



Consolidated Financial Report for the Three-Month Period Ended June 30, 2006 July 31, 2006

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section, Code 8056
(URL <http://www.unisys.co.jp>)

1. Matters Concerning Consolidated Quarterly Results

(1) Adoption of simplified accounting method: Applicable

- For quarterly results, Nihon Unisys Group (the Group) does not recognize impairment losses of marketable securities whose fair value is readily determinable.

(2) Change in accounting treatment from latest fiscal year: Not applicable

(3) Change in scope of consolidation and equity method: Applicable

Consolidation: Increase 1 Decrease 0 Equity method: Increase 0 Decrease 0

(4) Financial results for the three months ended June 30, 2006 and June 30, 2005 have not been audited.

(5) Numbers less than one million yen have been disregarded.

2. Characteristics of the Group's Quarterly Results

(1) As the Group recognizes revenues of contracted systems development upon completion of the inspection of the systems by the customer, and as most of the inspections are done in the second and fourth quarter, substantial portion of sales and profits are recognized in those periods.

(2) With regard to sales of hardware and software, most of the sales and profits are recognized in the second and fourth quarter, as most shipments are done in those periods.

These characteristics stated above are industrial trends surrounding the Group, not a special phenomenon that occurs only in this period.

3. Financial Results for the Three Months Ended June 30, 2006 (From April 1, 2006 to June 30, 2006)

(1) Results of Operations

	Net Sales		Operating Income		Recurring Profit		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Three Months Ended 6/30/06	53,347	11.6	(2,074)	-	(1,792)	-	(1,141)	-
Three Months Ended 6/30/05	47,809	(4.4)	(3,850)	-	(3,765)	-	(2,265)	-
Fiscal Year Ended 3/31/06	317,486		5,065		4,870		1,889	

	Earnings per Share		Diluted Earnings per Share	
	yen		yen	
Three Months Ended 6/30/06	(12.07)		-	
Three Months Ended 6/30/05	(21.45)		-	
Fiscal Year Ended 3/31/06	17.77		17.71	

Note) Percentages above represent increase (decrease) over a year-ago period.

(2) Financial Condition

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
Three Months Ended 6/30/06	216,719	81,628	37.3	847.38
Three Months Ended 6/30/05	192,900	93,890	48.7	888.63
Fiscal Year Ended 3/31/06	243,931	80,850	33.1	857.54

[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
Three Months Ended 6/30/06	1,896	(8,682)	749	24,790
Three Months Ended 6/30/05	2,292	(2,634)	(2,476)	23,165
Fiscal Year Ended 3/31/06	18,977	(19,303)	5,169	30,827

4. Earnings Forecast for Fiscal Year Ending March 31, 2007 (from April 1, 2006 to March 31, 2007)

	Net Sales	Operating Profit	Recurring Profit	Net Income
	millions of yen	millions of yen	millions of yen	millions of yen
Interim	136,000	500	400	100
Full-Year	327,000	6,000	5,500	3,000

Reference) Expected earnings per share (full-year basis): 31.41 yen

Note) The Group's earnings forecast has not been revised from the previous announcement which was made on April 28, 2006.

All the numbers regarding forecast are best estimate using information available as of today and decision based on them.

You are advised that the final results might be different from the ones in this package due to changes of economy, market, or unknown factors today, etc.

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

Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

	Three months ended June 30, 2006	Three months ended June 30, 2005	Increase (Decrease)	Percent Change	Year ended March 31, 2006
	millions of yen	millions of yen	millions of yen	%	millions of yen
Net sales	53,347	47,809	5,538	11.6	317,486
Cost of sales	42,457	36,512	5,945	16.3	248,552
Gross profit	10,889	11,296	(406)	(3.6)	68,934
Selling, general and administrative expenses	12,964	15,147	(2,182)	(14.4)	63,868
Operating income (loss)	(2,074)	(3,850)	1,776	-	5,065
Non-operating income					
Interest and dividend income	127	118	8	7.1	170
Other	295	121	174	144.1	432
Non-operating expenses					
Interest expense	131	116	14	12.8	457
Other	8	37	(28)	(76.2)	341
Recurring profit (loss)	(1,792)	(3,765)	1,972	-	4,870
Extraordinary gains	2	17	(14)	(82.5)	243
Extraordinary losses	8	8	(0)	(2.1)	795
Income (loss) before income taxes and minority interests	(1,797)	(3,756)	1,958	-	4,318
Income taxes	(680)	(1,472)	791	-	2,335
Minority interests	24	(18)	43	-	93
Net income (loss)	(1,141)	(2,265)	1,124	-	1,889

CONSOLIDATED BALANCE SHEETS

	June 30, 2006	June 30, 2005	Increase (Decrease)	Percent Change	March 31, 2006
	millions of yen	millions of yen	millions of yen	%	millions of yen
(ASSETS)					
Current assets					
Cash and time deposits	24,800	22,005	2,795	12.7	30,837
Notes receivable and accounts receivable-trade	43,216	46,688	(3,472)	(7.4)	80,709
Inventories	31,714	26,958	4,756	17.6	19,321
Prepaid expense	14,715	4,389	10,325	235.2	17,109
Other	13,371	13,203	167	1.3	11,786
Total current assets	127,818	113,245	14,573	12.9	159,763
Fixed assets					
Property and equipment	20,192	21,280	(1,087)	(5.1)	21,329
Intangible fixed assets	24,506	19,541	4,964	25.4	23,049
Investments and other assets					
Investment securities	15,005	8,432	6,573	78.0	11,295
Prepaid pension costs	10,852	11,514	(662)	(5.8)	10,455
Other	18,343	18,886	(542)	(2.9)	18,037
Total fixed assets	88,900	79,655	9,245	11.6	84,167
Total assets	216,719	192,900	23,818	12.3	243,931
(LIABILITIES)					
Current liabilities					
Notes payable and accounts payable-trade	34,538	21,998	12,539	57.0	53,819
Short-term borrowings and current portion of long-term loans payable	9,145	8,416	729	8.7	8,010
Commercial paper	14,000	5,000	9,000	180.0	20,000
Accrued expense	9,524	10,347	(822)	(7.9)	14,809
Other	23,315	17,717	5,597	31.6	23,008
Total current liabilities	90,522	63,479	27,043	42.6	119,648
Long-term liabilities					
Bonds	8,000	8,000	-	-	8,000
Long-term loans payable	30,925	15,350	15,575	101.5	27,125
Other	5,642	11,650	(6,007)	(51.6)	7,637
Total long-term liabilities	44,567	35,000	9,567	27.3	42,762
Total liabilities	135,090	98,479	36,610	37.2	162,410
Minority interests	-	530	-	-	670
(SHAREHOLDERS' EQUITY)					
Common stock	-	5,483	-	-	5,483
Capital surplus	-	15,281	-	-	15,288
Retained earnings	-	74,629	-	-	78,388
Net unrealized gain on securities	-	1,909	-	-	3,285
Deposit of the treasury stock	-	-	-	-	2
Treasury stock	-	(3,413)	-	-	(21,597)
Total shareholders' equity	-	93,890	-	-	80,850
Total liabilities, minority interests and shareholders' equity	-	192,900	-	-	243,931
(NET ASSETS)					
Shareholders' Equity					
Common stock	5,483	-	-	-	-
Capital surplus	15,721	-	-	-	-
Retained earnings	76,864	-	-	-	-
Treasury stock	(19,826)	-	-	-	-
Deposit of the treasury stock	5	-	-	-	-
Total shareholders' equity	78,246	-	-	-	-
Valuation & Translation Adjustments					
Net unrealized gain on securities	2,690	-	-	-	-
Foreign currency translation adjustments	0	-	-	-	-
Total Valuation & Translation Adjustments	2,690	-	-	-	-
Minority Interests					
	691	-	-	-	-
Total net assets	81,628	-	-	-	-
Total liabilities and net assets	216,719	-	-	-	-

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
	millions of yen	millions of yen	millions of yen
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	(1,797)	(3,756)	4,318
Depreciation and amortization	3,415	3,682	15,735
Decrease in allowances	(231)	(175)	(80)
Decrease in accounts receivable-trade	37,492	38,461	4,477
Increase in inventories	(12,393)	(11,742)	(4,105)
Decrease (Increase) in accounts payable-trade	(19,284)	(17,567)	14,247
Other-net	(2,416)	(4,859)	(12,466)
Subtotal	4,784	4,041	22,127
Interest and dividend received	127	120	172
Interest paid	(66)	(64)	(472)
Income taxes paid	(2,948)	(1,804)	(2,850)
Net cash provided by operating activities	1,896	2,292	18,977
Cash flows from investing activities			
Purchases of property and equipment	(1,025)	(1,078)	(7,735)
Purchases of intangible fixed assets	(3,005)	(1,616)	(11,381)
Purchases of investment securities	(4,719)	(12)	(787)
Other-net	68	72	600
Net cash used in investing activities	(8,682)	(2,634)	(19,303)
Cash flows from financing activities			
Net Increase (Decrease) in short-term borrowings	1,160	(24)	4,966
Proceeds from long-term loans payable	3,800	-	13,800
Repayments of long-term loans payable	(25)	(1,025)	(8,446)
Net (Decrease) Increase in commercial paper	(6,000)	(1,000)	14,000
Proceeds from sales of treasury stock	2,170	-	-
Cash dividends paid	(336)	(375)	(793)
Other-net	(19)	(51)	(18,357)
Net cash (used in) provided by financing activities	749	(2,476)	5,169
Effect of exchange rate changes on cash and cash equivalents	0	-	-
Net (Decrease) Increase in cash and cash equivalents	(6,036)	(2,818)	4,843
Cash and cash equivalents, beginning of period	30,827	25,983	25,983
Cash and cash equivalents, end of period	24,790	23,165	30,827

Production, Orders Received and Sales

(1) Orders received

	Orders		Backlog	
	Three months ended June 30, 2006	Percent change from three months ended June 30, 2005	Three months ended June 30, 2006	Percent change from three months ended June 30, 2005
	Millions of yen	%	Millions of yen	%
Services	43,499	+48.2	97,659	+11.0
Software	4,638	+34.3	14,361	-10.0
Hardware	8,115	+7.2	18,495	+7.5
Total	56,253	+39.3	130,515	+7.8

Notes) 1. Backlog is the amount expected to be filled within a year.

2. The above amounts do not include consumption tax.

(2) Sales

	Three months ended June 30, 2006	Percent change from three months ended June 30, 2005
	Millions of yen	%
Services	33,945	+6.9
Software	6,978	+13.1
Hardware	12,423	+25.5
Total	53,347	+11.6

Note) The above amounts do not include consumption tax.