

5. Financial Condition

[Assets, Liabilities and Net Assets]

(Billion Yen)

	First Quarter FY 2009 (at June 30, 2009)	Full Year FY 2008 (at March 31, 2009)	Change	First Quarter FY 2008 (at June 30, 2008)
Current assets	1,800.0	1,887.5	-87.5	2,108.9
(Cash and deposits)	326.6	488.6	-161.9	261.8
(Notes and accounts receivable, trade)	819.9	847.2	-27.2	904.0
(Inventories)	388.7	306.4	82.3	443.0
Non-current assets	1,505.6	1,334.4	171.2	1,648.5
(Property, plant and equipment)	693.6	673.0	20.6	827.7
(Intangible assets)	318.0	211.3	106.6	226.1
(Investment securities and other non-current assets)	494.0	450.0	43.9	594.5
Total Assets	3,305.7	3,221.9	83.7	3,757.4
Current liabilities	1,584.6	1,550.4	34.2	1,814.2
(Notes and accounts payable, trade)	557.7	528.7	29.0	650.0
(Short-term borrowings and current portion of long-term debt)	315.8	426.8	-111.0	527.7
Long-term liabilities	822.7	745.9	76.7	793.6
(Long-term debt)	414.9	456.5	-41.6	428.2
Total Liabilities	2,407.4	2,296.3	111.0	2,607.8
Shareholders' equity	728.9	782.9	-53.9	907.0
(Retained earnings)	191.8	223.7	-31.9	334.3
(Treasury stock)	-24.1	-2.1	-21.9	-0.9
Valuation and translation adjustments	-5.7	-33.9	28.2	57.5
Minority interests	174.9	176.6	-1.6	185.0
Total Net Assets	898.2	925.6	-27.3	1,149.6
Total Liabilities and Net Assets	3,305.7	3,221.9	83.7	3,757.4
Cash and cash equivalents at end of period	364.5	528.1	-163.6	516.4
Ending balance of interest-bearing loans	730.7	883.4	-152.6	955.9
Ending balance of net interest-bearing loans	366.2	355.3	10.9	439.5
Owners' equity	723.2	748.9	-25.6	964.5

[Cash Flows]

(Billion Yen)

	First Quarter FY 2009 (4/1/09~6/30/09)	First Quarter FY 2008 (4/1/08~6/30/08)	Change
I. Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	-39.8	10.6	-50.5
Depreciation and amortization, including goodwill amortization	68.3	71.8	-3.5
(Increase) decrease in receivables, trade	208.5	171.9	36.6
(Increase) decrease in inventories	-28.3	-50.3	21.9
Increase (decrease) in payables, trade	-94.9	-150.3	55.3
Other, net	-80.6	-81.5	0.8
Net Cash Provided by/Used in Operating Activities	33.0	-27.7	60.7
II. Cash Flows from Investing Activities			
Purchases of property, plant and equipment	-27.4	-43.9	16.4
Proceeds from sales of investment securities	14.4	2.1	12.3
Income from acquisition of subsidiaries' stock resulting from change in scope of consolidation	50.4	-	50.4
Other, net	-27.6	-12.3	-15.3
Net Cash Provided by/Used in Investing Activities	9.7	-54.1	63.8
I + II Free Cash Flow	42.7	-81.8	124.6
III. Cash Flows from Financing Activities			
Net increase in borrowings (decrease)	125.3	89.2	36.1
Bond issue and redemption	-300.0	-25.6	-274.3
Acquisition of own shares	-21.9	-	-21.9
Other, net	-18.2	-23.9	5.7
Net Cash Provided by/Used in Financing Activities	-214.8	39.6	-254.5
IV. Cash and Cash Equivalents at End of Period	364.5	516.4	-151.9

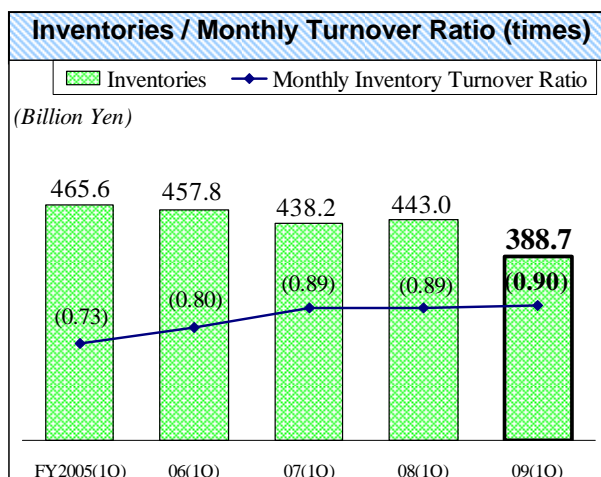
Explanation of Assets, Liabilities and Net Assets

Total assets at the end of the first quarter were 3,305.7 billion yen (US\$34,434 million), an increase of 83.7 billion yen compared with the end of fiscal 2008. Current assets decreased by 87.5 billion yen compared to the end of fiscal 2008, reflecting the decrease in cash and deposits for the redemption of convertible bonds and straight bonds that matured in 2009. Inventories at the end of the quarter stood at 388.7 billion yen, an increase of 82.3 billion yen from the end balance for fiscal 2008 due to the conversion of Fujitsu Technology Solutions into a consolidated subsidiary. However, inventories were reduced in the quarter by 54.2 billion yen in comparison with the ending balance for

the first quarter of fiscal 2008 on expectations of lower sales in the second quarter of fiscal 2009. Reflecting the impact of lower sales, the monthly inventory turnover rate, which is an indication of asset utilization efficiency, was 0.90 times, a level roughly unchanged from the same period in the previous fiscal year. Among non-current assets, intangible assets increased by 106.6 billion yen from the end of the preceding fiscal year, primarily as a result of the goodwill recognized from the acquisition of Fujitsu Technology Solutions, while investment securities and other non-current assets also increased by 43.9 billion yen, due in large part to the rise in the prices of listed shares.

Total liabilities were 2,407.4 billion yen (US\$25,077 million), an increase of 111.0 billion yen from the end of fiscal 2008, reflecting an increase in trade payables and accrued retirement benefits associated with the conversion of Fujitsu Technology Solutions into a consolidated subsidiary. The balance of interest-bearing debt was 730.7 billion yen, a decrease of 152.6 billion yen from the end of fiscal 2008. Though a portion of working capital was financed through short-term borrowings, debt declined due to bond redemptions of 300.0 billion yen. The debt/equity ratio was 1.01 times, declining in part to the acquisition of own shares. Net interest-bearing debt was 366.2 billion yen, and the net D/E ratio was 0.51 times.

Net assets were 898.2 billion yen (US\$9,356 million), a decrease of 27.3 billion yen from the end of fiscal 2008. Shareholders' equity decreased by 53.9 billion yen from the end of last fiscal year due to the net loss recorded in the quarter and the acquisition of Fujitsu's own shares for 21.7 billion yen to prepare for the exchange of shares planned in August in order to convert Fujitsu Business Systems into a wholly owned subsidiary. Due to the increase in stock prices, valuation and translation adjustments increased by 28.2 billion yen. Reflecting the effect of the conversion of Fujitsu Technology Solutions into a consolidated subsidiary, the owners' equity ratio was 21.9%, a 1.3 point decrease compared to the end of fiscal 2008.



Note: The monthly turnover rate is calculated by taking first quarter sales, dividing by the balance of inventories at the end of the first quarter, and then dividing by 3.

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

Summary of Cash Flows

Net cash flows provided by operating activities during the first quarter were 33.0 billion yen (US\$344 million). This represents an increase of 60.7 billion yen from the same period in fiscal 2008. Although there was a decrease of 50.5 billion yen in income before income taxes and minority interests, there was an offsetting improvement in working capital.

Net cash flows used in investing activities were 9.7 billion yen (US\$101 million), an increase of 63.8 billion yen compared with the same period in fiscal 2008. There were outflows for the acquisition of property, plant and equipment and the outflow of 53.7 billion yen for the acquisition of shares in Fujitsu Technology Solutions, but because Fujitsu Technology Solutions, which became a consolidated subsidiary, held 96.6 billion yen in cash and cash equivalents, this resulted in a net 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 as well as a cash inflow resulting from the sale of shares of Eudyna Devices Inc. in the previous fiscal year.

Free cash flow, the sum of operating and investing cash flows, was 42.7 billion yen (US\$445 million), an increase of 124.6 billion yen compared with the same period in the previous fiscal year.

Net cash used in financing activities was 214.8 billion yen (US\$2,238 million), an increase in cash outflows of 254.5 billion yen compared to the same period in the previous fiscal year. While a part of working capital needs was financed by short-term borrowings, there were outflows of 300.0 billion yen for bond redemptions, 7.1 billion yen for dividends and 21.9 billion yen for the acquisition of Fujitsu's own shares.

As a result of the above factors, cash and cash equivalents at the end of the first quarter were 364.5 billion yen (US\$3,797 million), a decrease of 163.6 billion yen compared to the end of the previous fiscal year.

Reference: Major Financial Indices

	June 30 2009	March 31 2009	Change	June 30 2008
D/E Ratio	1.01	1.18	-0.17	0.99
Net D/E Ratio	0.51	0.47	0.04	0.46
Shareholders' Equity Ratio	22.1%	24.3%	-2.2%	24.1%
Owners' Equity Ratio	21.9%	23.2%	-1.3%	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.