May 31, 2019

Disclosed Information on the Internet at the Time of Notice of the 119th Annual Shareholders' Meeting

FUJITSU LIMITED

Note:

This English version of *Disclosed Information on the Internet at the Time of Notice of the 119th Annual Shareholders' Meeting* is a translation for reference only. The style of this English version differs slightly from the original Japanese version.

1. Fujitsu Group Principal Offices and Plants (As of March 31, 2019)

(1) Fujitsu Limited

Registered office	1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki-shi, Kanagawa
Principal office	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
Domestic business offices	Hokkaido Regional Sales Division (Sapporo-shi), Tohoku Regional Sales Division (Sendai-shi), Fukushima Regional Sales Division (Fukushima-shi), Kanagawa Regional Sales Division (Yokohama-shi) Kanto Regional Sales Division (Saitama-shi), Chiba Regional Sales Division (Chiba-shi), Niigata Regional Sales Division (Niigata-shi), Nagano Regional Sales Division (Nagano-shi), Hokuriku Regional Sales Division (Kanazawa-shi, Ishikawa), Tokai Regional Sales Division (Nagoya-shi), Shizuoka Regional Sales Division (Shizuoka-shi), Kansai Sales Division (Osaka-shi), Kobe Regional Sales Division (Kobe-shi), Kyoto Regional Sales Division (Kyoto-shi), Sanin Regional Sales Division (Matsue-shi, Shimane), Chugoku Regional Sales Division (Hiroshima-shi), Shikoku Regional Sales Division (Takamatsu-shi, Kagawa), Kyushu Regional Sales Division (Fukuoka-shi)
Software/ Services	Sapporo Systems Laboratory (Sapporo-shi), Aomori Systems Laboratory (Aomori-shi), Ichigaya Office (Chiyoda-ku, Tokyo), Shinagawa Office (Minato-ku, Tokyo), Fujitsu Solution Square (Ohta-ku, Tokyo), Musashi Kosugi Office (Kawasaki-shi), Fujitsu Shin-Kawasaki Technology Square (Kawasaki-shi), Makuhari Systems Laboratory (Chiba-shi), Kansai Systems Laboratory (Osaka-shi), Kouchi Fujitsu Technoport (Nangoku-shi, Kouchi), Kyushu R&D Center (Fukuoka-shi), Oita Systems Laboratory (Oita-shi), Kumamoto Systems Laboratory (Kamimashiki-gun, Kumamoto)
R&D /Plants	Kawasaki Research & Manufacturing Facilities (Kawasaki-shi), Oyama Plant (Oyama-shi, Tochigi), Nasu Plant (Otawara-shi, Tochigi), Nagano Plant (Nagano-shi), Numazu Plant (Numazu-shi, Shizuoka), Akashi Research & Manufacturing Facilities (Akashi-shi, Hyogo)

(2) Subsidiaries

Japan	FUJITSU FRONTECH LIMITED (Inagi-shi, Tokyo), FUJITSU TELECOM NETWORKS LIMITED (Oyama-shi, Tochigi), FUJITSU IT PRODUCTS LIMITED (Kahoku-shi, Ishikawa), FUJITSU ADVANCED ENGINEERING LIMITED (Shinjuku-ku, Tokyo), FUJITSU KYUSHU SYSTEMS LIMITED (Fukuoka-shi), FUJITSU RESEARCH INSTITUTE (Minato-ku, Tokyo), FUJITSU SOCIAL SCIENCE LABORATORY LIMITED (Kawasaki-shi), FUJITSU BROAD SOLUTION & CONSULTING Inc. (Minato-ku, Tokyo), Fujitsu Marketing Limited (Bunkyo-ku, Tokyo), FUJITSU FIP CORPORATION (Koto-ku, Tokyo), FUJITSU FSAS INC. (Kawasaki-shi), FUJITSU NETWORK SOLUTIONS LIMITED (Yokohama-shi), PFU Limited (Kahoku-shi, Ishikawa), Fujitsu Isotec Limited (Date-shi, Fukushima), TRANSTRON INC. (Yokohama-shi), FUJITSU PERSONAL SYSTEM LIMITED (Minato-ku, Tokyo), FUJITSU SEMICONDUCTOR LIMITED (Yokohama-shi), SHINKO ELECTRIC INDUSTRIES CO., LTD. (Nagano-shi, Nagano), FDK CORPORATION (Minato-ku, Tokyo), FUJITSU LABORATORIES LTD. (Kawasaki-shi)
Outside of Japan	Fujitsu Network Communications, Inc. (U.S.) Fujitsu Services Holdings PLC (U.K.) Fujitsu America, Inc. (U.S.) Fujitsu Australia Limited (Australia) Fujitsu Technology Solutions (Holding) B.V. (Netherlands) FUJITSU ASIA PTE, LTD. (Singapore)

(3) Data Centers

Data centers	Hokkaido Data Center (Hokkaido), Tohoku Data Center (Miyagi), Tatebayashi Data Center (Gunma), Tokyo No. 1 Data Center (Tokyo), Tokyo Data Center (Kanagawa), Yokohama Data Center (Kanagawa), Yokohama Kohoku Data Center (Kanagawa), Nagano Data Center (Nagano), Chubu Data Center (Aichi), Osaka Senri Data Center (Osaka), Akashi Data Center (Hyogo), Chushikoku Data Center (Hiroshima), Kyushu Data Center (Fukuoka), global data centers (around the world)

2. Employees (As of March 31, 2019)

(1) Employees of the Fujitsu Group

Segment	*Number of employees*	*Change from end of fiscal 2017*
Technology Solutions	112,337	191
Ubiquitous Solutions	2,992	-1,730
Device Solutions	10,762	-4,904
Corporate and others	6,047	-1,784
Total	132,138	-8,227

(2) Employees of Fujitsu Limited

Segment	*Number of employees*	*Change from end of fiscal 2017*
Technology Solutions	28,213	-338
Ubiquitous Solutions	554	-50
Corporate and others	3,060	-754
Total	31,827	-1,142

Average age	43.2	*Average years of employment*	19.2

Note: The number of employees of the Group decreased by 8,227 from the end of the previous fiscal year to 132,138. The main reasons for this change include the Company's sale of its shareholdings in Fujitsu Client Computing Limited, Fujitsu Component Limited, and Fujitsu Electronics Inc., with the result that they are no longer consolidated subsidiaries of the Company, and the change in the headcount due to employees' career switching to companies outside the Group that was promoted by the Company.

3. System to Ensure the Properness of Fujitsu Group Operations

(1) Full Text of Policy on the Internal Control System

1. Objective

To continuously increase the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risks arising from business activities. Recognizing this, the Directors who are entrusted with the management of the Company by the shareholders, present to the shareholders, who have entrusted authority in them, the policy regarding a) how to practice and promote the FUJITSU Way, the principles that underlie the Fujitsu Group's conduct, and b) what systems and rules are used to pursue management efficiency and control the risks arising from the Company's business activities in the application of their management approach, as described below

2. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently

(1) Business Execution Decision-Making and Business Execution Structure

a. The Company has Corporate Executive Officers (hereafter, the Representative Directors and Corporate Executive Officers are referred to collectively as "Senior Management") who share business execution authority with the Representative Director and President, and the Corporate Executive Officers carry out decision-making and business execution in accordance with their responsibilities.

b. The Company has a Chief Financial Officer who is responsible for managing finance and accounting for the Fujitsu Group.

c. The Company has a Management Council made up of Representative Directors and Corporate Executive Officers to assist the Representative Director and President in decision-making.

d. The Representative Director and President puts in place systems and procedures (Management Council rules, systems for approvals and reaching decisions) needed for decision-making by Senior Management and employees entrusted by Senior Management with authority.

e. The Representative Director and President reports financial and business results at each regularly-scheduled meeting of the Board of Directors, makes periodic reports to the Board of Directors on the operational status of "Policy on the Internal Control System," and receives confirmation that operations are being undertaken correctly.

(2) System to Promote More Efficient Operations

a. The Company has an organization that uses reforms to the Fujitsu Group's business processes to promote higher productivity, lower costs, and expenditure controls, and it pursues more efficient management.

3. Rules and Other Systems Relating to Managing the Risk of Losses

(1) System for Managing the Risk of Losses in General

a. The Company aims to maintain the business continuity of the Fujitsu Group, increase its corporate value, and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, the Company has a Risk Management & Compliance Committee, which overseas risk management for the entire Fujitsu Group. The Company also assigns certain departments to be responsible for specific kinds of risks, and has appropriate systems in place for risk management.

b. The Risk Management & Compliance Committee constantly assesses and verifies risks that might cause losses to the Fujitsu Group. When risks are identified in business operations, it works to control the risk, such as by formulating preventative measures, and attempts to minimize the loss that might result.

c. To minimize losses from any risks that arise, the Risk Management & Compliance Committee, through the systems described in paragraph "a" above, periodically analyzes any risks that have arisen, reports on them to the Board of Directors and any other relevant person or organization, and takes action to prevent a recurrence of such risks.

(2) Systems for Managing the Specific Risks of Losses

In addition to the Risk Management & Compliance Committee, the Company has risk management systems that include the following to deal with specific risks of losses it identifies in its business operations.

a. Risk Management System for Defects in Products and Services

- The Company has a quality-assurance system designed to analyze defects in Fujitsu Group products and services and prevent them from recurring. In particular, it has an organization that continuously works to improve quality, contracts, and rules to ensure that social infrastructure systems run reliably.

b. Management System for Contracted Development Projects

- To prevent the emergence of unprofitable projects among its contracted development projects, such as systems integration projects, the Company has a specialized organization that monitors risks relating to project negotiations and project execution.
- This specialized organization creates a monitoring process for contract amounts, contract terms, quality, expenses, deadlines and other relevant items, and monitors projects under consistent conditions.
- Based on the results of this monitoring, the specialized organization issues corrective recommendations to relevant projects.

c. Security System

- The Company has an organization to deal with cyber-terrorism, unauthorized use, and data breaches in the services it provides.

(3) Responses to Management Risks

a. System to Manage Financial Risks

- Financial risks are under the purview of the Chief Financial Officer.

b. Systems to Manage Other Forms of Management Risk

- Other forms of Management risks, including market trends and price competition, are handled by each department according to a division of responsibilities established by the Representative Director and President.

4. Systems to Ensure that Business Execution of Directors and Employees Complies with Laws, Regulations and Articles of Incorporation

(1) Compliance System

a. Senior Management adheres to the Code of Conduct in the FUJITSU Way as a basic philosophy for compliance issues, including compliance with laws, regulations and the articles of incorporation, and proactively promotes the Group's overall compliance based upon its ethics as Senior Management.

b. The Risk Management & Compliance Committee has purview over compliance matters for the Fujitsu Group, which it executes as follows.

- It ensures scrupulous adherence to the Code of Conduct in the FUJITSU Way among all Fujitsu Group employees through ongoing educational efforts.
- It clarifies the laws and regulations that relate to the Fujitsu Group’s business activities and establishes internal rules, education, and oversight systems to ensure compliance with them to promote compliance throughout the Group.
- When Senior Management or employee recognizes a serious compliance violation or when a situation may appear to present one relating to the performance of the responsibilities of Senior Management or an employee, the Risk Management & Compliance Committee makes such person immediately report such fact to the Committee via the normal chain of command.
- To ensure that compliance problems can be discovered quickly and handled appropriately through an alternative communications channel apart from the normal chain of command, it establishes and operates an internal reporting system that safeguards the reporter.
- The Risk Management & Compliance Committee immediately reports serious compliance violations or situations that may appear to present one to the Board of Directors and any other relevant person or organization

(2) System to Ensure Proper Financial Reporting

a. The Company has, apart from the organization that prepares financial reports, an organization under the Chief Financial Officer responsible for establishing, operating, and evaluating internal control over Fujitsu Group financial reporting, to ensure the effectiveness and reliability of financial reports.

b. These organizations create unified accounting policies shared throughout the Fujitsu Group and rules for establishing, operating, and evaluating internal control over financial reporting.

c. The organization responsible for establishing, operating, and evaluating internal control over financial reporting periodically reports to the Board of Directors and any other relevant person or organization the results of evaluations of the effectiveness the internal control.

(3) System for Information Disclosure

The Company has a system to ensure timely and fair disclosure of company information.

(4) Internal Auditing System

a. The Company has an organization that conducts internal audits of business execution (the “Internal Auditing Organization”), and ensures its independence.

b. The Internal Auditing Organization establishes internal auditing rules and conducts audits based on those rules.

c. The Internal Auditing Organization liaises with internal auditing organizations in other Group companies to internally audit the Fujitsu Group as a whole.

d. The results of internal audits are periodically reported to the Board of Directors, Audit & Supervisory Board and other relevant person or organization of the Company and of other relevant Group companies.

5. System for Storing and Managing Information in Accordance with the Execution of Directors' Responsibilities
  a. Senior Management assigns people with the responsibility for storing and managing documents, and, in accordance with internal rules, appropriately stores and manages the following documents (including electronic records) related to the execution of Senior Management' responsibilities, along with other important information.
    - Minutes of Annual Shareholders' Meetings and related materials.
    - Minutes of Board of Directors Meetings and related materials
    - Other minutes and related materials involved in important decision-making meetings.
    - Approval documents and related materials involving Senior Management decisions.
    - Other important documents that relate to the performance of Senior Management's responsibilities.
  b. To verify the status of business execution, the Directors and Audit & Supervisory Board Members have access at any time to the documents in paragraph "a" above, and people with the responsibility for storing and managing documents establish systems to enable Directors Audit & Supervisory Board Members to access the documents at any time in response to requests for the documents by Directors or Audit & Supervisory Board Members.

6. System to Ensure the Properness of Fujitsu Group Operations
  a. In addition to creating and instituting the above systems and rules for the Fujitsu Group, the Company establishes systems for receiving reports from the Senior Management of Group companies on matters relating to their business execution.
  b. The Company institutes standard rules regarding the delegation of authority from the Representative Director and President to Group companies, such as the scope of decision-making authority and the decision-making process relating to important matters at Group companies.
  c. The Representative Director and President determines what each Group company's divisional area of responsibility is, and the Corporate Executive Officers who divide the business execution duties for each divisional area, acting through each Group company's president or CEO, implement and comply with paragraphs "a" and "b" above.
  d. The Senior Management of the Company and other Group companies share information on Fujitsu Group management strategies and on issues relating to the achievement of Group goals through periodical meetings or other sufficient measures, and cooperate on Group business management.

7. System to Ensure the Properness of Audits by the Audit & Supervisory Board Members

  (1) Ensuring the Independence of Audit & Supervisory Board Members
  a. The Company has an Auditing Support Division with employees assigned to assist Audit & Supervisory Board Members in carrying out their duties. Appropriate employees with the ability and expertise required by the Audit & Supervisory Board Members are assigned to the Division.
  b. In order to ensure the independence of the employees in the Auditing Support Division and to ensure that they will implement the instructions of Audit & Supervisory Board Members, Senior Management shall receive the consent of Audit & Supervisory Board Members on matters relating to the appointment, transfer and compensation of employees in the Auditing Support Division.
  c. In principle, Senior Management does not assign employees in the Auditing Support Division to other divisions or duties.
     In instances, however, where a need arises to give dual assignments to employees with specialized knowledge in response to requests from Audit & Supervisory Board Members, care is given to ensuring their independence in accordance with paragraph "b" above.

  (2) Reporting System
  a. Senior Management of Fujitsu and Group companies provides the Audit & Supervisory Board Members with the opportunity to attend important meetings.
  b. In cases where risks arise that could affect management or financial results, or when there is an awareness of major compliance violations, or the possibility of major compliance

violations, in connection with the execution of business activities, Senior Management of Fujitsu and Group companies immediately report them to the Audit & Supervisory Board Members.

c. Senior Management of Fujitsu and Group companies periodically report to the Audit & Supervisory Board Members on the status of business execution.

d. Senior management of Fujitsu and Group companies shall not subject senior management or employees to adverse treatment for the reason that reports were submitted in accordance with paragraphs “b” and “c” above.

(3) Ensuring the Effectiveness of Audits by the Audit & Supervisory Board Members

a. Senior Management of Fujitsu and Group companies periodically exchange information with the Audit & Supervisory Board Members.

b. With respect to expenses incurred by Audit & Supervisory Board Members in the execution of their duties in accordance with Article 388 of the Companies Act, Senior Management shall determine the methods for processing the requests stipulated in Article 388.

c. The Internal Auditing Organization periodically reports audit results to the Audit & Supervisory Board Members.

(2) Overview of the Status of Operation of the System to Ensure the Properness of Fujitsu Group Operations

1. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently

The Company has Corporate Executive Officers who share business execution authority with the Representative Director and President, and the Corporate Executive Officers carry out decision-making and business execution in accordance with their responsibilities.

The Management Council meets three times a month, in principle, discusses important management execution and assists the Representative Director and President in decision-making. In order to enhance efficiency and the speed of management and the substantive nature of the Management Council, since January 2019 it has consisted of the minimum number of members, which include the President. A system has been put in place that enables timely discussion and decision-making of any matters concerning business execution. At the same time, the purpose of the Management Council has been revised to facilitate linkage between the Board of Directors and the Management Council.

Apart from the Management Council, the Company established the Representative Directors’ Meeting where the Representative Director and President and Representative Director and SEVP share information and make decisions on usual business execution.

In addition, rules determining the scope of delegation of duties from Representative Directors to other executives and employees and other matters and various systems for approvals and reaching decisions are put in place and are operated so that efficient and proper management execution is ensured based on these rules and systems.

2. Risk Management System and Compliance System

The Company positions the risk management system and the compliance system at the heart of the “Policy on the Internal Control System” and has established the Risk Management & Compliance Committee (the “Committee”), which supervises these systems globally and reports to the Board of Directors.

The Committee is chaired by the Representative Director and President and consists of Executive Directors. The Committee meets periodically and determines policies for preventing risks in business operations from arising and for countermeasures for losses caused by risks that have arisen.

The chairman of the Committee has appointed a Chief Risk Compliance Officer (CRCO) who executes the Committee’s decisions.

Regarding compliance violations and risks in business operations, including information security, the Committee has established and operates a system that covers not only the Company but the Fujitsu Group and ensures reporting to the Committee in a timely manner. It also operates the internal reporting system.

Under the Committee, the Company has appointed a Chief Information Security Officer (CISO) in accordance with the Fujitsu Group Information Security Policy (Global Security

Policy). Further, under the CISO, five regional CISOs have been appointed to formulate and implement information security measures.

In the course of operating the systems described above, besides reporting when risks have arisen, the Committee periodically reports the progress and results of its activities to the Board of Directors and is supervised.

Moreover, the Global Business Standards, which provide guidance on how individual employees should apply the Fujitsu Way Code of Conduct in their actions and are available in 20 languages, are applied uniformly across the Fujitsu Group. In addition to establishment and operation of compliance-related rules applicable to the entire Fujitsu Group, the Company has established the Global Compliance Program and is implementing various education programs and awareness raising activities to maintain and improve the structure for legal compliance across the Fujitsu Group.

As an initiative for information management during fiscal 2017, in January 2018 the Company applied to the Dutch Data Protection Authority (DPA) to obtain approval for its Binding Corporate Rules for Processors (BCR-P), which are common rules established across the Fujitsu Group related to the handling of personal data that customers have entrusted to Fujitsu for processing. This application is part of the Company's effort to meet the legal requirements for the protection of personal data in Europe laid out in the General Data Protection Regulation (GDPR) of the EU.

3. System to Ensure Proper Financial Reporting

The Company has established the FUJITSU Way Committee chaired by the Representative Director and President and consisting of Executive Directors and some Corporate Executive Officers.

Under this committee's direction, the responsible organization has established a system called "Eagle Innovation." In accordance with the rules established by the Company based on the principles of the Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting published by the Business Accounting Council, internal control over financial reporting throughout the Fujitsu Group is assessed.

4. System to Ensure the Properness of Fujitsu Group Operations

The risk management system, the compliance system, and the system for ensuring proper financial reporting cover the Fujitsu Group.

Especially for risk management and compliance systems, Regional Risk Management & Compliance Committees have been established for individual Regions, which are geographical executive divisions of the Fujitsu Group worldwide. These regional committees are positioned under the Risk Management & Compliance Committee to function so that the entire Fujitsu Group is covered.

In addition, as a part of a system to ensure the properness of Fujitsu Group operations, the Company has established the Rules for Delegation of Authority called "Global DoA" that determines authority for decision-making of important matters of Fujitsu Group companies (excluding certain subsidiaries) and the decision-making process. The Company has its Group companies comply with the Global DoA. In addition, Group companies are required to report on their operations to the Company. In this way, the Company has put in place systems for decision-making and reporting of important matters at the Group.

The status of operation of the internal control system centering on the above is periodically reported to the Board of Directors.

Notes to Consolidated Financial Statements

【Notes to Significant Items concerning Preparation of Consolidated Financial Statements and Scope of Consolidation and Application of Equity Method】

1. The Company prepares its consolidated financial statements in accordance with the Ordinance on Accounting of Companies (Ministry of Justice Ordinance No. 13, February 7, 2006 and Revised Ministry of Justice Ordinance No. 27, October 15, 2018). The consolidated financial statements are prepared in conformity with the International Financial Reporting Standards (IFRS) as per clause 1 of Article 120 of the Ordinance on Accounting of Companies. Following the latter part of the clause, some disclosure items required under IFRS are omitted in these notes.

2. Scope of consolidation

   This consolidated financial report is prepared with consolidation of 411 major subsidiaries. The scope of consolidation for this fiscal year has been changed in that 8 companies were added and 59 companies were subtracted. Major additions and subtractions are described below. Names of the major subsidiaries are omitted in this note because they are noted in item #2 "The Fujitsu Group" in this report.

   Newly consolidated subsidiaries as a result of acquisition or formation: 8 companies
   Subtracted due to liquidation or sale: 55 companies
   Subtracted due to merger: 4 companies

   Fujitsu Client Computing Limited was excluded from the scope of consolidation as a result of the partial sale of shares and has become an equity method affiliate.

3. Application of the equity method
   (1) The number and names of major associates to which the equity method is applied
   Investments in associates are accounted for using the equity method and the number of companies to which the method applies is 26.
   Major associates are Fujitsu Client Computing Ltd., Fujitsu General Ltd., Fujitsu Leasing Co., Ltd., and Socionext Inc.
   The scope of application of the equity method for this fiscal year has been changed in that 6 companies were added and 3 companies were subtracted.

(2) The Company does not treat JECC Corporation as an associate although the Company holds more than 20% of the outstanding shares of JECC Corporation. This is because JECC Corporation is a special corporation operated under the joint investments of 6 companies, including Japanese computer manufacturers, to develop the information processing industry in Japan.

4. Significant accounting policies

(1) Valuation standards and methods for assets

(a) Financial assets

(i) Non-derivative financial assets

Financial assets are classified into financial assets measured at amortized cost and financial assets measured at fair value through profit or loss or through other comprehensive income. This classification is determined at initial recognition of the financial assets. Financial assets are measured at its fair value plus transaction costs, excluding the financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

Financial assets are classified into financial assets measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to the initial recognition, financial assets measured at amortized cost are measured at amortized cost using the effective interest method, less any impairment losses. Amortization charge for each period is recognized as financial income in profit or loss.

Financial assets measured at fair value

Financial assets other than financial assets measured at amortized cost are classified as financial assets measured at fair value. Regarding equity instruments measured at fair value, excluding those held for trading that must be measured at fair value through profit or loss, each equity instrument is designated as to whether it is to be measured at fair value through profit or loss or to be measured at fair value through other comprehensive income, and the designation is applied on a continuous basis. Subsequent to the initial recognition, financial assets measured at fair value are measured at fair value at the reporting date and any changes in the fair value of the financial assets are recognized in profit or loss or in other comprehensive income according to their classification. If financial assets measured at fair value through other comprehensive income are derecognized, previously recognized accumulated other comprehensive income is directly transferred to retained earnings.

(ii) Derivative financial assets

Derivatives are initially and subsequently measured at fair value. When a derivative is not designated as a hedging instrument, any changes in the fair value of the derivative are recognized in profit or loss. For cash flow hedges, the effective portion of changes in fair value of a derivative is recognized in other comprehensive income, whereas any ineffective portion of the changes is recognized in profit or loss.

(b) Non-financial assets

(i) Inventories

Inventories are measured at cost. However, should the net realizable value (“NRV”) at the reporting date fall below the cost, inventories are measured at the NRV, with the difference in value between the cost and the NRV, in principle, booked as cost of sales. The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are interchangeable is determined by the moving average cost method or the periodic average method, whereas the cost of inventories of items that are not interchangeable is determined by the specific identification method. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated direct selling expenses. Inventories that are slow moving and inventories held for long-term maintenance contracts are measured at the NRV that reflects future demand and market trends.

(ii) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

(iii) Goodwill

Goodwill acquired in a business combination is measured at cost less accumulated impairment losses.

(iv) Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses.

(v) Impairment

If there is an indication of impairment for non-financial assets other than inventories, the asset’s recoverable amount is estimated and the asset is tested for impairment. Goodwill and indefinite-lived intangible assets are tested for impairment for both annually and when there is an indication of impairment. An impairment loss is recognized if the recoverable amount of an asset or cash-generating unit is less than its carrying amount.

(2) Depreciation method for assets

(a) Property, plant and equipment (excluding leased assets)

The depreciable amount (cost less residual value) for items of property, plant and equipment is allocated on a systematic basis over its useful life. The Group in principle adopts the straight-line method of depreciation reflecting the pattern of consumption (matching of costs with revenues) of the future economic benefits from the asset.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is either classified as held for sale or is derecognized.

The estimated useful lives for significant categories of property, plant and equipment are as follows:

- Buildings and structures 7 to 50 years
- Machinery and equipment 3 to 7 years
- Tools, fixtures and fittings 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

(b) Intangible assets (excluding leased assets)

Software held for sale is amortized based on the expected sales volumes and allocated equally based on the remaining useful life. Software for internal use and other intangible assets with finite useful lives are amortized over their respective useful lives using in principle the straight-line method to reflect the pattern of consumption of the expected future benefits from the assets.

The estimated useful lives are as follows:

- Software held for sale 3 years
- Software for internal use within 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

(c) Leased assets

Leased assets are depreciated on a straight-line basis over the period that is the shorter of the lease term and the useful life of the leased asset.

(3) Recognition criteria for provisions

A provision is recognized if, as result of a past event, the Group has a present legal or constructive obligation that can be estimated reasonably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted to present value using a pre-tax rate that reflects the time value of money and risks specific to the liability.

(4) Retirement benefit plan

Defined benefit plan

The Group’s net defined benefit liability (asset) is measured at the present value of defined benefit obligation less the fair value of plan assets. The defined benefit liability in respect of each defined benefit plan is calculated separately by estimating the amount of future benefits employees have earned in return for services rendered to date and discounted to present value. The calculation is performed in each reporting period by qualified actuaries using the projected unit credit method. The discount rate used is determined by reference to market yields at the reporting date on high-quality corporate bonds that have maturity dates approximating to the terms of the Group’s obligations that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income after adjusting for tax effects and then immediately reclassified to retained earnings.

Defined contribution plan

Contributions to the defined contribution plan are recognized as employee costs in profit or loss in the period when the service is provided by the employee.

The risk-sharing corporate pension plan introduced by the Group in June 2018 is classified as a defined contribution plan because the Group effectively has no further obligation for additional contributions.

(5) Revenue

Supply of services is usually a performance obligation satisfied over time. If the progress toward complete satisfaction of the performance obligation can be reasonably measured, revenue from a service is recognized by measuring the progress. If the progress cannot be reasonably measured, revenue from a service is recognized only to the extent of the costs incurred until such time that the outcome of the performance obligation can be reasonably measured. Revenue for fixed price service contracts including construction contracts (systems integration etc.), is in principle recognized by the method of measuring the progress based on the costs incurred to date as a percentage of the total estimated project costs. Revenue on ongoing service contracts (outsourcing service, maintenance, etc.), is recognized over the period during which the service is provided.

Supply of standalone hardware products is a performance obligation satisfied at a point in time because it is usually not a performance obligation satisfied over time. In such case, at the point when the control of the asset is transferred to the customer, the amount of the transaction price allocated in proportion to the performance obligation is recognized as revenue. Revenue on hardware requiring significant services including installation, such as servers and network products, is in principle recognized upon the customer’s acceptance. Revenue on standard hardware, such as PCs and electronic devices, is in principle recognized on delivery, where the control of such hardware is transferred to the customer.

For software, the licenses of which constitute the principal licenses of the Group, usually, after supply of a license, the Company is not obliged to undertake activities to change the form or the functionality of the intellectual property or activities to maintain the value of the intellectual property over the license period, and therefore, revenue is recognized at a point in time as a right to use the intellectual property.

Contracts with multiple deliverables represents one contract that consists of several kinds of goods or services, such as supply of hardware and related services or supply of software sales and support services. Goods or services promised to a customer are identified as distinct performance obligations, if the customer can benefit from the goods or service either on its own or together with other resources that are readily available to the customer; and the entity's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract.

(6) Other significant principles for the preparation of consolidated financial statements

(a) Consumption taxes

The tax exclusion method is applied in the preparation of consolidated financial statements.

(b) Application of the consolidated tax return system

The consolidated tax return system is applied in the preparation of consolidated financial statements.

【Notes to Changes in Accounting Policies】

1. Adoption of IFRS 15 —Revenue from Contracts with Customers

Starting from this fiscal year, the Group has adopted IFRS 15 Revenue from Contracts with Customers (issued May 2014) and Clarifications to IFRS 15 (issued April 2016) (hereafter collectively referred to as "IFRS 15").

In accordance with the adoption of IFRS 15, for some transactions, the Company has changed the timing of recognizing revenue by identifying performance obligations under contracts with customers. In addition, with respect to sales incentives, previously, a reduction in revenue was recognized at the time of settlement. Starting from this fiscal year, however, the Company has estimated incentive payments in advance and recognized them as reductions to revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

As a result of recognizing, at the beginning of this fiscal year, the amount of the cumulative effect of the adoption of IFRS 15, retained earnings were reduced by 267 million yen.

In this fiscal year, the impact on assets, liabilities, and equity, as well as the impact on operating profit and profit for the year, is negligible.

In accordance with the adoption of IFRS 15, starting from this fiscal year, the Company has changed its method of presentation of unbilled receivables, which had been included in "receivables, trade," so that they are now included in "other current assets."

2. Adoption of IFRS 9 —Financial Instruments

Starting from this fiscal year, the Group has adopted IFRS 9 Financial Instruments (final version issued July 2014) (hereafter referred to as "IFRS 9").

Equity instruments that were classified as available-for-sale financial assets under the previous standard, IAS 39 "Financial Instruments: Recognition and Measurement," are in accordance with the adoption of IFRS 9, designated as financial assets measured at fair value through other comprehensive income. Subsequent changes in the fair value of equity instruments are presented in other comprehensive income, and impairment treatment that transfers cumulative losses recognized in other comprehensive income to profit or loss, when its fair value significantly declines, is abolished. Also, gains or losses on the sale of equity instruments are not recognized in profit or loss.

As a result of recognizing, at the beginning of this fiscal year, the amount of the cumulative effect of the adoption of IFRS 9, retained earnings were increased by 20,467 million yen, and other components of equity were reduced by 20,467 million yen. This primarily is the result of the reclassification of the cumulative amount of impairment losses recognized in previous fiscal years from retained earnings to other components of equity within equity.

In this fiscal year, the impact on assets, liabilities, and equity, as well as the impact on operating profit and profit for the year, is negligible.

【Notes to the Consolidated Statement of Financial Position】

1. Assets pledged as collateral and liabilities associated with collateral

(1) Assets pledged as collateral (Million yen)

Balance of pledged assets		2,491
(Pledged assets)	Land	2,367
	Buildings and structures	124

(2) Liabilities associated with collateral

Balance of secured debt		1,821
(Secured debts)	Provisions	1,821

2. Bad debt allowance presented net with the associated assets

(1) Receivables, trade	7,653
(2) Other non-current assets	1,732

3. Accumulated depreciation of property, plant and equipment (including accumulated impairment losses) 1,278,687

4. Liabilities for guarantee contracts

Balance of liabilities for guarantee contracts		133
(Guaranteed debts)	Housing loans of employees	133

【Notes to the Consolidated Profit and Loss Statements】

1. Other income and other expenses

Main components of other income were a gain on changes in retirement benefit plan amounting to 91,996 million yen and a gain on the sale of the PC business amounting to 11,330 million yen.

The Group introduced a risk-sharing corporate pension plan for current employees participating in the Fujitsu Corporate Pension Fund. The risk-sharing corporate pension plan introduced by the Group is classified as a defined contribution plan because the Group effectively has no further obligation for additional contributions. Therefore, at the time of the shift to the new plan, gains and losses on settlements were recognized, which arose primarily from recognition in profit or loss for the difference between the retirement benefit liabilities related to the portion that is transferred and the amount of assets transferred to the plan related to the corresponding decrease in the liabilities, and from recognition as liabilities for the total amount corresponding to special contributions stipulated by the fund terms.

Main components of other expenses are restructuring expenses in Europe amounting to 63,893 million yen and expenses for supporting voluntary departures as part of a personal resource shift in Japan amounting to 45,813 million yen.

Restructuring expenses in Europe include expenses associated with the closure of the Augsburg Factory and expenses for concentrating management resources on countries where profitability is high, including withdrawal from countries where profitability is low. Expenses for supporting voluntary departures as part of a personal resource shift in Japan include payments of special additions to retirement benefits for employees who are 45 years old or older in the indirect or supporting departments and employees reemployed after they reached the retirement age.

“Other income” and “Other expenses,” which were presented as “Other income (expenses)” in the previous fiscal year, are presented separately for this fiscal year onward.

【Notes to the Consolidated Statement of Changes in Equity】

1. Number of shares issued at the end of this fiscal year

   Common stock 207,001,821 shares

   The Company conducted share consolidation for common stock at a rate of one share for every ten shares, effective October 1, 2018.

2. Dividends distributed from retained earnings during this fiscal year

Resolution	Type of stock	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 24, 2018	Common stock	12,352	6	March 31, 2018	June 4, 2018
Meeting of the Board of Directors on October 26, 2018	Common stock	14,308	7	September 30, 2018	November 27, 2018

Note: The dividend per share resolved on October 26, 2018 is based on the number of shares before share consolidation, as the record date is before October 1, 2018.

3. Dividends to be distributed from retained earnings after the end of this fiscal year

Resolution	Type of stock	Total amount of dividends (Million yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 23, 2019	Common stock	16,214	Retained earnings	80	March 31, 2019	June 3, 2019

【Notes to Financial Instruments】

1. Policies on Financial Instruments

The Group carries out its financial activities in accordance with the "Fujitsu Group Treasury Policy" and primarily obtains funds through bank borrowing and the issuance of corporate bonds based on funding requirements of its business activities. After the adequate liquidity for its business activities has been ensured, the Group invests temporary excess funds in financial assets with low risk. The Group utilizes derivative transactions only for hedging purposes and not for speculative or dealing purposes.

Trade receivables are exposed to customer credit risk. Additionally, some trade receivables are denominated in foreign currencies in conjunction with the export of products and exposed to exchange rate fluctuation risk. Other financial assets are comprised primarily of the certificates of deposit held for fund management and the shares issued by customers or other parties for the purpose of maintaining and strengthening the business relationship. Shares are exposed to market price fluctuation risk and financial risk of the company invested. The Group also loans to business partners, etc.

Trade payables such as notes payable, trade accounts payable and accrued expenses are generally payable within one year. Some trade liabilities are denominated in foreign currencies in conjunction with the import of components and exposed to exchange rate fluctuation risk. Borrowings, corporate bonds and finance lease obligations are mainly for the purpose of obtaining working capital and preparing capital expenditures. Because some of these have floating interest rates, they are exposed to interest rate fluctuation risk.

(1) Credit risk

The Group strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and services. A unit independent from the sales units assesses the credit standing of customers and manages collection dates and the balance outstanding for each customer to ensure smooth collection of trade receivables. Regarding the loan receivable, the Group periodically assesses debtor’s financial condition and reviews the terms of the loan if needed. The counterparties to derivative transactions are selected upon assessment of their credit risk.

The amounts of the largest credit risks as of the reporting date are indicated in the carrying amount of the financial assets that are exposed to credit risk.

(2) Liquidity Risk

The Group prepares a cash flow projection and monitors its funding requirements. The Group also strives to diversify its sources of financing in order to reduce liquidity risk.

(3) Market risk

The Group utilizes exchange forward contracts in respect to trade receivables and trade liabilities denominated in foreign currencies to mitigate exchange rate fluctuation risk monitored by each currency respectively, currency swap contracts to mitigate the foreign currency exchange rate fluctuation risk of cash flow denominated in foreign currency, and interest swap contracts in respect to borrowings and corporate bonds to mitigate interest rate fluctuation risk. For the shares issued by customers or other parties, the Group regularly monitors the fair value and the financial condition of the issuer and continuously reviews the investment, taking into account its relationship with the counterparty.

The Group enters into derivative transactions based on the Group policy. Following the policies approved by the Chief Financial Officer (CFO), the finance division undertakes particular transactions, records them and confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of transactions undertaken and changes in the transaction balance to the CFO and the head of the accounting department.

2. Fair value of financial instruments

The carrying amount and fair value of financial instruments as of March 31, 2019 are as follows:

(Million yen)

	Carrying amount	Fair value
Assets		
Financial assets measured at amortized cost	2,900	2,893
Financial assets measured at fair value through profit or loss	17,120	17,120
Financial assets measured at fair value through other comprehensive income	130,946	130,946
Total	150,966	150,959
Liabilities		
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortized cost	185,336	186,554
Total	185,336	186,554

Notes:

(1) Derivatives are presented net.

(2) Measurement of fair value of financial instruments:

A quoted price in an active market is used in the measurement of fair value of a financial instrument if the price is available. The discounted cash flow method or other appropriate method is used for the measurement of a financial instrument of which quoted price in an active market is not available.

(3) The disclosure for the current portion of financial assets and liabilities measured at amortized cost is omitted in this note because the carrying amount is a reasonable approximation of its fair value.

【Notes to Per Share Data】

Equity attributable to owners of the parent per share	5,585.35 yen
Basic earnings per share	512.50 yen

The Company conducted share consolidation for common stock at a rate of one share for every ten shares, effective October 1, 2018. Basic earnings per share has been calculated, assuming that the share consolidation was conducted at the beginning of this fiscal year.

【Notes to Significant Events after the Reporting Period】

Not applicable.

Unconsolidated Statement of Changes in Net Assets

(Year ended March 31, 2019)

(Millions of yen)

	Shareholders' equity						
		Capital Surplus		Retained earnings			
					Other retained earnings		
	Common stock	Other capital surplus	Total capital surplus	Legal retained earnings	Reserves for special depreciation	Retained earnings brought forward	Total retained earnings
Beginning balance	**324,625**	**167,661**	**167,661**	**17,150**	**9**	**264,079**	**281,239**
Increase (Decrease) during the period							
Dividends paid	**-**	**-**	**-**	**2,666**	**-**	**(29,326)**	**(26,660)**
Net income	**-**	**-**	**-**	**-**	**-**	**46,371**	**46,371**
Purchase of treasury stock	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposal of treasury stock	**-**	**0**	**0**	**-**	**-**	**-**	**-**
Reversal of reserve for special depreciation	**-**	**-**	**-**	**-**	**(9)**	**9**	**-**
Net increase (decrease) during the period, except for items under shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**0**	**0**	**2,666**	**(9)**	**17,054**	**19,711**
Ending balance	**324,625**	**167,662**	**167,662**	**19,816**	**0**	**281,133**	**300,950**

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total share-holders' equity	Unrealized gain and loss on securities, net of taxes	Total valuation and translation adjustments	
Beginning balance	**(7,237)**	**766,289**	**44,381**	**44,381**	**810,670**
Increase (Decrease) during the period					
Dividends paid	**-**	**(26,660)**	**-**	**-**	**(26,660)**
Net income	**-**	**46,371**	**-**	**-**	**46,371**
Purchase of treasury stock	**(22,327)**	**(22,327)**	**-**	**-**	**(22,327)**
Disposal of treasury stock	**8**	**8**	**-**	**-**	**8**
Reversal of reserve for special depreciation	**-**	**-**	**-**	**-**	**-**
Net increase (decrease) during the period, except for items under shareholders' equity	**-**	**-**	**(12,689)**	**(12,689)**	**(12,689)**
Total	**(22,319)**	**(2,607)**	**(12,689)**	**(12,689)**	**(15,297)**
Ending balance	**(29,556)**	**763,682**	**31,691**	**31,691**	**795,373**

Notes to Unconsolidated Financial Statements

【Notes to Significant Accounting Policies】

1. The Company prepares for financial statements in accordance with the Ordinance on Accounting of Companies (Ministry of Justice Ordinance No. 13, February 7, 2006 and Revised Ministry of Justice Ordinance No. 27, October 15, 2018) in the fiscal year under review.

2. Valuation standards and methods of assets
   (1) Marketable securities
   Shares in subsidiaries and affiliates.................. Moving average cost method
   Available-for-sale securities
   - With market value .... Market value method based on the market price on the closing date
     Treatment of the difference between the acquisition cost and the market value
     …Booked directly to net assets
     Calculation of costs of securities sold
     …Moving average cost method
   - Without market value ....Moving average cost method
   (2) Derivatives
   Derivatives .... Market value method
   (3) Inventories
   Inventories held for sale in normal operating cycle
   Finished goods .... Moving average cost method
   Work in process…………………………………Cost method determined by the specific identification method or the periodic average method
   Raw materials... Cost method determined by the moving average method
   Costs of inventories with lower profitability are written down.

3. Depreciation and amortization of fixed assets
   (1) Tangible fixed assets except for leased assets
   Depreciation of tangible fixed assets except for leased assets is calculated by the straight-line method. The useful lives, reflected by the likely period over which the value of asset can be realized under actual business conditions, are estimated as stated below:
   Buildings and structures ....7-50 years
   Machinery ....3-7 years
   Equipment...............................2-10 years

   (2) Intangible fixed assets except for leased assets
   - Software
     For sale .... Method based on projected sales volume over the estimated life of the product (3 years)
     For internal use....................... Straight-line method based on the estimated useful life of the software (within 5 years)
   - Others....................................... Straight-line method

(3) Leased assets

Depreciation and amortization of finance leases that do not transfer ownership of the leased property to the lessee are calculated by the straight-line method over the lease period deemed as useful lives.

4. Accounting policies for provisions

(1) Allowance for doubtful accounts

To prepare for loss on doubtful accounts such as trade receivables and loans, an estimated irrecoverable amount is provided on the basis of the actual loan loss ratio for unspecified receivables and on the basis of individual collectability for specified receivables such as loans with default possibility.

(2) Provision for construction contract losses

The estimated amount of future losses relating to customized software and construction contracts whose profitability potentially has deteriorated is provided at the end of this fiscal year.

(3) Provision for product warranties

To prepare for the disbursement of expenses for the free repair and exchange of products during the warranty period based on contracts, the estimated repair and exchange expenses based on the historical data are recorded when the product is sold.

(4) Provision for loss on business of subsidiaries and associates

To prepare for possible losses relating to business of subsidiaries and associates, an estimated amount of loss is provided, taking into account the financial conditions of individual subsidiaries and associates.

(5) Provision for bonuses to board members

To prepare for bonuses to board members, an estimated amount is provided.

(6) Provision for restructuring charges

To prepare for restructuring charges on disposal of business, the expected losses are provided.

(7) Defined benefit liability

To prepare for disbursement of employees' retirement benefits under the defined benefit plan, an amount based on the defined benefit obligation and plan assets at the end of the fiscal year is recognized.

Method of attributing benefit to periods of service

Benefit is attributed to periods of service under the plan's benefit formula.

Method of attributing actuarial gains and losses and past service cost

- Method of attributing past service cost
  …………Straight-line method (10 years)
- Method of attributing actuarial gains and losses
  …………An amount on a straight-line basis (over the expected average remaining service period of employees) is recognized from the year after the actuarial loss has arisen.

(8) Provision for loss on repurchase of computers

To prepare for compensation for losses when computers sold with a repurchase agreement are repurchased, an amount for the losses expected to be incurred at the time of the repurchase is provided based on the historical data.

(9) Provision for share-based payments

To prepare for share-based payment to board members and Corporate Executive Officers, an estimated amount is provided.

(10) Provision for environmental measures

To prepare for environmental measures such as disposal of PCB (polychlorobiphenyl) embedded products and purification of soil, the expected losses are provided.

5. Revenues and expenses recognition
   Revenue recognition of sales of customized software and others
   For contracts in progress as of the end of this fiscal year for which the outcome can be estimated reliably, the percentage-of-completion method has been applied, and for all others the completed-contract method has been applied. When applying the percentage-of-completion method, the degree of completion at the end of this fiscal year was determined by the estimation based on actual costs and total contract costs.

6. Other significant items concerning the preparation of unconsolidated financial statements
   (1) Hedge accounting
   Deferred hedge accounting is adopted.

   (2) Defined benefit liability
   Accounting of unrecognized actuarial gains and losses and past service costs under the defined benefit plan for the consolidated financial statements is different from that for the unconsolidated financial statements.

   (3) Consumption taxes
   The tax exclusion method is applied.

   (4) Application of the consolidated tax return system
   The consolidated tax return system is applied.

【Notes on Changes in the Method of Presentation】

Effective from this fiscal year, the Company applies the "Ordinance for Partial Revisions of the Enforcement Regulation of the Companies Act and the Ordinance on Accounting of Companies" (Ministry of Justice Ordinance No. 5, March 26, 2018) in line with the issuance of the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). As a result of this change, "Deferred tax assets," which was presented under "Current assets" for the previous fiscal year, is presented under "Investments and other non-current assets" under "Non-current assets" for this fiscal year onward.

【Notes to the Unconsolidated Balance Sheet】

1. Accumulated depreciation of tangible fixed assets

	(Million yen)
Buildings	185,341
Structures	13,912
Machinery	17,205
Vehicles and delivery equipment	54
Equipment	147,667
Total	364,182

2. Contingent liabilities for guarantee contracts

Balance of contingent liabilities for guarantee contracts	6,754
(Main guaranteed debt) Borrowings of domestic subsidiaries from a finance subsidiary	6,587

The balance of the contingent liabilities for guarantee contracts and the main guaranteed debt include transactions similar to guarantee contracts, such as guarantee reservations and letters of awareness.

3. Monetary claims and obligations to subsidiaries and affiliates (excluding those separately disclosed)

Short-term monetary claims	271,510
Long-term monetary claims	463
Short-term monetary obligations	323,372
Long-term monetary obligations	1,760

【Notes to the Unconsolidated Income Statements】

1. Transactions with subsidiaries and affiliates

Business transactions	(Million yen)
Sales	537,557
Purchases	1,250,785
Transactions other than business transactions	58,546

2. Provision for loss on business of subsidiaries and associates
Provision for loss on business of subsidiaries and associates is recorded mainly for excess liabilities of European subsidiaries. Restructuring charges were recorded at European subsidiaries, namely, expenses associated with the closure of a factory and expenses for concentrating management resources on countries where profitability is high, including withdrawal from countries where profitability is low. As a result, excess liabilities of European subsidiaries increased.

3. Gain on changes in retirement benefit plan
Gain associated with the shift from the existing defined benefit plan to the risk-sharing corporate pension plan, both of which are in accordance with the Defined Benefit Corporate Pension Plan Act.

4. Gain on sales of subsidiaries' and affiliates' stocks
The main component is the partial sale of shares of Fujitsu Client Computing Limited that operates the PC business.

5. Restructuring charges
Expenses associated with supporting voluntary departures as part of a personal resource shift in Japan, which include payments of special additions to retirement benefits for employees who are 45 years old or older in the indirect or supporting departments and employees reemployed after they reached the retirement age.

【Notes to the Unconsolidated Statements of Changes in Net Assets】

1. Number of treasury stock at the end of the fiscal year
Common stock 4,317,954 shares

【Notes to the Unconsolidated Tax Effect Accounting】

Deferred tax assets are recognized primarily due to valuation loss on subsidiaries' and affiliates' stock, provision for loss on business of subsidiaries and associates, excess of depreciation and amortization, and impairment losses. Deferred tax liabilities are recognized primarily due to unrealized gains on securities. Valuation allowance is deducted from deferred tax assets pertaining to loss on valuation of shares of subsidiaries' and affiliates' stock and other items for which scheduling of the timing of the reversal is impossible.

【Notes to Transactions with Related Parties】

Subsidiaries and Affiliates

(Million yen)

Type	Name	Percentage of voting right	Relationship	Transactions		Transac-tion amount	Account	Ending balance
Subsidiary	Fujitsu FSAS Inc.	Ownership Direct 100%	Consignment of support services, etc., sales and maintenance of Fujitsu's products, and interlocking of directors	Consignment of support services, etc.	Purchases	118,751	Accounts payable, trade	29,270
Subsidiary	Fujitsu Marketing Ltd.	Ownership Direct 100%	Sales and maintenance of Fujitsu's products and interlocking of directors	Sale of Fujitsu's products	Sales	115,183	Accounts receivable, trade	27,601
Subsidiary	Fujitsu Technology Solutions (Holding) B.V.	Ownership Direct 100%	Development and manufacturing of Fujitsu's products in Europe, provision of information systems services for Fujitsu's customers outside Japan and interlocking of directors	Sale of Fujitsu's products	Sales	108,127	Accounts receivable, trade	22,931
Subsidiary	Fujitsu Personal System Ltd.	Ownership Direct 100%	Sales of Fujitsu's products and interlocking of directors	Sale of Fujitsu's products	Sales	67,977	Accounts receivable, trade	24,840
Subsidiary	Fujitsu Capital Ltd.	Ownership Direct 100%	Group financing in Japan and interlocking of directors	Borrowings	Repayment of borrowings *3	350	Short-term borrowings	-
					Interest expense	13	Long-term borrowings	626
Affiliate	Fujitsu Client Computing Ltd.	Ownership Direct 44%	Consignment of manufacturing of PCs that are included in systems sold by the Company and interlocking of directors	Consignment of manufacturing of PCs	Purchases	260,707	Accounts payable, trade	47,231
				Procurement as an agent, etc.		234,141	Accounts receivable, other	12,453
				Receipt of dividends	Dividend income	13,109	-	-
Affiliate	Fujitsu Connected Technologies Ltd.	Ownership Direct 30%	Use of the Fujitsu brand, procurement of parts as an agent, and interlocking of directors	Procurement as an agent, etc.		81,879	Accounts receivable, other	23,967
Affiliate	Fujitsu Component Ltd.	Ownership Direct 25%	Use of the Fujitsu brand and interlocking of directors	Transfer of securities	Transfer value	8,308	-	-
					Gain on sale	6,338	-	-
Corporate pension	Retirement benefit trust	-	Pension funds under retirement benefit accounting	Partial return of retirement benefit trust assets		59,785	-	-

Notes
1. Transactions listed above generally have terms of business based on arms-length. For receipt of dividends, a company's financial position and other factors are taken into account.
2. Consumption taxes are not included in the transaction amount. Consumption taxes are included in the ending balance.
3. The amount of borrowings from Fujitsu Capital Ltd. presented equals the amount of short-term and long-term repayment from which the amount of borrowings was deducted.

【Notes to Per Share Data】

Net assets per share	3,924.22 yen
Earnings per share	227.28 yen

The Company conducted share consolidation for common stock at a rate of one share for every ten shares, effective October 1, 2018. Earnings per share has been calculated, assuming that the share consolidation was conducted at the beginning of this fiscal year.

【Notes to Significant Events after the Reporting Period】

Not applicable.