

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, 2016 [Japan GAAP]

November 5, 2015

### Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	<a href="http://www.unisys.co.jp/">http://www.unisys.co.jp/</a>
Representative:	Shigeru Kurokawa, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	November 12, 2015
Scheduled Starting Date for Dividend Payment:	December 4, 2015
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 FY2016 Q2 (from April 1, 2015 to September 30, 2015)

#### (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	%
<b>FY2016 Q2</b>	128,308	5.3	4,283	27.6	3,724	6.9	2,495	27.2
<b>FY2015 Q2</b>	121,899	(4.9)	3,355	39.6	3,485	29.0	1,962	19.4

(Note) Comprehensive Income FY2016 Q2: 1,377 Million Yen (-53.2%) FY2015 Q2: 2,940 Million Yen (6.8%)

	Earnings Per Share		Diluted Earnings Per Share	
	Yen		Yen	
<b>FY2016 Q2</b>	26.53		22.91	
<b>FY2015 Q2</b>	20.88		18.00	

#### (2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Millions of Yen		Millions of Yen		%	
<b>FY2016 Q2</b>	191,917		81,441		42.0	
<b>FY2015</b>	199,772		81,975		40.6	

(Reference) Shareholders' Equity FY2016 Q2: 80,693 Million Yen FY2015: 81,021 Million Yen

### 2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen				
<b>FY2015</b>	—	10.00	—	10.00	20.00
<b>FY2016</b>	—	15.00	—	—	—
<b>FY2016 (Forecast)</b>	—	—	—	15.00	30.00

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

### 3. Consolidated Earnings Forecast for FY2016 (from April 1, 2015 to March 31, 2016)

(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
<b>FY2016</b>	280,000	4.0	12,500	14.4	12,000	(3.0)	8,500	17.3	90.36

(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)

FY2016 Q2	109,663,524	FY2015	109,663,524
FY2016 Q2	15,584,698	FY2015	15,623,600
FY2016 Q2	94,054,714	FY2015 Q2	94,011,751

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 Operating Results

During the first six months of the fiscal year ending March 2016, the information services market in Japan is anticipated to resume a path of gradual recovery due to an expected general increase in software investment. We recognize, however, that we are in the midst of a tough environment afflicted by concerns about downward pressures from global uncertainties on the Japanese economy and fiercer competitions with our rivals.

In this environment, the Nihon Unisys group launched its Mid-term Management Plan in the fiscal year under review. We have been endeavoring under the strategic policies such as reform of corporate culture/strengthening of human resources capabilities, as well as the growth strategies: expansion in the areas of digital innovation and life innovation; and changes in the area of business ICT platforms.

As regards the businesses in the areas of digital innovation and life innovation that we decided to challenge ourselves to pursue as announced in the Mid-term Management Plan, we have deployed businesses that strengthen the convenience for users through new approaches and enhancement of the existing services such as: provision of common PaaS for data integration and analysis as a platform for data utilization for big data analysis; proof of concept for unmanned office reception desk through the use of door locking functions on smartphone applications; provision of capabilities to connect a car navigation system to a nationwide search map application that shows charging station data for EVs (electric vehicles) and PHVs (plug-in hybrid vehicles); and release of a service which enhances smartaxi®, a taxi assignment system application, with a new function displaying taxi pick-up time. Furthermore, we have been promoting businesses that are rooted in the regions such as: the nation's first project of invigorating regions through a practical use of open data in cooperation with local autonomous bodies and regional financial institutions; and proof of concept for disaster-resistant regional communication networks.

With regard to the area of business ICT platforms, we have developed capabilities of supporting users of BankVision®, a next generation open core-banking system, in processing data in the national identification number scheme scheduled to be launched in January 2016. Orders that have been awarded include: those for enterprise systems from the distribution industry; and those in the ICT infrastructure business such as for renewing large-scale IT platforms from government and municipal offices, public institutions as well as regional financial institutions. We will promote our efforts to provide the optimum services in the fastest manner in order to cope with the changes in this business area.

Last but not least, we have launched an activity for changing the whole company entitled Unilympic 2015 on the basis of the strategy of reform of corporate culture/strengthening of human resources capabilities. The initiative is designed to enable activities to create new value concepts and reform businesses in order to achieve the Mid-term Management Plan. The activities referred to as 'Challenges' and 'Changes' have been implemented as part of endeavor that encourages employees to take initiative.

We of the entire company have been endeavoring in order to enable achievements as announced in the Mid-term Management Plan, as outlined above.

Net sales on a consolidated basis for the six-month period under review totaled ¥12,838 million, with an increase of 5.3% compared with the same period of the previous fiscal year. The total was attributable to the continued strength of the net sales of hardware, software and system services.

Operating income was ¥4,283 million, up by 27.6% compared with the same period of the previous fiscal year. Ordinary income was ¥3,724 million, up by 6.9%, profit attributable to owners of parent was ¥2,495 million, up by 27.2%. Please note that the 'Accounting Standards for Business Combinations (Accounting Standards Board of Japan, ASBJ, Statement No. 21, issued on September 13, 2013) has been adopted since the first quarter of this fiscal year under review. Accordingly, we have replaced 'net income' with 'profit attributable to owners of parent'.

Net sales on a non-consolidated basis for the period under review is ¥79,417 million, with an increase of 3.6% compared with the corresponding period of the previous fiscal year. Operating income was ¥2,935 million, up by 12.7%, ordinary income was ¥3,217 million, down by 34.0%, and net income was ¥3,760 million, up by 11.4%.

We have implemented an absorption-type merger between this company as the surviving company and USOL Hokkaido Co., Ltd., USOL Tohoku Co., Ltd., USOL Tokyo Co., Ltd., USOL Chubu Co., Ltd., USOL Kansai Co., Ltd., USOL Chugoku Co., Ltd. and USOL Kyushu Co., Ltd. as the absorbed companies as of April 1, 2015. The comparison against the same period of the previous fiscal year on a non-consolidated basis mentioned above has been made through the use of the numbers that reflected

the performance of the individual companies of the period.

## (2) Analysis of Financial Position

At the end of the six-month period of the fiscal year under review, total assets were ¥191,917 million, down by ¥ 7,855 million, from the end of the previous fiscal year, partly due to a decrease in accounts receivable-trade.

Liabilities were ¥ 110,476 million, down by ¥ 7,320 million from the end of the previous fiscal year, partly due to a decrease in accounts payable-trade and a decrease in allowance for loss on contract development.

Net assets were ¥ 81,441 million. Shareholders' equity ratio was 42.0%, up by 1.5 percentage points from the end of the previous fiscal year.

### (Cash Flows)

At the end of the fiscal year under review, cash and cash equivalents were ¥ 22,733 million, down by ¥ 592 million from the end of the 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 the operating activities was ¥ 6,263 million (a decrease of ¥ 2,990 million in proceeds from the same period of the previous fiscal year).

This reflects a ¥ 4,416 million income before income taxes and minority interests (up by ¥935 million from the corresponding period of the previous fiscal year), the elements of decreasing the proceeds and the elements of increasing the proceeds. The elements of increasing the proceeds include a ¥8,510 decrease of notes and accounts receivable-trade and non-cash expenses of ¥4,761 million in depreciation and amortization. The elements of decreasing the proceeds include a ¥4,338 million decrease of notes and accounts payable-trade and a ¥2,926 million increase of inventories.

### (Cash flows from investing activities)

Net cash spent in the investing activities was ¥4,995 million (a ¥697 million increase compared with the same period of the previous fiscal year).

This includes cash outflow of ¥1,856 million due to purchasing property, plant and equipment such as computers for business activities (up by ¥ 201 million from the same period of the previous fiscal year), ¥3,646 million cash outflow as a result of acquiring intangible assets such as investing in software for the outsourcing business (up by ¥1,036 million).

### (Cash flows from financing activities)

Net cash spent in the financing activities was ¥1,860 million (a ¥38 million decrease compared with the corresponding period of the previous fiscal year). This includes ¥645 million cash outflow due to repayment of long-term loans payable (down by ¥275 million) and the amount of paid dividends, ¥939 million (up by ¥234 million).

## (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 8, 2015.

## 2. Matters on Summary Information (Notes)

### (1) Changes in Accounting Principles, Changes in Accounting Estimates and Restatement of Corrections

#### (Adoption of Accounting Standards for Business Combinations)

The 'Accounting Standard for Business Combinations' (Accounting Standards Board of Japan, ASBJ, Statement No. 21, issued on September 13, 2013, hereinafter referred to as the 'Business Combinations Accounting Standards'), 'Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on September 13, 2013, hereinafter referred to as the 'Consolidation Accounting Standard'), 'Accounting Standard for Business Divestitures' (ASBJ Statement No. 7, issued on September 13, 2013, hereinafter referred to as the 'Business Divestitures Accounting Standard') and other standards were adopted from the first quarter of the fiscal year under review.

Accordingly, the accounting method was changed to record any differences arising from changes in a parent company's ownership interest in its subsidiary as capital surplus as long as the parent retains control over its subsidiary, and to record acquisition-related costs as expenses for the fiscal year in which they occur.

In addition, with regard to business combinations on or after April 1, 2015, the accounting method was changed to retroactively reflect adjustments to the amount allocated to acquisition costs in the consolidated financial statements of the quarter in which the relevant business combinations became or will become effective, upon finalizing provisional accounting treatment.

Such adjustments shall be recognized as if the accounting for the business combination had been complete at the acquisition date.

Furthermore, we have made changes in presentation, such as a change from net income to profit attributable to owners of parent and a change from minority interests to non-controlling interests. To reflect these changes in presentation, adjustments have been made to the consolidated financial statements for the prior second quarter and the prior fiscal year presented herein.

The Business Combinations Accounting Standard and other standards were applied in accordance with the transitional treatments set forth in Article 58-2(3) of the Business Combinations Accounting Standard, Article 44-5 (3) of the Consolidation Accounting Standard, and Article 57-4 (3) of the Business Divestitures Accounting Standard. The cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were added to or deducted from capital surplus and retained earnings as of April 1, 2015.

As a result, goodwill decreased by ¥793 million, capital surplus decreased by ¥1,081 million, and retained earnings increased ¥287 million as of April 1, 2015.

Operating income, ordinary income and income before income taxes and minority interests increased by ¥26 million for the six-month period of the fiscal year under review, respectively.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

Millions of Yen

	FY2015 (As of March 31, 2015)	FY2016 Q2 (As of September 30, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	23,326	22,733
Notes and accounts receivable - trade	68,121	59,610
Merchandise and finished goods	6,676	7,958
Work in process	2,874	4,554
Raw materials and supplies	349	314
Deferred tax assets	5,919	5,427
Other	15,449	15,385
Allowance for doubtful accounts	(143)	(211)
<b>Total current assets</b>	<b>122,573</b>	<b>115,772</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	3,296	3,166
Machinery, equipment and vehicles, net	7,514	7,761
Other, net	3,300	3,098
<b>Total property, plant and equipment</b>	<b>14,111</b>	<b>14,025</b>
<b>Intangible assets</b>		
Goodwill	1,797	962
Software	19,076	19,895
Other	452	360
<b>Total intangible assets</b>	<b>21,326</b>	<b>21,218</b>
<b>Investments and other assets</b>		
Investment securities	17,952	16,381
Deferred tax assets	1,032	370
Net defined benefit asset	7,176	8,330
Other	16,102	16,289
Allowance for doubtful accounts	(504)	(471)
<b>Total investments and other assets</b>	<b>41,760</b>	<b>40,901</b>
<b>Total non-current assets</b>	<b>77,198</b>	<b>76,144</b>
<b>Total assets</b>	<b>199,772</b>	<b>191,917</b>

Millions of Yen

	FY2015 (As of March 31, 2015)	FY2016 Q2 (As of September 30, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	25,231	20,892
Short-term loans payable	4,000	4,000
Current portion of convertible bond	-	15,050
Current portion of long-term loans payable	15,115	19,915
Income taxes payable	382	437
Accrued expenses	7,689	6,389
Allowance for loss on contract development	1,687	230
Other provision	736	629
Other	22,805	22,668
<b>Total current liabilities</b>	<b>77,648</b>	<b>90,213</b>
<b>Non-current liabilities</b>		
Convertible bond	15,087	-
Long-term loans payable	21,655	16,210
Deferred tax liabilities	66	166
Provision	414	1,220
Net defined benefit liability	552	575
Asset retirement obligations	1,335	1,362
Other	1,037	727
<b>Total non-current liabilities</b>	<b>40,148</b>	<b>20,262</b>
<b>Total liabilities</b>	<b>117,796</b>	<b>110,476</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,483	5,483
Capital surplus	15,281	14,200
Retained earnings	68,031	69,867
Treasury shares	△19,283	△19,235
Deposit for subscriptions to treasury shares	2	-
<b>Total shareholders' equity</b>	<b>69,515</b>	<b>70,316</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,511	4,579
Deferred gains or losses on hedges	△10	△11
Remeasurements of defined benefit plans	6,004	5,808
<b>Total accumulated other comprehensive income</b>	<b>11,505</b>	<b>10,376</b>
Subscription rights to shares	366	204
Non-controlling interests	587	543
<b>Total net assets</b>	<b>81,975</b>	<b>81,441</b>
<b>Total liabilities and net assets</b>	<b>199,772</b>	<b>191,917</b>

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

Millions of Yen

	FY2015 Q2 (Six months ended September 30, 2014)	FY2016 Q2 (Six months ended September 30, 2015)
<b>Net sales</b>	<b>121,899</b>	<b>128,308</b>
<b>Cost of sales</b>	<b>91,904</b>	<b>98,645</b>
<b>Gross profit</b>	<b>29,995</b>	<b>29,663</b>
<b>Selling, general and administrative expenses</b>	<b>26,639</b>	<b>25,379</b>
<b>Operating income</b>	<b>3,355</b>	<b>4,283</b>
<b>Non-operating income</b>		
Interest income	39	23
Dividend income	319	280
Other	97	110
<b>Total non-operating income</b>	<b>456</b>	<b>414</b>
<b>Non-operating expenses</b>		
Interest expenses	207	129
Settlement package	18	200
Environmental expenses	-	618
Other	100	23
<b>Total non-operating expenses</b>	<b>327</b>	<b>973</b>
<b>Ordinary income</b>	<b>3,485</b>	<b>3,724</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	-	509
Gain on reversal of subscription rights to shares	-	188
Other	0	1
<b>Total extraordinary income</b>	<b>0</b>	<b>698</b>
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	3	6
Other	0	0
<b>Total extraordinary losses</b>	<b>4</b>	<b>6</b>
<b>Income before income taxes and minority interests</b>	<b>3,481</b>	<b>4,416</b>
<b>Income taxes - current</b>	<b>175</b>	<b>184</b>
<b>Income taxes - deferred</b>	<b>1,315</b>	<b>1,727</b>
<b>Total income taxes</b>	<b>1,490</b>	<b>1,911</b>
<b>Profit</b>	<b>1,990</b>	<b>2,505</b>
<b>Profit attributable to non-controlling interests</b>	<b>28</b>	<b>10</b>
<b>Profit attributable to owners of parent</b>	<b>1,962</b>	<b>2,495</b>

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2015 Q2	FY2016 Q2
	(Six months ended September 30, 2014)	(Six months ended September 30, 2015)
<b>Profit</b>	<b>1,990</b>	<b>2,505</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	946	(932)
Deferred gains or losses on hedges	47	(0)
Remeasurements of defined benefit plans	(44)	(195)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
<b>Total other comprehensive income</b>	<b>949</b>	<b>(1,128)</b>
<b>Comprehensive income</b>	<b>2,940</b>	<b>1,377</b>
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	2,912	1,367
Comprehensive income attributable to non-controlling interests	28	10

## (3) Consolidated Statements of Cash Flows

Millions of Yen

	FY2015 Q2 (Six months ended September 30, 2014)	FY2016 Q2 (Six months ended September 30, 2015)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	3,481	4,416
Depreciation and amortization	4,905	4,761
Amortization of goodwill	68	41
Loss (gain) on sales of investment securities	-	(509)
Increase(decrease) in allowance for loss on contract development	771	(1,457)
Increase (decrease) in other provision	79	735
Increase (decrease) in net defined benefit liability	(1,098)	22
Decrease (increase) in net defined benefit asset	0	(1,153)
Increase (decrease) in remeasurements of defined benefit plans	(44)	(195)
Interest and dividend income	(359)	(303)
Interest expenses	207	129
Decrease (increase) in notes and accounts receivable - trade	11,809	8,510
Decrease (increase) in inventories	(3,908)	(2,926)
Increase (decrease) in notes and accounts payable - trade	(3,886)	(4,338)
Increase (decrease) in accrued expenses	(2,488)	(1,299)
Other	453	(406)
<b>Subtotal</b>	<b>9,991</b>	<b>6,026</b>
Interest and dividend income received	362	305
Interest expenses paid	(243)	(168)
Income taxes (paid) refund	(856)	99
<b>Net cash provided by (used in) operating activities</b>	<b>9,254</b>	<b>6,263</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(1,654)	(1,856)
Proceeds from sales of property, plant and equipment	4	0
Purchase of intangible assets	(2,610)	(3,646)
Purchase of investment securities	(52)	(544)
Proceeds from sales of investment securities	-	1,025
Other	14	24
<b>Net cash provided by (used in) investing activities</b>	<b>(4,298)</b>	<b>(4,995)</b>
<b>Net cash provided by (used in) financing activities</b>		
Repayments of long-term loans payable	(920)	(645)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(705)	(939)
Dividends paid to non-controlling interests	(27)	(48)
Other	(245)	(226)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,898)</b>	<b>(1,860)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,057</b>	<b>(592)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>28,723</b>	<b>23,326</b>
<b>Cash and cash equivalents at end of period</b>	<b>31,781</b>	<b>22,733</b>

(4) Notes concerning the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None applicable

(Notes on Significant Changes in Shareholders' Equity)

None applicable