

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

November 5, 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:	November 12, 2014
Scheduled Starting Date for Dividend Payment:	December 5, 2014
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 FY2015 Q2 (from April 1, 2014 to September 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 Q2	121,899	(4.9)	3,355	39.6	3,485	29.0	1,962	19.4
FY2014 Q2	128,123	2.9	2,404	(43.5)	2,703	(38.2)	1,643	—

(Note) Comprehensive Income FY2015 Q2: 2,940 Million Yen (6.8%) FY2014 Q2: 2,752 Million Yen (—%)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2015 Q2	20.88	18.00
FY2014 Q2	17.48	15.80

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
FY2015 Q2	196,700	72,430	36.2
FY2014	202,468	76,016	36.9

(Reference) Shareholders' Equity FY2015 Q2: 71,171 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	—	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	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 Q2	109,663,524	FY2014	109,663,524
FY2015 Q2	15,651,100	FY2014	15,651,708
FY2015 Q2	94,011,751	FY2014 Q2	93,991,069

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 Second Quarter of Fiscal Year Ending March 31, 2015

(1) Analysis of Operating Results

During the first six months of the fiscal year ending March 2015, the Japanese economy has continued to recover gradually, although there is some weakness. Companies have shown signs of increasing their capital investment, although they have continued to make a cautious judgment of business conditions. The widely expected increase in software investments will gradually bring the domestic information services market back on track.

On the other hand, we face intensified rivalries amidst concerns that the Japanese economy will be impacted by the lingering effects of pullback from a last-minute surge in demand against the backdrop of an increase in the consumption tax rate or by unpredictable situations in the world.

Thus, we continue to be surrounded by severe environments.

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.

In our efforts to expand our core businesses, we were awarded the municipal projects of creating a backbone system relating to child welfare and libraries. Our enterprise system began to serve a food manufacturer and a chemical maker as well as a Shinkin bank.

We have been continuously awarded orders for the ‘CoreCenter[®]’ series of rapid deployment solutions: CoreCenter for DM’ for the mail-order business and ‘Lease Vision[®] (CoreCenter for Lease)’ for the leasing industry.

Also, our infrastructure businesses have been consecutively awarded orders for such purposes as: creation of integrated networks and informational system infrastructure for regional medical institutions; renewal of system platforms for automobile-related companies; installation of informational system equipment for telecommunications carriers; and creation of virtualization platforms and operation and maintenance-support thereof for local governments.

UNIADEX, Ltd. has attempted to expand its areas of proposals by synergistic effects on the arrangements of sales and services after its integration with NETMARKS INC. in March 2014. They have demonstrated this by beginning to serve the network users through the LCM services ^(Note 1) and provide the server users with the WAN ^(Note 2) optimizers.

Our overseas business efforts include the subsidiary acquisition of UEL (Thailand) Co., Ltd. by UEL Corporation on July 1, 2014. This aimed to strengthen services for the Japanese companies in Thailand and further increase orders.

As we have taken on the news businesses, we have promoted the regional services through the use of ICT as part of our social infrastructure businesses. The services include those of sharing and roaming electric vehicles (EVs) and providing smartphone application software that enables tourists to enjoy a digital stamp rally of collecting a series of stamps at sightseeing spots, as well as studying practical applications of disaster-resistant regional telecommunications networks.

Our new deployment of marketing technologies includes both a collaboration with Dai Nippon Printing Co., Ltd. about the CLO ^(Note 3) service of attracting credit card members to shops, and a provision of the O2O ^(Note 5) service through the use of Chameleon Codes ^(Note 4) at event sites.

As for the strengthening of the management base, we have continued to optimize personnel assignment and reform cost structure. Our cost reduction efforts include relocation of back-office personnel to operation workforce and consolidation of offices.

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

(Notes)

1. LCM (Life Cycle Management) :

Management of various types of devices (such as servers, PCs, and mobile terminals) from procurement to abandonment

2. WAN (Wide Area Network) :

A wide area network that connects distant LANs (local area networks that connect computers in small areas such as the same building)

3. CLO (Card Linked Offer) :

Services in conjunction with settlement through the use of credit card

Credit card members are entitled to privileges such as cashback if they pay at a shop by credit card. The eligible card members have already been chosen and given information about privileges on the basis of their attributes and settlement history that is held by credit card issuers.

4. Chameleon Code[®] :

Color bar codes developed by SHIFT Inc. that enable a rapid and highly precise simultaneous recognition of multiple bar codes based on the fundamental colors, cyan, magenta, yellow and black

5. O2O (On-line to Off-line、 Off-line to On-line) :

Scheme to enable bilateral coordination and integration of the online and offline purchase activities by customers (The online purchase activities are based on the Internet platforms such as EC sites and social media, whilst the offline purchase activities are performed at actual bricks-and-mortar shops and events there.)

6. Chameleon Code is a registered trademark of SHIFT Inc.

7. Other 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 ¥ 121,899 million, a decrease of 4.9% on a year-over-year basis, mainly attributable to a decrease in hardware sales, software sales and support 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 ¥ 3,355 million, up by 39.6% on a year-over-year basis. Ordinary income was ¥ 3,485 million, up by 29.0% on a year-over-year basis. Net income was ¥ 1,962 million, up by 19.4% on a year-over-year basis.

Net sales of the period under review on a non-consolidated basis were ¥ 76,092 million, a decrease of 5.9% on a year-over-year basis. Operating income was ¥ 2,234 million, up by 164.0% on a year-over-year basis. Ordinary income was ¥ 4,931 million, up by 93.1% on a year-over-year basis. Net income was ¥ 3,543 million, up by 90.8% on a year-over-year basis.

(2) Analysis of Financial Position

In the second quarter under review, partly due to a decrease in accounts receivable-trade, total assets were ¥ 196,700 million, a decrease of ¥ 5,767 million from the end of the previous fiscal year.

Liabilities were ¥ 124,269 million, a decrease of ¥ 2,181 million 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 ¥ 72,430 million. Shareholders' equity ratio was 36.2%, down by 0.8 percentage points from the end of the previous fiscal year.

(Cash flows)

Cash and cash equivalents (hereinafter referred to as 'cash') at the end of the period under review were ¥ 31,781 million, an increase of ¥ 3,057 million from the end of previous fiscal year.

See below the situations of cash flows for the period under review and the factors concerned.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥ 9,254 million (an increase of ¥ 2,047 million in proceeds for the same period of the previous fiscal year).

This reflects proceeds of ¥ 3,481 million in income before income taxes and minority interests (up by ¥ 1,209 million for the same period), the elements of decreasing the proceeds and the elements of increasing the proceeds. The elements of decreasing the proceeds include a ¥ 3,908 million increase of inventories (which has the effect of increasing the proceeds of ¥ 2,450 million for the same period) and a ¥ 3,886 million decrease in notes and accounts-payable trade (which has the effect of increasing the proceeds of ¥ 2,027 million for the same period). The elements of increasing the proceeds include non-cash expenses of ¥ 4,905 million in depreciation and amortization (which has the effect of decreasing the proceeds of ¥ 156 million for the same period) and a decrease of ¥ 11,809 million in notes and accounts-receivable trade (which has the effect of decreasing the proceeds of ¥ 2,453 million for the same period).

(Cash flows from investing activities)

Net cash spent in investing activities was ¥ 4,298 million (an increase of ¥ 658 million in expenditures for the same period of the previous fiscal year).

This includes expenditures of ¥ 1,654 million as a result of purchasing property, plant and equipment such as computers for sales activities (an increase of ¥ 662 million in expenditures for the same period) and expenditures of ¥ 2,610 million due to the acquisitions of intangible assets (software) (an increase of ¥ 193 million in expenditures for the same period).

(Cash flows from financing activities)

Net cash spent in the financing activities was ¥ 1,898 million, down by ¥ 2,397 million in proceeds for the same period of the previous fiscal year when there were proceeds from the issuance of convertible bonds.

This reflects expenditures of ¥ 920 million as a result of repayment of long-term loans payable (an increase of ¥ 243 million in expenditures for the same period), and the amount of paid dividends, ¥ 705 million, (an increase in expenditures of ¥ 235 million for the same period).

(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 9, 2014.

2. Matters on 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. 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 costs were added to or deducted from retained earnings as of July 1, 2014.

As a result, net defined benefit liability increased by ¥ 8,565 million, 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 six months ended September 30, 2014 increased by ¥ 186 million, respectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2014 (As of March 31, 2014)	FY2015 Q2 (As of September 30, 2014)
ASSETS		
Current assets		
Cash and deposits	28,723	31,781
Notes and accounts receivable-trade	67,958	56,149
Merchandise and finished goods	10,489	11,255
Work in process	2,908	5,810
Raw materials and supplies	370	611
Deferred tax assets	6,290	7,107
Others	11,716	15,347
Allowance for doubtful accounts	(97)	(130)
Total current assets	128,361	127,932
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,360	3,216
Machinery, equipment and vehicles, net	5,692	5,920
Others, net	3,102	3,258
Total property, plant and equipment	12,155	12,394
Intangible assets		
Goodwill	1,935	1,866
Software	18,815	18,198
Others	67	303
Total intangible assets	20,817	20,368
Investments and other assets		
Investment securities	16,199	17,675
Deferred tax assets	4,089	4,219
Net defined benefit asset	7,123	625
Others	14,202	13,986
Allowance for doubtful accounts	(481)	(502)
Total investments and other assets	41,133	36,005
Total non-current assets	74,106	68,768
Total assets	202,468	196,700

Millions of Yen

	FY2014 (As of March 31, 2014)	FY2015 Q2 (As of September 30, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	24,434	20,547
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	3,940	3,665
Income taxes payable	540	312
Allowance for loss on contract development	3,271	4,043
Other provision	665	685
Others	28,415	29,000
Total current liabilities	71,268	68,254
Non-current liabilities		
Convertible bonds	15,162	15,125
Long-term loans payable	36,770	36,125
Deferred tax liabilities	32	65
Other provision	501	507
Net defined benefit liability	1,019	1,987
Asset retirement obligations	1,307	1,261
Others	389	943
Total non-current liabilities	55,183	56,015
Total liabilities	126,451	124,269
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	15,281	15,281
Retained earnings	68,267	63,692
Treasury stock	(19,318)	(19,317)
Total shareholders' equity	69,714	65,140
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,437	4,383
Deferred gains or losses on hedges	(20)	26
Remeasurements of defined benefit plans	1,665	1,621
Total accumulated other comprehensive income	5,082	6,031
Subscription rights to shares	661	699
Minority interests	558	559
Total net assets	76,016	72,430
Total liabilities and net assets	202,468	196,700

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

Millions of Yen

	FY2014 Q2 (Six months ended September 30, 2013)	FY2015 Q2 (Six months ended September 30, 2014)
Net sales	128,123	121,899
Cost of sales	98,941	91,904
Gross profit	29,182	29,995
Selling, general and administrative expenses	26,777	26,639
Operating income	2,404	3,355
Non-operating income		
Interest income	37	39
Dividends income	273	319
Foreign Exchange Gains	130	—
Others	146	97
Total non-operating income	588	456
Non-operating expense		
Interest expenses	234	207
Others	56	119
Total non-operating expense	290	327
Ordinary income	2,703	3,485
Extraordinary income		
Gain on reversal of subscription rights to shares	266	—
Gain on sales of golf club membership	8	—
Gain on sales of noncurrent assets	17	0
Total extraordinary income	291	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	32	3
Impairment loss	112	—
Loss on valuation of investment securities	577	0
Others	1	—
Total extraordinary loss	722	4
Income before income taxes and minority interests	2,271	3,481
Income taxes-current	335	175
Income taxes-deferred	298	1,315
Total income taxes	634	1,490
Income before minority interests	1,637	1,990
Minority interests in income (loss)	(5)	28
Net income	1,643	1,962

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2014 Q2	FY2015 Q2
	(Six months ended September 30, 2013)	(Six months ended September 30, 2014)
Income before minority interests	1,637	1,990
Other comprehensive income		
Valuation difference on available-for-sale securities	1,094	946
Deferred gains or losses on hedges	20	47
Remeasurements of defined benefit plans, net of tax	—	(44)
Share of other comprehensive income (loss) of associates accounted for using equity method	0	(0)
Total other comprehensive income	1,115	949
Comprehensive income	2,752	2,940
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,758	2,912
Comprehensive income attributable to minority interests	(5)	28

(3) Consolidated Statements of Cash Flows

Millions of Yen

	FY2014 Q2	FY2015 Q2
	(Six months ended September 30, 2013)	(Six months ended September 30, 2014)
Net cash provided by (used in) operating activities:		
Income (loss) before income taxes and minority interests	2,271	3,481
Depreciation and amortization	5,061	4,905
Impairment loss	112	—
Amortization of goodwill	69	68
Loss (gain) on valuation of investment securities	577	0
Increase (decrease) in allowance for loss on contract development	469	771
Increase (decrease) in provisions for retirement benefits	36	—
Increase (decrease) in net defined benefit liabilities	—	(1,098)
Decrease (increase) in prepaid pension cost	(1,530)	—
Decrease (increase) in net defined benefit asset	—	0
Increase (decrease) in other provisions	(10)	79
Interest and dividends income	(311)	(359)
Interest expenses	234	207
Decrease (increase) in notes and accounts receivable-trade	14,262	11,809
Decrease (increase) in inventories	(6,359)	(3,908)
Increase (decrease) in notes and accounts payable-trade	(5,914)	(3,886)
Others	(1,502)	(2,078)
Subtotal	7,467	9,991
Interest and dividends income received	312	362
Interest expenses paid	(259)	(243)
Income taxes paid	(313)	(856)
Net cash provided by (used in) operating activities	7,206	9,254
Investing activities:		
Purchase of property, plant and equipment	(992)	(1,654)
Proceeds from sales of property, plant and equipment	42	4
Purchase of intangible assets	(2,416)	(2,610)
Purchase of investment securities	(318)	(52)
Proceeds from sales of investment securities	9	—
Others	36	14
Net cash provided by (used in) investing activities	(3,639)	(4,298)
Financing activities:		
Net increase (decrease) in short-term loans payable	(300)	—
Repayment of long-term loans payable	(676)	(920)
Proceeds from issuance of convertible bonds	15,225	—
Increase (decrease) in commercial papers	(13,000)	—
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(469)	(705)
Cash dividends paid to minority shareholders	(18)	(27)
Others	(261)	(245)
Net cash provided by (used in) financing activities	499	(1,898)
Net increase (decrease) in cash and cash equivalents	4,066	3,057
Cash and cash equivalents at beginning of period	25,274	28,723
Cash and cash equivalents at end of period	29,341	31,781

(4) Notes concerning the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None applicable

(Notes on Significant Changes in Shareholders' Equity)

None applicable