

NS Solutions Corporation

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

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CONSOLIDATED FINANCIAL RESULTS (From April 1, 2011 to September 30, 2011)

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

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

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NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEETS
March 31, 2011 and September 30, 2011

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2011	Sep. 30, 2011	(Note 2) Sep. 30, 2011
Assets			
Current assets:			
Cash and deposits	¥5,179	¥5,774	\$75,332
Deposits paid	22,855	13,873	181,002
Notes and accounts receivable-trade	34,384	30,806	401,912
Short-term investment securities	10,082	15,610	203,661
Work in process.....	9,980	13,525	176,458
Raw materials and supplies	126	107	1,400
Other	3,770	3,894	50,813
Allowance for doubtful accounts	(16)	(14)	(191)
Total current assets	<u>86,362</u>	<u>83,578</u>	<u>1,090,388</u>
Noncurrent assets:			
Property, plant and equipment	15,120	17,132	223,519
Intangible assets:			
Goodwill	2,847	2,764	36,070
Other	1,469	1,529	19,959
Total intangible assets	<u>4,317</u>	<u>4,294</u>	<u>56,030</u>
Investments and other assets:			
Long-term loans receivable from subsidiaries and affiliates	12,000	12,000	156,556
Other	16,181	16,081	209,805
Allowance for doubtful accounts	(78)	(79)	(1,038)
Total investments and other assets	<u>28,102</u>	<u>28,001</u>	<u>365,322</u>
Total noncurrent assets	<u>47,539</u>	<u>49,429</u>	<u>644,871</u>
Total assets	<u>¥133,901</u>	<u>¥133,007</u>	<u>\$1,735,259</u>

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

	Millions of yen		Thousands of U.S. dollars
			(Note 2)
	Mar. 31, 2011	Sep. 30, 2011	Sep. 30, 2011
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	¥12,711	¥9,248	\$120,664
Income taxes payable	2,830	2,315	30,206
Provision for bonuses	5,878	5,991	78,161
Other provision	684	544	7,098
Other	11,211	12,474	162,741
Total current liabilities	<u>33,315</u>	<u>30,573</u>	<u>398,869</u>
Noncurrent liabilities:			
Provision for retirement benefits	11,844	12,244	159,750
Provision for directors' retirement benefits	174	167	2,182
Other	1,116	912	11,903
Total noncurrent liabilities	<u>13,135</u>	<u>13,324</u>	<u>173,835</u>
Total liabilities	<u>46,450</u>	<u>43,897</u>	<u>572,704</u>
Net assets			
Shareholders' equity:			
Capital stock	12,952	12,952	168,986
Capital surplus	9,950	9,950	129,816
Retained earnings	63,006	64,667	843,678
Treasury stock	(4)	(4)	(54)
Total shareholders' equity	<u>85,905</u>	<u>87,567</u>	<u>1,142,427</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	(34)	(95)	(1,242)
Revaluation reserve for land	(1,276)	(1,276)	(16,660)
Foreign currency translation adjustment	(23)	(22)	(300)
Total accumulated other comprehensive income ...	<u>(1,335)</u>	<u>(1,395)</u>	<u>(18,202)</u>
Minority interests	2,880	2,937	38,330
Total net assets	<u>87,451</u>	<u>89,109</u>	<u>1,162,555</u>
Total liabilities and net assets	<u>¥133,901</u>	<u>¥133,007</u>	<u>\$1,735,259</u>

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

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the six months ended September 30, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Net sales	¥73,724	¥76,211	\$994,279
Cost of sales (Note 9)	59,451	61,123	797,441
Gross profit	14,273	15,087	196,837
Selling, general and administrative expenses (Note 9)	10,126	10,070	131,386
Operating income	4,147	5,016	65,452
Non-operating income:			
Interest income	129	112	1,471
Dividends income	158	137	1,788
Equity in earnings of affiliates	1	—	—
Other	45	20	268
Total non-operating income	335	270	3,526
Non-operating expenses:			
Interest expenses	40	28	375
Equity in losses of affiliates.....	—	16	210
Loss on retirement of noncurrent assets	21	2	32
Other	15	13	174
Total non-operating expenses	77	60	791
Ordinary income	4,404	5,226	68,188
Income before income taxes and minority interests	4,404	5,226	68,188
Income taxes	1,907	2,380	31,058
Income before minority interests	2,496	2,845	37,129
Minority interests in income	113	124	1,628
Net income	¥2,383	¥2,721	\$35,501

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

	Yen		U.S. dollars (Note 2)
	2010	2011	2011
Net income per share	¥44.97	¥51.34	\$0.67

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the six months ended September 30, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Income before minority interests	¥2,496	¥2,845	\$37,129
Other comprehensive income:			
Valuation difference on available-for-sale securities.....	(55)	(60)	(792)
Foreign currency translation adjustment.....	(5)	1	16
Total other comprehensive income	(61)	(59)	(776)
Comprehensive income	¥2,435	¥2,786	\$36,353
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent.....	2,322	2,661	34,722
Comprehensive income attributable to minority interests.....	¥112	¥125	\$1,632

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

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended September 30, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥4,404	¥5,226	\$68,188
Depreciation and amortization	1,071	1,161	15,155
Amortization of goodwill	82	82	1,077
Increase (decrease) in allowance for doubtful accounts	(124)	(0)	(11)
Increase (decrease) in provision for bonuses	128	112	1,464
Increase (decrease) in provision for retirement benefits ...	529	400	5,225
Interest and dividends income	(287)	(249)	(3,259)
Interest expenses	40	28	375
Equity in (earnings) losses of affiliates	(1)	16	210
Decrease (increase) in notes and accounts receivable-trade	8,314	3,578	46,688
Decrease (increase) in inventories	(1,842)	(3,526)	(46,007)
Increase (decrease) in notes and accounts payable-trade ..	(5,113)	(3,462)	(45,177)
Other, net	(1,640)	1,236	16,128
Sub total	5,561	4,603	60,056
Interest and dividends income received	240	261	3,409
Interest expenses paid	(40)	(28)	(375)
Income taxes paid	(2,483)	(2,925)	(38,173)
Net cash provided by (used in) operating activities	3,278	1,909	24,917
Net cash provided by (used in) investing activities:			
Purchase of short-term investment securities	(997)	(4,000)	(52,185)
Proceeds from redemption of securities	7,000	1,000	13,046
Purchase of property, plant and equipment and intangible assets	(3,767)	(3,401)	(44,383)
Purchase of investment securities	(0)	(999)	(13,038)
Proceeds from redemption of investment securities	—	1,000	13,046
Purchase of stocks of subsidiaries and affiliates	(21)	—	—
Other, net	110	6	88
Net cash provided by (used in) investing activities	¥2,323	(¥6,394)	(\$83,425)

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

	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 2) 2011
Net cash provided by (used in) financing activities:			
Purchase of treasury stock	(¥0)	¥—	\$—
Cash dividends paid	(1,059)	(1,059)	(13,828)
Cash dividends paid to minority shareholders	(36)	(67)	(885)
Repayments of lease obligations	(245)	(225)	(2,938)
Net cash provided by (used in) financing activities	(1,341)	(1,352)	(17,651)
Effect of exchange rate change on cash and cash equivalents	(2)	0	11
Net increase (decrease) in cash and cash equivalents	4,257	(5,836)	(76,148)
Cash and cash equivalents at beginning of period	34,115	33,084	431,629
Cash and cash equivalents at end of period (Note 10)	¥38,373	¥27,247	\$355,480

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 ¥76.65= U.S. \$1, the effective rate of exchange prevailing on September 30, 2011, has been used in translation of yen amounts to U.S. dollar amounts. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

3. Going Concern Assumption

None

4. Notes in case of significant changes to shareholders' equity

None

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

None

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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

7. Additional Information

For the accounting changes and error corrections made in after the beginning of the year ending March 31, 2012, the Companies have applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24 of December 4, 2009).

8. Notes to Consolidated Balance Sheets

None

9. Notes to Consolidated Statements of Income

(1) Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses for the six months ended September 30, 2010 and 2011 were as follows:

September 30,	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2011	2011
Salaries and allowances	¥ 3,120	¥ 3,146	\$ 41,053
Provision for bonuses	1,231	1,227	16,017
Retirement benefit expenses	250	258	3,372
Provision for directors' retirement benefits.....	15	21	284
Depreciation and amortization	85	83	1,092
Amortization of goodwill.....	82	82	1,077
Operating expense for acceptance of orders	¥1,654	¥ 1,671	\$ 21,802

(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 six months ended September 30, 2010 and 2011 amounting to ¥ 644 million and ¥ 750 million (\$9,794 thousand), respectively.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

10. Notes to Consolidated Statements of Cash Flows

Cash and Cash Equivalents

Cash and cash equivalents on September 30, 2010 and 2011 were as follows:

September 30,	Millions of yen		Thousands of U.S.
	2010	2011	dollars (Note 2)
Cash and deposits	¥ 3,086	¥5,774	\$75,332
Deposits paid.....	27,336	13,873	181,002
Short-term investment securities	9,948	15,610	203,661
Sub total.....	40,372	35,258	459,995
Short-term investment securities (maturing in more than three months from acquisition date)	(1,998)	(8,011)	(104,515)
Cash and cash equivalents.....	¥ 38,373	¥ 27,247	\$ 355,480

11. Net Assets

(For the six months ended September 30, 2010)

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

The company decided to pay cash dividends at the board of directors' meeting held on October 27, 2010 as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
October 27, 2010	Common stock	¥1,059 million	¥20.00	September 30, 2010	December 3, 2010	Retained earnings

(For the six months ended September 30, 2011)

The Company paid cash dividends on June 2, 2011 as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
May 17, 2011	Common stock	¥1,059 million	¥20.00	March 31, 2011	June 2, 2011	Retained earnings

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The company decided to pay cash dividends at the board of directors' meeting held on October 26, 2011 as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividend per share	Reference date	Effective date	Source of dividends
October 26, 2011	Common stock	¥1,059 million	¥20.00	September 30, 2011	December 2, 2011	Retained earnings

12. Consolidated Segment Information

Based on the similarities in the type and nature of business, business of the Companies constitutes a single segment and accordingly, segment information is not disclosed.

13. Per Share Information

September 30,	yen		U.S. dollars
	2010	2011	(Note 2) 2011
Net income per share.....	¥ 44.97	¥ 51.34	\$ 0.67

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

September 30,	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 2) 2011
Net income.....	¥ 2,383	¥ 2,721	\$ 35,501
Net income attributable to common stock.....	¥ 2,383	¥ 2,721	\$ 35,501
The average number of common stocks (shares).....	52,997,710	52,997,644	

14. Subsequent Events

There have been no material events subsequent to September 30, 2011.