “Note 16. Investment Securities”)

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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(5) Long-term loans receivable from subsidiaries and affiliates

The fair value of “Long-term loans receivable from subsidiaries and affiliates” is estimated based on the discounted amounts of future cash flows using appropriate measures in which credit spread is added.

(6) Notes and accounts payable-trade, (7) Accounts payable-other, (8) Accrued expenses, (9) Income taxes payable, (10) Deposits received

The carrying amount approximates fair value because of the short maturity of these instruments.

(11) Lease obligations

Fair value equals to the present value of future cash flows discounted using the current interest rate for similar lease contracts of comparable maturities and contract conditions.

Note2. Financial instruments of which the fair value is extremely difficult to measure

March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
	2010	2010
Non listed securities.....	¥ 4,138	\$ 44,486
Investment in funds.....	93	995
Guarantee deposits.....	¥ 3,775	\$ 40,581

It is recognized that these do not have market values and that it is extremely difficult to estimate future cash flows.

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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Note3. The redemption schedule for monetary assets and held-to-maturity debt securities after the balance sheet date

March 31,	Millions of yen	Thousands of U.S.
	2010	dollars (Note 3) 2010
<b>Within one year</b>		
Cash and deposits.....	¥ 4,389	\$ 47,177
Deposits paid .....	25,206	270,919
Notes and accounts receivable-trade.....	33,881	364,164
Short-term investment securities and Investment securities		
Held-to-maturity debt securities.....	12,518	134,548
<b>Over one year within five years</b>		
Long-term loans receivable from subsidiaries and affiliates .....	¥ 12,000	\$ 128,977

Note4. The repayment schedule for lease obligations after the balance sheet date

March 31,	Millions of yen	Thousands of U.S.
	2010	dollars (Note 3) 2010
Within one year	¥ 479	\$ 5,151
Over one year within two years	442	4,755
Over two years within three years	458	4,926
Over three years within four years	63	681
Over four years within five years	37	402
Over five years	¥ 538	\$ 5,785

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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**16. Investment Securities**

Investment securities as of March 31, 2009 and 2010 are as follows:

**(As of March 31, 2009)**

**(1) Marketable securities**

The aggregate acquisition cost, gross unrealized gains and losses and carrying amount on the balance sheet, which were revalued to the related fair value, of available-for-sale securities with market quotations as of March 31, 2009 is as follows:

March 31, 2009	Millions of yen		
	Acquisition cost	Carrying amount	Gross unrealized gains (losses)
Equity securities (gains) .....	¥ 113	¥ 176	¥ 63
Equity securities (losses) .....	306	187	(118)
Total.....	¥ 419	¥ 364	¥ (55)

**(2) Non-marketable securities**

The following is a summary of non-marketable securities:

March 31, 2009	Millions of yen
	Carrying amount
<b>Held-to-maturity investments</b>	
Commercial paper .....	¥ 6,992
Corporate bond.....	4,000
Cash in trust .....	—
Government debt securities .....	1,309
Certificate of deposit .....	690
Equity securities of affiliates.....	7
<b>Other investments</b>	
Non listed securities.....	1,278
Investment in funds .....	95
Non listed bond .....	3,000
Total .....	¥ 17,374

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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**(3) Held-to-maturity debt securities**

The following is a summary of held-to-maturity debt securities:

March 31, 2009	Millions of yen Carrying amount
Within one year	
Commercial paper .....	¥ 6,992
Corporate bond .....	4,000
Cash in trust .....	—
Government debt securities .....	1,309
Certificate of deposit .....	690
Subtotal .....	¥ 12,992
Over one year within five years	
Non listed bond .....	3,000
Subtotal .....	¥ 3,000
Total .....	¥ 15,992

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

(As of March 31, 2010)

**(1) Held-to-maturity debt securities**

Held-to-maturity debt securities for which carrying amount did not exceed fair value as of March 31, 2010 is as follows:

March 31, 2010	Millions of yen		
	Carrying amount	Fair value	Gross unrealized gains (losses)
Commercial paper .....	¥ 998	¥ 998	¥—
Corporate bond.....	7,000	7,000	—
Certificate of deposit .....	4,520	4,520	—
Total.....	¥ 12,518	¥ 12,518	¥ —

March 31, 2010	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Gross unrealized gains (losses)
Commercial paper .....	\$ 10,730	\$ 10,730	\$ —
Corporate bond.....	75,236	75,236	—
Others .....	48,581	48,581	—
Total.....	\$ 134,548	\$ 134,548	\$ —

**(2) Marketable and investment securities**

Marketable and investment securities for which carrying amount exceeded fair value as of March 31, 2010 is as follows:

March 31, 2010	Millions of yen		
	Carrying amount	Acquisition cost	Gross unrealized gains (losses)
Equity securities (gains) .....	¥ 565	¥ 421	¥ 144
Equity securities (losses) .....	—	—	—
Total.....	¥ 565	¥ 421	¥ 144

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March 31, 2010	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Acquisition cost	Gross unrealized gains (losses)
Equity securities (gains) .....	\$ 6,082	\$ 4,527	\$ 1,555
Equity securities (losses) .....	—	—	—
Total.....	\$ 6,082	\$ 4,527	\$ 1,555

Because it is recognized that Non listed securities and Investment in funds do not have market values and that the market values are extremely difficult to determine, they are not included in the chart above.

**17. Derivative instruments**

The Companies does not enter into derivative contracts.

**18. Retirement Benefits**

The Company and its consolidated domestic subsidiaries have unfunded defined benefit plans covering substantially all employees. In addition, the Company introduced a defined contribution pension plan covering all employees.

The projected benefit obligations at March 31, 2009 and 2010 were ¥ 10,364 million and ¥ 10,898million (\$ 117,139 thousand), respectively. Accrued employees' retirement benefits are equal to the projected benefit obligation since there are no balances in plan assets and unrecognized items.

The net periodic pension costs for the fiscal years ended March 31, 2009 and 2010 are as follows:

March 31,	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
Service costs.....	¥ 1,045	¥ 977	\$ 10,503
Interest costs.....	161	160	1,729
Amortization of actual gain (loss).....	316	(400)	(4,305)
Amortization of prior service costs.....	—	—	—
Accrued employees' retirement benefits.....	¥ 1,523	¥ 737	\$ 7,927
Costs of defined contribution pension plan.....	438	452	4,860
Total.....	¥ 1,962	¥ 1,189	\$ 12,787

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The assumptions used in the actuarial computation for the fiscal years ended March 31, 2009 and 2010 are as follows:

March 31,	2009	2010
Method of attributing the projected benefits to periods of service .....	Straight line basis	Straight line basis
Discount rate .....	1.50~2.48%	1.60~2.00%
Period of amortization of unrecognized actuarial gain or loss .....	1 year	1 year
Period of amortization of prior service benefits .....	1 year	1 year

**19. Stock options**

The Companies do not issue any stock options.

**20. Subsequent Events**

There have been no material events subsequent to March 31, 2010.