

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, 2015 [Japan GAAP]

February 3, 2015

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 10, 2015
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 FY2015 Q3 (from April 1, 2014 to December 31, 2014)

(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	%
FY2015 Q3	179,956	(5.6)	4,602	69.0	5,981	95.8	3,949	132.9
FY2014 Q3	190,626	5.3	2,723	(44.2)	3,054	(38.3)	1,695	-

(Note) Comprehensive Income FY2015 Q3: 5,084 Million Yen (39.5 %) FY2014 Q3: 3,645 Million Yen (264.2%)

	Earnings Per Share		Diluted Earnings Per Share	
	Yen		Yen	
FY2015 Q3	42.01		36.33	
FY2014 Q3	18.04		15.96	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Millions of Yen		Millions of Yen		%	
FY2015 Q3	192,189		73,393		37.7	
FY2014	202,468		76,016		36.9	

(Reference) Shareholders' Equity FY2015 Q3: 72,380 Million Yen FY2014: 74,796 Million Yen

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen				
FY2014	—	7.50	—	7.50	15.00
FY2015	—	10.00			
FY2015 (Forecast)				10.00	20.00

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

3. Consolidated Earnings Forecast for FY2015 (from April 1, 2014 to March 31, 2015)

(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
FY2015	275,000	(2.7)	12,000	25.3	11,300	15.0	7,500	18.9	79.79

(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: Yes

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)

FY2015 Q3	109,663,524	FY2014	109,663,524
FY2015 Q3	15,637,908	FY2014	15,651,708
FY2015 Q3	94,013,262	FY2014 Q3	93,991,123

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.

(Appendix)

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1. Qualitative Information for the Third Quarter of the Fiscal Year Ending March 31, 2015

(1) Analysis of Operating Results

During the nine months of the fiscal year ending March 2015, the Japanese economy has continued to recover gradually. Companies have posted improved earnings, and major manufacturers have shown signs of increasing their capital investments, although their judgment on current business conditions is cautious in general. An expected increase in software investments will help the domestic information services market to get back on track to moderate recovery.

However, we are faced with further intensified rivalries and concerns that undermined consumer confidence and unpredictable situations in the world will hold back the Japanese economy. Therefore, our circumstances continue to be tough.

In this environment, the Nihon Unisys group has aimed to further increase the corporate values.

In the last year of our three-year “Mid-term Management Plan (2012→2014)”, we have endeavored to strengthen the income base through the expansion of our core businesses, and also create new income sources by challenging ourselves to take on new businesses. This included the efforts to put co-creation/BPO (Business Process Outsourcing) and social infrastructure businesses on the path to 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 these efforts.

Furthermore, we have been reforming our personnel system and cost structure in order to strengthen the management base.

Our efforts to expand our core businesses continued to be strong as evidenced by the start of service on January 4, 2015 of our ‘BankVision®’ a next-generation open core banking system to Hokkoku Bank, Ltd., our 9th client. Furthermore, we were awarded from a major Shinkin bank for another core banking system and also from a major retailer for renewing their e-commerce site, the largest in Japan. Our infrastructure business was also strong. We were awarded orders: an electronic computer system for educational purposes at a national university; a network system for a new headquarters building of a regional financial institution; and a global IT outsourcing service extended to multiple overseas offices for a major manufacturer. In addition, we have been gradually strengthening the lineup of service products of Cloud Federation that will enable coordination with multiple cloud environments.

As part of our efforts for taking on the new businesses, in the field of energy, we were awarded a project by the Japan Aerospace Exploration Agency (JAXA) based on satellite data provided by the independent administration institution itself. The project aims at using the satellite data for Energy Management System (EMS) ^(Note 1) services. It will analyze big data which will be obtained from earth observation satellite sensors and ground-based sensors. The analyzed results will be utilized to help to enhance the adjustment of supply and demand of renewable energy. They will also increase added values when used in our EMS services.

Also, we have intensified efforts for developing new business areas based on our previous achievements. They include the joint research of collaborative communications for a near-future office with Itoki Corporation, through the use of knowledge obtained from our cooperation with Dai Nippon Printing Co., Ltd. Our new businesses have been monetized steadily as exemplified in the order for ‘Non-accident Program DR®’. 6,500 units have been ordered in total as of the end of December, 2014.

In order to strengthen our management base, we have continued our efforts to optimize the workforce and reform cost structure. This means a reduction of fixed costs through re-assignment of back-office personnel to the operational workforce and consolidation of offices.

Thus, our whole group has endeavored to achieve what was stated in the Mid-term Management Plan.

Also, our Group has announced our next mid-term management plan on December 1, 2014. We are prepared to bring our plan to fruition.

(Notes)

1. EMS (Energy Management System) :

An energy management system (EMS) is a system of managing energy for saving energy and reducing energy costs. It monitors in detail the actual status of electricity and gas use, and improves the performance of the generation and/or transmission system through automatic control.

2. Company and product names mentioned herein are trademarks or registered trademarks of their respective owners.

Net sales for the period under review on a consolidated basis were ¥ 179,956 million, a decrease of 5.6% compared with the same period of the previous fiscal year, mainly attributable to a decrease in hardware sales, support services sales, and system services sales, despite the continued strength of outsourcing sales.

As a result of an increase in gross profit due to the efforts of decreasing unprofitable projects, operating income was ¥ 4,602 million, up by 69.0% compared with the same period of the previous fiscal year. Ordinary income was ¥ 5,981million, up by 95.8% compared with a year earlier period. Net income was ¥ 3,949million, up by 132.9% from the corresponding period of the previous fiscal year.

(2) Analysis of Financial Condition

In the third quarter under review, partly due to a decrease in accounts receivable-trade, total assets were ¥ 192,189 million, a decrease of ¥ 10,278 million compared with the end of the previous fiscal year.

Liabilities were ¥ 118,795million, a ¥ 7,655million decrease from the end of the previous fiscal year, partly due to a decrease in accounts payable-trade and a repayment of loans payable.

Net assets were ¥ 73,393 million. Shareholders’ equity ratio was 37.7%, up by 0.7 percentage points from the end of the previous fiscal year.

(3) Comments on the Earnings Forecast for FY2015

The Company has revised below the full-year forecast of the consolidated performance results for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015), which was announced on May 9, 2014, 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)	285,000	12,000	11,300	7,500	79.79
Revised Forecast (B)	275,000	12,000	11,300	7,500	79.79
Variance (B-A)	-10,000	—	—	—	—
Variance (%)	-3.5	—	—	—	—
Actual Performance of Fiscal Year ended March 2014	282,690	9,574	9,822	6,305	67.08

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	6,000	63.83
Revised Forecast (B)	165,000	7,000	8,500	6,000	63.83
Variance (B-A)	-5,000	—	—	—	—
Variance (%)	-2.9	—	—	—	—
Actual Performance of Fiscal Year ended March 2014	170,794	4,409	6,748	4,038	42.97

2. Matters pertaining to the Summary Information (Notes)

(1) Changes in accounting policies, changes in accounting estimates and restatement of corrections
(Adoption of Accounting Standards for Retirement Benefits)

The main clause of paragraph 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan, ASBJ, Statement No.26, issued May 17, 2012, hereinafter referred to as "Accounting Standard for Retirement Benefits") and the main clause of paragraph 67 of "Implementation Guidance on Accounting Standard for Retirement Benefits" (ASBJ Statement No. 25, issued May 17, 2012, hereinafter referred to as "Guidance on Accounting Standard for Retirement Benefits") were adopted from the first quarter of this fiscal year. Pursuant to the stipulations, the calculation methods for retirement benefit obligations and service costs were revised. Specifically, the method of determining the portion of projected benefit obligation attributed to periods was changed from the straight-line method to the benefit formula basis. Also, there was a change in the method of calculating the periods of bonds that serve as the basis of determining the discount rates applied in the calculation of projected benefit obligation. The bond period used to be calculated by applying the simple average method through to the day of projected payment. Since the change, it has been calculated by the weighted average method that uses the estimated period and amount of benefit payment in each period.

The Accounting Standard for Retirement Benefits and other standards were applied in accordance with the transitional treatment set forth in paragraph 37 of the Accounting Standard for Retirement Benefit. The effect of the change in calculation methods of retirement benefit obligation and service costs were added to or deducted from retained earnings as of April 1, 2014.

As a result, net defined benefit liability increased by ¥ 8,565 million (including a decrease of ¥ 6,498 million in net defined benefit asset), and retained earnings decreased by ¥ 5,832 million as of April 1, 2014. In addition, operating income, ordinary income and income before income taxes and minority interests for the nine months ended December 31, 2014 each increased by ¥ 279 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2014 (As of March 31, 2014)	FY2015 Q3 (As of December 31, 2014)
ASSETS		
Current assets		
Cash and deposits	28,723	31,283
Notes and accounts receivable-trade	67,958	50,477
Merchandise and finished goods	10,489	10,441
Work in process	2,908	7,060
Raw materials and supplies	370	634
Deferred tax assets	6,290	7,069
Others	11,716	15,545
Allowance for doubtful accounts	(97)	(124)
Total current assets	128,361	122,389
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,360	3,338
Machinery, equipment and vehicles, net	5,692	6,866
Others, net	3,102	3,431
Total property, plant and equipment	12,155	13,637
Intangible assets		
Goodwill	1,935	1,832
Software	18,815	17,881
Others	67	359
Total intangible assets	20,817	20,073
Investments and other assets		
Investment securities	16,199	17,022
Deferred tax assets	4,089	3,373
Net defined benefit asset	7,123	624
Others	14,202	15,571
Allowance for doubtful accounts	(481)	(500)
Total investments and other assets	41,133	36,089
Total non-current assets	74,106	69,800
Total assets	202,468	192,189

Millions of Yen

	FY2014 (As of March 31, 2014)	FY2015 Q3 (As of December 31, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	24,434	17,811
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	3,940	8,465
Income taxes payable	540	77
Allowance for loss on contract development	3,271	3,147
Other provision	665	706
Others	28,415	28,261
Total current liabilities	71,268	68,468
Non-current liabilities		
Convertible bonds	15,162	15,106
Long-term loans payable	36,770	31,125
Deferred tax liabilities	32	66
Other provision	501	509
Net defined benefit liability	1,019	975
Asset retirement obligations	1,307	1,328
Others	389	1,214
Total non-current liabilities	55,183	50,327
Total liabilities	126,451	118,795
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	15,281	15,281
Retained earnings	68,267	64,737
Treasury stock	(19,318)	(19,301)
Deposit for subscriptions to treasury shares	-	0
Total shareholders' equity	69,714	66,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,437	4,519
Deferred gains or losses on hedges	(20)	62
Remeasurements of defined benefit plans	1,665	1,595
Total accumulated other comprehensive income	5,082	6,178
Subscription rights to shares	661	443
Minority interests	558	570
Total net assets	76,016	73,393
Total liabilities and net assets	202,468	192,189

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

Millions of Yen

	FY2014 Q3 (Nine months ended December 31, 2013)	FY2015 Q3 (Nine months ended December 31, 2014)
Net sales	190,626	179,956
Cost of sales	148,701	136,555
Gross profit	41,924	43,400
Selling, general and administrative expenses	39,200	38,798
Operating income	2,723	4,602
Non-operating income		
Interest income	50	52
Dividends income	356	410
Gain on sales of securities	-	1,191
Foreign exchange gains	202	1
Others	198	122
Total non-operating income	808	1,778
Non-operating expense		
Interest expenses	336	311
Others	140	87
Total non-operating expense	477	398
Ordinary income	3,054	5,981
Extraordinary income		
Gain on sales of investment securities	180	2
Gain on reversal of subscription rights to shares	266	289
Gain on sales of golf club membership	8	-
Gain on revision of retirement benefit plan	-	152
Others	16	0
Total extraordinary income	471	444
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	43	51
Impairment loss	119	91
Loss on valuation of investment securities	577	0
Others	1	-
Total extraordinary loss	742	142
Income before income taxes and minority interests	2,784	6,283
Income taxes-current	318	217
Income taxes-deferred	769	2,077
Total income taxes	1,087	2,294
Income before minority interests	1,696	3,988
Minority interests in income	0	38
Net income	1,695	3,949

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2014 Q3 (Nine months ended December 31, 2013)	FY2015 Q3 (Nine months ended December 31, 2014)
Income before minority interests	1,696	3,988
Other comprehensive income		
Valuation difference on available-for-sale securities	1,913	1,082
Deferred gains or losses on hedges	35	83
Remeasurements of defined benefit plans, net of tax	-	(70)
Share of other comprehensive income (loss) of associates accounted for using equity method	0	(0)
Total other comprehensive income	1,948	1,096
Comprehensive income	3,645	5,084
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,644	5,045
Comprehensive income attributable to minority interests	0	38

(3) Notes concerning the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None applicable

(Notes on Significant Changes in Shareholders' Equity)

None applicable