# Nihon Unisys, Ltd.

## Annual Report 2009

For the year ended March 31, 2009

# U&U

## Users & Unisys

Established in 1958, the Nihon Unisys Group has a history dating back to the dawn of the computer era. We have continually contributed to the development of IT in Japan by providing effective and timely solutions to the needs of IT users.

The Group follows a simple management philosophy: To put the customer first at all times, as expressed in the phrase “Users & Unisys” or “U&U.” This commitment is reflected in integrated services that begin with the analysis of management issues and culminate in their solution, for clients in sectors ranging from finance, manufacturing and distribution to energy and government.

By working in close communication with clients, the Group is able to provide powerful support for IT-based management innovation through the creation of systems that are optimized to meet user needs.

## Contents

# Key Dates in Our History

## 1958

### Establishment

Nippon Remington Univac Kaisha, Ltd. was founded in March 1958 under an agreement between Daiichi Bussan (now Mitsui & Co., Ltd.) and Sperry Corporation.

## 1988

### The Birth of Nihon Unisys

In April 1988, Sperry Corporation merged with Burroughs Corporation to form Unisys Corporation. In Japan, Nippon Univac Kaisha, Ltd. absorbed Burroughs K.K. (the Japanese branch of Burroughs Corporation) and changed its name to Nihon Unisys, Ltd.

## 1958–2006

### Relationship with Unisys Corporation

Unisys Corporation (then Sperry Corporation) became a shareholder in Nihon Unisys in 1959. In March 2006, it sold its entire holding of 30,224,900 Nihon Unisys shares.

## 1999 onwards

### Strengthening the Group

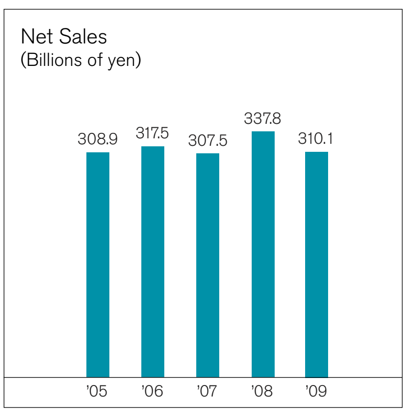
In October 1999, Nihon Unisys transferred its hardware maintenance service business to UNIADEX, Ltd., which was established in March 1997. In July 2003, software support services were also transferred to UNIADEX, which now provides total maintenance support. In June 2007, the Nihon Unisys Group strengthened its network integration business by acquiring NETMARKS INC. through a takeover bid.

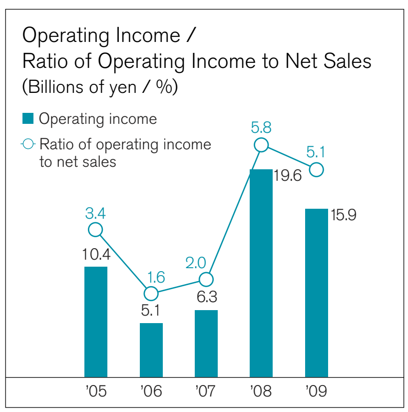
# Financial Highlights

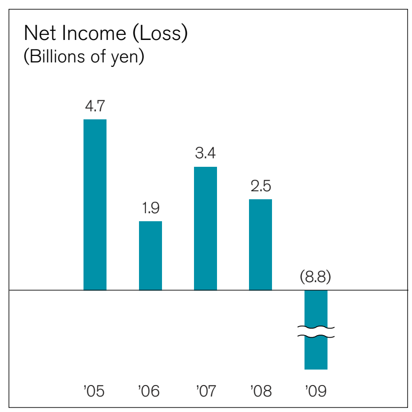
Nihon Unisys, Ltd.
Years Ended March 31, 2009, 2008, and 2007 (Consolidated Basis)

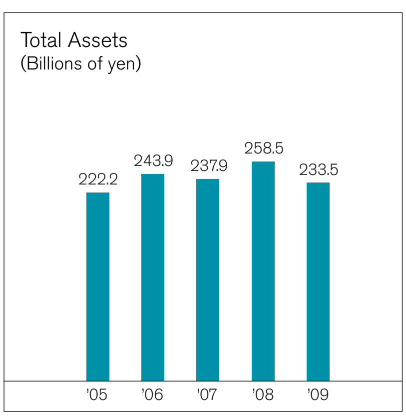
| | Millions of Yen | | | Thousands of U.S. Dollars (Note) |
|---|---|---|---|---|
| **For the year:** | **2009** | 2008 | 2007 | **2009** |
| Net sales | **¥ 310,127** | ¥ 337,759 | ¥ 307,455 | **$ 3,157,152** |
| Operating income | **15,883** | 19,649 | 6,278 | **161,692** |
| Net income (loss) | **(8,819)** | 2,546 | 3,434 | **(89,779)** |
| Total assets | **233,546** | 258,458 | 237,862 | **2,377,543** |
| | Yen | | | U.S. Dollars (Note) |
| **Per share amounts:** | **2009** | 2008 | 2007 | **2009** |
| Basic net income (loss) | **¥ (91.96)** | ¥ 26.54 | ¥ 35.97 | **$ (0.94)** |
| Diluted net income | **–** | 26.47 | 35.75 | **–** |
| Cash dividends applicable to the year | **15.00** | 12.00 | 7.50 | **0.15** |

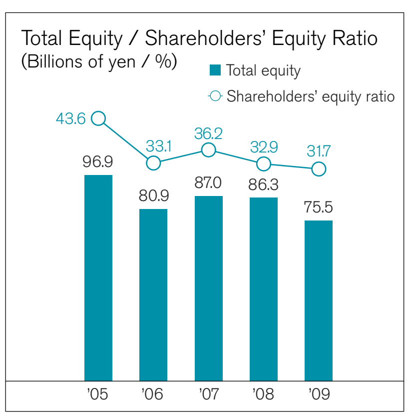
Note: Yen amounts have been translated into U.S. dollars, for convenience only, at ¥98.23= U.S. $1, the rate prevailing on March 31, 2009.

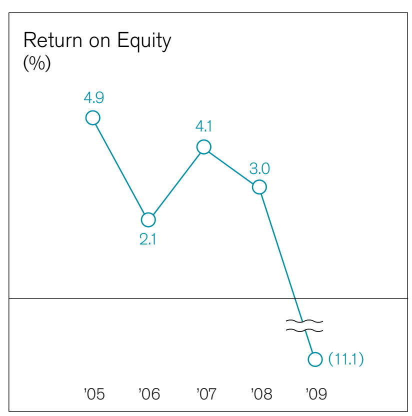


A Message from the President and CEO

# OUR FOCUS: TO BUILD A HIGH-GROWTH CORPORATE GROUP

We will continue to strengthen our business structure while implementing strategies designed to put Nihon Unisys on track for growth over the medium- to long-term future.

Our priorities for the Nihon Unisys Group in the year ended March 31, 2009 were the expansion of our business domains in the ICT* market, and the reinforcement of our business structure.

Initiatives to expand our activities in the ICT market included the creation of a dedicated organizational unit, the ICT Services division, in April 2008. In October, we opened a next-generation data center and began to provide a variety of ICT services.

To reinforce our business structure, we worked to enhance our project management systems, thus improving service quality and significantly reducing unprofitable projects.

In the year ending March 2010, we will intensify our efforts to strengthen our business structure, while also focusing on strategies designed to put Nihon Unisys on track for growth over the medium- to long-term future. Specifically, we will work to increase orders by developing our ICT service business across the entire Group; expand sales of our next-generation open core-banking system, which embodies all of our knowledge and expertise; and raise the performance of each business site to expand our business opportunities. The fulfillment of these strategies is key to our evolution into a high-growth corporate group.

We are also determined to contribute to the protection of the environment under the theme of “What ICT can do for society and people.” Our initiatives in this area include participation in trials of recharging infrastructure for plug-in electric vehicles.

We look forward to the continuing support and understanding of our shareholders.

***ICT**
This acronym stands for “Information and Communication Technology,” a term created by combining “IT” with “communications.” In the future, we will increasingly be able to link telephones, TVs and other communication devices via the Internet, allowing highly flexible exchanges of data and information.

August 2009
**Katsuto Momii**
President & CEO

# OUR COMMITMENT: TO ENHANCE CUSTOMERS' CORPORATE VALUE BY BEING THEIR BEST IT PARTNER

## 1. A one-stop, comprehensive service line-up

The Nihon Unisys Group provides one-stop access to a full line-up of integrated IT services, from consultation on management and IT strategies to the provision of the IT solutions needed to implement those strategies, as well as network design, creation and administration and maintenance support.

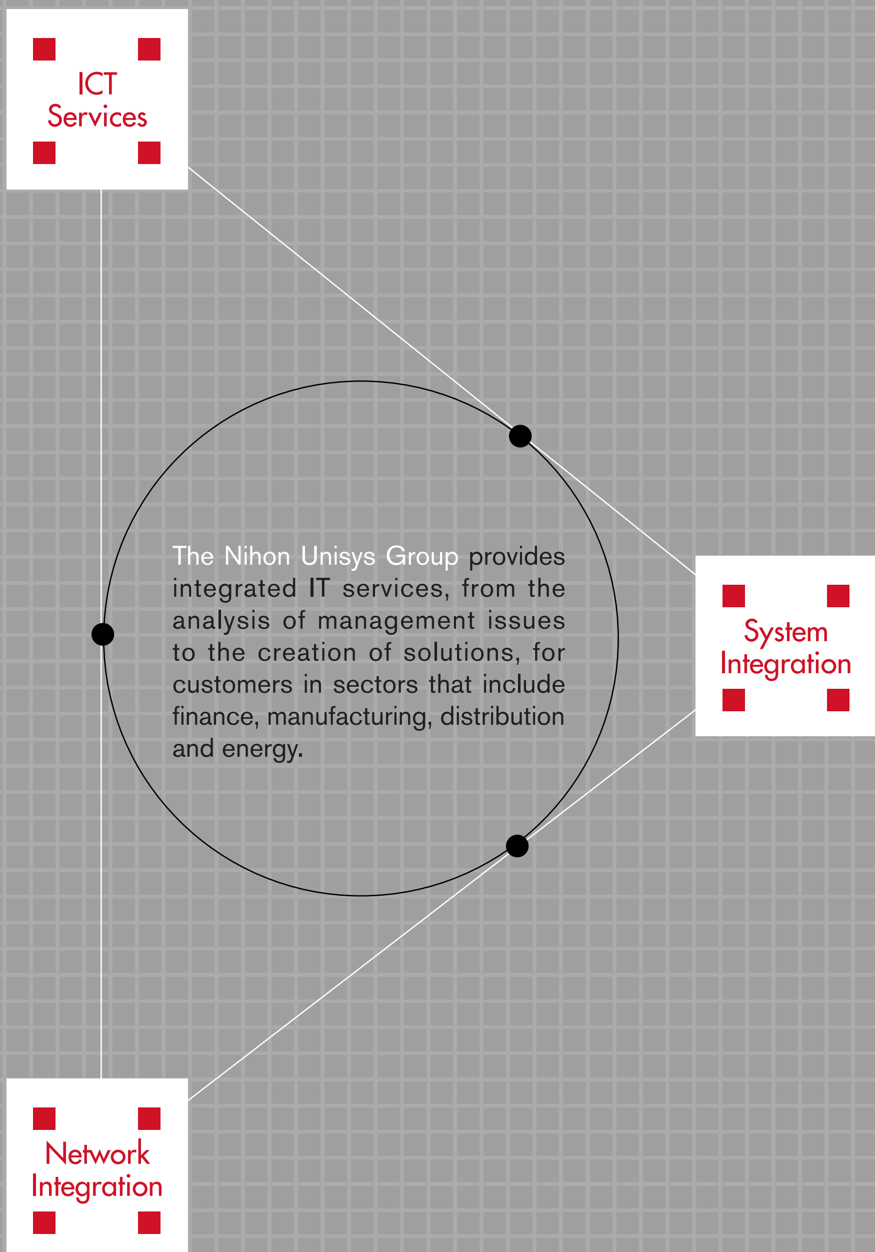
## 2. Free choice of vendors

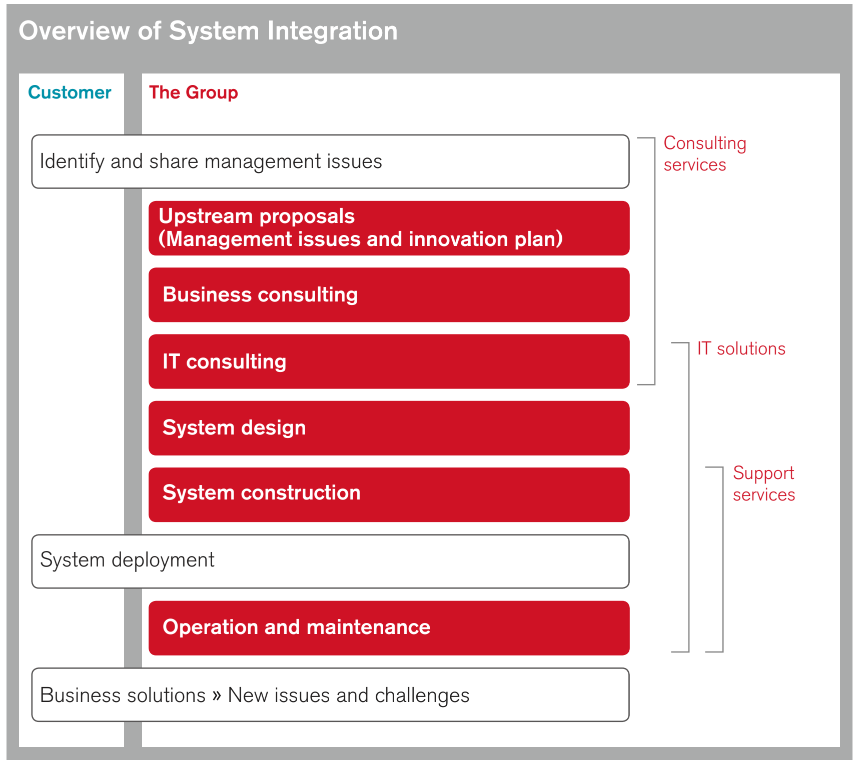
The Group is able to freely combine hardware and software from any vendor to create the optimal IT environment needed to meet each client's needs.

## 3. Multi-field capabilities

The Group has extensive experience as a successful provider of IT services to leading companies in a wide range of business fields, including finance, manufacturing, commerce, distribution and government. By bringing together this knowledge and experience, we are able to provide IT support that genuinely helps clients in different industries to achieve their strategic goals.

One of the Group's competitive strengths is that we are one of few systems integrators that have the skills needed to build extremely sophisticated mission-critical systems, such as for the banking and airline sectors.






## System Integration—

### Implementation of Management Strategies

The Nihon Unisys Group's core activity is the provision of high-quality systems integration services to resolve the IT-related management issues of its clients. Systems integration involves the combination of various IT-related resources, including hardware and software, to create robust infrastructure for the provision of integrated IT services, from consultation to systems development and support.

As one of Japan's leading systems integrators, Nihon Unisys is able to provide one-stop access to a full range of services, including consultation and support at all stages from strategy development and planning to project management based on advanced methodologies and know-how, the creation of IT solutions as the basis for high-quality IT systems, operational support, product maintenance and other support services.

## Network Integration—

### Creation of Advanced Network Systems

The Group is also one of few network integrators in Japan capable of providing one-stop optimized network solutions. The creation of an optimized business network system begins with a thorough investigation of issues and needs. This is followed by network infrastructure development, including network design and construction. We then provide operational management and maintenance support. Our one-stop approach even encompasses the manufacture of peripheral equipment and the resale of network lines.

We use leading-edge network technology and network operating know-how to provide our corporate customers with seamless, one-stop access to a full range of network-related IT services. This is the key advantage that the Group offers to customers, and also our greatest competitive strength.

## Overview of Network Integration

The Nihon Unisys Group's comprehensive services enable network technologies and products to be combined into optimized networks. These services cover all stages, from consultation at the initial decision-making stage regarding the introduction of networking to network design and installation.

- Our information security strategies for customers consist of customer survey analysis, provision of relevant information, proposal and implementation of optimum security measures, and system architecture/operation/enhancement.
- By linking various communication tools, we achieve seamless communication that raises corporate productivity.
- We reduce the burden on clients and ensure prompt resolution of issues by providing consulting, total management and support services from a vendor-neutral stance.

**Network infrastructure (multi-vendor)**

**Total security solutions**
- Integrated ID management
- Authentication/quarantine networks
- Multi-device authentication
- ViSS (Image monitoring solutions using large-scale networks)

**Unified communication**
- Image data
- IP telephony
- Apps
- E-mails
- Wireless

**Operational/ maintenance services**
- Multi-vendor support services
- Life-Cycle Management
- Worldwide service bases

## ICT Services—

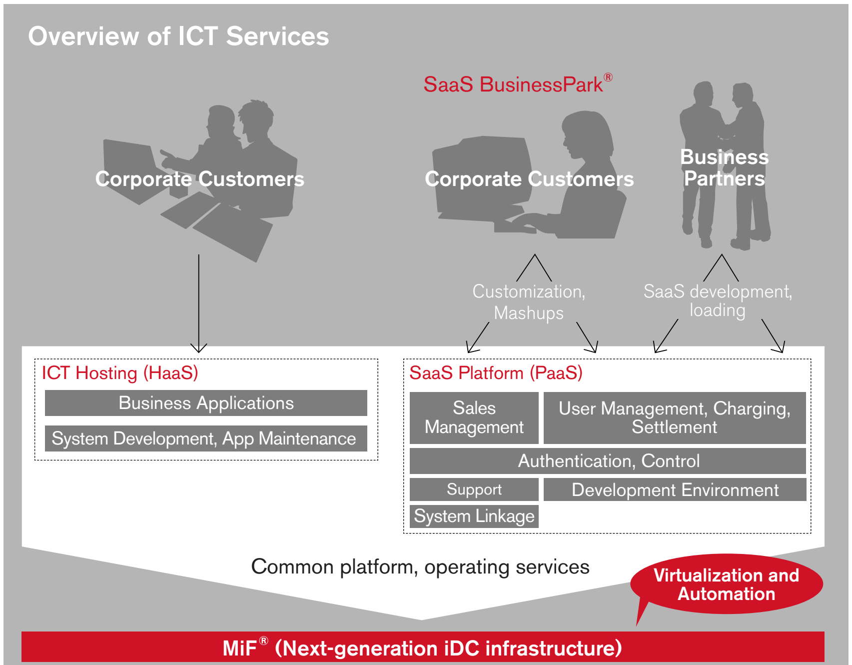
### Helping Clients to Cope with Changes in their Business Environment in a Quick and Flexible Manner

A new ICT service concept that has emerged in recent years is cloud computing, whereby computer-based IT resources are used across networks, especially the Internet. The Group offers a full line-up of ICT services based on cloud computing technology. The Group provides Hardware as a Service (HaaS), Software as a Service (SaaS)* and Platform as a Service (PaaS) on our Modeled iDC Farm (MiF®) infrastructure for next-generation Internet data centers.

### Hardware as a Service (HaaS)

The Group provides services for all layers of computers and information networks including (1) iDC facilities and equipment, (2) infrastructure services including firewalls, (3) networks, (4) hardware, (5) operating systems, (6) operation, (7) monitoring, and (8) security. We fully automate all server controls to create safe hosting environments free of the errors and inconsistencies associated with human-based operations.

*SaaS (Software as a Service) is a model of software deployment where an application is hosted as a service provided to customers across the Internet.




*MiF (Modeled iDC Farm) provides automated control of all server controls needed to support ICT hosting services. It ensures a safe hosting environment free of the errors and inconsistencies that may result from human-based operations.

## Software as a Service (SaaS)

Customers access the various SaaS applications offered by the Group via the Internet. They use only the software functions they need, when they need them, and for as long as they need them. In addition to our own SaaS applications, we also offer a wide range of applications developed by other companies.

## Platform as a Service (PaaS)

This is a new business model that has emerged in response to the growing use of SaaS applications. The SaaS business is based on markets formed by a variety of stakeholders, including users, the business partners that provide services, content providers, service integrators, resellers and advertisers. The Group brings all of these together to create a PaaS market in which SaaS products can be located, linked, used, developed, sold and operated.

We have named this PaaS concept "BusinessPark®." In addition to providing users with applications, we provide environments in which users can find and combine the SaaS products that they wish to use, and infrastructure that allows business partners who wish to supply SaaS products to develop and operate their products online.

Topic

## What ICT Can Do for Society and People

### Charging Infrastructure System for Electric Vehicles

Nihon Unisys is determined to contribute to a sustainable future by maximizing the environmental potential of information technology. For this reason, we have developed charging stations for electric vehicles (EVs) and plug-in hybrid vehicles (pHVs), as well as a network to link and manage these facilities, called **smart oasis™**. We have already started to provide services based on this system. The technology is currently being trialed in Yukarigaoka Newtown in Sakura City, Japan. In October 2009, we plan to provide a service for EVs and pHVs in Aomori Prefecture under an introductory business model.

**smart oasis** was developed as a management infrastructure for charging stations. The network will be linked through multiple communication technologies, including mobile phones, wireless LAN, WiMAX next-generation high-speed wireless technology and low-power wireless communications. It will also support real-time user authentication and usage data monitoring.

As the network will be linked to mobile phone systems and other networks, it will give users real-time access to information about charging station locations and the availability of spaces. Each charging station will provide 100V and 200V connections, and it will be possible to book and change usage times and other conditions via the service management system. Users will be able to charge their EVs or pHVs simply by swiping their IC-equipped credit cards.

Nihon Unisys will implement **smart oasis** in communities and commercial facilities that actively support the shift to EVs and pHVs. We will also link the system to the "eco-point system" that will be piloted in Aomori Prefecture. Eventually, we aim to expand the system into a platform for the development of a new infrastructure model for society.

The Group strives to reinforce its corporate governance for the purposes of quickly making decisions in response to a changing business environment, clarifying management accountability, and increasing business transparency.

We employ a Corporate Officer System in order to separate management functions from business execution functions, as well as a Corporate Auditor System.

## Management Functions

### Board of Directors

The Board of Directors consists of nine Managing Directors, including two outside Managing Directors, and meets, in principle, once a month. The Board decides and reports on key corporate issues. The term of office for Managing Directors is one year. This is to secure a flexible management structure that can quickly respond to the changing business environment and to clarify the accountability of Managing Directors.

## Business Execution Functions

### Corporate Officer System

The Company has adopted a Corporate Officer System in an active effort to separate the functions of management oversight and business execution.

### Executive Council

The Executive Council, composed of Representative Directors, undertakes quick and efficient decision making as an entity that deliberates material matters related to the execution of business.

### Committees

To bring a practical perspective to the deliberation of specific management issues related to the execution of responsibilities by Managing Directors, we have established various committees, including the R&D/Investment Committee, the Project Review Committee, the Risk Management Committee, the Compliance Committee, the Security Committee, the Environmental Activity Committee, and the CSR Committee.

## Collective Decision Making System

To deal with issues that require decisions beyond the authority of first-tier unit managers, we developed and operate a system of approval in which responsible corporate officers or Representative Directors collectively decide based on due consideration of expert opinions presented by related corporate staff managers.

## Audit System

### Audit by Corporate Auditors

There are four Corporate Auditors, including three full-time Corporate Auditors, two of whom are outside Corporate Auditors. Based on the Audit Standard, audit policy and audit plan formulated by the Board of Corporate Auditors, Corporate Auditors attend meetings of the Board of Directors and other important meetings, and also review the status of operations and assets, thereby monitoring the execution of responsibilities by Managing Directors. They also audit the status of management of Group companies and concurrently seek to enhance the quality of management.

### Accounting Audit

The Company undergoes statutory audits by the independent public accounting firm Deloitte Touche Tohmatsu, with whom the Company maintains no conflicts of interest in terms of personnel, financial or business relationships. Deloitte Touche Tohmatsu or other auditing firms conduct a separate audit of major Group companies.

## Internal Audit

The Internal Audit division, a 34-member organization within the Company, conducts internal audits of all divisions across the Group. The Internal Audit division audits the appropriateness and efficiency of internal controls and reports to top management on the results of audits and suggests improvements and corrective actions as required. It also confirms the results of these actions. Information regarding audits, including audit results, is disclosed to unit managers to accelerate the pace of improvements and corrective actions and to share them with other divisions. In addition, information is provided to Deloitte Touche Tohmatsu. The Internal Audit division and the Board of Corporate Auditors maintain a close collaborative relationship. They exchange opinions on the audit plan formulated by the Board of Corporate Auditors, while the Corporate Auditors, in turn, attend review sessions on internal audit of business divisions. The Internal Audit division also provides regular audit reports on issues concerning the Group.

Factors that may materially affect decisions by investors with respect to the business of the Group include the following. References to the future contained herein are based on the understanding of the Group as of the end of the fiscal year under review.

## (1) Impact from Economic Trends and the Market Environment

In the information service market, in which the Group operates, companies have become reluctant to invest in information systems hurt by worsened business performance. They are reducing costs and taking a cautious stance toward investments, with the focus on return on investment (ROI). Against this backdrop, the business climate has become even harsher. In this market, any serious situation such as a delayed response to technical innovation and unexpectedly intense price competition may affect the financial conditions and business results of the Company.

## (2) Project Management Risks

The Group develops a range of customized computer systems for its customers. Delivery lead times are becoming shorter and projects are growing in size and complexity amid intensifying competition. Under these circumstances, the Group may have to bear heavy debugging costs should problems emerge during system development, resulting in cost overruns. To prevent cost overruns and to detect problems at the early stages, the Group has strengthened its project management system.

## (3) Information Control Risks

In the course of developing and providing information systems through our operations, the Group is exposed not only to internal information but also the confidential information of many customers as well as personal information owned by customers. As a participant in the IT industry, we are fully aware of the importance of information management. We control information with maximum security and care. To prepare for an unexpected accident, we have taken out an insurance policy for a given amount. However, if damages were to cost significantly more than the amount insured or if we were to suffer loss or damage to our reputation, the Group's business results could be impacted.

## (4) Risks Related to the Hiring of High-Level Engineers

The shortage of high-level engineers has become a pressing issue for the IT service industry, and if the Group fails to secure the required number of such engineers, it may affect its business performance. For this reason, we are actively reforming our personnel systems to create a working environment in which the Group's personnel can comfortably pursue their tasks. Furthermore, with respect to our system service structure, we are planning to abolish the conventional organizational framework to introduce a system that allocates personnel on a project basis with the goal of enabling high-level engineers in the Group to concentrate more fully on their projects and perform their tasks with greater efficiency. We are also actively reinforcing training and other programs for human resource development.

## (5) Intellectual Property Right Risks

The Group utilizes intellectual properties related to various computer programs in our operations. If we cannot acquire or hold licenses for these programs as planned, it may have an impact on our operations. In addition, there is a possibility the Group could face legal action with regard to intellectual properties associated with computer programs. This can be costly and could affect our business results.

## (6) Relations with Key Supplier

The Company is the sole authorized distributor of computers and other IT equipment manufactured by Unisys Corporation. The Company imports and markets computers and other equipment made by Unisys Corporation, and provides support services in Japan. The Company has rights to Unisys Corporation's trademarks and also receives technical information and support from the latter. The trading relationship with Unisys Corporation has been steady but if the relationship becomes strained and can no longer be maintained, it would have an impact on the Group's business results.

## (7) Exchange Rate Risks

The Company is the sole authorized distributor here in Japan of Unisys Corporation-made computers and other products, and handles the businesses of import and sales of those computers in the national territory of Japan. Thus, the Group's purchase in foreign-currency denomination may be exposed to fluctuations in foreign exchange rates. To avoid such risks, the Company places risk-hedging measures through exchange contracts. The Group's purchase in foreign-currency denomination totaled ¥14,686 million for the term ended March 2009.

## (8) Litigation Risks

The Group makes every effort to consistently practice compliance and conduct sound and transparent business activities. However, it is possible for the Company to face litigation or legal proceedings even if no violation of law has actually occurred, which could impact the business performance of the Group.

## (9) Natural Disaster Risks, etc.

In the case that those natural disasters such as earthquakes and outbreaks of infectious diseases have done destructive damages and losses to major business bases of the Group or if a large number of our employees are injured, then a huge amount of repair or replacement expenses may be needed, which will concurrently give huge-scale impacts on sales and other business activities, and ultimately affect the Group's business records. Hence, preparing for the case that these events occur or may occur, the Group is striving to establish a structure under which it can continue operations.

The Group has adopted the theme, "What ICT can do for society and people," as the pillar of its CSR activities. We have established a CSR committee to review and determine the basic policy for overall CSR activities as well as business continuity projects. In addition, we have set up the Compliance Committee, the Risk Management Committee, the Security Committee, and the Environmental Activity Committee.

These committees formulate policies and initiatives in each area and promote their implementation throughout the Group.

## Information Security

Being in the position of managing customer business information and information systems, the Group is striving to steadily enhance security levels to maintain its reputation as a reliable, trustworthy partner for customers. To this end, we set up the Information Security Committee in fiscal year 1990. In addition, we formulated the Group's first Information Security Comprehensive Strategy in 2004 and the second Information Security Comprehensive Strategy in 2006, with the Group working in concert to reinforce our information security measures from the mid- to long-term perspective. As a result, by the end of the fiscal year ended March 2009, 22 companies including two new members had obtained ISO 27001 (ISMS) certification and 12 companies had obtained the Privacy Mark certification. Starting in 2009, the Group will promote various cross-sectional measures with the Information Security Comprehensive Strategy 2008 as the cornerstone.

## Compliance

Compliance with laws and regulations, social norms, and corporate regulations along with a commitment to ethical business practices is at the very heart of fulfilling corporate social responsibility. In accordance with the Basic Compliance Policy, the Group has established Basic Compliance Rules that stipulate organizational structure and systemized communication channels for consulting and reporting. In addition, the Group is striving to strengthen compliance by implementing and managing those rules.

## Risk Management

To consistently maximize corporate value over the long term, it is important to quickly respond to risks facing the Company. To that end, the Group established the Risk Management Committee. We have categorized risks for management into those related to information, goods, products and services, disasters and accidents (crime and damage), and the environment, and have implemented measures for preventing the occurrence of specific types of risk.

## Business Continuity Plan (BCP)

The Group has been pursuing business continuity efforts since 2005, strongly aware of our social responsibility to maintain business support for customer information system operations even at times of large-scale disasters. Based on our Business Continuity Plan, we have been working to establish an organizational structure, secure the necessary resources for business continuity, and realize cooperation with neighboring companies and local communities. Also, we have made responses to the new strain of influenza that has spread since late April 2009, in accordance with the Business Continuity Plan. Our efforts are provided in our corporate website for external users.

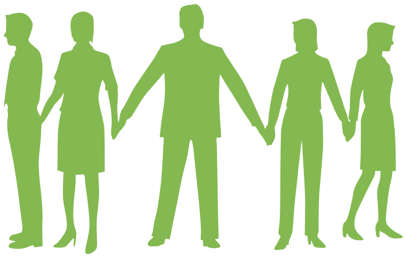
## Contributions to Society

Seminar at junior high school for promoting safe and secure use of mobile phones and Internet

The Group is contributing to the sound and affluent development of regions and society in general by utilizing its features as an IT company. To support the sound growth of the next generation in an IT society, we offer training and seminars for students, school teaching staff, and parents, and we contribute to international exchanges and foster youth through the Company's badminton club. In addition, we support various voluntary activities by employees centered on the social contribution club, Uni-Heart, so that the desires and actions of individual employees will lead to the realization of a prosperous society.

## Environmental Conservation

To play an active role in forming a sustainable society, we conduct EMS-based activities across the entire Group. We are aware of EMS when conducting supply-chain management and business administration works at office. Also, we are promoting the reduction of the Group's environmental burden through such channels as Information Technology for e-learning and teleconference. Furthermore, IT services provided by the Group contribute to reducing the environmental burden of our customers' business operations.



## Directors, Corporate Auditors and Corporate Officers (As of June 26, 2009)

President & CEO
Katsuto Momii

Representative Director & Executive Vice President
Keiji Shiratori

Representative Director & Executive Vice President
Tsutomu Fukunaga

Representative Director & Executive Corporate Officer
Koji Suzuki

Representative Director & Executive Corporate Officer
Shun-ichi Miyazaki

Representative Director & Senior Corporate Officer
Masanori Matsumori

Representative Director & Senior Corporate Officer
Fumio Horikawa

**Managing Directors**

Takao Omae (part-time)

Shuji Nakura (part-time)

**Corporate Auditors**

Hiroshi Nomura

Hideo Gamou

Eiji Ike

Katsuhisa Kiyozuka (part-time)

**Superior Senior Corporate Officer**

Akiyoshi Hiraoka

**Senior Corporate Officers**

Toshihiko Kato

Yoichi Harada

Ryuji Tatsuno

Hitoshi Tayama

Masayuki Fujisawa

Tsutomu Takahashi

Kei Sawada

Shigeru Inoue

Shigehiko Inaizumi

Ayumi Takagi

Yasushi Kado

Kozo Kiyokawa

Osamu Takahashi

**Corporate Officers**

Minoru Tasaki

Yasuaki Ohta

Makoto Akiyama

Yoshio Umehara

Choei Okabe

Mitsuo Matsuura

Shigeru Kurokawa

Yutaka Ogawa

Tadashi Shinohara

Yoshinori Ijichi

Masashi Yamada

Susumu Mukai

# Business Results

### Net Sales

For the year ended March 31, 2009, businesses reacted to the global financial crisis by postponing, drastically reducing or freezing their IT investment, and by limiting investment to projects with proven profitability. This situation was reflected in a substantial decline in sales of system services, software and hardware. Net sales were ¥27,632 million, or 8.2%, below the previous year's level at ¥310,127 million.

### Net Sales by Business Category

(1) Services
Sales of support services remained strong, but there were significant falls in sales of system services and network integration services. Total net sales in this category were ¥9,873 million, or 4.0%, lower year-on-year at ¥234,913 million.

(2) Software
Net sales declined by ¥7,012 million, or 17.9%, year on year to ¥32,207 million. In addition to the impact of the economic recession, which caused a sharp decline in sales of major projects, the lower figure also reflects the fact that a number of major projects were included in the sales for the previous year.

(3) Hardware
As in the software category, hardware sales were significantly eroded by the recession, and lease revenues were also lower. As a result, net sales in this segment were ¥10,747 million, or 20.0%, below the previous year's figure at ¥43,007 million.

Services accounted for 75.7% of total net sales, compared with 72.5% in the previous year. The contribution from software sales fell from 11.6% in the previous year to 10.4% in the current year. Hardware sales contributed 13.9%, down from 15.9%.
Note: The figures cited above do not include consumption tax.

### Operating Income

Despite improved margins on system services, gross profit was ¥5,922 million, or 6.9%, lower year on year at ¥80,109 million in the fiscal year. Reasons for the lower figure include the completion of major outsourcing projects and an increase in depreciation. Gross profit was also lower because of reduced software and hardware sales.

Selling, general and administrative expenses were ¥2,156 million, or 3.2%, lower year on year at ¥64,226 million. On this basis, operating income amounted to ¥15,883 million, a year-on-year decline of ¥3,766 million, or 19.2%.

### Net Income

There was a ¥21,586 million impairment loss on assets that are used to provide outsourcing services to regional banks. We also recorded a ¥6,161 million provision for restructuring charges that is to be incurred from the operation and maintenance/support of the outsourcing business in the following years. The result was a net loss of ¥8,819 million, a year-on-year decline of ¥11,365 million from the previous year's net income of ¥2,546 million.

# Financial Condition

## Balance Sheet

At the end of fiscal year, the total assets of the Nihon Unisys Group amounted to ¥233,546 million, a year-on-year reduction of ¥24,912 million. Despite a ¥14,443 million increase in cash and cash equivalents, total current assets were ¥12,473 million lower, mainly because of a ¥22,378 million reduction in accounts receivable-trade. Total non-current assets were ¥12,439 million lower than the end of previous year. Reasons for this decline included a ¥14,646 million reduction in software, which resulted in part from an impairment loss on outsourcing resources for regional banks.

Despite a provision for restructuring charges, we continued to repay debt. This helped to reduce liabilities by ¥14,036 million from the position at the end of previous year to ¥158,081 million.

Total equity declined by ¥10,876 million year on year to ¥75,465 million. The shareholders' equity ratio was 1.2 points lower at 31.7%.

## Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") for the fiscal year under review increased by ¥14,443 million to a balance of ¥36,046 million as of the end of fiscal year. This reflects the fact that cash provided by operating activities was used to acquire fixed assets, such as computers for business use, and retire debt.

## Cash Flows from Operating Activities

Net cash provided by operating activities increased by ¥27,708 million year on year to ¥46,300 million. Compared with an income before income tax and minority interests of ¥10,216 million in the previous year, there was a loss before income tax and minority interests of ¥13,023 million in the fiscal year. Depreciation and amortization was ¥448 million lower year on year at ¥14,722 million. There was non-cash expenditure, including impairment loss of ¥21,586 million and a provision for restructuring charges of ¥6,161 million. Accounts payable-trade declined by ¥4,656 million year on year to ¥9,768 million, but inventories also increased by ¥1,056 million year on year to ¥5,835 million. In addition, accounts receivable-trade increased by ¥20,027 million, year on year to ¥22,417 million, due to the collection of accounts. These and other factors were reflected in higher operating funds.

## Cash Flows from Investing Activities

Net cash used in investing activities declined by ¥8,855 million year on year to ¥20,248 million. Expenditure on the acquisition of property, plant and equipment, such as computers for business use, was ¥1,459 million lower year on year at ¥6,792 million. Expenditure on the acquisition of software for outsourcing purposes among others was ¥3,411 million lower at ¥11,391 million. Other expenditure items included ¥2,157 million for the acquisition of shares in AFAS Inc., compared with expenditure of ¥6,677 million for the acquisition of shares in NETMARKS INC. in the previous year.

## Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥11,600 million, compared with the ¥8,815 million in net cash provided by financing activities in the previous year. There was a ¥1,771 million net decrease in short-term debt, compared with the previous year's net reduction of ¥10,500 million. Proceeds from long-term debt declined by ¥38,325 million year on year to ¥1,825 million, while repayments of long-term debt were ¥10,075 million lower at ¥8,750 million.

## Working Capital Requirements

The Nihon Unisys Group needs operating capital to pay for outsourced system and support services, and for the purchase of computer software for sales, leasing and outsourcing purposes. Operating capital is also required to meet manufacturing costs and selling, general and administrative expenses.

Operating expenses consist primarily of personnel costs, business support costs and R&D expenditure. The main components of operating support costs and R&D expenditure are personnel costs for systems engineers. The Group's policy is to meet its operating capital requirements for these purposes mainly from net cash provided by operating activities.

To ensure reliable, flexible access to funds and improve its financial efficiency, the Group has established commitment lines with five banks. The unused balance of these commitment lines as of March 31, 2009 stood at ¥15,000 million.

# Consolidated Balance Sheets
Nihon Unisys, Ltd.

March 31, 2009 and 2008

| ASSETS | Millions of Yen 2009 | Millions of Yen 2008 | Thousands of U.S. Dollars (Note 1) 2009 |
|---|---|---|---|
| **Current Assets:** | | | |
| Cash and cash equivalents (Note 3) | **¥36,046** | ¥21,603 | **$366,955** |
| Investment securities-due within one year (Note 4) | | 50 | |
| Accounts receivable-trade (Note 18) | **66,286** | 88,664 | **674,804** |
| Inventories (Note 5) | **11,734** | 17,489 | **119,454** |
| Deferred tax assets (Note 8) | **10,390** | 10,085 | **105,772** |
| Other current assets | **9,714** | 8,746 | **98,890** |
| Allowance for doubtful accounts | **(482)** | (476) | **(4,907)** |
| Total current assets | **133,688** | 146,161 | **1,360,968** |
| **Property, Plant and Equipment:** | | | |
| Land | **848** | 848 | **8,633** |
| Buildings and structures | **14,961** | 14,895 | **152,306** |
| Machinery and equipment (Note 6) | **79,156** | 83,137 | **805,823** |
| Other assets | **1,117** | 14 | **11,371** |
| Total | **96,082** | 98,894 | **978,133** |
| Accumulated depreciation | **(76,230)** | (77,744) | **(776,036)** |
| Net property, plant and equipment | **19,852** | 21,150 | **202,097** |
| **Investments and Other Assets:** | | | |
| Investment securities (Note 4) | **14,274** | 17,540 | **145,312** |
| Investments in unconsolidated subsidiaries and affiliated companies | **1,287** | 1,167 | **13,102** |
| Goodwill | **3,734** | 1,722 | **38,013** |
| Software (Note 6) | **21,472** | 36,118 | **218,589** |
| Lease deposits | **8,938** | 9,570 | **90,991** |
| Prepaid pension costs (Note 9) | **12,089** | 14,087 | **123,068** |
| Deferred tax assets (Note 8) | **16,307** | 8,939 | **166,008** |
| Other assets | **1,905** | 2,004 | **19,395** |
| Total investments and other assets | **80,006** | 91,147 | **814,478** |
| Total | **¥233,546** | ¥258,458 | **$2,377,543** |

See notes to consolidated financial statements.

| LIABILITIES AND EQUITY | Millions of Yen 2009 | 2008 | Thousands of U.S. Dollars (Note 1) 2009 |
|---|---|---|---|
| **Current Liabilities:** | | | |
| Short-term debt (Note 7) | **¥12,779** | ¥14,500 | **$130,093** |
| Current portion of long-term debt (Note 7) | **15,034** | 8,750 | **153,049** |
| Commercial paper (Note 7) | **11,000** | 12,500 | **111,982** |
| Accounts payable-trade (Note 18) | **24,928** | 34,745 | **253,772** |
| Accounts payable-other | **2,200** | 1,968 | **22,396** |
| Income taxes payable (Note 8) | **2,350** | 3,121 | **23,923** |
| Accrued expenses | **12,636** | 12,745 | **128,637** |
| Allowance for restructuring charges | **6,161** | | **62,720** |
| Other current liabilities | **16,188** | 16,487 | **164,797** |
| Total current liabilities | **103,276** | 104,816 | **1,051,369** |
| **Long-term Liabilities:** | | | |
| Long-term debt (Note 7) | **50,620** | 63,650 | **515,321** |
| Long-term accounts payable-other | **386** | 342 | **3,930** |
| Allowance for retirement benefits (Note 9) | **1,534** | 1,555 | **15,616** |
| Negative goodwill | **55** | 70 | **560** |
| Deferred tax liabilities (Note 8) | **1,036** | 1,053 | **10,547** |
| Other long-term liabilities (Note 12) | **1,174** | 631 | **11,952** |
| Total long-term liabilities | **54,805** | 67,301 | **557,926** |
| **Commitments and Contingent Liabilities (Notes 12 and 13)** | | | |
| **Equity (Notes 14, 17 and 19):** | | | |
| Common stock, authorized, 300,000,000 shares; issued, 109,663,524 shares in 2009 and 109,663,524 shares in 2008 | **5,483** | 5,483 | **55,818** |
| Capital surplus | **15,476** | 15,495 | **157,548** |
| Stock acquisition rights | **601** | 285 | **6,118** |
| Retained earnings | **72,933** | 83,047 | **742,472** |
| Net unrealized gain (loss) on available-for-sale securities | **(627)** | 241 | **(6,383)** |
| Deferred gain (loss) on derivatives under hedge accounting | **21** | (39) | **214** |
| Foreign currency translation adjustments | **13** | 22 | **132** |
| Treasury stock-at cost, 13,750,874 shares in 2009 and 13,792,475 shares in 2008 | **(19,260)** | (19,319) | **(196,070)** |
| Total | **74,640** | 85,215 | **759,849** |
| Minority interests | **825** | 1,126 | **8,399** |
| Total equity | **75,465** | 86,341 | **768,248** |
| Total | **¥233,546** | ¥258,458 | **$2,377,543** |

See notes to consolidated financial statements.

# Consolidated Statements of Operations

Nihon Unisys, Ltd.

Years ended March 31, 2009 and 2008

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Net sales (Note 2.m and 18) | **¥310,127** | ¥337,759 | **$3,157,152** |
| Cost of sales (Note 2.m and 18) | **230,018** | 251,728 | **2,341,627** |
| Gross profit | **80,109** | 86,031 | **815,525** |
| Selling, general and administrative expenses (Note 10) | **64,226** | 66,382 | **653,833** |
| Operating income | **15,883** | 19,649 | **161,692** |
| Other income (expenses): | | | |
| Interest and dividend income | **505** | 429 | **5,141** |
| Interest expense | **(1,256)** | (1,190) | **(12,786)** |
| Gain on sales of property, plant and equipment | **1** | | **10** |
| Gain on sales of investment securities (Note 4) | **142** | 655 | **1,446** |
| Loss on valuation of investment securities | **(1,890)** | (876) | **(19,241)** |
| Foreign exchange loss | **(56)** | (6) | **(570)** |
| Refund on stock acquisition (Note 11) | **1,500** | | **15,270** |
| Impairment loss (Note 2.h and 6) | **(21,586)** | | **(219,750)** |
| Additional amortization of goodwill (Note 2.a) | | (8,075) | |
| Provision for restructuring charges (Note 2.j) | **(6,161)** | | **(62,720)** |
| Equity in earnings of affiliated companies | **101** | 43 | **1,028** |
| Other-net | **(206)** | (413) | **(2,097)** |
| Other expenses-net | **(28,906)** | (9,433) | **(294,269)** |
| Income (loss) before income taxes and minority interests | **(13,023)** | 10,216 | **(132,577)** |
| Income taxes (Note 8): | | | |
| Current | **2,949** | 3,764 | **30,021** |
| Deferred | **(7,103)** | 4,187 | **(72,310)** |
| Total income taxes | **(4,154)** | 7,951 | **(42,289)** |
| Minority interests in net loss | **(50)** | (281) | **(509)** |
| Net income (loss) | **¥(8,819)** | ¥2,546 | **$(89,779)** |

| **Per Share Amounts (Notes 2.v, 15 and 17):** | Yen | | U.S. Dollars |
|---|---|---|---|
| Basic net income (loss) | **¥(91.96)** | ¥26.54 | **$(0.94)** |
| Diluted net income | | 26.47 | |
| Cash dividends applicable to the year | **15.00** | 12.00 | **0.15** |

See notes to consolidated financial statements.

# Consolidated Statements of Changes in Equity

## Nihon Unisys, Ltd.

Years ended March 31, 2009 and 2008

| | Thousands | Millions of Yen | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Outstanding Number of Shares of Common Stock | Common Stock | Capital Surplus | Stock Acquisition Rights | Retained Earnings | Net Unrealized Gain (Loss) on Available-for-Sale Securities | Deferred Gain (Loss) on Derivatives Under Hedge Accounting | Foreign Currency Translation Adjust--ments | Treasury Stock Deposit | Treasury Stock-at Cost | Total | Minority Interests | Total Equity |
| Balance, March 31, 2007 | 95,972 | ¥5,483 | ¥15,515 | ¥66 | ¥81,457 | ¥2,840 | ¥6 | ¥(1) | ¥0 | ¥(19,178) | ¥86,188 | ¥830 | ¥87,018 |
| Net income | | | | | 2,546 | | | | | | 2,546 | | 2,546 |
| Cash dividends | | | | | (936) | | | | | | (936) | | (936) |
| Decrease resulting from increase in consolidated subsidiaries | | | | | (20) | | | | | | (20) | | (20) |
| Purchase of treasury stock | (147) | | | | | | | | | (205) | (205) | | (205) |
| Exercise of stock option | 46 | | (20) | | | | | | 0 | 64 | 44 | | 44 |
| Net changes of items | | | | 219 | | (2,599) | (45) | 23 | | | (2,402) | 296 | (2,106) |
| Net change during the year | (101) | | (20) | 219 | 1,590 | (2,599) | (45) | 23 | | (141) | (973) | 296 | (677) |
| Balance, March 31, 2008 | 95,871 | ¥5,483 | ¥15,495 | ¥285 | ¥83,047 | ¥241 | ¥(39) | ¥22 | | ¥(19,319) | ¥85,215 | ¥1,126 | ¥86,341 |
| Net loss | | | | | (8,819) | | | | | | (8,819) | | (8,819) |
| Cash dividends | | | | | (1,295) | | | | | | (1,295) | | (1,295) |
| Decrease in treasury stock due to decrease in equity of affiliated company | (1) | | | | | | | | | 0 | 0 | | 0 |
| Purchase of treasury stock | 1 | | | | | | | | | (1) | (1) | | (1) |
| Exercise of stock option | 43 | | (19) | | | | | | | 60 | 41 | | 41 |
| Net changes of items | | | | 316 | | (868) | 60 | (9) | | | (501) | (301) | (802) |
| Net change during the year | 43 | | (19) | 316 | (10,114) | (868) | 60 | (9) | | 59 | (10,575) | (301) | (10,876) |
| **Balance, March 31, 2009** | **95,914** | **¥5,483** | **¥15,476** | **¥601** | **¥72,933** | **¥(627)** | **¥21** | **¥13** | | **¥(19,260)** | **¥74,640** | **¥825** | **¥75,465** |

| | Thousands of U.S. Dollars (Note 1) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | Capital Surplus | Stock Acquisition Rights | Retained Earnings | Net Unrealized Gain (Loss) on Available-for-Sale Securities | Deferred Gain (Loss) on Derivatives Under Hedge Accounting | Foreign Currency Translation Adjust--ments | Treasury Stock Deposit | Treasury Stock-at Cost | Total | Minority Interests | Total Equity |
| Balance, March 31, 2008 | $55,818 | $157,742 | $2,901 | $845,434 | $2,453 | $(397) | $224 | | $(196,671) | $867,504 | $11,463 | $878,967 |
| Net loss | | | | (89,779) | | | | | | (89,779) | | (89,779) |
| Cash dividends | | | | (13,183) | | | | | | (13,183) | | (13,183) |
| Decrease in treasury stock due to decrease in equity of affiliated company | | | | | | | | | 0 | 0 | | 0 |
| Purchase of treasury stock | | | | | | | | | (10) | (10) | | (10) |
| Exercise of stock option | | (194) | | | | | | | 611 | 417 | | 417 |
| Net changes of items | | | 3,217 | | (8,836) | 611 | (92) | | | (5,100) | (3,064) | (8,164) |
| Net change during the year | | (194) | 3,217 | (102,962) | (8,836) | 611 | (92) | | 601 | (107,655) | (3,064) | (110,719) |
| **Balance, March 31, 2009** | **$55,818** | **$157,548** | **$6,118** | **$742,472** | **$(6,383)** | **$214** | **$132** | | **$(196,070)** | **$759,849** | **$8,399** | **$768,248** |

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

Nihon Unisys, Ltd.

Years ended March 31, 2009 and 2008

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| **Operating Activities:** | | | |
| Income (loss) before income taxes and minority interests | **¥(13,023)** | ¥10,216 | **$(132,577)** |
| Adjustments for: | | | |
| Income taxes paid | **(3,699)** | (5,143) | **(37,657)** |
| Impairment loss | **21,586** | | **219,750** |
| Depreciation and amortization | **14,722** | 15,170 | **149,873** |
| Amortization of goodwill | **108** | 8,598 | **1,100** |
| Amortization of negative goodwill | **(16)** | (8) | **(163)** |
| Gain on sales of property, plant and equipment | **(1)** | | **(10)** |
| Gain on sales of investment securities | **(142)** | (655) | **(1,446)** |
| Loss on valuation of investment securities | **1,890** | 876 | **19,241** |
| Decrease in accounts receivable-trade | **22,417** | 2,390 | **228,209** |
| Decrease in inventories | **5,835** | 4,779 | **59,401** |
| (Increase) decrease in interest and dividend receivable | **(6)** | 1 | **(61)** |
| Decrease in accounts payable-trade | **(9,768)** | (5,112) | **(99,440)** |
| Increase in interest payable | **6** | 13 | **61** |
| Decrease in allowance for retirement benefits | **(1,554)** | (95) | **(15,820)** |
| Increase in allowance for restructuring charges | **6,161** | | **62,720** |
| Other-net | **1,784** | (12,438) | **18,161** |
| Total adjustments | **59,323** | 8,376 | **603,919** |
| Net cash provided by operating activities | **46,300** | 18,592 | **471,342** |
| **Investing Activities:** | | | |
| Proceeds from sales of property, plant and equipment | **295** | 791 | **3,003** |
| Payments for purchases of property, plant and equipment | **(6,792)** | (8,251) | **(69,144)** |
| Payments for purchases of software | **(11,391)** | (14,802) | **(115,963)** |
| Proceeds from sales of investment securities | **297** | 1,180 | **3,024** |
| Payments for purchases of investment securities | **(432)** | (1,332) | **(4,398)** |
| Payments for the purchase of newly consolidated subsidiaries, net of cash acquired | **(2,157)** | (6,677) | **(21,959)** |
| Other-net | **(68)** | (12) | **(691)** |
| Net cash used in investing activities | **(20,248)** | (29,103) | **(206,128)** |
| **Financing Activities:** | | | |
| Net decrease in short-term debt | **(1,771)** | (10,500) | **(18,029)** |
| Proceeds from long-term debt | **1,825** | 40,150 | **18,579** |
| Repayments of long-term debt | **(8,750)** | (18,825) | **(89,077)** |
| Repayments of other debt | **(113)** | (217) | **(1,150)** |
| Net decrease in commercial paper | **(1,500)** | (500) | **(15,270)** |
| Payments for purchases of treasury stock | **(2)** | (204) | **(20)** |
| Proceeds from exercise of stock option | **41** | 44 | **417** |
| Cash dividends | **(1,293)** | (936) | **(13,163)** |
| Cash dividends to minority interests | **(37)** | (142) | **(377)** |
| Other | | (55) | |
| Net cash (used in) provided by financing activities | **(11,600)** | 8,815 | **(118,090)** |
| **Effect of exchange rate changes on Cash and Cash Equivalents** | **(9)** | 23 | **(92)** |
| **Net increase (decrease) in Cash and Cash Equivalents** | **14,443** | (1,673) | **147,032** |
| **Cash and Cash Equivalents, Beginning of Year** | **21,603** | 23,226 | **219,923** |
| **Cash and Cash Equivalents of newly consolidated subsidiaries, Beginning of year** | | 50 | |
| **Cash and Cash Equivalents, End of Year** | **¥36,046** | ¥21,603 | **$366,955** |

See notes to consolidated financial statements.

## 1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nihon Unisys, Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 to $1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. Summary of significant accounting policies

***(a) Consolidation*** – The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 23 significant (23 for the year ended March 31, 2008) subsidiaries and 1 affiliated (2 for the year ended March 31, 2008) company accounted for under equity method (together, the "Group").

The Company acquired 97.1% of the shares of AFAS Inc. ("AFAS") and AFAS became the Company's consolidated subsidiary. Because the stock acquisition date was deemed to be March 31, 2009, only the balance sheet is consolidated.

NETMARKS INC. ("NM") merged with NETMARKS SUPPORT & SERVICES, INC. as of July 1, 2008.

NM transferred all the shares of JAPAN TELECOM NETWORK SYSTEMS CO., LTD ("JTNS"), NM's affiliated company, to SOFTBANK TELECOM Corp. on October 31, 2008. Thus, JTNS is no longer accounted for under the equity method by NM or the Company.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in the remaining 6 unconsolidated subsidiaries and 11 affiliated companies (4 subsidiaries and 12 affiliated companies for the year ended March 31, 2008) are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess cost of an acquisition over the fair value of subsidiaries' net assets acquired is amortized on a straight-line basis over 5 or 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

***(b) Cash equivalents*** – Cash equivalents are short-term investments which mature or become due within three months of the date of acquisition, that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

(c) ***Inventories*** - Prior to April 1, 2008, inventories were stated at cost, determined by the average method. In July 2006, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No.9," Accounting Standard for Measurement of Inventories", which was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Company applied the new accounting standard for measurement of inventories effective April 1, 2008. The effect of the adoption did not have a material impact on the Consolidated Statement of Operations.

(d) ***Investment securities*** – Investment securities are classified and accounted for, depending on management's intent. All securities are classified as available-for-sale securities.

Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes reported in a separate component of equity.

The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost as determined by the moving-average method. For other than temporary declines in fair value, non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

(e) ***Allowance for doubtful accounts*** – The allowance for doubtful accounts is stated at amounts considered to be appropriate based on the Group's past credit loss experience and on evaluation of potential losses in the receivables outstanding.

(f) ***Property, plant and equipment*** – Property, plant and equipment are stated at cost. Depreciation of rental computers included in machinery and equipment is computed by the declining-balance method over 5 years with no residual value.

Depreciation of buildings and structures acquired before March 31, 1998 is computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998. Depreciation of other machinery and equipment is computed by the declining-balance method.

Useful lives range from 6 to 50 years for buildings and structures and from 2 to 20 years for machinery and equipment. The useful lives for lease assets are the terms of the respective leases. Machinery and equipment held for lease is depreciated by the straight-line method over the respective lease periods.

(g) ***Software*** – Software development costs, incurred through the completion of a Beta version of specific software for sale to the market are charged to income as incurred. Costs incurred subsequent to the completion of the Beta version are capitalized as software.

Software for sale to the market is amortized at the greater of either the amount to be amortized in proportion of the actual sales of the software during the current year to the estimated total sales over the estimated salable years of the software or the amount to be amortized by the straight-line method over the estimated salable years, principally over 3 years.

Software for internal use is amortized by the straight-line method over the estimated useful lives, principally over 5 years. Software held for lease is depreciated by the straight-line method over the respective lease periods.

(h) ***Long-lived assets*** – The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

*(i)* ***Retirement benefits*** – The Company and certain subsidiaries have a contributory pension plan covering substantially all of their employees. Other consolidated subsidiaries have non-contributory pension plans.

Effective April 1, 2000, the Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date. The transitional obligation determined as of April 1, 2000, is being amortized over 10 years.

Actuarial gains and losses are recognized using the straight-line method over the average of the estimated remaining service period (10 years) starting in the following year. Prior service cost is amortized in expenses using the straight-line method over the average of the estimated remaining service period (3 or 10 years).

The Company and a certain subsidiary participate in the New Career Support Program (the "NCSP") to assist certain employees in retiring before their mandatory retirement age. The Company and the certain subsidiary provide for the estimated future payments to be paid under the NCSP, and include this amount as a liability for retirement benefits.

Retirement benefits to Directors and Corporate Auditors are provided at the amount that would be required if all Directors and Corporate Auditors retired at the balance sheet date. This amount is included as a liability for retirement benefits.

*(j)* ***Allowance for restructuring charges*** – Concerning specific contracts for the outsourcing business for regional banks that are under restructuring, the Company posted the expected loss amounts that are to be incurred from the operation and maintenance/support of the business.

*(k)* ***Stock options*** – The ASBJ Statement No.8, "Accounting Standard for Stock Options" and related guidance are applicable to stock options granted on and after May 1, 2006.

This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the Consolidated Balance Sheets, stock options are presented as stock acquisition rights as a separate component of equity until exercised.

The Company has applied the accounting standard for stock options to those granted on and after May 1, 2006.

*(l)* ***Presentation of equity*** – On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The Consolidated Balance Sheets as of March 31, 2009 and 2008 are presented in line with this new accounting standard.

***(m) Construction contracts*** – For software development contracts that cost ¥100 million or more during the fiscal year ended March 31, 2009, the percentage of completion method is adopted only if the percentage of completion is reasonably assured. For other contracts, the inspection basis is applied.

The percentage of completion is evaluated by Earned Value Management ("EVM"). EVM divides deliverables defined on the contract, such as software and related documents, by work phase. EVM defines percentages of completion as the ratio of earned value of work phase completed during the fiscal year divided by the entire work phase.

*(n)* ***Research and development costs*** – Research and development costs are charged to income as incurred.

*(o)* ***Leases*** – In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

The adoption of this standard had no effect on the Company's Consolidated Statements of Operations.

All other leases are accounted for as operating leases.

*(p)* ***Bonuses to directors and corporate auditors –*** Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

*(q)* ***Income taxes –*** The provision for income taxes is computed based on the pretax income included in the Consolidated Statements of Operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

*(r)* ***Appropriations of retained earnings –*** Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

*(s)* ***Foreign currency transactions*** – All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

*(t)* ***Foreign currency financial statements*** – The balance sheet accounts and revenue and expense accounts of the consolidated foreign subsidiary are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as “Foreign currency translation adjustments” in a separate component of equity.

***(u) Derivatives and hedge accounting*** – The Company and certain subsidiaries use a variety of derivative financial instruments, including foreign currency forward contracts and interest rate swaps as a means of hedging exposure to foreign currency and interest rate risks. The Company and certain subsidiaries do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on trade except for derivatives which qualify for hedge accounting are recognized in the Consolidated Statements of Operations and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of merchandise from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Interest rate swaps are utilized to hedge interest rate exposures of short-term debt. The interest rate swaps which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as other liabilities or assets. However, in cases where interest rate swaps qualify for hedge accounting and meet specific matching criteria, the net amount to be paid or received under the interest rate swap contracts are added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

***(v) Per share information*** – Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised into common stock. Diluted net income per share of common stock assumes full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying Consolidated Statements of Operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

***(w) New Accounting Pronouncements***.

1). ***Business Combinations—***On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, “Accounting Standard for Business Combinations.” Major accounting changes under the revised accounting standard are as follows;

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires all business combinations to be accounted for by the purchase method.

(2) The current accounting standard requires research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in a business combination is capitalized as an intangible asset.

(3) The current accounting standard requires a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years.Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified

all of the assets acquired and all of the liabilities assumed with a review of such procedures used. This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

2). ***Asset Retirement Obligations—***On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

### 3. Cash and cash equivalents

Cash and cash equivalents at March 31, 2009 and 2008, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Cash and time deposits | **¥36,146** | ¥21,613 | **$367,973** |
| Less-time deposits with maturities over 3 months | **(100)** | (10) | **(1,018)** |
| Total | **¥36,046** | ¥21,603 | **$366,955** |

### 4. Investment securities

Investment securities as of March 31, 2009 and 2008, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Current: | | | |
| Debt securities | | **¥50** | |
| Total | | **¥50** | |
| Non-current: | | | |
| Equity securities | **¥13,732** | ¥16,987 | **$139,794** |
| Debt securities | **100** | 100 | **1,018** |
| Trust fund investments and other | **442** | 453 | **4,500** |
| Total | **¥14,274** | ¥17,540 | **$145,312** |

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2009 and 2008 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| **March 31, 2009** | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | **¥12,929** | **¥1,111** | **¥(1,659)** | **¥12,381** |
| Other | **353** | | **(91)** | **262** |
| Total | **¥13,282** | **¥1,111** | **¥(1,750)** | **¥12,643** |
| March 31, 2008 | | | | |
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | ¥14,631 | ¥2,100 | ¥(1,284) | ¥15,447 |
| Debt securities | 50 | | (0) | 50 |
| Other | 334 | 5 | (13) | 326 |
| Total | ¥15,015 | ¥2,105 | ¥(1,297) | ¥15,823 |

| March 31, 2009 | Thousands of U.S. Dollars | | | |
|---|---|---|---|---|
| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | **$131,620** | **$11,310** | **$(16,889)** | **$126,041** |
| Other | **3,594** | | **(926)** | **2,668** |
| Total | **$135,214** | **$11,310** | **$(17,815)** | **$128,709** |

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

| | Carrying Amount | | |
|---|---|---|---|
| | Millions of Yen | | Thousands of U.S. Dollars |
| | **2009** | 2008 | **2009** |
| Available-for-sale: | | | |
| Equity securities | **¥1,351** | ¥1,540 | **$13,753** |
| Debt securities | **100** | 100 | **1,018** |
| Trust fund investments and other | **180** | 127 | **1,832** |
| Total | **¥1,631** | ¥1,767 | **$16,603** |

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 and 2008 were ¥232 million ($2,361 thousand) and ¥1,180 million, respectively. Gross realized gains on these sales, computed on the moving-average cost basis, were ¥131 million ($1,334 thousand) and ¥655 million, for the year ended March 31, 2009 and 2008, respectively.

## 5. Inventories

Inventories at March 31, 2009 and 2008, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Work in process | **¥4,709** | ¥7,457 | **$47,939** |
| Merchandise and finished products | **6,798** | 9,792 | **69,204** |
| Supplies | **227** | 240 | **2,311** |
| Total | **¥11,734** | ¥17,489 | **$119,454** |

## 6. Long-lived assets

The Group reviewed its long-lived assets for impairment as of March 31, 2009. As a result, the Group recognized an impairment loss of ¥21,586 million ($219,750 thousand) as other expense for machinery and equipment, software, and other assets used to provide outsourcing services to regional banks due to a continuous operating loss of that unit and the carrying amount of the relevant machinery was written down to the recoverable amount.

The recoverable amount of that machinery group was measured at its value in use and the discount rate used for computation of present value of future cash flows was 2.25%.

Impairment loss for the year ended March 31, 2009 consisted of the following:

| | Millions of Yen 2009 | Thousands of U.S. Dollars 2009 |
|---|---|---|
| Machinery and equipment | **¥1,619** | **$16,482** |
| Software | **17,854** | **181,757** |
| Other assets | **2,113** | **21,511** |
| Total | **¥21,586** | **$219,750** |

## 7. Short-term debt and long-term debt

Short-term debt of ¥12,779 million ($130,093 thousand) and ¥14,500 million bore interest at an approximate annual average rate of 1.15% and 1.08% at March 31, 2009 and 2008, respectively.
Commercial paper of ¥11,000 million ($111,982 thousand) and ¥12,500 million bore interest at a rate of 0.63% and 0.69% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| 1.46% unsecured bonds due 2013 | **¥10,000** | ¥10,000 | **$101,802** |
| Unsecured loans from banks and insurance companies, 1.00% to 3.06%, due serially to 2013 | **55,654** | 62,400 | **566,568** |
| Total | **65,654** | 72,400 | **668,370** |
| Less current portion | **(15,034)** | (8,750) | **(153,049)** |
| Net long-term debt | **¥50,620** | ¥63,650 | **$515,321** |

The annual maturities of long-term debt as of March 31, 2009 for the next five years were as follows:

| Year Ending March 31 | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| 2010 | **¥15,034** | **$153,049** |
| 2011 | **15,789** | **160,735** |
| 2012 | **16,546** | **168,441** |
| 2013 | **18,285** | **186,145** |
| Total | **¥65,654** | **$668,370** |

As is customary in Japan, collateral must be provided under certain circumstances, if requested by a lending bank, and such bank has the right to offset cash deposited with it against any debts or obligations that become due and, in the case of default or certain other specified events, against all debts payable to the bank. The Company has never received such a request.

## 8. Income taxes

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Current assets: | | | |
| Deferred tax assets: | | | |
| Accrued bonuses | **¥4,237** | ¥4,090 | **$43,133** |
| Accounts payable-other (amount transferred to the defined contribution plan) | | 20 | |
| Inventory valuation | **1,576** | 2,170 | **16,044** |
| Accrued expenses | **236** | 324 | **2,403** |
| Allowance for restructuring charges | **2,508** | | **25,532** |
| Impairment loss | **860** | | **8,755** |
| Tax loss carry forwards | **2,455** | 4,069 | **24,992** |
| Accrued business tax | **365** | 423 | **3,716** |
| Allowance for maintenance service fee | **129** | 343 | **1,313** |
| Others | **756** | 943 | **7,696** |
| Total | **13,122** | 12,382 | **133,584** |
| Less valuation allowance | **(2,723)** | (2,297) | **(27,720)** |
| Total | **10,399** | 10,085 | **105,864** |
| Deferred tax liabilities: | | | |
| Deferred gain on derivatives under hedge accounting | **16** | | **163** |
| Other | **4** | | **41** |
| Total | **20** | | **204** |
| Net, current deferred tax assets | **¥10,379** | ¥10,085 | **$105,660** |

Net current deferred tax assets included in the Consolidated Balance Sheets at March 31, 2009 are as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Deferred tax assets-current | **¥ 10,390** | **$ 105,772** |
| Deferred tax liabilities-current | **(11)** | **(112)** |
| Net deferred tax assets-current | **¥ 10,379** | **$ 105,660** |

Current deferred tax liabilities are included in other current liabilities on the Consolidated Balance Sheets.

| | | | |
|---|---|---|---|
| Non-current assets: | | | |
| Deferred tax assets: | | | |
| Depreciation expenses | **¥11,849** | ¥13,572 | **$120,625** |
| Tax loss carryforwards | **414** | 132 | **4,215** |
| Allowance for retirement benefits | **551** | 557 | **5,609** |
| Net unrealized gain on available-for-sale securities | **259** | | **2,637** |
| Impairment loss | **7,935** | 21 | **80,780** |
| Others | **971** | 1,516 | **9,885** |
| Total | **21,979** | 15,798 | **223,751** |
| Less valuation allowance | **(1,383)** | (1,057) | **(14,079)** |
| Total | **¥20,596** | ¥14,741 | **$209,672** |
| Deferred tax liabilities: | | | |
| Prepaid pension costs | **¥(4,896)** | ¥(5,681) | **$(49,842)** |
| Reserve for software program | **(289)** | (701) | **(2,942)** |
| Net unrealized loss on available-for-sale securities | | (332) | |
| Others | **(140)** | (141) | **(1,427)** |
| Total | **¥(5,325)** | ¥(6,855) | **$(54,211)** |
| Net, non-current deferred tax assets | **¥15,271** | ¥7,886 | **$155,461** |

Net non-current deferred tax assets at March 31, 2009 included in the Consolidated Balance Sheets are follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Deferred tax assets-non-current | **¥16,307** | **$166,008** |
| Deferred tax liabilities-non-current | **(1,036)** | **(10,547)** |
| Net deferred tax assets-non-current | **¥15,271** | **$155,461** |

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying Consolidated Statements of Operations for the years ended March 31, 2009 and 2008, are as follows:

| | **2009** | 2008 |
|---|---|---|
| Normal effective statutory tax rate | **40.7 %** | 40.7 % |
| Increase in valuation allowance | **(4.4)** | 5.0 |
| Expenses not deductible for income tax purposes | **(3.4)** | 2.6 |
| Amortization of goodwill and negative goodwill | | 34.2 |
| Tax credit | | (3.6) |
| Unrecognized deferred tax on unrealized intercompany profit | | (1.6) |
| Amount of per-capita local tax | **(0.4)** | 1.2 |
| Other-net | **(0.6)** | (0.7) |
| Actual effective tax rate | **31.9%** | 77.8% |

At March 31, 2009 the Company and certain consolidated subsidiaries have tax loss carryforwards aggregating approximately ¥9,704 million ($98,788 thousand) which are available to be offset against taxable income in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Tax loss carryforwards schedule

| Year Ending March 31 | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| 2012 | **¥90** | **$916** |
| 2013 | **9** | **92** |
| 2014 | **6,024** | **61,325** |
| 2015 | **1,350** | **13,743** |
| 2016 | **2,231** | **22,712** |
| Total | **¥9,704** | **$98,788** |

## 9. Retirement benefits

The Group has severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of lump-sum severance payments from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for retirement benefits at March 31, 2009 and 2008 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Projected benefit obligation | **¥104,746** | ¥105,202 | **$1,066,334** |
| Fair value of plan assets | **(82,248)** | (104,962) | **(837,300)** |
| Unrecognized transitional obligation | **(2,084)** | (4,168) | **(21,216)** |
| Unrecognized prior service cost | **6,020** | 7,246 | **61,285** |
| Unrecognized actuarial gain | **(37,214)** | (16,096) | **(378,846)** |
| Prepaid pension costs | **12,089** | 14,087 | **123,068** |
| Net liability | **¥1,309** | ¥1,309 | **$13,325** |

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Service cost | **¥2,740** | ¥2,705 | **$27,894** |
| Interest cost | **2,097** | 2,022 | **21,348** |
| Expected return on plan assets | **(4,164)** | (3,482) | **(42,390)** |
| Amortization of transitional obligation | **2,084** | 2,084 | **21,216** |
| Amortization of prior service cost | **(1,226)** | (1,279) | **(12,481)** |
| Recognized actuarial loss | **3,542** | 1,531 | **36,058** |
| Payment to a defined benefit pension plan and other | **1,228** | 1,238 | **12,501** |
| Net periodic benefit costs | **¥6,301** | ¥4,819 | **$64,146** |

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

| | **2009** | 2008 |
|---|---|---|
| Discount rate ---------- | **2.0%** | 2.0% |
| Expected rate of return on plan assets ---------- | **mainly 3.0%** | mainly 3.0% |
| Amortization period of prior service cost ---------- | **3 to 10 years** | 3 to 10 years |
| Recognition period of actuarial gain/loss ---------- | **10 years** | 10 years |
| Amortization period of transitional obligation ---------- | **10 years** | 10 years |

The liability for retirement benefits at March 31, 2009 and 2008 included the following liabilities:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Allowance for the NCSP ---------- | **¥422** | ¥421 | **$4,296** |
| Current portion ---------- | **(197)** | (196) | **(2,005)** |
| Net periodic benefit costs ---------- | **225** | 225 | **2,291** |
| Allowance for directors' and corporate auditors' retirement benefits ---------- | | 21 | |
| Total ---------- | **¥225** | ¥246 | **$2,291** |

Amounts payable to Directors and Corporate Auditors are subject to the approval of the shareholders. Total charges relating to allowance for Directors' and Corporate Auditors' retirement benefits and allowance for the NCSP for the years ended March 31, 2009 and 2008 were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Allowance for directors and corporate auditors ---------- | **¥3** | ¥8 | **$31** |
| Allowance for employees participating in the NCSP ----- | **150** | 149 | **1,527** |
| Total ---------- | **¥153** | ¥157 | **$1,558** |

## 10. Research and development costs

Research and development costs charged to income were ¥4,494 million ($45,750 thousand) and ¥4,998 million for the years ended March 31, 2009 and 2008, respectively.

## 11. Refund on stock acquisition

The Company started a Take-Over Bid ("TOB") to acquire shares of NM, a subsidiary of Sumitomo Electric Industries, Ltd. After the commencement of the TOB, NM restated their prior financial statements retroactively. Because the restatement resulted in a decrease of NM's net assets, the Company recognized a loss on valuation of investment securities. Sumitomo Electric Industries, Ltd. made a partial refund of the stock acquisition price for the year ended March 31, 2009.

## 12. Leases

Due to the immaterial amounts of lease transactions on the consolidated financial statements for the fiscal year ended March 31, 2009, "as if capitalized" information is omitted.

The Group leases certain machinery, computer equipment, software, office space and other assets. Total rental expenses including lease payments for the years ended March 31, 2008 were ¥10,354 million.
Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance lease, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on a "as if capitalized" basis for the years ended March 31, 2008 was as follows:

[For Lessee]

| | Millions of Yen | | |
|---|---|---|---|
| | 2008 | | |
| | Machinery and Equipment | Software | Total |
| Acquisition cost | ¥4,233 | ¥7,062 | ¥11,295 |
| Accumulated depreciation | 1,846 | 5,762 | 7,608 |
| Accumulated impairment loss | 43 | 5 | 48 |
| Net leased property | ¥2,344 | ¥1,295 | ¥3,639 |

Obligations under finance leases:

| | Millions of Yen |
|---|---|
| | 2008 |
| Due within one year | ¥1,676 |
| Due after one year | 2,042 |
| Total | ¥3,718 |

Depreciation expense, reversal of allowance for impairment loss, and interest expense under finance leases:

| | Millions of Yen |
|---|---|
| | 2008 |
| Depreciation expense | ¥2,531 |
| Reversal of allowance for impairment loss on leased property | 38 |
| Interest expense | 78 |
| Total | ¥2,647 |

Depreciation expense and interest expense, which are not reflected in the accompanying Consolidated Statements of Operations, are computed by the straight-line method and the interest method, respectively.

## 13. Commitments and contingent liabilities

Contingent liabilities at March 31, 2009 were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Guarantees of bank loans to employees for housing | **¥2,081** | **$21,185** |

## 14. Equity

The significant provisions in the Companies Act of Japan (the "Companies Act") that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the Directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus
The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 15. Stock options

The granted stock options as of March 31, 2009 of the Company are as follows:

| Stock Option | Persons Granted | Number of Options Granted | Date of Grant | Exercise Price | Exercise Period |
|---|---|---|---|---|---|
| 2003 Stock Option | 10 directors<br>533 employees<br>15 subsidiaries' directors<br>14 subsidiaries' employees | 713,100 shares | September 3, 2003 | ¥962<br>$9.79 | From July 1, 2005 to June 30, 2010 |
| 2004 Stock Option | 10 directors<br>513 employees<br>27 subsidiaries' directors<br>324 subsidiaries' employees | 692,700 shares | September 7, 2004 | ¥952<br>$9.69 | From July 1, 2006 to June 30, 2011 |

| | | | | | |
|---|---|---|---|---|---|
| 2005 Stock Option | 10 directors<br>403 employees<br>12 subsidiaries' directors<br>276 subsidiaries' employees | 749,000 shares | December 16, 2005 | ¥1,763<br>$17.95 | From July 1, 2007 to June 30, 2012 |
| 2006 Stock Option | 10 directors<br>250 employees<br>20 subsidiaries' directors<br>514 subsidiaries' employees | 522,900 shares | November 7, 2006 | ¥2,434<br>$24.78 | From July 1, 2008 to June 30, 2013 |
| 2007 Stock Option | 8 directors<br>352 employees<br>30 subsidiaries' directors<br>250 subsidiaries' employees | 746,300 Shares | November 15, 2007 | ¥1,712<br>$17.43 | From November 1, 2009 to October 31, 2014 |
| 2008 Stock Option | 8 directors<br>395 employees<br>23 subsidiaries' directors<br>265 subsidiaries' employees | 963,600 Shares | August 15, 2008 | ¥1,791<br>$18.23 | From July 1, 2010 to June 30, 2015 |

The stock option activity of the Company is as follows:

| | 2003 Stock Option (Shares) | 2004 Stock Option (Shares) | 2005 Stock Option (Shares) | 2006 Stock Option (Shares) | 2007 Stock Option (Shares) | 2008 Stock Option (Shares) |
|---|---|---|---|---|---|---|
| For the year ended March 31, 2008 | | | | | | |
| Non-vested | | | | | | |
| March 31, 2007 – Outstanding | | | 736,600 | 520,900 | | |
| Granted | | | | | 746,300 | |
| Canceled | | | 3,700 | 7,900 | 4,700 | |
| Vested | | | 732,900 | | | |
| March 31, 2008 – Outstanding | | | | 513,000 | 741,600 | |
| Vested | | | | | | |
| March 31, 2007 - Outstanding | 351,600 | 425,000 | 732,900 | | | |
| Vested | | | | | | |
| Exercised | 25,700 | 20,500 | | | | |
| Canceled | | 500 | 9,100 | | | |
| March 31, 2008 – Outstanding | 325,900 | 404,000 | 723,800 | | | |
| For the year ended March 31, 2009 | | | | | | |
| Non-vested | | | | | | |
| March 31, 2008 – Outstanding | | | | 513,000 | 741,600 | |
| Granted | | | | | | 963,600 |
| Canceled | | | | 700 | 5,800 | 7,100 |
| Vested | | | | 512,300 | | |
| March 31, 2009 – Outstanding | | | | | 735,800 | 956,500 |
| Vested | | | | | | |
| March 31, 2008 - Outstanding | 325,900 | 404,000 | 723,800 | | | |
| Vested | | | | 512,300 | | |
| Exercised | 22,100 | 20,700 | | | | |
| Canceled | 500 | 1,200 | 5,500 | 3,300 | | |
| March 31, 2009 – Outstanding | 303,300 | 382,100 | 718,300 | 509,000 | | |
| Exercise price | ¥962 | ¥952 | ¥1,763 | ¥2,434 | ¥1,712 | ¥1,791 |
| | $9.79 | $9.69 | $17.95 | $24.78 | $17.43 | $18.23 |
| Average stock price at exercise | ¥1,161 | ¥1,161 | | | | |
| | $11.82 | $11.82 | | | | |
| Fair value price at grant date | | | | 520 | 396 | 397 |
| | | | | $5.29 | $4.03 | $4.04 |

The assumptions used to measure fair value of 2008 Stock Option

Estimate method: Black-Scholes option pricing model

Volatility of stock price: 34.5 %

Estimated remaining outstanding period: 4.37 years

Estimated dividend: ¥12 per share

Interest rate with risk free: 0.987 %

The granted stock options as of March 31, 2009 of NM are as follows:

| Stock Option | Persons Granted | Number of Options Granted | Date of Grant | Exercise Price | Exercise Period |
|---|---|---|---|---|---|
| 2002 Stock Option | 4 directors | 2,784 | July 31, | ¥50,625 | From July 1, 2004 |
| | 52 employees | shares | 2002 | $515.37 | to March 31, 2010 |
| 2003 Stock Option | 27 employees | 1,088 | September 30, | ¥111,250 | From July 1, 2005 |
| | | shares | 2003 | $1,132.55 | to March 31, 2010 |
| 2004 Stock Option | 2 employees | 136 | July 30, | ¥335,261 | From July 1, 2006 |
| | | shares | 2004 | $3,413.02 | to March 31, 2011 |
| 2005 Stock Option | 1 directors | 588 | July 29, | ¥328,030 | From July 1, 2007 |
| | 1 employees | shares | 2005 | $3,339.41 | to March 31, 2012 |

The stock option activity of NM is as follows:

| | 2002 Stock Option (Shares) | 2003 Stock Option (Shares) | 2004 Stock Option (Shares) | 2005 Stock Option (Shares) |
|---|---|---|---|---|
| For the year ended March 31, 2008 | | | | |
| Non-vested | | | | |
| March 31, 2007 − Outstanding | | | | |
| Granted | | | | 558 |
| Canceled | | | | |
| Vested | | | | 558 |
| March 31, 2008 − Outstanding | | | | |
| Vested | | | | |
| March 31, 2007 − Outstanding | 1,152 | 812 | 136 | |
| Vested | | | | 588 |
| Exercised | | | | |
| Canceled | 528 | 460 | 88 | 88 |
| March 31, 2008 − Outstanding | 624 | 352 | 48 | 500 |

| For the year ended March 31, 2009 | | | | |
|---|---|---|---|---|
| Non-vested | | | | |
| March 31, 2008 − Outstanding | | | | |
| Granted | | | | |
| Canceled | | | | |
| Vested | | | | |
| March 31, 2009 − Outstanding | | | | |
| Vested | | | | |
| March 31, 2008 − Outstanding | 624 | 352 | 48 | 500 |
| Vested | | | | |
| Exercised | | | | |
| Canceled | 64 | 32 | | |
| March 31, 2009 − Outstanding | 560 | 320 | 48 | 500 |
| Exercise price | ¥50,625 | ¥111,250 | ¥335,261 | ¥328,030 |
| | $515.37 | $1,132.55 | $3,413.02 | $3,339.41 |

The granted stock options as of March 31, 2009 of S&I are as follows:

| Stock Option | Persons Granted | Number of Options Granted | Date of Grant | Exercise Price | Exercise Period |
|---|---|---|---|---|---|
| 2004 Stock Option | 4 directors<br>2 auditors<br>8 employees | 135 shares | November 1, 2004 | ¥138,800<br>$1,413.01 | From November 1, 2006 to March 31, 2014 |
| 2005 Stock Option | 6 directors<br>53 employees | 237 shares | July 1, 2005 | ¥180,000<br>$1,832.43 | From July 1, 2007 to March 31, 2015 |
| 2006 Stock Option | 5 directors<br>2 auditors<br>71 employees | 229 shares | July 1, 2006 | ¥193,000<br>$1,964.78 | From July 1, 2008 to March 31, 2016 |
| 2007 Stock Option | 5 directors<br>44 employees | 162 shares | July 1, 2007 | ¥151,000<br>$1,537.21 | From July 1, 2009 to March 31, 2017 |

The stock option activity of S&I is as follows:

| | 2004 Stock Option (Shares) | 2005 Stock Option (Shares) | 2006 Stock Option (Shares) | 2007 Stock Option (Shares) |
|---|---|---|---|---|
| For the year ended March 31, 2008 | | | | |
| Non-vested | | | | |
| March 31, 2007 − Outstanding | 115 | 190 | 198 | |
| Granted | | | | 162 |
| Canceled | 15 | 46 | 52 | 14 |
| Vested | | | | |
| March 31, 2008 − Outstanding | 100 | 144 | 146 | 148 |
| Vested | | | | |
| March 31, 2007 − Outstanding | | | | |
| Vested | | | | |
| Exercised | | | | |
| Canceled | | | | |
| March 31, 2008 − Outstanding | | | | |
| For the year ended March 31, 2009 | | | | |
| Non-vested | | | | |
| March 31, 2008 − Outstanding | 100 | 144 | 146 | 148 |
| Granted | | | | |
| Canceled | 15 | 13 | 11 | 21 |
| Vested | | | | |
| March 31, 2009 − Outstanding | 85 | 131 | 135 | 127 |
| Vested | | | | |
| March 31, 2008 − Outstanding | | | | |
| Vested | | | | |
| Exercised | | | | |
| Canceled | | | | |
| March 31, 2009 − Outstanding | | | | |
| Exercise price | ¥138,800 | ¥180,000 | ¥193,000 | ¥151,000 |
| | $1,413.01 | $1,832.43 | $1,964.78 | $1,537.21 |

**The assumptions used to measure fair value of 2007 Stock Option**

Estimate method: Comparable peer company analysis and Discounted Cash Flow method

## 16. Derivatives

The Company and certain subsidiaries enter into foreign currency forward contracts to hedge foreign exchange risk associated with certain liabilities denominated in foreign currencies. The Company also enters into interest rate swap contracts to manage its interest rate exposures on short-term debt. Subsidiaries do not enter into derivative transactions.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within the Company's and certain subsidiaries' business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions and credible general trading companies, the Company and certain subsidiaries do not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Company and certain subsidiaries have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

All the derivative transactions are excluded from disclosure of market value information as they qualify for hedge accounting.

## 17. Net income per share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009 and 2008 is as follows:

| | Millions of Yen | Thousands of shares | Yen | U.S. Dollars |
|---|---|---|---|---|
| | Net income | Weighted average shares | EPS | |
| **For the year ended March 31, 2009:** | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders --------- | **¥(8,819)** | **95,899** | **¥(91.96)** | **$(0.94)** |

Diluted net income per share is not disclosed because of the Company's net loss position for the year ended March 31, 2009.

| | Millions of Yen | Thousands of shares | Yen |
|---|---|---|---|
| | Net income | Weighted average shares | EPS |
| For the year ended March 31, 2008: | | | |
| Basic EPS | | | |
| Net income available to common shareholders --------- | ¥2,546 | 95,942 | ¥26.54 |
| Effect of Dilutive Securities | | | |
| Warrants --------------------------- | | 270 | |
| Diluted EPS | | | |
| Net income for computation------ | ¥2,546 | 96,212 | ¥26.47 |

## 18. Related party transactions

Significant transactions with Mitsui & Co., Ltd., major shareholders of the Company, for the years ended March 31, 2009 and 2008, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Sales: | | | |
| Mitsui & Co., Ltd. -------------------------------------------- | **¥682** | ¥1,003 | **$6,943** |
| Total ---------------------------------------------------- | **¥682** | ¥1,003 | **$6,943** |
| Purchases: | | | |
| Mitsui & Co., Ltd. -------------------------------------------- | **¥3,407** | ¥6,420 | **$34,684** |
| Total ---------------------------------------------------- | **¥3,407** | ¥6,420 | **$34,684** |

Transaction balances due to or from Mitsui & Co., Ltd. at March 31, 2009 and 2008, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Accounts receivable-trade: | | | |
| Mitsui & Co., Ltd. | **¥343** | ¥371 | **$3,492** |
| Total | **¥343** | ¥371 | **$3,492** |
| | | | |
| Accounts payable-trade: | | | |
| Mitsui & Co., Ltd. | | ¥788 | |
| Total | | ¥788 | |

Loans with Mitsui & Co. Financial Services Ltd., sister company of the Company, for the years ended March 31, 2009 and 2008, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | **2009** | 2008 | **2009** |
| Loans: | | | |
| Mitsui & Co. Financial Services Ltd. | **¥16,950** | ¥15,112 | **$1725,561** |
| Total | **¥16,950** | ¥15,112 | **$1725,561** |

The loan amounts above are the interim average balance of short-term loans. There were no transaction balances due to Mitsui & Co. Financial Services Ltd. at March 31, 2009 and 2008.

## 19. Subsequent events

At the general shareholders' meeting held on June 26, 2009, the Company's shareholders approved the appropriations of retained earnings and stock option plan for the Group's Directors and key employees:

**(a) *Appropriations of retained earnings***

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Cash dividends, ¥7.50 ($0.08) per share | **¥719** | **$7,320** |

**(b) *Stock option plan*** – At the general shareholders' meeting, shareholders entrusted the Board of Directors with the plan details.

Outline of the stock option plan

| | |
|---|---|
| Apportionment: | The Group's directors and key employees |
| Maximum number of shares of the Company's common stock to be issued: | 991.9 thousands of shares of the Company's common stock |
| Exercise period: | 5 years. The Board of Directors will set the commencement date to be 2 years or more after the Board's approval. |
| Exercise price: | 1.1 multiplied by the higher of the average closing price of shares of the Company's common stock appearing on the TSE Board for the 20 business days prior to the day in which the options are issued or the closing price of shares of the Company's common stock appearing on the day in which the options are issued. |

Deloitte.

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of
Nihon Unisys, Ltd.:

We have audited the accompanying consolidated balance sheets of Nihon Unisys, Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nihon Unisys, Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 26, 2009

Member of
**Deloitte Touche Tohmatsu**

# Corporate Profile and Stock Information

As of March 31, 2009

## Corporate Profile

| | |
|---|---|
| **Name** | Nihon Unisys, Ltd. |
| **Established** | March 29, 1958 |
| **Capital** | ¥5,483 million |
| **Business Activities** | Consulting<br>IT solutions<br>Outsourcing<br>Support and system-related services<br>Sales of computer systems (hardware and software) |
| **Number of Employees** | 9,639 (consolidated basis) |
| **Independent Auditor** | Deloitte Touche Tohmatsu |
| **Business Offices** | Head Office : 1-1 Toyosu 1-chome, Koto-ku, Tokyo 135-8560, Japan<br>Regional Headquarters : Kansai (Osaka), Chubu (Nagoya), Kyushu (Fukuoka)<br>Regional Offices : Hokkaido (Sapporo), Tohoku (Sendai), Niigata (Niigata), Hokuriku (Kanazawa), Shizuoka (Shizuoka), Chugoku (Hiroshima) |

## Stock Information

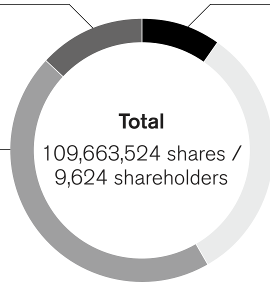
| | |
|---|---|
| **Number of Shares Issued** | 109,663,524 shares |
| **Number of Shareholders** | 9,624 |
| **Classification of Shareholders** | |

**Foreign Corporations and Individuals**
14,174,652 shares/168 shareholders

**Individuals**
10,844,395 shares/9,217 shareholders

**Other Domestic Corporations**
49,594,912 shares/133 shareholders

**Financial Institutions and Securities Companies**
35,049,565 shares/106 shareholders




## Principal Shareholders

| Name | Number of Shares Held (Thousands) | Holding Ratio (%) |
|---|---:|---:|
| **Mitsui & Co., Ltd.** | 30,524 | 27.83 |
| **Japan Trustee Services Bank, Ltd. (Trust Account)** | 8,862 | 8.08 |
| **The Master Trust Bank of Japan, Ltd. (Trust Account)** | 5,289 | 4.82 |
| **Japan Trustee Services Bank, Ltd. (Trust Account 4G)** | 4,773 | 4.35 |
| **The Norinchukin Bank** | 4,653 | 4.24 |
| **The Nomura Trust and Banking Co., Ltd. (Investment Account)** | 2,116 | 1.92 |
| **Nihon Unisys Employees' Shareholding Society** | 2,024 | 1.84 |
| **All Nippon Airways Co., Ltd.** | 1,794 | 1.63 |
| **Goldman, Sachs & Co. Regular Account** | 1,587 | 1.44 |
| **The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account/Mitsubishi Electric Corporation Account)** | 1,271 | 1.15 |

(Note) In addition to the above, Nihon Unisys, Ltd. retains 13,749,629 treasury shares (holding ratio: 12.53%).

# Group Companies

As of March 31, 2009

## Marketing & Business Development & Consulting

**Consulting, sales and marketing**

Nihon Unisys, Ltd.
(4,455 employees)

**Consulting services**

Cambridge Technology Partners, Ltd.
(55 employees)

**Investment advisory and business analysis services through the utilization of intellectual property information**

NU Intellectual Property Financial Services Co., Ltd.
(non-consolidated company)

## Network & Support Services

**Network and support services**

UNIADEX, Ltd.
(2,551 employees)

S&I Co., Ltd.
(175 employees)

**Network services**

NETMARKS INC.
(546 employees)

## System Services

**IT solution services**

USOL HOLDINGS Co., Ltd.

- USOL Hokkaido Co., Ltd.
(99 employees)
- USOL Tohoku Co., Ltd.
(32 employees)
- USOL Tokyo Co., Ltd.
(229 employees)
- USOL Chubu Co., Ltd.
(107 employees)
- USOL Kansai Co., Ltd
(58 employees)
- USOL Chugoku Co., Ltd.
(60 employees)
- USOL Kyushu Co., Ltd.
(76 employees)
- USOL Vietnam Corporation
(148 employees)

**CAD/CAM system-related services**

Nihon Unisys Excelutions, Ltd.
(281 employees)

**IT solution services based in Okinawa**

International Systems Development Co., Ltd.
(154 employees)

**IT solution services for the distribution and manufacturing sectors**

G&U System Service, Ltd.
(71 employees)

**IT solution services for the distribution and retail sectors**

UNIAID Co., Ltd.
(non-consolidated company)

**IT solution services for financial institutions**

AFAS Inc.
(62 employees)

## Outsourcing & Supply

**Computer supply services**

Nihon Unisys Supply, Ltd.
(164 employees)

**IT outsourcing services**

A-tas, Ltd.
(88 employees)

**Outsourcing services for the futures trading industry**

TRADE Vision, Ltd.
(5 employees)

**Application, outsourcing services**

UX Business Co., Ltd.
(2 employees)

## Group Shared Services

**Group shared operations and various services**

Nihon Unisys Business, Ltd.
(184 employees)

**Personnel training services**

Nihon Unisys Learning Co.
(37 employees)

**Group accounting operations services**

Nihon Unisys Accounting Co., Ltd.
(non-consolidated company)

**U.S. base**

NUL SYSTEM SERVICES CORPORATION
(non-consolidated company)

**Nihon Unisys, Ltd.**

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http://www.unisys.co.jp

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