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

[Japan GAAP]

July 29, 2011

Nihon Unisys, Ltd.

Stock Listing: Stock Code: URL: Representative: Contact: TEL: Scheduled Submission Date for Quarterly Report: Scheduled Starting Date for Dividend Payment: Quarterly Earnings Supplementary Explanatory Documents: Quarterly Earnings Results Briefing Session:	Tokyo Stock Exchange 1st section 8056 http://www.unisys.co.jp/ Shigeru Kurokawa, President & CEO Katsuhiko Ohtomo, General Manager, Corporate Communications +81-3-5546-7404 August 11, 2011 - Yes Yes (for institutional investors and analysts)
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(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results in FY2012 Q1 (from April 1, 2011 to June 30, 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 Q1	49,143	(5.2)	(620)	—	(653)	—	(646)	—
FY2011 Q1	51,855	(5.1)	(2,610)	—	(2,668)	—	(2,497)	—

(Note) Comprehensive income FY2012 Q1: -554 Million Yen (—%) FY2011 Q1: -2,595 Million Yen (—%)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2012 Q1	(6.87)	—
FY2011 Q1	(26.04)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
FY2012 Q1	188,238	75,745	39.6
FY2011	207,282	76,770	36.4

(Reference) Shareholders' Equity FY2012 Q1: 74,483 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	—	—	—	—	—
FY2012 (Forecast)	—	5.00	—	5.00	10.00

(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 1st Half	113,000	(3.0)	1,500	8.2	1,300	11.8	500	—	5.32
FY2012	255,000	0.8	7,000	7.2	6,300	8.0	3,200	24.3	34.05

(Note) Revision of the latest forecast of consolidated earnings: Yes

4. Others

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries) during this quarterly period:

No

New: - company (Company Name: -)

Excluded: - company (Company Name: -)

(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 Q1	109,663,524	FY2011	109,663,524
2. Number of shares of treasury stock	FY2012 Q1	15,683,675	FY2011	15,683,618
3. Average number of shares outstanding (during the period)	FY2012 Q1	93,979,877	FY2011 Q1	95,912,192

#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 First Quarter of Fiscal Year Ending March 31, 2012

(1) Qualitative Information on the Consolidated Operating Results

During the first quarter of the fiscal year under review, the Japanese economy continued to experience difficulties due to the impacts of the Great East Japan Earthquake, and companies have continued their discreet estimations of the economy. Through the supply chains that have been recovering under this circumstance, production and export that decreased in the aftermath of the Earthquake have begun to turn around. However, companies were impacted by the Earthquake and have made less capital investment. Thus, in the information services market, their software investments in their own information systems have generally been flat, although demands from their restoration efforts may be expected.

In this environment, the Nihon Unisys group has aimed to become a services company under the management concept of “sharing values with customers” (U&U[®]:Users&Unisys). Thus, we have been seeking to achieve our vision of the future through our key initiatives of strengthening our Information and Communication Technology (ICT) business, enhancing those businesses with stable profitability, and reinforcing our corporate structure.

Specifically, in the “U-Cloud[®]”, the Cloud-type computing service of our Group, we began to provide private cloud package in an attempt to strengthen our lineup of services. Also, we have continued to promote our conventional outsourcing businesses, and thereby further stabilizing our profitability. Furthermore, we have continued; to share administrative work among the Group companies, further increase the productivity of development, and cooperate with related companies to strengthen our business capabilities.

With regard to the consolidated operating results for the first quarter of the fiscal year under review, the Group posted net sales of ¥49,143 million, down by 5.2% compared with the same period of the previous fiscal year. This was a result of a decrease in our services and software business sales, despite an increase in our hardware business sales

Concerning profit, our efforts of reducing costs including selling, general and administrative expenses offset impacts from a decrease in gross profit resulting from the decrease in net sales, and from an increase in costs for system services business. Thus, operating loss was ¥620 million (compared with a loss of ¥2,610 million of the same quarter last year), and ordinary loss was ¥653 million (compared with a loss of ¥2,668 million of the same quarter last year). The Group posted a net loss of ¥646 million (compared with the net loss of ¥2,497 million of the same quarter of the previous fiscal year).

(2) Qualitative Information on Consolidated Financial Position

Total assets were ¥188,238 million on a consolidated basis at the end of the period under review, down by ¥19,043 million from the end of the previous fiscal year, mainly due to a decline in accounts receivable-trade.

Liabilities were ¥112,492 million at the end of the quarter under review, down by ¥18,019 million, compared with the end of the previous fiscal year, primarily due to a decrease in accounts payable-trade and redemption of commercial paper.

Net assets were ¥75,745 million at the end of the period. The shareholders’ equity ratio was 39.6%, an improvement of 3.2 percentage points from the end of the previous fiscal year.

(3) Qualitative Information on Consolidated Financial Forecast

Our consolidated performance forecast for the first half of the fiscal year under review that had been announced on May 10, 2011 was revised. Please refer to the “Revision to Forecasts of Financial Results for the First Half of Fiscal Year Ending March 31, 2012” that was separately announced on July 29, 2011.

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 sales 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, due to the special nature of these businesses. However, from this fiscal year under review, the straight line method 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. (Please 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 a 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 under the concept of our key initiative of “strengthening our ICT business” have almost been completed, it is expected that computers for outsourcing business will increase among the computers for sales purposes. Secondly, their stable utilization for the duration of use is almost ensured. And thirdly, revenue is recorded regularly throughout the duration of use. 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 interest all increased by ¥133 million yen.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2011 (As of March 31, 2011)	FY2012 Q1 (As of June 30, 2011)
ASSETS		
Current assets		
Cash and deposits	30,413	24,779
Notes and accounts receivable-trade	59,254	40,023
Securities	21	20
Merchandise and finished goods	4,277	4,071
Work in process	2,645	5,594
Raw materials and supplies	145	201
Deferred tax assets	6,313	4,522
Others	10,125	13,248
Allowance for doubtful accounts	(252)	(237)
Total current assets	112,943	92,223
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,876	3,564
Machinery, equipment and vehicles, net	7,195	7,160
Other, net	4,108	3,968
Total property, plant and equipment	15,179	14,693
Intangible assets		
Goodwill	2,353	2,316
Software	23,560	23,262
Others	120	129
Total intangible assets	26,034	25,707
Investments and other assets		
Investment securities	13,203	13,164
Deferred tax assets	21,356	23,461
Prepaid pension cost	7,008	7,058
Others	12,019	12,394
Allowance for doubtful accounts	(463)	(465)
Total investments and other assets	53,124	55,613
Total non-current assets	94,338	96,014
Total assets	207,282	188,238

	FY2011 (As of March 31, 2011)	FY2012 Q1 (As of June 30, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	18,934	11,631
Current portion of long-term loans payable	17,887	16,870
Commercial papers	13,000	6,000
Income taxes payable	1,858	73
Provision	880	1,902
Others	26,635	25,732
Total current liabilities	79,195	62,210
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	26,850	25,775
Deferred tax liabilities	706	774
Reserve for retirement benefits	854	860
Other provisions	62	62
Asset retirement obligations	1,274	1,281
Negative goodwill	23	19
Others	1,544	1,509
Total non-current liabilities	51,316	50,282
Total liabilities	130,512	112,492
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	15,281	15,281
Retained earnings	75,808	74,692
Treasury stock	(19,360)	(19,360)
Total shareholders' equity	77,212	76,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,716)	(1,601)
Deferred gains (losses) on hedges	18	(11)
Total accumulated other comprehensive income	(1,697)	(1,612)
Subscription rights to shares	832	847
Minority interests	422	414
Total net assets	76,770	75,745
Total liabilities and net assets	207,282	188,238

(2) Consolidated Statements of Income and Statements of Comprehensive Income
(CONSOLIDATED STATEMENTS OF INCOME)

Millions of Yen

	FY2011 Q1 (Three months ended June 30, 2010)	FY2012 Q1 (Three months ended June 30, 2011)
Net sales	51,855	49,143
Cost of sales	39,242	35,796
Gross profit	12,613	13,347
Selling, general and administrative expenses	15,223	13,967
Operating loss	(2,610)	(620)
Non-operating income		
Interest income	24	20
Dividends income	101	148
Others	91	54
Total non-operating income	217	223
Non-operating expense		
Interest expenses	257	217
Others	18	38
Total non-operating expense	275	256
Ordinary loss	(2,668)	(653)
Extraordinary income		
Gain on sales of non-current assets	3	0
Gain on reversal of subscription rights to shares	37	-
Adjustment to consumption taxes of prior period	27	-
Others	6	1
Total extraordinary income	74	1
Extraordinary loss		
Loss on valuation of investment securities	656	205
Loss on adjustment for applying accounting standard for asset retirement obligations	448	-
Loss on valuation of golf club membership	-	65
Others	21	10
Total extraordinary loss	1,127	280
Loss before income taxes and minority interests	(3,720)	(932)
Income taxes-current	59	20
Income taxes-deferred	(1,134)	(313)
Total income taxes	(1,074)	(293)
Loss before minority interests	(2,646)	(639)
Minority interests in income (loss)	(148)	6
Net loss	(2,497)	(646)

(CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)

Millions of Yen

	FY2011 Q1 (Three months ended June 30, 2010)	FY2012 Q1 (Three months ended June 30, 2011)
Loss before minority interests	(2,646)	(639)
Other comprehensive income		
Valuation difference on available-for-sale securities	103	114
Deferred gains (losses) on hedges	(53)	(30)
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	50	84
Comprehensive income	(2,595)	(554)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(2,447)	(561)
Comprehensive income attributable to minority interests	(148)	6