5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

There are none.

2. Segment Information

(1) Segment Overview

Fujitsu's reportable business segments consist of components of the Fujitsu Group for which discrete financial information is available and whose operating results are regularly reviewed by the Group's executive decision-making body to make decisions about resource allocation to the segments and assess their performance.

In the field of information and communication technology (ICT), while delivering a wide variety of services, the Group offers comprehensive solutions, from the development, manufacturing, and sales, to the maintenance and operations of cutting-edge, high-performance and high-quality products and electronic devices that support services. The Group's business is organized into three reportable segments—Technology Solutions, Ubiquitous Solutions and Device Solutions—based on the Group's managerial structure, characteristics of the products and services and the similarities of the sales market within each operating segment. Managerial structure and product and service classification in each reportable segment are as follows.

(i) Technology Solutions
Fujitsu has a composite business management structure, organized along business lines, with categories of services enabling global strategic proposals, cost management and other business management operations so as customers the optimum products, software and services in an integrated format. This matrix structure is also along customer lines, categorized into five regions, consisting of Japan, EMEIA (Europe, Middle East, India and Africa), Americas, Asia and Oceania.
This reportable segment consists of Solutions/Systems Integration, which are services for the construction of information and communication systems, Infrastructure Services, which are primarily outsourcing and maintenance services, System Products, which covers mainly the servers and storage systems that comprise ICT platforms and Network Products, which are used to build communications infrastructure, such as mobile phone base stations and optical transmission systems.

(ii) Ubiquitous Solutions
The segment is organized into independent business management units along product lines and includes the sales departments.
This reportable segment contains ubiquitous terminals — including personal computers and mobile phones as well as car audio and navigation systems, mobile communication equipment and automotive electronic equipment — that collect various information and knowledge generated from the behavioral patterns of people and organizations needed to achieve the Group's vision of a "Human Centric Intelligent Society" (a society that enjoys the benefits of the value generated by ICT without requiring anyone to be conscious of the technological complexities involved).

(iii) Device Solutions
The segment is organized by product in independent business management units which include the respective sales departments and contains cutting-edge technologies, including LSI devices used in digital home appliances, automobiles, mobile phones and servers as well as electronic components such as semiconductor packages and batteries.

Profit figures for the operating segments are presented on the basis of operating profit, but because corporate expenses are managed on the basis of the entire Fujitsu Group, they are not allocated to the operating segments. In addition, because Fujitsu Group financing (including financial income and expenses) and income from investments accounted for using the equity method are also managed on the basis of the entire Fujitsu Group, they are not allocated to the operating segments.
Intersegment transactions are based on an arm's length price.

(2) Amounts of Revenue and Operating Profit by Reportable Segments

1H FY2013 (For six-month period ended September 30, 2013) (Millions of yen)

	Reportable Segments						
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Sub-Total	Other	Adjustments	Consolidated
Revenue							
External customers	1,438,503	419,017	279,514	2,137,034	5,653	8,914	2,151,601
Intersegment	24,464	59,678	24,963	109,105	21,580	-130,685	—
Total Revenue	1,462,967	478,695	304,477	2,246,139	27,233	-121,771	2,151,601
Operating Profit	74,888	-28,593	20,065	66,360	-3,852	-32,126	30,382
Financial income							5,815
Financial expenses							-3,666
Income from investments accounted for using the equity method, net							2,151
Profit before Income Taxes							34,682

1H FY2014 (For six-month period ended September 30, 2014) (Millions of yen)

	Reportable Segments						
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Sub-Total	Other	Adjustments	Consolidated
Revenue							
External customers	1,471,093	449,104	256,278	2,176,475	5,851	10,531	2,192,857
Intersegment	21,061	64,820	24,135	110,016	22,832	-132,848	—
Total Revenue	1,492,154	513,924	280,413	2,286,491	28,683	-122,317	2,192,857
Operating Profit	50,715	9,671	9,970	70,356	-5,038	-33,045	32,273
Financial income							11,472
Financial expenses							-4,505
Income from investments accounted for using the equity method, net							3,373
Profit before Income Taxes							42,613

2Q FY2013 (For three-month period ended September 30, 2013) (Millions of yen)

	Reportable Segments						
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Sub-Total	Other	Adjustments	Consolidated
Revenue							
External customers	772,149	227,638	144,967	1,144,754	3,023	4,591	1,152,368
Intersegment	13,230	35,109	14,126	62,465	11,028	-73,493	—
Total Revenue	785,379	262,747	159,093	1,207,219	14,051	-68,902	1,152,368
Operating Profit	60,490	-11,567	12,888	61,811	-2,322	-18,383	41,106
Financial income							692
Financial expenses							-1,888
Income from investments accounted for using the equity method, net							1,010
Profit before Income Taxes							40,920

2Q FY2014 (For three-month period ended September 30, 2014) (Millions of yen)

	Reportable Segments						
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Sub-Total	Other	Adjustments	Consolidated
Revenue							
External customers	772,262	209,834	132,746	1,114,842	3,117	6,227	1,124,186
Intersegment	11,850	35,168	12,443	59,461	11,532	-70,993	—
Total Revenue	784,112	245,002	145,189	1,174,303	14,649	-64,766	1,124,186
Operating Profit	39,303	937	6,616	46,856	-2,283	-19,599	24,974
Financial income							8,551
Financial expenses							-2,668
Income from investments accounted for using the equity method, net							1,318
Profit before Income Taxes							32,175

Notes;

1. The “Other” segment consists of operations not included in the reportable segments, such as Japan's Next-Generation Supercomputer project, facility services and the development of information systems for group companies, and welfare benefits for group employees.
2. The “Adjustments” to revenue represent the elimination of intersegment transactions.
3. The “Adjustments” to operating profit include corporate expenses and the elimination of intersegment transactions. For the first half of fiscal 2013 and the first half of fiscal 2014, corporate expenses were -31,336 million yen and -33,321 million yen, respectively, and the elimination of intersegment transactions was -790 million yen and 276 million yen , respectively.
   For the second quarter of fiscal 2013 and the second quarter of fiscal 2014, corporate expenses were -15,530 million yen and -18,609 million yen, respectively, and the elimination of intersegment transactions was -2,853 million yen and -990 million yen , respectively.
   Corporate expenses mainly consist of strategic expenses such as basic research and development expenses which are not attributable to the reportable segments and group management shared expenses incurred by Fujitsu.

(3) Information about Product and Services

Revenue to External Customers (Millions of yen)

	1H FY2013 (For six-month period ended September 30, 2013)	1H FY2014 (For six-month period ended September 30, 2014)
Technology Solutions		
Services	1,170,812	1,216,038
System Platforms	267,691	255,055
Ubiquitous Solutions		
PCs/Mobile phones	270,345	282,975
Mobilewear	148,672	166,129
Device Solutions		
LSI	148,869	134,311
Electronic components	130,645	121,967
Other Operations	5,653	5,851
Elimination and Corporate	8,914	10,531
Total	2,151,601	2,192,857

Revenue to External Customers (Millions of yen)

	2Q FY2013 (For three-month period ended September 30, 2013)	2Q FY2014 (For three-month period ended September 30, 2014)
Technology Solutions		
Services	622,901	641,091
System Platforms	149,248	131,171
Ubiquitous Solutions		
PCs/Mobile phones	150,842	125,310
Mobilewear	76,796	84,524
Device Solutions		
LSI	76,731	70,269
Electronic components	68,236	62,477
Other Operations	3,023	3,117
Elimination and Corporate	4,591	6,227
Total	1,152,368	1,124,186

(4) Geographical Information (Based on Customer Locations)

Revenue to External Customers (Millions of yen)

	1H FY2013 (For six-month period ended September 30, 2013)	1H FY2014 (For six-month period ended September 30, 2014)
Japan	1,292,123	1,305,668
Outside Japan		
EMEIA	416,266	463,492
Americas	198,619	191,675
Asia	185,708	175,700
Oceania	58,885	56,322
Sub Total	859,478	887,189
Total	2,151,601	2,192,857

Revenue to External Customers (Millions of yen)

	2Q FY2013 (For three-month period ended September 30, 2013)	2Q FY2014 (For three-month period ended September 30, 2014)
Japan	708,351	674,602
Outside Japan		
EMEIA	214,677	232,912
Americas	101,222	95,998
Asia	99,698	92,947
Oceania	28,420	27,727
Sub Total	444,017	449,584
Total	1,152,368	1,124,186

Notes;

1. Geographical segments are defined based on customer location.
2. Principal countries and regions comprising the segments other than Japan:
   (1) EMEIA (Europe, Middle East, India and Africa): UK, Germany, Spain, Finland and Sweden
   (2) Americas: US, Canada
   (3) Asia: China, Singapore, Korea and Taiwan
   (4) Oceania: Australia
3. There is no country that is required to have a separate individual disclosure.

3. Equity and Other Components of Equity

Other components of Equity and Changes in Other Comprehensive Income

(Millions of yen)

	1H FY2013 (For six-month period ended September 30, 2013)	1H FY2014 (For six-month period ended September 30, 2014)
Foreign currency translation adjustments		
Beg. Balance	4,738	13,023
Other Comprehensive Income	4,051	7,677
Others	—	—
End. Balance	8,789	20,700
Cash flow hedges		
Beg. Balance	-46	20
Other Comprehensive Income	137	149
Others	—	—
End. Balance	91	169
Available-for-sale financial assets		
Beg. Balance	38,363	50,100
Other Comprehensive Income	10,818	9,038
Others	—	—
End. Balance	49,181	59,138
Remeasurement of Defined Benefit Plans		
Beg. Balance	—	—
Other Comprehensive Income	21,902	34,729
Others	-21,902	-34,729
End. Balance	—	—
Other Components of Equity		
Beg. Balance	43,055	63,143
Other Comprehensive Income	36,908	51,593
Others	-21,902	-34,729
End. Balance	58,061	80,007

4. Earnings per Share

Calculation basis for basic earnings per share and diluted earnings per share

Basic Earnings per Share

		1H FY2013 (For six-month period ended September 30, 2013)	1H FY2014 (For six-month period ended September 30, 2014)
Profit for the period, attributable to ordinary equity holders of the parent	Millions of yen	14,651	24,107
Weighted average number of ordinary shares - basic	Thousands of share	2,069,254	2,069,076
Earnings per shares	Yen	7.08	11.65

Diluted Earnings per Share

		1H FY2013 (For six-month period ended September 30, 2013)	1H FY2014 (For six-month period ended September 30, 2014)
Profit for the period, attributable to ordinary equity holders of the parent	Millions of yen	14,651	24,107
Adjustment related to dilutive securities issued by subsidiaries and affiliates	Millions of yen	-16	-1
Profit used to calculate diluted earnings per share	Millions of yen	14,635	24,106
Weighted average number of ordinary shares - basic	Thousands of share	2,069,254	2,069,076
Weighted average number of ordinary shares - diluted	Thousands of share	2,069,254	2,069,076
Diluted earnings per share	Yen	7.07	11.65

Basic Earnings per Share

		2Q FY2013 (For three-month period ended September 30, 2013)	2Q FY2014 (For three-month period ended September 30, 2014)
Profit for the period, attributable to ordinary equity holders of the parent	Millions of yen	23,802	17,217
Weighted average number of ordinary shares - basic	Thousands of share	2,069,236	2,069,050
Earnings per shares	Yen	11.50	8.32

Diluted Earnings per Share

		2Q FY2013 (For three-month period ended September 30, 2013)	2Q FY2014 (For three-month period ended September 30, 2014)
Profit for the period, attributable to ordinary equity holders of the parent	Millions of yen	23,802	17,217
Adjustment related to dilutive securities issued by subsidiaries and affiliates	Millions of yen	-2	-2
Profit used to calculate diluted earnings per share	Millions of yen	23,800	17,215
Weighted average number of ordinary shares - basic	Thousands of share	2,069,236	2,069,050
Weighted average number of ordinary shares - diluted	Thousands of share	2,069,236	2,069,050
Diluted earnings per share	Yen	11.50	8.32

5. First-time Adoption

Fiscal 2014 marks the first time that the Fujitsu Group's financial statement disclosures have been prepared in accordance with IFRS. April 1, 2013 is the date of transition to IFRS. The financial statements of the prior fiscal year (April 1, 2013 – March 31, 2014) were prepared in accordance with the Generally Accepted Accounting Principles in Japan ("Japanese accounting standards").

1) The Fujitsu Group's Policies on the Application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, and 2) Significant Differences with Japanese Accounting Standards

Please refer to "Part II. Financial Tables, 8. First-time Adoption" in FY2014 First-Quarter Financial Results.

3) Reconciliations Based on IFRS 1

Based on IFRS 1, the reconciliations to comprehensive income for the previous fiscal year's first half (April 1- September 30, 2013) and second quarter (July 1- September 30, 2013) are as follows.

For the reconciliations to equity for the date of transition to IFRS (April 1, 2013) and the end of the previous fiscal year (March 31, 2014), and the reconciliations to comprehensive income for the previous fiscal year (April 1, 2013 – March 31, 2014), please refer to "Part II. Financial Tables, 8. First-time Adoption" in FY2014 First-Quarter Financial Results.

Reconciliations to Comprehensive Income for the First Half Ended September 30, 2013 (April 1, 2013 - September 30, 2013)

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Net sales		2,151,601	—	—	2,151,601	Revenue
Cost of sales	A	-1,581,472	—	704	-1,580,768	Cost of sales
Gross profit		570,129	—	704	570,833	Gross profit
Selling, general and administrative expenses	A	-559,308	-1,004	15,468	-544,844	Selling, general and administrative expenses
	B	—	-3,790	8,183	4,393	Other income (expenses)
Operating income		10,821	-4,794	24,355	30,382	Operating profit
Other income						
	C	—	5,815	—	5,815	Financial income
Interest income	C	981	-981	—	—	
Dividend income	C	2,106	-2,106	—	—	
Equity in earnings of affiliates, net	C	1,807	—	344	2,151	Income from investments accounted for using the equity method, net
Gain on foreign exchange, net	C	915	-915	—	—	
Gain on sales of investment securities	B,C	1,829	-1,829	—	—	
Others	B,C	3,479	-3,479	—	—	
Total other income		11,117	-3,495	344	7,966	
Other expenses						
	C	—	-3,572	-94	-3,666	Financial expenses
Interest charges	C	-3,191	3,191	—	—	
Loss on disposal of property, plant and equipment and intangible assets	B	-975	975	—	—	
Others	B,C	-3,842	3,842	—	—	
Total other expenses		-8,008	4,436	-94	-3,666	
Ordinary income		13,930	-13,930	—	—	
Extraordinary gains		—	—	—	—	
Extraordinary losses		-3,853	3,853	—	—	
Income (loss) before income taxes and minority interests		10,077	—	24,605	34,682	Profit before income taxes
Total income taxes	D	-15,512	—	-314	-15,826	Income tax expenses
Income (loss) before minority interests		-5,435	—	24,291	18,856	Profit for the period
						Profit for the period attributable to:
		—	-9,626	24,277	14,651	Owners of the parent
Minority interests in income (loss) of consolidated subsidiaries	E	4,191	—	14	4,205	Non-controlling interests
		—	—	—	18,856	Total
Net income (loss)		-9,626	9,626	—	—	

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Income (loss) before minority interests		-5,435	—	24,291	18,856	Profit for the period
Other comprehensive income	F					Other comprehensive income
						Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans, net of taxes		-2,429	—	26,518	24,089	Remeasurement of defined benefit plans
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments		18,663	—	-15,560	3,103	Foreign currency translation adjustments
Deferred gains or losses on hedges, net of taxes		82	—	—	82	Cash flow hedges
Unrealized gain and loss on securities, net of taxes		9,767	—	1,288	11,055	Available-for-sale financial assets
Share of other comprehensive income of affiliates accounted for using the equity method		1,829	—	-74	1,755	Share of other comprehensive income of investments accounted for using the equity method
		—	—	-14,346	15,995	
Total other comprehensive income		27,912	—	12,172	40,084	Total other comprehensive income, net of taxes
Comprehensive income:		22,477	—	36,463	58,940	Total comprehensive income for the period:
Attributable to:						Total comprehensive income for the period attributable to:
Owners of the parent		17,543	—	34,016	51,559	Owners of the parent
Minority interests	G	4,934	—	2,447	7,381	Non-controlling interests
		22,477	—	36,463	58,940	Total

Reconciliations to Comprehensive Income for the Second Quarter Ended September 30, 2013 (July 1, 2013 - September 30, 2013)

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Net sales		1,152,368	—	—	1,152,368	Revenue
Cost of sales	A	-841,852	—	456	-841,396	Cost of sales
Gross profit		310,516	—	456	310,972	Gross profit
Selling, general and administrative expenses	A	-276,859	-2,401	7,492	-271,768	Selling, general and administrative expenses
	B	—	-2,138	4,040	1,902	Other income (expenses)
Operating income		33,657	-4,539	11,988	41,106	Operating profit
Other income						
	C	—	692	—	692	Financial income
Interest income	C	490	-490	—	—	
Dividend income	C	124	-124	—	—	
Equity in earnings of affiliates, net	C	841	—	169	1,010	Income from investments accounted for using the equity method, net
Gain on sales of investment securities	B,C	78	-78	—	—	
Others	B,C	1,786	-1,786	—	—	
Total other income		3,319	-1,786	169	1,702	
Other expenses						
	C	—	-1,839	-49	-1,888	Financial expenses
Interest charges	C	-1,592	1,592	—	—	
Loss on foreign exchange, net	C	-5	5	—	—	
Loss on disposal of property, plant and equipment and intangible assets	B	-555	555	—	—	
Others	B,C	-2,159	2,159	—	—	
Total other expenses		-4,311	2,472	-49	-1,888	
Ordinary income		32,665	-32,665	—	—	
Extraordinary gains		—	—	—	—	
Extraordinary losses		-3,853	3,853	—	—	
Income (loss) before income taxes and minority interests		28,812	—	12,108	40,920	Profit before income taxes
Total income taxes	D	-14,285	—	132	-14,153	Income tax expenses
Income (loss) before minority interests		14,527	—	12,240	26,767	Profit for the period
						Profit for the period attributable to:
		—	12,357	11,445	23,802	Owners of the parent
Minority interests in income (loss) of consolidated subsidiaries	E	2,170	—	795	2,965	Non-controlling interests
		—	—	—	26,767	Total
Net income (loss)		12,357	-12,357	—	—	

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Income (loss) before minority interests		14,527	－	12,240	26,767	Profit for the period
Other comprehensive income	F					Other comprehensive income
						Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans, net of taxes		-2,880	－	-14,967	-17,847	Remeasurement of defined benefit plans
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments		8,189	－	-7,756	433	Foreign currency translation adjustments
Deferred gains or losses on hedges, net of taxes		80	－	－	80	Cash flow hedges
Unrealized gain and loss on securities, net of taxes		3,822	－	-1	3,821	Available-for-sale financial assets
Share of other comprehensive income of affiliates accounted for using the equity method		640	－	-70	570	Share of other comprehensive income of investments accounted for using the equity method
		－	－	-7,827	4,904	
Total other comprehensive income		9,851	－	-22,794	-12,943	Total other comprehensive income, net of taxes
Comprehensive income:		24,378	－	-10,554	13,824	Total comprehensive income for the period:
Attributable to:						Total comprehensive income for the period attributable to:
Owners of the parent		22,298	－	-10,780	11,518	Owners of the parent
Minority interests	G	2,080	－	226	2,306	Non-controlling interests
		24,378	－	-10,554	13,824	Total

[Notes on the Reconciliations to Comprehensive Income for the Previous Fiscal Year's First Half (April 1, 2013 - September 30, 2013)]

A. Cost of Sales and Selling, General and Administrative Expenses

Reclassification: 1,004 million yen in one-time income that do not arise in the normal operating cycle, which was included in selling, general and administrative expenses under Japanese accounting standards, has been reclassified as other income, resulting in an increase in selling, general and administrative expenses of 1,004 million yen.

Recognition and Measurement: Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans have, as of the date of transition to IFRS, applied IAS 19. As a result, with respect to remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses), when any positive or negative difference occurs, it is recognized, after adjusting for tax effects, under other comprehensive income in remeasurement of defined benefit plans, and the amount by which the plan is either overfunded or underfunded is recorded as the net defined benefit asset or liability. Any actuarial gains and losses on defined benefit plans that are recognized in other comprehensive income are immediately reflected in retained earnings. In accordance with these changes, with respect to the actuarial gains and losses that were amortized under Japanese accounting standards, the amortization expenses are reversed under IFRS. In addition, past service costs that were amortized under Japanese accounting standards before the date of transition to IFRS, are immediately recognized when they occur under IFRS and have been reclassified into retained earnings, after adjusting for tax effects, as of the date of transition to IFRS. Moreover, recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required. As a result of these changes, cost of sales has increased by 1,049 million yen, and selling, general and administrative expenses have decreased by 2,660 million yen.

As of the beginning of the 2013 fiscal year, Fujitsu's subsidiaries outside of Japan have applied IAS 19. As a result, they switched to a method whereby remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were recognized in other comprehensive income, but were not reclassified to profit or loss. In, however, the process of consolidation based on "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010), remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were amortized over the employees' average remaining service period. In accordance with the Fujitsu Group's transition to IFRS, the adjustments described above are no longer necessary. As a result, selling, general and administrative expenses have been reduced by 8,546 million yen.

Goodwill is amortized over a certain period under Japanese accounting standards, but there is no periodic amortization of goodwill under IFRS. In addition, negative goodwill that, under Japanese accounting standards, was included in goodwill because the amount was deemed to be insignificant, has been reclassified into retained earnings as of the date of transition to IFRS. As a result of these adjustments, selling, general and administrative expenses have been reduced by 4,913 million yen.

With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale. At the same time, to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recording the cost in a lump sum, the cost is recorded in property, plant and equipment and depreciated as cost of sales over the service period. In addition, the amount of provision for loss on repurchase of computers is reversed. As a result of these adjustments, cost of sales has been reduced by 1,760 million yen.

Under Japanese accounting standards, government grants were accounted for either by being netted with the balance of property, plant and equipment or by eliminating the amount of the grants from the actual expense incurred. Under IFRS, however, government grants are recorded as deferred income. As a result, the depreciation expense to property, plant and equipment that is recognized as cost of sales has increased by 12 million yen and the research and development expense that is recognized as selling, general and administrative expenses has increased by 649 million yen.

In addition, because of an adjustment to the “Others” account, cost of sales has been reduced by 5 million yen, and selling, general and administrative expenses have been increased by 2 million yen.

As a result of the adjustments described above, cost of sales has been reduced by 704 million yen, and selling, general and administrative expenses have been reduced by 15,468 million yen.

B. Other Income (Expenses)

Reclassification: A total of 5,024 million yen, comprised under Japanese accounting standards of 1,004 million yen in one-time income that do not arise in the normal operating cycle and that was recorded in selling, general and administrative expenses, 3,479 million yen in other income that was recorded under “Others,” and 541 million yen from an equity transaction at a subsidiary outside of Japan, which was included in gain on sale of investment securities, has been reclassified and recorded as an increase to other income.

A total of 8,670 million yen, comprised under Japanese accounting standards of 3,853 million yen in extraordinary losses, 3,842 million yen in other expenses recorded under “Others,” and 975 million yen in losses on the disposal of property, plant and equipment, has been reclassified and recorded as a reduction to other income.

Of these amounts, 525 million yen in financial income and 381 million yen in financial expenses have been transferred out of other income and recorded in financial income and expenses, respectively, thereby decreasing other income by 144 million yen. As a result of these changes, other income has been reduced by 3,790 million yen.

Recognition and Measurement: For a partial buyout in the retirement benefit plan of a European subsidiary, the actuarial gains and losses of 4,550 million yen stemming from the buyout was accounted for in profit or loss as a one-time write-off under Japanese accounting standards. Under IFRS, unrecognized actuarial gains and losses are recognized in other comprehensive income without, however, a corresponding reclassification to profit or loss. As a result, other income was increased by 4,550 million yen.

With respect to the positive impact on past service costs arising as a result of revisions to the pension plans of some of the consolidated subsidiaries in Japan, because, under IFRS, the effects are immediately recognized when they occur, 3,477 million yen is recognized as an increase to other income.

In addition, because of an adjustment to the "Others" account, other income was increased by 156 million yen.

As a result of the adjustments described above, other income has been increased by 8,183 million yen.

C. Financial Income and Financial Expenses, and Income from Investments Accounted for Using the Equity Method, Net

Reclassification: A total of 5,815 million yen, comprised of 981 million yen in interest income, 2,106 million yen in dividend income, 915 million yen in gains on foreign exchange, net, 1,288 million yen in gains on sales of investment securities, excluding equity transactions, and 525 million yen in financial income (representing the portion of "Others" under other income that could not, under IFRS, be reclassified as other income), has been reclassified as financial income under IFRS.

In addition, a total of 3,572 million yen, comprised of 3,191 million yen in interest expenses and 381 million yen in financial expenses (representing the portion of "Others" under other expenses that could not, under IFRS, be reclassified as other expenses), has been reclassified as financial expenses under IFRS.

Recognition and Measurement: IFRS has been applied to equity method affiliates, causing their equity to increase. As a result, income from investments accounted for using the equity method, net, has increased by 344 million yen. In addition, financial expenses have increased by 94 million yen primarily because of the application of the effective cost method in measuring corporate bonds at their amortized cost.

D. Income Tax Expenses

Recognition and Measurement: With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers' tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers' assets and the tax effects are recognized as deferred tax assets using the purchasers' tax rates after a study of the recoverability of the deferred tax assets. As a result, income tax expenses have reduced by 421 million yen. In addition, as a result of recording deferred tax assets and liabilities arising out of measurement differences, income tax expenses have increased by 735 million yen. The effect of these adjustments has been to increase income tax expenses by 314 million yen.

E. Non-controlling Interests (Profit for the period)

Recognition and Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, profit for the period attributable to non-controlling interests has increased by 14 million yen. Under IFRS the amount of losses of a subsidiary is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, whereas under Japanese accounting standards the amount is only attributed to the owners of the parent in that circumstance.

F. Other Comprehensive Income

Recognition and Measurement: Remeasurement of Defined Benefit Plans

For the gains and losses on remeasurements of the defined benefit plans, after adjusting for tax effects, 26,518 million yen is recognized in other comprehensive income.

Foreign Currency Translation Adjustments

15,560 million yen in foreign currency translation adjustments arising from remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) of subsidiaries outside of Japan is recognized in other comprehensive income.

Available-for-sale Financial Assets

Available-for-sale financial assets are measured at fair value in accordance with IFRS, and for the change in the fair value since the end of the prior reporting period, after adjusting for tax effects, 1,288 million yen is recognized in other comprehensive income.

Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method

IFRS was applied to equity method affiliates, and because this caused their other comprehensive income to decrease, the Company’s share of other comprehensive income of the affiliates has been reduced by 74 million yen.

G. Non-controlling Interests (Total comprehensive income for the period)

Recognition and Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, total comprehensive income for the period attributable to non-controlling interests has increased by 2,447 million yen.

[Notes on the Reconciliations to Comprehensive Income for the Previous Fiscal Year's Second Quarter (July 1, 2013 - September 30, 2013)]

A. Cost of Sales and Selling, General and Administrative Expenses

Reclassification:	2,401 million yen in one-time income that do not arise in the normal operating cycle, which was included in selling, general and administrative expenses under Japanese accounting standards, has been reclassified as other income, resulting in an increase in selling, general and administrative expenses of 2,401 million yen.
Recognition and Measurement:	Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans have, as of the date of transition to IFRS, applied IAS 19. As a result, with respect to remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses), when any positive or negative difference occurs, it is recognized, after adjusting for tax effects, under other comprehensive income in remeasurement of defined benefit plans, and the amount by which the plan is either overfunded or underfunded is recorded as the net defined benefit asset or liability. Any actuarial gains and losses on defined benefit plans that are recognized in other comprehensive income are immediately reflected in retained earnings. In accordance with these changes, with respect to the actuarial gains and losses that were amortized under Japanese accounting standards, the amortization expenses are reversed under IFRS. In addition, past service costs that were amortized under Japanese accounting standards before the date of transition to IFRS, are immediately recognized when they occur under IFRS and have been reclassified into retained earnings, after adjusting for tax effects, as of the date of transition to IFRS. Moreover, recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required. As a result of these changes, cost of sales has increased by 429 million yen, and selling, general and administrative expenses have decreased by 1,341 million yen.

As of the beginning of the 2013 fiscal year, Fujitsu's subsidiaries outside of Japan have applied IAS 19. As a result, they switched to a method whereby remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were recognized in other comprehensive income, but were not reclassified to profit or loss. In, however, the process of consolidation based on "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010), remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were amortized over the employees' average remaining service period. In accordance with the Fujitsu Group's transition to IFRS, the adjustments described above are no longer necessary. As a result, selling, general and administrative expenses have been reduced by 4,263 million yen.

Goodwill is amortized over a certain period under Japanese accounting standards, but there is no periodic amortization of goodwill under IFRS. In addition, negative goodwill that, under Japanese accounting standards, was included in goodwill because the amount was deemed to be insignificant, has been reclassified into retained earnings as of the date of transition to IFRS. As a result of these adjustments, selling, general and administrative expenses have been reduced by 2,422 million yen.

With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale. At the same time, to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recording the cost in a lump sum, the cost is recorded in property, plant and equipment and depreciated as cost of sales over the service period. In addition, the amount of provision for loss on repurchase of computers is reversed. As a result of these adjustments, cost of sales has been reduced by 886 million yen.

Under Japanese accounting standards, government grants were accounted for either by being netted with the balance of property, plant and equipment or by eliminating the amount of the grants from the actual expense incurred. Under IFRS, however, government grants are recorded as deferred income. As a result, the depreciation expense to property, plant and equipment that is recognized as cost of sales has increased by 6 million yen and the research and development expense that is recognized as selling, general and administrative expenses has increased by 532 million yen.

In addition, because of an adjustment to the “Others” account, cost of sales has been reduced by 5 million yen, and selling, general and administrative expenses have been increased by 2 million yen.

As a result of the adjustments described above, cost of sales has been reduced by 456 million yen, and selling, general and administrative expenses have been reduced by 7,492 million yen.

B. Other Income (Expenses)

Reclassification: A total of 4,187 million yen, comprised under Japanese accounting standards of 2,401 million yen in one-time income that do not arise in the normal operating cycle and that was recorded in selling, general and administrative expenses, and 1,786 million yen in other income that was recorded under “Others,” has been reclassified and recorded as an increase to other income.

A total of 6,567 million yen, comprised under Japanese accounting standards of 3,853 million yen in extraordinary losses, 2,159 million yen in other expenses recorded under “Others,” and 555 million yen in losses on the disposal of property, plant and equipment in other expenses, has been reclassified and recorded as a reduction to other income.

Of these amounts, 242 million yen in financial expenses has been transferred out of other income and recorded in financial expenses, thereby increasing other income by 242 million yen.

As a result of these changes, other income has been reduced by 2,138 million yen.

Recognition and
Measurement: With respect to the positive impact on past service costs arising as a result of revisions to the pension plans of some of the consolidated subsidiaries in Japan, because, under IFRS, the effects are immediately recognized when they occur, 3,477 million yen is recognized as an increase to other income.

In addition, because of an adjustment to the "Others" account, other income was increased by 563 million yen.

As a result of the adjustments described above, other income has been increased by 4,040 million yen.

C. Financial Income and Financial Expenses, and Income from Investments Accounted for Using the Equity Method, Net

Reclassification: A total of 692 million yen, comprised of 490 million yen in interest income, 124 million yen in dividend income, and 78 million yen in gains on sales of investment securities, has been reclassified as financial income under IFRS.
In addition, a total of 1,839 million yen, comprised of 1,592 million yen in interest expenses, 5 million yen in losses on foreign exchange, net, 242 million yen in financial expenses (representing the portion of "Others" under other expenses that could not, under IFRS, be reclassified as other expenses), has been reclassified as financial expenses under IFRS.

Recognition and
Measurement: IFRS has been applied to equity method affiliates, causing their equity to increase. As a result, income from investments accounted for using the equity method, net, has increased by 169 million yen. In addition, financial expenses have increased by 49 million yen primarily because of the application of the effective cost method in measuring corporate bonds at their amortized cost.

D. Income Tax Expenses

Recognition and
Measurement: With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers' tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers' assets and the tax effects are recognized as deferred tax assets using the purchasers' tax rates after a study of the recoverability of the deferred tax assets. As a result, income tax expenses have decreased by 539 million yen. In addition, as a result of recording deferred tax assets and liabilities arising out of measurement differences, income tax expenses have increased by 407 million yen. The effect of these adjustments has been to decrease income tax expenses by 132 million yen.

E. Non-controlling Interests (Profit for the period)

Recognition and
Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, profit for the period attributable to non-controlling interests has increased by 795 million yen. Under IFRS the amount of losses of a subsidiary is attributed to the owners of the parent and to

the non-controlling interests even if this results in the non-controlling interests having a deficit balance, whereas under Japanese accounting standards the amount is only attributed to the owners of the parent in that circumstance.

F. Other Comprehensive Income

Recognition and Measurement:

Remeasurement of Defined Benefit Plans

For the gains and losses on remeasurements of the defined benefit plans, after adjusting for tax effects, 14,967 million yen is recognized in other comprehensive income.

Foreign Currency Translation Adjustments

7,756 million yen in foreign currency translation adjustments arising from remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) of subsidiaries outside of Japan is recognized in other comprehensive income.

Available-for-sale Financial Assets

Available-for-sale financial assets are measured at fair value in accordance with IFRS, and for the change in the fair value since the end of the prior reporting period, after adjusting for tax effects, 1 million yen is recognized in other comprehensive income.

Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method

IFRS was applied to equity method affiliates, and because this caused their other comprehensive income to decrease, the Company’s share of other comprehensive income of the affiliates has been reduced by 70 million yen.

G. Non-controlling Interests (Total comprehensive income for the period)

Recognition and Measurement:

As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, total comprehensive income for the period attributable to non-controlling interests has increased by 226 million yen.

Reconciliations to the Consolidated Statement of Cash Flows for the Previous Fiscal Year's First Half (April 1, 2013 – September 30, 2013) and the Previous Fiscal Year (April 1, 2013 – March 31, 2014)

There are no significant differences between the consolidated statement of cash flows under Japanese accounting standards and the consolidated statement of cash flows under IFRS.