



Consolidated Financial Report for the Second Quarter of Fiscal Year Ending March 31, 2013 [Japan GAAP]

November 1, 2012

Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st section
Stock Code:	8056
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Scheduled Submission Date for Quarterly Report:	November 13, 2012
Scheduled Starting Date for Dividend Payment:	December 4, 2012
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors, analysts and press)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results in FY2013 Q2 (from April 1, 2012 to September 30, 2012)

(1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2013 Q2	124,571	6.4	4,257	113.4	4,375	142.2	(2,533)	—
FY2012 Q2	117,049	0.4	1,995	43.9	1,806	55.4	688	—

(Note) Comprehensive income FY2013 Q2: -162 Million Yen (—%) FY2012 Q2: 638 Million Yen (—%)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2013 Q2	(26.96)	—
FY2012 Q2	7.33	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
FY2013 Q2	183,629	63,071	33.6
FY2012	190,083	63,223	32.6

(Reference) Shareholders' Equity FY2013 Q2: 61,731 Million Yen FY2012: 61,923 Million Yen

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2012	—	5.00	—	0.00	5.00
FY2013	—	5.00	—	—	—
FY2013 (Forecast)	—	—	—	5.00	10.00

(Note) Revisions to the latest forecasts of dividends: None

3. Consolidated Earnings Forecast for FY2013 (from April 1, 2012 to March 31, 2013)

(Percentage below represents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2013	265,000	3.9	9,000	23.1	8,500	19.8	1,000	—	10.64

(Note) Revisions to the latest forecast of consolidated earnings: Yes

Notes

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries) during this quarterly period:

No

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatement of corrections

1. Changes in accounting policies in association with revision in accounting standards: No

2. Other changes in accounting policies: No

3. Changes in accounting estimates: No

4. Restatement of corrections: No

(4) Number of shares outstanding (common stock)

(shares)

1. Number of shares outstanding (including treasury stock)	FY2013 Q2	109,663,524	FY2012	109,663,524
2. Number of shares of treasury stock	FY2013 Q2	15,672,104	FY2012	15,684,004
3. Average number of shares outstanding (during the period)	FY2013 Q2	93,988,024	FY2012 Q2	93,979,841

Indication of quarterly review procedure implementation status

This quarterly earnings report is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act have not been completed.

Comment regarding appropriate usage of earnings forecast, and other special notes

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to us and certain assumptions which are regarded as legitimate. Actual results may differ from these forecasts due to various factors.

1. Qualitative Information on the Consolidated Operating Results for the Second Quarter of Fiscal Year Ending March 31, 2013

(1) Qualitative Information on the Consolidated Operating Results

Although the recovery of the Japanese economy paused mainly against the backdrop of the global economic deceleration during the second quarter of this fiscal year, companies' IT investments have shown signs of slow recovery, primarily attributable to the domestic demand fueled by the post-quake recovery effort. However, there are concerns about risks of downward pressure on the Japanese economy exerted through the downward financial and capital markets due to the European debt crises and the worsened economic relations with China.

In this environment, the Nihon Unisys group established the basic policies of the mid-term management plan: "expansion of our core businesses", "establishment of Co-Creation/BPO (Business Process Outsourcing) business models" and "entrance in the social infrastructure business". Through our experience of providing various ICT services that suit companies' business strategies of a broad spectrum of industries, we have developed our technologies, expertise and relationships with customers. On this basis, we have expanded our core businesses and stabilized the income base. Also, we have endeavored to create new sources of income such as joint businesses with customers, BPOs, and social infrastructure businesses.

With respect to the expansion of our core businesses, there were orders for host computer renewal for major financial institutions, Shinkin banks, and electric power companies. Also, in this policy domain, there has been a steady expansion of businesses pertaining to corporate IT infrastructure such as cloud computing businesses (SaaS and private cloud) initiated through the implementation projects of "UNITRA[®]" (Note 1), a next-generation logistics platform. Under the policy of establishment of Co-Creation/BPO (Business Process Outsourcing) business models, our businesses have steadily expanded on the basis of participation as a partner in establishing an e-commerce portal site for a major retailer and a release of digital contents at an airport lounge through the use of "LoMeS[™]" (Note 2) platform. Also, as regards the entrance in the social infrastructure business, our disaster prevention services have been smoothly strengthened with a central focus on "SAVEaid[®]", a cloud-type disaster prevention information system.

(Note) 1. UNITRA[®] (Universal Identification Track & Trace): service enabling distant locations or different companies to share real time information regarding the movements of all things (raw materials, products etc.) in the actual sites of physical distribution. The information coded through the use of IC tag and bar code is accumulated at a data center of Nihon Unisys, Ltd.

2. LoMeS[™] (Location-based Media Service): service of providing the digital contents that consist of special information or services for customers except those customers from economy class (special customers) solely at a specific location.

Also, we concluded with Dai Nippon Printing Co., Ltd. a business alliance agreement on August 9, 2012. Both companies agreed to establish separately organizations for promoting the business alliance with the purpose of strengthening cooperation and embodying synergy effects within the short term on the basis of the agreement. Thus, our company has newly established the "DXN Business Operations". This new division has served both companies as the center for strengthening cooperation pursuant to the three principles, cloud business, new platform service business and marketing/sales cooperation, and by driving the deployment of new types of businesses as strategic partners.

As regards the consolidated operating results for the second quarter of the fiscal year under review, net sales totaled ¥ 124,571 million, up by 6.4 % compared with the same period of the previous fiscal year. This is mainly due to the continued strength of software and hardware sales.

Concerning profit, due to an increase in income as a result of the increase in net sales and also our efforts in reducing costs such as selling, general and administrative expenses, operating income was ¥4,257million (a 113.4% increase from the same quarter last year), and ordinary income was ¥4,375million (a 142.2% increase on a year-to-year comparison). The Group posted a net loss of

¥2,533 million (against a net income of ¥688 million of the same period last year), primarily attributable to registering a loss of ¥5,122 million on the valuation of investment securities as an extraordinary loss.

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the quarter under review were ¥183,629 million, a decrease of ¥6,453 million from the end of the previous fiscal year, mainly attributable to a decrease in accounts receivable-trade.

Liabilities were ¥120,558 million, down by ¥6,302 million from the end of the previous fiscal year, mainly owing to repayment of loans payable and a decrease in accounts payable-trade.

Net assets were ¥63,071 million at the end of this period. The shareholders' equity ratio was 33.6%, an improvement of 1.0 percentage point from the end of the previous fiscal year.

(Status of Cash Flows)

Cash and cash equivalents (hereinafter referred to as 'cash') amounted to ¥26,966 million at the end of the second quarter of the fiscal year under review, which is a ¥288 million drop since the end of the previous fiscal year.

Below is a cash flow statement including cash flow status and factors for the period under review.

(Cash flow from operating activities)

Net cash provided by operating activities in the fiscal year under review totaled ¥13,547 million (an increase of ¥12,374 million in proceeds from the same period of the previous fiscal year). This figure includes elements with negative effects on proceeds such as a ¥4,132 million decrease in notes and accounts payable-trade (the effect of a ¥3,176 million decrease in proceeds compared with the same period last year) in addition to a ¥1,250 million loss before income taxes and minority interests (worsened by ¥2,475 million on a year-to-year comparison). It also reflects elements with positive effects on proceeds such as non-cash expenses including ¥5,288 million in depreciation and amortization (the effect of a ¥1,511 million decrease in proceeds on a year-over-year basis), a ¥5,122 million loss on valuation of investment securities (the effect of a ¥4,909 million increase in proceeds on a year-to-year comparison), and a ¥8,305 million decrease in notes and accounts receivable-trade (the effect of a ¥5,207 million increase in proceeds on a year-over-year basis).

(Cash flow from investing activities)

Net cash used in investing activities was ¥6,412 million (up by ¥1,330 million in expenditures compared with the same period of the previous fiscal year). This result mainly reflects the fact that we used ¥2,151 million (up by ¥802 million in expenditures on a year-over-year basis) to purchase property, plant and equipment such as computers for sales activities, and ¥4,262 million (up by ¥512 million in expenditures on a year-over-year basis) to purchase intangible assets.

(Cash flow from financing activities)

Net cash used in financing activities during the fiscal year under review was ¥7,422 million (up by ¥2,055 million in expenditures compared with the same period of the previous fiscal year). Factors contributing to this figure include ¥3,000 million in proceeds from long-term loans payable (a decrease of ¥2,000 million in proceeds on a year-to-year comparison), the ¥8,167 million repayment of long-term loans payable (down by ¥498 million in expenditures on a year-to-year comparison), and a ¥2,000 million net decrease in commercial paper (a ¥1,000 million increase in expenditures from the same period last year).

(3) Qualitative Information on Consolidated Financial Forecast

Our full-year consolidated performance forecast as announced on May 10, 2012 has been revised. Please refer to the "Revision of the Full-Year Performance Forecast for the Fiscal Year Ending March 31, 2013", which was independently announced today, for details.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2012 (As of March 31, 2012)	FY2013 Q2 (As of September 30, 2012)
ASSETS		
Current assets		
Cash and deposits	27,254	26,966
Notes and accounts receivable-trade	64,421	56,116
Merchandise and finished goods	5,334	6,922
Work in process	2,139	3,709
Raw materials and supplies	165	153
Deferred tax assets	5,137	5,909
Others	10,848	11,512
Allowance for doubtful accounts	(431)	(80)
Total current assets	114,869	111,209
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,274	3,296
Machinery, equipment and vehicles, net	6,434	6,560
Others, net	3,832	4,037
Total property, plant and equipment	13,540	13,894
Intangible assets		
Goodwill	2,209	2,140
Software	22,390	22,619
Others	106	112
Total intangible assets	24,706	24,872
Investments and other assets		
Investment securities	13,663	11,790
Deferred tax assets	9,621	7,344
Prepaid pension cost	1,606	1,630
Others	12,475	13,407
Allowance for doubtful accounts	(400)	(520)
Total investments and other assets	36,966	33,652
Total non-current assets	75,213	72,420
Total assets	190,083	183,629

	FY2012 (As of March 31, 2012)	FY2013 Q2 (As of September 30, 2012)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	23,377	19,245
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	10,173	2,662
Commercial papers	12,000	10,000
Income taxes payable	1,223	582
Allowance for loss on contract development	3,739	3,926
Other provision	738	832
Others	20,457	26,377
Total current liabilities	81,710	73,626
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	30,987	33,331
Deferred tax liabilities	175	68
Provision for retirement benefits	887	916
Other provision	439	501
Asset retirement obligations	1,300	1,313
Negative goodwill	7	-
Others	1,351	800
Total non-current liabilities	45,150	46,931
Total liabilities	126,860	120,558
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	15,281	15,281
Retained earnings	62,369	59,826
Treasury stock	(19,360)	(19,344)
Total shareholders' equity	63,773	61,247
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,868)	510
Deferred gains (losses) on hedges	17	(27)
Total accumulated other comprehensive income	(1,850)	483
Subscription rights to shares	847	866
Minority interests	452	474
Total net assets	63,223	63,071
Total liabilities and net assets	190,083	183,629

(2) Consolidated Statements of Income and Statements of Comprehensive Income
(Consolidated Statements of Income)

Millions of Yen

	FY2012 Q2 (Six months ended September 30, 2011)	FY2013 Q2 (Six months ended September 30, 2012)
Net sales	117,049	124,571
Cost of sales	86,365	93,076
Gross profit	30,683	31,494
Selling, general and administrative expenses	28,687	27,237
Operating income	1,995	4,257
Non-operating income		
Interest income	41	32
Dividends income	175	305
Others	104	190
Total non-operating income	321	527
Non-operating expense		
Interest expenses	422	343
Others	88	66
Total non-operating expenses	510	410
Ordinary income	1,806	4,375
Extraordinary income		
Gain on sales of investment securities	18	-
Gain on sales of golf memberships	-	1
Others	1	3
Total extraordinary income	20	4
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	43	18
Impairment loss	247	387
Loss on valuation of investment securities	212	5,122
Loss on valuation of golf club membership	67	5
Others	30	97
Total extraordinary loss	601	5,631
Income(loss) before income taxes and minority interests	1,224	(1,250)
Income taxes-current	228	687
Income taxes-deferred	283	558
Total income taxes	512	1,246
Income (loss) before minority interests	712	(2,497)
Minority interests in income	24	36
Net income (loss)	688	(2,533)

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2012 Q2 (Six months ended September 30, 2011)	FY2013 Q2 (Six months ended September 30, 2012)
Income (loss) before minority interests	712	(2,497)
Other comprehensive income		
Valuation difference on available-for-sale securities	(28)	2,379
Deferred gains (losses) on hedges	(45)	(45)
Share of other comprehensive income of associates accounted for using equity method	(0)	0
Total other comprehensive income	(74)	2,334
Comprehensive income	638	(162)
(Breakdown)		
Comprehensive income attributable to owners of the parent	614	(199)
Comprehensive income attributable to minority interests	24	36

(3) Consolidated Statements of Cash Flows

Millions of Yen

	FY2012 Q2 (Six months ended September 30, 2011)	FY2013 Q2 (Six months ended September 30, 2012)
Operating activities:		
Income (loss) before income taxes and minority interests	1,224	(1,250)
Depreciation and amortization	6,800	5,288
Impairment loss	247	387
Amortization of goodwill	74	68
Amortization of negative goodwill	(7)	(7)
Loss (gain) on valuation of investment securities	212	5,122
Increase (decrease) in provisions for retirement benefits	13	29
Increase (decrease) in allowance for loss on contract development	1,176	187
Increase (decrease) in other provisions	(183)	(75)
Interest and dividends income	(217)	(337)
Interest expenses	422	343
Decrease (increase) in notes and accounts receivable-trade	3,097	8,305
Decrease (increase) in inventories	1,992	(3,146)
Increase (decrease) in notes and accounts payable-trade	(956)	(4,132)
Others	(6,652)	3,738
Subtotal	3,261	14,521
Interest and dividends income received	218	344
Interest expenses paid	(438)	(358)
Income taxes paid	(1,868)	(959)
Net cash provided by (used in) operating activities	1,173	13,547
Investing activities:		
Proceeds from sales of short-term investment securities	20	-
Purchase of property, plant and equipment	(1,348)	(2,151)
Proceeds from sales of property, plant and equipment	17	1
Purchase of intangible assets	(3,749)	(4,262)
Purchase of investment securities	(2)	(2)
Proceeds from sales of investment securities	43	-
Others	(63)	2
Net cash provided by (used in) investing activities	(5,081)	(6,412)

	FY2012 Q2 (Six months ended September 30, 2011)	FY2013 Q2 (Six months ended September 30, 2012)
Financing activities:		
Net increase in short-term loans payable	5,000	3,000
Repayment of long-term loans payable	(8,665)	(8,167)
Increase (decrease) in commercial papers	(1,000)	(2,000)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	-	7
Cash dividends paid	(468)	(0)
Cash dividends paid to minority shareholders	(14)	(14)
Others	(218)	(248)
Net cash provided by (used in) financing activities	(5,367)	(7,422)
Net increase (decrease) in cash and cash equivalents	(9,275)	(288)
Cash and cash equivalents at beginning of period	30,413	27,254
Cash and cash equivalents at end of period	21,137	26,966

(4) Notes concerning Going Concern Assumption

Not applicable

(5) Notes in the Event of Material Changes in amount of Shareholders' Equity

Not applicable