The financial results have been translated from the Japanese Consolidated Financial Statements for reference purposes only. In the event of any discrepancy between the Japanese version and the English translation, the Japanese version will prevail.

Consolidated Financial Results for the Third Quarter of Fiscal 2017 (April 1, 2017 - December 31, 2017) [under Japanese GAAP]

January 30, 2018

Company name: NS Solutions Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 2327
URL: http://www.nssol.nssmc.com
Representative: Munetaka Shashiki, Representative Director & President
Contact: Hideki Komatsu, Director, Accounting & Finance Department
Phone: +81-3-5117-4111
Scheduled date of filing quarterly securities report: February 9, 2018
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled (for analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Third Quarter of Fiscal 2017 (April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017 3Q	168,315	6.1	13,856	(8.1)	14,437	(7.0)	9,761	(3.4)
FY2016 3Q	158,701	1.4	15,083	5.7	15,524	6.6	10,104	14.1

(Note) Comprehensive income: FY2017 3Q: 16,512 million yen [16.4%]
FY2016 3Q: 14,187 million yen [65.5%]

	Net income per share	Diluted net income per share
	Yen	Yen
FY2017 3Q	103.09	-
FY2016 3Q	108.65	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2017 3Q	212,235	137,519	62.5
FY2016	200,811	125,724	60.3

(Reference) Equity: FY2017 3Q: 132,690 million yen
FY2016: 121,053 million yen

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2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	-	22.50	-	22.50	45.00
FY2017	-	25.00	-		
FY2017(Forecast)				25.00	50.00

(Notes) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for Fiscal 2017
(April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	242,000	4.1	22,700	5.4	23,000	4.0	15,000	7.4	158.41

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: Yes
3) Changes in accounting estimates: Yes
4) Retrospective restatement: No

(4) Total number of issued shares (common stock)
1) Total number of issued shares at the end of the period (including treasury shares):
FY2017 3Q : 99,504,740 shares
FY2016: 105,998,240 shares

2) Total number of treasury shares at the end of the period:
FY2017 3Q : 4,815,892 shares
FY2016: 11,308,612 shares

3) Average number of shares during the period:
FY2017 3Q : 94,689,229 shares
FY2016 3Q: 93,006,901 shares

* This quarterly consolidated financial results report is exempt from the audit procedures.

* Explanation of the proper use of financial results forecast and other notes

The forecasts stated above are based on information available as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors hereafter.

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Quarterly Consolidated Financial Statements

Quarterly Consolidated Balace Sheets

(Milions of yen)

	March 31, 2017	December 31, 2017
Assets		
Current assets		
Cash and deposits	2,857	3,425
Deposits paid	43,103	45,469
Notes and accounts receivable - trade	51,187	35,533
Securities	-	2,000
Work in process	21,423	30,759
Raw materials and supplies	49	34
Short-term loans receivable from subsidiaries and associates	12,000	12,000
Other	5,894	5,987
Allowance for doubtful accounts	(22)	(15)
Total current assets	136,493	135,193
Non-current assets		
Property, plant and equipment	20,298	20,627
Intangible assets		
Goodwill	4,826	4,436
Other	2,407	3,572
Total intangible assets	7,234	8,009
Investments and other assets		
Investment securities	30,992	39,782
Other	5,837	8,667
Allowance for doubtful accounts	(44)	(45)
Total investments and other assets	36,784	48,404
Total non-current assets	64,317	77,041
Total assets	200,811	212,235
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,985	12,284
Income taxes payable	4,763	1,274
Advances received	13,782	18,035
Provision for bonuses	7,957	4,162
Other provision	1,626	1,259
Other	7,083	8,944
Total current liabilities	53,198	45,959
Non-current liabilities		
Provision for directors' retirement benefits	136	144
Other provision	238	59
Net defined benefit liability	19,650	21,207
Other	1,862	7,345
Total non-current liabilities	21,887	28,756
Total liabilities	75,086	74,715
Net assets		
Shareholders' equity		
Capital stock	12,952	12,952
Capital surplus	10,899	9,950
Retained earnings	100,530	95,465
Treasury shares	(17,416)	(7,417)
Total shareholders' equity	106,966	110,951
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,286	21,635
Revaluation reserve for land	(1,276)	-
Foreign currency translation adjustment	77	104
Total accumulated other comprehensive income	14,086	21,739
Non-controlling interests	4,671	4,829
Total net assets	125,724	137,519
Total liabilities and net assets	200,811	212,235

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Quarterly Consolidated Statements of Income

(Milions of yen)

	2016Fy 3Q	2017Fy 3Q
Net sales	158,701	168,315
Cost of sales	125,319	134,466
Gross profit	33,381	33,849
Selling, general and administrative expenses	18,298	19,993
Operating profit	15,083	13,856
Non-operating income		
Interest income	100	108
Dividend income	276	483
Share of profit of entities accounted for using equity method	11	13
Other	111	122
Total non-operating income	500	727
Non-operating expenses		
Interest expenses	23	9
Loss on retirement of non-current assets	13	18
Foreign exchange losses	-	22
Loss on liquidation of subsidiaries	-	34
Provision for loss on business withdrawal	14	-
Other	6	61
Total non-operating expenses	58	145
Ordinary profit	15,524	14,437
Extraordinary income		
Gain on sales of investment securities	-	3,254
Total extraordinary income	-	3,254
Extraordinary losses		
Impairment loss	-	2,381
Total extraordinary losses	-	2,381
Profit before income taxes	15,524	15,311
Income taxes	5,059	5,174
Profit	10,464	10,137
Profit attributable to non-controlling interests	360	375
Profit attributable to owners of parent	10,104	9,761

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Quarterly Consolidated Statements of Comprehensive Income

(Milions of yen)

	2016Fy 3Q	2017Fy 3Q
Profit	10,464	10,137
Other comprehensive income		
Valuation difference on available-for-sale securities	3,973	6,348
Foreign currency translation adjustment	(251)	26
Total other comprehensive income	3,722	6,375
Comprehensive income	14,187	16,512
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,835	16,137
Comprehensive income attributable to non-controlling interests	351	375

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