

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 First Quarter of Fiscal Year Ending March 31, 2015 [Japan GAAP]

July 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:	August 12, 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 FY2015 Q1 (from April 1, 2014 to June 30, 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 Q1	50,823	(7.1)	447	(68.3)	721	(55.5)	418	(1.4)
FY2014 Q1	54,694	4.3	1,409	55.8	1,620	49.4	424	29.0

(Note) Comprehensive Income FY2015 Q1: 871 Million Yen (-21.9 %) FY2014 Q1: 1,115 Million Yen (-%)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2015 Q1	4.45	3.77
FY2014 Q1	4.52	4.27

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
FY2015 Q1	187,659	70,324	36.8
FY2014	202,468	76,016	36.9

(Reference) Shareholders' Equity FY2015 Q1: 69,123 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	Yen	Yen	Yen	Yen
FY2014	—	7.50	—	7.50	15.00
FY2015	—	—	—	—	—
FY2015 (Forecast)	—	10.00	—	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 1st Half	130,000	1.5	3,500	45.6	3,300	22.1	1,800	9.5	19.15
FY2015	285,000	0.8	12,000	25.3	11,300	15.0	7,500	18.9	79.79

(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: 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 Q1	109,663,524	FY2014	109,663,524
FY2015 Q1	15,651,900	FY2014	15,651,708
FY2015 Q1	94,011,728	FY2014 Q1	93,990,989

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 first three months of the fiscal year ending March 2015, the Japanese economy has continued to recover steadily, although it has been partly weakened due to a pullback from a last-minute surge in demand ahead of an increase in the consumption tax rate. With better business performance anticipated in future, companies have shown signs of increasing their capital investment, although their cautious attitude has remained. Due to an increase in software investment expected in domestic information services, the market is expected to be back on course for recovery. On the other hand, downward pressure is expected to impact the Japanese economy, due to the continuing difficulties in the world. We understand that this concern provides us with a continued daunting environment, together with the intensified rivalries with our competitors.

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.

As we have expanded our core businesses, production runs of systems and solutions have successively continued such as: a workflow system for claim settlements by a major non-life insurance company; a platform for information system applications for regional banks that utilizes the latest thin client system; and a project that enables a mission-critical system of a major mail-order company to incorporate a capability of connecting with a loyalty program system implemented by a major company. A project has been started to verify the use of tablet PCs for ‘CoreCenter® for Retail’, a next-generation solution of distribution for the retail industry. In addition, UNIADDEX, Ltd. and Netmarks, Inc. were integrated in March 2014, in order to strengthen the ICT infrastructure services. Since then, areas subject to our proposals have been expanded by integrating sales forces and by organizing services.

As we have taken on new businesses, we have been entrusted with a disaster information and communication network system and a system for pooling and sharing real estate information. Also, we have been approaching the issues of raising children and work styles for the future Japanese society. These efforts include a collaboration of nursery management services and a joint research project that will enable us to propose a future work style using technological invention such as artificial intelligence (AI). Furthermore, a cloud-based e-library service has gradually started operations after nation-wide collaborative promotional campaign since it was introduced last year.

As for the strengthening of the management base, we have continued to reduce costs by optimizing personnel assignment and reforming cost structure, relocating back-office personnel to operation workforce, and consolidating offices.

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

Net sales for the period under review were ¥50,823 million, a decrease of 7.1% compared with the same period of the previous fiscal year, mainly attributable to a decrease in software sales, hardware sales and system services sales, despite the continued strength of outsourcing sales.

As a result of a decrease in gross profit impacted by the lower net sales, operating income was ¥447 million, down by 68.3% on a year-over-year basis, and ordinary income was ¥721 million, down by 55.5 % compared with the same period of the previous fiscal year. Net income decreased 1.4% from a year earlier to ¥418 million.

(2) Analysis of Financial Condition

In the quarter under review, partly due to an increase in accounts receivable-trade, total assets were ¥187,659 million, a decrease of ¥14,808 million compared with the end of the previous fiscal year.

Liabilities were ¥117,335 million, a ¥9,116 million decrease from the end of the previous fiscal year, partly due to a decrease in accounts payable-trade.

Net assets were ¥70,324 million. Shareholders' equity ratio was 36.8 %, down by 0.1 percentage points from the end of the previous fiscal year.

(3) Comments on the Forward-Looking Statements

Neither our consolidated performance forecast nor non-consolidated performance forecast, as announced on May 9th 2014, has been revised.

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 under review.

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. After the change, it is 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, and the effect of the change in calculation methods of retirement benefit obligation and service cost 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, and retained earnings decreased by ¥5,516 million as of April 1, 2014. In addition, operating income, ordinary income and income before income taxes and minority interests for the three months ended June 30, 2014 increased by ¥69 million, respectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2014 (As of March 31, 2014)	FY2015 Q1 (As of June 30, 2014)
ASSETS		
Current assets		
Cash and deposits	28,723	35,483
Notes and accounts receivable-trade	67,958	43,126
Merchandise and finished goods	10,489	11,351
Work in process	2,908	5,946
Raw materials and supplies	370	514
Deferred tax assets	6,290	7,437
Others	11,716	14,345
Allowance for doubtful accounts	(97)	(61)
Total current assets	128,361	118,143
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,360	3,280
Machinery, equipment and vehicles, net	5,692	5,816
Others, net	3,102	3,366
Total property, plant and equipment	12,155	12,463
Intangible assets		
Goodwill	1,935	1,900
Software	18,815	18,403
Others	67	338
Total intangible assets	20,817	20,642
Investments and other assets		
Investment securities	16,199	16,944
Deferred tax assets	4,089	5,271
Net defined benefit asset	7,123	625
Others	14,202	14,061
Allowance for doubtful accounts	(481)	(493)
Total investments and other assets	41,133	36,409
Total non-current assets	74,106	69,515
Total assets	202,468	187,659

Millions of Yen

	FY2014 (As of March 31, 2014)	FY2015 Q1 (As of June 30, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	24,434	13,136
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	3,940	3,740
Income taxes payable	540	81
Allowance for loss on contract development	3,271	2,955
Other provision	665	707
Others	28,415	29,349
Total current liabilities	71,268	59,969
Non-current liabilities		
Convertible bond	15,162	15,143
Long-term loans payable	36,770	36,770
Deferred tax liabilities	32	61
Other provision	501	525
Net defined benefit liability	1,019	2,558
Asset retirement obligations	1,307	1,255
Others	389	1,051
Total non-current liabilities	55,183	57,365
Total liabilities	126,451	117,335
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	15,281	15,281
Retained earnings	68,267	62,148
Treasury stock	(19,318)	(19,318)
Total shareholders' equity	69,714	63,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,437	3,916
Deferred gains or losses on hedges	(20)	(32)
Remeasurements of defined benefit plans	1,665	1,644
Total accumulated other comprehensive income	5,082	5,528
Subscription rights to shares	661	662
Minority interests	558	538
Total net assets	76,016	70,324
Total liabilities and net assets	202,468	187,659

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

Millions of Yen

	FY2014 Q1 (Three months ended June 30, 2013)	FY2015 Q1 (Three months ended June 30, 2014)
Net sales	54,694	50,823
Cost of sales	40,597	37,685
Gross profit	14,096	13,138
Selling, general and administrative expenses	12,687	12,691
Operating income	1,409	447
Non-operating income		
Interest income	13	18
Dividends income	259	310
Others	119	92
Total non-operating income	392	420
Non-operating expense		
Interest expenses	121	103
Equity in losses of affiliates	18	30
Others	40	13
Total non-operating expense	180	146
Ordinary income	1,620	721
Extraordinary income		
Gain on sales of noncurrent assets	—	0
Total extraordinary income	—	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	7	2
Loss on valuation of investment securities	592	1
Others	0	—
Total extraordinary loss	600	3
Income before income taxes and minority interests	1,020	717
Income taxes-current	76	96
Income taxes-deferred	518	195
Total income taxes	594	292
Income before minority interests	425	425
Minority interests in income	1	6
Net income	424	418

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2014 Q1 (Three months ended June 30, 2013)	FY2015 Q1 (Three months ended June 30, 2014)
Income before minority interests	425	425
Other comprehensive income		
Valuation difference on available-for-sale securities	601	479
Deferred gains or losses on hedges	87	(12)
Remeasurements of defined benefit plans, net of tax	—	(21)
Share of other comprehensive income (loss) of associates accounted for using equity method	0	(0)
Total other comprehensive income	689	446
Comprehensive income	1,115	871
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,114	864
Comprehensive income attributable to minority interests	1	6

(3) Notes concerning the Quarterly Consolidated Financial Reports

(Notes concerning Going Concern Assumption)

None applicable

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

None applicable