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Consolidated Financial Report for the Third Quarter of Fiscal Year Ending March 31, 2012

[Japan GAAP]

January 31, 2012

Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st section
Stock Code:	8056
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Scheduled Submission Date for Quarterly Report:	February 13, 2012
Scheduled Starting Date for Dividend Payment:	-
Quarterly Earnings Supplementary Explanatory Documents:	Yes
Quarterly Earnings Results Briefing Session:	Yes (for the analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results in FY2012 Q3 (from April 1, 2011 to December 31, 2011)

(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	%
FY2012 Q3	171,902	(0.5)	(139)	—	(338)	—	(12,364)	—
FY2011 Q3	172,849	(4.4)	(1,552)	—	(1,960)	—	(2,514)	—

(Note) Comprehensive income FY2012 Q3: (12,878) Million Yen (—%) FY2011 Q3: (2,178) Million Yen (—%)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2012 Q3	(131.56)	—
FY2011 Q3	(26.41)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
FY2012 Q3	180,182	62,951	34.2
FY2011	207,282	76,770	36.4

(Reference) Shareholders' Equity FY2012 Q3: 61,658 Million Yen FY2011: 75,514 Million Yen

2. Dividends

(Date of Record)	Dividends per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2011	—	5.00	—	5.00	10.00
FY2012	—	5.00			
FY2012 (Forecast)			—	0.00	5.00

(Note) Revision of the latest forecast of dividends: No.

3. Consolidated Earnings Forecast for FY2012 (from April 1, 2011 to March 31, 2012)

(Percentage below represents increase (decrease) from the same period of 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
FY2012	255,000	0.8	7,000	7.2	6,300	8.0	(11,600)	—	(123.43)

(Note) Revision of the latest forecast of consolidated earnings: No.

4. Others

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries) during this quarterly period: No

(2) Adoption of accounting methods which are special for the 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: Yes

3. Changes in accounting estimates: No

4. Restatement of corrections: No

(Note) Please refer to “2. Notes Regarding Summary Information (Others) (1) Changes in accounting policies, changes in accounting estimates and restatement of corrections” of this document for details.

(4) Number of shares outstanding (common stock)

	Shares			
1. Number of shares outstanding (including treasury stock)	FY2012 Q3	109,663,524	FY2011	109,663,524
2. Number of shares of treasury stock	FY2012 Q3	15,683,879	FY2011	15,683,618
3. Average number of shares outstanding (during the period)	FY2012 Q3	93,979,797	FY2011 Q3	95,204,715

#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

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to us and certain assumptions which are regarded as legitimate. Actual results may differ from these forecasts due to various factors.

1. Qualitative Information on the Consolidated Operating Results for the Third Quarter of Fiscal Year Ending March 31, 2012

(1) Qualitative Information on the Consolidated Operating Results

During the third quarter of the fiscal year under review, amid the continuing severe circumstances brought about by the Great East Japan Earthquake, the Japanese economy showed signs of a gradual recovery. Despite capital investments by companies ceasing to fall, software investments in the information services market have generally been flat due to the continuing sense of uncertainty.

In the context of this environment, the Nihon Unisys Group envisions a future where it is transformed into a service business company based on the management concept of “sharing values with our customers” (U&U® : Users&Unisys). Thus, we have implemented our key initiatives of promoting and strengthening our Cloud Services businesses, enhancing our businesses with stable profitability, and reinforcing our corporate structure.

As a result, our Cloud Services businesses have steadily been enhanced through the launch of the first-ever Cloud-computing taxi assignment system in Japan based on the Android® smartphone. Furthermore, the utilization of Cloud-computing services at multiple local municipalities also contributed to the enhancement. With regard to our outsourcing business operating on the basis of “BankVision®”, a next-generation open core-banking system which has already entered into service for 7 banks, another bank has agreed to consider joining this scheme. Also, our collaboration efforts have been accelerated through an expansion of the range of both our gift card operations, and electric vehicle-related businesses.

(Note) Android is a registered trade mark of Google Inc.

With regard to the consolidated operating results for the third quarter of the fiscal year under review, net sales were ¥171,902 million, down by ¥947 million or 0.5% compared with the same period of the previous fiscal year.

Concerning profit, operating loss was ¥139 million, compared with the operating loss of ¥1,552 million of the same period of the previous fiscal year. Ordinary loss was ¥338 million, compared with the ordinary loss of ¥1,960 million of the same period of the previous fiscal year. These losses mainly reflect the impacts of posting in cost of sales the provision of allowance of loss on contract development for an estimated loss, which outweighed the cost reduction efforts such as a decrease in selling, general and administrative expenses. This estimated loss will be incurred from an expected increase in costs as a result of a postponement of the cutover period for a large-scale project.

The Group posted a net loss of ¥12,364 million (compared with the net loss of ¥2,514 million for the same period of the previous fiscal year), due to an impact from posting total income taxes of ¥10,794 million which represent an increase in the burden of ¥11,209 million from the same period of the previous fiscal year. This increase in the burden was the result of reversing the deferred tax assets that are not expected to be recovered. This presumption that they cannot be recovered is partly due to a change in the normal effective statutory tax rate, which will be effective in and after the fiscal year ending March 2013; it is also based on the impact of posting the provision of allowance for loss on contract development.

(2) Qualitative Information on Consolidated Financial Position

Total assets were ¥180,182 million on a consolidated basis at the end of the third quarter of the fiscal year under review, down by ¥27,100 million from the end of the previous fiscal year, mainly due to a decline in accounts receivable-trade and reversal of deferred tax assets.

Total liabilities were ¥117,230 million at the end of the quarter under review, down by ¥13,281 million, compared with the end of the previous fiscal year, primarily due to a decrease in accounts payable-trade and redemption of commercial paper.

Total net assets were ¥62,951 million at the end of the period. The shareholders' equity ratio was 34.2%, a decrease of 2.2 percentage points from the end of the previous fiscal year.

(3) Qualitative Information on Consolidated Financial Forecast

Our consolidated performance forecast for the fiscal year under review that was announced on January 25, 2012, was not revised.

2. Notes Regarding Summary Information (Others)

(1) Changes in accounting policies, changes in accounting estimates and restatement of corrections (Changes in depreciation method)

The depreciation for computers for operating activities (computers for rental and outsourcing businesses) was previously calculated according to a non-linear method whereby the residual value falls to zero after 5 years of business-use. However, from this fiscal year under review, the straight-line method based on the useful business life of the computer has been adopted. The duration of depreciation to zero residual value is estimated to be 5 years, in principle.

Also, property, plant and equipment— excluding buildings that were acquired on and after April 1, 1998 and any lease assets — were depreciated according to the declining-balance method. (Note that facilities accompanying any buildings acquired on and after April 1, 1998, were depreciated according to the declining-balance method.) From this fiscal year, this method has been replaced by the straight-line method.

The changes above are based on the judgment that the straight-line method is more appropriate for the following reasons. Firstly, as a result of the fact that the enhancement efforts of our sales structure on our key initiative of “promoting and strengthening our ICT business” have almost been completed, it is expected that the proportion of computers used for outsourcing business will increase among the computers used for operating purposes. Secondly, their stable utilization for the duration of use is almost ensured. And thirdly, revenue is equally distributed over the course of the outsourcing contract period. Also, new key investments in other assets will focus on our ICT business which ensures continued stable earnings. Existing assets are expected to be utilized for the purpose of enhancing the business.

As a result of the changes above, operating loss, ordinary loss and loss before income taxes and minority interests each decreased by ¥251 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2011 (As of March 31, 2011)	FY2012 Q3 (As of December 31, 2011)
ASSETS		
Current assets		
Cash and deposits	30,413	23,947
Notes and accounts receivable-trade	59,254	45,394
Short-term investment securities	21	-
Merchandise and finished goods	4,277	6,458
Work in process	2,645	5,524
Raw materials and supplies	145	161
Deferred tax assets	6,313	6,190
Others	10,125	10,651
Allowance for doubtful accounts	(252)	(245)
Total current assets	112,943	98,082
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,876	3,335
Machinery, equipment and vehicles, net	7,195	6,585
Others, net	4,108	3,872
Total property, plant and equipment	15,179	13,793
Intangible assets		
Goodwill	2,353	2,243
Software	23,560	23,646
Others	120	113
Total intangible assets	26,034	26,004
Investments and other assets		
Investment securities	13,203	12,103
Deferred tax assets	21,356	11,132
Prepaid pension cost	7,008	7,121
Others	12,019	12,325
Allowance for doubtful accounts	(463)	(380)
Total investments and other assets	53,124	42,301
Total non-current assets	94,338	82,099
Total assets	207,282	180,182

	FY2011 (As of March 31, 2011)	FY2012 Q3 (As of December 31, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	18,934	15,766
Current portion of long-term loans payable	17,887	17,328
Commercial papers	13,000	11,000
Income taxes payable	1,858	172
Allowance for loss on contract development	162	4,384
Other provision	717	356
Others	26,635	21,091
Total current liabilities	79,195	70,099
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	26,850	22,668
Deferred tax liabilities	706	779
Provision for retirement benefits	854	873
Other provision	62	102
Asset retirement obligations	1,274	1,294
Negative goodwill	23	11
Others	1,544	1,402
Total non-current liabilities	51,316	47,131
Total liabilities	130,512	117,230
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	15,281	15,281
Retained earnings	75,808	62,504
Treasury stock	(19,360)	(19,360)
Total shareholders' equity	77,212	63,908
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,716)	(2,245)
Deferred gains (losses) on hedges	18	(4)
Total accumulated other comprehensive income	(1,697)	(2,250)
Subscription rights to shares	832	847
Minority interests	422	445
Total net assets	76,770	62,951
Total liabilities and net assets	207,282	180,182

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

Millions of Yen

	FY2011 Q3 (Nine months ended December 31, 2010)	FY2012 Q3 (Nine months ended December 31, 2011)
Net sales	172,849	171,902
Cost of sales	129,197	129,770
Gross profit	43,652	42,132
Selling, general and administrative expenses	45,205	42,272
Operating income (loss)	(1,552)	(139)
Non-operating income		
Interest income	62	59
Dividends income	149	223
Others	194	204
Total non-operating income	405	486
Non-operating expense		
Interest expenses	731	620
Others	82	65
Total non-operating expenses	813	685
Ordinary income (loss)	(1,960)	(338)
Extraordinary income		
Gain on sales of investment securities	6	19
Gain on reversal of subscription rights to shares	37	-
Adjustment to consumption taxes of prior period	27	-
Others	51	1
Total extraordinary income	122	21
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	7	107
Impairment loss	-	385
Loss on valuation of investment securities	668	623
Loss on adjustment for changes of accounting standard for asset retirement obligations	448	-
Others	93	97
Total extraordinary losses	1,218	1,214
Income (loss) before income taxes and minority interests	(3,056)	(1,532)
Income taxes-current	620	302
Income taxes-deferred	(1,036)	10,491
Total income taxes	(415)	10,794
Income (loss) before minority interests	(2,641)	(12,326)
Minority interests in income (loss)	(126)	37
Net income (loss)	(2,514)	(12,364)

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2011 Q3 (Nine months ended December 31, 2010)	FY2012 Q3 (Nine months ended December 31, 2011)
Income (loss) before minority interests	(2,641)	(12,326)
Other comprehensive income		
Valuation difference on available-for-sale securities	549	(529)
Deferred gains (losses) on hedges	(86)	(23)
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	462	(552)
Comprehensive income	(2,178)	(12,878)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(2,052)	(12,916)
Comprehensive income attributable to minority interests	(126)	37

(3) Notes concerning Going Concern Assumption

Not applicable

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

Not applicable