



August 21, 2007

Consolidated Financial Report for the Three-Month Period Ended June 30, 2007

Nihon Unisys, Ltd.

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

(Amounts are rounded off the nearest one million yen.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2007 (From April 1, 2007 to June 30, 2007)

(1) Consolidated Results of Operations (Percentage below represents increase (decrease) from the same period of previous year)

	Net Sales		Operating Income		Recurring Profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three Months Ended June 30, 2007	56,025	5.0	(3,288)	—	(3,262)	—	(1,635)	—
Three Months Ended June 30, 2006	53,347	11.6	(2,074)	—	(1,792)	—	(1,141)	—
Fiscal Year Ended March 31, 2007	307,455	—	6,278	—	6,646	—	3,433	—

	Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Three Months Ended June 30, 2007	(17.04)	—
Three Months Ended June 30, 2006	(12.07)	—
Fiscal Year Ended March 31, 2007	35.97	35.75

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
June 30, 2007	246,146	84,918	34.1	874.49
June 30, 2006	216,719	81,628	37.3	847.38
March 31, 2007	237,861	87,018	36.2	897.36

(3) Consolidated 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 June 30, 2007	8,360	(13,378)	7,023	25,275
Three Months Ended June 30, 2006	1,896	(8,682)	749	24,790
Fiscal Year Ended March 31, 2007	8,813	(32,270)	15,856	23,225

2. [Reference] Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2008

(From April 1, 2007 to March 31, 2008) (Percentage below represents increase (decrease) from the same period of

previous year)

	Net Sales		Operating Income		Recurring Profit		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	155,700	14.0	2,700	239.6	2,400	115.1	1,000	74.2	10.42
Full-year	366,800	19.3	19,400	209.0	18,700	181.4	10,000	191.3	104.20

3. Others

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries): Yes

[New: 1 (Company name: Netmarks Inc.)]

(2) Adoption of simplified accounting and reporting policies: Yes

(3) Change of accounting and reporting policies for consolidated financial statements: Yes

Explanation Concerning Appropriate Use of Financial Forecast and Other Notes

All the numbers regarding forecast relies on judgments and assumptions based on information currently available and is subject to changes due to risks, uncertainties, economics, and other factors that could cause actual results to be materially different from expectations.

[Qualitative Information/Financial Statements]

1. Qualitative Information on the Consolidated Operating Results

The Japanese economy in the first quarter of this fiscal year remained on a slow upward trend against the backdrop of increased capital expenditure and an improved employment situation as a result of robust company performance. However, due to the timing of the interest rate hike by the Bank of Japan, anxiety about the financial markets of the United States, and an increase in crude oil prices, there is also the sense of uncertainty about the future of the economy.

Although there is a continuing increase in demand in the information service industry, companies continue to take a cautious posture about investment judgments by prioritizing cost reduction and return on investment (ROI).

Against this backdrop, Nihon Unisys Group aims to move away into a high-growth enterprise. We will also focus on profitability enhancement by 'strengthening service formation', and the 'enhancement of the business structure of ICT (information and communication technology)' for growth.

In the first quarter, we re-organized our group companies, and enhanced arrangements for examining and supporting system development projects, in order to strengthen service formation. Also, we established a structure that provides a comprehensive ICT solution service due to Netmarks Inc. joining in our group.

Furthermore, we started to operate a full banking system on the platform of Windows ServerTM and SQL ServerTM, the first attempt in the world, for the Hyakugo Bank, Ltd. We did this by leveraging our strength on open system, namely the 'capability of architecting a mission-critical system'. This system utilizes the next generation core banking open system 'BankVision®'. We will sequentially deploy the system for multiple customers that have already decided to adopt the core banking system on the basis of the performance of this operation, and will also actively promote to increase the sale of the system. Also, a joint sales activity has started in the wake of a comprehensive ICT business alliance between KDDI Corporation and UNIADDEX, Ltd. of our group, and it has already brought about orders inflow. We will accelerate our growth by deploying an ICT total solution service in future.

As for the consolidated performance of the first quarter, hardware sales and software sales decreased due to the impact of delaying the reporting of sales for large-scale projects. However, services sales recorded a significant increase due to a growth of system service business and the consolidation of Netmarks Inc. As a result, consolidated net sales were 56,025 million yen, up 5.0% compared to the comparable period a year earlier.

As for profits, although there was an increase in depreciation costs due to starting large-scale outsourcing, gross profit increased because license fee payment is no longer made to Unisys Corporation. However, as a result of an increase in research and development expenses and investment for internally promoting informatization, and the consolidation of Netmarks Inc., operating loss was 3,288 million yen (1,792 million yen loss for the same period last year), and net loss for the quarter was 1,635 million yen (1,141 million yen for the same period of last year).

(Characteristics of the Group's Quarterly Results)

- (1) As the Group recognizes revenues of contracted systems development upon completion of the inspection of the system by the customer, and as most of the inspections are done in the second and fourth quarter, a 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 the trends of our industry, not a set of special circumstances that occurred only in this period.

2. Qualitative Information on Consolidated Financial Position

Prepaid expenses decreased due to reasons such as earmarking license fees to Unisys Corporation as cost. Furthermore, due to an increase in fixed assets resulting from the acquisition of computers for outsourcing and development of software, and the consolidation of Netmarks Inc., total assets for the first quarter increased to 246,146 million yen, up 29,427 million yen from the same period of last year.

As for cash flow of the first quarter, cash and cash equivalents were 25,275 million yen, up 2,050 million yen from the end of the previous period.

Net cash provided by operating activities was 8,360 million yen, an increase of 6,463 million yen from the same period of last year due to a decrease of accounts receivable-trade, etc.

Net cash used in investing activities was 13,378 million yen, an increase of 4,695 million yen from the same period of the previous year. It was a result of obtaining fixed assets in the form of computers for outsourcing and software development and acquiring Netmarks Inc. shares, etc.

Net cash provided by financial activities was 7,023 million yen, an increase of 6,274 million yen from the same period of last year. This was mainly due to issuing commercial paper, etc.

3. Qualitative Information on Consolidated Financial Forecast

The Group's consolidated financial forecast has not been changed from the previous announcement that was made on June 12, 2007.

4. Others

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries)

Nihon Unisys made a tender offer for the shares and share purchase warrants of Netmarks Inc. from March 5, 2007 to May 31, 2007, pursuant to a resolution at the meeting of the board of directors of February 28, 2007. As a result, the Company has obtained a majority of issued shares of Netmarks, and the company has become our significant consolidated subsidiary.

(2) Adoption of simplified accounting and reporting policies

We have not devaluated investment securities in the first quarter.

(3) Change of accounting and reporting policies for consolidated financial statements

We earmarked depreciation cost for depreciable assets except machinery and equipment by following the revised Corporation Tax Law from the first quarter. The influence on profit and loss was not overly significant.

5. Consolidated Financial Statements (Summary)

CONSOLIDATED STATEMENTS OF INCOME (SUMMARY)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Increase (decrease)		Year ended March 31, 2007
			Amount	% change	
	Millions of yen	Millions of yen		%	Millions of yen
I Net Sales	56,025	53,347	2,678	5.0	307,455
II Cost of sales	42,579	42,457	121	0.3	244,258
Gross profit	13,446	10,889	2,556	23.5	63,196
III Selling, general and administrative expenses	16,735	12,964	3,770	29.1	56,917
Operating income (loss)	(3,288)	(2,074)	(1,213)	-	6,278
IV Non-operating income					
1. Interest and dividend income	223	127	96	75.5	244
2. Others	81	295	(214)	(72.5)	881
V Non-operating expenses					
1. Interest expense	243	131	111	85.1	709
2. Others	35	8	26	296.1	49
Recurring profit (loss)	(3,262)	(1,792)	(1,470)	-	6,646
VI Extraordinary gains	349	2	346	-	95
VII Extraordinary losses	15	8	6	84.0	430
Income (loss) before income taxes and minority interests	(2,928)	(1,797)	(1,130)	-	6,311
Income taxes	(1,159)	(680)	(479)	-	2,711
Minority interests	(132)	24	(157)	(635.2)	166
Net income (loss)	(1,635)	(1,141)	(493)	-	3,433

CONSOLIDATED STATEMENTS OF BALANCE SHEETS (SUMMARY)

	June 30, 2007	June 30, 2006	Increase (decrease)		March 31, 2007
			Amount	% change	
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
(ASSETS)					
I Current assets					
1. Cash and time deposits	25,285	24,800	484	2.0	23,235
2. Notes receivable and accounts receivable-trade	45,394	43,216	2,177	5.0	76,509
3. Inventories	31,927	31,714	212	0.7	17,078
4. Deferred tax assets	13,324	11,232	2,091	18.6	11,127
5. Prepaid expenses	6,644	14,715	(8,070)	(54.8)	4,477
6. Other	2,505	2,138	367	17.2	1,624
Total current assets	125,081	127,818	(2,736)	(2.1)	134,053
II Fixed assets					
1. Property and equipment	23,424	20,192	3,232	16.0	20,121
2. Intangible fixed assets	42,094	24,506	17,588	71.8	29,473
3. Investment and other assets					
(1) Investment securities	22,123	15,005	7,117	47.4	21,553
(2) Prepaid pension costs	12,543	10,852	1,691	15.6	12,036
(3) Others	20,878	18,343	2,534	13.8	20,623
Total fixes assets	121,064	88,900	32,163	36.2	103,808
Total assets	246,146	216,719	29,427	13.6	237,861
(LIABILITIES)					
I Current liabilities					
1. Notes payable and accounts payable-trade	22,906	34,538	(11,631)	(33.7)	32,789
2. Short-term borrowings and current portion of long-term loans payable	32,375	9,145	23,230	254.0	29,875
3. Bonds	8,000	-	8,000	-	8,000
4. Commercial paper	26,000	14,000	12,000	85.7	13,000
5. Accrued expenses	10,486	9,524	961	10.1	13,007
6. Others	26,810	23,315	3,495	15.0	23,753
Total current liabilities	126,579	90,522	36,056	39.8	120,425
II Long-term liabilities					
1. Bonds	-	8,000	(8,000)	-	-
2. Long-term loans payable	30,250	30,925	(675)	(2.2)	26,400
3. Others	4,398	5,642	(1,243)	(22.0)	4,018
Total long-term liabilities	34,648	44,567	(9,918)	(22.3)	30,418
Total liabilities	161,227	135,090	26,137	19.3	150,843
(NET ASSETS)					
I Shareholders' equity					
1. Common stock	5,483	5,483	-	0.0	5,483
2. Capital surplus	15,511	15,721	(209)	(1.3)	15,514
3. Retained earnings	79,440	76,864	2,576	3.4	81,456
4. Treasury stock	(19,169)	(19,826)	656	(3.3)	(19,178)
5. Deposit of the treasury stock	3	5	(1)	(37.9)	0
Total shareholders' equity	81,269	78,246	3,022	3.9	83,277
II Valuation and translation adjustments					
1. Net unrealized gain on securities	2,674	2,690	(15)	(0.6)	2,839
2. Deferred gain and losses on hedges	-	-	-	-	6
3. Foreign currency translation adjustments	(7)	0	(7)	-	(0)
Total valuation and translation adjustments	2,666	2,690	(23)	(0.9)	2,844
III Common stock acquisition rights	105	-	105	-	66
IV Minority interests	876	691	185	26.8	830
Total net assets	84,918	81,628	3,289	4.0	87,018
Total liabilities and net assets	246,146	216,719	29,427	13.6	237,861

CONSOLIDATED STATEMENTS OF CASH FLOWS (SUMMARY)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Year ended March 31, 2007
	Millions of yen	Millions of yen	Millions of yen
I Cash flows from operating activities:			
Income before income taxes and minority interests	(2,928)	(1,797)	6,311
Depreciation and amortization	3,680	3,415	13,808
Decrease in allowances	(419)	(231)	(476)
Decrease in accounts receivable-trade	45,659	37,492	4,389
Increase/decrease in inventories	(9,659)	(12,393)	2,243
Decrease in accounts payable-trade	(16,870)	(19,284)	(21,051)
Other-net	(6,903)	(2,416)	7,907
Subtotal	12,559	4,784	13,132
Interests and dividend received	221	127	243
Interest paid	(166)	(66)	(666)
Income taxes paid	(4,254)	(2,948)	(3,895)
Net cash provided by operating activities	8,360	1,896	8,813
II Cash flows from investing activities:			
Payments for purchase of property and equipment	(4,023)	(1,025)	(6,897)
Payments for purchase of intangible fixed assets	(3,983)	(3,005)	(14,673)
Payments for purchase of investment securities	(1)	(4,719)	(10,998)
Payment for purchase of subsidiaries shares, resulting in change of consolidation scope	(6,488)	-	(150)
Other-net	1,118	68	448
Net cash used in investing activities	(13,378)	(8,682)	(32,270)
III Cash flows from financing activities:			
Net increase/decrease in short-term borrowings	(5,450)	1,160	13,090
Proceeds from long-term loans payable	-	3,800	10,100
Payments of long-term loans payable	-	(25)	(2,050)
Net increase/decrease in commercial paper	13,000	(6,000)	(7,000)
Sale of treasury stock	-	2,170	2,170
Cash dividends paid	(339)	(336)	(713)
Other-net	(186)	(19)	259
Net cash provided by financial activities	7,023	749	15,856
IV Effect of exchange rate changes on cash and cash equivalents	(6)	0	(0)
V Net increase/decrease in cash and cash equivalents	1,998	(6,036)	(7,601)
VI Cash and cash equivalents, beginning of period	23,225	30,827	30,827
VII Cash and cash equivalents of newly consolidated subsidiaries	51	-	-
VIII Cash and cash equivalents, end of period	25,275	24,790	23,225

6. Orders and Sales

(1) Orders

	Orders		Backlog	
	Three months ended June 30, 2007	% change	Three months ended June 30, 2007	% change
	Millions of yen	%	Millions of yen	%
Services	41,216	-5.2	123,879	+26.8
Software	2,791	-39.8	14,533	+1.2
Hardware	6,071	-25.2	14,510	-21.5
Total	50,079	-11.0	152,923	+17.2

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

The above amount doesn't include consumption tax.

(2) Sales

	Three months ended June 30, 2007	% change
	Millions of yen	%
Services	42,690	+25.8
Software	5,075	-27.3
Hardware	8,260	-33.5
Total	56,025	+5.0

(Note) The above amount doesn't include consumption tax.