

Financial Report for the Fiscal Year 2001, Ended March 31, 2001 (Consolidated)

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section

--Head Office: 1-1, Toyosu 1-chome, Koto-ku, Tokyo 135-8560

--Date of the Meeting of the Board of Directors to Settle Consolidated Accounts: May 15, 2001

--Adoption of the U.S. GAAP: None

1. Business Results for the Fiscal Year 2001 (From April 1, 2000 to March 31, 2001)

(1) Results of Operations

| | Net Sales | Change | Operating Income | Change | Recurring Profit | Change |
|------------------|-------------|--------|------------------|--------|------------------|--------|
| | million yen | % | million yen | % | million yen | % |
| Fiscal Year 2001 | 312,203 | 0.3 | 6,393 | (65.7) | 9,430 | (51.3) |
| Fiscal Year 2000 | 311,318 | 0.2 | 18,642 | 24.2 | 19,373 | 52.2 |

| | Net Income | Change | Net Income per Share | Diluted Net Income per Share | Ratio of Net Income/Shareholders' Equity | Ratio of Recurring Profit/Total Assets | Ratio of Recurring Profit/Net Sales |
|------------------|-------------|--------|----------------------|------------------------------|--|--|-------------------------------------|
| | million yen | % | yen | yen | % | % | % |
| Fiscal Year 2001 | 4,876 | 35.3 | 44.47 | - | 5.4 | 3.8 | 3.0 |
| Fiscal Year 2000 | 3,605 | 25.3 | 32.88 | - | 4.1 | 7.7 | 6.2 |

Notes) 1. Equity in net income of subsidiaries and affiliates

Fiscal year 2001: - million yen Fiscal year 2000: - million yen

2. Average number of shares outstanding of fiscal year (consolidated)

Fiscal year 2001: 109,663,291 shares

Fiscal year 2000: 109,663,064 shares

3. Change in accounting policies: None

4. Percentages above mean increase/decrease over preceding fiscal year.

(2) Financial Standing

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity per Share |
|------------------|--------------|----------------------|----------------------------|--------------------------------|
| | million yen | million yen | % | yen |
| Fiscal Year 2001 | 254,260 | 92,485 | 36.4 | 843.36 |
| Fiscal Year 2000 | 246,217 | 88,501 | 35.9 | 807.03 |

Note) Number of shares outstanding at the end of fiscal year (consolidated)

Fiscal year 2001: 109,663,521 shares

Fiscal year 2000: 109,663,062 shares

(3) Cash Flows

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents, End of Year |
|------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | million yen | million yen | million yen | million yen |
| Fiscal Year 2001 | 19,452 | (19,178) | (1,632) | 34,874 |
| Fiscal Year 2000 | 16,468 | (18,979) | (6,402) | 36,233 |

(4) Matters concerning the scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 14

Number of non-consolidated subsidiaries accounted for under the equity method: 0

Number of affiliates accounted for under the equity method: 0

(5) Changes in the scope of consolidation and application of the equity method

Consolidation: Increase 0 Decrease 0

Equity method: Increase 0 Decrease 0

2. Earning Forecast for the Fiscal Year 2002 (from April 1, 2001 to March 31, 2002)

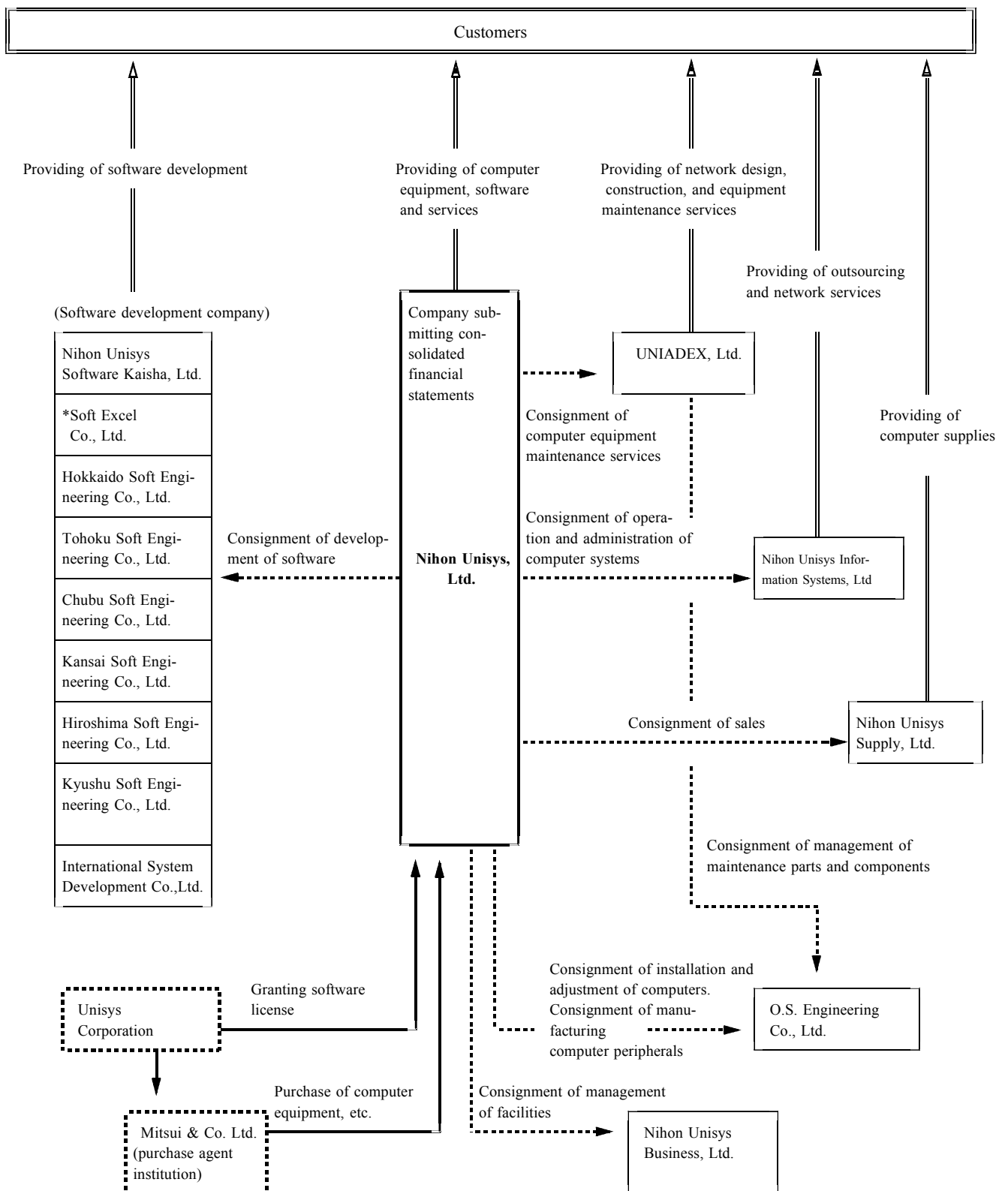
| | Net Sales | Recurring Profit | Net Income |
|-----------|-------------|------------------|-------------|
| | million yen | million yen | million yen |
| Interim | 136,000 | 2,000 | 1,000 |
| Full-year | 325,000 | 9,500 | 4,900 |

Reference) Expected net income per share (full-year basis): 44.68 yen

***This financial report is solely a translation of Japanese "Kessan Tanshin," including attachments, for the convenience of readers who prefer English translation.**

1. State of the Corporate Group

The following is a chart in which the state of the corporate group is shown by business activity:



Note: Consolidated subsidiaries Other affiliates

*On April 1, 2001, Soft Excel Co., Ltd changed its corporate name to Nihon Unisys Excelutions, Ltd.

2. Management Policies

Nihon Unisys Group is making best efforts to be a group of companies desired and attractive for customers, for shareholders and for the society through various business activities while aiming to be Solution Creators to help customers resolve issues they face providing various products and services leveraging latest IT.

Along with rapid proliferation of Internet, we are entering the age of broadband. More focus has been placed on how to improve business methodologies and how to sharpen competitive edge making use of IT. Under such circumstances, Nihon Unisys has hoisted, as its management vision, "Be Solution Creators that support the progress of Internet society," in the 5th Mid-Term Management Plan, which has commenced last year. Based on the plan, we realigned our organization to facilitate e-business shifting management resources into this area and started offering relevant products and services. Also, leveraging alliances and joint efforts with other vendors, we have reinforced our service capability to provide optimum solutions to customers.

To reinforce our business base to prop up our strategy, we formed a dedicated BPR (Business Process Reengineering) Facilitating Team and tremendous efforts have been made to reinforce our business infrastructure by changing mind-set, reforming management structure and innovating information systems. Now we have reached the phase where we can generate some specific results from our BPR efforts.

Also, in order to reinforce the functions of the meeting of the board of directors and improve efficiency of business execution, we introduce the Corporate Officer System so as to innovate our management structure.

In addition, as Nihon Unisys Group, we maximize our total power and capability clarifying the roles and functions of each member company and implementing strategic group management to strengthen and solidify our business base.

With regard to the market environments, more competitive and difficult conditions are expected to come due to price erosion of hardware products, entry of new players, diversified ways of alliance and so on. Suspecting the environments to come as such, we will aggressively tackle with challenges we face, making every endeavor to establish our management structure that ensures business focus on growth areas, improvement of productivity of sales process and speedy management.

Our policy for gained profit is to ensure stable return for shareholders while allocating necessary internal reserve to strengthen our financial structure as well as making strategic investments to develop products and services responding to the market needs.

Nihon Unisys is an affiliate of Mitsui & Co., Ltd. and Unisys Corporation. We are marketing and selling computers and relevant equipment of Unisys Corporation in Japan, procuring them through Mitsui & Co., Ltd., a purchase agent.

In order to appropriately respond to the changing market conditions, Nihon Unisys has established a close and collaborative relationship with Mitsui & Co., Ltd. and Unisys Corporation in areas of development and sales of computers, relevant products and services.

3. Business Result

1. Overview of the fiscal year 2001

Although the Japanese economy has been on the trend of gradual recovery, due to impacts in the second half caused by deceleration of the US economy, the sluggish stock market and so on, the pace of recovery has slowed down.

In the midst of big change of business mechanism driven by Internet, Nihon Unisys Group has implemented business activities under the management vision of "Be Solution Creators that support progress of the Internet society", aiming to evolve into a value-creating companies in order to be quick responsive to changes of the market.

Specifically, leveraging technical skills we have long fostered in various industries, we have provided numerous solutions that just fit the market needs as Unisys e-@ction Solutions combining latest products and services. We also made best use of alliances and collaboration.

Especially, in the area of service business, we have been growing service business improving productivity, polishing our technical skills and establishing service offering structure to grow e-business and latest platform products sales.

Also, while growing service business, we have been aggressively marketing high-technology-based platforms represented by Unisys e-@ction Enterprise Server series. ES7000, in particular, which was announced and marketed last year, is enjoying high marks from the market as a large-Windows Platform product.

In addition, we have picked up e-business area including BtoB, BtoC and e-government as our key focus areas as well as tackling with ASP business and network business.

Further, we have poured our power to grow outsourcing business capitalizing on our group power. As a result, our outsourcing business has been producing steady outcome in the financial, the distribution and other markets.

We have also tried to improve management efficiency as a group overall by implementing strategic group management responding to the age of consolidation management as well as clarifying the roles and functions of each member company.

With regard to the financial results on a consolidated basis, order volume increased by 10% from a year ago, being contributed by service businesses including e-business, outsourcing business, etc. However, net sales was 312.203 billion yen (up 0.3% from a year ago) as a result of sluggish upgrade of hardware in regional financial institution customers due to restrained investments affected by the financial industry's strict restructuring.

Operating income decreased to 6,393 million yen (down 65.7%) due to erosion of margin of open system products affected by fierce competition as well as shrinking hardware sales although various cost reduction efforts were taken considering burden increase of benefit expense. As for recurring profit, it decreased to ¥9,430 million (down 51.3%) despite of gains by selling marketable securities. In the meantime, the extraordinary losses like provision for service costs, which was booked in the previous year disappeared, as a result, generating ¥4,876 million yen of net income (up35.3%).

The breakdown of net sales is as follows. Sales of software and services increased to ¥ 63,080 million (up 5.6%) and 150,840 million (up 6.2%) respectively, while sales of hardware decreased to ¥ 98,283 million (down 10.3%).

In other words, sales of hardware accounted for 31.5% (35.2% a year ago) while those of software and services were 20.2% (19.2%) and 48.3% (45.6%) respectively.

With regard to dividend, despite of continued tight conditions, considering stable return of profit to shareholders, we plan to pay ¥ 7.5 per share (¥ 3.75 for the first and second half of year each).

As for internal reserve, we intend to appropriate it to our R&D activities preparing for tougher competition to come in future.

2. Outlook of fiscal year 2002

As there are some items that cause concerns like the trend of the US economy, the stock market and so on, uncertainties of the Japanese economy will continue.

The market environment around the IT industry is changing without recess and tougher competition will continue. However, we project 4.1% growth in full-year net sales for the fiscal year 2002 ending March 31, 2002 considering aggressive growth of service business including outsourcing business.

As for profitability area, we project more than 30% of growth in operating income by restraining expenses and increasing sales. However, non-operating income will be smaller. As a result, recurring profit and net income will be almost the same as the ones of the previous year.

*Windows is a registered trademark of the U.S. Microsoft Corporation in the United States and other countries.

4. Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

| | Fiscal 2001 | Fiscal 2000 | Difference | |
|--|-------------|-------------|-------------|--------|
| | | | Amount | Change |
| | million yen | million yen | million yen | % |
| Net sales | 312,203 | 311,318 | 884 | 0.3 |
| Cost of sales | 221,893 | 212,141 | 9,752 | 4.6 |
| Gross profit | 90,309 | 99,177 | (8,867) | (8.9) |
| Selling, general and administrative expenses | 83,916 | 80,535 | 3,381 | 4.2 |
| Operating income | 6,393 | 18,642 | (12,249) | (65.7) |
| Non-operating income | | | | |
| Interest and dividend income | 359 | 420 | (61) | (14.5) |
| Gain on sales of listed securities | 2,695 | 394 | 2,300 | - |
| Exchange gain | - | 404 | (404) | - |
| Income from rental of buildings | 617 | 601 | 15 | 2.6 |
| Other-net | 1,283 | 826 | 457 | 55.3 |
| Non-operating expenses | | | | |
| Interest expense | 1,228 | 1,333 | (104) | 7.9 |
| Exchange loss | 575 | - | 575 | - |
| Other-net | 114 | 582 | (468) | (80.4) |
| Recurring profit | 9,430 | 19,373 | (9,942) | (51.3) |
| Extraordinary gains | | | | |
| Gain on sale of fixed assets | 411 | 1,308 | (896) | (68.5) |
| Gain on sales of investment securities | 173 | - | 173 | - |
| Other-net | 18 | - | 18 | - |
| Extraordinary losses | | | | |
| Provision for prior service costs relating to the previous years | - | 6,955 | (6,955) | - |
| Special retirement expense | - | 5,671 | (5,671) | - |
| Devaluation loss of investment securities | 318 | - | 318 | - |
| Loss on disposal of fixed assets | 117 | - | 117 | - |
| Other-net | 109 | 559 | (450) | (80.4) |
| Income before adjustment for income taxes | 9,489 | 7,494 | 1,994 | 26.6 |
| Income, residential and business taxes | 6,094 | 3,808 | 2,286 | 60.0 |
| Adjustment to income, residential and business taxes | (1,693) | (53) | (1,639) | - |
| Profit attributable to minority interests | 211 | 134 | 76 | 57.1 |
| Net income | 4,876 | 3,605 | 1,271 | 35.3 |

CONSOLIDATED BALANCE SHEETS

| | Fiscal 2001 | Fiscal 2000 | Difference |
|--|----------------|----------------|----------------|
| | million yen | million yen | million yen |
| (ASSETS) | | | |
| Current assets | | | |
| Cash and time deposits | 31,598 | 30,932 | 665 |
| Notes receivable and accounts receivable-trade | 100,738 | 94,265 | 6,473 |
| Marketable securities | 405 | 9,017 | (8,612) |
| Inventories | 17,789 | 12,109 | 5,679 |
| Deferred income taxes | 5,247 | 3,681 | 1,565 |
| Other current assets | 9,225 | 11,428 | (2,202) |
| Allowance for doubtful accounts | (304) | (368) | 63 |
| Total current assets | 164,699 | 161,067 | 3,631 |
| Fixed assets | | | |
| Tangible fixed assets | | | |
| Buildings and structures | 7,314 | 7,747 | (432) |
| Machinery, equipment and vehicles | 28,955 | 34,026 | (5,071) |
| Land | 1,673 | 1,785 | (112) |
| Other tangible fixed assets | 5,687 | 3,897 | 1,789 |
| Total tangible fixed assets | 43,630 | 47,457 | (3,826) |
| Intangible fixed assets | | | |
| Software | 8,607 | 6,051 | 2,555 |
| Other intangible fixed assets | 410 | 360 | 50 |
| Total intangible fixed assets | 9,017 | 6,411 | 2,606 |
| Investments and other assets | | | |
| Investment securities | 8,751 | 1,500 | 7,251 |
| Deferred income taxes | 11,912 | 11,784 | 127 |
| Deposits for landlord | 14,471 | 15,806 | (1,334) |
| Other investments | 2,492 | 3,076 | (583) |
| Allowance for doubtful accounts | (716) | (887) | 171 |
| Total investments and other assets | 36,912 | 31,280 | 5,632 |
| Total fixed assets | 89,561 | 85,149 | 4,411 |
| Total assets | 254,260 | 246,217 | 8,043 |

| | Fiscal 2001 | Fiscal 2000 | Difference |
|---|-------------|-------------|------------|
| (LIABILITIES) | | | |
| Current liabilities | | | |
| Notes payable and accounts payable-trade | 54,019 | 45,658 | 8,361 |
| Short-term loans | 12,307 | 12,401 | (94) |
| Current portion of long-term loans | 7,826 | 6,613 | 1,213 |
| Accrued income taxes | 5,365 | 2,621 | 2,744 |
| Accrued expenses | 16,650 | 14,527 | 2,122 |
| Allowances | 1,628 | 1,917 | (289) |
| Other current liabilities | 17,527 | 20,839 | (3,312) |
| Total current liabilities | 115,325 | 104,580 | 10,745 |
| Long-term liabilities | | | |
| Bonds | 10,000 | 10,000 | - |
| Long-term loans | 21,283 | 23,210 | (1,926) |
| Allowance for retirement and severance benefits | 9,606 | - | 9,606 |
| Allowance for prior service costs | - | 12,316 | (12,316) |
| Other allowances | 997 | 1,202 | (205) |
| Other long-term liabilities | 3,174 | 5,226 | (2,052) |
| Total long-term liabilities | 45,062 | 51,956 | (6,893) |
| Total liabilities | 160,387 | 156,536 | 3,851 |
| Minority interest | 1,387 | 1,179 | 207 |
| (SHAREHOLDERS' EQUITY) | | | |
| Common stock | 5,483 | 5,483 | - |
| Additional paid-in capital | 15,281 | 15,281 | - |
| Retained earnings | 71,720 | 67,737 | 3,982 |
| | 92,485 | 88,502 | 3,982 |
| Treasury stock | (0) | (1) | 1 |
| Total shareholders' equity | 92,485 | 88,501 | 3,984 |
| Total liabilities, minority interest and shareholders' equity | 254,260 | 246,217 | 8,043 |

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

| | Fiscal 2001 | Fiscal 2000 |
|---|-------------|-------------|
| | million yen | million yen |
| Balance of retained earnings at the beginning | 67,737 | 65,025 |
| Decrease in retained earnings | 893 | 893 |
| Cash dividends | 822 | 822 |
| Bonus to directors and corporate auditors | 71 | 71 |
| Net income | 4,876 | 3,605 |
| Balance of retained earnings at the end of year | 71,720 | 67,737 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Fiscal 2001 | Fiscal 2000 | Difference |
|--|-------------|-------------|-------------|
| | million yen | million yen | million yen |
| I Cash flows from operating activities | | | |
| Income before adjustment for income taxes | 9,489 | 7,494 | 1,994 |
| Depreciation and amortization | 18,932 | 22,129 | (3,197) |
| Special retirement expense | - | 5,671 | (5,671) |
| Gain on sales of fixed assets | (411) | (1,308) | 896 |
| Gain on sales of investment securities | (2,869) | - | (2,869) |
| Decrease in allowances | (3,439) | (875) | (2,564) |
| Increase in accounts receivable-trade | (6,473) | (10,117) | 3,644 |
| (Increase) decrease in inventories | (2,559) | 2,049 | (4,608) |
| Increase in accounts payable-trade | 8,689 | 6,151 | 2,537 |
| Other-net | 2,285 | 4,362 | (2,076) |
| Subtotal | 23,642 | 35,557 | (11,914) |
| Interest and dividend received | 375 | 396 | (20) |
| Interest paid | (1,215) | (1,345) | 129 |
| Special retirement expense paid | - | (5,671) | 5,671 |
| Income taxes paid | (3,350) | (12,468) | 9,117 |
| Net cash provided by operating activities | 19,452 | 16,468 | 2,984 |
| II Cash flows from investing activities | | | |
| Payments for purchases of marketable securities | - | (529) | 529 |
| Proceeds from sales of marketable securities | - | 1,317 | (1,317) |
| Payments for purchases of tangible fixed assets | (16,907) | (16,208) | (699) |
| Proceeds from sales of tangible fixed assets | 676 | 1,861 | (1,184) |
| Payments for purchases of intangible fixed assets | (6,926) | (5,834) | (1,091) |
| Payments for purchases of investment securities | (683) | (909) | 225 |
| Proceeds from sales of investment securities | 4,561 | - | 4,561 |
| Net decrease in short-term loans receivable | - | 1,000 | (1,000) |
| Other-net | 100 | 323 | (222) |
| Net cash used in investing activities | (19,178) | (18,979) | (199) |
| III Cash flows from financing activities | | | |
| Net decrease in short-term loans | (94) | (5,425) | 5,331 |
| Proceeds from long-term loans | 5,900 | 950 | 4,950 |
| Repayments of long-term loans | (6,613) | (1,097) | (5,516) |
| Cash dividends paid | (822) | (822) | 0 |
| Other-net | (2) | (7) | 4 |
| Net cash used in financing activities | (1,632) | (6,402) | 4,769 |
| IV Decrease in cash and cash equivalents | (1,359) | (8,913) | 7,554 |
| V Cash and cash equivalents, beginning of year | 36,233 | 42,613 | (6,379) |
| VI Increase in cash and cash equivalents due to expansion in scope of consolidated subsidiaries | - | 2,534 | (2,534) |
| VII Cash and cash equivalents, end of year | 34,874 | 36,233 | (1,359) |

Basic Matters for Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 14

Nihon Unisys Supply, Ltd.
 UNIADDEX, Ltd.
 Nihon Unisys Software Kaisha, Ltd., etc.

(2) Number of non-consolidated subsidiaries: 3

2. Application of the equity method

NUL Systems Service Corporation (a non-consolidated subsidiary), two other non-consolidated subsidiary, Shizuoka Soft Bank Co., Ltd. (an affiliate), and six other affiliates, ten in total, are stated at cost, excluded from the equity method because none have a significant impact on the consolidated net income and losses and the retained earnings, and there is no significance as a whole, either.

3. The fiscal year of consolidated subsidiaries

Of consolidated subsidiaries, Kokusai System Co., Ltd. has a book closing date (December 31) different from the consolidated closing date.

Consolidated financial statements are prepared using the financial statements as of December 31, and the necessary adjustments for consolidation are made for significant transactions occurring over the period between the settlement day of the subsidiary and the consolidated settlement day.

4. Standards for accounting procedures

(1) Valuation standard and method of significant assets

a. Securities

Investment securities

At cost using the moving-average method

b. Inventories

- Machinery merchandise:

At cost by the specific identification method

- Parts for maintenance services and other merchandise or supplies:

At cost by the moving-average method

<Additional information>

Sub-assembly products that are used for maintenance of rental computers are depreciated as tangible fixed assets being regarded as part of rental computers. But from this fiscal year, they are expensed at the time of use being re-classified as inventory. This change is made as the Company transferred the subject assets to its subsidiary, UNIADDEX, Ltd., which is a maintenance service company, on April 1, 2000 and sub-assembly products, which are getting smaller, are usually expensed at the time of replacement recently.

As a result, the inventory increased by 3,358 million yen and so did operating income, recurring profit, and income before adjustment for income taxes by 560 million yen, respectively.

(2) Depreciation/amortization method for significant fixed assets

Buildings and structures:

Depreciation of buildings and structures is computed by the declining-balance method.

However, depreciation of buildings (excluding attached facilities) acquired after April 1, 1998 is computed by the straight-line method. The useful life ranges from six to fifty years.

Rental computers (indicated in "machinery, equipment and vehicles"):

Depreciation of rental computers is computed over six years with no residual value, corresponding to the terms and conditions of the rental.

Software:

By comparing the amortization amount based on estimated margin with the amount equally allocated during the estimated possible sales period, the larger amount shall be posted.

In this connection, the estimated possible sales period is in principle considered three years.

(3) Appropriation method for significant allowances

Allowance for doubtful accounts:

To provide reserves to offset losses from doubtful accounts, the projected amount of uncollectable receivables is booked examining collectable amount for each item applying available several methods.

Allowance for retirement and severance benefits:

To prepare for the retirement and severance benefits for employees, based on our projection for the retirement benefit obligation and the pension asset, the supposed amount that should have occurred during the fiscal year was booked. The gap amount occurred when the accounting for retirement benefits was introduced (41,071 million yen) is expensed in 10- year installment.

Unrecognized actuarial gain (loss) is expensed by straight-line method from the following year over a certain period (10 years) within the average remaining service period at the occurrence of the gain (loss).

(4) Method of treating significant leases

For finance leases apart from those where it is acknowledged that the ownership of the lease is to be transferred to the borrower, the accounting procedure used is based on a method involving normal rental transactions.

(5) Method of currency translation to yen for significant monetary claims and debts in foreign currencies

Monetary claims and debts in foreign currencies are translated to yen at the spot exchange rate on March 31, 2001. The gap amount occurred from the translation is treated as profit/loss.

(6) Significant hedge accounting method

The Company is making, as a means of hedging, forward exchange contracts to avoid risk of currency volatility in scheduled imports of merchandises, and interest rate swap agreements to avoid risk of interest rate volatility in short-term loans. Our way of hedge accounting for hedge transaction is deferred hedge process. As for foreign currency-based debts with which forward exchange contract is linked, the allotment transfer method is applied.

(7) Consumption taxes

The tax exclusion method has been adopted for accounting for consumption taxes.

5. Evaluation of assets and liabilities of consolidated subsidiaries

The market value method is used for evaluation of a whole portion, including a portion of minority interest, of assets and liabilities of consolidated subsidiaries.

6. Amortization of consolidation goodwill

Amortization of consolidation goodwill is made by the straight line method for the estimated period when the number of years from the accrual fiscal year can be estimated based on material judgment or for five years when such number of years cannot be estimated.

7. Procedures relating to the appropriation of retained earnings

The consolidated statements of retained earnings have been prepared based on the appropriation of retained earnings determined in the fiscal year as appropriation of retained earnings of consolidated companies.

8. Scope of funds in the consolidated statement of cash flows

The scope of funds (cash and cash equivalents) in the consolidated statement of cash flows covers cash on hand, deposits that can be withdrawn whenever necessary, and short-term investment instruments which mature within three months from the acquisition date and can also be easily liquidated, with a little risk in terms of fluctuation of the value.

Additional Information

1. Accounting for retirement benefits

Under the "Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits" by the Business Accounting Deliberation Council on June 16, 1998, the Company started applying the accounting for retirement benefits from this term. As a result of this change, compared with the case which applied past method in this year, the retirement benefit cost decreased by 8,734 million yen and the recurring profit and income before income taxes and minority interests increased by 8,734 million yen, respectively.

Allowance for prior service costs of previous fiscal year is included in "allowance for retirement and severance benefits."

2. Accounting for financial instruments

Under the "Opinion Concerning Establishment of Accounting Standard for Financial Instruments" by the Business Accounting Deliberation Council on January 22, 1999, the Company started applying accounting for financial instruments from this year and changed appraisal method for marketable securities. As a result, compared with the past method, the recurring profit increased by 306 million yen, however, the effects on income before adjustment for income taxes are negligible due to devaluation from impairment. Also, each purpose of holding marketable securities were checked and cash equivalents items (money management funds, etc.) are indicated as marketable securities of current assets and others are indicated as investment securities. As a result, the transferred amount from marketable securities of current assets to investment securities was 8,577 million yen.

Out of investment securities, those whose market values are available are not evaluated with their market values. The followings are the items in investment securities, excluding investments in subsidiaries, which are subject to the ordinance No.9 issued by the Ministry of Finance in 2000 (Supplementary 3)

Investment securities (excluding investments in subsidiaries)

| | |
|-----------------------------------|--------------------|
| Book value | 7,030 million yen |
| Market value | 11,614 million yen |
| Appraisal variance equivalent | 2,652 million yen |
| Deferred tax liability equivalent | 1,928 million yen |
| Minority interests equivalent | 1 million yen |

3. Accounting standards for foreign currency transactions

From this year, the Company started applying the revised "Accounting Standards for Foreign Currency Transactions" by the Business Accounting Deliberation Council on October 22, 1999.

The effects of this change are negligible.

Notes on Consolidated Statements of Income

| | <u>Fiscal 2001</u> | <u>Fiscal 2000</u> |
|--|--------------------|--------------------|
| 1. Depreciation and amortization of fixed assets | | |
| Tangible fixed assets | 14,552 million yen | 17,066 million yen |
| <u>Intangible fixed assets</u> | <u>4,379</u> | <u>5,062</u> |
| Total | 18,932 | 22,129 |

Notes on Consolidated Balance Sheets

| | <u>Fiscal 2001</u> | <u>Fiscal 2000</u> |
|--|---------------------|---------------------|
| 1. Accumulated depreciation of tangible fixed assets | 114,335 million yen | 134,204 million yen |
| 2. Liabilities for guarantee | 7,668 million yen | 8,242 million yen |
| 3. Treasury stock | 3 shares | 462 shares |
| 4. Accounting process for notes whose due date falls on the end of the term: (This term's end date was holiday, so we processed assuming that the settlement was made on the due date.) The amounts of notes whose due date falls on the end of the term are as follows. | | |
| Notes receivables | 686 million yen | |
| Notes payables | 673 million yen | |

Notes on Consolidated Statements of Cash Flows

Relations between the balance of cash and cash equivalents as of the end of the term and the amount of items described in the balance sheet.

| | <u>Fiscal 2001</u> | <u>Fiscal 2000</u> |
|---|--------------------|--------------------|
| Cash and time deposits | 31,598 million yen | 30,932 million yen |
| Time deposit whose term exceeds three months | (127) | (139) |
| Marketable securities (Money management fund, etc.) | 405 | 440 |
| Loans receivable (Repurchase agreement("Gensaki")) | 2,998 | 5,000 |
| Cash and cash equivalents | <u>34,874</u> | <u>36,233</u> |

Lease Transactions

(For Lessee)

Finance lease transactions without ownership transfer to lessee

(1) Purchase price equivalent, accumulated depreciation equivalent and book value equivalent of leased properties

| | <u>Fiscal 2001</u> | | | <u>Fiscal 2000</u> | | |
|-----------------------------------|--------------------|-------------------------------------|-----------------------|--------------------|-------------------------------------|-----------------------|
| | Purchase price | Accumulated depreciation equivalent | Book value equivalent | Purchase price | Accumulated depreciation equivalent | Book value equivalent |
| | (million yen) | | | (million yen) | | |
| Machinery, equipment and vehicles | 11 | 6 | 4 | 22 | 17 | 5 |
| Others (tangible fixed assets) | 519 | 262 | 256 | 371 | 80 | 291 |
| Total | 530 | 269 | 261 | 394 | 98 | 296 |

(2) Future minimum lease payments equivalent

| | (million yen) | (million yen) |
|---------------------|---------------|---------------|
| Due within one year | 131 | 158 |
| Due after one year | 130 | 138 |
| Total | 261 | 296 |

Note: The purchase price equivalent and the future minimum lease payments equivalent is reported including the amount representing interest, because the total amount of future minimum lease payments is not significant in relation to the total tangible fixed assets at the end of the fiscal year.

(3) Lease payments and depreciation equivalent

| | (million yen) | (million yen) |
|-------------------------|---------------|---------------|
| Lease payments | 195 | 80 |
| Depreciation equivalent | 195 | 80 |

(4) Method of computing depreciation equivalent

Depreciation equivalent is computed on a straight-line method over the lease period without residual value.

(For Lessor)

Finance lease transactions without ownership transfer to lessee

- (1) Purchase price equivalent, accumulated depreciation equivalent and book value equivalent of leased properties

| | <u>Fiscal 2001</u> | | | <u>Fiscal 2000</u> | | |
|-----------------------------------|--------------------|-------------------------------------|-----------------------|--------------------|-------------------------------------|-----------------------|
| | Purchase price | Accumulated depreciation equivalent | Book value equivalent | Purchase price | Accumulated depreciation equivalent | Book value equivalent |
| | (million yen) | | | (million yen) | | |
| Machinery, equipment and vehicles | 906 | 453 | 453 | 1,064 | 422 | 642 |
| <u>Total</u> | <u>906</u> | <u>453</u> | <u>453</u> | <u>1,064</u> | <u>422</u> | <u>642</u> |

- (2) Future minimum lease payments equivalent

| | (million yen) | (million yen) |
|---------------------|---------------|---------------|
| Due within one year | 175 | 228 |
| Due after one year | 329 | 513 |
| <u>Total</u> | <u>504</u> | <u>742</u> |

Note: The future minimum lease payments equivalent is reported including the amount representing interest, because the sum of the amount of future minimum lease payments and the amount of estimated residual value is not significant in relation to the amount of notes receivable and accounts receivable-trade at the end of the fiscal year.

- (3) Lease payments and depreciation equivalent

| | (million yen) | (million yen) |
|---------------|---------------|---------------|
| Lease revenue | 234 | 217 |
| Depreciation | 202 | 186 |

Tax Effect Accounting-Related Items

1. Breakdown by main causes of deferred income taxes assets and deferred income taxes liabilities

Fiscal 2001
(million yen)

(1) Current assets

Deferred income taxes assets

| | |
|--|------------|
| Excess amount of allowance for bonus | 2,662 |
| Allowance for non-billable services | 570 |
| Inventory valuation amount | 634 |
| Accrued business tax/accrued business office tax | 625 |
| Others | <u>754</u> |

Total deferred income taxes assets 5,247

(2) Fixed assets

Deferred income taxes assets

| | |
|---|------------|
| Depreciation in excess | 5,797 |
| Amortization in excess of deferred assets | 5,162 |
| Allowance for retirement and severance benefits | 4,001 |
| Others | <u>898</u> |

Subtotal deferred income taxes assets 15,859

Valuation reserve (91)

Total deferred income taxes assets 15,767

Deferred income taxes liabilities

| | |
|---------------------|--------------|
| Reserve for program | (3,330) |
| Others | <u>(525)</u> |

Total deferred income taxes liabilities (3,855)

Net amount of deferred income taxes assets (liabilities) 11,912

2. Reasons for differences between legally effective tax rate and overall burden ratio of income taxes after adopting tax effect accounting

Fiscal 2001
%

Legally effective tax rate 42.1
(adjustment)

Items which do not involve temporary difference, such as entertainment expenses 4.2

Amount of per-capita residential tax 0.9

Others (0.7)

Overall burden ration of income taxes after adopting tax effect accounting 46.4

5. Segment Information

(1) Business segment information

Since the group's operations involve a single business classification under which the group provides computers, software, associated products and related services, there is no statement of business segment information.

(2) Geographic segment information

Since there are no consolidated subsidiaries overseas, there is no statement of geographic segment information.

(3) Overseas sales

Since the share of the overseas sales in the consolidated net sales is negligible, the statement of overseas sales is omitted.

6. State of Production, Orders and Sales

(1) State of production

| | Fiscal 2001 | |
|-----------------|-------------|---------------------|
| | Million yen | Percentage change % |
| System services | 76,287 | 10.0 |
| Software | 13,794 | 11.8 |
| Total | 90,081 | 10.3 |

(2) State of orders

| | Fiscal 2001 | | Fiscal 2000 | |
|---------------------|-------------|-------------------|-------------|-------------------|
| | Orders | Percentage change | Backlog | Percentage change |
| | Million yen | % | million yen | % |
| Hardware | 88,771 | (17.1) | 34,111 | (8.5) |
| Software | 44,894 | (23.3) | 29,196 | (14.8) |
| Services and others | 191,908 | 48.0 | 71,155 | 20.5 |
| Total | 325,574 | 10.3 | 134,463 | 3.0 |

(2) State of sales

| | Fiscal 2001 | |
|---------------------|-------------|---------------------|
| | Million yen | Percentage change % |
| Hardware | 98,283 | (10.3) |
| Software | 63,080 | 5.6 |
| Services and others | 150,840 | 6.2 |
| Total | 312,203 | 0.3 |

7. Marketable Securities

(Fiscal 2001)

1. Investment securities whose market values are available

Since they are stated at cost, there is no statement of investment securities, which is subject to the ordinance No.9 issued by the Ministry of Finance in 2000 (Supplementary 3).

2. Investment securities sold in this year

| | |
|-------------------|-------------------|
| Proceeds | 4,469 million yen |
| Net gain in total | 2,869 million yen |

3. Main items of investment securities whose market values are not available.

Investment securities

| | |
|--|-------------------|
| Unlisted stocks (excluding OTC securities) | 1,372 million yen |
| Others | 405 million yen |

(Fiscal 2000)

Market Value of Securities, etc.

| | Fiscal 2000 (as of March 31, 2000) | | |
|--------------------|---------------------------------------|--------------|----------------------------|
| | Book value | Market value | Unrealized gains or losses |
| (1) Current assets | million yen | Million yen | million yen |
| Stocks | 8,538 | 18,959 | 10,420 |
| Bonds | 38 | 38 | 0 |
| Others | 31 | 30 | 0 |
| Subtotal | 8,607 | 19,028 | 10,420 |
| (2) Fixed assets | | | |
| Stocks | 2 | 2 | 0 |
| Bonds | - | - | - |
| Others | - | - | - |
| Subtotal | 2 | 2 | 0 |
| Total | 8,610 | 19,031 | 10,420 |

- Notes)
1. Method of computing market value
 - 1) Listed securities --- Primarily by closing price on the Tokyo Stock Exchange
 - 2) Over-the-counter securities --- Trading price announced by the Japan Securities Dealers Association
 - 3) Beneficiary securities of non-listed securities investment trusts --- By base price
 2. Book value for securities excluded from the above schedule is as follows:

| | | |
|----------------|--|-------------------|
| Current assets | Money Management Fund | 410 million yen |
| Fixed assets | Unlisted stocks excluding OTC securities | 1,497 million yen |

8. Derivatives

(Fiscal 2001)

Since the Company applies hedge accounting for all the derivative transactions, there is no statement of derivatives.

(Fiscal 2000)

Market value of derivative contracts

(1) Currency related data

| | Type | Fiscal 2000 (as of March 31, 2000) | | | |
|---------------------------------|---|---------------------------------------|--|--------------|----------------------------|
| | | Contract amounts | | Market value | Unrealized gains or losses |
| | | million yen | Of which, over one year million yen | | |
| Transactions not through market | Forward exchange contract On buyer's side (US\$) | 1,332 | - | 1,354 | 21 |
| Total | | | | 1,354 | 21 |

Notes) 1. Method of computing market value

Computed using a forward rate.

2. When the yen amount of monetary claims and debts in foreign currencies is fixed at the time of settlement because of the presence of forward exchange contracts, amounts indicated in yen in the balance sheets are excluded from the scope of disclosure.

(2) Interest related data

| | Type | Fiscal 2000 (as of March 31, 2000) | | | |
|---------------------------------|--|---------------------------------------|--|--------------|----------------------------|
| | | Contract amounts | | Market value | Unrealized gains or losses |
| | | million yen | Of which, over one year million yen | | |
| Transactions not through market | Interest rate swap Fixed rate payment/ Floating rate receipt | 6,000 | 6,000 | (77) | (77) |
| Total | | 6,000 | 6,000 | (77) | (77) |

Notes) 1. Method of computing market value

Using market value presented by leading financial institutions

2. The above contract amounts (notional principal amounts) for derivatives do not measure the Company's exposure to credit or market risk associated with the amount itself.

9. Retirement and severance benefits

(1) Overview of the benefit pension plan

The company funded, in Fiscal 1969, defined benefit pension plan (Nihon Unisys Welfare Pension Fund (employees' pension plan-*Rengo* (joint) type, in which a company and its affiliated companies participate)), to which severance indemnities plan had been gradually transferred to be totally covered by the pension plan.

Subsidiaries of the company have defined-benefit tax-qualified pension plans and severance indemnities plans.

Certain subsidiaries participate in employees' pension plans-*Sogo* (general) type, in which companies in the same industry participate, and, which is in accordance with the exception case of Practical Guidelines for Accounting for Pension Plans, Article 33. Out of the total amount of plan assets of the plans, the amount based on ratios of participants at those subsidiaries was 1,715 million yen as of March 31, 2001.

(2) Components of allowance for retirement and severance benefits as of March 31, 2001

| | |
|--|-----------------|
| ① Projected benefit obligations | (184,435) |
| ② Pension assets | 114,053 |
| ③ Unrecognized benefit obligation (①+②) | <u>(70,381)</u> |
| ④ Unrecognized obligation existing at transition | 36,965 |
| ⑤ Unrecognized actuarial loss (gain) | <u>23,809</u> |
| ⑥ Allowance for retirement and severance benefits (③+④+⑤) | <u>(9,606)</u> |

Notes: 1. The portion entrusted by the Government is included.
2. Simplified method has been adopted by certain subsidiaries for calculating their benefit obligations.

(3) Components of pension cost for FY 2001

| | |
|---|---------------|
| ① Service cost | 6,454 |
| ② Interest cost | 5,167 |
| ③ Expected return on assets | (4,675) |
| ④ Amortization of obligation existing at transition | <u>4,123</u> |
| ⑤ Benefit expense (①+②+③+④) | <u>11,070</u> |

Notes: 1. Contribution by employees is excluded from the service cost.
2. Benefit expense of subsidiaries adopting simplified method is included in the service cost.

(4) Actuarial assumptions for the calculation of benefit obligations.

| | |
|--|--|
| ① Method for allocating estimated benefits | Straight-line method |
| ② Discount rate | 3.0 % |
| ③ Expected rate of return on plan assets | 4.0 % |
| ④ Amortization period for actuarial gain (loss) | 10 years (Straight-line method starting in the following year) |
| ⑤ Amortization period for unrecognized obligation existing at transition | 10 years |

10. Transactions with the Parties Concerned

Fiscal 2001 (From April 1, 2000 to March 31, 2001)

Parent companies and primary corporate shareholders

| Attribute | | Other affiliates | |
|--------------------------------------|--|--|---|
| Company name | | Mitsui & Co., Ltd. | Unisys Corporation |
| Address | | Chiyoda-ku, Tokyo | Pennsylvania, U.S.A. |
| Paid-in capital | | 192,487 million yen | 3 million US\$ |
| Contents of business | | Trading | Manufacturing/sales |
| Ratio of voting rights, etc. granted | | Direct: 27.84%, Indirect: 0.01% | Direct: 27.84% |
| Details of relation | Directors also serving for another company | Serving for more than one company: 3, Move: 5 | Serving for more than one company: 4, Transfer: 2 |
| | Business relationship | Agent to purchase Unisys computer equipment | Manufacturer and vendor of computers and software. |
| Contents of transactions | | Business transaction | Business transaction |
| | | (1) Purchase of computer equipment for sale and rental, etc. | (2) Payment of fees for providing technology information and technology support, fees for use of trademarks, and fees for use of software |
| Transaction amount | | 32,320 million yen | 19,053 million yen |
| Account | | Accounts payable, etc. | Advance payments Accounts payable, etc. |
| Balance at the term-end | | 16,477 million yen | 1,823 million yen 2,135 million yen |

Note) 1. The above transaction amount does not include consumption taxes, and the balance at the term-end includes consumption taxes.

2. Transaction conditions and policy on determining transaction conditions, etc.

(1) When purchasing computer equipment for sale and rental, terms and conditions are determined on a negotiation basis after presenting the Company's requested price to manufacturers such as Unisys Corporation.

As the Company purchases computer equipment through Mitsui & Co., Ltd., a purchase agent, the transaction amount is a total of the amount of purchase from manufacturers such as Unisys Corporation and expenses required for the purchase through the agent.

(2) For fees for providing of technology information and technology support, fees for use of trademarks, and fees for use of software, individual conditions are determined.

Financial Report for the Fiscal Year 2001, Ended March 31, 2001 (Non-consolidated)

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section

--Head Office: 1-1, Toyosu 1-chome, Koto-ku, Tokyo 135-8560

--Date of the Meeting of the Board of Directors to Settle Accounts: May 15, 2001

--Date of the Ordinary General Meeting of Shareholders: June 27, 2001

--The Company has a policy of paying interim dividends.

1. Business Results for the Fiscal Year 2001 (From April 1, 2000 to March 31, 2001)

(1) Results of Operations

| | Net Sales | Change | Operating Income | Change | Recurring Profit | Change |
|------------------|-------------|--------|------------------|--------|------------------|--------|
| | million yen | % | million yen | % | million yen | % |
| Fiscal Year 2001 | 284,892 | (2.6) | 2,338 | (84.2) | 5,786 | (63.7) |
| Fiscal Year 2000 | 292,506 | (1.4) | 14,814 | 11.5 | 15,932 | 46.8 |

| | Net Income | Change | Net Income per Share | Diluted Net Income per Share | Ratio of Net Income/Shareholders' Equity | Ratio of Recurring Profit/Total Assets | Ratio of Recurring Profit/Net Sales |
|------------------|-------------|--------|----------------------|------------------------------|--|--|-------------------------------------|
| | million yen | % | yen | yen | % | % | % |
| Fiscal Year 2001 | 3,054 | 51.1 | 27.85 | - | 3.8 | 2.5 | 2.0 |
| Fiscal Year 2000 | 2,021 | 36.1 | 18.43 | - | 2.5 | 6.8 | 5.4 |

Notes) 1. Average number of shares outstanding of fiscal year

Fiscal year 2001: 109,663,524 shares

Fiscal year 2000: 109,663,524 shares

2. Change in accounting policies: None

3. Percentages above mean increase/decrease over preceding fiscal year.

(2) Dividends

| | Annual Dividends per Share | | | Total Dividends Paid | Dividends Payout Ratio | Ratio of Dividends/Shareholders' Equity |
|------------------|----------------------------|---------------|------|----------------------|------------------------|---|
| | Interim | End of Period | | | | |
| | yen | yen | yen | million yen | % | % |
| Fiscal Year 2001 | 7.50 | 3.75 | 3.75 | 822 | 26.9 | 1.0 |
| Fiscal Year 2000 | 7.50 | 3.75 | 3.75 | 822 | 40.7 | 1.0 |

(3) Financial Standing

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity per Share |
|------------------|--------------|----------------------|----------------------------|--------------------------------|
| | million yen | million yen | % | yen |
| Fiscal Year 2001 | 231,784 | 82,504 | 35.6 | 752.34 |
| Fiscal Year 2000 | 226,866 | 80,332 | 35.4 | 732.54 |

Note) Number of shares outstanding at the end of the fiscal year

March 31, 2001: 109,663,524 shares

March 31, 2000: 109,663,524 shares

2. Earning Forecast for the Fiscal Year 2002 (from April 1, 2001 to March 31, 2002)

| | Net Sales | Recurring Profit | Net Income | Annual Dividends per Share | | |
|-----------|-------------|------------------|-------------|----------------------------|---------------|------|
| | | | | Interim | End of Period | |
| | million yen | million yen | million yen | yen | yen | yen |
| Interim | 122,000 | 1,000 | 500 | 3.75 | - | - |
| Full-year | 293,000 | 6,000 | 3,000 | - | 3.75 | 7.50 |

Reference) Expected net income per share (full-year basis): 27.36 yen

***This financial report is solely a translation of Japanese "Kessan Tanshin," including attachments, for the convenience of readers who prefer English translation.**

11. Non-consolidated Financial Statements

NON-CONSOLIDATED STATEMENTS OF INCOME

| | Fiscal 2001 | Fiscal 2000 | Difference | |
|--|-------------|-------------|-------------|--------|
| | | | Amount | Change |
| | million yen | million yen | million yen | % |
| Net sales | 284,892 | 292,506 | (7,613) | (2.6) |
| Cost of sales | 209,775 | 206,163 | 3,612 | 1.8 |
| Gross Profit | 75,117 | 86,343 | (11,225) | (13.0) |
| Selling, general and administrative expenses | 72,778 | 71,528 | 1,250 | 1.7 |
| Operating income | 2,338 | 14,814 | (12,476) | (84.2) |
| Non-operating income | | | | |
| Interest and dividend income | 488 | 503 | (14) | |
| Gain on sales of listed securities | 2,693 | 392 | 2,300 | |
| Exchange gain | - | 404 | (404) | |
| Income from rental of buildings | 617 | 601 | 15 | |
| Other-net | 1,551 | 1,083 | 467 | |
| Non-operating expenses | | | | |
| Interest expense and interest on bonds | 1,240 | 1,331 | (91) | |
| Exchange loss | 556 | - | 556 | |
| Other-net | 105 | 535 | (429) | |
| Recurring profit | 5,786 | 15,932 | (10,146) | (63.7) |
| Extraordinary gains | | | | |
| Gain on sales of fixed assets | 332 | 1,240 | (907) | |
| Gain on sales of investment securities | 173 | 68 | 105 | |
| Extraordinary losses | | | | |
| Provision for prior service costs relating to the previous years | - | 6,708 | (6,708) | |
| Special retirement expense | - | 5,671 | (5,671) | |
| Provision for doubtful accounts | 56 | - | 56 | |
| Devaluation loss of investment securities | 315 | 118 | 197 | |
| Loss on disposal of fixed assets | 101 | - | 101 | |
| Other-net | 17 | 377 | (360) | |
| Income before adjustment for income taxes | 5,801 | 4,365 | 1,436 | 32.9 |
| Income, residential and business taxes | 3,677 | 1,851 | 1,826 | |
| Adjustment to income, residential and business taxes | (929) | 492 | (1,422) | |
| Net income | 3,054 | 2,021 | 1,032 | 51.1 |
| Retained earnings at the beginning of year | 40,666 | 40,580 | 85 | |
| Interim dividends | 411 | 411 | 0 | |
| Unappropriated retained earnings | 43,308 | 42,190 | 1,118 | |

NON-CONSOLIDATED BALANCE SHEETS

| | Fiscal 2001 | Fiscal 2000 | Difference |
|--|----------------|----------------|----------------|
| | million yen | million yen | million yen |
| (ASSETS) | | | |
| Current assets | | | |
| Cash and time deposits | 26,454 | 23,599 | 2,855 |
| Notes receivable | 1,066 | 478 | 588 |
| Accounts receivable-trade | 92,527 | 89,260 | 3,266 |
| Marketable securities | - | 8,542 | (8,542) |
| Treasury stock | 0 | 1 | (1) |
| Merchandises | 9,727 | 9,983 | (255) |
| Work in process | 2,201 | 862 | 1,339 |
| Supplies | 24 | 48 | (24) |
| Advance payments | 1,962 | 2,755 | (793) |
| Prepaid expenses | 2,155 | 1,608 | 546 |
| Deferred income taxes | 3,520 | 2,788 | 731 |
| Short-term loans receivable | 7,562 | 6,477 | 1,085 |
| Other current assets | 1,102 | 1,207 | (105) |
| Allowance for doubtful accounts | (272) | (345) | 73 |
| Total current assets | 148,032 | 147,269 | 763 |
| Fixed assets | | | |
| Tangible fixed assets | | | |
| Buildings and structures | 4,888 | 5,228 | (340) |
| Machinery and equipment | 26,736 | 31,717 | (4,981) |
| Vehicles | - | 0 | (0) |
| Furniture, fixtures and tools | 4,247 | 3,234 | 1,013 |
| Land | 1,415 | 1,941 | (526) |
| Construction in process | 825 | - | 825 |
| Total tangible fixed assets | 38,113 | 42,122 | (4,008) |
| Intangible fixed assets | | | |
| Software | 8,405 | 5,816 | 2,589 |
| Other intangible fixed assets | 271 | 278 | (7) |
| Total intangible fixed assets | 8,676 | 6,094 | 2,582 |
| Investments and other assets | | | |
| Investment securities | 8,298 | 1,268 | 7,030 |
| Investments in subsidiaries and affiliates | 1,990 | 1,870 | 120 |
| Investments in capital | 283 | 389 | (105) |
| Long-term loans receivable | 18 | 31 | (12) |
| Claim in bankruptcy and reorganization | 804 | 933 | (129) |
| Deferred income taxes | 11,078 | 10,880 | 197 |
| Deposits for landlord | 14,070 | 15,463 | (1,393) |
| Other investments | 1,114 | 1,393 | (279) |
| Allowance for doubtful accounts | (696) | (849) | 153 |
| Total investments and other assets | 36,961 | 31,380 | 5,580 |
| Total fixed assets | 83,751 | 79,597 | 4,154 |
| Total assets | 231,784 | 226,866 | 4,917 |

| | Fiscal 2001 | Fiscal 2000 | Difference |
|---|-------------|-------------|-------------|
| | million yen | million yen | million yen |
| (LIABILITIES) | | | |
| Current liabilities | | | |
| Notes payable | 2,130 | 2,568 | (437) |
| Accounts payable-trade | 52,039 | 43,895 | 8,144 |
| Current portion of long-term accounts payable | 2,967 | 5,195 | (2,228) |
| Short-term loans | 10,540 | 10,540 | - |
| Current portion of long-term loans | 7,768 | 6,547 | 1,221 |
| Other accounts payable | 867 | 2,411 | (1,544) |
| Accrued income taxes | 3,551 | 1,259 | 2,291 |
| Accrued consumption taxes | 2,536 | 3,557 | (1,021) |
| Accrued expenses | 12,069 | 10,043 | 2,025 |
| Advance received | 7,440 | 6,444 | 996 |
| Deposits received | 715 | 810 | (95) |
| Deferred income | 128 | 116 | 11 |
| Allowance for non-billable services | 1,356 | 1,380 | (24) |
| Allowance for office transfer costs | - | 256 | (256) |
| Current portion of allowance for the New Career Support Program | 272 | 281 | (9) |
| Other current liabilities | 938 | 286 | 651 |
| Total current liabilities | 105,320 | 95,595 | 9,724 |
| Long-term liabilities | | | |
| Bonds | 10,000 | 10,000 | - |
| Long-term accounts payable | 2,338 | 4,442 | (2,104) |
| Long-term loans | 21,258 | 23,126 | (1,868) |
| Long-term deposits received | 1,066 | 1,066 | - |
| Allowance for retirement and severance benefits | 8,345 | - | 8,345 |
| Allowance for prior service costs | - | 11,457 | (11,457) |
| Allowance for directors' and corporate auditors' retirement benefits | 454 | 357 | 96 |
| Allowance for the New Career Support Program | 497 | 488 | 8 |
| Total long-term liabilities | 43,959 | 50,937 | (6,978) |
| Total liabilities | 149,279 | 146,533 | 2,746 |
| (SHAREHOLDERS' EQUITY) | | | |
| Common stock | 5,483 | 5,483 | - |
| Additional paid-in capital | 15,281 | 15,281 | - |
| Legal reserve | 1,370 | 1,370 | - |
| Retained earnings | | | |
| Voluntary reserve | | | |
| Reserve for obsolete equipment | 8,350 | 8,350 | - |
| General reserve | 4,400 | 4,400 | - |
| Reserve for program | 3,907 | 3,120 | 786 |
| Reserve for reduction of assets' cost | 135 | 135 | - |
| Reserve for special depreciation | 266 | - | 266 |
| Unappropriated retained earnings | 43,308 | 42,190 | 1,118 |
| Total retained earnings | 60,368 | 58,196 | 2,171 |
| Total shareholders' equity | 82,504 | 80,332 | 2,171 |
| Total liabilities and shareholders' equity | 231,784 | 226,866 | 4,917 |

PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS
(NON-CONSOLIDATED)

| | Fiscal 2001 | Fiscal 2000 | Difference |
|--|-------------|-------------|-------------|
| | million yen | million yen | million yen |
| Unappropriated retained earnings | 43,308 | 42,190 | 1,118 |
| Reversal of reserve for program | 511 | 573 | (62) |
| Reversal of reserve for special depreciation | 38 | - | 38 |
| Total | 43,858 | 42,764 | 1,093 |
| The above shall be appropriated as follows: | | | |
| Cash dividends | 411 | 411 | 0 |
| (Dividends per share) | (3.75 yen) | (3.75 yen) | (-) |
| Bonus to directors | 50 | 60 | (10) |
| Reserve for program | 1,185 | 1,360 | (175) |
| Reserve for special depreciation | 165 | 266 | (100) |
| Total | 1,812 | 2,098 | (286) |
| Retained earnings carried forward | 42,046 | 40,666 | 1,380 |

Note) The company paid interim dividends as follows:

| <u>Date of payments</u> | <u>December 11, 2000</u> | <u>December 10, 1999</u> |
|-------------------------|--------------------------|--------------------------|
| Total amounts | 411 million yen | 411 million yen |
| (Dividends per share) | (3.75 yen) | (3.75 yen) |

Notes

1. Notes on Statements of Income

| | <u>Fiscal 2001</u> | <u>Fiscal 2000</u> |
|---|--------------------|--------------------|
| Depreciation and amortization of fixed assets | million yen | million yen |
| Tangible fixed assets | 13,528 | 16,079 |
| Intangible fixed assets | 4,246 | 4,985 |
| Total | <u>17,774</u> | <u>21,065</u> |

2. Notes on Balance Sheets

| | <u>Fiscal 2001</u> | <u>Fiscal 2000</u> |
|---|---------------------|---------------------|
| (1) Accumulated depreciation of tangible fixed assets | 106,361 million yen | 127,136 million yen |
| (2) Liabilities for guarantee | 7,668 million yen | 8,242 million yen |
| (3) Treasury stock | 3 shares | 462 shares |
| (4) Accounting process for notes whose due date falls on the end of the term: (This term's end date was holiday, so we processed assuming that the settlement was made on the due date.) The amounts of notes whose due date falls on the end of the term are as follows. | | |
| Notes receivables | 656 million yen | |
| Notes payables | 428 million yen | |