Notes to Consolidated Financial Statements

Fujitsu Limited and Consolidated Subsidiaries

1. *Significant Accounting Policies*

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Fujitsu Limited (the "Company") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with accounting principles and practices generally accepted in Japan and the regulations under the Securities and Exchange Law of Japan. The consolidated subsidiaries outside Japan have adopted the accounting principles and practices in their respective countries. In presenting the accompanying consolidated financial statements, certain items have been reclassified for the convenience of readers outside Japan.

Certain accounting principles and practices generally accepted in Japan are different from International Financial Reporting Standards and accounting standards in other countries in certain respects as to application and disclosure requirements. The differences between the accounting principles and practices adopted by the Group and those prescribed by International Financial Reporting Standards are set forth in Note 2.

(b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and with minor exceptions, those of its majority-owned subsidiaries.

The acquisition of companies is accounted for by the purchase method. Goodwill represents the excess of the acquisition cost over the fair value of the net assets of the acquired companies.

Investments in affiliates, with minor exceptions, are accounted for by the equity method.

(c) Cash equivalents

For the purpose of the statements of cash flows, the Group considers all short-term, highly liquid instruments with a maturity of three months or less to be cash equivalents.

(d) Translation of foreign currency accounts

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the foreign currency exchange rates in effect at the respective balance sheet dates.

The assets and liabilities accounts of the consolidated subsidiaries outside Japan are translated into Japanese yen at the exchange rates in effect at the respective balance sheet dates. Income and expense accounts are translated at the average exchange rate during the year. The resulting translation adjustments are recorded in a separate component of shareholders' equity as "foreign currency translation adjustments."

(e) Revenue recognition

Revenue from sales of IT systems and products including software development contracts is recognized upon acceptance by the customers, whereas revenue from sales of personal computers, other equipment and electronic devices is recognized when the products are shipped.

(f) Marketable securities

Marketable securities included in "short-term investments" and "investments and long-term loans" are classified as either held-to-maturity investments, which are the debt securities which the Group has the positive intent and ability to hold to maturity, or available-for-sale securities, which are "equity securities" or "debt securities not classified as held-to-maturity." Held-to-maturity investments are stated at amortized cost, adjusted for the amortization of premium or accretion of discounts to maturity. The cost of available-for-sale securities sold is calculated by the moving average method. Available-for-sale securities are carried at fair market value, with the unrealized gains or losses, net of taxes, reported in a separate component of shareholders' equity.

(g) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount deemed sufficient to cover estimated future losses.

(h) Inventories

Finished goods are mainly stated at cost determined by the moving average method.

Work in process is mainly stated at cost determined by the specific identification method or the average cost method.

Raw materials are mainly stated at cost determined by the moving average method or the most recent purchase price method.

(i) Property, plant and equipment and depreciation

Property, plant and equipment, including renewals and additions, are carried at cost. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed principally by the declining balance method at rates based on the estimated useful lives of the respective assets, which vary according to their general classification, type of construction and function.

Certain property, plant and equipment are devalued based on consideration of their future usefulness.

(j) Intangible assets

Goodwill is amortized by the straight-line method over periods not exceeding 20 years.

Computer software for sale is amortized based on the current year sales units to the projected total products' sales units. Computer software for internal use is amortized by the straight-line method over the estimated useful lives.

Other intangible assets are amortized by the straight-line method at the rates based on the estimated useful lives of the respective assets.

(k) Leases

Assets acquired by lessees in finance lease transactions are recorded in the corresponding asset accounts.

(l) Retirement benefits

The Company and the majority of the consolidated subsidiaries have retirement benefit plans.

Under the significant defined benefit plans, the actuarial valuation used to determine the pension costs is the projected unit credit method.

(m) Provision for loss on repurchase of computers

Certain computers manufactured by the Group are sold to Japan Electronic Computer Co., Ltd. ("JECC") and other leasing companies for leasing to ultimate users under contracts which require the Group to repurchase the computers if they are returned by the users after a certain period. Based on past experience, an estimated amount for the loss arising from such repurchases is provided at the point of sales and is charged to income.

(n) Income taxes

The Group has adopted the asset and liability method of tax effect accounting in order to recognize the effect of all temporary differences in the recognition of assets and liabilities for tax and financial reporting purposes.

(o) Earnings per share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the respective years.

Diluted earnings per share is computed based on the weighted average number of shares after consideration of the dilutive effect of the shares of common stocks issuable upon the exercise of warrants and the conversion of convertible bonds.

(p) Derivative financial instruments

The Group uses derivative financial instruments for the purpose of hedging against the risk of fluctuations in interest rates and foreign exchange rates on receivables and payables denominated in foreign currencies.

All derivative financial instruments are stated at fair market value. The Group defers gain or loss on changes in the fair market values of the derivative financial instruments on the balance sheet until gain or loss on the hedged items are recognized.

2. *Differences with International Financial Reporting Standards*

The Group is discussing the requirements for adoption of International Financial Reporting Standards. The Group believes at present that there are certain differences between the accounting principles and practices adopted by the Group and those prescribed by International Financial Reporting Standards at March 31, 2005, which are presented below.

This note is out of scope of the audit.

Software development contracts

Under IAS 11, revenue and costs associated with construction contracts should be recognized by the percentage of completion method when the outcome of the contracts can be estimated reliably. The Group generally recognizes revenue and costs associated with software development contracts, which should be accounted for as construction contracts under IAS 11, at the acceptance by the customers as indicated in section (e) of "Significant Accounting Policies."

In addition, under IAS 11, the expected loss should be recognized immediately when it is probable that total contract costs will exceed total contract revenue. The Group immediately recognized the expected loss on the software development contracts which were proved to be unprofitable from the year ended March 31, 2004. The Group classified the expected loss as "restructuring charges" for the year ended March 31, 2004.

Inventories

Under IAS 2, inventories should be stated at the lower of their historical cost or net realizable value. The Group evaluates inventories mainly at cost as indicated in section (h) of "Significant Accounting Policies." The effects on the aggregate value of inventories based on IAS 2 are not calculated. However, the Group takes into consideration the recoverability of inventories based on future business environments.

Impairment of assets

Under IAS 36, upon impairment of assets, the book value should be devaluated to the recoverable amount. The impairment rule will not be applied mandatorily in Japan until the year ended March 31, 2006. Therefore the effects on the aggregate value of assets based on IAS 36 are not calculated. However, the Group takes into consideration the recoverability of assets based on future business activities.

Goodwill

Under IFRS 3, goodwill should not be amortized and the impairment rule should be applied in accordance with IAS 36. The Group amortizes goodwill by the straight-line method over periods not exceeding 20 years as indicated in section (j) of "Significant Accounting Policies" and does not apply the impairment rule.

Retirement benefits (Note 10)

Under IAS 19, the unrecognized net obligation upon the application of a new accounting standard should be recognized immediately. The accounting procedure for this obligation is indicated in Note 10.

As a result of future revisions of International Financial Reporting Standards or other effects, there is a possibility that certain differences may arise for the accounting procedures that are not discussed above (such as financial instruments).

3. *U.S. Dollar Amounts*

The Company and its consolidated subsidiaries in Japan maintain their books of account in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into U.S. dollars at ¥107 = US$1, the approximate exchange rate at March 31, 2005.

The U.S. dollar amounts are presented solely for the convenience of readers and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could readily be converted, realized or settled in U.S. dollars at the above or any other rate.

4. *Marketable Securities*

At March 31, 2004 and 2005, marketable securities included in "short-term investments" and "other investments and long-term loans" were as follows:

		Yen (millions)	U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Held-to-maturity investments			
Carrying value (Amortized cost)	¥ 2,208	**¥ 1,414**	**$ 13,215**
Market value	2,225	**1,436**	**13,421**
Net unrealized gain	¥ 17	**¥ 22**	**$ 206**
Available-for-sale securities			
Acquisition costs	¥ 64,794	**¥ 62,158**	**$ 580,916**
Carrying value (Market value)	317,891	**228,429**	**2,134,851**
Net unrealized gain	¥253,097	**¥166,271**	**$1,553,935**

5. *Inventories*

Inventories at March 31, 2004 and 2005 consisted of the following:

		Yen (millions)	U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Finished goods	¥193,039	**¥186,555**	**$1,743,505**
Work in process	240,637	**211,090**	**1,972,804**
Raw materials	87,450	**80,865**	**755,747**
	¥521,126	**¥478,510**	**$4,472,056**

6. *Investments in Affiliates*

The Company accounts for investments in affiliates by the equity method with minor exceptions.

A summary of the financial information of the affiliates accounted for by the equity method is presented below:

		Yen (millions)	U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Current assets	¥ 778,871	**¥585,081**	**$5,468,047**
Non-current assets	450,182	**392,281**	**3,666,177**
	1,229,053	**977,362**	**9,134,224**
Current liabilities	616,255	**604,384**	**5,648,448**
Long-term liabilities	275,723	**224,153**	**2,094,888**
Net assets	¥ 337,075	**¥148,825**	**$1,390,888**

Years ended March 31	2003	2004	Yen (millions) 2005	U.S. Dollars (thousands) 2005
Net sales	¥1,214,169	¥1,393,351	**¥1,603,931**	**$14,990,009**
Net income	445	39,994	**45,934**	**429,290**

After the shares in Advantest Corporation were sold for the year ended March 31, 2005, Advantest Corporation was no longer treated as an equity method affiliate. In the summary of the financial information stated above, the net assets of Advantest Corporation at March 31, 2004 were ¥221,768 million.

The carrying and market values of the shares of the publicly listed equity method affiliates at March 31, 2004 and 2005 were as follows:

At March 31	2004	Yen (millions) 2005	U.S. Dollars (thousands) 2005
Carrying value	¥18,148	**¥ 9,838**	**$ 91,944**
Market value	79,581	**30,465**	**284,720**

After shares in Advantest Corporation were sold for the year ended March 31, 2005, Advantest Corporation was no longer treated as an equity method affiliate. The carrying and market values at March 31, 2004 stated above included ¥9,205 million and ¥34,709 million, respectively, for Advantest Corporation

At March 31, 2004 and 2005, the amount of ¥19,373 million ($181,056 thousand) representing the Company's 29.49% investment in JECC was included in "other investments and long-term loans." The Company does not regard JECC as an affiliate as it is unable to exercise significant influence over JECC's affairs. JECC's principal business is the leasing of computers and peripherals purchased from its six shareholders. At March 31, 2004 and 2005, JECC's issued share capital was ¥65,700 million ($614,019 thousand). Its net sales for the years ended March 31, 2003, 2004 and 2005 amounted to ¥295,987 million, ¥303,285 million and ¥304,482 million ($2,845,626 thousand), respectively.

7. *Property, Plant and Equipment*

Changes in property, plant and equipment resulted from the following:

Years ended March 31	Yen (millions) 2004	2005	U.S. Dollars (thousands) 2005
Land			
Balance at beginning of year, net	¥133,806	**¥134,217**	**$1,254,365**
Additions	4,728	**32**	**299**
Translation differences	(588)	**113**	**1,056**
Other, net	(3,729)	**(18,756)**	**(175,290)**
Balance at end of year, net	¥134,217	**¥115,606**	**$1,080,430**
Buildings			
Balance at beginning of year, net	¥327,343	**¥276,259**	**$2,581,860**
Additions	25,621	**16,487**	**154,085**
Depreciation	28,165	**24,531**	**229,262**
Translation differences	(4,318)	**707**	**6,607**
Other, net	(44,222)	**(14,245)**	**(133,131)**
Balance at end of year, net	¥276,259	**¥254,677**	**$2,380,159**

Other, net for the year ended March 31, 2004 mainly consisted of decrease due to the shifting of Flash memory operations and FDK Corporation from consolidated subsidiaries to equity method affiliates, the securitization of Fujitsu Solution Square (located in Kamata, Tokyo), and the sales of other properties that had been used for employees' welfare.

Other, net for the year ended March 31, 2005 mainly consisted of decrease due to the transfer of our plasma display panel business, and the shifting of compound semiconductor device business subsidiaries from consolidated subsidiaries to equity method affiliates.

Years ended March 31	Yen (millions) 2004	2005	U.S. Dollars (thousands) 2005
Machinery and equipment			
Balance at beginning of year, net	¥500,806	**¥372,679**	**$3,482,981**
Additions	135,389	**159,816**	**1,493,607**
Depreciation	177,174	**146,699**	**1,371,018**
Translation differences	(8,756)	**1,608**	**15,028**
Other, net	(77,586)	**(59,778)**	**(558,673)**
Balance at end of year, net	¥372,679	**¥327,626**	**$3,061,925**

Other, net for the year ended March 31, 2004 mainly consisted of decrease due to the shifting of Flash memory operations and FDK Corporation from consolidated subsidiaries to equity method affiliates.

Other, net for the year ended March 31, 2005 mainly consisted of decrease due to the transfer of our plasma display panel business, and the shifting of compound semiconductor device business subsidiaries from consolidated subsidiaries to equity method affiliates.

		Yen (millions)	U.S. Dollars (thousands)
Years ended March 31	2004	**2005**	**2005**
Construction in progress			
Balance at beginning of year, net	¥ 28,597	**¥ 19,868**	**$ 185,682**
Additions	106,544	**121,599**	**1,136,439**
Translation differences	(350)	**13**	**122**
Transfers	(114,923)	**(111,489)**	**(1,041,953)**
Balance at end of year, net	¥ 19,868	**¥ 29,991**	**$ 280,290**

8. *Goodwill*

An analysis of goodwill is presented below:

		Yen (millions)	U.S. Dollars (thousands)
Years ended March 31	2004	**2005**	**2005**
Balance at beginning of year	¥97,937	**¥ 66,045**	**$617,243**
Additions	114	**25,564**	**238,916**
Amortization	31,144	**11,626**	**108,654**
Translation differences	(862)	**1,586**	**14,822**
Balance at end of year	¥66,045	**¥ 81,569**	**$762,327**

9. *Short-Term Borrowings and Long-Term Debt*

Short-term borrowings at March 31, 2004 and 2005 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Loans, principally from banks, with weighted average interest rates of 0.99% at March 31, 2004 and 1.27% at March 31, 2005:			
Secured	¥ 833	**¥ 600**	**$ 5,607**
Unsecured	177,549	**101,479**	**948,402**
	¥178,382	**¥102,079**	**$ 954,009**

Long-term debt at March 31, 2004 and 2005 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Loans, principally from banks and insurance companies, due 2004 to 2020 with the weighted average interest rate of 2.12% at March 31, 2004 and due 2005 to 2020 with the weighted average interest rate of 1.81% at March 31, 2005:			
Secured	¥ 3,233	**¥ 662**	**$ 6,187**
Unsecured	220,104	**173,522**	**1,621,701**
Bonds and notes issued by the Company:			
1.4% unsecured convertible bonds due 2004	39,617	**—**	**—**
Zero coupon unsecured convertible bonds due 2009	250,000	**250,000**	**2,336,448**
2.875% unsecured bonds due 2006	50,000	**50,000**	**467,290**
2.575% unsecured bonds due 2004	50,000	**—**	**—**
3.15% unsecured bonds due 2009	50,000	**50,000**	**467,290**
2.3% unsecured bonds due 2007	50,000	**50,000**	**467,290**
2.325% unsecured bonds due 2008	50,000	**50,000**	**467,290**
3.0% unsecured bonds due 2018	30,000	**30,000**	**280,373**
2.175% unsecured bonds due 2008	50,000	**50,000**	**467,290**
2.15% unsecured bonds due 2008	50,000	**50,000**	**467,290**
0.64% unsecured bonds due 2006	100,000	**100,000**	**934,579**
0.31% unsecured bonds due 2004	80,000	**—**	**—**
0.42% unsecured bonds due 2007	—	**50,000**	**467,290**
1.05% unsecured bonds due 2010	—	**50,000**	**467,290**
Bonds and notes issued by consolidated subsidiaries, due 2005 to 2006 with the weighted average interest rate of 1.38% at March 31, 2004 and due 2005 to 2006 with the weighted average interest rate of 1.35% at March 31, 2005:			
Unsecured	25,785	**26,525**	**247,897**
Less amounts due within one year	(204,367)	**(107,474)**	**(1,004,430)**
	¥ 894,372	**¥ 873,235**	**$ 8,161,075**

At March 31, 2005, the Group had committed line contracts with banks aggregating ¥211,603 million ($1,977,598 thousand). Of the total credit limit, ¥68,542 million ($640,579 thousand), was used as the above short-term and long-term borrowings, and the rest, ¥143,061 million ($1,337,019 thousand), was unused.

The current conversion price of the zero coupon convertible bonds issued by the Company is ¥1,201.00 per share. Each conversion price is subject to adjustment in certain circumstances, including stock splits or free share distributions of common stock. At March 31, 2005, the convertible bonds were convertible into approximately 208 million shares of common stock.

Certain outstanding convertible bonds and notes can be repurchased at any time and may be redeemed at the option of the Company, in whole or in part, at 100% of their principal amounts.

The aggregate annual maturities of long-term debt subsequent to March 31, 2005 are summarized as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2006	¥107,474	$1,004,430
2007	171,335	1,601,262
2008	193,665	1,809,953
2009	102,977	962,402
2010 and thereafter	405,258	3,787,458

Convertible bonds are treated solely as liabilities and value inherent in their conversion feature is not recognized as equity in accordance with accounting principles generally accepted in Japan. The total amount of the convertible bonds has been included in "long-term debt."

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2004 and 2005 are principally presented below:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Property, plant and equipment, net	¥6,268	**¥3,057**	**$28,570**

As is customary in Japan, substantially all loans from banks (including short-term loans) are made under general agreements which provide that, at the request of the banks, the borrower is required to provide collateral or guarantors (or additional collateral or guarantors, as appropriate) with respect to such loans, and that all assets pledged as collateral under such agreements will be applicable to all present and future indebtedness to the banks concerned. These general agreements further provide that the banks have the right, as the indebtedness matures or becomes due prematurely by default, to offset deposits at the banks against the indebtedness due to the banks.

10. *Retirement Benefits*

The Company and the majority of the consolidated subsidiaries in Japan have unfunded lump-sum retirement plans which, in general, cover all employees who retire before a retirement age prescribed in their internal codes. The employees are entitled to the benefits primarily based on their length of service and basic salary as of the retirement date.

In addition, the Company and the majority of the consolidated subsidiaries in Japan participate in contributory defined benefit plans which cover substantially all employees. The major contributory defined benefit plan (the "Plan"), which is referred to as the Fujitsu Welfare Pension Fund, entitles employees upon retirement at the normal retirement age to either a lump-sum payment or pension annuity payments for life commencing at age 60, or a combination of both based on their length of service, basic salary as of the retirement date and the number of years of participation in the Plan. The contributions of the Company and the subsidiaries covered by the Plan and their employees are made to the Fujitsu Welfare Pension Fund which is an external organization. Regarding the employees' pension plan, in response to the enactment of the Japanese Welfare Pension Insurance Law on defined-benefit pension plans, the Fujitsu Welfare Pension Fund applied for an exemption from the obligation to pay benefits for future employee services related to the substitutional portion, and on March 23, 2004 received approval of the exemption from the Minister of Health, Labour and Welfare.

The majority of the consolidated subsidiaries outside Japan have defined benefit plans and/or defined contribution plans covering substantially all their employees.

The balances of the projected benefit obligation and plan assets, funded status and the amounts recognized in the consolidated financial statements as of March 31, 2004 and 2005, and the components of net periodic benefit cost for the years ended March 31, 2003, 2004 and 2005 are summarized as follows:

Projected benefit obligation and plan assets

	Yen (millions)		U.S. Dollars (thousands)
At March 31 (Consolidated domestic accounts)	2004	**2005**	**2005**
Projected benefit obligation	¥(1,209,288)	**¥(1,247,141)**	**$(11,655,523)**
Plan assets	799,058	**876,758**	**8,194,000**
Projected benefit obligation in excess of plan assets	(410,230)	**(370,383)**	**(3,461,523)**
Unrecognized net obligation at transition	98,874	**81,653**	**763,112**
Unrecognized actuarial loss	335,285	**314,353**	**2,937,878**
Unrecognized prior service cost (reduced obligation)	(682)	**(593)**	**(5,542)**
Prepaid pension cost	(102,447)	**(110,777)**	**(1,035,299)**
Accrued retirement benefits	¥ (79,200)	**¥ (85,747)**	**$ (801,374)**

Applying the transitional provisions as prescribed in paragraph 47-2 of "Practical Guidelines of Accounting and Retirement Benefits-Interim Report" (Accounting Committee Report No.13 issued by the Japanese Institute of Certified Public Accountants), the Company and certain consolidated subsidiaries in Japan accounted for the elimination of the future and past benefit obligations of the substitutional portion as well as the related government-specified portion of the employees' pension plan assets at the date of the approval.

Components of net periodic benefit cost

Years ended March 31 (Consolidated domestic accounts)	2003	2004	Yen (millions) 2005	U.S. Dollars (thousands) 2005
Service cost	¥ 57,011	¥ 53,613	**¥ 49,892**	**$ 466,280**
Interest cost	49,363	48,004	**29,511**	**275,804**
Expected return on plan assets	(42,654)	(36,125)	**(30,733)**	**(287,224)**
Amortization of unrecognized obligation for retirement benefits:				
Amortization of net obligation at transition	26,487	25,435	**16,691**	**155,991**
Amortization of actuarial loss	26,403	39,578	**22,609**	**211,299**
Amortization of prior service cost	(8,989)	(8,070)	**(5)**	**(47)**
Net periodic benefit cost	¥107,621	¥ 122,435	**¥ 87,965**	**$ 822,103**
Gain on transfer of substitutional portion of employees' pension funds	—	(146,532)	**—**	**—**
Total	¥107,621	¥ (24,097)	**¥ 87,965**	**$ 822,103**

The assumptions used in accounting for the plans

At March 31 (Consolidated domestic accounts)	2004	2005
Discount rate	2.5%	**2.5%**
Expected rate of return on plan assets	4.5%	**3.8%**
Method of allocating actuarial loss	Straight-line method over the employees' average remaining service period	**Straight-line method over the employees' average remaining service period**
Method of allocating prior service cost	Straight-line method over 10 years	**Straight-line method over 10 years**
Amortization period for net obligation at transition	The Company: Fully recognized at transition Consolidated subsidiaries in Japan: 10 years	**The Company: Fully recognized at transition** **Consolidated subsidiaries in Japan : 10 years**

Under a new accounting standard in Japan for the year ended March 31, 2001, the Company fully recognized in income the Company's portion of the unrecognized net obligation at transition. For additional plan assets to cover the unrecognized net obligation at transition, the Company placed its holding of marketable securities in trust which was solely established for the retirement benefit plan.

The major defined benefit pension plan provided outside Japan is the plan that Fujitsu Services group provides in the UK. This plan is subject to formal actuarial valuation in accordance with the UK accounting standard SSAP24 (Statements of Standard Accounting Practice 24).

The Accounting Standards Board of the UK has issued a new UK accounting standard, FRS17 (Financial Reporting Standard 17). It is proposed that FRS17 will be fully effective as the replacement of SSAP24 for accounting periods beginning on or after January 1, 2005. In accordance with the transitional arrangements set out in FRS17, certain disclosures are required using different measurement bases laid down in FRS17.

The projected benefit obligation and the fair value of the plan assets in accordance with FRS17 are summarized as follows:

Projected benefit obligation and plan assets

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Projected benefit obligation	¥(348,759)	**¥(400,643)**	**$(3,744,327)**
Plan assets	257,427	**300,254**	**2,806,112**
Projected benefit obligation in excess of plan assets	¥ (91,332)	**¥(100,389)**	**$ (938,215)**
Discount rate	5.90%	**5.80%**	

11. *Income Taxes*

The Group is subject to a number of different income taxes. The statutory tax rates in the aggregate in Japan were approximately 42.0% for the years ended March 31, 2003 and 2004, and approximately 40.6% for the year ended March 31, 2005.

The components of income taxes are as follows:

		Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2003	2004	**2005**	**2005**
Current	¥ 36,188	¥34,125	**¥ 32,422**	**$ 303,009**
Deferred	(77,015)	58,085	**153,131**	**1,431,131**
Effect of change in statutory tax rate	12,038	—	**—**	**—**
Income taxes	¥(28,789)	¥92,210	**¥185,553**	**$1,734,140**

The reconciliations between the applicable statutory income tax rate and the effective income tax rate for the years ended March 31, 2003, 2004 and 2005 are as follows:

Years ended March 31	2003	2004	**2005**
Statutory income tax rate	42.0%	42.0%	**40.6%**
Increase (Decrease) in tax rate:			
Tax effect on prior losses on investments in subsidiaries	—	(72.5%)	**—**
Valuation allowance for deferred tax assets	(10.1%)	53.2%	**45.7%**
Adjustment of net gain on sale of investments in subsidiaries and affiliated companies	—	26.6%	**(2.3%)**
Amortization of goodwill	(5.0%)	8.1%	**2.1%**
Tax effect on equity in earnings of affiliates, net	0.2%	(1.1%)	**(1.7%)**
Non-deductible expenses for tax purposes	(2.1%)	1.7%	**1.3%**
Non-taxable income	3.1%	(0.6%)	**(0.5%)**
Effect of change in statutory tax rate	(8.2%)	—	**—**
Other	(0.4%)	1.3%	**(2.2%)**
Effective income tax rate	19.5%	58.7%	**83.0%**

The significant components of deferred tax assets and liabilities at March 31, 2004 and 2005 were as follows:

At March 31	Yen (millions) 2004	Yen (millions) 2005	U.S. Dollars (thousands) 2005
Deferred tax assets:			
Tax loss carryforwards	¥ 402,881	**¥ 271,554**	**$ 2,537,888**
Accrued retirement benefits	189,402	**139,585**	**1,304,533**
Accrued bonus	35,949	**36,854**	**344,430**
Provision for loss on repurchase of computers	19,645	**17,607**	**164,551**
Intercompany profit on inventory and property, plant and equipment	10,106	**6,417**	**59,972**
Other	62,132	**67,811**	**633,747**
Gross deferred tax assets	720,115	**539,828**	**5,045,121**
Less:			
Valuation allowance	(217,721)	**(289,910)**	**(2,709,439)**
Total deferred tax assets	502,394	**249,918**	**2,335,682**
Deferred tax liabilities:			
Gains from establishment of stock holding trust for retirement benefit plan	¥(206,699)	**¥(110,617)**	**$(1,033,804)**
Unrealized gains on securities	(102,552)	**(67,457)**	**(630,439)**
Retained earnings appropriated for tax allowable reserves	(10,816)	**(8,942)**	**(83,570)**
Other	(2,060)	**(548)**	**(5,121)**
Gross deferred tax liabilities	(322,127)	**(187,564)**	**(1,752,934)**
Net deferred tax assets	¥ 180,267	**¥ 62,354**	**$ 582,748**

Net deferred tax assets were included in the consolidated balance sheets as follows:

At March 31	Yen (millions) 2004	Yen (millions) 2005	U.S. Dollars (thousands) 2005
Other current assets	¥103,449	**¥ 75,515**	**$ 705,748**
Other investments and long-term loans	89,868	**40,085**	**374,626**
Other current liabilities	(6,448)	**(690)**	**(6,449)**
Other long-term liabilities	(6,602)	**(52,556)**	**(491,177)**
Net deferred tax assets	¥180,267	**¥ 62,354**	**$ 582,748**

The Company and the wholly owned subsidiaries in Japan have adopted the consolidated tax return system of Japan.

Tax losses can be carried forward up to 7 years in Japan, 20 years in the United States, and indefinitely in the United Kingdom. Realization depends on the abilities of the companies to generate sufficient taxable income prior to the expiration of the tax loss carryforwards. With respect to deferred tax assets, we recorded a valuation allowance to cover the amount in excess of what we are likely to recover in the future.

Deferred tax liabilities have not been provided on the undistributed profit of affiliates, as it is deemed that any distributions will not give rise to tax liabilities.

Deferred tax assets have not been provided for losses on investments in subsidiaries except for those expected to be realized.

12. *Shareholders' Equity*

The changes in the number of issued shares of common stock for the years ended March 31, 2003, 2004 and 2005 were as follows:

Years ended March 31	2003	2004	2005
			Number of shares
Balance at beginning of year	2,001,962,672	2,001,962,672	**2,001,962,672**
Conversion of convertible bonds	—	—	**1,141**
Increase as a result of stock exchange	—	—	**68,054,400**
Balance at end of year	2,001,962,672	2,001,962,672	**2,070,018,213**

An increase as a result of stock exchange for the year ended March 31, 2005 reflected the issuance of shares in October 2004 by which the Company turned Fujitsu Support and Service Inc. into a wholly owned subsidiary.

13. *Commitments and Contingent Liabilities*

Commitments outstanding at March 31, 2005 for purchases of property, plant and equipment were approximately ¥18,180 million ($169,907 thousand).

Contingent liabilities for guarantee contracts amounted to ¥50,167 million ($468,850 thousand) at March 31, 2005. Of the total contingent liabilities, guarantees given mainly for loans taken by Spansion LLC group were ¥17,087 million ($159,692 thousand) and for employees' housing loans were ¥10,071 million ($94,121 thousand).

14. *Derivative Financial Instruments*

Purpose of Derivative Trading

The Group enters into derivative transactions related to foreign currency exchange rates and interest rates in order to reduce risk exposure arising from fluctuations in these rates, to reduce the cost of the funds financed, and to improve return on invested funds.

Basic Policies for Derivative Trading

The Group basically enters into derivative transactions only to cover actual requirements for the effective management of receivables/liabilities, and not for speculative or dealing purposes.

The Group, in principle, has no intention to use derivative financial instruments that would increase market risks. Furthermore, the counterparties to the derivative transactions are thoroughly assessed in terms of their credit risks. Therefore, the Group believes that its derivative financial instruments entail minimal market and credit risks.

Control of Derivative Trading

The Group enters into derivative transactions based on regulations established by the Company, and controls the risk of the transaction by assessing the efficiency of its hedging.

Hedge Accounting

The Group adopts hedge accounting for its derivative transactions.

Gains or losses on changes in the fair market values of the hedging instruments, which consist of forward exchange, option and swap contracts and related complex contracts, are recognized in income when the relating hedged items are reflected in income.

Fair Value of Derivative Financial Instruments:

At March 31, 2004 and 2005, all derivative financial instruments were stated at fair market value and recorded on the balance sheets.

15. *Leases*

The following is a summary of equivalent amounts of acquisition cost, accumulated depreciation, book value of leased assets, and minimum lease payments required under finance leases, which were recorded in the corresponding asset accounts, at March 31, 2004 and 2005.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Equivalent amounts of acquisition cost	¥233,553	**¥163,712**	**$1,530,019**
Accumulated depreciation	140,019	**102,974**	**962,374**
Book value of leased assets	93,534	**60,738**	**567,645**
Minimum lease payments required			
Within one year	30,393	**23,486**	**219,495**
Over one year but within five years	67,336	**42,002**	**392,542**
Over five years	2,582	**2,133**	**19,935**
Total	¥100,311	**¥ 67,621**	**$ 631,972**

The following is a summary of future minimum lease payments required under non-cancelable operating leases in the aggregate and for each of the following periods.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Within one year	¥10,821	**¥10,766**	**$100,617**
Over one year but within five years	29,955	**28,961**	**270,663**
Over five years	20,443	**18,843**	**176,103**
Total	¥61,219	**¥58,570**	**$547,383**

16. *Supplementary Information to the Consolidated Balance Sheets*

Receivables, trade from and payables, trade to affiliates at March 31, 2004 and 2005 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2004	**2005**	**2005**
Receivables, trade	¥43,457	**¥36,847**	**$344,364**
Payables, trade	67,277	**64,038**	**598,486**

17. *Earnings Per Share*

		Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2003	2004	**2005**	**2005**
Net income (loss)	¥(122,066)	¥49,704	**¥31,907**	**$298,196**
Bonuses to directors and statutory auditors from retained earnings (deficit)	(582)	(596)	**(548)**	**(5,121)**
Net income (loss) for common stock shareholders	(122,648)	49,108	**31,359**	**293,075**
Effect of dilutive securities	—	(1)	**29**	**271**
Diluted net income (loss)	¥(122,648)	¥49,107	**¥31,388**	**$293,346**

			thousands
Weighted average number of shares	2,001,138	2,000,366	**2,034,114**
Effect of dilutive securities	—	208,159	**230,778**
Diluted weighted average number of shares	2,001,138	2,208,525	**2,264,892**

			Yen	U.S. Dollars
Basic earnings (loss) per share	¥(61.3)	¥24.5	**¥15.4**	**$0.144**
Diluted earnings (loss) per share	(61.3)	22.2	**13.9**	**0.130**

18. *Supplementary Information to the Consolidated Statements of Operations*

Research and development expenses charged to "selling, general and administrative expenses" for the years ended March 31, 2003, 2004 and 2005 were ¥285,735 million and ¥250,910 million, ¥240,222 million ($2,245,065 thousand), respectively.

"Other income (expenses)—other, net" for the years ended March 31, 2003, 2004 and 2005 consisted of the following:

			Yen (millions)	U.S. Dollars (thousands)
Years ended March 31	2003	2004	**2005**	**2005**
Gain on sales of marketable securities	¥ 29,362	¥ 134,624	**¥133,299**	**$1,245,785**
Gain on business transfer	14,536	—	**36,534**	**341,439**
Gain on transfer of substitutional portion of employees' pension funds	—	146,532	**—**	**—**
Gain on sales of property, plant and equipment	—	13,649	**—**	**—**
Amortization of unrecognized obligation for retirement benefits	(43,901)	(56,943)	**(39,295)**	**(367,243)**
Restructuring charges	(151,486)	(164,202)	**(20,085)**	**(187,710)**
Real estate valuation losses	—	—	**(15,274)**	**(142,748)**
Loss on disposal of property, plant and equipment	(10,185)	(7,142)	**(7,668)**	**(71,663)**
HDD litigation-related expenses	—	(10,220)	**—**	**—**
Casualty loss	—	(4,700)	**—**	**—**
Cost of corrective measures for products	(30,600)	—	**—**	**—**
Loss on devaluation of marketable securities	(21,802)	—	**—**	**—**
Foreign exchange gains (losses), net	(5,710)	(6,972)	**2,174**	**20,318**
Other, net	(7,399)	(20,425)	**(20,437)**	**(191,000)**
	¥(227,185)	¥ 24,201	**¥ 69,248**	**$ 647,178**

Gain on sales of marketable securities

Gain on sales of marketable securities for the year ended March 31, 2004 related mainly to the sales of shares in Fanuc Ltd.

Gain on sales of marketable securities for the year ended March 31, 2005 related mainly to the sales of shares in Fanuc Ltd. and Advantest Corporation.

Gain on business transfer

Gain on business transfer for the year ended March 31, 2003 related to the transfer of a portion of the printer systems business to Fuji Xerox Co., Ltd.

Gain on business transfer for the year ended March 31, 2005 related to the transfer of the plasma display panel business.

Gain on transfer of substitutional portion of employees' pension funds

Please refer to Note 10 for "gain on transfer of substitutional portion of employees' pension funds" for the year ended March 31, 2004.

Gain on sales of property, plant and equipment

Gain on sales of property, plant and equipment for the year ended March 31, 2003 related to securitization of the land and buildings of Fujitsu Solution Square (located in Kamata, Tokyo), and the sales of other properties that had been used for employees' welfare.

Amortization of unrecognized obligation for retirement benefits

Amortization of unrecognized obligation for retirement benefits related mainly to amortization of actuarial loss in Japan and net obligation at transition for the consolidated subsidiaries in Japan.

Restructuring charges

Restructuring charges for the year ended March 31, 2003 related mainly to the comprehensive structural reform of the Group in order to realign and rationalize its development and production in the Electronic Devices and Platforms businesses, as well as to withdraw from the business of small-form-factor magnetic disk drives for desktop PCs.

Restructuring charges for the year ended March 31, 2004 related to the cost of ¥75,775 million for reduction in force, disposal of assets and one-time amortization of goodwill with regard to global restructuring focusing on North America, the expected loss of ¥68,316 million based on strict analysis of predicted future returns with regard to fundamental reform of the Software & Services business in Japan, and other costs of ¥20,111 million for reduction in force and disposal of assets with regard to restructuring of subsidiaries.

Restructuring charges for the year ended March 31, 2005 were recorded as expenses relating to reductions and relocation of personnel and disposition of assets primarily at domestic manufacturing subsidiaries.

Real estate valuation losses

Real estate valuation losses for the year ended March 31, 2005 related to the devaluation on idle property holdings.

HDD litigation-related expenses

HDD litigation-related expenses for the year ended March 31, 2004 included expenses relating to the settlement of a class-action lawsuit in the United States regarding certain Fujitsu-manufactured magnetic hard disk drives, as well as other litigation-related expenses and expenses for corrective measures for customers.

Casualty loss

Casualty loss for the year ended March 31, 2004 related to repair expenses incurred to cover damage to property as a result of the earthquake that occurred off the coast of Miyagi Prefecture, Japan, on May 26, 2003.

Cost of corrective measures for products

Cost of corrective measures for products for the year ended March 31, 2003 related to certain small-form-factor magnetic hard disk drives due to some procured parts that were found to be defective.

19. *Segment Information*

Business Segment Information

Years ended March 31	Software & Services	Platforms	Electronic Devices	Financing	Other Operations	Elimination & Corporate	Consolidated
							Yen (millions)
2003							
Sales							
Unaffiliated customers	¥2,025,790	¥1,612,016	¥618,632	¥119,279	¥241,863	¥ —	¥4,617,580
Intersegment	72,167	231,260	68,816	9,148	137,082	(518,473)	—
Total sales	2,097,957	1,843,276	687,448	128,427	378,945	(518,473)	4,617,580
Operating costs and expenses	1,921,428	1,842,303	719,071	124,099	368,943	(458,691)	4,517,153
Operating income (loss)	176,529	973	(31,623)	4,328	10,002	(59,782)	100,427
Total assets	1,278,880	1,113,208	693,910	245,707	486,457	407,199	4,225,361
Depreciation	87,359	86,694	128,720	164	9,779	11,581	324,297
Capital expenditure							
(including intangible assets)	79,503	51,818	65,327	59	5,910	9,660	212,277
2004							
Sales							
Unaffiliated customers	¥2,094,261	¥1,608,178	¥734,320	¥ 50,391	¥279,738	¥ —	¥4,766,888
Intersegment	52,112	224,705	70,365	4,027	138,554	(489,763)	—
Total sales	2,146,373	1,832,883	804,685	54,418	418,292	(489,763)	4,766,888
Operating costs and expenses	2,007,615	1,803,639	777,147	52,411	404,654	(428,920)	4,616,546
Operating income (loss)	138,758	29,244	27,538	2,007	13,638	(60,843)	150,342
Total assets	1,240,641	1,031,589	749,552	—	458,744	385,063	3,865,589
Depreciation	85,953	68,523	84,924	70	10,611	11,724	261,805
Capital expenditure							
(including intangible assets)	95,387	42,409	62,793	49	8,609	9,235	218,482
2005							
Sales							
Unaffiliated customers	**¥2,070,444**	**¥1,705,124**	**¥733,866**	**¥ —**	**¥253,325**	**¥ —**	**¥4,762,759**
Intersegment	**38,462**	**156,405**	**60,931**	**—**	**99,060**	**(354,858)**	**—**
Total sales	**2,108,906**	**1,861,529**	**794,797**	**—**	**352,385**	**(354,858)**	**4,762,759**
Operating costs and expenses	**1,995,851**	**1,806,527**	**762,215**	**—**	**338,339**	**(300,364)**	**4,602,568**
Operating income (loss)	**113,055**	**55,002**	**32,582**	**—**	**14,046**	**(54,494)**	**160,191**
Total assets	**1,232,815**	**961,577**	**672,146**	**—**	**460,478**	**313,182**	**3,640,198**
Depreciation	**72,104**	**58,531**	**69,686**	**—**	**8,018**	**12,153**	**220,492**
Capital expenditure							
(including intangible assets)	**80,354**	**47,563**	**80,367**	**—**	**13,954**	**9,686**	**231,924**

Years ended March 31	Software & Services	Platforms	Electronic Devices	Financing	Other Operations	Elimination & Corporate	Consolidated
							U.S. Dollars (thousands)
2005 (in U.S. Dollars)							
Sales							
Unaffiliated customers	**$19,349,944**	**$15,935,738**	**$6,858,561**	**$ —**	**$2,367,523**	**$ —**	**$44,511,766**
Intersegment	**359,458**	**1,461,729**	**569,448**	**—**	**925,795**	**(3,316,430)**	**—**
Total sales	**19,709,402**	**17,397,467**	**7,428,009**	**—**	**3,293,318**	**(3,316,430)**	**44,511,766**
Operating costs and expenses	**18,652,813**	**16,883,430**	**7,123,504**	**—**	**3,162,047**	**(2,807,140)**	**43,014,654**
Operating income (loss)	**1,056,589**	**514,037**	**304,505**	**—**	**131,271**	**(509,290)**	**1,497,112**
Total assets	**11,521,636**	**8,986,701**	**6,281,738**	**—**	**4,303,533**	**2,926,934**	**34,020,542**
Depreciation	**673,869**	**547,019**	**651,271**	**—**	**74,935**	**113,579**	**2,060,673**
Capital expenditure							
(including intangible assets)	**750,972**	**444,514**	**751,093**	**—**	**130,411**	**90,524**	**2,167,514**

1. The business segments are classified based on similarity of products and services, and selling methods, etc.
2. Fujitsu Leasing Co., Ltd., an operating company under the “Financing” segment, was shifted from a consolidated subsidiary to an equity method affiliate at September 30, 2003.
3. The principal products and services of business segments are as follows:
   (1) Software & Services .... Consulting services, systems construction (systems integration), system deployment and operational support services, comprehensive management of information systems (outsourcing services, IDC services), provision of network environment for information systems as well as various network services (network services, internet services), software, information and network systems maintenance and monitoring, information systems infrastructure construction and network construction
   (2) Platforms .... Servers (UNIX servers, IA servers, mainframes), peripheral equipment for information systems (disk arrays, etc.), personal computers, storage equipment (magnetic and magneto-optical disk drives), terminals (financial terminals, POS systems), mobile phone handsets, IP systems, fiber-optic transmission systems, mobile communication systems (3G base station systems)
   (3) Electronic Devices .... Logic LSI (System LSI, ASICs, microcontrollers, FRAM), memory LSI (Flash memory, FCRAM), semiconductor packages, SAW devices, electronic components (relays, connectors, etc.), liquid crystal displays (LCDs)
   (4) Financing .... Leasing business
   (5) Other Operations .... Audio/navigation equipment, automotive electronic devices
4. Unallocated operating costs and expenses included in “Elimination & Corporate” for the years ended March 31, 2003, 2004 and 2005 were ¥57,822 million, ¥61,032 million and ¥58,324 million ($545,084 thousand), respectively. Most of these costs and expenses were incurred as basic research and development expenses and general and administrative expenses at the Company.
5. Corporate assets included in “Elimination & Corporate” at March 31, 2003, 2004 and 2005 amounted to ¥1,048,824 million, ¥955,034 million and ¥927,300 million ($8,666,355 thousand), respectively. The assets principally consisted of working capital (cash and cash equivalents), long-term investments and miscellaneous assets held by the general and administrative sections at the Company.

Geographic Segment Information

Years ended March 31	Japan	Europe	The Americas	Others	Elimination & Corporate	Consolidated
						Yen (millions)
2003						
Sales						
Unaffiliated customers	¥3,556,437	¥524,910	¥257,575	¥278,658	¥ —	¥4,617,580
Intersegment	332,151	18,130	20,595	185,505	(556,381)	—
Total sales	3,888,588	543,040	278,170	464,163	(556,381)	4,617,580
Operating costs and expenses	3,727,730	539,408	296,952	451,419	(498,356)	4,517,153
Operating income (loss)	160,858	3,632	(18,782)	12,744	(58,025)	100,427
Total assets	2,756,667	348,886	203,880	196,875	719,053	4,225,361

Years ended March 31	Japan	Europe	The Americas	Others	Elimination & Corporate	Consolidated
						Yen (millions)
2004						
Sales						
Unaffiliated customers	¥3,605,665	¥544,593	¥254,488	¥362,142	¥ —	¥4,766,888
Intersegment	465,811	18,768	20,210	217,037	(721,826)	—
Total sales	4,071,476	563,361	274,698	579,179	(721,826)	4,766,888
Operating costs and expenses	3,867,743	556,675	287,859	565,675	(661,406)	4,616,546
Operating income (loss)	203,733	6,686	(13,161)	13,504	(60,420)	150,342
Total assets	2,411,533	347,871	226,122	206,993	673,070	3,865,589
2005						
Sales						
Unaffiliated customers	**¥3,560,925**	**¥585,138**	**¥281,959**	**¥334,737**	**¥ —**	**¥4,762,759**
Intersegment	**463,593**	**11,764**	**16,959**	**268,154**	**(760,470)**	**—**
Total sales	**4,024,518**	**596,902**	**298,918**	**602,891**	**(760,470)**	**4,762,759**
Operating costs and expenses	**3,836,679**	**585,199**	**294,565**	**590,749**	**(704,624)**	**4,602,568**
Operating income (loss)	**187,839**	**11,703**	**4,353**	**12,142**	**(55,846)**	**160,191**
Total assets	**2,178,392**	**357,883**	**177,941**	**215,058**	**710,924**	**3,640,198**
						U.S. Dollars (thousands)
2005 (in U.S. Dollars)						
Sales						
Unaffiliated customers	**$33,279,673**	**$5,468,579**	**$2,635,131**	**$3,128,383**	**$ —**	**$44,511,766**
Intersegment	**4,332,645**	**109,944**	**158,495**	**2,506,112**	**(7,107,196)**	**—**
Total sales	**37,612,318**	**5,578,523**	**2,793,626**	**5,634,495**	**(7,107,196)**	**44,511,766**
Operating costs and expenses	**35,856,813**	**5,469,149**	**2,752,944**	**5,521,019**	**(6,585,271)**	**43,014,654**
Operating income (loss)	**1,755,505**	**109,374**	**40,682**	**113,476**	**(521,925)**	**1,497,112**
Total assets	**20,358,804**	**3,344,701**	**1,663,000**	**2,009,888**	**6,644,149**	**34,020,542**

1. Classification of the geographic segments is determined by geographical location.
2. The principal countries and regions belonging to geographic segments other than Japan are as follows:
   (1) Europe .... U.K., Spain, Germany, Finland, the Netherlands
   (2) The Americas .... U.S.A., Canada
   (3) Others .... China, Thailand, Vietnam, the Philippines, Singapore, Korea, Taiwan, Australia
3. Unallocated operating costs and expenses included in "Elimination & Corporate" for the years ended March 31, 2003, 2004 and 2005 were ¥57,822 million, ¥61,032 million and ¥58,324 million ($545,084 thousand), respectively. Most of these costs and expenses were incurred as basic research and development expenses and general and administrative expenses at the Company.
4. Corporate assets included in "Elimination & Corporate" at March 31, 2003, 2004 and 2005 amounted to ¥1,048,824 million, ¥955,034 million and ¥927,300 million ($8,666,355 thousand), respectively. The assets principally consisted of working capital (cash and cash equivalents), long-term investments and miscellaneous assets held by the general and administrative sections at the Company.

20. *Subsequent Events*

The Company had previously filed a lawsuit in California State District Court against Cirrus Logic Inc., Amkor Technology, Inc., Sumitomo Bakelite Company Limited and Sumitomo Plastics America, Inc. in regard to incidences of problems with small form-factor magnetic hard disk drives in 2001. However, in June 2005 a settlement was reached with these companies.

As a result, the Company expects to record "other income" of approximately ¥15.4 billion ($146.8 million).