

2. Explanation of Financial Condition

[Assets, Liabilities and Net Assets]

(Billion Yen)

	Year-end FY2012 (at March 31, 2013)	First Quarter FY2013 (at June 30, 2013)	Change	First Quarter FY2012 (at June 30, 2012)
Assets				
Current assets	1,722.2	1,696.2	-26.0	1,653.5
(Cash and time deposits and Marketable securities)	304.9	393.0	88.0	373.9
(Notes and accounts receivable, trade)	895.9	720.2	-175.7	697.5
(Inventories)	323.0	374.1	51.0	379.3
Non-current assets	1,198.0	1,209.8	11.8	1,202.1
(Property, plant and equipment)	618.4	617.1	-1.3	627.2
(Intangible assets)	187.3	187.4	0.1	222.7
(Investments and other non-current assets)	392.2	405.2	13.0	352.0
Total Assets	2,920.3	2,906.1	-14.2	2,855.7
Liabilities				
Current liabilities	1,568.5	1,419.7	-148.8	1,417.5
(Notes and accounts payables, trade)	566.7	490.7	-76.0	505.2
(Short-term borrowings and Current portion of bonds payable)	289.7	254.0	-35.6	304.8
(Accrued expenses)	322.7	281.9	-40.8	288.9
Long-term liabilities	599.3	739.6	140.2	623.4
(Long-term debt)	245.2	381.5	136.3	238.1
(Net defined benefit liability)	207.1	208.3	1.2	262.0
Total Liabilities	2,167.8	2,159.3	-8.5	2,040.9
Net Assets				
Shareholders' equity	825.5	803.5	-21.9	890.3
Accumulated other comprehensive income	-201.5	-184.1	17.3	-198.6
Minority interests in consolidated subsidiaries	128.3	127.2	-1.0	122.9
Total Net Assets	752.4	746.7	-5.7	814.7
Total Liabilities and Net Assets	2,920.3	2,906.1	-14.2	2,855.7

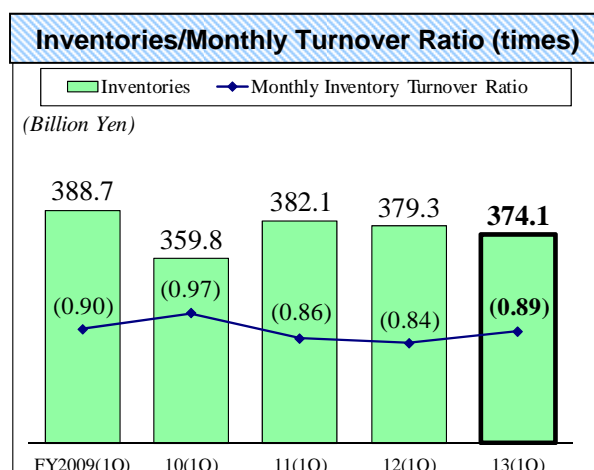
[Cash Flows]

(Billion Yen)

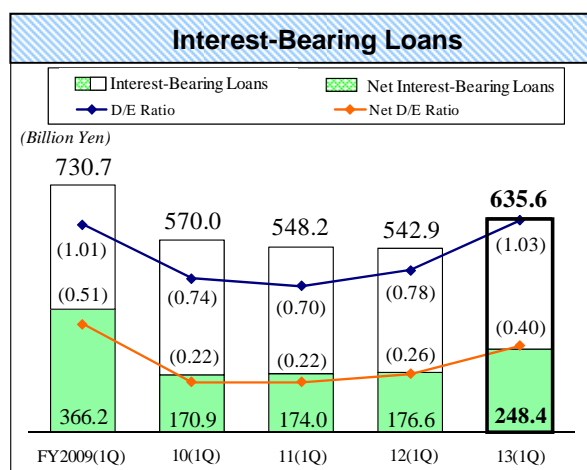
	First Quarter FY2012 (4/1/12~6/30/12)	First Quarter FY2013 (4/1/13~6/30/13)	Change
I .Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	-26.6	-18.7	7.8
Depreciation and amortization, including goodwill amortization	47.9	44.5	-3.4
Increase (decrease) in provisions	-10.9	-10.7	0.2
Retirement benefit expenses, net of contribution	1.4	4.3	2.8
(Increase) decrease in receivables, trade	185.7	186.4	0.6
(Increase) decrease in inventories	-50.6	-48.5	2.0
Increase (decrease) in payables, trade	-100.8	-84.7	16.1
Income taxes paid	-14.4	-22.0	-7.6
Other, net	-41.8	-29.3	12.4
Net cash provided by (used in) operating activities	-10.0	21.1	31.2
II .Cash flows from investing activities:			
Purchases of property, plant and equipment	-21.6	-21.8	-0.1
Purchases of intangible assets	-12.5	-13.6	-1.0
Other, net	-0.1	16.9	17.1
Net cash used in investing activities	-34.3	-18.5	15.8
I + II Free Cash Flow	-44.3	2.6	47.0
III .Cash flows from financing activities:			
Net increase in borrowings (decrease)	161.9	96.3	-65.5
Dividends paid	-11.5	-1.5	10.0
Other, net	-2.9	-4.2	-1.3
Net cash provided by financing activities	147.4	90.5	-56.8
Cash and cash equivalents at end of period	366.2	387.2	20.9

Notes; Figures for the year-end FY2012 and the first quarter of FY2012 have been retroactively revised as a result of the adoption of the amended IAS 19. For further details, please see "Retroactive Revisions from Changes in Accounting Standards" on page 12.

(1) Assets, Liabilities and Net Assets



Note: The monthly turnover ratio 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.



Consolidated total assets at the end of the first quarter were 2,906.1 billion yen (US\$29,355 million), a decrease of 14.2 billion yen from the end of fiscal 2012. Current assets decreased by 26.0 billion yen compared with the end of fiscal 2012, to 1,696.2 billion yen. Notes and accounts receivable, trade decreased by 175.7 billion yen compared to the end of the prior fiscal year, reflecting the collection associated with the large concentration of sales toward the end of each fiscal year. In preparation for future expected sales, particularly in the services business, inventories at the end of the quarter increased to 374.1 billion yen, an increase of 51.0 billion yen from the ending balance of fiscal 2012. The monthly inventory turnover ratio, which is an indication of asset utilization efficiency, was 0.89 times, an improvement 0.05 times compared to the end of the first quarter of fiscal 2012.

Non-current assets increased by 11.8 billion yen from the end of fiscal 2012, to 1,209.8 billion yen. Investments and other non-current assets increased by 13.0 billion yen because the rise in stock prices increased the value of investment securities.

Consolidated total liabilities amounted to 2,159.3 billion yen (US\$21,811 million), a decrease of 8.5 billion yen compared to the end of fiscal 2012, reflecting the payment of trade notes and accounts payable relating to the concentration of sales at the end of the prior fiscal year, as well as the payment of accrued expenses, including salary bonuses. The balance of interest-bearing loans was 635.6 billion yen, an increase of 100.7 billion yen from the end of fiscal 2012. Borrowings increased to finance a portion of working capital. As a result, the D/E ratio was 1.03 times, a deterioration of 0.17 of a percentage point compared to the end of fiscal 2012, and the net D/E ratio was 0.40 times, unchanged compared to the end of fiscal 2012. Both ratios have deteriorated compared to the end of the first quarter of the previous fiscal year because of the deterioration in owners' equity resulting from the losses recorded in fiscal 2012 and the first quarter of fiscal 2013.

Net assets were 746.7 billion yen (US\$7,542 million), a decrease of 5.7 billion yen from the end of fiscal 2012. Shareholders' equity decreased by 21.9 billion yen as a result of the net loss recorded in the quarter, but accumulated other comprehensive income increased by 17.3 billion yen as a result of the weakening of the yen and the rise in stock prices. The owners' equity ratio was 21.3%, essentially unchanged from end of fiscal 2012.

(Billion Yen)

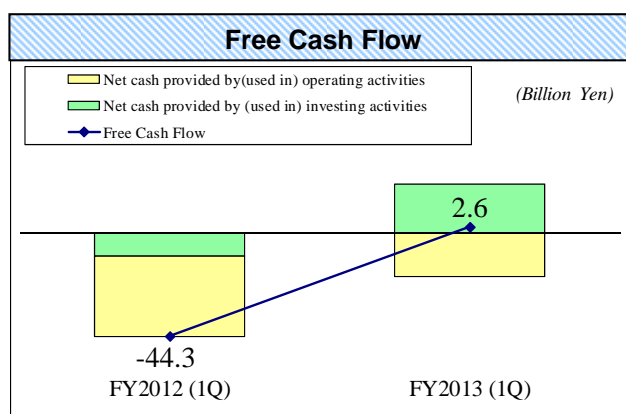
	FY2012 (March 31, 2013)	1Q FY2013 (June 30, 2013)	Change	1Q FY2012 (June 30, 2012)
Cash and Cash Equivalents at End of Period	286.6	387.2	100.6	366.2
Interest-bearing Loans	534.9	635.6	100.7	542.9
Net Interest-bearing Loans	248.3	248.4	0	176.6
Owners' Equity	624.0	619.3	-4.6	691.7

D/E Ratio (Times)	0.86	1.03	0.17	0.78
Net D/E Ratio (Times)	0.40	0.40	-	0.26
Shareholders' Equity Ratio	28.3 %	27.7 %	-0.6 %	31.2 %
Owners' Equity Ratio	21.4 %	21.3 %	-0.1 %	24.2 %

1. D/E ratio: Interest-bearing loans/Owners' equity
2. Net D/E ratio: (Interest-bearing loans – Cash and cash equivalents at end of period)/Owner's equity
3. The figures for the first quarter of fiscal 2012 and full-year fiscal 2012 have been retroactively revised in accordance with the adoption of the amended IAS 19 *Employee Benefits*. Owners' equity for the first quarter of fiscal 2012 has been reduced by 101.7 billion yen, and it has been reduced by 157.3 billion yen for full-year fiscal 2012. D/E ratio and others are also revised.

(2) Cash Flows

Net cash flows from operating activities in the first quarter amounted to 21.1 billion yen (US\$213 million). This represents an increase in cash inflows of 31.2 billion yen compared to the first quarter of fiscal 2012. Despite the adverse impact from lower sales of PCs and mobile phones, cash flows increased owing to improved income (loss) before income taxes and minority interests due to the impact of workforce-related measures and structural reforms, and the positive impact of a weaker yen, in addition to a decline in working capital.



Net cash used in investing activities was 18.5 billion yen (US\$187 million). Outflows mainly consisted of the acquisition of property, plant and equipment amounting to 21.8 billion yen, primarily related to datacenters, and the acquisition of intangible assets, primarily software, amounting to 13.6 billion yen. Compared to the same period in fiscal 2012, net outflows decreased by 15.8 billion yen. The maturity of time deposits on temporary surplus funds resulted in an inflow of cash.

Free cash flow, the sum of cash flows from operating and investing activities, was 2.6 billion yen (US\$26 million), representing an increase in net cash inflows of 47.0 billion yen compared with the same period in the previous fiscal year.

Net cash provided by financing activities was 90.5 billion yen (US\$914 million). A portion of working capital was financed through short-term borrowings. In addition, short-term borrowings in the previous fiscal year that were used to finance a special contribution to the pension fund of a UK subsidiary were replaced by long-term borrowings. Compared to the first quarter of fiscal 2012, cash inflows decreased

by 56.8 billion yen.

As a result of the above factors, cash and cash equivalents at the end of the first quarter of fiscal 2013 were 387.2 billion yen (US\$3,911 million), an increase of 102.6 billion yen compared to the end of fiscal 2012.

(3) Status of Retirement Benefit Plans

Of Fujitsu's unrecognized obligation for retirement benefits, 157.3 billion yen, representing the portion from the pension plans of subsidiaries outside Japan, was reflected on the consolidated balance sheets through other comprehensive income. The portion from the pension plans of Fujitsu and its subsidiaries in Japan will be reflected on the consolidated balance sheets at the end of fiscal 2013.

The amortization expenses stemming from the actuarial losses in the pension plans of subsidiaries outside Japan are transferred from other comprehensive income.

(Billion Yen)

	Unrecognized Obligation for Retirement Benefits (Off Balance Sheet)		Amortization Expenses	
	FY2012 (As of March 31, 2013)		First Quarter FY2013 (4/1/13-6/30/13)	
	(Before Revisions)	(After Revisions)		Amounts Transferred From Other Comprehensive Income
Total	466.1	308.7	10.8	4.2
In Japan	308.7	308.7	6.5	-
Outside Japan	157.3	-	4.2	4.2

Note: Amortization expenses exclude one-time amortization expenses of 4.5 billion yen stemming from a partial buyout in the retirement benefit plans at a European subsidiary.