

Note) This is an English translation of summarized consolidated financial results prepared for readers' convenience. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.



Consolidated Financial Report for the Third Quarter of Fiscal Year Ending March 31, 2014 [Japan GAAP]

January 31, 2014

Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	http://www.unisys.co.jp/
Representative:	Shigeru Kurokawa, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	February 13, 2014
Scheduled Starting Date for Dividend Payment:	—
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors and analysts)

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

1. Consolidated Financial Results in FY2014 Q3 (from April 1, 2013 to December 31, 2013)

(1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from the same period of previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2014 Q3	190,626	5.3	2,723	(44.2)	3,054	(38.3)	1,695	—
FY2013 Q3	181,023	5.3	4,885	—	4,947	—	(2,032)	—

(Note) Comprehensive Income FY2014 Q3: 3,645 Million Yen (264.2%) FY2013 Q3: 1,000 Million Yen (—%)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2014 Q3	18.04	15.96
FY2013 Q3	(21.63)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
FY2014 Q3	190,079	70,163	36.3
FY2013	197,779	67,916	33.6

(Reference) Shareholders' Equity FY2014 Q3: 68,974 Million Yen FY2013: 66,505 Million Yen

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2013	—	5.00	—	5.00	10.00
FY2014	—	7.50	—	—	—
FY2014 (Forecast)	—	—	—	7.50	15.00

(Note) Revisions to the latest forecast of dividends: No

3. Consolidated Earnings Forecast for FY2014 (from April 1, 2013 to March 31, 2014)

(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
FY2014	280,000	4.0	12,000	44.4	11,300	35.9	7,000	459.6	74.48

(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)

FY2014 Q3	109,663,524	FY2013	109,663,524
FY2014 Q3	15,672,361	FY2013	15,672,347
FY2014 Q3	93,991,123	FY2013 Q3	93,989,037

2. Number of shares of treasury stock

3. Average number of shares outstanding (during the period)

** 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

(Note on forward-looking statements)

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

4. Qualitative Information on the Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2014

(1) Analysis of Business Operation

During the past nine months of the fiscal year ending March 2014, the Japanese economy has steadily recovered, owing to the effects of various economic measures taken by the new government. Due to the US economy back on course of recovery, the global economies are expected to gain resilience gradually, despite continuing uncertainties such as European debt crisis and the deterioration of relationships among Japan, China and South Korea. Against the backdrop, business recoveries, driven by major companies, have been noted in a wide variety of industries. There are signs mainly in the non-manufacturing industries that companies have increased capital investment. Attributable to companies' resumption of software investment, the information services market in Japan has clearly been on a recovery track. However, we recognize that we are in a tougher business environment where we face fiercer competition.

In this environment, the Nihon Unisys group aimed to further increase the corporate values. In the second year of our three-year "Mid-term Management Plan 2012→2014", we endeavored to strengthen the income base through the expansion of our core businesses, and also create new income sources through challenging ourselves to take on new businesses. The challenges included the efforts to put social infrastructure and co-creation/BPO (Business Process Outsourcing) businesses on the track of growth. Also, we actively deployed the cooperative businesses with Dai Nippon Printing Co., Ltd., with which we formed a business alliance in 2012 in order to accelerate the efforts. Furthermore, we made efforts to reform our personnel system and cost structure in order to strengthen the management base.

With regard to the expansion of core businesses, BankVision®, a next-generation open core-banking system which now serves a range of regional banks, strengthened its track record, reflected in the total number of 10 users including one new user. For the lease industry, LeaseCreation® occupies 25% or more share of the lease market. LeaseVision® (CoreCenter® for Lease), the next-generation model, has already been ordered by two leasing companies since the release. It is planned to be implemented at 70 or more leasing companies over the next five years. Furthermore, a major manufacturer of transport equipment and a major electronics manufacturer have decided to utilize eBuyerBrains®, a supplier analytics solution for purchase and procurement departments, mainly for the manufacturing industry. In addition, we were awarded with orders; one from Sapporo City for welfare support system for the aged and handicapped, and another for the overall renewal of the largest internal portal system in Japan for a major automobile manufacturer.

In our new businesses, we started to cooperate with a major manufacturer of analytics and measurement devices in the fields of vehicle operation management and telematics (Note), resulting in the launch of cloud-computing operation management system. Both companies plan to provide services indicating the fuel-efficient, safest and quickest routes, and simulating an efficient distribution system and safe driving, through the use of analyzed operation data of vehicles that will be accumulated significantly in the future.

Also, we plan to renew the cloud-based digital library services for libraries in cooperation with Dai Nippon Printing Co., Ltd., Toshokan Ryutsu Center Co., Ltd., and Maruzen Co., Ltd. The new services will be released in April and eventually serve 300 libraries for the next five years.

As regards the last point of reinforcing the management base, we have continued the initiatives for reducing fixed costs: optimization of personnel and reform of cost structure. We have taken approaches of shifting back-office personnel to operation workforce and consolidating offices.

As above, our whole group has endeavoured to achieve as stated in the Mid-term Management Plan, and generally we have almost made a favourable progress.

(Note) Telematics enables information services through the integration of vehicles and communication systems such as mobile phones, dedicated wireless communications equipment, and the Internet.

As regards the consolidated results of the past nine months under review, net sales totalled ¥190,626 million, up by 5.3% compared with the same period of the previous fiscal year, attributable to the continued strong services and hardware sales.

With regard to the profit, despite the efforts of cost reduction such as decreasing selling and general expenses, gross profit decreased year on year due to a pullback from highly profitable projects of the same period of the previous fiscal year.

Operating income decreased to ¥2,723 million, down by 44.2% compared with the same period of the previous fiscal year. Ordinary income decreased to ¥3,054 million, down by 38.3% compared with the year-earlier period. A ¥1,695 million net income was posted, an increase of ¥3,728 million from the year-earlier period when the Group had posted a ¥2,032 million net loss partly due to recognizing as extraordinary loss a ¥4,831 million loss on valuation of investment securities.

(2) Analysis of Financial Condition

In the period under review, total assets were ¥190,079 million, down by ¥7,700 million from the end of the previous fiscal year, partly due to a decrease in accounts receivable-trade.

Despite an issuance of convertible bonds, total liabilities were ¥119,916 million, down by ¥9,946 million from the end of the previous fiscal year, partly due to a decrease in accounts payable-trade and redemption of commercial paper.

Net assets were ¥70,163 million at the end of the period under review. The shareholders' equity ratio was 36.3%, an improvement of 2.7 percentage points compared with the end of the previous fiscal year.

(3) Comments on the Forward-Looking Statements

The Company has revised below the full-year forecast of the consolidated performance results for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014), which was announced on May 9, 2013, on the basis of the consideration of the recent performance. Also, the Company has revised the non-consolidated performance forecast for the same period.

Full-year Forecast of Consolidated Performance Results

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings Per Share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	275,000	12,000	11,300	7,000	74.48
Revised Forecast (B)	280,000	12,000	11,300	7,000	74.48
Variance (B-A)	5,000	-	-	-	-
Variance (%)	1.8	-	-	-	-
Actual Performance of Fiscal Year ended March 2013	269,170	8,311	8,315	1,250	13.31

Full-year Forecast of Non-Consolidated Performance Results

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings Per Share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	170,000	7,000	8,500	5,700	60.64
Revised Forecast (B)	175,000	7,000	8,500	5,700	60.64
Variance (B-A)	5,000	-	-	-	-
Variance (%)	2.9	-	-	-	-
Actual Performance of Fiscal Year ended March 2013	171,379	4,119	6,634	746	7.94

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2013 (As of March 31, 2013)	FY2014 Q3 (As of December 31, 2013)
ASSETS		
Current assets		
Cash and deposits	25,274	25,270
Notes and accounts receivable-trade	69,189	52,206
Merchandise and finished goods	6,043	13,354
Work in process	2,594	7,770
Raw materials and supplies	178	292
Deferred tax assets	6,024	6,843
Others	14,878	11,312
Allowance for doubtful accounts	(145)	(84)
Total current assets	124,037	116,966
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,338	3,125
Machinery, equipment and vehicles, net	6,276	5,312
Others, net	3,909	3,594
Total property, plant and equipment	13,524	12,032
Intangible assets		
Goodwill	2,072	1,969
Software	21,926	20,334
Others	93	71
Total intangible assets	24,092	22,375
Investments and other assets		
Investment securities	14,586	16,645
Deferred tax assets	6,807	4,376
Prepaid pension cost	1,523	3,794
Others	13,692	14,373
Allowance for doubtful accounts	(484)	(483)
Total investments and other assets	36,124	38,706
Total non-current assets	73,742	73,113
Total assets	197,779	190,079

Millions of Yen

	FY2013 (As of March 31, 2013)	FY2014 Q3 (As of December 31, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	25,517	20,781
Current portion of long-term loans payable	2,290	1,783
Commercial papers	13,000	—
Income taxes payable	753	241
Allowance for loss on contract development	1,757	2,756
Other provision	650	699
Others	32,688	26,649
Total current liabilities	76,657	52,912
Non-current liabilities		
Bonds payable	10,000	10,000
Convertible bond	—	15,181
Long-term loans payable	39,560	38,440
Deferred tax liabilities	47	54
Provision for retirement benefits	958	1,000
Other provision	665	625
Asset retirement obligations	1,281	1,301
Others	692	400
Total non-current liabilities	53,205	67,003
Total liabilities	129,863	119,916
Net assets		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	15,281	15,281
Retained earnings	63,141	63,661
Treasury stock	(19,344)	(19,343)
Total shareholders' equity	64,561	65,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,957	3,871
Deferred gains or losses on hedges	(13)	21
Total accumulated other comprehensive income	1,943	3,892
Subscription rights to shares	858	652
Minority interests	552	535
Total net assets	67,916	70,163
Total liabilities and net assets	197,779	190,079

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

Millions of Yen

	FY2013 Q3 (nine months ended December 31, 2012)	FY2014 Q3 (nine months ended December 31, 2013)
Net sales	181,023	190,626
Cost of sales	136,014	148,701
Gross profit	45,008	41,924
SG&A expenses	40,123	39,200
Operating income	4,885	2,723
Non-operating income		
Interest income	47	50
Dividends income	350	356
Foreign exchange gains	81	202
Others	154	198
Total non-operating income	634	808
Non-operating expense		
Interest expenses	501	336
Others	70	140
Total non-operating expense	571	477
Ordinary income	4,947	3,054
Extraordinary income		
Gain on sales of investment securities	-	180
Gain on reversal of subscription rights to shares	-	266
Gain on sales of golf club memberships	1	8
Others	3	16
Total extraordinary income	5	471
Extraordinary loss		
Loss on sales and retirement of non-current assets	25	43
Impairment loss	387	119
Loss on valuation of investment securities	4,831	577
Loss on valuation of golf club membership	17	—
Others	97	1
Total extraordinary loss	5,360	742
Income (loss) before income taxes and minority interests	(407)	2,784
Income taxes-current	338	318
Income taxes-deferred	1,239	769
Total income taxes	1,577	1,087
Income (loss) before minority interests	(1,985)	1,696
Minority interests in income	47	0
Net income (loss)	(2,032)	1,695

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2013 Q3	FY2014 Q3
	(nine months ended December 31, 2012)	(nine months ended December 31, 2013)
Income (loss) before minority interests	(1,985)	1,696
Other comprehensive income		
Valuation difference on available-for-sale securities	2,940	1,913
Deferred gains or losses on hedges	46	35
Share of other comprehensive income of associates accounted for using equity method	0	0
Total other comprehensive income	2,986	1,948
Comprehensive income	1,000	3,645
(Breakdown)		
Comprehensive income attributable to owners of the parent	953	3,644
Comprehensive income attributable to minority interests	47	0

(3) Notes concerning the Quarterly Consolidated Financial Statements

(Notes concerning Going Concern Assumption)

Not applicable

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

Not applicable