

5. Financial Condition

[Assets, Liabilities and Net Assets]

(Billion Yen)

	FY 2009 (at March 31, 2010)	FY 2008 (at March 31, 2009)	Change
Assets			
Current assets	1,871.9	1,887.5	-15.5
(Cash and deposit)	322.7	488.6	-165.9
(Notes and accounts receivable, trade)	921.3	847.2	74.1
(Inventories)	322.3	306.4	15.8
Non-current assets	1,356.0	1,334.4	21.6
(Property, plant and equipment)	662.7	673.0	-10.2
(Intangible fixed asset)	279.2	211.3	67.8
(Investment securities and other non-current assets)	414.1	450.0	-35.9
Total Assets	3,228.0	3,221.9	6.0
Liabilities			
Current liabilities	1,560.0	1,550.4	9.6
(Notes and accounts payable, trade)	626.9	528.7	98.2
(Short-term borrowings and current portion of long-term debt)	220.4	426.8	-206.4
Long-term liabilities	719.6	745.9	-26.3
(Long-term debt)	356.9	456.5	-99.6
Total Liabilities	2,279.6	2,296.3	-16.7
Net Assets			
Shareholders' equity	865.8	782.9	82.9
Valuation and translation adjustments	-67.1	-33.9	-33.2
Minority interests	149.6	176.6	-26.9
Total Net Assets	948.3	925.6	22.7
Total Liabilities and Net Assets	3,228.0	3,221.9	6.0
Cash and cash equivalents at end of period	420.1	528.1	-108.0
Ending balance of interest-bearing loans	577.4	883.4	-306.0
Ending balance of net interest-bearing loans	157.2	355.3	-198.0
Owners' equity	798.6	748.9	49.7

[Cash Flows]

(Billion Yen)

	Full-Year FY 2009 (4/1/09~3/31/10)	Full-Year FY 2008 (4/1/08~3/31/09)	Change
I. Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	112.7	-113.3	226.0
Depreciation and amortization, including goodwill amortization	255.0	298.4	-43.3
Impairment loss	2.9	75.1	-72.2
Loss (gain) on sales of investment securities, net	-89.6	-3.4	-86.1
(Increase) decrease in receivables, trade	48.9	127.0	-78.1
(Increase) decrease in inventories	18.7	63.5	-44.7
Increase (decrease) in payables, trade	-23.0	-224.8	201.8
Other, net	-30.3	25.5	-55.8
Net Cash from Operating Activities	295.3	248.0	47.2
II. Cash Flows from Investing Activities			
Purchases of property, plant and equipment	-114.5	-175.8	61.3
Proceeds from sales of investment securities	116.8	15.6	101.2
Income from acquisition of subsidiaries' stock resulting in change in scope of consolidation	50.4	-	50.4
Proceeds from transfer of business	17.5	-	17.5
Other, net	-69.2	-64.3	-4.8
Net Cash Used in Investing Activities	1.0	-224.6	225.6
I + II Free Cash Flow (excluding special items)	296.4	23.4	272.9
	111.6	7.8	103.7
III. Cash Flows from Financing Activities			
Net increase in borrowings (decrease)	-22.3	117.9	-140.2
Bond issue and redemption	-303.1	-99.2	-203.8
Purchase of treasury stock	-22.6	-	-22.6
Other, net	-57.2	-66.5	9.3
Net Cash Provided by Financing Activities	-405.3	-47.8	-357.4
IV. Cash and Cash Equivalents at End of Period	420.1	528.1	-108.0

Note:

Free cash flow excluding special items excludes proceeds from sales of investment securities, income from acquisition of subsidiaries' stock, and proceeds from the transfer of business.

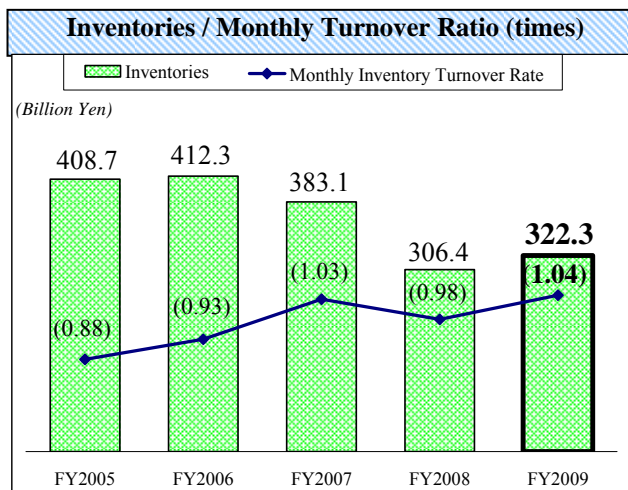
Explanation of Assets, Liabilities, and Net Assets

Total assets at the end of fiscal 2009 were 3,228.0 billion yen (US\$34,710 million). Despite the increase in assets associated with the conversion of Fujitsu Technology Solutions (Holding) B.V. and FDK Corporation into consolidated subsidiaries, total assets remained at about the same level as the end of fiscal 2008 because cash reserves and collections of accounts receivable were used to pay down interest-bearing debt. In addition, the company sold off its remaining shares in FANUC Ltd., in accordance with FANUC's solicitation to repurchase its own shares, thereby reducing investment securities and other assets compared to the end of fiscal 2008.

Current assets were 1,871.9 billion yen, a decrease of 15.5 billion yen compared to the end of the prior fiscal year. Although notes receivable, trade receivables, inventories, and negotiable certificates of deposit increased as a result of the conversion of Fujitsu Technology Solutions to a consolidated subsidiary, cash and deposits decreased due to the redemption of bonds. Inventories stood at 322.3 billion yen, an increase of 15.8 billion yen from the end of the prior fiscal year. If the effects of the conversion of Fujitsu Technology Solutions into a consolidated subsidiary and sale of the HDD business are excluded, inventories remained at approximately the same level as at the end of fiscal 2008. The monthly inventory turnover ratio, which is an indicator of the efficiency of asset utilization, was 1.04 times, an improvement of 0.06 times from the end of the previous fiscal year. This was the result of increased inventory efficiency, particularly in product-related businesses, and the sale of the HDD business.

Non-current assets were 1,356.0 billion yen, an increase of 21.6 billion yen compared to the end of fiscal 2008. Although investment securities and other non-current assets decreased by 35.9 billion yen as the result of the sale of all of the FANUC shares held by the company in accordance with FANUC's solicitation to repurchase its own shares, and property, plant and equipment also decreased by 10.2 billion yen due to the sale of the HDD business, goodwill and other intangible assets increased by 67.8 billion yen compared to the end of 2008 as a result of the conversion of Fujitsu Technology Solutions into a consolidated subsidiary.

Total liabilities were 2,279.6 billion yen (US\$24,512 million), a decrease of 16.7 billion yen compared with the end of fiscal 2008. Although notes payable, accounts payable, and accrued retirement benefits increased as a result of the conversion of Fujitsu Technology Solutions into a consolidated subsidiary, the balance of interest-bearing debt stood at 577.4 billion yen, a large decrease of 306.0 billion yen from the end of the prior fiscal year. Interest-bearing debt fell mainly because of redemptions of 250 billion yen of convertible bonds and 50 billion yen of straight bonds that matured in 2009. The debt/equity ratio was 0.72 times, net-interest bearing debt, subtracting cash and cash equivalents at the end of fiscal 2009, was



Note: The monthly turnover rate is calculated by taking sales for the fiscal year, dividing by the average balance of inventories during the period, and then dividing by 12 months. The average balance of inventories for the fiscal year is calculated by taking the average of the balance of the end of the first, second, and third quarters and the end of the fiscal year.

Impact of the Conversion of Fujitsu Technology Solutions into a Consolidated Subsidiary

Total Assets	358.6 billion yen
Liabilities	358.4 billion yen
Minority Interests	0.1 billion yen

Note: Figures represent the impact as of the start of the fiscal year and include goodwill and the elimination of investment and equity related to the conversion of Fujitsu Technology Solutions into a consolidated subsidiary.

157.2 billion yen, and the net debt/equity ratio was 0.2 times. This was the first time since the end of fiscal 1983 that net interest-bearing debt was below 200.0 billion yen, while the net debt/equity ratio is at the lowest level it has ever been in the company's history.

Net assets were 948.3 billion yen (US\$10,197 million), an increase of 22.7 billion yen compared to the end of fiscal 2008. Minority interests declined by 26.9 billion yen as a result of the company purchasing 21.7 billion yen of its own shares from the market to make an allotment to minority shareholders of Fujitsu Business Systems Ltd. and convert the company into a wholly owned subsidiary. In addition, though valuation and translation adjustments declined by 33.2 billion yen as a result of the realization of unrealized gains on the sale of shares in FANUC, shareholders' equity increased by 82.9 billion yen as a result of the net income recorded for fiscal 2009. As a result, owners' equity increased by 49.7 billion yen compared to the end of fiscal 2008, to 798.6 billion yen. The owners' equity ratio also increased to 24.7%, an increase of 1.5 percentage points, roughly offsetting the deterioration in the owners' equity ratio caused by the net loss recorded in fiscal 2008 to return to the same level as at the end of fiscal 2007.

With regard to the unrecognized obligation for pension benefits, the level in Japan fell by 112.1 billion yen to 276.5 billion yen at the end of fiscal 2009, due to an improvement in the performance of pension assets. Outside Japan, the level rose by 98.5 billion yen to 110.0 billion yen. Despite a similar improvement in pension asset performance outside Japan, there was an increase due to a reduction in the discount rate, primarily in the UK.

Summary of Cash Flows

Net consolidated cash flows provided by operating activities during fiscal 2009 were 295.3 billion yen (US\$3,175 million). Net cash provided by operations improved by 47.2 billion yen compared to the prior fiscal year due to an improvement in working capital, primarily the result of controlling fluctuations in accounts payable.

Net cash provided by investing activities was 1.0 billion yen (US\$11 million), as cash outflows and inflows were nearly evenly balanced. There were outflows of 114.5 billion yen for acquisition of property, plant and equipment, primarily representing capital expenditures in the outsourcing services business, and outflows of 58.8 billion yen for the acquisition of intangible assets. On the other hand, there were inflows of 116.8 billion yen from the sale of investment securities, including the sale of the shares of FANUC in accordance with FANUC's solicitation to repurchase its shares. In addition, although there were outflows of 53.7 billion yen for the acquisition of shares in Fujitsu Technology Solutions, which became a consolidated subsidiary, because Fujitsu Technology Solutions held 96.6 billion yen in cash and cash equivalents, this resulted in a net cash inflow from the transaction of 42.9 billion yen. There was also a net cash inflow of 17.5 billion yen in conjunction with the sale of the HDD and other businesses. Compared to the prior fiscal year, there was a decrease in net cash outflows of 225.6 billion yen in fiscal 2009 as a result of the cash inflows stemming from the sale of shares and business restructuring initiatives related to Fujitsu Technology Solutions, as well as lower capital expenditures.

Free cash flow, the sum of operating and investing cash flows, was 296.4 billion yen (US\$3,187 million), an increase in net cash inflows of 272.9 billion yen compared with fiscal 2008. Excluding cash inflow from the sale of investment securities as well as proceeds from the purchase of investment in subsidiaries, free cash flow increased by 103.7 billion yen to 111.6 billion yen.

Net cash used in financing activities was 405.3 billion yen (US\$4,358 million). In addition to cash outflows to redeem interest-bearing debt, including 300 billion yen to redeem corporate bonds, there were cash outflows of 22.6 billion yen for the acquisition of Fujitsu's own shares. Compared to the prior fiscal year, net cash outflows increased by 357.4 billion yen.

Total cash and cash equivalents at the end of fiscal 2009 were 420.1 billion yen (US\$4,517 million), a decrease of 108.0 billion yen from the end of fiscal 2008, primarily as the result of using free cash flow to repay interest-bearing debt.