

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 original Japanese text, the latter shall prevail.



Consolidated Financial Report for the Third Quarter of Fiscal Year Ending March 31, 2017 [Japan GAAP]

February 1, 2017

Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	http://www.unisys.co.jp/
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	February 13, 2017
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 FY2017 Q3 (from April 1, 2016 to December 31, 2016)

(1) Consolidated Results of Operations

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2017 Q3	188,183	(0.4)	7,464	(2.0)	7,277	1.7	5,144	14.6
FY2016 Q3	188,889	5.0	7,615	65.5	7,156	19.6	4,487	13.6

(Note) Comprehensive Income FY2017 Q3: 7,059 Million Yen (96.5%) FY2016 Q3: 3,593 Million Yen (-29.3 %)

	Earnings Per Share		Diluted Earnings Per Share	
	Yen		Yen	
FY2017 Q3	47.89		47.67	
FY2016 Q3	47.70		41.24	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Millions of Yen		Millions of Yen		%	
FY2017 Q3	179,801		95,873		52.9	
FY2016	193,094		91,213		46.8	

(Reference) Shareholders' Equity FY2017 Q3: 95,089 Million Yen FY2016: 90,374 Million Yen

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen				
FY2016	—	15.00	—	15.00	30.00
FY2017	—	17.50			
FY2017 (Forecast)				17.50	35.00

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

3. Consolidated Earnings Forecast for FY2017 (from April 1, 2016 to March 31, 2017)

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2017	285,000	2.5	14,000	11.8	13,800	13.5	10,000	12.1	93.05

(Note) Revisions to the latest forecast of consolidated earnings: No

* 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)

FY2017 Q3	109,663,524	FY2016	109,663,524
FY2017 Q3	1,996,954	FY2016	3,035,570
FY2017 Q3	107,416,390	FY2016 Q3	94,069,726

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.

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1. Results of Business Operations and Financial Conditions

(1) Analysis of Business Operations

During the nine-months of the fiscal year ending March 2017, the Japanese economy showed signs of a gradual recovery although certain sectors lag behind. We acknowledge that we are in a tough environment where: software investments in the domestic information services market mostly remain flat; uncertain overseas economies and fluctuating financial and capital markets exert impacts; and rivalries against our competitors are intensifying further.

In this environment, the Nihon Unisys Group has entered the second year of the Mid-term Management Plan that was launched in the fiscal year ending March 2016. We have been further intensifying our growth strategies with a particular focus on both expansion of digital/life innovation areas and changes of business ICT platforms. Additionally, we are vigorously promoting efforts pursuant to the strategic policies such as corporate culture reform and the strengthening of human resources capabilities.

In the area of digital innovation, which we challenge ourselves to take on as stipulated in the Mid-term Management Plan, we continued with our growing payment/settlement services which consists of our market-proven prepaid card business. The service grew steadily in the wake of the launch of Alipay[®] (Note), a Chinese mobile payment service. We secured frequent orders from financial institutions for our services related to both our customer contacts systems and our market-based systems. Furthermore, we have intensified our new efforts partly through the launch of a joint research and development project aimed at putting robots to practical use.

In the area of life innovation, we deployed proven ICT systems that coordinate medical care and nursing care in regional areas and child-care support services. Furthermore, we launched a state-of-the-art visual monitoring service in various outdoor environments on the basis of our railroad crossing monitoring service renewed for our railroad business operators. Our new efforts, with an eye to expanding our business domains, include: enhancing digital content services to support tourism-related businesses; and providing authentic AI services in personalized, real-world contexts. Our overseas business was launched in the South East Asian region by introducing our automobile EDR (event data recorder) data related service, that has been very well received in Japan.

As regards business ICT platforms, positive changes have been enabled through promotion of both standardization and knowledge re-use. We have been promoting efforts to provide services in an optimized manner through cooperation with IoT business platform services and data utilization platforms.

Finally, as envisaged in the Mid-term Management Plan that stipulates our key strategies of reforming corporate culture and human resources capabilities, we have been proactively cultivating an environment where employees feel liberated to achieve tangible deliverables through innovation and to take on both business creation and research opportunities. This will ensure that we stay ahead of the times in all aspects of the Mid-term Management Plan. This is achieved mainly through: implementing projects which develop management talents and reform-minded leaders; promoting a telecommuting system which better suits today's dynamic official environment; further diversifying environments by, for example, the creation of satellite offices; and participating as a partner in the 'TECH PLANTER' seed acceleration program.

In summary, the entirety of Nihon Unisys Group has been diligently promoting the Mid-term Management Plan.

(Note) Alipay is a registered trademark of Alibaba Group Holding Limited.

For the nine-month period under review, our system services and outsourcing sales remained robust. Net sales on a consolidated basis were ¥188,183 million, down by 0.4% from the same period of the previous fiscal year. This drop can be attributed to a decrease in hardware and software sales. An increase in selling, general and administrative expenses outweighed a gross profit increase mainly driven by outsourcing. Thus, operating income was ¥7,464 million, down by 2.0% from the corresponding period of the previous fiscal year. However, a decrease in non-operating losses enabled an ordinary income of ¥7,277 million (up by 1.7% from the same period) and a profit attributable to owners of parent of ¥5,144 million (up by 14.6%).

(2) Analysis of Financial Position

At the end of the nine-month period of the fiscal year under review, total assets were ¥179,801 million, down by ¥13,292 million, from the end of the previous fiscal year, partly due to a decrease in accounts receivable-trade.

Liabilities were ¥83,928 million, down by ¥17,952 million from the end of the previous fiscal year, partly due to a decrease in accounts payable-trade and loans payable.

Net assets were ¥95,873 million. Shareholders' equity ratio was 52.9%, up by 6.1 percentage points from the end of the previous fiscal year.

(3) Comments on the Consolidated Earnings Forecasts and Other Forecasts

The performance forecasts on a consolidated basis and those on a non-consolidated basis have not been revised since they were announced on May 10, 2016.

2. Matters on Summary Information (Notes)

(1) Additional Information

(Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has adopted the 'Implementation Guidance on Recoverability of Deferred Tax Assets' (ASBJ Guidance No. 26 of March 28, 2016) since the first quarter of the fiscal year under review.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2016	FY2017 Q3
	(As of March 31, 2016)	(As of December 31, 2016)
ASSETS		
Current assets		
Cash and deposits	15,564	20,666
Notes and accounts receivable - trade	70,446	47,390
Merchandise and finished goods	9,374	11,017
Work in process	2,341	4,939
Raw materials and supplies	223	601
Deferred tax assets	6,194	4,689
Other	18,539	17,460
Allowance for doubtful accounts	(163)	(150)
Total current assets	122,520	106,615
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,167	3,700
Machinery, equipment and vehicles, net	7,371	7,990
Other, net	3,481	3,772
Total property, plant and equipment	14,019	15,464
Intangible assets		
Goodwill	920	857
Software	19,933	21,252
Other	269	660
Total intangible assets	21,123	22,770
Investments and other assets		
Investment securities	15,544	16,115
Deferred tax assets	4,175	2,776
Net defined benefit asset	832	835
Other	15,353	15,696
Allowance for doubtful accounts	(475)	(471)
Total investments and other assets	35,431	34,952
Total non-current assets	70,574	73,186
Total assets	193,094	179,801

Millions of Yen

	FY2016 (As of March 31, 2016)	FY2017 Q3 (As of December 31, 2016)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	22,940	16,858
Short-term loans payable	475	300
Current portion of convertible bond	1,085	-
Current portion of long-term loans payable	16,015	12,805
Income taxes payable	1,173	433
Accrued expenses	8,922	5,305
Advances received	13,637	15,989
Allowance for loss on contract development	55	40
Other provision	820	670
Asset retirement obligations	517	-
Other	9,631	8,270
Total current liabilities	75,273	60,673
Non-current liabilities		
Long-term loans payable	18,915	16,979
Provision	1,136	1,353
Net defined benefit liability	4,822	2,901
Asset retirement obligations	974	1,128
Other	760	892
Total non-current liabilities	26,608	23,254
Total liabilities	101,881	83,928
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	14,200	14,200
Retained earnings	73,364	74,889
Treasury shares	(3,746)	(2,464)
Deposit for subscriptions to treasury shares	6	-
Total shareholders' equity	89,309	92,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,297	4,744
Deferred gains or losses on hedges	(16)	(6)
Remeasurements of defined benefit plans	(3,216)	(1,758)
Total accumulated other comprehensive income	1,065	2,980
Subscription rights to shares	269	260
Non-controlling interests	569	523
Total net assets	91,213	95,873
Total liabilities and net assets	193,094	179,801

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

Millions of Yen

	FY2016 Q3 (Nine months ended December 31, 2015)	FY2017 Q3 (Nine months ended December 31, 2016)
Net sales	188,889	188,183
Cost of sales	144,121	142,748
Gross profit	44,768	45,435
Selling, general and administrative expenses	37,152	37,970
Operating income	7,615	7,464
Non-operating income		
Interest income	32	5
Dividend income	364	352
Other	200	220
Total non-operating income	596	578
Non-operating expenses		
Interest expenses	194	153
Settlement package	214	409
Other	647	202
Total non-operating expenses	1,055	764
Ordinary income	7,156	7,277
Extraordinary income		
Gain on sales of investment securities	511	100
Gain on reversal of subscription rights to shares	188	64
Other	4	6
Total extraordinary income	704	171
Extraordinary losses		
Loss on sales and retirement of non-current assets	7	28
Loss on sales of investment securities	-	43
Office transfer expenses	574	-
Other	14	13
Total extraordinary losses	596	85
Profit before income taxes	7,264	7,363
Income taxes - current	179	148
Income taxes - deferred	2,582	2,070
Total income taxes	2,762	2,219
Profit	4,502	5,144
Profit attributable to non-controlling interests	14	0
Profit attributable to owners of parent	4,487	5,144

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2016 Q3	FY2017 Q3
	(Nine months ended December 31, 2015)	(Nine months ended December 31, 2016)
Profit	4,502	5,144
Other comprehensive income		
Valuation difference on available-for-sale securities	(604)	446
Deferred gains or losses on hedges	(4)	10
Remeasurements of defined benefit plans	(299)	1,458
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(908)	1,914
Comprehensive income	3,593	7,059
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,578	7,059
Comprehensive income attributable to non-controlling interests	14	0

(3) Notes concerning the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None applicable

(Notes on Significant Changes in Shareholders' Equity)

None applicable