

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



November 5, 2007

## Financial Report for the Six-Month Period Ended September 30, 2007

### Nihon Unisys, Ltd.

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

Representative: Katsuto Momii, President & CEO

Scheduled date of filing of interim securities report: December 26, 2007

Scheduled date of payment of dividends: December 7, 2007

#### 1. Consolidated Business Results for the Six-month Period Ended September 30, 2007

(From April 1, 2007 to September 30, 2007)

##### (1) Consolidated Results of Operations

	Net Sales		Operating Income		Recurring Profit	
	Millions of yen	% change	millions of yen	% change	millions of yen	% change
Six Months Ended Sep. 2007	152,359	11.6	3,051	283.6	3,102	177.9
Six Months Ended Sep. 2006	136,526	1.5	795	64.6	1,116	134.9
FY Ended Mar. 2007	307,455	-	6,278	-	6,646	-

	Net Income		Earnings per Share	Diluted Earnings per Share
	millions of yen	% change	yen	yen
Six Months Ended Sep. 2007	(4,362)	-	(45.46)	-
Six Months Ended Sep. 2006	574	793.0	6.04	6.00
FY Ended Mar. 2007	3,433	-	35.97	35.75

Reference) Investment profit on equity method

Six months ended Sep. 2007: 4million yen    Six months ended Sep. 2006: -million yen    FY ended Mar. 2007: 47 million yen

##### (2) Consolidated Financial Standing

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	millions of yen	millions of yen	%	yen
Sep. 30, 2007	254,388	81,197	31.6	836.32
Sep. 30, 2006	234,438	83,772	35.4	866.44
Mar. 31, 2007	237,861	87,018	36.2	897.36

Reference) Shareholders' Equity

Sep. 30, 2007: 80,289 million yen    Sep. 30, 2006: 83,026 million yen    Mar. 31, 2007: 86,121 million yen

##### (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 Year
	millions of yen	millions of yen	millions of yen	millions of yen
Six Months Ended Sep. 2007	3,917	(17,889)	14,546	23,857
Six Months Ended Sep. 2006	(5,735)	(19,511)	21,320	26,901
FY Ended Mar. 2007	8,813	(32,270)	15,856	23,225

#### 2. Dividends

	Dividends per Share		
	Interim	Year-end	Total
FY Ended Mar. 2007	yen 3.75	yen 3.75	yen 7.50
FY Ending Mar. 2008	6.00	-	12.00
FY Ending Mar. 2008 (Forecast)	-	6.00	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2008 (from April 1, 2007 to March 31, 2008)

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change	Net Income	% change	Earnings per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full-Year	366,800	19.3	19,400	209.0	18,700	181.4	3,300	(3.9)	34.37

4. Others

(1) Change of reporting entities (change of condition of significant consolidated subsidiaries): Yes  
Increase: 1 (Netmarks, Inc.) Decrease: 1 (Nihon Unisys Solutions, Ltd.)

(2) Change of significant accounting and reporting policies for consolidated financial statements  
1) Change caused by revision of accounting standard: Applicable  
2) Other changes: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock) Sep. 30, 2007: 109,663,524  
Sep. 30, 2006: 109,663,524  
Mar. 31, 2007: 109,663,524

2) Number of treasury stock Sep. 30, 2007: 13,662,211  
Sep. 30, 2006: 13,883,432  
Mar. 31, 2007: 13,691,439

**(Reference) Summary of Non-consolidated Financial Results**

1. Non-consolidated Business Results for the Six-month Period Ended September 30, 2007

(From April 1, 2007 to September 30, 2007)

(1) Non-consolidated Results of Operations

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
	Millions of yen	%	millions of yen	%	millions of yen	%
Six Months Ended Sep. 2007	100,081	(2.9)	442	-	3,715	32.4
Six Months Ended Sep. 2006	103,065	(0.1)	(1,443)	-	2,806	-
FY Ended Mar. 2007	241,133	-	308	-	5,040	-

	Net Income	% change	Earnings per Share
	millions of yen	%	yen
Six Months Ended Sep. 2007	(404)	-	(4.21)
Six Months Ended Sep. 2006	2,930	-	30.83
FY Ended Mar. 2007	3,603	-	37.75

(2) Non-consolidated Financial Standing

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	millions of yen	millions of yen	%	yen
Sep. 30, 2007	214,786	73,102	34.0	759.93
Sep. 30, 2006	210,456	74,239	35.3	774.70
Mar. 31, 2007	220,174	74,843	34.0	779.16

Reference) Shareholders' Equity

Sep. 30, 2007: 72,956 million yen Sep. 30, 2006: 74,239 million yen Mar. 31, 2007: 74,777 million yen

2. Non-consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2008 (from April 1, 2007 to March 31, 2008)

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change	Net Income	% change	Earnings per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full-Year	244,000	1.2	11,600	-	14,700	191.7	5,900	63.7	61.46

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.

For the prerequisite for the forecast, please see page 4.

## **1. Results of Business Operations and Financial Conditions**

### **1. Results of business operations**

(1) Overview of performance for the six-month under review

Due to an increase in capital investment and an improved employment situation against the backdrop of a strong business performance, the Japanese economy continued a slow expansion over the interim period. However, uncertainty prevails as a result of anxiety about US financial market and increase of crude oil price amongst others.

Despite continued growth in the information service market, companies still emphasize cost reduction efforts and prioritize return on investment (ROI) before approving investment.

In this environment, the Nihon Unisys Group aims to develop into a high-growth enterprise. The Group has strongly committed itself to achieving increased profitability by strengthening service formations, and achieving further growth by a strengthening of business structure of Information and Communication Technology (ICT).

To achieve the strengthening of service formations, key measure, the Group has increased the number of senior service engineers (SEs) who are of Project Manager level and other levels. This has been done by re-organizing the Group companies and organizing teams of engineers by project. In addition, the Group has strengthened a system that supports system development projects by early detecting and treating risks through regular examination of status.

To achieve the strengthening of business structure of ICT, a partnership with Netmarks Inc. has been intensified since it joined the Group. Integrated ICT solution services have been steadily implemented due to comprehensive business coordination between KDDI Corporation and our UNIADDEX, Ltd. In the future, the Group will intensify concrete hard-hitting measures such as 'PowerWorkPlace™' a new concept that aims to change the corporate working style. It is a recently announced joint business between Netmarks Inc. and UNIADDEX, Ltd. The total solution services of ICT field will contribute to the accelerated growth of the Group.

Furthermore, the Group has actively promoted solution strategies that leverage our strong capability of developing mission-critical system and application know-how. The Group has increased the sale of 'BankVision®,' next-generation open core-banking system; seven regional banks decided to adopt the solution by following on from the Yamanashi Chuo Bank, Ltd.

In addition, the Group will respond to increasing demands for large-scale mission-critical system development that utilizes open source. For this purpose, we will optimize our system integration services and also heighten the added values. The enhancement efforts will be made by leveraging the accumulated expertise in system development for open source software. We will comprehensively survey and standardize our knowledge and know-how that we have accumulated through large-scale

mission-critical system development projects. Furthermore, we will leverage an integrated framework product in compliance to Java™ EE specifications. The product 'MIDMOSTR for Java™ EE' will serve as platform for our open source system development.

The consolidated results of operations for the interim period included a significant increase of services sales resulting from a increase of system services sales and a consolidation of Netmarks Inc. Net sales totaled 152,359 million yen (up by 11.6 % from the same period last year). Despite an increase in the cost of some system development projects and an increase in amortization costs due to the start of large-scale outsourcing, gross profit increased resulting from the Group being released from bearing the costs for license fee payments to Unisys Corporation.

Resulting from the new consolidation of Netmarks Inc., increases in research and development cost and investment for internal informatization, operating income was 3,051 million yen (up by 283.6% from the same period of the previous year), and recurring profit was 3,102 million yen (up by 177.9% from the same period last year).

Net loss was 4,362 million yen (against a 574 million yen profit of the same period of the previous year) because 5,889 million yen of Netmarks Inc. goodwill amortization was booked as an extraordinary loss in response to a significant drop of Netmarks Inc. stock value. As a result, the unamortized balance of Netmark Inc. goodwill at the end of interim period is 3,780 million yen.

Net sales breakdown was as follows: services sales was 109,120 million yen, up by 22,511 million yen, or 26.0% over the corresponding period of a year earlier, due to the consolidation of Netmarks Inc., and an increase of system services sales, etc. Software sales was 16,961 million yen, down by 2,224 million, or 11.6% from the same period last year. Hardware sales was 26,278 million yen, down by 4,453 million yen, 14.5% on a year-over-year basis.

Composition of net sales is as follows: services sales 71.6% (63.4% of the same period last year), software sales 11.1% (14.1%), and hardware sales 17.2% (22.5%).

## (2) Outlook for the fiscal year ending March 2008

The revision below was made today November 5, 2007 for the consolidated result outlook for the fiscal year ending March 2008 that was announced on June 12, 2007.

Net sales, operating income and recurring profit basically underwent a transition as was forecasted. Net income was revised to 3.3 billion yen, down by 6.7 billion yen from 10 billion yen at the previous announcement. The revision was made in response to an expected allocation of 6.7 billion yen for extraordinary losses. It was a cost for amortizing the goodwill of Netmarks Inc. This was made against the backdrop of a significant fall in the market value of the stock, and thus impairment accounting was performed for non-consolidated settlement.

The amortization cost of goodwill for the fiscal year ending March 2008 was based on the result of the calculation of goodwill balance amount that should be amortized in the next period onwards. The calculation was made on the assumption that the market value of Netmarks Inc. stock at the end of the period would be the same as of the stock value at the end of September. It also assumed the status of Netmarks' net asset at the end of the period.

The unamortized amount of goodwill of the Company is expected to be 2.7 billion yen, down by 6.7 billion yen from 9.4 billion yen of the previous calculation.

Outlook of consolidated performance for the period ending March 2008 (Millions of yen)

	Forecast announced on June 12, 2007	Forecast announced on November 5, 2007	Variance
Net Sales	366,800	366,800	-%
Operating Income	19,400	19,400	-%
Recurring Profit	18,700	18,700	-%
Net Income	10,000	3,300	(67.0)%

## 2. Financial Condition

In the interim period, prepaid expenses decreased due to the removal of the burden of license fee payments to Unisys Corporation. Fixed assets increased due to the acquisition of computers and software development for outsourcing business, etc. Furthermore, due to the consolidation of Netmarks Inc., total assets at the end of this interim period was 254,388 million yen, up by 19,950 million yen compared to the same period last year.

Liabilities were 173,191 million yen, up by 22,525 million yen, due to new borrowings to leverage the acquisition of Netmarks Inc. stock and computers for outsourcing business amongst others.

Net assets were 81,197 million yen, down by 2,574 million yen from the end of the previous interim period.

Cash and cash equivalents (hereinafter referred to as 'net cash') over the interim period were 23,857 million yen, up by 631 million yen from the beginning of the period. It increased against the backdrop of various financial activities primarily consisting of new borrowings that were made in order to satisfy the capital needs of the acquisition of Netmarks Inc. stock and computers for outsourcing business, etc.

**(Cash flows from operating activities)**

Net cash provided by operating activities included: non-cash expenses including 7,409 million yen of depreciation and amortization (up by 575 million yen from the same period last year) and 6,155 million yen of goodwill amortization, 20,584 million yen of accounts receivable-trade (down by 526 million yen), 2,911 million yen of loss before income taxes and minority interests (802 million yen same period last year), and 10,134 million yen of decrease in accounts payable-trade (down by 12,273 million yen). Net cash provided by operating activities was 3,917 million yen (5,735 million yen expenditure same period last year).

**(Cash flows from investing activities)**

Net cash used in investing activities included: 5,307 million yen paid to acquire tangible fixed assets principally for computers for outsourcing business (up by 3,071 million yen from the same period last year), 6,907 million yen paid to acquire intangible fixed assets principally for software used in outsourcing investments (down by 2,506 million yen), and 6,676 million yen paid to acquire Netmarks Inc. stock. Net cash used in investing activities was 17,889 million yen (down by 1,622 million yen).

**(Cash flows from financing activities)**

Net cash provided by financing activities included: 6,450 million yen of net decrease in short-term borrowings (net proceeds of 11,420 million yen from the same period last year), 23,500 million yen of proceeds from long-term loans payable (up by 14.9 billion yen). Net cash provided by financing activities was 14,546 million yen (down by 6,774 million yen).

**(Reference) Cash flow indicators**

	Fiscal year ended March 2004	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007	Six-month period ended September 2007
Shareholders' equity ratio (%)	41.7	43.6	33.1	36.2	31.6
Shareholders' equity ratio at market value basis (%)	41.6	52.9	70.3	68.3	53.6
Number of years for debt redemption (years)	2.3	3.4	3.4	8.9	13.4
Interest coverage ratio	27.0	26.1	40.2	13.2	7.8

(Note)

Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio at market value basis: Market Valuation/Total assets

Number of years for debt redemption: Interest-bearing debts/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest payments

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

**3. Basic policy on distribution of profits**

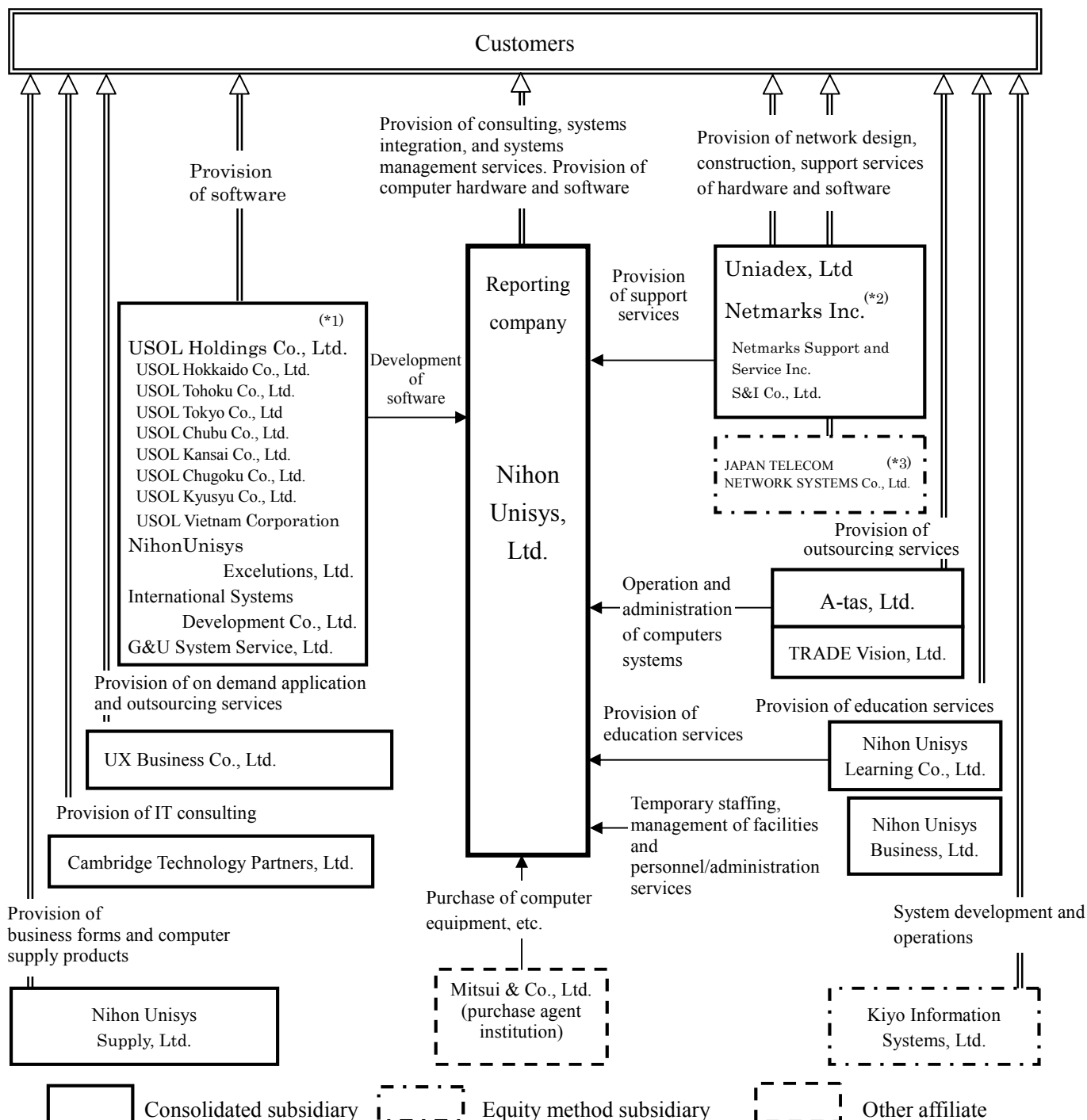
The Company will seek to continue to divide profit in a stable manner on the understanding that the increase of corporate value is the primary return to shareholders.

The Company will target a 20% consolidated dividend payout pursuant to the policy of paying dividends in accordance with performance. The corporate dividend amount will be decided by making due consideration for securing internal reserves for business development and also comprehensively considering business environment, etc. We will target an increase in dividends in stages in accordance with a future increase of consolidated profit.

Pursuant to the above policy, we plan to pay 12 yen annual dividend per share, and determined to pay 6 yen for the mid-term dividend. We plan 6 yen for the term-end dividend.

# 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 Holdings Co., Ltd. was established on April 2, 2007 and was consolidated from this six-month period.  
 \*2 Netmarks Inc. and its consolidated subsidiaries (Netmarks Support and Service Inc. and S&I Co., Ltd.) were consolidated from this six-month period.

\*3 In accordance with the consolidation of Netmarks Inc., Nihon Unisys made Japan Telecom Network Systems Co., Ltd. its equity method subsidiary.

\*4 UX Business was consolidated from this six-month period for its increased importance.

\*5 Effective as of September 1, 2007, Nihon Unisys Solutions, Ltd. was consolidated with Nihon Unisys, Ltd.

### **3. 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 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 a firm execution of ‘Strategies’ in an integrated manner towards the realization

of our 'Future vision' and 'Company goals' will convince our stakeholders that we are an attractive company positioned for continued growth.

<Financial target>

Our financial target for consolidated revenue is 366,800 million yen and for consolidated operating income is 19,400 million yen for the year ending March 2008.

(2) Challenges to be addressed by our business group

In the information service market where demand is tending to grow, due to intensified requirements such as expansion of information system size, shorter delivery period, and advancement of required functions, a shortage of capable engineers has continued to be a challenge.

Against this backdrop, the Nihon Unisys Group has positioned the 'enhancement of service formation' as one of our key measures. In addition to the intensified development of engineers, organizing them by project has enabled organization heads to focus on projects rather than on organization management. As a result, the number of senior SEs having wider experience as Project Managers, etc. has drastically increased. Furthermore, due to the establishment of RMO (Resource Management Office), the assignment of engineers to projects has been made more flexible.

Also, the Group has set itself the continuous challenge of 'strengthening profitability and quality of system service.' In order to strengthen profitability, we duly consider risks when both judging the viability of projects and approving/disapproving proposals. Also, we regularly examine on-going project status and deal with problems when they arise. This has been realized by establishing an organization that detects risks early and thereby improves proposal quality in the phase of project approval. This organization, consisting of specialists, also contributes to strengthening project quality by holding review sessions during operation. These efforts towards strengthening project quality are continuously made in order to gain stronger confidence from the market and customers.

In addition, we established a subsidiary in Vietnam last fiscal year so as to order high quality system development at a lower cost. We have continued to employ and train excellent local personnel. Currently, more than 100 local engineers have developed basic capabilities and have been entrusted with some system development. We plan to develop the subsidiary into a development block of 500 engineers in the future.

In an era where society is being continuously impacted by Information Systems, the Nihon Unisys Group will make concerted efforts to further strengthen productivity and quality by continuously implementing these measures, make efforts to establish stronger relationships of trust with customers and markets, and further expand our business.

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

	Six months ended September 30, 2007	Six months ended September 30, 2006	Year ended March 31, 2007
	Millions of yen	Millions of yen	Millions of yen
Net sales	152,359	136,526	307,455
Cost of sales	115,673	109,269	244,258
Gross profit	36,685	27,257	63,196
Selling, general and administrative expenses	33,634	26,462	56,917
Operating income	3,051	795	6,278
Non-operating income			
Interest and dividend income	284	153	244
Gain on sales of listed securities	239	53	327
Foreign exchange income	-	322	308
Other	132	103	244
Non-operating expenses			
Interest expense	526	293	709
Foreign exchange loss	16	-	-
Other	63	18	49
Recurring profit	3,102	1,116	6,646
Extraordinary gains			
Gain on sale of fixed assets	0	2	3
Gain on sale of investment securities	348	-	-
Reverse for directors' retirement allowances	60	-	-
Other	2	21	92
Extraordinary losses			
Loss on sales and disposals of fixed assets	30	17	75
Loss on devaluation of investment securities	497	258	341
Goodwill amortization	5,889	-	-
Other	9	2	13
Income before income taxes and minority interests	(2,911)	862	6,311
Income taxes-current	1,742	1,622	5,501
Income taxes-deferred	(174)	(1,414)	(2,790)
Minority interests in net income	(117)	80	166
Net income	(4,362)	574	3,433

**CONSOLIDATED BALANCE SHEETS**

(ASSETS)	September 30, 2007  Millions of yen	September 30, 2006  Millions of yen	March 31, 2007  Millions of yen
<b>Current assets</b>			
Cash and time deposits	23,902	26,911	23,235
Notes receivable and accounts receivable-trade	70,468	59,597	76,509
Inventories	23,651	26,954	17,078
Deferred tax assets	12,936	10,759	11,127
Prepaid expenses	6,552	11,387	4,477
Other	3,082	1,520	2,005
Allowance for the doubtful debts	(396)	(42)	(381)
Total current assets	140,196	137,088	134,053
<b>Fixed assets</b>			
<b>Property and equipment</b>			
Machinery, equipment and vehicles	14,426	12,849	13,399
Other	8,254	6,671	6,721
Total property and equipment	22,681	19,521	20,121
<b>Intangible fixed assets</b>			
Software	33,362	29,180	29,449
Goodwill	3,828	-	-
Other	31	25	23
Total intangible fixed assets	37,221	29,206	29,473
<b>Investments and other assets</b>			
Investment securities	20,309	18,093	21,553
Deferred tax assets	9,304	8,318	9,789
Prepaid pension costs	13,086	11,261	12,036
Other	13,095	11,593	11,299
Allowance for doubtful debts	(1,507)	(644)	(465)
Total investments and other assets	54,288	48,622	54,213
Total fixed assets	114,192	97,350	103,808
<b>Total assets</b>	<b>254,388</b>	<b>234,438</b>	<b>237,861</b>

	September 30, 2007 Millions of yen	September 30, 2006 Millions of yen	March 31, 2007 Millions of yen
<b>(LIABILITIES)</b>			
Current liabilities			
Notes payable and accounts payable-trade	29,658	31,412	32,789
Short-term borrowings	18,550	17,380	19,050
Current portion of long-term loans payable	13,675	2,237	10,825
Current portion of bonds	8,000	-	8,000
Commercial paper	12,000	20,000	13,000
Income taxes payable	1,333	894	4,515
Accrued expenses	13,332	12,276	13,007
Allowances	843	1,093	1,205
Other	19,363	18,442	18,032
Total current liabilities	116,755	103,736	120,425
Long-term liabilities			
Bonds	-	8,000	-
Long-term loans payable	51,975	34,800	26,400
Deferred tax liabilities	814	199	579
Allowance for retirement and severance benefits	1,458	1,347	1,205
Other allowances	406	350	249
Negative goodwill	77	-	78
Other	1,702	2,232	1,905
Total long-term liabilities	56,435	46,929	30,418
Total liabilities	173,191	150,665	150,843
<b>(NET ASSETS)</b>			
Shareholders' equity			
Common stock	5,483	5,483	5,483
Capital surplus	15,501	15,600	15,514
Retained earnings	76,713	78,580	81,456
Treasury stock	(19,136)	(19,446)	(19,178)
Deposit of the treasury stock	2	38	0
Total shareholders' equity	78,563	80,255	83,277
Valuation and translation adjustments			
Net unrealized gain on securities	1,739	2,769	2,839
Deferred gain and losses on hedges	(18)	1	6
Foreign currency translation adjustments	4	0	(0)
Total valuation and translation adjustments	1,726	2,770	2,844
Common stock acquisition rights	145	-	66
Minority interests	762	746	830
Total net assets	81,197	83,772	87,018
Total liabilities and net assets	254,388	234,438	237,861

**CONOSLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

Six-month period ended September 30, 2006

	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 six-month period ended Sept. 30, 2006						
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 six-month period ended September 30, 2006 in items other than those in shareholders' equity						
Total changes during six-month period ended Sept. 30, 2006	-	312	191	2,150	35	2,690
Balance at September 30, 2006	5,483	15,600	78,580	(19,446)	38	80,255

Six-month period ended September 30, 2006

	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 six-month period ended Sept. 30, 2006						
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 six-month period ended September 30, 2006 in items other than those in shareholders' equity	(515)	1	0	(514)	75	(438)
Total changes during six-month period ended Sept. 30, 2006	(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.

## Six-month period ended September 30, 2007

	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, 2007	5,483	15,514	81,456	(19,178)	0	83,277
Changes during six-month period ended Sept. 30, 2007						
Cash dividends for surplus			(359)			(359)
Net loss			(4,362)			(4,362)
Increase of consolidated subsidiaries			(20)			(20)
Purchase of treasury stock				(1)		(1)
Execution of stock option rights		(13)		43	(0)	29
Deposit of the execution of stock option rights					2	2
Net changes during six-month period ended September 30, 2007 in items other than those in shareholders' equity						
Total changes during six-month period ended Sept. 30, 2007	—	(13)	(4,743)	41	1	(4,713)
Balance at September 30, 2007	5,483	15,501	76,713	(19,136)	2	78,563

	Valuation and translation adjustments				Common stock acquisition rights	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	Millions of yen
Balance at March 31, 2007	2,839	6	(0)	2,844	66	830	87,018
Changes during six-month period ended Sept. 30, 2007							
Cash dividends for surplus							(359)
Net loss							(4,362)
Increase of consolidated subsidiaries							(20)
Purchase of treasury stock							(1)
Execution of stock option rights							29
Deposit of the execution of stock option rights							2
Net changes during six-month period ended September 30, 2007 in items other than those in shareholders' equity	(1,099)	(24)	5	(1,118)	79	(67)	(1,106)
Total changes during six-month period ended Sept. 30, 2007	(1,099)	(24)	5	(1,118)	79	(67)	(5,820)
Balance at September 30, 2007	1,739	(18)	4	1,726	145	762	81,197

## Fiscal year ended March 31, 2007

	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 fiscal year ended March 31, 2007						
Cash dividends for surplus*			(353)			(353)
Cash dividends for surplus			(359)			(359)
Bonuses to directors*			(28)			(28)
Net income			3,433			3,433
Increase of affiliated companies in equity method			376			376
Purchase of treasury stock				(2)		(2)
Disposal of treasury stock		448		1,722		2,170
Execution of stock option rights		(221)		698	(2)	474
Deposit of the execution of stock option rights					0	0
Net changes during fiscal year ended March 31, 2007 in items other than those in shareholders' equity						—
Total changes during fiscal year ended March 31, 2007	—	226	3,068	2,419	(2)	5,712
Balance at March 31, 2007	5,483	15,514	81,456	(19,178)	0	83,277

\* Appropriation of profit as resolved in the general shareholders' meeting held in June 2007.

## Fiscal year ended March 31, 2007

	Valuation and translation adjustments				Common stock acquisition rights	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	Millions of yen
Balance at March 31, 2006	3,285	—	—	3,285	—	670	81,520
Changes during fiscal year ended March 31, 2007							
Cash dividends for surplus*							(353)
Cash dividends for surplus							(359)
Bonuses to directors*							(28)
Net income							3,433
Increase of affiliated companies in equity method							376
Purchase of treasury stock							(2)
Disposal of treasury stock							2,170
Execution of stock option rights							474
Deposit of the execution of stock option rights							0
Net changes during fiscal year ended March 31, 2007 in items other than those in shareholders' equity	(445)	6	(0)	(440)	66	159	(214)
Total changes during fiscal year ended March 31, 2007	(445)	6	(0)	(440)	66	159	5,497
Balance at March 31, 2007	2,839	6	(0)	2,844	66	830	87,018

\* Appropriation of profit as resolved in the general shareholders' meeting held in June 2007.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six-month period ended September 30, 2007	Six-month period ended September 30, 2006	Fiscal year ended March 31, 2007
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities:			
Income/loss before income taxes and minority interests	(2,911)	862	6,311
Depreciation and amortization	7,409	6,834	13,808
Goodwill amortization	6,155	-	(7)
Gain on sales of investment securities	(588)	(53)	(327)
Decrease in allowances	(462)	(501)	(476)
Decrease in accounts receivable-trade	20,584	21,111	4,389
Decrease/increase in inventories	(1,383)	(7,632)	2,243
Decrease in accounts payable-trade	(10,134)	(22,408)	(21,051)
Other-net	(9,681)	(206)	8,242
Subtotal	8,988	(1,994)	13,132
Interests and dividend received	323	152	243
Interest paid	(500)	(272)	(666)
Income taxes paid	(4,893)	(3,620)	(3,895)
Net cash provided by operating activities	3,917	(5,735)	8,813
Cash flows from investing activities:			
Payments for purchases of property and equipment	(5,307)	(2,235)	(6,897)
Proceeds from sales of property and equipment	327	11	25
Payments for purchase of intangible fixed assets	(6,907)	(9,414)	(14,673)
Payments for purchases of investment securities	(371)	(7,943)	(10,998)
Proceeds from sales of investment securities	1,080	69	435
Payments for acquisition of newly consolidated subsidiaries securities	(6,676)	-	(150)
Other-net	(34)	0	(12)
Net cash used in investing activities	(17,889)	(19,511)	(32,270)
Cash flows from financing activities:			
Net decrease/increase in short-term borrowings	(6,450)	11,420	13,090
Proceeds from long-term loans payable	23,500	8,600	10,100
Repayments of long-term loans payable	(925)	(737)	(2,050)
Net decrease in commercial paper	(1,000)	-	(7,000)
Sale of treasury stock	-	2,170	2,170
Purchase of treasury stock	(0)	(0)	(2)
Proceeds from exercise of stock options	31	328	474
Cash dividends paid	(359)	(352)	(713)
Other-net	(249)	(107)	(213)
Net cash provided by financing activities	14,546	21,320	15,856
Effect of exchange rate changes on cash and cash equivalents	5	0	(0)
Net increase/decrease in cash and cash equivalents	580	(3,925)	(7,601)
Cash and cash equivalents, beginning of period	23,225	30,827	30,827
Cash and cash equivalents of newly consolidated subsidiaries	51	-	-
Cash and cash equivalents, end of period	23,857	26,901	23,225

## Production, Orders and Sales

### (1) Production

	Six-month period ended September 30, 2007	% change from the previous period
	Millions of yen	%
System services	49,346	+9.6%
Software	9,160	(16.9)%
Total	58,506	+4.4%

### (2) Orders received

	Orders		Backlog	
	Six-month period ended September 30, 2007	% change from the previous period	Six-month period ended September 30, 2007	% change from the previous period
	Millions of yen	%	Millions of yen	%
Services	108,674	+6.6	120,208	+16.6
Software	13,585	(9.2)	12,821	(10.8)
Hardware	21,481	(7.6)	13,480	(25.0)
Total	143,740	+2.5	146,510	+8.2

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

Orders and backlog are calculated on contracts.

### (3) Sales

	Six-month period ended September 30, 2007	% change from the previous period
	Millions of yen	%
Services	109,120	+26.0
Software	16,961	(11.6)
Hardware	26,278	(14.5)
Total	152,359	+11.6