

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 First Quarter of Fiscal Year Ending March 31, 2017 [Japan GAAP]

August 02, 2016

### 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:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	August 09, 2016
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 Q1 (from April 1, 2016 to June 30, 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	%
<b>FY2017 Q1</b>	56,143	7.0	1,244	68.3	1,386	7.9	904	5.8
<b>FY2016 Q1</b>	52,448	3.2	739	65.3	1,285	78.2	854	104.3

(Note) Comprehensive Income FY2017 Q1: 540 Million Yen ( 65.0 %) FY2016 Q1: 327 Million Yen ( -62.4 %)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
<b>FY2017 Q1</b>	8.45	8.38
<b>FY2016 Q1</b>	9.09	7.82

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
<b>FY2017 Q1</b>	182,737	91,236	49.5
<b>FY2016</b>	193,094	91,213	46.8

(Reference) Shareholders' Equity FY2017 Q1: 90,455 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	Yen	Yen	Yen	Yen
<b>FY2016</b>	—	15.00	—	15.00	30.00
<b>FY2017</b>	—				
<b>FY2017 (Forecast)</b>		17.50	—	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
<b>FY2017 1st Half</b>	130,000	1.3	4,500	5.1	4,500	20.8	3,200	28.2	29.82
<b>FY2017</b>	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)

2. Number of shares of treasury stock

3. Average number of shares outstanding (during the period)

FY2017 Q1	109,663,524	FY2016	109,663,524
FY2017 Q1	1,996,868	FY2016	3,035,570
FY2017 Q1	107,041,048	FY2016 Q1	94,043,830

\*\* 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

For the first three months of the fiscal year under review, the Japanese economy remained on track for a gradual recovery, as witnessed through companies' continued high-level earnings coupled with their generally prudent judgements of business situations. Software investments gradually increased in the domestic information services market.

However, we recognize that we have continued to operate in a severe environment where there are concerns about downward pressures on the Japanese economy caused by global uncertainties such as the withdrawal of the United Kingdom from the European Union (Brexit) approved through a national referendum in Britain. Also, we are challenged by further intensifying rivalries.

In this environment, the Nihon Unisys Group has entered the second year of the Mid-term Management Plan launched in the fiscal year ending March 2016. We will continue to promote growth strategies of expanding the areas of digital innovation and life innovation, and reforming the area of business ICT platform. Furthermore, we will continuously take on key strategies of cultivating corporate culture and strengthening human resources, etc.

In the area of digital innovation, through which we challenge ourselves as stated in the Mid-term Management Plan, the proven pre-paid card business has taken the lead in growing our settlement related services business. In the rapidly expanding settlement services sector, we have made efforts based on a governmental growth strategy of promoting cashless payment systems.

We will include in our efforts: improving convenience for ordinary domestic citizens; use by sightseeing overseas tourists with an eye on year 2020; and coordinating with marketing services capable of supporting various types of settlement methods and using purchase data. Thus, we will endeavor to enhance the settlement-related services business in the future.

In addition, we have intensified our new efforts, such as one to implement a proof of concept for a customer service support, enabled through a collaborative use of two types of robots in a commercial complex.

In the area of life innovation, we have steadily promoted new efforts to enable solutions for societal issues, and thus expanded our business area. The efforts included: promoting proven ICT system services of coordinating regional healthcare and nursing care presence and of enabling childcare support; and implementing a proof of concept for a one-stop remote monitoring next-generation wind-power production service that checks generator operation statuses for abnormality detection.

In the area of business ICT platform, we have been active in making efforts to standardize and reuse intellectual properties in order to enable reforms. We have made efforts of providing the most suitable services in the fastest way through coordination with the IoT business platform service and data use platform.

Last but not least, we have promoted the cultivation of a corporate culture where employees spontaneously innovate towards achievements as envisioned in the Mid-term Management Plan mainly through efforts of: implementing projects of developing management personnel and reform-minded leaders; and improving environments where reformed work styles are supported.

As above, the entire Nihon Unisys group has made efforts towards these achievements as envisioned in the Mid-term Management Plan.

Net sales totaled ¥56,143 million, a 7.0% increase from the same period of the previous fiscal year, as a result of the continued strength of system services business and outsourcing business.

As a result of the increase in net sales, operating income was ¥1,244 million, up by 68.3% compared with the same period of the previous fiscal year. Ordinary income was ¥1,386 million, up by 7.9% over the corresponding period of a year earlier. Profit attributable to owners of parent was ¥904 million, a 5.8% increase from the same period of the previous fiscal year.

### (2) Analysis of Financial Condition

At the end of the first quarter of the fiscal year under review, total assets were ¥182,737 million, a decrease of ¥10,357 million from the end of the previous fiscal year, partly due to a decrease in accounts receivable-trade.

Liabilities were ¥91,500 million, a decrease of ¥10,380 million from the end of the previous fiscal year, partly attributable to a decrease in accounts payable-trade.

Net assets were ¥91,236 million. Shareholders' equity ratio was 49.5%, up by 2.7 percentage points from the end of the previous fiscal year.

(3) Comment 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 (As of March 31, 2016)	FY2017 Q1 (As of June 30, 2016)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	15,564	25,023
Notes and accounts receivable - trade	70,446	44,896
Merchandise and finished goods	9,374	11,987
Work in process	2,341	3,848
Raw materials and supplies	223	309
Deferred tax assets	6,194	6,409
Other	18,539	19,538
Allowance for doubtful accounts	(163)	(153)
<b>Total current assets</b>	<b>122,520</b>	<b>111,860</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	3,167	3,405
Machinery, equipment and vehicles, net	7,371	6,924
Other, net	3,481	3,859
<b>Total property, plant and equipment</b>	<b>14,019</b>	<b>14,188</b>
<b>Intangible assets</b>		
Goodwill	920	899
Software	19,933	20,172
Other	269	863
<b>Total intangible assets</b>	<b>21,123</b>	<b>21,935</b>
<b>Investments and other assets</b>		
Investment securities	15,544	14,174
Deferred tax assets	4,175	3,735
Net defined benefit asset	832	833
Other	15,353	16,482
Allowance for doubtful accounts	(475)	(473)
<b>Total investments and other assets</b>	<b>35,431</b>	<b>34,752</b>
<b>Total non-current assets</b>	<b>70,574</b>	<b>70,877</b>
<b>Total assets</b>	<b>193,094</b>	<b>182,737</b>

Millions of Yen

	FY2016 (As of March 31, 2016)	FY2017 Q1 (As of June 30, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	22,940	14,936
Short-term loans payable	475	300
Current portion of convertible bond	1,085	-
Current portion of long-term loans payable	16,015	16,499
Income taxes payable	1,173	214
Advances received	13,637	18,809
Allowance for loss on contract development	55	23
Other provision	820	756
Asset retirement obligations	517	522
Other	18,554	13,324
<b>Total current liabilities</b>	<b>75,273</b>	<b>65,386</b>
<b>Non-current liabilities</b>		
Long-term loans payable	18,915	18,730
Provision	1,136	1,188
Net defined benefit liability	4,822	4,173
Asset retirement obligations	974	979
Other	760	1,041
<b>Total non-current liabilities</b>	<b>26,608</b>	<b>26,114</b>
<b>Total liabilities</b>	<b>101,881</b>	<b>91,500</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,483	5,483
Capital surplus	14,200	14,200
Retained earnings	73,364	72,533
Treasury shares	(3,746)	(2,464)
Deposit for subscriptions to treasury shares	6	-
<b>Total shareholders' equity</b>	<b>89,309</b>	<b>89,753</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,297	3,451
Deferred gains or losses on hedges	(16)	(19)
Remeasurements of defined benefit plans	(3,216)	(2,730)
<b>Total accumulated other comprehensive income</b>	<b>1,065</b>	<b>702</b>
Subscription rights to shares	269	258
Non-controlling interests	569	522
<b>Total net assets</b>	<b>91,213</b>	<b>91,236</b>
<b>Total liabilities and net assets</b>	<b>193,094</b>	<b>182,737</b>

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

Millions of Yen

	FY2016 Q1 (Three months ended June 30, 2015)	FY2017 Q1 (Three months ended June 30, 2016)
<b>Net sales</b>	<b>52,448</b>	<b>56,143</b>
<b>Cost of sales</b>	<b>39,897</b>	<b>42,501</b>
<b>Gross profit</b>	<b>12,550</b>	<b>13,642</b>
<b>Selling, general and administrative expenses</b>	<b>11,810</b>	<b>12,397</b>
<b>Operating income</b>	<b>739</b>	<b>1,244</b>
<b>Non-operating income</b>		
Interest income	11	3
Dividend income	277	277
Gain on sales of listed securities	447	-
Other	91	119
<b>Total non-operating income</b>	<b>828</b>	<b>400</b>
<b>Non-operating expenses</b>		
Interest expenses	64	53
Settlement package	175	195
Other	42	10
<b>Total non-operating expenses</b>	<b>282</b>	<b>258</b>
<b>Ordinary income</b>	<b>1,285</b>	<b>1,386</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	40	-
Gain on liquidation of subsidiaries	-	6
Other	1	-
<b>Total extraordinary income</b>	<b>42</b>	<b>6</b>
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	1	1
Loss on sales of investment securities	-	43
Other	0	21
<b>Total extraordinary losses</b>	<b>1</b>	<b>66</b>
<b>Profit before income taxes</b>	<b>1,325</b>	<b>1,326</b>
<b>Income taxes - current</b>	<b>75</b>	<b>33</b>
<b>Income taxes - deferred</b>	<b>398</b>	<b>389</b>
<b>Total income taxes</b>	<b>474</b>	<b>423</b>
<b>Profit</b>	<b>851</b>	<b>902</b>
<b>Loss attributable to non-controlling interests</b>	<b>(3)</b>	<b>(1)</b>
<b>Profit attributable to owners of parent</b>	<b>854</b>	<b>904</b>

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2016 Q1	FY2017 Q1
	(Three months ended June 30, 2015)	(Three months ended June 30, 2016)
<b>Profit</b>	<b>851</b>	<b>902</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(450)	(845)
Deferred gains or losses on hedges	18	(2)
Remeasurements of defined benefit plans	(91)	486
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
<b>Total other comprehensive income</b>	<b>(523)</b>	<b>(362)</b>
<b>Comprehensive income</b>	<b>327</b>	<b>540</b>
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	330	541
Comprehensive income attributable to non-controlling interests	(3)	(1)

(3) Notes concerning the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable