

Financial Report for the Six-Month Period Ended September 30, 2002 (Consolidated)

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section, Code 8056

(URL <http://www.unisys.co.jp>)

--Representative: Seiichi Shimada, President & CEO

--Date of the Meeting of the Board of Directors to Settle Interim Accounts: November 7, 2002

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

1. Business Results for Interim Period of Fiscal 2003 (From April 1, 2002 to September 30, 2002)

(1) Results of Operations

	Net Sales	Change	Operating Income	Change	Recurring Profit	Change
	millions of yen	%	millions of yen	%	millions of yen	%
Current Interim Period	136,941	1.4	2,970	-	3,158	-
Previous Interim Period	135,113	3.5	(759)	-	(186)	-
Previous Fiscal Year	307,898		4,686		5,692	

	Net Income	Change	Net Income per Share	Diluted Net Income per Share
	millions of yen	%	yen	yen
Current Interim Period	6,079	-	55.44	-
Previous Interim Period	(483)	-	(4.41)	-
Previous Fiscal Year	(7,831)		(71.41)	-

- Notes) 1. Equity in net income (loss) of subsidiaries and affiliates
- | | |
|--------------------------|-------------------|
| Current interim period: | - millions of yen |
| Previous interim period: | - millions of yen |
| Previous fiscal year: | - millions of yen |
2. Average number of shares outstanding (consolidated)
- | | |
|--------------------------|--------------------|
| Current interim period: | 109,662,690 shares |
| Previous interim period: | 109,663,521 shares |
| Previous fiscal year: | 109,663,265 shares |
3. Change in accounting policies: None
4. Percentages above mean increase/decrease over preceding interim period.

(2) Financial Standing

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
Current Interim Period	212,194	90,572	42.7	825.92
Previous Interim Period	227,256	92,842	40.9	846.61
Previous Fiscal Year	257,608	85,062	33.0	775.68

- Note) Number of shares outstanding at the end of fiscal year (consolidated)
- | | |
|--------------------------|--------------------|
| Current interim period: | 109,662,370 shares |
| Previous interim period: | 109,663,521 shares |
| Previous fiscal year: | 109,663,010 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 Period
	millions of yen	millions of yen	millions of yen	millions of yen
Current Interim Period	13,030	(12,857)	(10,786)	29,305
Previous Interim Period	12,142	(9,025)	(1,494)	36,546
Previous Fiscal Year	21,591	(19,747)	3,085	39,853

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

Number of consolidated subsidiaries: 16

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 1 Decrease 0

Equity method: Increase 0 Decrease 0

2. Earnings Forecast for Fiscal 2003 (from April 1, 2002 to March 31, 2003)

	Net Sales	Recurring Profit	Net Income
	millions of yen	millions of yen	millions of yen
Full-year	314,000	10,000	9,600

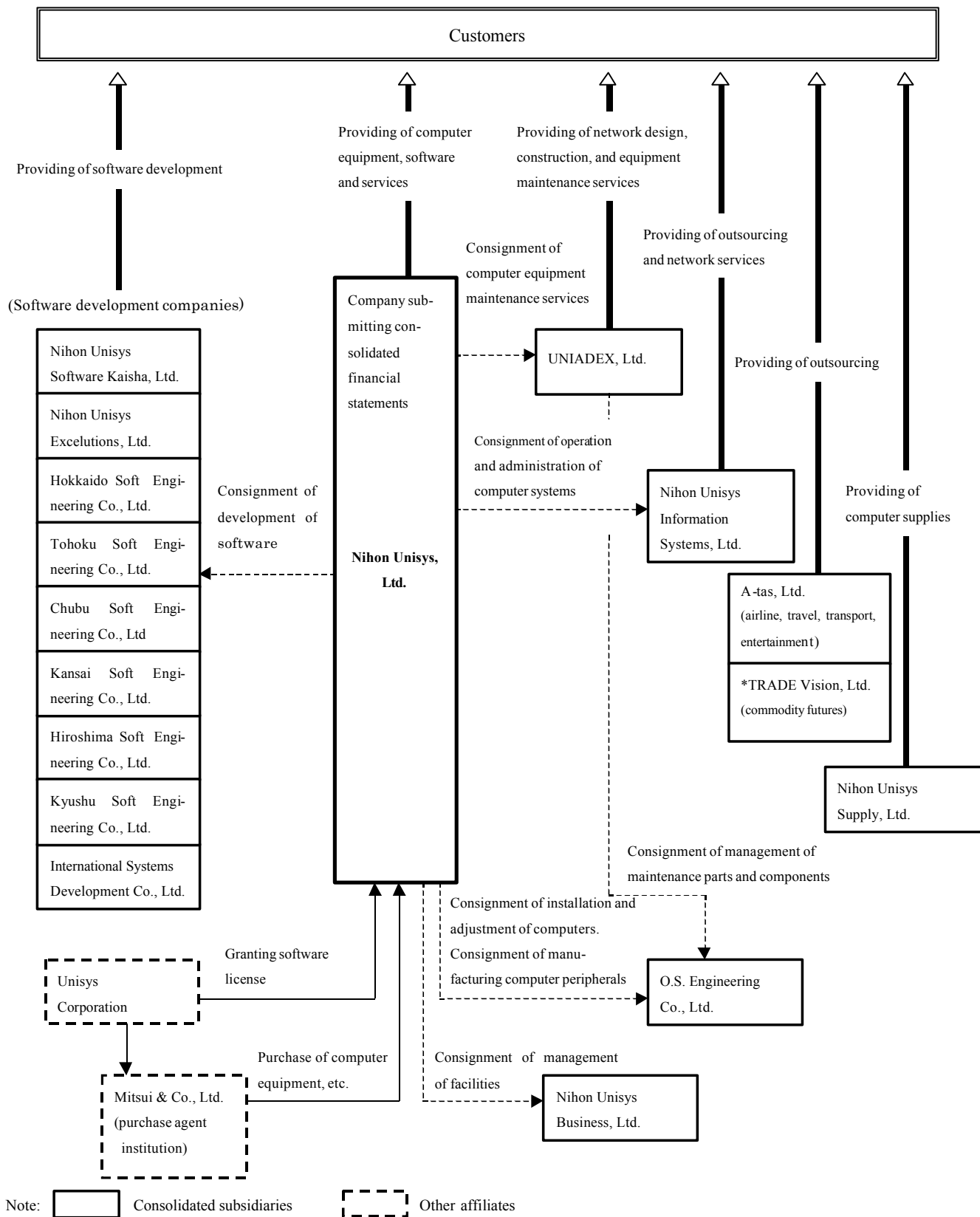
Reference) Expected net income per share (full-year basis): 87.54 yen

Note) The above forecast relies on judgments and assumptions based on information available at present, and is subject to changes in risks, uncertainties, economy, and other factors that could cause actual results to be materially different from expectations. For the prerequisite for the forecast, please see page 7.

***This financial report is solely a translation of Japanese "Chukan 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:



*TRADE Vision, Ltd. has been newly consolidated from this period due to its increased significance.

2. Management Policy

(1) Management Policy and Target

Under the new management policy of “Re-Enterprising” adopted last year in order to transform into “new Nihon Unisys” that has growth engine and cutting-edge competitiveness, we have been striving to maximize our corporate value so as to share returns with shareholders, customers and employees. To execute Re-Enterprising thoroughly, during the first half, we have advocated the following action policies placing our fundamental philosophy in “Business Creation.”

1. Provide high customer value for competitive price.
2. Develop new business models and new sources of earnings.
3. Judge, behave and act as professionals.

We have been facilitating business activities under the policy of “Re-Enterprising 2002.” To generate 10% plus ROE (consolidated basis) in FY2004 is our target of our corporate business plan.

(2) Basic policy on profit sharing

Our basic policy on profit sharing is to return profit without intermittence by reducing cost and reinforcing financial structure while grasping needs of the market, developing competitive products and making strategic investments.

(3) Measures regarding refurbishment of management structure

We are proceeding with separation of managing function and operating function introducing the Corporate Officer System in July 2001. 24 officers (including 11 managing directors) are working as corporate officer.

(4) Relations with parties concerned

Nihon Unisys is a joint venture company established by Mitsui & Co. and Unisys Corporation. We are marketing and selling products supplied through Mitsui & Co. by Unisys Corporation in Japan. Very close and cooperative relations are established among three parties.

(5) Issues the company faces

The Japanese economy is still sluggish and it will take time for economy to recover. Under such circumstances, the major issue of companies in Japan is how to develop businesses most effectively. IT is positioned as an indispensable element. Competitions in the IT industry are quite tough. Nihon Unisys is determined to make every effort to provide customers with IT services which help and support management of customers, aiming to be the best IT partner while acquiring new technologies and creating new services. Also, in order to make management structure much stronger, we are continuing proactive investments into growth areas while continuing efforts to improve cost structure of Nihon Unisys Group. By making each division, unit and group companies' function in organized ways, we are striving to grow our business by sharpening competitiveness as group.

3. Results of Operations & Financial Condition

1. Results of Operations

(1) Overview of 1st half of FY2003

In the midst of deceleration of the world economy, not to mention the US economy, Japanese financial institutions' bad loan issue is yet to be resolved and recovery of Japanese economy is still uncertain. Under such conditions, capital investments continue to be confined and employment conditions are worsening. However, information system is indispensable for any company and the IT industry will continue growing as it has been.

Nihon Unisys has been transforming its business model from hardware-oriented to service-led. Although changes surrounding us are rapid and rough, we have been deploying business activities uniting powers of employees aiming to transform into new Nihon Unisys that has growth engine and cutting-edge competitiveness. Under the new policy of "Re-Enterprising," we are making every endeavor to be a "Customer-Value-Creating Company" as the best IT partner.

Specifically speaking, in addition to vertical business units like Financial and Public, which are our core earning sources, we have founded horizontal units, which explore and construct new business models. By so doing, we are making new challenges in the new business areas while retaining stable income base.

The outsourcing business, which is one of our core business, is expected to grow. We have started marketing "E-StaffCreator," a service to support temporary staff agencies, as a new service of next generation outsourcing service model PowerRental[®]. Meanwhile, leveraging alliance with KPMG Business Assurance, we have reinforced information security business area. Also, we started offering BPO (Business Process Outsourcing), which accounts for more than 50% of outsourcing business in the US. To grow business in this area, we have been taking aggressive and proactive measures.

In addition, concluding a comprehensive alliance with Microsoft Co., Ltd. in 2000 in the area of next generation data center system, we have accumulated a number of business cases. What's more, in order to expand .NET (dot Net) announced by Microsoft Corporation, we formed a dedicated team as ".NET Business Development." .NET satisfies such needs of users as "Quick," "Low cost" and "Easy." This is a technology that can provide a system with excellent cost performance. We are striving to grow business leveraging global alliances too including the one with the Microsoft Corporation in the U.S.

As a new business unit, we formed Business Aggregation Unit to develop new business schemes so as to explore earning base in new business areas.

In the meantime, as for hardware, to have as many customers make better use of large Windows server ES7000, we have strengthened service and support formation. In June, we introduced ES7000/200, whose reliability, availability and price-performance are greatly enhanced.

With regard to our group management, clarifying missions and strategy of each group company, we have been maximizing earning power while polishing differentiators and proprietary technologies of each. According to this policy, in July, we established Nihon Unisys Learning Co., a company which provides training and education services. Also, in order to reinforce development and sales of engineering solutions, we transferred CAD/CAM system, “CADCEUS®” and new housing system, “DigiD®” to Nihon Unisys Excelutions, Ltd.

As for our consolidated performance in the first half, despite of postponement of IT investment affected by sluggish economy, system service and outsourcing businesses showed healthy growth generating ¥136.941Billion in net sales (up 1.4% from a year ago). Regarding profit, in addition to effects from cost structure reform done last year and additional reduction of SG&A, we enjoyed decrease of periodic benefit costs as a result of returning the government’s portion of the pension fund. Operating income and recurring profit were improved, marking ¥2.97B (up ¥3.73B) and ¥3.158B (up ¥3.344B) respectively. Net income was ¥6.079B (up ¥6.563B) thanks to extraordinary gains of ¥7.798B as a result of returning the government’s portion of the pension fund.

Revenue from service businesses increased to ¥77.680B (up 10.4%) while those of software and hardware decreased to ¥22.479B (down 10.8%) and ¥36.781B (down 7.0%) respectively.

As for the ratio of each, service revenue accounted for 56.7% (52.1% a year ago), software revenue 16.4% (18.6%) and hardware revenue 26.9% (29.3%).

Considering our full-year forecast and stable return to shareholders, we have determined to pay 3.75 yen as interim dividend, the same amount paid a year ago.

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

(2) Outlook of FY2003

In the IT industry, the price competition is expected to continue and is to be intensified and users are likely to refrain from upgrading their systems due to uncertainty of economy. However, businesses in new areas like ERP, .NET, and ES7000 related business are considered to grow to a certain extent. Our full-year forecast in FY2003 is up 2% in net sales.

As for profitability, thanks to positive impact from returning the government's portion of the pension in addition to our efforts of cost confinement, substantial improvement is to be materialized. Specifically, operating income will be ¥10B (up 113%) and net profit will be, as a result of marking extraordinary gain, ¥9.6B.

2. Financial Condition

Cash & cash equivalents at the end of the first half was ¥29.305B (down ¥10.548B) as a result of financial activities including redemption of straight bond although the cash for investment activities like acquisition of equipment was funded by operating activities.

The net cash provided by operating activities was ¥13.030B (up ¥888Million). Income before income taxes and minority interests was 10.899B (up ¥11.201B) and depreciation/amortization cost was ¥10.471B (up ¥962M). However, ¥16.530B was paid as special retirement expense which was booked as accrued expense in the previous year and allowance for retirement and severance benefits decreased by ¥9.299B as a result of returning the government's portion of the pension fund. Also accounts receivables/payables decreased.

With regard to the cash used in investing activities, ¥12.857B(up ¥3.832B) was booked.

We acquired property and equipment (mainly computers) worth ¥9.558B (up ¥4.339B) and intangible fixed assets (software for outsourcing business and outright sales) worth ¥3.577B (down ¥1.458).

The net cash used in financing activities was ¥10.786B(up ¥9.292B) due to redemption of straight bond worth ¥10B.

4. Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

	Six months ended September 30, 2002	Six months ended September 30, 2001	Year ended March 31, 2002
	millions of yen	millions of yen	millions of yen
Net sales	136,941	135,113	307,898
Cost of sales	100,220	97,543	226,771
Gross profit	36,720	37,569	81,126
Selling, general and administrative expenses	33,750	38,329	76,440
Operating income (loss)	2,970	(759)	4,686
Non-operating income			
Interest and dividend income	94	236	309
Gain on sales of listed securities	23	346	847
Other	615	547	975
Non-operating expenses			
Interest expense	504	537	1,033
Other	40	19	92
Recurring profit (loss)	3,158	(186)	5,692
Extraordinary gains			
Gain on exemption from the substitutional portion of welfare pension funds	7,798	-	-
Reversal of allowance for doubtful accounts	54	143	73
Other	4	-	32
Extraordinary losses			
Loss on devaluation of investment securities	70	153	251
Special retirement expense	-	-	16,530
Restructuring charges	-	-	1,453
Other	46	106	265
Income (loss) before income taxes and minority interests	10,899	(302)	(12,702)
Income taxes-current	397	541	5,007
Income taxes-deferred	4,339	(506)	(9,895)
Minority interests	82	146	16
Net income (loss)	6,079	(483)	(7,831)

CONSOLIDATED BALANCE SHEETS

	September 30, 2002	September 30, 2001	March 31, 2002
	millions of yen	millions of yen	millions of yen
(ASSETS)			
Current assets			
Cash and time deposits	29,350	32,270	34,901
Notes receivable and accounts receivable-trade	54,796	62,660	85,384
Marketable securities	-	4,401	-
Inventories	24,440	25,604	22,009
Deferred tax assets	13,228	6,024	12,626
Other	5,416	7,239	12,234
Allowance for doubtful accounts	(67)	(131)	(183)
Total current assets	127,164	138,068	166,972
Fixed assets			
Property and equipment			
Machinery, equipment and vehicles	27,821	27,262	25,759
Other	11,493	13,456	12,062
Total property and equipment	39,314	40,718	37,822
Intangible fixed assets			
Software	13,786	11,337	13,546
Other	387	420	402
Total intangible fixed assets	14,174	11,757	13,948
Investments and other assets			
Investment securities	9,135	10,009	9,623
Deferred tax assets	8,631	10,802	13,489
Deposits for landlord	12,374	14,124	14,230
Other	2,096	2,503	2,197
Allowance for doubtful accounts	(697)	(728)	(676)
Total investments and other assets	31,541	36,711	38,864
Total fixed assets	85,030	89,187	90,635
Total assets	212,194	227,256	257,608

	September 30, 2002	September 30, 2001	March 31, 2002
	millions of yen	millions of yen	millions of yen
(LIABILITIES)			
Current liabilities			
Notes payable and accounts payable-trade	31,612	30,667	41,093
Short-term borrowings	9,809	11,696	10,169
Current portion of long-term debt	9,317	7,469	8,209
Current portion of bonds	-	10,000	10,000
Income taxes payable	442	597	3,438
Accrued expenses	12,370	15,510	14,202
Allowances	1,162	1,244	1,460
Other	18,717	17,936	35,732
Total current liabilities	83,433	95,121	124,305
Long-term liabilities			
Long-term debt	24,457	21,174	25,674
Allowance for retirement and severance benefits	5,352	11,864	14,236
Other allowances	803	866	828
Other	6,028	3,834	6,077
Total long-term liabilities	36,642	37,739	46,816
Total liabilities	120,075	132,861	171,122
Minority interests	1,546	1,552	1,423
(SHAREHOLDERS' EQUITY)			
Common stock	5,483	5,483	5,483
Capital surplus (Additional paid-in capital)	15,281	15,281	15,281
Retained earnings	68,630	70,765	63,006
Net unrealized gains on securities	1,177	1,311	1,292
Treasury stock	(0)	(0)	(0)
Total shareholders' equity	90,572	92,842	85,062
Total liabilities, minority interests and shareholders' equity	212,194	227,256	257,608

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Six months ended September 30, 2002	Six months ended September 30, 2001	Year ended March 31, 2002
	millions of yen	millions of yen	millions of yen
(Capital surplus)			
Balance of capital surplus at beginning of period	15,281	-	-
Balance of capital surplus at end of period	15,281	-	-
(Retained earnings)			
Balance of retained earnings at beginning of period	63,006	71,720	71,720
Increase in retained earnings	6,079	-	-
Net income	6,079	-	-
Decrease in retained earnings	455	955	8,714
Cash dividends	411	411	822
Bonuses to directors and corporate auditors	24	59	59
Decrease due to a newly consolidated subsidiary	19	-	-
Net loss	-	483	7,831
Balance of retained earnings at end of period	68,630	70,765	63,006

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended September 30, 2002	Six months ended September 30, 2001	Year ended March 31, 2002
	millions of yen	millions of yen	millions of yen
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	10,899	(302)	(12,702)
Depreciation and amortization	10,471	9,509	20,646
Special retirement expense	-	-	16,530
Gain on sales of investment securities	(27)	(346)	(880)
Increase (Decrease) in allowances	(9,299)	1,581	4,131
Interest and dividend income	(94)	(236)	(309)
Interest expense	504	537	1,033
Decrease in accounts receivable-trade	30,588	38,078	15,354
Increase in inventories	(2,431)	(7,815)	(4,220)
Decrease in accounts payable-trade	(9,487)	(23,397)	(12,930)
Other-net	2,295	259	2,594
Subtotal	33,417	17,868	29,247
Interest and dividend received	59	236	322
Interest paid	(521)	(539)	(1,043)
Special retirement expense paid	(16,530)	-	-
Income taxes paid	(3,393)	(5,423)	(6,935)
Net cash provided by operating activities	13,030	12,142	21,591
Cash flows from investing activities			
Purchases of property and equipment	(9,558)	(5,219)	(11,996)
Proceeds from sales of property and equipment	123	46	213
Purchases of intangible fixed assets	(3,577)	(5,035)	(10,011)
Purchases of investment securities	(210)	(558)	(728)
Proceeds from sales of investment securities	325	1,713	2,662
Other-net	40	26	112
Net cash used in investing activities	(12,857)	(9,025)	(19,747)
Cash flows from financing activities			
Net decrease in short-term borrowings	(360)	(611)	(2,138)
Proceeds from long-term debt	200	200	12,600
Repayments of long-term debt	(309)	(666)	(7,826)
Proceeds from other borrowings	230	-	1,408
Repayments of other borrowings	(128)	-	(129)
Redemption of bonds	(10,000)	-	-
Cash dividends paid	(411)	(411)	(822)
Other-net	(8)	(5)	(5)
Net cash (used in) provided by financing activities	(10,786)	(1,494)	3,085
Net (decrease) increase in cash and cash equivalents	(10,613)	1,622	4,929
Cash and cash equivalents, beginning of period	39,853	34,874	34,874
Cash and cash equivalents of a newly consolidated subsidiary	64	50	50
Cash and cash equivalents, end of period	29,305	36,546	39,853

Notes to Consolidated Financial Statements

1. Scope of consolidation

(1)The consolidated financial statements for the six months ended September 30, 2002 include the accounts of Nihon Unisys, Ltd. (the “Company”) and its 16 consolidated subsidiaries (together, the “Group”).

Some of the most significant subsidiaries are as follows.

Nihon Unisys Supply, Ltd.

UNIADEX, Ltd.

Nihon Unisys Software Kaisha. Ltd.

TRADE Vision, Ltd. has been newly consolidated from this period due to its increased significance.

(2)Number of non-consolidated subsidiaries: 3

2. Application of the equity method

Investments in NUL Systems Service Corporation (a non-consolidated subsidiary), two other non-consolidated subsidiaries, Shizuoka Soft Bank Co., Ltd. (an affiliate), and five other affiliates, nine in total, are stated at cost, excluded from the scope of the equity method because they would not have a material effect on the consolidated net income and losses and the retained earnings, and they would not have significance in the aggregate, either.

3. Interim closing date of the consolidated subsidiaries

Out of the consolidated subsidiaries, Kokusai System Co., Ltd has a different interim closing date (June 30) from that of the consolidated financial statements. The interim consolidated financial statements are prepared using Kokusai's financial statements as of June 30, and necessary adjustments for consolidation are made for significant transactions that occurred over the period between the interim closing date of Kokusai and that of the interim consolidated financial statements.

4. Accounting policies

(1)Valuation standard and method of significant assets

a. Securities

Other securities whose fair value is readily determinable

Stated at fair value as of the balance sheet date, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity. The cost of securities sold is determined by the moving-average method.

Other securities whose fair value is not readily determinable

Stated at cost determined by the moving-average method

b. Derivatives

Stated at fair value

c. Inventories

Computer merchandise:

Stated at cost determined primarily by the moving-average method

Parts for maintenance services and other:

Stated at cost determined by the moving-average method

(2) Depreciation/amortization method for significant fixed assets

a. Computers for rental and outsourcing services (reported in "machinery, equipment and vehicles"):

Depreciation of computers for rental and outsourcing services is primarily computed over 5 years with no residual value, corresponding to the terms and conditions of the rental and outsourcing services.

b. Software:

Software for sale to the market:

Amortized at the greater of either the amount to be amortized in proportion of the actual sales of the software during the current period to the estimated total sales over the estimated salable years of the software or the amount to be amortized by the straight-line method over the estimated salable years, principally 3 years.

Software for internal use:

Amortized by the straight-line method over the estimated useful lives, generally 5 years.

(3) Appropriation method for significant allowances

Allowance for doubtful accounts:

The allowance for doubtful accounts is stated at amounts considered to be appropriate based on the Group's past credit loss and on evaluation of potential losses in the receivables outstanding.

Allowance for retirement and severance benefits:

To prepare for the retirement and severance benefits for employees, the Group accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date. The transitional obligation is being amortized over 10 years.

Actuarial gains and losses are recognized in expenses using the straight-line method over the average of the estimated remaining service period (10 years) starting in the following year.

<Additional information>

On June 25, 2002, the Company and certain consolidated subsidiaries obtained approval from the Ministry of Health, Labor and Welfare for exemption from the portion of future benefit obligations recorded and maintained by the Group on behalf of the Japanese government (the "substitutional portion"), in accordance with the enactment in April 2002 of the new law concerning the defined benefit pension plans in Japan.

The Group applied the transitional treatment specified on "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" issued by the Japanese Institute of Certified Public Accountants, and were relieved of the liability for retirement benefit obligations with respect to such substitutional portion as of the date of the approval.

The amount to be relieved of was ¥41,205 million at September 30, 2002.

(4) Foreign currency translation

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

(5) Leases

Finance leases other than those deemed to transfer ownership of the leased property to the lessee are accounted for in the same manner as operating leases.

(6) Hedge accounting

The foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of merchandises from overseas suppliers. Interest rate swaps are utilized to hedge interest rate exposures of short-term debt.

Those transactions which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as other liabilities or assets.

Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

(7)Consumption taxes

Consumption tax is separately accounted for by excluding it from each transaction amount.

5. Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statements of cash flows includes cash balances, demand deposits and short-term investments which mature or become due within 3 months of the date of acquisition, that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

6. Additional information

(1)Change in classification of logistics expense

Prior to April 1, 2002, logistics expense for merchandises was included in selling, general and administrative expenses. Effective April 1, 2002, logistics expense for merchandises (¥862 million for six months ended September 30, 2002) is included in costs of sales as the function of the Company's warehouses has changed, as a result of business process re-engineering, from the locations where merchandises are stored into the locations where merchandises are received and inspected for shipment to customers.

This change has no effect on operating income, recurring profit, and income before income taxes and minority interests.

(2)Accounting of income taxes in interim financial statements

Prior to April 1, 2002, the Company's consolidated subsidiaries accounted for income taxes by simplified method in interim financial statements. Effective April 1, 2002, the subsidiaries adopted the basic method to account for tax calculation more accurately.

As a result, as compared with the prior method, net income increased by ¥52 million.

As the subsidiaries' tax expense for six months ended September 30, 2001 was computed by simplified method, income tax-deferred for it is included in income tax-current in the consolidated statement of income of that period.

Notes on Consolidated Balance Sheets

	<u>September 30, 2002</u> millions of yen	<u>September 30, 2001</u> millions of yen	<u>March 31, 2002</u> millions of yen
1. Accumulated depreciation of property and equipment	120,584	113,998	117,091
2. Contingent liabilities	6,067	7,324	6,868
3. Accounting for notes whose due date falls on the balance sheet dates:			

As financial institutions in Japan were closed on September 30, 2001 and March 31, 2002, amounts of notes whose due date falls on those days were accounted for assuming that they were settled on those days. The amounts of notes whose due date falls on September 30, 2001 and March 31, 2002 are as follows.

	<u>September 30, 2001</u> millions of yen	<u>March 31, 2002</u> millions of yen
Notes receivables	995	31
Notes payables	338	507

Notes on Consolidated Statements of Cash Flows

Reconciliation of cash and time deposits on the balance sheets to cash and cash equivalents are as follows.

	<u>September 30, 2002</u> millions of yen	<u>September 30, 2001</u> millions of yen	<u>March 31, 2002</u> millions of yen
Cash and time deposits	29,350	32,270	34,901
Time deposits with maturities over 3 months	(45)	(125)	(47)
Marketable securities (Money management fund, etc.)	-	4,401	-
Current assets-other (Repurchase agreement ("Gensaki"))	-	-	5,000
Cash and cash equivalents	<u>29,305</u>	<u>36,546</u>	<u>39,853</u>

5. Segment Information

(1) Business segment information

Since the Group's operations involve a single business segment 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 the Company has no consolidated subsidiaries and branch overseas, there is no statement of geographic segment information.

(3) Overseas sales

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

6. Status of Production, Orders and Sales

(1) Production

	Six months ended September 30, 2002	Percent change from six months ended September 30, 2001
	millions of yen	%
System services	38,332	(9.4)
Software	6,156	(22.2)
Total	44,489	(11.4)

(2) Orders

	Orders		Backlog	
	Six months ended September 30, 2002	Percent change from six months ended September 30, 2001	September 30, 2002	Percent change from September 30, 2001
	millions of yen	%	millions of yen	%
Services	91,523	(2.7)	94,552	+0.2
Software	18,964	+12.2	28,636	+3.7
Hardware	40,161	+11.9	35,445	(1.2)
Total	150,648	+2.6	158,634	+0.5

Note) Backlog is the amount expected to be realized as sales within a year.

(3) Sales

	Six months ended September 30, 2002	Percent change from six months ended September 30, 2001
	millions of yen	%
Services	77,680	+10.4
Software	22,479	(10.8)
Hardware	36,781	(7.0)
Total	136,941	+1.4

7. Securities

September 30, 2002

1. Other securities whose fair value is readily determinable

	<u>Historical cost</u> millions of yen	<u>Carrying amount</u> millions of yen	<u>Difference</u> millions of yen
(1) Equity securities	5,354	7,366	2,012
(2) Debt securities	20	20	0
(3) Other	50	49	(1)
Total	5,424	7,435	2,011

2. Type and carrying amount of securities whose fair value is not readily determinable

Other securities	millions of yen
Unlisted equity securities (excluding OTC securities)	1,589

(Note) The Group recognized impairment loss of ¥60 million on other securities whose fair value is readily determinable and ¥10 million on securities whose fair value is not readily determinable.

September 30, 2001

1. Other securities whose fair value is readily determinable

	<u>Historical cost</u> millions of yen	<u>Carrying amount</u> millions of yen	<u>Difference</u> millions of yen
(1) Equity securities	5,995	8,239	2,243
(2) Debt securities	25	25	0
Total	6,020	8,265	2,244

(Note) The Group recognized impairment loss of ¥67 million on other securities whose fair value is readily determinable.

2. Type and carrying amount of securities whose fair value is not readily determinable

Other securities	millions of yen
Unlisted equity securities (excluding OTC securities)	1,280
Money Management Fund and other	4,401

March 31, 2002

1. Other securities whose fair value is readily determinable

	<u>Historical cost</u> millions of yen	<u>Carrying amount</u> millions of yen	<u>Difference</u> millions of yen
(1) Equity securities	5,459	7,660	2,201
(2) Debt securities	25	25	0
Total	5,484	7,685	2,201

2. Type and carrying amount of securities whose fair value is not readily determinable

Other securities	millions of yen
Unlisted equity securities (excluding OTC securities)	1,767

8. Derivative transactions

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

Financial Report for the Six-Month Period Ended September 30, 2002 (Non-consolidated)

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section, Code 8056

(URL <http://www.unisys.co.jp>)

--Representative: Seiichi Shimada, President & CEO

--Date of the Meeting of the Board of Directors to Settle Interim Accounts: November 7, 2002

--Interim dividends plan: Exist

--The interim dividends will start to be paid on December 10, 2002.

--Trading unit share plan: Exist (100 shares per trading unit share)

1. Business Results for Interim Period of Fiscal 2003 (From April 1, 2002 to September 30, 2002)

(1) Results of Operations

	Net Sales	Change	Operating Income	Change	Recurring Profit	Change
	millions of yen	%	millions of yen	%	millions of yen	%
Current Interim Period	115,822	(3.1)	1,443	-	2,067	37.9
Previous Interim Period	119,543	0.6	(1,374)	-	1,498	117.3
Previous Fiscal Year	273,384		2,568		6,116	

	Net Income	Change	Net Income per Share
	millions of yen	%	yen
Current Interim Period	5,042	226.0	45.98
Previous Interim Period	1,546	165.4	14.10
Previous Fiscal Year	(4,376)		(39.91)

Notes) 1. Average number of shares outstanding

Current interim period:	109,662,690 shares
Previous interim period:	109,663,524 shares
Previous fiscal year:	109,663,265 shares

2. Change in accounting policies: None

3. Percentages above mean increase/decrease over preceding interim period.

(2) Dividends

	Interim Dividends per Share	Annual Dividends per Share
	yen	yen
Current Interim Period	3.75	-
Previous Interim Period	3.75	-
Previous Fiscal Year	-	7.50

(3) Financial Standing

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
Current Interim Period	188,463	83,064	44.1	757.45
Previous Interim Period	203,791	84,902	41.7	774.21
Previous Fiscal Year	233,804	78,549	33.6	716.28

Notes) 1. Number of shares outstanding

September 30, 2002:	109,662,370 shares
September 30, 2001:	109,663,524 shares
March 31, 2002:	109,663,010 shares

2. Number of treasury stocks

September 30, 2002:	1,154 shares
September 30, 2001:	3 shares
March 31, 2002:	514 shares

2. Earnings Forecast for Fiscal 2003 (from April 1, 2002 to March 31, 2003)

	Net Sales	Recurring Profit	Net Income	Annual Dividends per Share	
				Interim	Full-year
	millions of yen	millions of yen	millions of yen	yen	yen
Full-year	267,000	7,600	7,900	3.75	7.50

Reference) Expected net income per share (full-year basis): 72.04 yen

Note) The above forecast relies on judgments and assumptions based on information available at present, and is subject to changes in risks, uncertainties, economy, and other factors that could cause actual results to be materially different from expectations. For the prerequisite for the forecast, please see page 7.

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

11. Non-consolidated Financial Statements

NON-CONSOLIDATED STATEMENTS OF INCOME

	Six months ended September 30, 2002	Six months ended September 30, 2001	Year ended March 31, 2002
	millions of yen	millions of yen	millions of yen
Net sales	115,822	119,543	273,384
Cost of sales	86,965	88,372	206,066
Gross Profit	28,857	31,170	67,317
Selling, general and administrative expenses	27,413	32,544	64,749
Operating income (loss)	1,443	(1,374)	2,568
Non-operating income			
Interest and dividend income	434	2,393	2,536
Gain on sales of listed securities	23	342	843
Other	678	711	1,316
Non-operating expenses			
Interest expense	478	558	1,069
Other	34	15	79
Recurring profit	2,067	1,498	6,116
Extraordinary gains			
Gain on exemption from the substitutional portion of welfare pension funds	6,674	-	-
Reversal of allowance for doubtful accounts	59	142	76
Other	54	-	32
Extraordinary losses			
Loss on devaluation of investment securities	70	153	251
Special retirement expense	-	-	14,258
Other	44	86	164
Income (loss) before income taxes	8,740	1,401	(8,448)
Income taxes-current	3	103	2,775
Income taxes-deferred	3,694	(248)	(6,847)
Net income (loss)	5,042	1,546	(4,376)
Retained earnings carried forward	36,667	42,046	42,046
Interim dividends	-	-	411
Unappropriated retained earnings	41,709	43,592	37,258

(Note) Depreciation and amortization of fixed assets	millions of yen	millions of yen	millions of yen
Property and equipment	6,661	6,880	13,883
Intangible fixed assets	2,999	1,998	4,601
Total	9,661	8,878	18,484

NON-CONSOLIDATED BALANCE SHEETS

	September 30, 2002	September 30, 2001	March 31, 2002
	millions of yen	millions of yen	millions of yen
(ASSETS)			
Current assets			
Cash and time deposits	25,344	26,853	30,821
Notes receivable and accounts receivable-trade	45,024	55,161	76,537
Marketable securities	-	4,001	-
Inventories	17,343	18,881	16,354
Deferred tax assets	10,042	3,907	9,499
Short-term loans receivable	9,285	4,654	12,250
Other	3,859	8,104	5,931
Allowance for doubtful accounts	(48)	(111)	(159)
Total current assets	110,851	121,453	151,236
Fixed assets			
Property and equipment			
Machinery and equipment	25,652	24,983	23,691
Other	9,021	10,181	9,594
Total property and equipment	34,673	35,164	33,286
Intangible fixed assets			
Software	12,190	10,125	11,855
Other	260	267	263
Total intangible fixed assets	12,451	10,393	12,119
Investments and other assets			
Investment securities	10,818	11,577	11,172
Deferred tax assets	6,851	9,985	11,004
Deposits for landlord	11,522	13,552	13,535
Other	1,966	2,365	2,108
Allowance for doubtful accounts	(671)	(700)	(658)
Total investments and other assets	30,487	36,780	37,162
Total fixed assets	77,612	82,338	82,567
Total assets	188,463	203,791	233,804

	September 30, 2002	September 30, 2001	March 31, 2002
	millions of yen	millions of yen	millions of yen
(LIABILITIES)			
Current liabilities			
Notes payable and accounts payable-trade	29,621	29,532	41,013
Short-term borrowings	8,420	10,010	8,620
Current portion of long-term debt	9,309	7,426	8,184
Current portion of bonds	-	10,000	10,000
Income taxes payable	26	25	2,115
Accrued expenses	7,885	10,775	9,866
Allowances	1,155	1,244	1,452
Other	16,225	15,516	32,409
Total current liabilities	72,644	84,530	113,662
Long-term liabilities			
Long-term debt	24,457	21,166	25,674
Allowance for retirement and severance benefits	3,275	9,013	10,808
Other allowances	723	813	742
Other	4,299	3,365	4,367
Total long-term liabilities	32,755	34,358	41,592
Total liabilities	105,399	118,888	155,254
(SHAREHOLDERS' EQUITY)			
Common stock	5,483	5,483	5,483
Capital surplus			
Additional paid-in capital	15,281	15,281	15,281
Retained earnings			
Legal reserve	1,370	1,370	1,370
Voluntary reserve	18,040	17,861	17,861
Unappropriated retained earnings	41,709	43,592	37,258
Total retained earnings	61,121	61,453	56,490
Net unrealized gains on securities	1,178	1,312	1,294
Treasury stock	(0)	-	(0)
Total shareholders' equity	83,064	84,902	78,549
Total liabilities and shareholders' equity	188,463	203,791	233,804

(Notes)		millions of yen	millions of yen	millions of yen
1. Accumulated depreciation of property and equipment		111,936	105,942	108,517
2. Contingent liabilities		5,280	6,446	6,085