

12. Overview of FY 2007 First-Half Unconsolidated Results and Financial Condition

(Billion Yen)				(Billion Yen)	
	First Half FY 2006	First Half FY 2007	Change	<i>Breakdown of First-Half Results</i>	
	<i>4/1/06-9/30/06</i>	<i>4/1/07-9/30/07</i>		<i>Impact of Accounting Policy Changes</i>	<i>Excluding Impact of Accounting Policy Changes</i>
Net Sales [% change from previous fiscal year]	1,329.4 [1.6%]	1,400.1 [5.3%]	70.6	-2.9	1,403.0 [5.5%]
Operating Income	-18.7	-18.7	-	-1.7	-16.9
Ordinary Income (incl. dividend income)	14.9	41.8	26.8	-3.0	44.8
Other Profits	-	9.2	9.2	-	9.2
Other Losses	-9.3	-30.2	-20.9	-24.2	-6.0
Net Income (Loss)	12.8	29.8	16.9	-19.4	49.2

Profit and Loss

Fujitsu Limited's unconsolidated net sales for the first half of fiscal 2007 were 1,400.1 billion yen (US\$12,175 million), an increase of 5.3% over the first half of fiscal 2006. Sales of mobile phone base stations declined, but the Company posted higher sales in the services business as well as in mobile phones and advanced technology logic devices.

On an unconsolidated basis, we reported a first-half operating loss of 18.7 billion yen (US\$163 million), roughly the same as the results for the first half of fiscal 2006. Despite higher sales, the operating loss reflected such factors as lower prices for HDDs as a result of intensified competition and a decline in capacity utilization in standard technology logic products due to lower demand.

Other income increased due to higher dividend income from its affiliates and subsidiaries. We recorded a special gain from, among other factors, sales of shareholdings in affiliates, and we posted a special loss as a result of such factors as inventory valuation losses stemming from the early adoption of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9).

As a result of these factors, we posted unconsolidated net income of 29.8 billion yen (US\$259 million) for the first half of fiscal 2007, an increase of 16.9 billion yen over the first half of fiscal 2006.

Net Assets and Funds Available for Distribution

(Billion Yen)

	Balance at End of First-Half FY07 (Sep. 30, 2007)	Change vs. End of 1H FY06	Balance at End of FY06 (Mar. 31, 2007)	Change vs. Previous Year
Total Shareholders' Equity	522.9	-246.0	500.3	22.5
Common stock	324.6	0.0	324.6	0.0
Capital surplus	169.1	-248.9	418.1	-248.9
Capital reserves	0.0	-118.2	118.2	-118.2
Other capital surplus	169.1	-130.6	299.8	-130.6
Retained earnings	29.8	1.9	-240.4	270.2
Other retained earnings	29.8	1.9	-240.4	270.2
Reserves for special depreciation	3.5	-0.1	3.5	0.0
Others	26.3	2.0	-243.9	270.2
Treasury stock	-0.7	0.9	-1.9	1.2
Valuation & translation adjustmen	114.3	-32.1	120.5	-6.1
Total Net Assets	637.2	-278.2	620.8	16.4
(Ref: Funds available for distribution)	198.2	-127.7	57.4	140.8

Net Assets and Amounts Available for Dividend Payments

On an unconsolidated basis, Fujitsu Limited had a negative balance of retained earnings at the end of last fiscal year, and therefore a decision was made at a meeting of the Board of Directors in May to transfer 240.4 billion yen from “other capital surplus” into “other retained earnings,” making the balance of “other retained earnings” zero. In addition, in order to secure resources to implement a flexible capital strategy, following a decision at the Annual Shareholders’ Meeting held in June, Fujitsu reduced its “capital reserves” by 118.2 billion yen and increased “other capital surplus” by the same amount.

At the end of the first half of fiscal 2007, as a result of the net income recorded for the first half, retained earnings were 29.8 billion yen. In order to pay an interim dividends out of retained earnings resulting from net income posted for the first half of fiscal 2007, Fujitsu has prepared special accounts settlement reports using, in accordance with the Japanese Corporate Law, the last day of the first-half period, September 30, 2007, as the special accounts settlement date.

Notes to Unconsolidated Financial Statements

1) Leases

1. Finance Leases (lessee)

Lease asset:

Primarily related to logic LSI production equipment and outsourcing equipment.

Method of depreciation:

Straight-line method in which the useful life is assumed to be the lease period and there is no residual value.

2. Operating Leases (lessee)

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

(Billion Yen)

	End of First Half FY 2006	End of First Half FY 2007	End of FY 2006
Within one year	4.9	5.3	4.9
Over one year	20.9	16.3	18.4
Total	25.8	21.6	23.3

2) Investment Securities

Market value of stock in subsidiaries and affiliates

(Billion Yen)

TYPE	First Half FY 2006 (End of September 2006)			First Half FY 2007 (End of September 2007)		
	Acquisition Cost	Market Value (recorded on balance sheet)	Difference	Acquisition Cost	Market Value (recorded on balance sheet)	Difference
Subsidiaries	23.6	304.9	281.3	40.4	236.9	196.5
Affiliates	63.1	87.5	24.4	16.7	42.7	26.0
Total	86.7	392.5	305.7	57.1	279.6	222.5