

Part II. Explanation of Financial Results

1. Overview of FY 2010 Second-Quarter Consolidated Financial Results

Business Environment

During the second quarter of fiscal 2010 (July 1 – September 30, 2010), the business environment in which the Fujitsu Group operated was characterized by the continuation of a mild recovery in the global economy. The pace of the recovery, however, began to weaken as stimulus measures implemented in the wake of the financial crisis ran their course, unemployment in Europe and the US remained at a high level, concerns about a credit contraction in Europe lingered, and European governments instituted fiscal austerity measures. In Japan, the business environment became more severe. Although there were signs of a widening economic recovery, with an improvement in employment conditions and higher capital spending, the rising trend of exports, primarily to emerging markets, showed signs of moderating, while the yen continued to appreciate.

With respect to investment in information and communications technologies (ICT), there were signs of recovery in demand for ICT hardware as corporate concerns over excess capacity moderated. Spending on software and ICT services, however, had not yet recovered, due to cautious corporate investments stemming from a sense of uncertainty over the direction of the economy.

FY 2010 Second-Quarter Financial Results

(Billion Yen)

	2Q FY 2010 7/1/10- 9/30/10	2Q FY 2009 7/1/09- 9/30/09	2Q FY 2008 7/1/08- 9/30/08	Change vs. FY09 2Q	
					Change (%)
Net Sales	1,100.1	1,142.3	1,276.5	-42.1	-3.7
Cost of Sales	786.7	839.3	941.5	-52.6	-6.3
Gross Profit	313.4	302.9	334.9	10.4	3.5
[Gross Profit Margin]	[28.5%]	[26.5%]	[26.2%]	[2.0%]	
Selling, General and Administrative Expenses	276.3	284.0	302.2	-7.7	-2.7
Operating Income	37.1	18.9	32.7	18.2	96.4
[Operating Income Margin]	[3.4%]	[1.7%]	[2.6%]	[1.7%]	
Other Income and Expenses	-4.2	56.6	-13.4	-60.9	-
Income (Loss) Before Income Taxes	32.9	75.5	19.2	-42.6	-56.4
Income Taxes	14.2	3.0	12.7	11.2	373.7
Income (Loss) Before Minority Interests	18.7	72.5	6.4	-53.8	-74.2
Minority Interests (Loss)	1.2	0.1	2.1	1.1	819.6
Net Income	17.4	72.4	4.2	-55.0	-75.9

FY2010 First-Half Consolidated Financial Results

(Billion Yen)

	FY 2010 First Half <i>4/1/10-9/30/10</i>	FY 2009 First Half <i>4/1/09-9/30/09</i>	FY 2008 First Half <i>4/1/08-9/30/08</i>	Change vs. FY09 1H		Change vs. July Forecast
					Change (%)	
Net Sales	2,147.4	2,186.6	2,453.7	-39.1	-1.8	-32.5
Operating Income [Operating Income Margin]	47.1 [2.2%]	-18.2 [-0.8%]	38.5 [1.6%]	65.4 [3.0%]	-	12.1 [0.6%]
Net Income	19.0	43.2	4.6	-24.1	-55.9	4.0