FUJITSU SERVICES HOLDINGS PLC

ANNUAL REVIEW 2008

FUJITSU

THE DIFFERENCE IS FUJITSU

Fujitsu Services Holdings PLC

As at 20 June 2008

Annual Review for the year ended
31 March 2008

THE DIFFERENCE IS FUJITSU

CONTENTS

A hard working business 04
Creating success in a challenging environment

A business that's winning 06
The changing shape of our business

A progressive business 08
Re-thinking the outsourcing model

A global business 10
How Fujitsu is helping Reuters staff be first with the news

A lean business 12
How lean practices are transforming our business

A responsible business 14
Building corporate responsibility into the entire value chain

A business that's going places 16
What's next for IT?

Review of the business 18
Consolidated income statement 20
Consolidated balance sheet 21
Consolidated cash flow statement 21

Principal offices of Fujitsu Services 23

SWEDBANK: THE DIFFERENCE IS FUJITSU

Fujitsu migrated 13,000 desktops and 800 servers to Microsoft Windows XP in just 49 days, guaranteeing 'business as usual' for up to 9 million loyal customers. The entire project was completed on time, causing minimum disruption in 800 branch offices across Sweden. In addition, Fujitsu's desktop support services have helped Swedbank reduce desktop maintenance costs, optimise system availability and resolve problems faster and more effectively. This all allowed Swedbank to focus on the activities that are of real value to its customers.

A HARD WORKING BUSINESS

How a robust business can create success in a challenging commercial environment.

Last year, we saw significant growth in our business. Our order book has grown to £6.9bn, and the share of multi-country opportunities in our pipeline has grown ten times, to exceed £2bn. This reflects the increasingly global nature of our customers' requirements and the expanding nature of our business.

New demands need a new type of relationship

A softening economy means that more than ever, customers are looking for increased value, improved cost models and flawless execution. But a structural change is also happening – a shift in how customers engage with external service providers. They are beginning to want more from these relationships – more than can be eased from the cracks between the clauses of old-style outsourcing contracts. They're looking for service partners who will commit to their commercial agendas and work with them to deliver business outcomes, not just IT programmes.

Enhancing the customer experience

We have been working hard to meet these needs around the world. We have pushed ahead with the implementation of TRIOLE, our unique process for the industrialisation of services. Client companies that implement our proven designs benefit from lower costs, higher reliability and a standard management approach. We have further developed our lean thinking initiatives, establishing a lean centre of excellence in the UK and building professional accreditations for lean practitioners. We have enhanced our approach to the client's customer experience and are seeing results in organisations like Vodafone and Post Office®. We are optimistic about the future, and we remain confident in our ability to maintain solid growth.

FIND OUT MORE…

Visit: uk.fujitsu.com

A BUSINESS THAT'S WINNING

How new wins and strategic partnerships are changing the shape of our business.

The year has seen us establish innovative commercial relationships with global accounts like Reuters and Allianz. In the UK public sector, we have had success at the Police Service of Northern Ireland, Home Office and Research Councils UK. This shows how we are supporting our clients' transformational agendas within government, both in the UK and increasingly in mainland Europe.

Transforming our business

Our business is growing and changing, driven by our successes and our ability to deliver efficient cross-border business services, especially managed desktop, applications, data centres and outsourcing. Such capabilities now mark us as one of only a very few organisations with an undeniable global footprint, and combine to make a potent engine for our future business growth.

Crossing borders

We have continued to expand, with offshore capabilities in Russia and the acquisition of Mandator in Scandinavia, creating Sweden's 6th largest IT supplier. From the data centre to the desktop, our world-class expertise and unique processes have differentiated us in increasingly competitive markets, contributing to further successes including Scottish Water, Mitchells & Butlers and Telefónica.

Changing the business landscape

Some of these successes come from engagements in which we aim to share proportionate amounts of risk and reward, founded on the principles of collaborative governance. These relationships are setting the standards for wider industry change, as more organisations seek the transparent, results-led approach for which we are becoming increasingly well known.

FIND OUT MORE…

Visit: uk.fujitsu.com

SNCF: THE DIFFERENCE IS FUJITSU

By handing responsibility for its ticketing distribution tools to Fujitsu, France's national railway company SNCF has radically improved ticket availability across the country.

Fujitsu's maintenance contract covers both automatic machines and sales tools operated by staff. This equates to responsibility for nearly 10,000 items of equipment, including sales points, automatic ticket machines and ticket validation machines. Fujitsu has helped SNCF achieve ticket availability of 98%, enhancing the rail operator's reputation for exceptional customer service.

A PROGRESSIVE BUSINESS

With IT departments under pressure to add value and IT service providers under scrutiny for a perceived lack of innovation, now is the time to re-think the old outsourcing model.

The parties involved in typical outsourcing contracts often look and behave more like opponents than business partners. With tight, fixed-term contracts, outsourcers have all the excuses they need to avoid going that extra mile, while customers who select suppliers purely on cost can feel very lonely indeed when they need their partners to join them in ambitious new business initiatives.

A new way to orchestrate business relationships

At Fujitsu, we are more interested in creating value and long-term, sustainable partnerships than in picking apart the clauses of old-style outsourcing agreements. As the work we have carried out with clients as varied as Reuters, KLM, Whitbread and Newcastle City Council has demonstrated, this new approach is delivering significant financial and performance benefits for customers and Fujitsu alike.

Key principles

This new approach to outsourcing is founded on an open, honest and direct approach, and holds true to a few key principles:

- **Transparency** – open governance means that customer and supplier regularly share plans, performance and common objectives as part of a structured approach. This way, the relationship remains fresh and aligned to the right outcomes without extensive contract renegotiation.
- **Efficiency** – both partners work together to establish a 'lean service' combination of 'industrialisation' and 'continuous improvement', and so eliminate waste from existing operations with a double win – lower cost and a much better service.
- **Outcome-focused** – investment in new IT assets produce a measurable difference in business performance as well as IT operations. Fujitsu employs techniques here that introduce value governance into outsourcing operations.
- **Service aggregation** – in which a prime contractor manages other strategic supplier relationships, according to agreed performance criteria. Overall, this gives the customers the ability to access specific, benchmarked expertise as and when they need it.

Actually, it's not outsourcing…

We believe that business problems are solved by bringing teams together, rather than drawing up a contract and throwing the problem to someone else. In fact, our approach to outsourcing isn't really outsourcing at all. We prefer to see it as an ability to foster mutually beneficial partnerships.

ALLIANZ SHARED INFRASTRUCTURE SERVICES (ASIC): THE DIFFERENCE IS FUJITSU

ASIC's partnership with Fujitsu is designed to help Allianz Germany and Dresdner Bank to retain and strengthen their market leadership in providing quality consulting services.

ASIC, an IT services provider and subsidiary of Allianz, asked Fujitsu to supply, install, support and maintain desktop, network and telecommunication services. As a result, Fujitsu is now responsible for 100,000 devices, 37,000 printers, 4,000 applications and 125,000 service desk users. Through this partnership, ASIC gained the flexibility and operational synergy necessary to support its customers with innovative and cost effective IT services.

FIND OUT MORE…

Visit: uk.fujitsu.com

"This is easily the best example of close collaborative working between two partners that I've seen in my 25 years in the IT industry. Driven from the start by the right behaviours on both sides, the relationship is going from strength to strength."

A GLOBAL BUSINESS

Interview with David Lister, Reuters CIO, conducted 30th March 2008.

A demanding challenge

For global information provider Reuters, competitiveness rests in being able to deliver the product (information), from anywhere, quickly, reliably and cost-effectively. The demands of a global, always-on society mean that information technology is critical to achieving this.

Since 2006, Reuters had been looking to simplify its global IT environment. Like any large organisation, it had a range of legacy systems, different approaches to managing the IT service and different delivery standards.

Reuters CIO, David Lister, explains: "As a business, we needed to cut through the complexity and get to a simpler operating model. To do this, we needed an IT service that would be more adaptable, lower cost, easier to control and manage. No small order – but we were determined to get there."

Reuters took an unconventional approach in addressing the challenge. It asked a number of the world's leading IT suppliers, including Fujitsu, to participate in a collaborative design process – to explore what was possible and what a future Reuters could look like.

Collaboration won through

David Lister explains why this process led to Fujitsu being awarded the contract: "Fujitsu was simply more collaborative than anyone else. Fujitsu genuinely listened to us and shared a lot of valuable knowledge, insight and IPR with us – which added a lot of value to our thinking. Through Fujitsu's suggestions, input and approach, we saw how the team was in-tune with our objectives and with the way we were thinking. Our people worked well together, and even enjoyed the process of collaboration. We felt that Fujitsu would be easy and rewarding to work with."

Flexibility and innovation

Fujitsu and Reuters together designed a flexible, innovative approach to delivering and managing a consistent IT service across the globe. Fujitsu acted as the 'service integrator' – managing service levels and local best-of-breed suppliers to agreed standards. This meant Reuters wouldn't be tied to particular technologies, or even technology suppliers. More importantly, it simplified the management of a complex, global infrastructure; whilst at the same time saving over 20% in costs.

David explains the principles behind this way of working: "I did not want to specify the technology that would be required – that was Fujitsu's area of expertise. My focus was on the outcomes that this service would deliver. For this type of contract to work, it had to be mutually beneficial – both parties had to be comfortable with the arrangement and absolutely transparent about how we were going to work together."

REUTERS: THE DIFFERENCE IS FUJITSU

Fujitsu is helping Reuters to be first with the news by transforming its internal IT infrastructure, so users can gain access to services wherever they are in the world.

The 10-year global deal sees Fujitsu provide IT services for Reuters' 17,500 employees based in over 100 countries. The solution will be supported by Fujitsu's multilingual service desks in Lisbon and Kuala Lumpur with data centre services provided from locations around the world. The innovative approach will lower costs and give Reuters greater flexibility to respond to the changing needs of the business.

David adds: "I don't see this as outsourcing in the traditional sense. This is about working in partnership to deliver a service. A service that's on demand, that is easy to change when our business needs change, a service that's focused on the outcomes asked for by the business."

From Wall Street to Beijing

Managing a service with this scale is no small task and requires both consistency and an understanding of specific local needs. David comments: "Reuters is a global business, but our needs, and the needs of our people, vary immensely. One Reuters team could be tasked with the ongoing management of information from Wall Street, another could be tasked with reporting at the Beijing Olympics. The Reuters IT service has to support this, with a consistent set of tailored standards. Above all, I need IT to support and indeed enhance the work they do. Fujitsu understood this and we are well on the way to making this happen."

A working relationship

From initial design concepts, Fujitsu and Reuters progressed quickly towards delivering the new model. David comments: "Large scale transitions can be complex and stressful. What made this ultimately work was the collaborative nature of the relationship. There was a shared spirit to get the job done and to get it done well. We were all part of the joint delivery – there was no 'them and us'. Fujitsu is passionate about service and placed this ahead of any financial issues. There was real transparency, right down to explaining where costs and profits lay. This openness created mutual trust – which helped us through an obviously stressful and intensive process."

A promising future

David concludes: "It's still early days, but so far the signs are good. If Fujitsu continues in the same vein, then Reuters will gain a successful partnership and continually improving outcomes for the business."

THE REUTERS PARTNERSHIP – AT A GLANCE

- A £500m, 10-year global IT outsourcing contract.
- To take-on, transform and run Reuters' internal IT infrastructure and corporate applications.
- Supporting 17,500 Reuters employees in over 100 countries.
- 500 staff transferred, across 41 countries.
- Reuters to save 20%+ on yearly costs.
- Fujitsu is the prime contractor.

FIND OUT MORE…

Visit: uk.fujitsu.com

DEPARTMENT FOR WORK & PENSIONS (DWP): THE DIFFERENCE IS FUJITSU

DWP Shared Services' newfound understanding of Lean has benefited third party creditors by reducing the time taken to investigate and resolve missing payment queries from four months to same day as receipt.

Fujitsu has trained the DWP Shared Services Senior Management and Performance Improvement (PI) Teams in the tools and skills needed to achieve significant process efficiencies. There is now a full programme of Lean Reviews in place which has led to a culture of continuous improvement. The outcomes of a two-day Lean Rapid Process Review, facilitated by the PI Team, were implemented within two weeks of the event, reducing the time to resolve missing payment investigations from four months to 11 working days. However, the Investigation Team has continued to embed the Lean methodology and Shared Services is now processing 90% of missing payments on the same day they are received, allowing organisations such as utility suppliers and housing associations to reclaim outstanding debts quickly and efficiently.

A LEAN BUSINESS

Based on continuous improvement, lean practices are transforming business for Fujitsu and its customers.

Popularised as a 'no waste' business regime, Toyota's lean approach to manufacturing helped propel it to its current position as the world's largest automobile manufacturer. In fact, a lean philosophy is about much more than 'no waste'. Based on cycles of improvement, lean is about delivering better, more reliable, flexible services at a lower cost. Increasingly, these principles are at the heart of everything we do, allowing us to continuously improve our competitiveness and helping our customers improve theirs.

Transforming the business

For us, lean is a way of doing things – a set of attitudes and behaviours, that is steadily moving from an idea to a fundamental transformation of our entire organisation. Based on applying an Eastern mentality to a Western business, lean has taught us to stretch our targets and goals. We understand that continuous improvement is only possible if we empower front-line staff not only to detect problems but fix the processes that produce them.

Lean in action

We have already seen some impressive results. By applying lean principles to their working practices, and changing the way they deliver their services, our Shared Networks team has increased its capacity by nearly 30% with no corresponding increase in cost. Within six months of adopting lean, our UK-based System Management Centre was able to win and deliver on additional contracts with a national strategic client – again with no increase in headcount or cost.

The future of lean

Lean is making us fitter and better at what we do. It translates into better value, improved customer experience, increased knowledge sharing and ever reducing costs. We are serious about lean and have made a significant investment in our lean capabilities to ensure continuous improvement in our own and our customers' business. Now recognised as a leading authority in this area, we are using lean thinking to help a wide variety of customers.

FIND OUT MORE…

Visit: uk.fujitsu.com

A RESPONSIBLE BUSINESS

Building corporate responsibility into the entire value chain brings more than just environmental benefits, it makes good business sense too.

At Fujitsu Services, corporate responsibility encompasses contributions to the community, the environment, the marketplace and the workplace, and we are pleased to have an opportunity to reflect on some of the year's outcomes. From the world's first industrial-scale deployment of a hydrogen fuel cell in Sunnyvale, California, to the record performance of our UK-based IT recycling team in processing over 190,000 items during the last 12 months, Fujitsu people have delivered.

Building energy-efficient data centres

Recognising a looming crisis in corporate data centres, we have developed technology and practices which enable organisations to achieve power reductions and cost savings approaching 50%. Tangible business benefits are coming straight from energy-efficient thinking. Our new London North data centre is built on a brown field site, reusing a former warehouse. Now, thanks to an IT optimisation programme and the latest environmental features, it stands to save enough electricity to power 6,000 homes – equivalent to saving 10,000 tonnes of CO_2 a year.

"LA CAIXA":
THE DIFFERENCE IS FUJITSU

CaixaFactura, "la Caixa's" innovative billing service, allows companies to manage, distribute and archive invoices electronically, which has dramatically reduced paper usage.

In addition to the environmental benefit, the Fujitsu-operated service cuts costs, boosts productivity and makes organisations more versatile. Fujitsu has also helped "la Caixa" transform its ATM network with integrated support and management. This has allowed the Spanish bank to improve ATM availability, reduce costs and offer a better and more comprehensive hole in the wall service to customers.

Eliminating waste and reducing costs

Fujitsu people have always had a healthy obsession with the identification and elimination of waste, and some of them were quick to seize the opportunity presented at our company's French offices when the existing print supply contract was coming up for renewal. A high-impact document output management programme reduced annual print costs by 42%. In the UK, we saved over £275,000 through our energy reduction programme, and by applying lean thinking and smart electricity metering across our operations, were able to reduce CO_2 emissions by over 1,700 tonnes in the year.

Active in the community

We empower our employees through funding a growing number of Impact on Society groups to connect with local communities and charities. We are a patron of the Prince's Trust, through which we are directly investing in the improvement of disadvantaged young lives. We are active members of Business in the Community and we work closely with the Carbon Trust on energy efficiency. Social regeneration projects also featured prominently in our activities during the year. We created 400 new jobs in Londonderry, as part of our £18m investment in a new Managed Service Centre of Excellence, and a further 30 new jobs in Belfast to staff our new £3.2m Oracle Centre of Excellence.

No silver bullet

At Fujitsu, we understand how real progress comes through the accumulated effects of years of continuous improvement – no silver bullet is going to eliminate the global challenges we face. Sustainability and environmental concerns are now mainstream business issues, and while there's much, much more to be done, we are beginning to see the results that show how intelligent action can help us become better corporate citizens.

FIND OUT MORE…

Visit: uk.fujitsu.com/cr

FIND OUT MORE…

Visit: uk.fujitsu.com

A BUSINESS THAT'S GOING PLACES

Back to the future for IT.

Two worlds

Pioneered by companies like Microsoft, HP and Digital, end-user computing threatened to sweep away the mainframe-centric IT departments of the eighties. More recently, the growth of the Internet changed the IT landscape beyond recognition, but the prospects for change in the coming decade are even more profound. In particular, a gulf has emerged between the wasteful inertia of corporate IT and increasingly dynamic consumer IT, characterised by Apple's iPhone and Facebook's social network.

Defeating the system

The pace of innovation in the world of consumer IT is beginning to eclipse corporate IT platforms, which are often beset by legacy systems, obsolete processes and excessive costs. It takes the average IT department 18 months to roll out a new IT infrastructure. Yet a trip to the shops during a lunch break enables any member of staff to circumvent this delay. More significantly, DIY solutions cost a small fraction of equivalent corporate services.

Planning for an uncertain future

How can the corporate IT community bridge this gulf? A recent survey of some of Europe's most prominent CIOs, conducted by Fujitsu, suggests that in the next decade, we will witness the death of desktop, the demise of email and the end of corporate firewalls. CIO attention will re-focus on information management and security rather than steam-driven corporate networks. Progressive companies will open up to consumer devices and public IT services of all kinds. Significantly, the basis on which these services are purchased will also need to change.

What does it mean?

Japan is a world leader in consumer electronics and the adoption of broadband technologies. As a company with a strong Japanese heritage, with global clients such as Toyota and Reuters, Fujitsu welcomes and embraces these exciting new developments. Through flexible contracting methods and transparent and collaborative governance, we can bring the future to our workplace as it evolves at an accelerating pace.

KLM ROYAL DUTCH AIRLINES: THE DIFFERENCE IS FUJITSU

KLM outsourced its desktop support services and office automation to Fujitsu, allowing staff to concentrate on improving passenger experience.

Fujitsu supports 11,000 desktops and 130 servers for one of the largest airline groups, providing a 24/7 helpdesk and a 'break fix' service which covers the maintenance and repair of all desktops, laptops, printers and office automation servers. Employees do not waste time on IT problems, instead they concentrate on core activities that directly affect their passengers.

REVIEW OF THE BUSINESS

Overview

Underlying revenues in the period grew by twice the average rates in the European IT Services market. However, the results for 2007/8 were adversely impacted by our withdrawal from the renegotiations for the NHS National Programme for IT ("NPfIT") contract for the Southern Region of England ("the NHS contract"). The impact of this decision masks a performance that was otherwise positive.

Reported revenues of £2.56bn therefore show a smaller increase of 4.1%, which is still above market rates. The 2006/07 results included revenues from the NHS contract, whereas those for 2007/8 do not. Profit before taxation has reduced to £72.9m, a reduction of 57.6% against prior year performance. These results take account of the revenue adjustment and contract loss provision on the NHS contract. Further information concerning the NHS contract termination is given in Fujitsu Services Holdings Plc Report and Financial Statements 2008 (ref: 2841).

Continued improvement above market

Despite the impact of the NHS contract on the Company's results and an increasingly competitive market, performance improved substantially on many fronts with revenues growing at above market rates and improved sales performance leading to a strong backlog and good pipeline growth.

The decision to withdraw from the NHS contract renegotiations with NHS Connecting for Health, subsequent to 31 March 2008, was taken on the basis that the directors felt there was no realistic prospect of an acceptable conclusion for both parties being reached. Following our withdrawal from these renegotiations the NHS issued a notice to terminate our contract.

Our remaining business continues to be strong, with revenue growth being primarily organic and driven by Government, Defence, Financial Services and in Continental and Northern Europe.

Sector performance

An ever increasing number of entrants to the IT services market and the consolidation and merger of major players has ensured the market remains competitive.

The Government sector remains the major part of our revenue and operating performance. The increasing and well publicised constraints on public sector spending in the UK have created a challenging operating environment that our Government business has stepped up to address. Our partnership approach has ensured that revenues and operating performance remain consistent with previous years' trading. Contracts with HMRC, DVLA, BERR and the Home Office continue to support the business, as well as new programmes with the Cabinet Office and DIUS, both of which are looking to reduce IT costs further by adopting a shared service approach based on our Flex solution.

The Financial Services sector grew strongly with the Group looking to expand further and deliver global capability. The award of a landmark global contract for the internal IT infrastructure of Reuters, the world's largest news and information provider, is the first step along this road. The Group secured a 10 year contract with Reuters to provide IT services for its 17,500 employees, based in more than 100 countries around the world, throughout Europe, America, the Middle East and Asia-Pacific. The new IT service contract provides information tailored for professionals in the financial services, media and corporate markets. We believe the recent merger of Reuters with Thomson is a further opportunity to continue to develop this relationship and further demonstrate our capability.

In the Defence arena, transition of the successful CHO*t*S contract to the Defence and Information Infrastructure (Future) project ("DII (F)") continues. DII/F, delivered in partnership with EDS, will provide secure office messaging across the MoD's entire 300,000 workforce.

The integration of the recently acquired TDS Informationstechnologie AG ("TDS") and Mandator AB ("Mandator") in Europe is going well. They enhance our capabilities and operational performance. The transition of operations in Continental Europe from hardware sales to IT services has naturally brought challenges. The country operations have responded well and the €400m order from Allianz in Germany represents a notable breakthrough. Nevertheless there is always scope for improvement and we recognise that we have further to go in this region to become recognised as a leading supplier of IT services. This challenge will be addressed by developing our relationships with global brands and further acquisitions.

Once again our orders received were in excess of the revenue earned for the year. New orders received were £3.6bn but de-booking the balance of the NHS

contract reduced the reported number to £2.7bn, with a good mix of landmark wins and organic growth, and an increasing order backlog of £6.9bn.

Operating performance

We maintained our drive for improved efficiencies in contract delivery and further refined our approach to service delivery and desktop support with our programmes for re-use and continuous improvement, which would have increased gross margins against prior year performance. However, the effect on the margin of the provision for loss on the NHS contract resulted in a reduction in the reported gross margin percentage from 19.3% to 16.2%.

Group operating profit before rationalisation reduced to £85.2m from £165.8m in the previous year which included the effect of the NHS contract termination.

The Group's continued growth meant that permanent headcount increased by 2,176 to 21,193, representing an 11.4% increase over the prior year. Of this increase some 560 heads were as a result of the acquisition of Mandator.

There was an increase in rationalisation expenditure this year, from £2.6m to £13.2m including, in particular, further activity to complete the integration of TDS, a company based in Germany, with operations also in Austria and Switzerland, which was acquired by the Group during the previous financial year.

The profit on disposal of £7.1m relates to the disposal of the Group's shareholding in Zensar Technologies Limited, an India-based company, which does not form part of our global strategy. Operating profit is also stated after charging management fees of £13.2m payable to our Japanese parent company, Fujitsu Limited, for the first time in recognition of the benefits we enjoyed for use of the global 'Fujitsu' brand, its technology and support in the successful development of the Group.

Profit before taxation reduced to £72.9m from £172.0m in the previous year.

Balance sheet

The year under review saw a further strengthening in the Group's net equity position from £287.5m to £342.8m, but deterioration in the Group's cash position by £99.7m to £44.6m.

The major movements on cash were the investment required for the acquisition of Mandator, creation of the data centre at Stevenage, repayment of NHS advance payments and increased contributions of £27m into our Defined Benefit Pension Plan in line with the funding schedule agreed with the Trustees.

As last year, although the set-up requirements of new contracts remain and we continue to invest significant amounts in all of our customer contracts, these investments are being managed through partnership relationships with our major customers and suppliers and flexible contractual terms. The remainder of our funding requirements are met through the volume phases of our historic service contracts.

Acquisitions

On 8 October 2007, Fujitsu Services Overseas Holdings Limited announced a recommended offer for all the shares in Mandator at a price of SEK 3 in cash for each share. Holders of convertible participation certificates issued by Mandator were offered a price in cash equivalent to the nominal value for each convertible participation certificate (the "Offer"). The acceptance period for the Offer expired on 31 October 2007. More than 90% of the total number of shares and votes in Mandator were tendered in response to the Offer and the Group declared the offer unconditional. The final number of shares tendered was 162,184,433, which represents 95.9% for a total investment of £38.0m. We have delisted Mandator and are currently taking appropriate steps to acquire the remaining shares in the company.

The Mandator acquisition is an important development as it demonstrates our commitment to growing our business in Continental Europe. Mandator employs more than 560 people, 390 being based in Sweden, 100 in Estonia (also a preferred near-shore location for Nordic customers) and the remainder in Denmark and the UK. The combination of Fujitsu Services and Mandator forms the sixth largest IT services company in Sweden with a full range of offerings.

During the year we also acquired a further 2.9% of TDS at a cost of £1.8m taking our total shareholding to 82.3%. TDS in turn acquired 100% of Dsoftware GmbH, a service company based in Munich, for £5.4m.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2008

	2008 £m	2008 £m	2007 £m	2007 £m
Revenue		**2,566.5**		2,465.2
Group operating profit before rationalisation	**85.2**		165.8	
Rationalisation expenditure	**(13.2)**		(2.6)	
Group operating profit before share of profit of associates		**72.0**		163.2
Share of profit of associates		**7.7**		9.2
Group operating profit		**79.7**		172.4
Income from other investments		**0.3**		0.2
Profit on disposal of subsidiary and associated undertakings and businesses		**7.1**		1.3
Profit before financing costs and taxation		**87.1**		173.9
Net finance expense		**(14.2)**		(1.9)
Profit before taxation		**72.9**		172.0
Taxation charge		**(30.1)**		(43.2)
Profit for the year		**42.8**		128.8

CONSOLIDATED BALANCE SHEET

as at 31 March 2008

	2008 Group £m	2007 Group £m
Total non-current assets	**697.6**	604.5
Total current assets	**1,134.4**	1,203.1
Total assets	**1,832.0**	1,807.6
Total non-current liabilities	**489.2**	547.3
Total current liabilities	**1,000.0**	972.8
Total liabilities	**1,489.2**	1,520.1
Total equity attributable to equity holders of the parent	**334.7**	279.6
Minority interests	**8.1**	7.9
Total equity	**342.8**	287.5
Total equity and liabilities	**1,832.0**	1,807.6

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2008

	2008 £m	2007 £m
Net cash inflow from operating activities	**14.8**	123.7
Net cash used in investing activities	**(129.2)**	(89.8)
Net cash (used in)/generated from financing activities	**(1.0)**	4.4
Effect of exchange rates	**13.1**	(2.2)
Net (decrease)/increase in cash and cash equivalents	**(102.3)**	36.1

NOTES

PRINCIPAL OFFICES OF FUJITSU SERVICES

Austria
Mariahilferstrasse 123/3
A-1060 Vienna
Austria
Tel: +43 (0)159 999 412
Web: at.fujitsu.com

Belgium
Mommaertslaan 16A
1831 Diegem
Belgium
Tel: +32 2712 7711
Web: be.fujitsu.com

Denmark
Tuborg Havnevej 19
2900 Hellerup
Denmark
Tel: +45 4489 4489
Web: dk.fujitsu.com

Egypt
3 Abu El-Mahassen El-Shazly
Mohandiseen
Cairo
Egypt
Tel: +20 2347 0016

Finland
Valimotie 16
Helsinki
FIN-00380
Finland
Tel: +358 45 788 00
Web: fi.fujitsu.com

France
Immeuble River Plaza
29, quai Aulagnier
92665 Asnières-sur-Seine CEDEX
France
Tel: +33 1 41 97 90 00
Web: fr.fujitsu.com

Germany
Schiessstrasse 76
D-40549 Düsseldorf
Germany
Tel: +49 211 526101
Web: de.fujitsu.com

Ireland
Airside Business Park
Swords
Co. Dublin
Ireland
Tel +353 1 813 6000
Web: ie.fujitsu.com

Italy
Centro Dir. Colleoni
Pal. Andromeda 3
Via Paracelso 20
20041 Agrate Brianza (MB)
Italy
Tel: +39 039 65 661
Web: it.fujitsu.com

Luxembourg
Rue Jean Piret 3
2350 Luxembourg
Tel: +352 49 00 911
Web: lu.fujitsu.com

Netherlands
Het Kwadrant 1
Postbus 4000
3600 KA Maarssen
The Netherlands
Tel: +31 346 598111
Web: nl.fujitsu.com

Portugal
Rua Gen Firmino Miguel
6 Piso A Green Park
1649-043 Lisbon
Portugal
Tel: +351 21 724 4444
Web: pt.fujitsu.com

South Africa
43 Homestead Road
Rivonia, 2128
South Africa
Tel: +27 11 233 5911
Web: za.fujitsu.com

Spain
Camino Cerro de los Gamos, 1
28224 Pozuelo de Alarcón (Madrid)
Spain
Tel: +34 91 784 9000
Web: es.fujitsu.com

Sweden
Isafjordsgatan 35
PO Box 40
164 93 Kista
Sweden
Tel: +46 8793 7000
Web: se.fujitsu.com

Switzerland
Altharstrasse 70
CH-8105 Regensdorf
Switzerland
Tel: +41 (0)43 388 63 00
Web: ch.fujitsu.com

United Arab Emirates
PO Box 7237
Al Masaood Tower, 15th Floor
Hamdan Street, Abu Dhabi
UAE
Tel: +971 2633 5200

United Kingdom
22 Baker Street
London
W1U 3BW
United Kingdom
Tel: +44 (0)870 242 7998
Web: uk.fujitsu.com

FSC Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
www.fsc.org Cert no. SGS-COC-1732
© 1996 Forest Stewardship Council
50%

This report is printed on ERA Silk paper. This paper has been independently certified as meeting the standards of the Forest Stewardship Council (FSC), and was manufactured at a mill that is certified to the ISO14001 and EMAS environmental standards.

Printed at St Ives Westerham Press Ltd, ISO14001, FSC certified and CarbonNeutral®

FOR MORE INFORMATION

Contact us on +44 (0)870 242 7998
or askfujitsu@uk.fujitsu.com or visit uk.fujitsu.com

REF: 2842
Fujitsu Services Holdings PLC. Registered in England no. 142200
Registered Office: 22 Baker Street, London, W1U 3BW
Copyright © Fujitsu Services Holdings PLC 2008. All rights reserved.
No part of this document may be reproduced, stored or transmitted in any form without the prior written permission of Fujitsu Services Holdings PLC. Fujitsu Services endeavours to ensure that the information in this document is correct and fairly stated, but does not accept liability for any errors or omissions.