

11. Overview of FY 2007 Unconsolidated Financial Results

Profit and Loss

(Billion Yen)

	Full-Year FY2007 4/1/07-3/31/08	Full-Year FY2006 4/1/06-3/31/07	Change	FY2007 Breakdown	
				Impact of changes in accounting policies	Excluding impact of changes in accounting policies
Net Sales [% change from previous fiscal year]	2,979.0 [3.8%]	2,869.2 [0.7%]	109.8	-3.3	2,982.4 [3.9%]
Operating Income	59.0	8.8	50.1	-0.6	59.6
Net Income	61.4	-249.2	310.7	-19.2	80.7

Unconsolidated net sales for fiscal 2007 were 2,979.0 billion yen (US\$29,790 million), 3.8% higher than the previous fiscal year. Sales of mobile phone base stations declined, but sales of services as well as server products, PCs, mobile phones and advanced technology logic devices increased.

Unconsolidated operating income was 59.0 billion yen (US\$590 million), an increase of 50.1 billion yen over the previous year. This was due to such factors as higher overall sales and improved profitability in our systems integration business in Japan as well as reduced costs and other cost efficiencies in our server, PC and other businesses.

In other income, we recorded dividend income from subsidiaries both in Japan and outside of Japan which increased compared to the previous fiscal year and gain on sales of affiliated companies.

In other expenses, we recorded losses of 98.9 billion yen as a result of such factors as devaluation losses stemming from steep declines in the market prices of listed shares as well as a revaluation loss on inventories, which was recorded in conjunction with the early adoption of a new accounting policy for valuation of inventories that was adopted to inventories at the beginning of fiscal 2007, and business reorganization costs related to our LSI devices business. We also recorded a loss on currency translation adjustments.

As a result of the foregoing, we posted unconsolidated net income of 61.4 billion yen (US\$614 million) in fiscal 2007, an increase of 310.7 billion yen over the previous fiscal year. In fiscal 2006, we recorded a devaluation loss of approximately 280.0 billion yen on our shareholding in Fujitsu Services in the UK. In addition, as a result of an increase in the number of companies subject to consolidated income taxes and higher profits from business operations, approximately 18.0 billion yen of the valuation allowance for deferred tax assets recorded in or prior to fiscal 2004 was recovered and recorded as income.

Net Assets

(Billion Yen)

	Balance at End of FY 2007 3/31/08	Balance at End of FY 2006 3/31/07	Change
Total Shareholders' equity	548.1	500.3	47.7
Common stock	324.6	324.6	-
Capital surplus	169.1	418.1	-248.9
Legal capital surplus	-	118.2	-118.2
Other capital surplus	169.1	299.8	-130.6
Retained earnings	55.2	-240.4	295.6
Legal retained earnings	0.6	-	0.6
Other retained earnings	54.5	-240.4	295.0
Treasury stock	-0.8	-1.9	1.0
Valuation and translation adjustments	88.7	120.5	-31.8
Total Net Assets	636.8	620.8	15.9

Since retained earnings were negative at the end of the previous fiscal year, in accordance with a resolution by the Board of Directors made in May 2007, 240.4 billion yen was transferred from other capital surplus to other retained earnings. In addition, in order to secure capital resources to continue a flexible capital policy, at the Annual Shareholders' Meeting held in June, capital legal reserve were reduced by 118.2 billion yen and other capital surplus was increased by the same amount.

Principal Accounting Policies for Unconsolidated Reporting

There have been changes to a portion of the company's principal accounting policies. Please see "Change in Accounting Policies in the Current Consolidated Reporting Period" for details.

Other changes in accounting policies have been omitted because there have been no significant changes since the disclosure of the annual securities report on June 22, 2007.

Significant Changes in Accounting Policies in the Current Unconsolidated Reporting Period

Fujitsu has implemented the following accounting policy changes in the current reporting year. For details, please refer to "Change in Accounting Policies in the Current Consolidated Reporting Period." An outline of the changes is as follows:

1. Change in Accounting Standards for Measurement of Inventories

We have implemented early adoption of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9, issued July 5, 2006).

2. Change in the Method of Depreciation for Property, Plant and Equipment and Revisions to Useful Life and Residual Values

3. Accounting Standards for Lease Transactions

We have implemented early adoption of the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13, issued June 17, 1993 [Business Accounting Council, the First Committee] and revised March 30, 2007) and Implementation Guidance on Accounting Standards for Lease Transactions (Accounting Standards Board of Japan Implementation Guidance No. 16, issued January 18, 1994 [Japanese Institute of Certified Public Accountants, Accounting System Committee] and revised March 30, 2007).

4. Change in the Basis of Revenue Recognition

5. Change in Classification of Amortization of Unrecognized Obligation for Retirement Benefits

Notes to Unconsolidated Financial Statements

Lease Transactions

1. Finance Leases (lessee): Except those in which the leased property will transfer to the lessee

a) Type of lease asset:

Primarily related to outsourcing-related equipment (machine tools and related equipment).

b) Method of depreciation:

Straight-line method in which the useful life is assumed to be the lease period.

2. Operating Leases (lessee)

Future minimum lease payments required under non-cancellable operating leases.

	(Billion Yen)	
	FY2007 (as of March 31, 2008)	FY2006 (as of March 31, 2007)
Within 1 year	5.4	4.9
Over 1 year	14.3	18.4
Total	19.7	23.3

Investment Securities

Shareholdings in subsidiaries and affiliates at market value

TYPE	FY 2007 (End of March 2008)			FY 2006 (End of March 2007)		
	Recorded on Balance Sheet	Market Value	Difference	Recorded on Balance Sheet	Market Value	Difference
Shareholdings in subsidiaries	28.0	117.4	89.3	43.7	290.0	246.2
Shareholdings in affiliates	13.9	20.2	6.2	16.7	20.4	3.7
Total	42.0	137.6	95.6	60.4	310.4	250.0

(Billion Yen)

Unconsolidated Tax Effect Accounting

Significant Components of Deferred Tax Assets and Liabilities

(Billion Yen)

	FY 2007 March 31, 2008	FY 2006 March 31, 2007
Deferred tax assets:		
Provision for loss on affiliate securities	236.9	217.3
Accrued retirement benefits	91.5	94.4
Tax loss carryforwards	88.8	120.3
Stock related to company establishment through company split	21.3	-
Accrued bonus	20.1	16.7
Excess of depreciation and amortization and impairment loss	17.7	3.9
Inventories	10.6	0.1
Provision for loss on repurchase of computers	9.7	12.7
Provision for loss on guarantee of debt	8.4	14.2
Provision for product warranties	4.8	4.6
Other	27.5	26.5
Gross deferred tax assets	537.8	511.2
Valuation allowance	(415.4)	(390.1)
Total deferred tax assets	122.4	121.1
Deferred tax liabilities:		
Gains from establishment of stock holding trust for retirement benefit plan	(110.6)	(110.6)
Unrealized gains on securities	(60.6)	(82.2)
Tax allowable reserves	(1.5)	(2.3)
Other	-	(0.1)
Total deferred tax liabilities	(172.7)	(195.2)
Net deferred tax assets	(50.2)	(74.0)