

6. Financial Condition

[Assets, Liabilities and Net Assets]

(Billion Yen)

	Second Quarter FY 2009 (at September 30, 2009)	Full Year FY 2008 (at March 31, 2009)	Change	Second Quarter FY 2008 (at September 30, 2008)
Current assets	1,801.3	1,887.5	-86.2	2,031.2
(Cash and deposits)	379.8	488.6	-108.8	316.9
(Notes and accounts receivable, trade)	798.1	847.2	-49.0	844.2
(Inventories)	388.2	306.4	81.7	422.5
Non-current assets	1,367.3	1,334.4	32.8	1,548.8
(Property, plant and equipment)	679.1	673.0	6.1	798.2
(Intangible assets)	298.5	211.3	87.2	222.1
(Investment securities and other non-current assets)	389.5	450.0	-60.5	528.4
Total Assets	3,168.6	3,221.9	-53.3	3,580.1
Current liabilities	1,505.5	1,550.4	-44.9	1,715.8
(Notes and accounts payable, trade)	568.9	528.7	40.2	622.8
(Short-term borrowings and current portion of long-term debt)	232.2	426.8	-194.6	484.8
Long-term liabilities	767.1	745.9	21.1	759.3
(Long-term debt)	414.8	456.5	-41.6	425.6
Total Liabilities	2,272.6	2,296.3	-23.7	2,475.2
Shareholders' equity	822.8	782.9	39.9	910.3
Valuation and translation adjustments	-72.9	-33.9	-38.9	8.7
Minority interests	146.0	176.6	-30.6	185.7
Total Net Assets	895.9	925.6	-29.6	1,104.9
Total Liabilities and Net Assets	3,168.6	3,221.9	-53.3	3,580.1
Cash and cash equivalents at end of period	415.9	528.1	-112.2	554.4
Ending balance of interest-bearing loans	647.1	883.4	-236.3	910.5
Ending balance of net interest-bearing loans	231.2	355.3	-124.0	356.0
Owners' equity	749.9	748.9	0.9	919.0

[Cash Flows]

(Billion Yen)

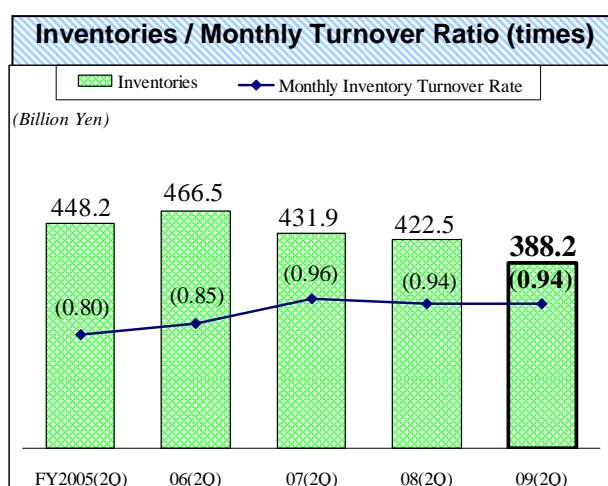
	First Half FY 2009 (4/1/09~9/30/09)	First Half FY 2008 (4/1/08~9/30/08)	Change
I. Cash Flows from Operating Activities:			
Income before income taxes and minority interests	35.7	29.8	5.8
Depreciation and amortization, including goodwill amortization	132.8	144.9	-12.0
Impairment loss	-	2.1	-2.1
(Gain) loss on sale of investment securities	-89.5	-2.9	-86.6
(Increase) decrease in receivables, trade	202.8	197.0	5.7
(Increase) decrease in inventories	-34.5	-36.3	1.8
Increase (decrease) in payables, trade	-68.9	-162.3	93.4
Other, net	-50.2	-50.2	0.0
Net Cash Provided by Operating Activities	128.1	122.1	6.0
II. Cash Flows from Investing Activities			
Purchases of property, plant and equipment	-54.9	-87.9	33.0
Proceeds from sales of investment securities	108.8	12.3	96.4
Income from acquisition of subsidiaries' stock resulting from change in scope of consolidation	50.4	-	50.4
Other, net	-41.9	-38.6	-3.3
Net Cash Provided by/Used in Investing Activities	62.3	-114.2	176.5
I + II Free Cash Flow	190.4	7.9	182.5
III. Cash Flows from Financing Activities			
Net increase in borrowings (decrease)	40.2	66.9	-26.7
Bond issue and redemption	-296.2	-41.2	-255.0
Acquisition of own shares	-22.0	-	-22.0
Other, net	-29.3	-35.3	5.9
Net Cash Used in Financing Activities	-307.4	-9.6	-297.8
IV. Cash and Cash Equivalents at End of Period	415.9	554.4	-138.5

Explanation of Assets, Liabilities and Net Assets

Total assets at the end of the second quarter were 3,168.6 billion yen (US\$35,207 million), a decrease of 53.3 billion yen compared with the end of fiscal 2008. Although total assets temporarily increased as a result of converting Fujitsu Technology Solutions to a consolidated subsidiary, the reduction in total assets primarily resulted from the repayment of interest-bearing debt, accounts payable, and other debts, and allocation of cash reserves and collections of accounts receivable to payments associated with the consolidation of Fujitsu Business Systems.

Current assets were 1,801.3 billion yen, a decrease of 86.2 billion yen compared to the end of fiscal 2008, reflecting the use of cash, deposits, and collections of accounts receivable for the redemption of convertible bonds and straight bonds that matured in 2009. Inventories at the end of the quarter stood at 388.2 billion yen, an increase of 81.7 billion yen from the end balance for fiscal 2008 due to the conversion of Fujitsu Technology Solutions into a consolidated subsidiary, but the balance of inventories was lower by 34.3 billion yen in comparison with the ending balance for the second quarter of fiscal 2008. The monthly inventory turnover rate, which is an indication of asset utilization efficiency, was 0.94 times, a level roughly unchanged from the same period in the previous fiscal year, reflecting, in part, the impact of lower sales. Non-current assets were 1,367.3 billion yen, an increase of 32.8 billion yen from the end of the preceding fiscal year. Although investment securities decreased by 60.5 billion yen as the company sold its entire holdings in FANUC Ltd. shares in accordance with FANUC's solicitation to repurchase its own shares, intangible assets increased by 87.2 billion yen from the end of fiscal 2008, primarily as a result of the goodwill recognized from the acquisition of Fujitsu Technology Solutions.

Total liabilities were 2,272.6 billion yen (US\$25,251 million), a decrease of 23.7 billion yen from the end of fiscal 2008. Despite increases in accounts payable and accrued retirement benefits from the conversion of Fujitsu Technology Solutions to a consolidated subsidiary, total liabilities decreased as a result of a reduction in interest-bearing debt by 236.3 billion yen, leaving the balance of interest-bearing debt at 647.1 billion yen. Though a portion of the funds used for acquisitions were financed through short-term borrowings, debt declined due to bond redemptions of 300.0 billion yen. This is the first time that the balance of interest-bearing debt has been below 600.0 billion yen since the end of fiscal 1988, prior to the acquisition of Fujitsu Services. The debt/equity ratio was 0.86 times, resulting from the redemption of 250.0 billion yen of convertible bonds. Subtracting cash and cash equivalents, net interest-bearing debt was 231.2 billion yen, and the net D/E ratio was 0.31 times.



Note: The monthly turnover rate is calculated by taking first-half sales, dividing by the average balance of inventories in the first half, and then dividing by 6. The average balance of inventories in the first half is calculated using the average of the balances at the end of first quarter and second quarter.

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 first quarter

Net assets were 895.9 billion yen (US\$9,954 million), a decrease of 29.6 billion yen from the end of fiscal 2008. This resulted from the 30.6 billion yen reduction in minority interests associated with the consolidation of Fujitsu Business Systems through an exchange of shares. Shareholders' equity increased by 39.9 billion yen from the end of last fiscal year due to the net income recorded in the quarter and other factors. Valuation and translation adjustments declined by 38.9 billion yen on the realization of unrealized gains on the sale of investment securities, including the sale of FANUC Ltd. shares. As a result, owners' equity was essentially unchanged from the end of last fiscal year at 749.9 billion yen and the owners' equity ratio was 23.7%, an increase of 0.5 percentage points as a result of the decrease in total assets.

Summary of Cash Flows

Net cash flows provided by operating activities during the first half of fiscal 2009 were 128.1 billion yen (US\$1,423 million). In comparison with the first half of fiscal 2008, there was a deterioration of 80.8 billion yen in income before income taxes and minority interests after deducting gains on the sale of investment securities. However, there was an offsetting improvement in working capital as a result of a reduction in trade payables and other factors, making it roughly even with the same period in the prior fiscal year.

Net cash flows provided by investing activities were 62.3 billion yen (US\$692 million), representing a decrease in cash outflows of 176.5 billion yen compared with the same period in fiscal 2008. There were outflows of 54.9 billion yen for the acquisition of tangible fixed assets, including equipment investment for expanding datacenter services. The sale of investment securities in the first half of fiscal 2009 totaled 108.8 billion yen as a result of the sale of shares in FANUC Ltd. in accordance with FANUC's solicitation to repurchase its shares. 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 cash inflow of 7.5 billion yen as a result of the conversion of FDK Corporation into a consolidated subsidiary by means of a private placement.

Free cash flow, the sum of operating and investing cash flows, was 190.4 billion yen (US\$2,116 million), an increase of 182.5 billion yen compared with the same period in the previous fiscal year.

Though a portion of the funds used for acquisitions was financed through short-term borrowings, there were outflows of 300.0 billion yen for bond redemptions, 7.1 billion yen for dividends, and 22.0 billion yen for the acquisition of Fujitsu's own shares for use in an exchange of shares. Net cash used in financing activities was 307.4 billion yen (US\$3,416 million), an increase in cash outflows of 297.8 billion yen compared to the same period in the previous fiscal year.

As a result of the above factors, cash and cash equivalents at the end of the first half were 415.9 billion yen (US\$4,621 million), a decrease of 112.2 billion yen compared to the end of the previous fiscal year.

Reference: Major Financial Indices

	September 30, 2009	March 31, 2009	Change	September 30, 2008
D/E Ratio	0.86	1.18	-0.32	0.99
Net D/E Ratio	0.31	0.47	-0.16	0.39
Shareholders' Equity Ratio	26.0%	24.3%	1.7%	25.4%
Owners' Equity Ratio	23.7%	23.2%	0.5%	25.7%

D/E ratio is ending balance of interest-bearing loans/owners' equity.

Net D/E ratio equals (ending balance of interest-bearing loans - cash and cash equivalents at end of period)/owners' equity.