

NS Solutions Corporation

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CONSOLIDATED FINANCIAL RESULTS (From April 1, 2010 to March 31, 2011)

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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, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 3) 2011
Assets			
Current assets:			
Cash and deposits	¥4,389	¥5,179	\$62,288
Deposits paid	25,206	22,855	274,867
Notes and accounts receivable-trade	33,881	34,384	413,523
Short-term investment securities	12,518	10,082	121,254
Work in process (Note 7).....	11,219	9,980	120,026
Raw materials and supplies	120	126	1,518
Deferred tax assets	3,308	3,149	37,876
Other	568	621	7,472
Allowance for doubtful accounts	(134)	(16)	(196)
Total current assets	91,077	86,362	1,038,629
Noncurrent assets:			
Property, plant and equipment :			
Buildings and structures, net.....	5,884	5,879	70,713
Machinery, equipment and vehicles, net.....	3	4	55
Tools, furniture and fixtures, net.....	2,384	2,689	32,347
Land (Note 7).....	882	2,778	33,413
Lease assets, net.....	1,353	1,074	12,926
Construction in progress.....	223	2,693	32,389
Total property, plant and equipment (Note 7)...	10,733	15,120	181,842
Intangible assets:			
Software.....	526	1,045	12,574
Goodwill	3,012	2,847	34,243
Lease assets.....	540	350	4,216
Other	20	73	886
Total intangible assets	4,100	4,317	51,919
Investments and other assets:			
Investment securities (Note 7)	4,797	6,656	80,057
Long-term loans receivable from subsidiaries and affiliates	12,000	12,000	144,317
Deferred tax assets	5,142	5,536	66,582
Guarantee deposits	3,775	3,593	43,212
Other	419	395	4,754
Allowance for doubtful accounts	(80)	(78)	(947)
Total investments and other assets	26,054	28,102	337,975
Total noncurrent assets	40,888	47,539	571,737
Total assets	¥131,966	¥133,901	\$1,610,367

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2011	2011
	Liabilities		
Current liabilities:			
Notes and accounts payable-trade	¥14,517	¥12,711	\$152,868
Lease obligations	479	445	5,362
Accounts payable-other	1,535	1,780	21,416
Accrued expenses	2,384	2,588	31,126
Income taxes payable	2,559	2,830	34,037
Advances received	8,092	6,071	73,021
Deposits received	297	324	3,907
Provision for bonuses	5,905	5,878	70,701
Provision for loss on order received (Note 7).....	239	465	5,602
Allowance for program product warranty	291	218	2,626
Total current liabilities	<u>36,301</u>	<u>33,315</u>	<u>400,666</u>
Noncurrent liabilities:			
Lease obligations	1,539	1,106	13,306
Provision for retirement benefits	10,898	11,844	142,445
Provision for directors' retirement benefits	160	174	2,102
Other	—	10	121
Total noncurrent liabilities	<u>12,598</u>	<u>13,135</u>	<u>157,973</u>
Total liabilities	<u>48,900</u>	<u>46,450</u>	<u>558,639</u>
Net assets			
Shareholders' equity:			
Capital stock	12,952	12,952	155,776
Capital surplus	9,950	9,950	119,668
Retained earnings	58,722	63,006	757,748
Treasury stock	(3)	(4)	(49)
Total shareholders' equity	<u>81,621</u>	<u>85,905</u>	<u>1,033,143</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	52	(34)	(415)
Revaluation reserve for land (Note 7).....	(1,276)	(1,276)	(15,357)
Foreign currency translation adjustment	(11)	(23)	(288)
Total accumulated other comprehensive income ...	<u>(1,235)</u>	<u>(1,335)</u>	<u>(16,061)</u>
Minority interests	2,679	2,880	34,645
Total net assets	<u>83,065</u>	<u>87,451</u>	<u>1,051,727</u>
Total liabilities and net assets	<u>¥131,966</u>	<u>¥133,901</u>	<u>\$1,610,367</u>

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

	Yen		U.S. dollars (Note 3)
	2010	2011	2011
	Net assets per share	<u>¥1,516.79</u>	<u>¥1,595.74</u>

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the fiscal years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 3) 2011
Net sales	¥152,158	¥159,697	\$1,920,599
Cost of sales (Note 8)	121,070	128,804	1,549,065
Gross profit	31,087	30,893	371,534
Selling, general and administrative expenses (Note 8) ..	20,297	19,816	238,317
Operating income	10,790	11,076	133,217
Non-operating income:			
Interest income	317	235	2,834
Dividends income	64	205	2,475
Gain on sales of securities	—	14	175
Equity in earnings of affiliates	2	—	—
Reversal of allowance for doubtful accounts	219	34	419
Other	7	9	118
Total non-operating income	611	500	6,021
Non-operating expenses:			
Interest expenses	75	74	901
Equity in losses of affiliates.....	—	28	347
Foreign exchange losses	4	0	2
Loss on retirement of noncurrent assets	39	38	459
Loss on valuation of golf club membership.....	—	24	295
Office transfer expenses.....	40	—	—
Other	20	13	167
Total non-operating expenses	179	180	2,171
Ordinary income	11,221	11,397	137,067
Income before income taxes and minority interests	11,221	11,397	137,067
Income taxes-current	4,630	4,928	59,269
Income taxes-deferred	148	(174)	(2,098)
Total income taxes	4,779	4,753	57,171
Income before minority interests	—	6,643	79,896
Minority interests in income	144	239	2,877
Net income	¥6,298	¥6,404	\$77,019

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

	Yen		U.S. dollars
	2010	2011	(Note 3) 2011
Net income per share	¥118.84	¥120.84	\$1.45

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the fiscal years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 3) 2011
Income before minority interests	—	¥6,643	\$79,896
Other comprehensive income:			
Valuation difference on available-for-sale securities.....	—	(87)	(1,051)
Foreign currency translation adjustment.....	—	(14)	(172)
Total other comprehensive income (Note 9).....	—	(101)	(1,223)
Comprehensive income (Note 9)	—	¥6,541	\$78,673
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent.....	—	6,304	75,816
Comprehensive income attributable to minority interests.....	—	¥237	\$2,857

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

NS SOLUTIONS CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the fiscal years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2011	2011
Shareholders' equity:			
Capital stock			
Balance at the end of previous period	¥12,952	¥12,952	\$155,776
Changes of items during the period			
Total changes of items during the period	—	—	—
Balance at the end of current period	12,952	12,952	155,776
Capital surplus			
Balance at the end of previous period	9,950	9,950	119,668
Changes of items during the period			
Total changes of items during the period	—	—	—
Balance at the end of current period	9,950	9,950	119,668
Retained earnings			
Balance at the end of previous period	54,676	58,722	706,224
Changes of items during the period			
Dividends from surplus	(2,252)	(2,119)	(25,495)
Net income	6,298	6,404	77,019
Total changes of items during the period	4,046	4,284	51,524
Balance at the end of current period	58,722	63,006	757,748
Treasury stock			
Balance at the end of previous period	(3)	(3)	(46)
Changes of items during the period			
Purchase of treasury stock	(0)	(0)	(3)
Total changes of items during the period	(0)	(0)	(3)
Balance at the end of current period	(3)	(4)	(49)
Total shareholders' equity			
Balance at the end of previous period	77,575	81,621	981,622
Changes of items during the period			
Dividends from surplus	(2,252)	(2,119)	(25,495)
Net income	6,298	6,404	77,019
Purchase of treasury stock	(0)	(0)	(3)
Total changes of items during the period	4,046	4,283	51,521
Balance at the end of current period	¥81,621	¥85,905	\$1,033,143

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2011	2011
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities			
Balance at the end of previous period	(¥59)	¥52	\$637
Changes of items during the period			
Net changes of items other than shareholders' equity ...	112	(87)	(1,051)
Total changes of items during the period	112	(87)	(1,051)
Balance at the end of current period	52	(34)	(415)
Revaluation reserve for land			
Balance at the end of previous period	(1,276)	(1,276)	(15,357)
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)	(15,357)
Foreign currency translation adjustment			
Balance at the end of previous period	(13)	(11)	(137)
Changes of items during the period			
Net changes of items other than shareholders' equity ...	2	(12)	(151)
Total changes of items during the period	2	(12)	(151)
Balance at the end of current period	(11)	(23)	(288)
Total accumulated other comprehensive income			
Balance at the end of previous period	(1,350)	(1,235)	(14,858)
Changes of items during the period			
Net changes of items other than shareholders' equity ...	115	(100)	(1,203)
Total changes of items during the period	115	(100)	(1,203)
Balance at the end of current period	(1,235)	(1,335)	(16,061)
Minority interests:			
Balance at the end of previous period	2,631	2,679	32,224
Changes of items during the period			
Net changes of items other than shareholders' equity	47	201	2,421
Total changes of items during the period	47	201	2,421
Balance at the end of current period	2,679	2,880	34,645
Total net assets:			
Balance at the end of previous period	78,856	83,065	998,989
Changes of items during the period			
Dividends from surplus	(2,252)	(2,119)	(25,495)
Net income	6,298	6,404	77,019
Purchase of treasury stock	(0)	(0)	(3)
Net changes of items other than shareholders' equity	163	101	1,218
Total changes of items during the period	4,209	4,385	52,738
Balance at the end of current period	¥83,065	¥87,451	\$1,051,727

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, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2011	2011
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥11,221	¥11,397	\$137,067
Depreciation and amortization	2,137	2,257	27,147
Amortization of goodwill	165	165	1,985
Increase (decrease) in allowance for doubtful accounts	(674)	(120)	(1,450)
Increase (decrease) in provision for bonuses	(31)	(26)	(316)
Increase (decrease) in provision for retirement benefits ...	534	945	11,373
Increase (decrease) in provision for directors' retirement benefits	(94)	14	174
Increase (decrease) in other provision	118	152	1,836
Interest and dividends income	(381)	(441)	(5,308)
Loss on valuation of golf club memberships	—	24	295
Interest expenses	75	74	901
Equity in (earnings) losses of affiliates	(2)	28	347
Loss on retirement of noncurrent assets	39	38	459
Decrease (increase) in notes and accounts receivable	(514)	(508)	(6,115)
Decrease (increase) in inventories	171	1,233	14,834
Decrease (increase) in other current assets	62	(81)	(983)
Increase (decrease) in notes and accounts payable-trade ..	(259)	(1,804)	(21,703)
Increase (decrease) in other current liabilities	508	(1,591)	(19,138)
Other, net	23	17	205
Sub total	13,099	11,774	141,611
Interest and dividends income received	365	481	5,792
Interest expenses paid	(75)	(74)	(901)
Income taxes paid	(6,168)	(4,665)	(56,111)
Net cash provided by (used in) operating activities	7,221	7,515	90,391
Net cash provided by (used in) investing activities:			
Purchase of short-term investment securities	(8,146)	(8,039)	(96,690)
Proceeds from redemption of securities	4,350	11,000	132,291
Purchase of property, plant and equipment and intangible assets	(1,608)	(7,010)	(84,314)
Purchase of investment securities	(2,871)	(2,001)	(24,068)
Proceeds from sales of investment securities	7	21	260
Proceeds from redemption of investment securities	3,000	—	—
Payments of loans receivable from subsidiaries and affiliates	(12,000)	—	—
Collection of loans receivable from subsidiaries and affiliates	12,000	—	—
Purchase of stocks of subsidiaries and affiliates	—	(21)	(253)
Payments for guarantee deposits	(1,266)	(11)	(143)
Proceeds from collection of guarantee deposits	612	190	2,292
Other, net	192	(26)	(314)
Net cash provided by (used in) investing activities	(¥5,731)	(¥5,898)	(\$70,939)

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

	Millions of yen		Thousands of U.S. dollars
			(Note 3)
	2010	2011	2011
Net cash provided by (used in) financing activities:			
Repayment of long-term loans payable	(¥12)	¥—	\$—
Purchase of treasury stock	(0)	(0)	(3)
Cash dividends paid	(2,252)	(2,119)	(25,495)
Cash dividends paid to minority shareholders	(96)	(36)	(436)
Repayments of lease obligations	(441)	(484)	(5,828)
Net cash provided by (used in) financing activities	(2,802)	(2,641)	(31,763)
Effect of exchange rate change on cash and cash equivalents ...	1	(7)	(93)
Net increase (decrease) in cash and cash equivalents	(1,311)	(1,031)	(12,404)
Cash and cash equivalents at beginning of period	35,427	34,115	410,291
Cash and cash equivalents at end of period (Note 11)	¥34,115	¥33,084	\$397,887

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

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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, 2011.

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.

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers. The rate of ¥83.15 = U.S. \$1, the effective rate of exchange prevailing at March 31, 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.

4. Summary of Significant Accounting Policies

(1) Principles of consolidation

The consolidated financial statements for the fiscal year ended March 31, 2011, 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
- Oita NS Solutions 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

※Effective April 1, 2010, NS Solutions Oita Corporation acquired part of the business of the Oita Regional Office of NS Solutions Corporation and changed its name to Oita NS Solutions Corporation on that date.

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

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, 2011 as listed below:

Hokkaido High Information Technology Center Co., Ltd.
Himawari Operation Enterprise Corporation. (※)

※The Companies added "Himawari Operation Enterprise Corporation (HOPE)" to scope of application of the equity method from the second quarter of the fiscal year ending March 31, 2011, as a result of newly acquisition of shares. The Companies deemed the acquisition date to be September 30, 2010.

(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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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.

(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) Property, Plant and Equipment

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.

(7) 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.

(8) Leased assets

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.

(9) 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.

(10) 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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(11) Provision for loss on order received

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

(12) 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.

(13) 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.

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.

(14) Revenues and costs recognition of Made-to-order-software

The Companies have been applying the percentage of completion method 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.

(15) Goodwill

Goodwill arising from mergers, which represents the excess of the purchase price over the fair value of net assets acquired, have 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.

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(16) 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.

(17) Accounting for consumption tax

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

5. Change in Accounting Principle

Beginning with the first quarter of the fiscal year ending March 31, 2011, the Companies have 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 was none.

6. Change in Presentation

(Consolidated Statements of Income)

The Companies have 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, December 26, 2008) from the first quarter. As a result, "Income before minority interests" was presented on the consolidated financial statements for the fiscal year ending March 31, 2011.

For the fiscal year ended March 31, 2011, "Loss on valuation of golf club membership" was presented as separate line items due to increases in materiality.

"Loss on valuation of golf club membership" which was presented aggregately in "Other" in "Non-operating expenses" for the fiscal year ended March 31, 2010, was ¥10 million.

(Consolidated Statements of Cash Flows)

For the fiscal year ended March 31, 2011, "Loss on valuation of golf club memberships" was presented as separate line items due to increases in materiality.

"Loss on valuation of golf club memberships" which was presented aggregately in "Other, net" in "Net cash provided by (used in) operating activities" for the fiscal year ended March 31, 2010, was ¥10 million.

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Additional information)

“Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010) was applied for the fiscal year ended March 31, 2011.

The amount of “Valuation and translation adjustments” and “Total valuation and translation adjustments” of the last fiscal year were shown as those of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income”.

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 ¥11,892 million (\$143,025 thousand) at March 31, 2010 and 2011, respectively.

(2) Investment in non-consolidated subsidiaries and affiliates

Investment in non-consolidated subsidiaries and affiliates were ¥10 million and ¥ 12 million (\$155 thousand) on March 31, 2010 and 2011, 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, 2010 and 2011 amounted to ¥160 million and ¥180 million (\$2,172 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 .

The amount of the provision for contract loss in the inventories offset were ¥188 million and ¥122 million (\$1,474 thousand) on March 31, 2010 and 2011, respectively.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(5) Contingent Liabilities

The Companies' loss contingencies for guaranteeing the indebtedness of other parties were ¥8 million and ¥ 5 million (\$70 thousand) on March 31, 2010 and 2011, respectively, each of which were 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, 2010 and 2011 were as follows:

March 31,	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2011	2011
Salaries and allowances	¥ 7,456	¥ 7,302	\$ 87,822
Provision for bonuses	1,169	1,160	13,957
Retirement benefit expenses	381	493	5,940
Provision for directors' retirement benefits.....	35	32	386
Depreciation and amortization	208	177	2,137
Amortization of goodwill.....	165	165	1,985
Operating expense for acceptance of orders	¥ 3,279	¥ 3,045	\$ 36,624

(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, 2010 and 2011 amounting to ¥1,288 million and ¥ 1,544 million (\$18,579 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 and 2011 amounting to ¥239 million and ¥ 465 million (\$5,602 thousand), respectively.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

9. Notes to Consolidated Statements of Comprehensive Income

(1) Comprehensive income for the last fiscal year ended March 31, 2010

	Millions of yen
March 31,	2010
Comprehensive income attributable to owners of the parent.....	¥ 6,413
Comprehensive income attributable to minority interests	144
Total	¥ 6,558

(2) Other comprehensive income for the last fiscal year ended March 31, 2010

	Millions of yen
March 31,	2010
Unrealized gain on available-for-sale securities....	¥ 112
Foreign currency translation adjustment	3
Total	¥ 115

10. Notes to Consolidated Statements of Changes in Net Assets

(For the fiscal year ended March 31, 2010)

(1) Information on issued shares

The number of shares as of March 31, 2010 was 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 was 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

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(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	¥22.50	March 31, 2009	June 1, 2009
October 29, 2009	Common stock	Retained earnings	¥1,059 million	¥20.00	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	¥20.00	March 31, 2010	June 2, 2010

(For the fiscal year ended March 31, 2011)

(1) Information on issued shares

The number of shares as of March 31, 2011 was as follows:

Kind of stock	As of March 31, 2010	Increase	Decrease	As of March 31, 2011
Common stock	52,999,120	—	—	52,999,120

(2) Information on treasury stock

The number of shares as of March 31, 2011 was as follows:

Kind of stock	As of March 31, 2010	Increase	Decrease	As of March 31, 2011
Common stock	1,314	162	—	1,476

(Reason for increase or decrease treasury stock)

• Increase

Odd lot stock purchases: 162

(3) Information on acquisition rights

None

(4) Information on dividends

The Company paid cash dividends on June 2, 2010 and December 3, 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	¥20.00	March 31, 2010	June 2, 2010
October 27, 2010	Common stock	Retained earnings	¥1,059 million	¥20.00	September 30, 2010	December 3, 2010

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company decided to pay cash dividends at the board of directors' meeting held on May 17, 2011 as follows:

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

11. Notes to Consolidated Statements of Cash Flows

(1) Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2010 and 2011 were as follows:

March 31,	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2011	2011
Cash and deposits	¥ 4,389	¥ 5,179	\$ 62,288
Deposits paid	25,206	22,855	274,867
Short-term investment securities (maturing in less than three months from acquisition date)	4,520	5,049	60,732
Cash and cash equivalents	¥ 34,115	¥ 33,084	\$ 397,887

(2) Non-cash investing and financing transactions

(For the fiscal year ended March31, 2010)

Assets and liabilities related to finance lease transactions newly recognized for the fiscal year ended March 31, 2010, were ¥2,097 million and ¥2,202 million, respectively.

(For the fiscal year ended March31, 2011)

None

12. Segment Information

(For the fiscal year ended March31, 2010)

(1) Industry segment information

The Companies respond 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 was not disclosed.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(2) Geographic segment information

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

(3) Overseas sales

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

(For the fiscal year ended March 31, 2011)

(1) 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 the Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No. 20, March 21, 2008) were applied for the fiscal year ended March 31, 2011.

The Companies respond 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, segment information was not disclosed.

(2) Related information

① Sales of each business line

March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
	2011	2011
Business Solutions.....	¥ 88,411	\$ 1,063,281
Platform Solutions.....	18,802	226,133
Business Services.....	52,482	631,184
Total.....	¥ 159,697	\$ 1,920,599

② Geographic segment information

1) Sales

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

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

2) Property, Plant and Equipment

Property, plant and equipment information by geographic segment was not separately disclosed since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

③ Information by major customers

	Millions of yen	Thousands of U.S. dollars (Note 3)
March 31,	2011	2011
Nippon Steel Corporation.....	¥ 29,170	\$ 350,813

(3) Information on impairment loss in noncurrent assets by business segment

None

(4) Information on amortization of goodwill and unamortized balance by business segment

	Millions of yen	Thousands of U.S. dollars (Note 3)
March 31,	2011	2011
Amortization of goodwill.....	¥ 165	\$ 1,985
Balance at end of period.....	¥ 2,847	\$ 34,243

(5) Information on negative goodwill by business segment

None

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

13. Leases

(1) Finance lease transactions

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.

(2) Operating lease transactions

(Leases as lessee)

Operating lease payments under non-cancelable lease contracts at March 31, 2010 and 2011 were as follows:

March 31,	Millions of yen		Thousands of U.S.
	2010	2011	dollars (Note 3)
Within one year	¥ 1,412	¥ 1,356	\$ 16,319
Over one year	4,935	3,379	40,644
Total	¥ 6,348	¥ 4,736	\$ 56,963

(Leases as lessor)

Future minimum lease obligations under non-cancellable operating leases at March 31, 2010 and 2011 were as follows:

March 31,	Millions of yen		Thousands of U.S.
	2010	2011	dollars (Note 3)
Within one year	¥ —	¥ 20	\$ 242
Over one year	—	52	626
Total	¥ —	¥ 72	\$ 869

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

14. Related Party Transactions

Related party transactions during the years ended March 31, 2010 and 2011 were as follows:

(1) Parent company

March 31,	2010	2011
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.....	¥ 26,506 million	¥ 27,632 million (\$ 332,316 thousand)
Interest income.....	¥ 117 million	¥ 126 million (\$ 1,515 thousand)
Balances at fiscal year-end:		
Accounts receivable.....	¥ 1,998million	¥ 1,993 million (\$ 23,979 thousand)
Long-term loans receivable from subsidiaries and affiliates.....	¥ 12,000 million	¥ 12,000 million (\$ 144,317 thousand)
Advanced received	¥ 4,621 million	¥ 2,377 million (\$ 28,595 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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(2) Subsidiary of Nippon Steel Corporation

March 31,	2010	2011
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
Transaction amounts:		
Interest income.....	¥ 84 million	¥ 48million (\$ 588 thousand)
Money deposited.....	¥ 36,600 million	¥ 24,600 million (\$ 295,851 thousand)
Money refunded.....	¥ 34,000 million	¥ 27,000 million (\$ 324,714 thousand)
Balances at fiscal year-end:		
Deposited money	¥ 25,206 million	¥ 22,855 million (\$ 274,867 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.

March 31,	2010	2011
Name of the company	—	Nippon Steel Engineering Co., Ltd
Address.....	—	Shinagawa-ku Tokyo
Common stock amount.....	—	¥ 15,000 million
Type of business.....	—	Manufacturing and marketing of industrial machinery and equipment as well as steel structures, performance of construction work under contract, waste processing and recycling, and supplying electricity, gas, and heat
Relationship	—	Data center construction
Transaction amounts:		
Data center construction.....	—	¥ 2,320 million (\$ 27,909 thousand)
Balances at fiscal year-end:		
Construction in progress.....	—	¥ 2,320 million (\$ 27,909 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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

15. Income Taxes

The Company and its domestic consolidated subsidiaries were 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, 2010 and 2011.

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, 2010 and 2011, the significant components of deferred tax assets and liabilities were as follows:

March 31,	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2011	2011
Deferred tax assets:			
Provision for retirement benefits.....	¥ 4,433	¥ 4,823	\$ 58,004
Provision for bonuses	2,410	2,407	28,956
Amortization of software costs.....	498	494	5,947
Accrued enterprise tax	236	258	3,113
Valuation difference on available-for-sale securities.....	—	23	285
Elimination of unrealized profits on consolidation	129	120	1,452
Others.....	1,020	778	9,361
Subtotal deferred tax assets.....	8,728	8,906	107,117
Valuation allowance.....	(216)	(221)	(2,659)
Total deferred tax assets.....	¥ 8,512	¥ 8,685	\$ 104,458
Deferred tax liabilities:			
Reserve for special tax purposes	(24)	—	—
Valuation difference on available-for-sale securities.....	(36)	—	—
Total deferred tax liabilities	(¥ 60)	¥ —	\$ —
Net deferred tax assets.....	¥ 8,451	¥ 8,685	\$ 104,458

Since the difference between the statutory tax rate and the effective tax rate for the fiscal years ended March 31, 2010 and 2011 were less than 5%, a reconciliation of these two rates are not presented.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

16. 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, March 10, 2008) and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments”(ASBJ Guidance No.19, March 10, 2008).

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.

NS SOLUTIONS CORPORATION
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
Assets:			
(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
Total.....	¥ 88,561	¥ 88,698	¥ 137
Liabilities:			
(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)
Total.....	¥ 23,066	¥ 23,066	¥ (0)

※Lease obligations calculated by the simplified method (¥245 million) were excluded.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note1. 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 17. Investment Securities”)

(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 2010
Non listed securities.....	¥ 4,138
Investment in funds.....	93
Guarantee deposits.....	¥ 3,775

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

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

March 31,	Millions of yen 2010
Within one year	
Cash and deposits.....	¥ 4,389
Deposits paid	25,206
Notes and accounts receivable-trade.....	33,881
Short-term investment securities and Investment securities	
Held-to-maturity debt securities	
(Commercial paper)	998
Held-to-maturity debt securities	
(Corporate bond)	7,000
Held-to-maturity debt securities	
(Certificate of deposit)	4,520
Over one year within five years	
Long-term loans receivable from subsidiaries and affiliates	¥ 12,000

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

March 31,	Millions of yen 2010
Within one year	¥ 479
Over one year within two years	442
Over two years within three years	458
Over three years within four years	63
Over four years within five years	37
Over five years	¥ 538

NS SOLUTIONS CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(For the fiscal year ended March 31, 2011)

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.

NS SOLUTIONS CORPORATION
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, 2011 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, 2011	Millions of yen		
	Carrying amount	Fair value	Differences
Assets:			
(1) Cash and deposits.....	¥ 5,179	¥ 5,179	¥—
(2) Deposits paid.....	22,855	22,855	—
(3) Notes and accounts receivable-trade.....	34,384	34,384	—
(4) Short-term investment securities and Investment securities:			
①Held-to-maturity debt securities.....	12,082	12,050	(31)
②Marketable and investment securities	440	440	—
(5) Long-term loans receivable from subsidiaries and affiliates.....	12,000	12,151	151
Total.....	¥ 86,941	¥ 87,062	¥ 120
Liabilities:			
(6) Notes and accounts payable-trade.....	12,711	12,711	—
(7) Accounts payable-other	1,780	1,780	—
(8) Accrued expenses.....	2,588	2,588	—
(9) Income taxes payable	2,830	2,830	—
(10) Deposits received	324	324	—
(11) Lease obligations(※).....	1,407	1,417	9
Total.....	¥ 21,642	¥ 21,652	¥ 9

※Lease obligations calculated by the simplified method (¥144 million) were excluded.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2011	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Differences
Assets:			
(1) Cash and deposits.....	\$ 62,288	\$ 62,288	\$ —
(2) Deposits paid.....	274,867	274,867	—
(3) Notes and accounts receivable-trade.....	413,523	413,523	—
(4) Short-term investment securities and Investment securities:			
①Held-to-maturity debt securities.....	145,307	144,928	(379)
②Marketable and investment securities....	5,298	5,298	—
(5) Long-term loans receivable from subsidiaries and affiliates.....	144,317	144,145	1,828
Total.....	\$ 1,045,601	\$ 1,045,050	\$ 1,449
Liabilities:			
(6) Notes and accounts payable-trade.....	152,868	152,868	—
(7) Accounts payable-other.....	21,416	21,416	—
(8) Accrued expenses.....	31,126	31,126	—
(9) Income taxes payable.....	34,037	34,037	—
(10) Deposits received.....	3,907	3,907	—
(11) Lease obligations (※).....	16,929	17,049	120
Total.....	\$ 260,283	\$ 260,403	\$ 120

※Lease obligations calculated by the simplified method (\$1,739 thousand) were excluded.

Note1. 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.

NS SOLUTIONS CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(4) Short-term investment securities and Investment securities

The fair value of equity securities equals quoted market price or the price provided by a financial institution. The fair value of debt security approximates fair value because of the short maturity of these instruments.

(Please see “Note 17. Investment Securities”)

(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.
	2011	dollars (Note 3) 2011
Non listed securities.....	¥ 4,128	\$ 49,653
Investment in funds.....	87	1,053
Guarantee deposits.....	¥ 3,593	\$ 43,212

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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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.
	2011	dollars (Note 3) 2011
Within one year		
Cash and deposits.....	¥ 5,179	\$ 62,288
Deposits paid	22,855	274,867
Notes and accounts receivable-trade.....	34,384	413,523
Short-term investment securities and Investment securities		
Held-to-maturity debt securities (Government bond)	1,549	18,639
Held-to-maturity debt securities (Corporate bond)	4,035	48,531
Held-to-maturity debt securities (Commercial paper)	997	11,992
Held-to-maturity debt securities (Certificate of deposit)	3,500	42,093
Over one year within five years		
Held-to-maturity debt securities (Corporate bond)	2,000	24,053
Long-term loans receivable from subsidiaries and affiliates	¥ 12,000	\$ 144,317

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

March 31,	Millions of yen	Thousands of U.S.
	2011	dollars (Note 3) 2011
Within one year	¥ 445	\$ 5,362
Over one year within two years	461	5,553
Over two years within three years	66	803
Over three years within four years	40	490
Over four years within five years	32	391
Over five years	¥ 504	\$ 6,070

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17. Investment Securities

Investment securities as of March 31, 2010 and 2011 were as follows:

(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 were 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	¥ —

(2) Marketable and investment securities

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

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

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(As of March 31, 2011)

(1) Held-to-maturity debt securities

Held-to-maturity debt securities for which carrying amount did not exceed fair value as of March 31, 2011 were as follows:

March 31, 2011	Millions of yen		
	Carrying amount	Fair value	Gross unrealized gains (losses)
Government bond.....	¥ 1,549	¥ 1,549	¥—
Corporate bond.....	6,035	6,003	(31)
Commercial paper	997	997	—
Certificate of deposit.....	3,500	3,500	—
Total.....	¥ 12,082	¥ 12,050	(¥ 31)

March 31, 2011	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Gross unrealized gains (losses)
Government bond.....	\$ 18,639	\$ 18,639	\$ —
Corporate bond.....	72,584	72,205	(379)
Commercial paper	11,992	11,992	—
Others	42,093	42,093	—
Total.....	\$ 145,307	\$ 144,928	(\$ 379)

(2) Marketable and investment securities

Marketable and investment securities for which carrying amount exceeded fair value as of March 31, 2011 were as follows:

March 31, 2011	Millions of yen		
	Carrying amount	Acquisition cost	Gross unrealized gains (losses)
Equity securities (gains)	¥ 189	¥ 113	¥76
Equity securities (losses)	250	309	(58)
Total.....	¥ 440	¥ 422	¥ 18

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March 31, 2011	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Acquisition cost	Gross unrealized gains (losses)
Equity securities (gains)	\$ 2,281	\$ 1,364	\$ 917
Equity securities (losses)	3,017	3,716	(699)
Total.....	\$ 5,298	\$ 5,080	\$ 218

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

18. Derivative Instruments

None

19. 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, 2010 and 2011 were ¥ 10,898 million and ¥ 11,844 million (\$ 142,445 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, 2010 and 2011 were as follows:

March 31,	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2011	2011
Service costs.....	¥ 977	¥ 1,089	\$ 13,104
Interest costs.....	160	198	2,393
Amortization of actual gain (loss).....	(400)	(18)	(223)
Amortization of prior service costs.....	—	—	—
Accrued employees' retirement benefits.....	¥ 737	¥ 1,270	\$ 15,274
Costs of defined contribution pension plan.....	452	464	5,584
Total.....	¥ 1,189	¥ 1,734	\$ 20,857

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The assumptions used in the actuarial computation for the fiscal years ended March 31, 2010 and 2011 were as follows:

March 31,	2010	2011
Method of attributing the projected benefits to periods of service	Straight line basis	Straight line basis
Discount rate	1.60~2.00%	1.70~2.00%
Period of amortization of unrecognized actuarial gain or loss	1 year	1 year
Period of amortization of prior service benefits	1 year	1 year

20. Stock Options

None

21. Business Combinations

None

22. Application of Accounting Standards for Asset Retirement Obligations

The Companies have obligations to restore original conditions mainly to the corporate head quarter buildings under the rental contracts. However, the useful period of those are unclear and the Companies have 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 March 31, 2011.

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23. Per Share Information

March 31,	yen		U.S. dollars
	2010	2011	(Note 3)
Net assets per share.....	¥ 1,516.79	¥ 1,595.74	\$ 19.19
Net income per share.....	¥ 118.84	¥ 120.84	\$ 1.45

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

March 31,	Millions of yen		Thousands of U.S. dollars
	2010	2011	(Note 3)
Net income.....	¥ 6,298	¥ 6,404	\$ 77,019
Net income attributable to common stock.....	¥ 6,298	¥ 6,404	\$ 77,019
The average number of common stocks (shares).....	52,997,818	52,997,677	

24. Subsequent Events

There have been no material events subsequent to March 31, 2011.