

Consolidated Financial Report for the Six-Month Period Ended September 30, 2006

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section, Code 8056 (URL <http://www.unisys.co.jp>)
 --Representative: Katsuto Momii, President & CEO
 --Date of the Meeting of the Board of Directors to Settle Interim Accounts: October 31, 2006
 --Parent Company: Mitsui & Co., Ltd. (Code Number: 8031) Voting Rights: 31.9%
 --Adoption of the U.S. GAAP: None

1. Business Results for the Six-Month Period Ended September 30, 2006 (from April 1, 2006 to September 30, 2006)

(1) Results of operations

| | Net Sales | Change | Operating Income | Change | Recurring Profit | Change |
|---------------------------|-----------------|--------|------------------|--------|------------------|--------|
| | millions of yen | % | millions of yen | % | millions of yen | % |
| Six Months Ended 9/30/06 | 136,526 | 1.5 | 795 | 64.6 | 1,116 | 134.9 |
| Six Months Ended 9/30/05 | 134,528 | (3.2) | 483 | (86.8) | 475 | (87.4) |
| Fiscal Year Ended 3/31/06 | 317,486 | | 5,065 | | 4,870 | |

| | Net Income | Change | Earnings per Share | Diluted Earnings per Share |
|---------------------------|-----------------|--------|--------------------|----------------------------|
| | millions of yen | % | yen | yen |
| Six Months Ended 9/30/06 | 574 | 793.0 | 6.04 | 6.00 |
| Six Months Ended 9/30/05 | 64 | (94.1) | 0.61 | 0.61 |
| Fiscal Year Ended 3/31/06 | 1,889 | | 17.77 | 17.71 |

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

Current interim period: - million yen
 Previous interim period: - million yen
 Previous fiscal year: - million yen
 Current interim period: 95,053,013 shares
 Previous interim period: 105,660,498 shares
 Previous fiscal year: 104,674,855 shares

2. Average number of shares outstanding (consolidated)

3. Change in accounting policies: None

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

(2) Financial standings

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity per Share |
|--------------------|-----------------|----------------------|----------------------------|--------------------------------|
| | millions of yen | millions of yen | % | yen |
| September 30, 2006 | 234,438 | 83,772 | 35.4 | 866.44 |
| September 30, 2005 | 234,063 | 96,674 | 41.3 | 914.89 |
| March 31, 2006 | 243,931 | 80,850 | 33.1 | 857.54 |

Note) Number of shares outstanding (consolidated)
 September 30, 2006: 95,780,092 shares
 September 30, 2005: 105,666,331 shares
 March 31, 2006: 94,244,634 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 |
| Six Months Ended 9/30/06 | (5,735) | (19,511) | 21,320 | 26,901 |
| Six Months Ended 9/30/05 | 3,248 | (7,808) | 3,610 | 25,034 |
| Fiscal Year Ended 3/31/06 | 18,977 | (19,303) | 5,169 | 30,827 |

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

Number of consolidated subsidiaries: 11

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 1 Equity method: Increase 0 Decrease 0

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

| | Net Sales | Operating Income | Recurring Profit | Net Income |
|-----------|-----------------|------------------|------------------|-----------------|
| | millions of yen | millions of yen | millions of yen | millions of yen |
| Full-Year | 327,000 | 6,000 | 5,900 | 3,100 |

Reference) Expected earnings per share (full-year basis): 32.37 yen

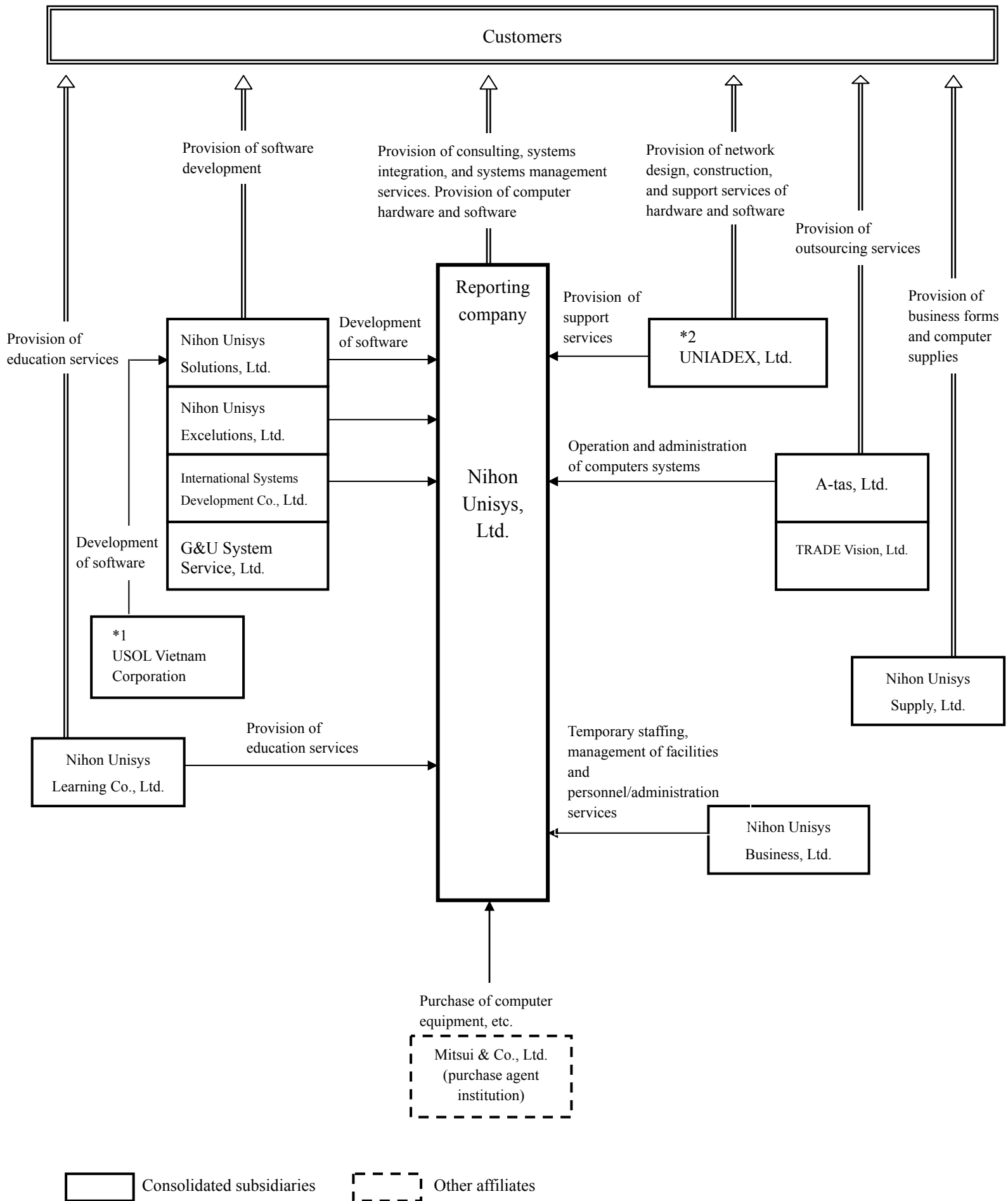
Notes) 1. All amounts less than one million yen are rounded down.

2. 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 8.

***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:



*1 USOL Vietnam Corporation was established on June 1, 2006 and was consolidated from the interim period under review.
 *2 Effective as of July 1, 2006, Nihon Unisys Information Systems, Ltd. was consolidated with UNIADDEX, Ltd.

2. Business Management Policy

(1) Fundamental policies, strategies and financial target

<Management philosophy, vision, strategies>

Nihon Unisys Group has been blazing a trail over the years in the field of computing in Japan upholding as its management philosophy of “Clients first through the pursuit of higher quality and advanced technologies”, “respect for individuals and emphasis on team work”, and “attractive company for society, clients, shareholders, and employees.” Their implementation is instrumental to the growth of the company.

Today, information systems are indispensable for business management and are utilized in a variety of ways in different sectors of society. We, as Nihon Unisys Group, aim to meet the computing needs of the times and grow together with our clients going into the future by sharing values with them. The future vision of our Group and our company goals are as follows:

Future vision

“Outgrow to high-growth group of enterprise” through sharing of values based on “U & U (Users & Unisys) thinking”

Company goals

- A leading enterprise comprised of leading businesspersons
We aim to be a first-class enterprise with good performance and points of appeal, comprised of first-rate businesspersons with high principles and excellent personalities.
- An enterprise that behaves in a free and open-minded manner, as do our employees
We place value on communication to support both Group companies and our employees to reach their full potential.
- “Trinity”scheme
Our sales, development, and support services departments unite to form trinity in providing one-stop services for clients.

Strategies

We aim to execute the following basic strategies: “Market strategy” to reinforce our activities across our Group in the focused markets; “Service business strategy” to improve our market competitiveness by shifting from a labor-intensive business model to a knowledge driven one; “Group strategy” to enhance Group’s collective power; and “Human resources strategy” to nurture and retain excellent human resources.

We believe that achieving company goals, delivering the future vision, and sure execution of company strategies would earn evaluation from our stakeholders as an attractive company positioned for continued growth.

<Financial target>

Our financial target for the consolidated revenue is ¥327 billion and for consolidated operating income is ¥6 billion for the year ending March 2007.

(2) Basic policy for appropriation of profit

The Company has been endeavoring to increase management efficiency to both enhance its corporate value by improving profitability and to strengthen the balance sheet. The Company's basic policy for appropriation of profit is to stably pay dividends, while always retaining part of profit as internal reserves to be used to actively plan and develop highly competitive products and make strategic investments.

3. Results of Business Operations and Financial Conditions

1. Results of Business Operations

(1) Overview of the Six-Month Period Ended September 30, 2006

In the first half of the fiscal year under review, the Japanese economy continued its steady recovery trend with improved corporate revenues, increased exports and increased in capital investments. In the IT industry, corporate IT investments are gradually recovering, but the business environment continues to be severe due to downward cost pressures from increased competition.

Under these circumstances, the Nihon Unisys Group continued its business reforms to become an all-round IT trading company under the future vision “Challenge towards 500 Billion Yen in Net Sales by ‘Rebirth into a High Growth Corporate Group’ via Value Sharing of ‘U&U (Users & Unisys).’” We have been planning and implementing measures for our challenge towards growth by establishing four main pillars of growth, “R&D Enhancement,” “M&A Promotion,” “Global Deployment” and “Enhanced Collaboration with Mitsui & Co.” The Nihon Unisys Group aims to share values with our customers and continues its activities to grow with our customers.

As for business strategy, we clearly positioned the horizontal functions that work closely with our business units and that enable them to proceed with their business activities in a more efficient and effective manner. The horizontal organizations are Business Development, which uses a consulting approach for solving business issues to proceed with business and promotes and enhances the links for cross-group focus businesses, Product Planning, which plans product strategies and plans/promotes strategic products, and Technology Research & Innovation, which aims to enhance our technical abilities and to acquire the latest technologies. By establishing these horizontal organizations, we aim to enhance our marketing and technical capabilities. We have also established the Quality Assurance department to ensure the overall quality of the services and products that the Group provides to our customers. The Nihon Unisys Group will continue its efforts for improvement so that our customers can say that they feel safe in entrusting their work to us.

In parallel with these efforts, we have been strengthening our project management structure for entrusted development. By further enforcing the reviewing of each project at the proposal phase, we aim to suppress the occurrence of new cost overrun projects. Also, we are proceeding with the enhancement of a development project review structure for improving the return on investment of development investments.

As for business development, we continue to provide one-stop services from an ‘upstream approach’ for solving our customers’ business issues to ‘development’ and ‘operations and support’ by group collaboration. By integrating these ‘sales’, ‘development’ and ‘support’ functions as a group ‘Trinity’, we have enhanced our organization to provide seamless services.

As for the system services business, we have continued to improve development productivity methods for better productivity and to make external procurement costs more efficient, in addition to

enhancing our project management structure and developing the required highly skilled engineers by increasing the number of certified project managers. Furthermore, in order to quickly and flexibly respond to environmental changes and to collaborate with our customers to solve business problems, we have adopted an approach that includes the methodologies and templates for information systems, '3D-VE™ (3D Visible Enterprise™)', and we will proceed with the development of new customer services that make use of intellectual assets.

Also, in the financial industry, the latest open core banking system 'BankVision®,' with full-scale adoption of new technologies on the Windows® environment, has been highly evaluated for its innovation, availability, stability, security and expandability, which has led to further unofficial and official orders.

In the airline industry, the migration of Japan's largest mission-critical domestic passenger reservation system which handles 'reservation-ticketing-boarding' to open technology has been decided. We believe that this proves our Group's superior capabilities in the open system development/technology area.

Also, Cambridge Technology Partners became a member of the Nihon Unisys Group, to bolster our consulting capabilities. We have been aggressive in such M&A activities.

In addition, the Nihon Unisys Group regards its employees to be the source of the high level services which we provide to our customers. In accordance with this idea, we have been implementing measures to hire and retain superior personnel, such as improving the work environment. As one of those measures, we made a major revision to our child care rules. The objective of this measure is for the company to respond to the need of society which is the need for measures to counter low birthrates and the aging population. Also, from the viewpoint of acquiring personnel, we established USOL Vietnam Corporation specializing in offshore development in Hanoi, Socialist Republic of Vietnam, in order to respond to the increasing orders for system development and to acquire highly skilled overseas IT engineers.

As of July 1, 2006, UNIADEX, Ltd. absorbed and merged with Nihon Unisys Information Systems, Ltd. with the objective of complementing their network businesses and internet businesses.

As for the consolidated results for the first half of the year under review, total net sales were ¥136,526 million (up 1.5% year-on-year), due to an increase in service revenues centered on system services. As for profits, some cost overrun projects occurred and software profitability was lower, but various expenses were decreased so that operating income was ¥795 million (up 64.6% year-on-year), recurring profit was ¥1,116 million (up 134.9% year-on-year) and interim net income was ¥574 million (up 793.0% year-on-year). In terms of sales composition, service revenues increased by ¥2,625 million to ¥86,608 million (up 3.1% year-on-year), due to buoyant system services. On the other hand, software revenue declined by ¥255 million to ¥19,185 million (down 1.3% year-on-year), mainly due to a drop in mainframe related revenues. For hardware revenue, we obtained revenue from some large

contracts, but revenues from rentals were in a downward trend so that the resulting sales dropped by ¥371 million to ¥30,732 million (down 1.2% year-on-year).

In terms of sales composition, services accounted for 63.4%, compared with 62.4% in the previous year, software represented 14.1%, down from 14.5% a year earlier, and hardware the remaining 22.5%, down from 23.1% the previous year.

We will pay a ¥3.75 per share dividend for the first half of the current fiscal year, unchanged from the previous year, giving due consideration to the earnings outlook for the entire year as well as to providing shareholders with stable returns on their investments.

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

*3D-VE and 3D Visible Enterprise are trademarks of Unisys Corporation

(2) Outlook for the Entire Fiscal Year

For the entire year, the group expects net sales of ¥327.0 billion, as originally projected, with service sales faring well, although prices of hardware and software will likely decline.

With regard to profits, profitability is expected to improve in the latter half of the year as originally projected. However, since some expenses are expected to slightly increase, we expect operating income to be ¥6 billion as originally projected, recurring profit to be ¥5.9 billion due to improvements in non-operating income and expenses, and net income for the period to be ¥3.1 billion.

2. Financial Condition

Cash and cash equivalents for the interim period ended September 30, 2006 were ¥26,901 million, down ¥3,926 million from the beginning of the year. During the term, cash expenditures related to the payment of licensing fees etc. to Unisys Corporation and purchases of computers for business activities etc. were covered by financing activities, principally new borrowings.

(Cash Flows from Operating Activities)

Net cash generated by operating activities were: ¥862 million in interim net income before income taxes and minority interests (up ¥514 million year-on-year), ¥6,834 million in depreciation and amortization (down ¥469 million year-on-year) which is a non-cash expense, and ¥21,111 million in reduction of accounts receivable as a result of their collection (up ¥4,658 million year-on-year). Net cash from operating activities was an expenditure of ¥5,735 million (compared to revenues of ¥3,248 million at the same period of the previous year), as a result of a reduction in purchasing accounts payable including license fee related expenses of ¥22,408 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities include: ¥2,235 million paid to acquire property and equipment, primarily computers for business activities (up ¥48 million year-on-year), ¥9,414 million paid to

acquire intangible fixed assets, primarily development of software used for outsourcing (up ¥3,733 million year-on-year), and ¥7,943 million paid to acquire investment securities (up ¥7,902 million year-on-year). As a result, net cash used in investing activities was ¥19,511 million (up ¥11,703 million year-on-year).

(Cash Flows from Financing Activities)

Net cash provided by financing activities was ¥21,320 million (up ¥17,710 million year-on-year), which includes a net increase in short term loans worth ¥11,420 million (up ¥11,404 million year-on-year) and long term loans worth ¥8,600 million (up ¥8,600 million year-on-year).

| | Six Months Ended September 2006 | Six Months Ended September 2005 | Six Months Ended September 2004 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Shareholders' equity ratio (%) | 35.4 | 41.3 | 46.3 |
| Shareholders' equity ratio at market value basis (%) | 86.4 | 50.2 | 43.3 |
| Number of years before repayment of debts (years) | - | 6.9 | 2.0 |
| Interest coverage ratio | - | 13.3 | 36.3 |

(Notes)

Shareholders' equity ratio = shareholders' equity/total assets

Shareholders' equity ratio based on market value = market valuation/total assets

Number of years before repayment of debts = interest-bearing debts/cash provided by operations

Interest coverage ratio = cash provided by (used in) operating activities/interest payments

* All of the above indices are calculated based on consolidated financial results.

3. Risks in Business Operations

Major risks involved with the Group's businesses go as follows:

(1) Influences by an economy trend and market environment

In the information service industry the Group inhabits, service prices have been on the continued decline because corporate users have been solidifying their stances to reduce costs and focus on ROI (Return on Investments), though IT investments by corporations have been on the upward trend. In this market circumstance, any occurrence of serious situations such as delayed responses in technological innovations, intensified price competitions beyond ordinary imagination may affect the financial conditions and business results of the Company.

(2) Project management risks

The Group concurrently promotes many projects of system developments. In a business environment of intensified competitions, however, there are explosively increasing hard-to-handle projects with features of being installation-term-shortened, scale-enlarged, or complicated. Once there occurs a problem in the development process of any project, a large sum of money will be sure to be consumed for repair operations, which may result in a failed deficit project with possible revenues outnumbered by development cost. To avoid such risks, we have implemented effective measures to prevent and earlier spot deficit-ridden cases by intensifying the project management system.

(3) Risks exposed to fluctuations in foreign exchange rates

The Company is a wholesale agent here in Japan in sales of Unisys-made computers and other products, and handles the businesses of import and sales of those computers in the national territory of Japan. Thus, the Group's purchase in foreign-currency denomination totaled to ¥5,721 million for the six-month term ended September 2006, which purchase may be exposed to fluctuations in foreign exchange rates. To avoid such risks, the Company places risk-hedging measures through exchange contracts.

(4) Information control risks

The Group has many opportunities to access to confidential personal and/or corporate information, including its own one, by way of our business activities of developing and/or providing information systems. Therefore, we regard it at the top priority issue to keep information in strict confidence, because we inhabit in the information industry. To cope with even a micro-scale possibility of information leakage out of an emergency case beyond ordinary imagination, we have indeed placed, on such possible cases, insurance contracts with insurance money piled up to some extent. However, in the case that damage-repairing expenses outnumber the contract-coverage amount, or in the case that the leakage has made the Group's social reputation fall to the ground, there will be a serious possibility of affecting the business results.

(5) Intellectual property risks

The Group use intellectual property right concerning a great number of computer programs on the routine work of promoting business operations. Thus, any failure in acquisition or maintenance of property right licenses, on the contrary to prefixed schedules, may affect the Group's business activities.

In addition, there will be a possibility that the Group may be one of parties concerned with intellectual right litigation on computer programs, and as a result, any occurrence of incurred expenses may affect the Group's business records.

(6) Natural disaster risks

In the case that those natural disasters such as earthquakes have done destructive damages and losses to major business bases of the Group, a huge amount of repair or replacement expenses may be needed, concurrently give huge-scale impacts on sales and other business activities, and ultimately affect the Group's business records.

(7) Relations with important affiliated companies

We are a representative agent in sale of Unisys Corporation-made computers and other products. We handle the import, sale and maintenance services of those computers and other products here within the national territory of Japan, while Unisys Corporation grants us the use of its trademark, technical information and assistance. The trading relationship with Unisys Corporation has been steady but if the relationship becomes difficult and cannot be sustained, it would have a material impact on the Group's business results.

4. Consolidated Financial Statements**CONSOLIDATED STATEMENTS OF INCOME**

| | Six months ended September 30, 2006 | Six months ended September 30, 2005 | Year ended March 31, 2006 |
|---|--|--|------------------------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| Net sales | 136,526 | 134,528 | 317,486 |
| Cost of sales | 109,269 | 104,205 | 248,552 |
| Gross profit | 27,257 | 30,322 | 68,934 |
| Selling, general and administrative expenses | 26,462 | 29,839 | 63,868 |
| Operating income | 795 | 483 | 5,065 |
| Non-operating income | | | |
| Interest and dividend income | 153 | 134 | 170 |
| Gain on sales of listed securities | 53 | 60 | 169 |
| Foreign exchange income | 322 | - | - |
| Other | 103 | 108 | 263 |
| Non-operating expenses | | | |
| Interest expense | 293 | 230 | 457 |
| Other | 18 | 80 | 341 |
| Recurring profit | 1,116 | 475 | 4,870 |
| Extraordinary gains | | | |
| Gain on sale of fixed assets | 2 | 10 | 225 |
| Other | 21 | 25 | 18 |
| Extraordinary losses | | | |
| Loss on sales and disposals of fixed assets | 17 | 40 | 63 |
| Loss on devaluation of investment securities | 258 | 116 | 132 |
| Other | 2 | 7 | 599 |
| Income before income taxes and minority interests | 862 | 348 | 4,318 |
| Income taxes-current | 1,622 | 896 | 3,662 |
| Income taxes-deferred | (1,414) | (638) | (1,326) |
| Minority interests in net income | 80 | 25 | 93 |
| Net income | 574 | 64 | 1,889 |

CONSOLIDATED BALANCE SHEETS

| | September 30, 2006 | September 30, 2005 | March 31, 2006 |
|--|-----------------------|-----------------------|-------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| (ASSETS) | | | |
| Current assets | | | |
| Cash and time deposits | 26,911 | 25,044 | 30,837 |
| Notes receivable and accounts receivable-trade | 59,597 | 68,696 | 80,709 |
| Inventories | 26,954 | 23,515 | 19,321 |
| Deferred tax assets | 10,759 | 8,417 | 10,372 |
| Prepaid expenses | 11,387 | 17,262 | 17,109 |
| Other | 1,520 | 2,097 | 1,477 |
| Allowance for the doubtful debts | (42) | (84) | (63) |
| Total current assets | 137,088 | 144,950 | 159,763 |
| Fixed assets | | | |
| Property and equipment | | | |
| Machinery, equipment and vehicles | 12,849 | 13,154 | 14,484 |
| Other | 6,671 | 7,085 | 6,845 |
| Total property and equipment | 19,521 | 20,240 | 21,329 |
| Intangible fixed assets | | | |
| Software | 29,180 | 21,828 | 23,020 |
| Other | 25 | 125 | 28 |
| Total intangible fixed assets | 29,206 | 21,953 | 23,049 |
| Investments and other assets | | | |
| Investment securities | 18,093 | 9,088 | 11,295 |
| Deferred tax assets | 8,318 | 9,539 | 7,262 |
| Prepaid pension costs | 11,261 | 11,174 | 10,455 |
| Other | 11,593 | 17,630 | 11,428 |
| Allowance for doubtful debts | (644) | (514) | (653) |
| Total investments and other assets | 48,622 | 46,918 | 39,787 |
| Total fixed assets | 97,350 | 89,112 | 84,167 |
| Total assets | 234,438 | 234,063 | 243,931 |

| | September 30, 2006 | September 30, 2005 | March 31, 2006 |
|--|-----------------------|-----------------------|-------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| (LIABILITIES) | | | |
| Current liabilities | | | |
| Notes payable and accounts payable-trade | 31,412 | 55,271 | 53,819 |
| Short-term borrowings | 17,380 | 1,010 | 5,960 |
| Current portion of long-term loans payable | 2,237 | 5,244 | 2,050 |
| Commercial paper | 20,000 | 14,000 | 20,000 |
| Income taxes payable | 894 | 722 | 3,050 |
| Accrued expenses | 12,276 | 11,643 | 14,809 |
| Allowances | 1,093 | 940 | 1,303 |
| Other | 18,442 | 16,421 | 18,654 |
| Total current liabilities | 103,736 | 105,253 | 119,648 |
| Long-term liabilities | | | |
| Bonds | 8,000 | 8,000 | 8,000 |
| Long-term loans payable | 34,800 | 14,637 | 27,125 |
| Deferred tax liabilities | 199 | 894 | 524 |
| Allowance for retirement and severance benefits | 1,347 | 1,768 | 1,501 |
| Other allowances | 350 | 513 | 457 |
| Other | 2,232 | 5,719 | 5,153 |
| Total long-term liabilities | 46,929 | 31,534 | 42,762 |
| Total liabilities | 150,665 | 136,788 | 162,410 |
| Minority interests | — | 600 | 670 |
| (SHAREHOLDERS' EQUITY) | | | |
| Common stock | — | 5,483 | 5,483 |
| Capital surplus | — | 15,282 | 15,288 |
| Retained earnings | — | 76,959 | 78,388 |
| Net unrealized gain on securities | — | 2,353 | 3,285 |
| Deposit of the execution of stock option rights | — | 0 | 2 |
| Treasury stock | — | (3,406) | (21,597) |
| Total shareholders' equity | — | 96,674 | 80,850 |
| Total liabilities, minority interests and shareholders' equity | — | 234,063 | 243,931 |

| | September 30, 2006 | September 30, 2005 | March 31, 2006 |
|---|-----------------------|-----------------------|-------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| (NET ASSETS) | | | |
| Shareholders' equity | | | |
| Common stock | 5,483 | — | — |
| Capital surplus | 15,600 | — | — |
| Retained earnings | 78,580 | — | — |
| Treasury stock | (19,446) | — | — |
| Deposit of the treasury stock | 38 | — | — |
| Total shareholders' equity | 80,255 | — | — |
| Valuation and translation adjustments | | | |
| Net unrealized gain on securities | 2,769 | — | — |
| Deferred gain and losses on hedges | 1 | — | — |
| Foreign currency translation adjustments | 0 | — | — |
| Total valuation and translation adjustments | 2,770 | — | — |
| Minority interests | 746 | — | — |
| Total net assets | 83,772 | — | — |
| Total liabilities and net assets | 234,438 | — | — |

CONSOLIDATED STATEMENTS OF RATINED EARNINGS

| | Six months ended September 30, 2006 | Six months ended September 30, 2005 |
|--|--|--|
| | Millions of yen | Millions of yen |
| (Capital surplus) | | |
| Capital surplus at beginning of period | 15,281 | 15,281 |
| Increase in capital surplus | 0 | 6 |
| Gain on sales of treasury stock | 0 | 6 |
| Capital surplus at end of period | 15,282 | 15,288 |
| (Retained earnings) | | |
| Retained earnings at beginning of period | 77,390 | 77,390 |
| Increase in retained earnings | 64 | 1,889 |
| Net income | 64 | 1,889 |
| Decrease in retained earnings | 495 | 891 |
| Cash dividends | 396 | 792 |
| Bonuses to directors | 99 | 99 |
| Retained earnings at end of period | 76,959 | 78,388 |

CONOSLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Six months period ended September 30, 2006 (2006.4.1~2006.9.30)

| | Shareholders' equity | | | | | |
|--|----------------------|-----------------|-------------------|-----------------|---|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Deposit of the execution of stock option rights | Total shareholders' equity |
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Balance at March 31, 2006 | 5,483 | 15,288 | 78,388 | (21,597) | 2 | 77,565 |
| Changes during first half of fiscal year ending March 31, 2007 | | | | | | |
| Cash dividends for surplus* | | | (353) | | | (353) |
| Bonuses to directors* | | | (28) | | | (28) |
| Net income | | | 574 | | | 574 |
| Purchase of treasury stock | | | | (0) | | (0) |
| Disposal of treasury stock | | 448 | | 1,722 | | 2,170 |
| Execution of stock option rights | | (135) | | 428 | (2) | 289 |
| Deposit of the execution of stock option rights | | | | | 38 | 38 |
| Net changes during first half of fiscal year ending March 31, 2007 in items other than those in shareholders' equity | | | | | | — |
| Total changes during first half of fiscal year ending March 31, 2007 | — | 312 | 191 | 2,150 | 35 | 2,690 |
| Balance at September 30, 2006 | 5,483 | 15,600 | 78,580 | (19,446) | 38 | 80,255 |

* Appropriation of profit as resolved in the general shareholders' meeting held in June 2006.

Six months period ended September 30, 2006 (2006.4.1~2006.9.30)

| | Valuation and translation adjustments | | | | Minority interests | Total net assets |
|--|---------------------------------------|-------------------------------------|-------------------------|---|--------------------|------------------|
| | Net unrealized gain on securities | Deferred gains and losses on hedges | Translation adjustments | Total valuation and translation adjustments | | |
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Balance at March 31, 2006 | 3,285 | — | — | 3,285 | 670 | 81,520 |
| Changes during First half of fiscal year ending March 31, 2007 | | | | | | |
| Cash dividends for surplus* | | | | | | (353) |
| Bonuses to directors* | | | | | | (28) |
| Net income | | | | | | 574 |
| Purchase of treasury stock | | | | | | (0) |
| Disposal of treasury stock | | | | | | 2,170 |
| Execution of stock option rights | | | | | | 289 |
| Deposit of the execution of stock option rights | | | | | | 38 |
| Net changes during first half of fiscal year ending March 31, 2007 in items other than those in shareholders' equity | (515) | 1 | 0 | (514) | 75 | (438) |
| Total changes during first half of fiscal year ending March 31, 2007 | (515) | 1 | 0 | (514) | 75 | 2,251 |
| Balance at September 30, 2006 | 2,769 | 1 | 0 | 2,770 | 746 | 83,772 |

* Appropriation of profit as resolved in the general shareholders' meeting held in June 2006.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Six months ended September 30, 2006 | Six months ended September 30, 2005 | Year ended March 31, 2006 |
|--|--|--|------------------------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | 862 | 348 | 4,318 |
| Depreciation and amortization | 6,834 | 7,304 | 15,735 |
| Gain on sales of investment securities | (53) | (60) | (169) |
| Decrease in allowances | (501) | (238) | (80) |
| Decrease in accounts receivable-trade | 21,111 | 16,453 | 4,477 |
| Increase in inventories | (7,632) | (8,299) | (4,105) |
| Decrease (increase) in accounts payable-trade | (22,408) | 15,695 | 14,247 |
| Other-net | (206) | (25,582) | (12,296) |
| Subtotal | (1,994) | 5,619 | 22,127 |
| Interests and dividend received | 152 | 135 | 172 |
| Interest paid | (272) | (243) | (472) |
| Income taxes paid | (3,620) | (2,261) | (2,850) |
| Net cash used in operating activities | (5,735) | 3,248 | 18,977 |
| Cash flows from investing activities: | | | |
| Payments for purchases of property and equipment | (2,235) | (2,187) | (7,735) |
| Proceeds from sales of property and equipment | 11 | 30 | 338 |
| Payments for purchase of intangible fixed assets | (9,414) | (5,680) | (11,381) |
| Payments for purchases of investment securities | (7,943) | (40) | (787) |
| Proceeds from sales of investment securities | 69 | 69 | 299 |
| Other-net | 0 | (0) | (37) |
| Net cash used in investing activities | (19,511) | (7,808) | (19,303) |
| Cash flows from financing activities: | | | |
| Net increase in short-term borrowings | 11,420 | 16 | 4,966 |
| Proceeds from long-term loans payable | 8,600 | — | 13,800 |
| Repayments of long-term loans payable | (737) | (3,939) | (8,446) |
| Net increase in commercial paper | — | 8,000 | 14,000 |
| Sale of treasury stock | 2,170 | — | — |
| Purchase of treasury stock | (0) | (0) | (18,263) |
| Proceeds from exercise of stock options | 328 | 9 | 88 |
| Cash dividends paid | (352) | (395) | (793) |
| Other-net | (107) | (78) | (181) |
| Net cash provided by financing activities | 21,320 | 3,610 | 5,169 |
| Effect of exchange rate changes on cash and cash equivalents | 0 | — | — |
| Net decrease (increase) in cash and cash equivalents | (3,925) | (949) | 4,843 |
| Cash and cash equivalents, beginning of period | 30,827 | 25,983 | 25,983 |
| Cash and cash equivalents, end of period | 26,901 | 25,034 | 30,827 |

5. Production, Orders and Sales

(1) Production

| | Six months ended September 30, 2006 | Percent change from the six months ended September 30, 2005 |
|-----------------|--|--|
| | Millions of yen | % |
| System services | 45,016 | + 15.0% |
| Software | 11,022 | + 43.5% |
| Total | 56,039 | + 19.7% |

(2) Orders received

| | Orders | | Backlog | |
|----------|--|--|--|---|
| | Six months ended September 30, 2006 | Percent change from the six months ended September 30, 2005 | Six months ended September 30, 2006 | Percent change from the six months ended September 30, 2005 |
| | Millions of yen | % | Millions of yen | % |
| Services | 101,974 | +19.2 | 103,052 | +11.0 |
| Software | 14,959 | (16.7) | 14,370 | (16.9) |
| Hardware | 23,243 | (40.4) | 17,982 | +6.5 |
| Total | 140,178 | (1.6) | 135,405 | +6.6 |

Notes) Backlog is the amount expected to be filled within a year.
Orders and backlog are calculated on contracts.

(3) Sales

| | Six months ended September 30, 2006 | Percent change from the six months ended September 30, 2005 |
|----------|--|--|
| | Millions of yen | % |
| Services | 86,608 | +3.1 |
| Software | 19,185 | (1.3) |
| Hardware | 30,732 | (1.2) |
| Total | 136,526 | +1.5 |

Non-Consolidated Financial Report for the Six-Month Period Ended September 30, 2006

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section, Code 8056 (URL <http://www.unisys.co.jp>)
 --Representative: Katsuto Momii, President & CEO
 --Date of the Meeting of the Board of Directors to Settle Interim Accounts: October 31, 2006
 --Interim dividends plan: Exist
 --The interim dividend will be paid starting from December 8, 2006
 --Trading unit share plan: Exist (100 shares per trading unit share)

1. Business Results for the Six-Month Period Ended September 30, 2006 (from April 1, 2006 to September 30, 2006)

(1) Results of operations

| | Net Sales | Change | Operating Income | Change | Recurring Profit | Change |
|---------------------------|-----------------|--------|------------------|--------|------------------|--------|
| | millions of yen | % | millions of yen | % | millions of yen | % |
| Six Months Ended 9/30/06 | 103,065 | (0.1) | (1,443) | - | 2,806 | - |
| Six Months Ended 9/30/05 | 103,186 | (3.2) | (2,446) | - | (1,049) | - |
| Fiscal Year Ended 3/31/06 | 250,230 | | (2,734) | | (1,195) | |

| | Net Income | Change | Earnings per Share |
|---------------------------|-----------------|--------|--------------------|
| | millions of yen | % | yen |
| Six Months Ended 9/30/06 | 2,930 | - | 30.83 |
| Six Months Ended 9/30/05 | (356) | - | (3.37) |
| Fiscal Year Ended 3/31/06 | (674) | | (6.61) |

Notes) 1. Average number of shares outstanding
 Current interim period: 95,053,013 shares
 Previous interim period: 105,660,498 shares
 Previous fiscal year: 104,674,855 shares

2. Change in accounting policies: None
 3. Percentages above represent increase (decrease) over a year-ago period.

(2) Financial standings

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity per Share |
|--------------------|-----------------|----------------------|----------------------------|--------------------------------|
| | millions of yen | millions of yen | % | yen |
| September 30, 2006 | 210,456 | 74,239 | 35.3 | 774.70 |
| September 30, 2005 | 210,370 | 87,617 | 41.6 | 829.18 |
| March 31, 2006 | 219,807 | 69,655 | 31.7 | 738.87 |

Notes) 1. Number of shares outstanding
 September 30, 2006: 95,780,092 shares
 September 30, 2005: 105,666,331 shares
 March 31, 2006: 94,244,634 shares

2. Number of treasury stocks
 September 30, 2006: 13,883,432 shares
 September 30, 2005: 3,997,193 shares
 March 31, 2006: 15,418,890 shares

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

| | Net Sales | Operating Income | Recurring Profit | Net Income |
|-----------|-----------------|------------------|------------------|-----------------|
| | millions of yen | millions of yen | millions of yen | millions of yen |
| Full-year | 257,000 | 1,400 | 5,500 | 4,500 |

Reference) Expected earnings per share (full-year basis): 46.98 yen

3. Dividends

Cash Dividends

| | Cash Dividends per Share (Yen) | | |
|---------------------------------------|--------------------------------|----------|--------|
| | Interim | Year-end | Annual |
| Fiscal Year Ended 3/31/06 | 3.75 | 3.75 | 7.5 |
| Fiscal Year Ending 3/31/07 (Actual) | 3.75 | - | 7.5 |
| Fiscal Year Ending 3/31/06 (Forecast) | - | 3.75 | |

Notes) 1. All amounts less than one million yen are rounded down.
 2. 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 8.

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

6. Non-consolidated Financial Statements**NON-CONSOLIDATED STATEMENTS OF INCOME**

| | Six months ended September 30, 2006 | Six months ended September 30, 2005 | Year ended March 31, 2006 |
|---|--|--|------------------------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| Net sales | 103,065 | 103,186 | 250,230 |
| Cost of sales | 86,018 | 84,422 | 204,687 |
| Gross profit | 17,047 | 18,763 | 45,542 |
| Selling, general and administrative expenses | 18,490 | 21,209 | 48,276 |
| Operating income | (1,443) | (2,446) | (2,734) |
| Non-operating income | | | |
| Interest and dividend income | 3,856 | 1,290 | 1,431 |
| Gain on sales of listed securities | 53 | 60 | 169 |
| Foreign exchange income | 340 | — | — |
| Other | 294 | 296 | 634 |
| Non-operating expenses | | | |
| Interest expense | 281 | 209 | 419 |
| Other | 14 | 40 | 277 |
| Recurring profit | 2,806 | (1,049) | (1,195) |
| Extraordinary gains | | | |
| Gain on sale of fixed assets | 0 | 17 | 21 |
| Gain on transfer from allowance for doubtful accounts | 14 | 14 | — |
| Other | 0 | 17 | 17 |
| Extraordinary losses | | | |
| Loss on devaluation of investment securities | 114 | 116 | 116 |
| Loss on devaluation of stocks of affiliated company | 144 | — | — |
| Other | 6 | 30 | 139 |
| Income (loss) before income taxes | 2,556 | (1,146) | (1,411) |
| Income taxes-current | 1,440 | 21 | 51 |
| Income taxes-deferred | (1,814) | (812) | (788) |
| Net income (loss) | 2,930 | (356) | (674) |
| Retained earnings carried forward | — | 50,033 | 50,033 |
| Interim cash dividends | — | — | 396 |
| Unappropriated retained earnings | — | 49,676 | 48,962 |

NON-CONSOLIDATED BALANCE SHEETS

| | September 30, 2006 | September 30, 2005 | March 31, 2006 |
|--|-----------------------|-----------------------|-------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| (ASSETS) | | | |
| Current assets | | | |
| Cash and time deposits | 26,010 | 22,459 | 29,763 |
| Notes receivable and accounts | 44,720 | 55,596 | 62,999 |
| Inventories | 14,361 | 14,494 | 12,096 |
| Prepaid expenses | 8,729 | 14,583 | 14,882 |
| Deferred tax assets | 5,271 | 2,819 | 4,256 |
| Short-term loans receivable | 19,566 | 18,335 | 15,926 |
| Other | 2,866 | 2,364 | 4,266 |
| Allowance for doubtful accounts | (53) | (60) | (68) |
| Total current assets | 121,473 | 130,593 | 144,124 |
| Fixed assets | | | |
| Property and equipment | | | |
| Computers for rental and outsourcing | 12,542 | 12,776 | 14,149 |
| Other | 4,474 | 4,660 | 4,578 |
| Total property and equipment | 17,017 | 17,436 | 18,728 |
| Intangible fixed assets | | | |
| Software | 28,397 | 20,791 | 22,159 |
| Other | 22 | 26 | 24 |
| Total intangible fixed assets | 28,419 | 20,817 | 22,184 |
| Investments and other assets | | | |
| Investment securities | 17,429 | 8,545 | 10,772 |
| Investment in stocks of affiliated company | 2,849 | 2,662 | 2,662 |
| Prepaid pension costs | 6,802 | 6,744 | 6,194 |
| Deferred tax assets | 6,417 | 7,396 | 5,293 |
| Lease deposits | 8,464 | 8,583 | 8,554 |
| Other | 2,096 | 8,070 | 1,816 |
| Allowance for doubtful accounts | (515) | (480) | (523) |
| Total investments and other assets | 43,545 | 41,521 | 34,771 |
| Total fixed assets | 88,983 | 79,776 | 75,683 |
| Total assets | 210,456 | 210,370 | 219,807 |

| | September 30, 2006 | September 30, 2005 | March 31, 2006 |
|---|-----------------------|-----------------------|-------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| (LIABILITIES) | | | |
| Current liabilities | | | |
| Notes payable and accounts payable-trade | 30,302 | 61,185 | 62,757 |
| Short-term borrowings | 16,400 | — | 5,000 |
| Current portion of long-term loans payable | 2,237 | 5,244 | 2,050 |
| Commercial paper | 20,000 | 14,000 | 20,000 |
| Income taxes payable | 569 | 81 | 171 |
| Accrued expenses | 6,550 | 3,827 | 4,798 |
| Allowances | 904 | 681 | 784 |
| Other | 15,378 | 11,593 | 16,689 |
| Total current liabilities | 92,342 | 96,612 | 112,250 |
| Long-term liabilities | | | |
| Bonds | 8,000 | 8,000 | 8,000 |
| Long-term loans payable | 34,800 | 14,637 | 27,125 |
| Allowances | 237 | 371 | 284 |
| Other | 838 | 3,131 | 2,491 |
| Total long-term liabilities | 43,875 | 26,140 | 37,901 |
| Total liabilities | 136,217 | 122,753 | 150,152 |
| (SHAREHOLDERS' EQUITY) | | | |
| Common stock | — | 5,483 | 5,483 |
| Capital surplus | | | |
| Additional paid-in capital | — | 15,281 | 15,281 |
| Other capital surplus | — | 0 | 6 |
| Total capital surplus | — | 15,282 | 15,288 |
| Retained earnings | | | |
| Legal reserve | — | 1,370 | 1,370 |
| Voluntary reserve | — | 16,921 | 16,921 |
| Unappropriated retained earnings | — | 49,676 | 49,636 |
| Total retained earnings | — | 67,968 | 67,254 |
| Net unrealized gain on securities | — | 2,287 | 3,224 |
| Deposit of the execution of stock option rights | — | 0 | 2 |
| Treasury stock-at cost | — | (3,406) | (21,597) |
| Total shareholders' equity | — | 87,617 | 69,655 |
| Total liabilities and shareholders' equity | — | 210,370 | 219,807 |

| | September 30, 2006 | September 30, 2005 | March 31, 2006 |
|---|-----------------------|-----------------------|-------------------|
| | Millions of yen | Millions of yen | Millions of yen |
| (NET ASSETS) | | | |
| Shareholders' equity | | | |
| Common stock | 5,483 | — | — |
| Capital surplus | | | |
| Additional paid-in capital | 15,281 | — | — |
| Other capital surplus | 318 | — | — |
| Total capital surplus | 15,600 | — | — |
| Retained earnings | | | |
| Legal reserve | 1,370 | — | — |
| Other retained earnings | | | |
| Voluntary reserve | 15,945 | — | — |
| Retained earnings carried forward | 52,497 | — | — |
| Total retained earnings | 69,813 | — | — |
| Treasury stock-at cost | (19,446) | — | — |
| Deposit of the execution of stock option rights | 38 | — | — |
| Total shareholders' equity | 71,489 | — | — |
| Valuation and translation adjustments | | | |
| Net unrealized gain on securities | 2,748 | — | — |
| Deferred gain and losses on hedges | 1 | — | — |
| Total valuation and translation adjustments | 2,749 | — | — |
| Total net assets | 74,239 | — | — |
| Total liabilities and net assets | 210,456 | — | — |

(Notes)

| | Sept. 30, 2006 | Sept. 30, 2005 | Mar. 31, 2006 |
|---|--------------------|--------------------|--------------------|
| 1. Property and equipment | | | |
| Accumulated depreciation and amortization | 68,910 million yen | 71,907 million yen | 70,059 million yen |
| 2. Contingent liabilities | 2,354 million yen | 2,993 million yen | 2,663 million yen |
| 3. Accounting procedure of notes matured on the first half period end day | | | |
| Notes matured on the end day of this first half period were processed by deeming that they were settled on their day of maturity, the end day of this first half period that fell on a holiday of financial institutions. | | | |

| | Sept. 30, 2006 |
|---------------|----------------|
| Notes payable | 11 million yen |

NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Six months period ended September 30, 2006 (2006.4.1~2006.9.30)

| | Shareholders' equity | | | |
|--|----------------------|----------------------------|-----------------------|-----------------------|
| | Common stock | Capital surplus | | |
| | | Additional paid-in capital | Other capital surplus | Total capital surplus |
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Balance at March 31, 2006 | 5,483 | 15,281 | 6 | 15,288 |
| Changes during First half of fiscal year ending March 31, 2007 | | | | |
| Reversal of voluntary reserve* | | | | — |
| Cash dividends for surplus* | | | | — |
| Bonuses for directors* | | | | — |
| Net income | | | | — |
| Purchase of treasury stock | | | | — |
| Disposal of treasury stock | | | 448 | 448 |
| Execution of stock option rights | | | (135) | (135) |
| Deposit of the execution of stock option rights | | | | — |
| Net changes during first half of fiscal year ending March 31, 2007 in items other than those in shareholders' equity | | | | — |
| Total changes during first half of fiscal year ending March 31, 2007 | — | — | 312 | 312 |
| Balance at September 30, 2006 | 5,483 | 15,281 | 318 | 15,600 |

| | Shareholders' equity | | | | | | | |
|--|----------------------|-------------------|----------------------------------|-----------------|-------------------------|-----------------|---|----------------------------|
| | Legal reserve | Retained earnings | | | Total retained earnings | Treasury stock | Deposit of the execution of stock option rights | Total shareholders' equity |
| | | Voluntary reserve | Unappropriated retained earnings | | | | | |
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Millions of yen | |
| Balance at March 31, 2006 | 1,370 | 16,921 | 48,962 | 67,254 | -21,597 | 2 | 66,431 | |
| Changes during First half of fiscal year ending March 31, 2007 | | | | | | | | |
| Reversal of voluntary reserve* | | (975) | 975 | — | | | — | |
| Cash dividends for surplus* | | | (353) | (353) | | | (353) | |
| Bonuses for directors* | | | (18) | (18) | | | (18) | |
| Net income | | | 2,930 | 2,930 | | | 2,930 | |
| Purchase of treasury stock | | | | — | (0) | | (0) | |
| Disposal of treasury stock | | | | — | 1,722 | | 2,170 | |
| Execution of stock option rights | | | | — | 428 | -2 | 289 | |
| Deposit of the execution of stock option rights | | | | | | 38 | 38 | |
| Net changes during first half of fiscal year ending March 31, 2007 in items other than those in shareholders' equity | | | | | | | — | |
| Total changes during first half of fiscal year ending March 31, 2007 | — | (975) | 3,534 | 2,558 | 2,150 | 35 | 5,057 | |
| Balance at September 30, 2006 | 1,370 | 15,945 | 52,497 | 69,813 | (19,446) | 38 | 71,489 | |

* Appropriation of profit as resolved in the general shareholders' meeting held in June 2006.

Six months period ended September 30, 2006 (2006.4.1~2006.9.30)

| | Valuation and translation adjustments | | | Total net assets |
|--|---------------------------------------|-------------------------------------|---|------------------|
| | Net unrealized gain on securities | Deferred gains and losses on hedges | Total valuation and translation adjustments | |
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Balance at March 31, 2006 | 3,224 | — | 3,224 | 69,655 |
| Changes during First half of fiscal year ending March 31, 2007 | | | | |
| Reversal of voluntary reserve* | | | | — |
| Cash dividends for surplus* | | | | (353) |
| Bonuses for directors* | | | | (18) |
| Net income | | | | 2,930 |
| Purchase of treasury stock | | | | (0) |
| Disposal of treasury stock | | | | 2,170 |
| Execution of stock option rights | | | | 289 |
| Deposit of the execution of stock option rights | | | | 38 |
| Net changes during first half of fiscal year ending March 31, 2007 in items other than those in shareholders' equity | (475) | 1 | (474) | (474) |
| Total changes during first half of fiscal year ending March 31, 2007 | (475) | 1 | (474) | 4,583 |
| Balance at September 30, 2006 | 2,748 | 1 | 2,749 | 74,239 |

* Appropriation of profit as resolved in the general shareholders' meeting held in June 2006.