

Part II: Explanation of Financial Results

1. Overview of FY 2008 First-Half Consolidated Financial Results

Business Environment

Despite the positive effects of stable growth in newly emerging countries and natural resource-rich countries, the business environment in which the Fujitsu Group operated during the first half of fiscal 2008 (April 1 – September 30, 2008) was characterized by a credit crisis, mainly in Europe and the United States, and worsening employment conditions due to uncertainty about future corporate profits. These economic developments, along with sluggish consumer spending, impacted many sectors, and global economic conditions turned unfavorable during the period. In Japan, exports, which have sustained the economy, remained strong to newly emerging countries, but declined sharply to Europe and the United States. Due in part to a rapid appreciation of the yen in the second half of September, moreover, economic uncertainty increased, particularly in the corporate sector. Despite a leveling off of commodities prices, overall prices remained high and consumer spending continued to be sluggish.

With respect to IT investment, corporate sentiment deteriorated amid the macroeconomic downturn. Nevertheless, demand remained solid for compliance and internal control-related investment as well as upfront strategic investment to strengthen competitiveness in global markets.

FY 2008 Consolidated First-Half Results

(Billion Yen)

	First Half FY 2008		First Half FY 2007		Change		Change vs. July 2008 Forecast
	4/1/08-9/30/08	% of Sales	4/1/07-9/30/07	% of Sales		Change (%)	
Net Sales	2,453.7	100.0	2,513.1	100.0	-59.3	-2.4	3.7
Cost of Sales	1,812.8	73.9	1,879.4	74.8	-66.5	-3.5	
Gross Profit	640.9	26.1	633.7	25.2	7.2	1.1	
Selling, General and Administrative Expenses	602.4	24.5	589.7	23.5	12.6	2.1	3.5
Operating Income	38.5	1.6	43.9	1.7	-5.3	-12.3	
Other Income	19.9	0.8	34.3	1.4	-14.3	-41.8	
Other Expenses	28.6	1.2	60.0	2.4	-31.4	-52.3	4.6
Income Before Taxes	29.8	1.2	18.2	0.7	11.6	64.0	
Income Taxes	19.1	0.8	21.1	0.8	-2.0	-9.8	
Minority Interests	6.0	0.2	6.3	0.3	-0.2	-3.9	
Net Income	4.6	0.2	-9.3	-0.4	13.9	-	

FY 2008 Consolidated Second-Quarter Results

(Billion Yen)

	Second Quarter FY 2008 7/1/08-9/30/08		Second Quarter FY 2007 7/1/07-9/30/07		Change	
		% of Sales		% of Sales		Change (%)
Net Sales	1,276.5	100.0	1,346.3	100.0	-69.8	-5.2
Operating Income	32.7	2.6	40.9	3.0	-8.2	-20.1
Net Income	4.2	0.3	5.4	0.4	-1.1	-21.2

Amounts for the same period in the previous fiscal year and change in comparison with these amounts (% increase or decrease) are included for reference.