

October 27, 2016

FY 2016 First - Half Financial Results
April 1, 2016 - September 30, 2016

Fujitsu Limited

Consolidated Financial Results for the First-Half Ended September 30, 2016

[Prepared on the basis of International Financial Reporting Standards]

October 27, 2016

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Scheduled filing date of statutory financial report: : November 2, 2016
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 Supplementary material: : Yes
 Financial results meeting: : Yes (for media and analysts)

1. Consolidated Results for the First-Half Ended September 30, 2016

(Monetary amounts are rounded to the nearest million yen.)

(1) Consolidated financial results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

(Millions of yen)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
		Change (%)		Change (%)		Change (%)		Change (%)
IH FY 2016 (4/1/16-9/30/16)	2,085,077	-7.0	25,899	-	26,020	-	14,110	-
IH FY 2015 (4/1/15-9/30/15)	2,241,294	2.2	-12,437	-	-3,155	-	-15,262	-

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
IH FY 2016 (4/1/16-9/30/16)	11,861	-	-48,885	-
IH FY 2015 (4/1/15-9/30/15)	-15,956	-	-32,574	-

(Yen)

	Earnings per share	
	Basic	Diluted
IH FY 2016 (4/1/16-9/30/16)	5.73	5.72
IH FY 2015 (4/1/15-9/30/15)	-7.71	-7.71

(2) Consolidated financial position

(Millions of yen)

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
September 30, 2016	3,003,658	856,409	725,780	24.2%
March 31, 2016	3,226,303	926,240	782,782	24.3%

2. Dividends per Share (Ordinary Shares)

(Yen)

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
FY2015	-	4.00	-	4.00	8.00
FY2016	-	4.00			
FY2016(Forecast)			-	4.00	8.00

3. Consolidated Earnings Forecast for FY2016

(The percentage figures represent the percentage of increase or decrease against the previous year.)

(Millions of yen, except per share data)

	Revenue		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
		Change (%)		Change (%)		Change (%)	
FY2016	4,500,000	-5.0	120,000	-0.5	85,000	-2.0	41.09

Note: Revision of the latest consolidated earnings forecast: Yes

4. Other Information

(1) Significant changes to subsidiaries in the current reporting period

(Changes to specified subsidiaries resulting from changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates

1. Changes in accounting policies required by IFRS: None
2. Changes arising from factors other than 1: None
3. Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

1. Number of issued shares at end of period	As of September 30, 2016	2,070,018,213
	As of March 31, 2016	2,070,018,213
2. Treasury stock held at end of period	As of September 30, 2016	1,215,850
	As of March 31, 2016	1,189,496
3. Average number of shares during period	1H FY 2016	2,068,816,069
	1H FY 2015	2,068,907,028

Notes

1. Compliance with quarterly review procedures

These materials fall outside the jurisdiction of the quarterly review procedures of the Financial Instruments and Exchange Act. Therefore, at the time of disclosure, a portion of the review has not yet been completed. Upon completion of the review, a statutory quarterly report will be submitted on November 2, 2016.

2. Precautions on usage of earnings projections

These materials may contain forward-looking statements that are based on management's current information, views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors listed below.

- General economic and market conditions in key markets
(Particularly in Japan, Europe, North America, and Asia, including China)
- Rapid changes in the high-technology market (particularly semiconductors, PCs, etc.)
- Fluctuations in exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for the procurement of parts and components
- Changes in competitive relationships relating to collaborations, alliances and technical provisions
- Risks related to public regulations, public policy and tax matters
- Risks related to product or services defects
- Potential emergence of unprofitable projects
- Risks related to R&D investments, capital expenditures, business acquisitions, business restructuring, etc.
- Risks related to natural disasters and unforeseen events
- Changes in accounting policies

For information regarding the assumptions used to prepare these projections, please refer to "Part I: Financial Results, 3. FY2016 Earnings Forecasts" on page 11.

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Part I: Financial Results

The impact of foreign exchange fluctuations has been calculated by using the average US dollar, euro, and British pound foreign exchange rates for the second quarter and the first half of fiscal 2015 to translate the current period's revenue outside Japan into yen.

1. Explanation of Financial Results

1-1. Second Quarter

FY2016 Second-Quarter Financial Results

(Billions of yen)

	2Q FY2015 7/1/15- 9/30/15	2Q FY2016 7/1/16- 9/30/16	Change vs. 2Q FY2015	
			Change (%)	
Revenue	1,176.2	1,098.5	-77.6	-6.6
Operating profit	14.8	37.1	22.2	149.4
[Operating profit margin]	[1.3%]	[3.4%]	[2.1%]	
Financial income (expenses)	-3.5	0.6	4.1	-
Income from investments accounted for using the equity method, net	2.3	1.4	-0.8	-36.6
Profit for the period before income taxes	13.6	39.2	25.5	187.2
Profit for the period attributable to owners of the parent	2.9	25.9	22.9	779.4

<Profit or Loss>

Consolidated revenue for the second quarter of fiscal 2016 was 1,098.5 billion yen, down 77.6 billion yen from the second quarter of fiscal 2015, but was essentially unchanged on a constant-currency basis. Revenue in Japan rose 1.8%. Although revenue in Japan from LSI devices declined, services revenue increased, primarily from outsourcing and systems integration services, and revenue from PCs and network products also rose. Revenue outside of Japan decreased 18.8%. In addition to a decline in revenue from infrastructure services in Europe, and a decline in revenue from network products in North America, results were also significantly impacted by foreign exchange movements. Compared to the same period in the prior fiscal year, the appreciation of the yen against the US dollar, the British pound, and other currencies served to reduce revenue by roughly 75.0 billion yen. Due in part to the impact of foreign exchange movements, the ratio of revenue outside Japan was 35.5%, a decrease of 5.3 percentage points compared to the same period in the prior fiscal year.

Fujitsu recorded an operating profit of 37.1 billion yen, up 22.2 billion yen from the second quarter of fiscal 2015. Although operating profit from LSI devices was adversely affected by lower revenue and foreign exchange movements, overall operating profit improved because of cost reductions and efficiencies in PCs and mobile phones, and because operating profit from network products in Japan benefited from higher revenue.

Net financial income was 0.6 billion yen, an improvement of 4.1 billion yen from the same period in fiscal 2015, primarily from foreign exchange gains.

As a result, profit for the period before income taxes was 39.2 billion yen, an increase of 25.5 billion yen over the second quarter of the previous fiscal year.

Profit for the period attributable to owners of the parent was 25.9 billion yen, up 22.9 billion yen from the second quarter of fiscal 2015.

FY2016 Second-Quarter Consolidated Business Segment Information

<Revenue* and Operating Profit>

(Billions of yen)

		2Q FY2015	2Q FY2016	Change vs. 2Q FY2015	
		〔 7/1/2015 ~ 9/30/2015 〕	〔 7/1/2016 ~ 9/30/2016 〕		Change(%)
Technology Solutions	Revenue	799.3	746.3	-53.0	-6.6
	Japan	495.8	511.5	15.6	3.2
	Outside Japan	303.5	234.8	-68.6	-22.6
	Operating profit	36.3	46.2	9.8	27.1
	[Operating profit margin]	[4.5%]	[6.2%]	[1.7%]	
Services	Revenue	679.8	627.9	-51.8	-7.6
	Japan	413.0	420.2	7.2	1.7
	Outside Japan	266.7	207.6	-59.1	-22.2
	Operating profit	34.4	32.4	-2.0	-5.9
	[Operating profit margin]	[5.1%]	[5.2%]	[0.1%]	
System Platforms	Revenue	119.5	118.4	-1.1	-0.9
	Japan	82.7	91.2	8.4	10.2
	Outside Japan	36.7	27.2	-9.5	-26.0
	Operating profit	1.8	13.7	11.8	631.8
	[Operating profit margin]	[1.6%]	[11.6%]	[10.0%]	
Ubiquitous Solutions	Revenue	261.8	263.7	1.9	0.8
	Japan	169.9	185.0	15.0	8.9
	Outside Japan	91.8	78.7	-13.1	-14.3
	Operating profit	-4.6	14.1	18.7	-
	[Operating profit margin]	[-1.8%]	[5.4%]	[7.2%]	
Device Solutions	Revenue	162.1	139.4	-22.7	-14.0
	Japan	74.7	62.8	-11.9	-16.0
	Outside Japan	87.3	76.5	-10.8	-12.4
	Operating profit	7.8	1.4	-6.4	-81.7
	[Operating profit margin]	[4.8%]	[1.0%]	[-3.8%]	
Other/Elimination and Corporate**	Revenue	-47.1	-51.0	-3.9	-
	Operating profit	-24.7	-24.6	0.0	-
Total	Revenue	1,176.2	1,098.5	-77.6	-6.6
	Japan	695.8	708.7	12.8	1.8
	Outside Japan	480.3	389.7	-90.5	-18.8
	Operating profit	14.8	37.1	22.2	149.4
	[Operating profit margin]	[1.3%]	[3.4%]	[2.1%]	

<Ratio of revenue outside Japan>

40.8%

35.5%

-5.3%

<Revenue* by Principal Products and Services>

(Billions of yen)

	2Q FY2015	2Q FY2016	Change vs. 2Q FY2015	
	(7/1/2015 ~ 9/30/2015)	(7/1/2016 ~ 9/30/2016)		Change(%)
Technology Solutions	799.3	746.3	-53.0	-6.6
Services	679.8	627.9	-51.8	-7.6
Solutions / SI	252.9	253.9	0.9	0.4
Infrastructure Services	426.8	373.9	-52.8	-12.4
System Platforms	119.5	118.4	-1.1	-0.9
System Products	59.2	55.2	-4.0	-6.8
Network Products	60.3	63.2	2.9	4.9
Ubiquitous Solutions	261.8	263.7	1.9	0.8
PCs / Mobile Phones	163.3	163.3	-0.0	- 0.0
Mobilewear	98.4	100.4	2.0	2.0
Device Solutions	162.1	139.4	-22.7	-14.0
LSI***	85.6	68.8	-16.8	-19.6
Electronic Components	76.8	70.8	-6.0	-7.8

Notes:

* Revenue in each segment includes intersegment revenue.

** "Other/Elimination and Corporate" includes Japan's next-generation supercomputer project, Next-Generation Cloud services and facility services and the development of information services for Fujitsu Group companies, and welfare benefits for Fujitsu Group employees, as well as strategic expenses such as basic research and joint costs associated with Group management conducted by the parent company.

*** Revenue figures for LSI include intrasegment revenue to the electronic components segment.

Technology Solutions

Revenue in the Technology Solutions segment amounted to 746.3 billion yen, a decrease of 6.6% from the second quarter of fiscal 2015. Revenue in Japan rose 3.2%. In the Services sub-segment, revenue from infrastructure services rose, primarily in outsourcing services. In addition, even though revenue from a deal for a large-scale project in the financial services field had already peaked, revenue from system integration services rose due to growth in business from customers in the manufacturing field and retailing and distribution field, as well as from telecommunications carriers, slightly exceeding the high level of revenue from the same period last year. In the System Platforms sub-segment, revenue from network products rose on sales of mobile phone base stations to telecommunications carriers. Revenue outside Japan fell 22.6%. In the Services sub-segment, revenue fell as a result of weak sales in Europe and the US, in addition to the impact of foreign exchange movements. In the System Platforms sub-segment, revenue fell prior to the anticipated introduction of new optical transmission system models in North America.

The segment posted an operating profit of 46.2 billion yen, up 9.8 billion yen compared to the same period in fiscal 2015. In the Services sub-segment, operating profit fell due in part to the end of some large-scale public sector contracts outside Japan since the previous year, in addition to the impact of foreign exchange movements, despite the fact that, in the same period in the previous year, one-time expenses related to a change in retirement benefit plans were recorded at a subsidiary in Japan. In the System Platforms sub-segment, in addition to profitability improvements in x86 servers, the operating profit for network products improved due to a reduction in overhead costs resulting from a business reorganization carried out last year, in addition to the impact of increased revenue in Japan.

Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment was 263.7 billion yen, about the same as the second quarter of fiscal 2015. Revenue in Japan rose by 8.9%. For mobile phones, revenue fell, particularly in feature phones. For PCs, revenue rose on the back of continuing strong sales of enterprise PCs. Revenue from Mobilewear in car audio navigation devices also rose. Revenue outside Japan fell by 14.3%. In addition to a fall in revenue from PC sales in Europe, there was a significant impact from the strong yen.

The Ubiquitous Solutions segment posted an operating profit of 14.1 billion yen, an improvement of 18.7 billion yen over the same period in fiscal 2015. For PCs, operating profit improved due to cost efficiencies, in addition to ongoing component cost reductions at locations in Japan because of the continued strength of the yen against the US dollar, as well as the impact of higher revenue in Japan. For mobile phones, although revenue declined, operating profit improved as a result of cost reductions and efficiencies. Operating profit increased from Mobilewear because of higher revenue.

Device Solutions

Revenue in the Device Solutions segment amounted to 139.4 billion yen, down 14.0% from the second quarter of fiscal 2015.

The segment posted an operating profit of 1.4 billion yen, down 6.4 billion yen from the second quarter of fiscal 2015. In addition to the impact of lower revenue from LSI devices, particularly for use in smartphones, operating profit declined for both LSI devices and electronic components due to the impact of lower revenue as a result of the continuing strength of the yen against the US dollar.

Other/Elimination and Corporate

This segment recorded an operating loss of 24.6 billion yen, essentially unchanged from the same period in the previous year.

1-2.First Half

FY2016 First-Half Financial Results

(Billions of yen)

	1H FY2015	1H FY2016	Change vs.	
	4/1/15- 9/30/15	4/1/16- 9/30/16	1H FY2015	Change (%)
Revenue	2,241.2	2,085.0	-156.2	-7.0
Operating profit	-12.4	25.8	38.3	-
[Business Model Transformation Expenses]	[-4.3]	[-]	[4.3]	-
[Operating profit margin]	[-0.6%]	[1.2%]	[1.8%]	
Financial income (expenses)	-1.6	-3.3	-1.7	-
Income from investments accounted for using the equity method, net	10.9	3.5	-7.4	-68.0
Profit for the period before income taxes	-3.1	26.0	29.1	-
Profit for the period attributable to owners of the parent	-15.9	11.8	27.8	-

<Profit or Loss>

Consolidated revenue for the first half of fiscal 2016 was 2,085.0 billion yen, down 156.2 billion yen from the first half of fiscal 2015. Revenue in Japan was essentially unchanged. Although revenue in Japan from LSI devices and mobile phones declined, services revenue increased, primarily from outsourcing and systems integration services, and revenue from PCs, Mobilewear, and network products also rose. Revenue outside of Japan decreased 15.9%. In addition to a decline in revenue from infrastructure services in Europe, and a decline in revenue from network products in North America, results were also significantly impacted by foreign exchange movements. Compared to the same period in the prior fiscal year, the appreciation of the yen against the US dollar, the British pound, and other currencies served to reduce revenue by roughly 120.0 billion yen. Due in part to the impact of foreign exchange movements, the ratio of revenue outside Japan was 37.7%, a decrease of 4.0 percentage points compared to the same period in the prior fiscal year.

Fujitsu recorded an operating profit of 25.8 billion yen, representing an improvement of 38.3 billion yen from the first half of fiscal 2015. Although operating profit from LSI devices was adversely affected by lower revenue and foreign exchange movements, overall operating profit improved because of cost reductions and efficiencies in PCs and mobile phones. Operating profit also benefited from increased profits in the network products business in Japan because of the impact of higher revenue, and because, in the first half of fiscal 2015, the business recorded a one-time expense to cover the costs of reallocating employees and other costs.

Net financial expenses were 3.3 billion yen, a deterioration of 1.7 billion yen from the same period in fiscal 2015, primarily from foreign exchange losses. Income from investments accounted for using the equity method, net, was 3.5 billion yen, a decrease of 7.4 billion yen from the first half of fiscal 2015. This was, in part, the result of recording one-time profits from an offering of shares of an affiliate on China's Shenzhen Stock Exchange in the same period of fiscal 2015.

As a result, profit for the period before income taxes was 26.0 billion yen, an improvement of 29.1 billion yen over the first half of the previous fiscal year.

Profit for the period attributable to owners of the parent was 11.8 billion yen, representing an improvement of 27.8 billion yen from the first half of fiscal 2015.

FY2016 First-Half Consolidated Business Segment Information

<Revenue* and Operating Profit>

(Billions of yen)

		1H FY2015	1H FY2016	Change vs. 1H FY2015	
		(4/1/2015 ~ 9/30/2015)	(4/1/2016 ~ 9/30/2016)		Change(%)
Technology Solutions	Revenue	1,518.2	1,419.1	-99.0	-6.5
	Japan	919.0	941.9	22.9	2.5
	Outside Japan	599.2	477.1	-122.0	-20.4
	Operating profit	32.3	53.3	21.0	65.0
	[Operating profit margin]	[2.1%]	[3.8%]	[1.7%]	
Services	Revenue	1,291.0	1,206.2	-84.8	-6.6
	Japan	763.7	781.6	17.9	2.3
	Outside Japan	527.3	424.5	-102.7	-19.5
	Operating profit	44.3	47.4	3.0	6.9
	[Operating profit margin]	[3.4%]	[3.9%]	[0.5%]	
System Platforms	Revenue	227.1	212.9	-14.2	-6.3
	Japan	155.2	160.3	5.0	3.3
	Outside Japan	71.8	52.6	-19.2	-26.8
	Operating profit	-12.0	5.8	17.9	-
	[Operating profit margin]	[-5.3%]	[2.8%]	[8.1%]	
Ubiquitous Solutions	Revenue	505.0	483.6	-21.4	-4.2
	Japan	325.1	324.2	-0.8	-0.3
	Outside Japan	179.9	159.3	-20.5	-11.4
	Operating profit	-12.2	18.7	30.9	-
	[Operating profit margin]	[-2.4%]	[3.9%]	[6.3%]	
Device Solutions	Revenue	312.0	269.4	-42.6	-13.7
	Japan	148.6	119.5	-29.0	-19.5
	Outside Japan	163.4	149.8	-13.5	-8.3
	Operating profit	18.5	0.2	-18.3	-98.7
	[Operating profit margin]	[5.9%]	[0.1%]	[-5.8%]	
Other/Elimination and Corporate**	Revenue	-94.1	-87.2	6.9	-
	Operating profit	-51.0	-46.4	4.6	-
Total	Revenue	2,241.2	2,085.0	-156.2	-7.0
	Japan	1,307.5	1,299.4	-8.0	-0.6
	Outside Japan	933.7	785.6	-148.1	-15.9
	Operating profit	-12.4	25.8	38.3	-
	[Operating profit margin]	[-0.6%]	[1.2%]	[1.8%]	

<Ratio of revenue outside Japan>

41.7%

37.7%

-4.0%

<Revenue* by Principal Products and Services>

(Billions of yen)

	1H FY2015	1H FY2016	Change vs. 1H FY2015	
	(4/1/2015 ~ 9/30/2015)	(4/1/2016 ~ 9/30/2016)		Change(%)
Technology Solutions	1,518.2	1,419.1	-99.0	-6.5
Services	1,291.0	1,206.2	-84.8	-6.6
Solutions / SI	464.2	465.4	1.2	0.3
Infrastructure Services	826.7	740.7	-86.0	-10.4
System Platforms	227.1	212.9	-14.2	-6.3
System Products	114.4	108.3	-6.0	-5.3
Network Products	112.7	104.5	-8.1	-7.3
Ubiquitous Solutions	505.0	483.6	-21.4	-4.2
PCs / Mobile Phones	315.0	289.3	-25.7	-8.2
Mobilewear	190.0	194.3	4.3	2.3
Device Solutions	312.0	269.4	-42.6	-13.7
LSI***	166.2	132.5	-33.6	-20.3
Electronic Components	146.5	137.4	-9.1	-6.3

Notes:

* Revenue in each segment includes intersegment revenue.

** "Other/Elimination and Corporate" includes Japan's next-generation supercomputer project, Next-Generation Cloud services and facility services and the development of information services for Fujitsu Group companies, and welfare benefits for Fujitsu Group employees, as well as strategic expenses such as basic research and joint costs associated with Group management conducted by the parent company.

*** Revenue figures for LSI include intrasegment revenue to the electronic components segment.

Technology Solutions

Revenue in the Technology Solutions segment amounted to 1,419.1 billion yen, a decrease of 6.5% from the first half of fiscal 2015. Revenue in Japan rose 2.5%. In the Services sub-segment, revenue from infrastructure services rose, primarily in outsourcing services. In addition, even though revenue from a deal for a large-scale project in the financial services field had already peaked, revenue from system integration services rose due to growth in business from customers in the manufacturing field and retailing and distribution field, as well as from telecommunications carriers, slightly exceeding the high level of revenue from the same period last year. In the System Platforms sub-segment, revenue from network products rose due to sales of mobile phone base stations to telecommunications carriers. Revenue outside Japan fell 20.4%. In the Services sub-segment, revenue fell due to weak sales in Europe and the US, in addition to the impact of foreign exchange movements. In the System Platforms sub-segment, revenue fell prior to the anticipated introduction of new optical transmission system models in North America.

The segment posted an operating profit of 53.3 billion yen, up 21.0 billion yen compared to the same period in fiscal 2015. In the Services sub-segment, operating profit declined outside Japan due in part to the impact of foreign exchange movements, in addition to lower revenue. On the other hand, operating profit rose in Japan because of the impact of higher revenue, and because, in the same period in the previous year, one-time expenses related to a change in retirement benefit plans were recorded at a subsidiary in Japan. In the System Platforms sub-segment, profitability improvements further progressed, especially in x86 servers. Operating profit in network products improved on the impact of higher revenue in Japan and the impact of measures implemented to reduce overhead expenses, as well as the impact of 4.3 billion yen in business model transformation expenses (one-time expenses related to the relocation of employees at a business in Japan) recorded in the same period in the previous year.

Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment was 483.6 billion yen, down 4.2% from the first half of fiscal 2015. Revenue in Japan was essentially unchanged from the same period last year. For mobile phones, sales fell sharply from the same period last year, primarily in high-end models, in part because of the lengthening of the replacement cycle. For PCs, revenue rose on strong enterprise sales, despite weak consumer sales. Revenue from Mobilewear in audio navigation devices also rose compared to the same period last year. Revenue outside Japan fell by 11.4%, but if the impact of foreign exchange movements is removed, it was essentially unchanged from the same period last year. Although there was a decline in revenue from PCs in Europe, revenue from the Mobilewear sub-segment increased, primarily in Europe and the US.

The Ubiquitous Solutions segment posted an operating profit of 18.7 billion yen, representing an improvement of 30.9 billion yen compared to the same period in fiscal 2015. For PCs, operating profit improved due to cost efficiencies and higher revenue in Japan, in addition to ongoing component cost reductions at locations in Japan because of the continued strength of the yen against the US dollar. For mobile phones, although revenue declined, operating profit improved as a result of cost reductions and efficiencies. Operating profit increased for Mobilewear because of higher revenue.

Device Solutions

Revenue in the Device Solutions segment amounted to 269.4 billion yen, down 13.7% from the first half of fiscal 2015.

The segment posted an operating profit of 0.2 billion yen, down 18.3 billion yen from the first half of fiscal 2015. In addition to the impact of lower revenue from LSI devices, particularly for those used in smartphones, operating profit declined due to the cost burden and lower capacity utilization accompanying inspections of manufacturing facilities, which are mandated by law. In addition operating profit for both LSI devices and electronic components was adversely affected by lower revenue as a result of the continuing strength of the yen against the US dollar.

Other/Elimination and Corporate

This segment recorded an operating loss of 46.4 billion yen. This is an improvement of 4.6 billion yen over the same period in fiscal 2015, due to measures such as cost efficiencies.

2. Explanation of Financial Condition

(1) Assets, Liabilities and Equity

(Billions of yen)

	FY2015 (As of March 31, 2016)	2Q FY2016 (As of September 30, 2016)	Change
Total assets	3,226.3	3,003.6	-222.6
Total liabilities	2,300.0	2,147.2	-152.8
Total equity	926.2	856.4	-69.8
Total equity attributable to owners of the parent	782.7	725.7	-57.0

Reference;

Cash and cash equivalents	380.8	327.8	-52.9
Interest-bearing loans	534.9	567.5	32.6
Net interest-bearing loans	154.1	239.7	85.6
D/E ratio (times)	0.68	0.78	0.10
Net D/E ratio (times)	0.20	0.33	0.13
Equity attributable to owners of the parent ratio (%)	24.3	24.2	-0.1

Consolidated total assets at the end of the first half of fiscal 2016 were 3,003.6 billion yen, down 222.6 billion yen from the end of fiscal 2015. Trade receivables declined on collections of receivables from sales concentrated toward the end of prior fiscal year.

Consolidated total liabilities amounted to 2,147.2 billion yen, a decrease of 152.8 billion yen compared to the end of fiscal 2015. The decline was attributable to payment of trade payables relating to the concentration of sales at the end of the prior fiscal year.

The balance of interest-bearing loans was 567.5 billion yen, an increase of 32.6 billion yen from the end of the prior fiscal year, primarily because a portion of working capital was financed with borrowings.

The balance of total equity was 856.4 billion yen, a decline of 69.8 billion yen from the end of fiscal 2015. There was a deterioration in the funded status of defined benefit plans mainly outside Japan, primarily because of a decline in the discount rate in light of lower interest rates, resulting in a decrease in retained earnings. In addition, as a result of the appreciation of the yen, there was a decline in foreign currency translation adjustments, leading to a decrease in other components of equity.

Equity attributable to owners of the parent ratio (shareholders' equity ratio) was 24.2%, a decline of 0.1 of a percentage point from the end of fiscal 2015.

(2) Cash Flows

(Billions of yen)

	1H FY2015	1H FY2016	Change
I Cash flows from operating activities	31.7	42.0	10.3
II Cash flows from investing activities	-70.7	-95.7	-24.9
I+II Free cash flow	-39.0	-53.6	-14.6
III Cash flows from financing activities	60.8	13.8	-46.9
IV Cash and cash equivalents at end of period	384.3	327.8	-56.4

Net cash provided by operating activities in the first half amounted to 42.0 billion yen, an increase of 10.3 billion yen from the first half of fiscal 2015 resulting from the improvement in profit for the period before income taxes.

Net cash used in investing activities was 95.7 billion yen, primarily reflecting capital expenditures in datacenters. Compared to the same period in fiscal 2015, net outflows increased by 24.9 billion yen.

Free cash flow, the sum of cash flows from operating and investing activities, was negative 53.6 billion yen, representing an increase in cash outflows of 14.6 billion yen compared with the first half of fiscal 2015.

Net cash provided by financing activities was 13.8 billion yen, as a portion of working capital was financed with borrowings. Compared to the first half of fiscal 2015, cash inflows decreased by 46.9 billion yen.

As a result of the above factors, cash and cash equivalents at the end of the period were 327.8 billion yen, a decrease of 52.9 billion yen compared to the end of fiscal 2015.

3. FY2016 Earnings Forecasts

Fujitsu has made the following changes to its full-year fiscal 2016 earnings forecasts announced on July 28, 2016.

The assumed exchange rates for the second half of the fiscal year have been changed to 105 yen for the US dollar, 115 yen for the euro, and 140 yen for the British pound.

The revenue forecast has been revised down by 100.0 billion yen from the announcement in July, to 4,500.0 billion yen, because of revised exchange rate assumptions. The forecast for revenue has been revised down by 70.0 billion yen in the Technology Solutions segment, by 15.0 billion yen in the Ubiquitous Solutions segment, and by 15.0 billion yen in the Device Solutions segment.

Fujitsu is projecting an operating profit of 120.0 billion yen, unchanged on a consolidated basis from the previous forecast. Although the projected operating profit for Ubiquitous Solutions has been revised upward by 7.0 billion yen to account for the impact of lower procurement costs for components because of the stronger yen, projected operating profit for Device Solutions has been revised down by 7.0 billion yen to reflect the adverse impact of foreign exchange movements.

There is no change from the previous forecast in profit for the year attributable to the owners of the parent.

[Full-year]		(Billions of yen)			
	FY2015 (Actual)	FY2016 (Forecast)	Change vs. July forecast	Change vs. FY2015	Change(%)
Revenue	4,739.2	4,500.0	-100.0	-239.2	-5.0
Operating Profit	120.6	120.0	-	-0.6	-0.5
[Business Model Transformation Expenses]	[-41.5]	[-45.0]	[-]	[-3.4]	-
[Operating Profit Margin]	[2.5%]	[2.7%]	[0.1%]	[0.2%]	
Profit for the Year Attributable to Owners of the Parent	86.7	85.0	-	-1.7	-2.0

[Revenue by Business Segment]

Technology Solutions	3,283.3	3,140.0	-70.0	-143.3	-4.4
Services	2,765.1	2,630.0	-60.0	-135.1	-4.9
System Platforms	518.1	510.0	-10.0	-8.1	-1.6
Ubiquitous Solutions	1,040.9	985.0	-15.0	-55.9	-5.4
Device Solutions	603.9	550.0	-15.0	-53.9	-8.9
Other/Elimination and Corporate	-188.8	-175.0	-	13.8	-
Total	4,739.2	4,500.0	-100.0	-239.2	-5.0

[Operating Profit by Business Segment]

Technology Solutions	[-35.9]	186.2	245.0	-	[35.9]	58.7	31.6		
Services	[-19.1]	163.9	195.0	-	[19.1]	31.0	19.0		
System Platforms	[-16.7]	22.3	50.0	-	[16.7]	27.6	124.1		
Ubiquitous Solutions	[-5.6]	-7.6	21.0	7.0	[5.6]	28.6	-		
Device Solutions		30.3	-1.0	-7.0		-31.3	-		
Other/Elimination and Corporate		-88.3	[-45.0]	-145.0	[-]	-	[-45.0]	-56.6	-
Total	[-41.5]	120.6	[-45.0]	120.0	[-]	-	[-3.4]	-0.6	-0.5

*Figures in [] are Business Model Transformation Expenses

Part II . Financial Tables

1. Condensed Consolidated Statement of Financial Position

	Notes	FY2015	2Q FY2016
		(As of March 31, 2016)	(As of September 30, 2016)
(Millions of yen)			
Assets			
Current assets			
Cash and cash equivalents		380,810	327,821
Trade receivables		984,630	842,928
Other receivables		93,963	74,088
Inventories		298,849	325,847
Others		79,876	88,777
Subtotal		<u>1,838,128</u>	<u>1,659,461</u>
Assets held for sale		<u>5,735</u>	<u>5,735</u>
Total current assets		<u>1,843,863</u>	<u>1,665,196</u>
Non-current assets			
Property, plant and equipment, net of accumulated depreciation		616,474	609,121
Goodwill		40,255	41,387
Intangible assets		164,292	157,176
Investments accounted for using the equity method		106,026	102,905
Other investments		155,010	154,382
Deferred tax assets		162,812	159,468
Others		137,571	114,023
Total non-current assets		<u>1,382,440</u>	<u>1,338,462</u>
Total assets		<u>3,226,303</u>	<u>3,003,658</u>
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		622,334	533,655
Other payables		422,672	352,053
Short-term borrowings, current portion of long-term debt and lease obligations		144,667	180,212
Accrued income taxes		18,772	18,039
Provisions		57,319	48,180
Others		181,279	167,661
Total current liabilities		<u>1,447,043</u>	<u>1,299,800</u>
Non-current liabilities			
Long-term debt and lease obligations		387,882	385,181
Retirement benefit liabilities		383,978	386,544
Provisions		33,353	35,190
Deferred tax liabilities		5,224	4,398
Others		42,583	36,136
Total non-current liabilities		<u>853,020</u>	<u>847,449</u>
Total liabilities		<u>2,300,063</u>	<u>2,147,249</u>
Equity			
Share capital		324,625	324,625
Capital surplus		233,896	232,460
Treasury stock, at cost		-627	-638
Retained earnings		155,930	134,444
Other components of equity		68,958	34,889
Total equity attributable to owners of the parent		<u>782,782</u>	<u>725,780</u>
Non-controlling interests		<u>143,458</u>	<u>130,629</u>
Total equity		<u>926,240</u>	<u>856,409</u>
Total liabilities and equity		<u>3,226,303</u>	<u>3,003,658</u>

2. Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

【First-Half Condensed Consolidated Statement of Profit or Loss】		(Millions of yen, except per share data)	
	Notes	1H FY2015 (For the first-half ended September 30, 2015)	1H FY2016 (For the first-half ended September 30, 2016)
Revenue		2,241,294	2,085,077
Cost of sales		-1,696,606	-1,541,270
Gross profit		544,688	543,807
Selling, general and administrative expenses		-549,266	-515,585
Other income (expenses)		-7,859	-2,323
Operating profit		-12,437	25,899
Financial income		3,427	4,300
Financial expenses		-5,120	-7,694
Income from investments accounted for using the equity method, net		10,975	3,515
Profit for the period before income taxes		-3,155	26,020
Income tax expenses		-12,107	-11,910
Profit for the period		-15,262	14,110
Profit for the period attributable to:			
Owners of the parent		-15,956	11,861
Non-controlling interests		694	2,249
Total		-15,262	14,110
Earning per share			
Basic earnings per share (Yen)		-7.71	5.73
Diluted earnings per share (Yen)		-7.71	5.72

【First-Half Condensed Consolidated Statement of Comprehensive Income】		(Millions of yen)	
	Notes	1H FY2015 (For the first-half ended September 30, 2015)	1H FY2016 (For the first-half ended September 30, 2016)
Profit for the period		-15,262	14,110
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		1,338	-25,535
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-5,694	-33,782
Cash flow hedges		-111	169
Available-for-sale financial assets		-11,344	1,310
Share of other comprehensive income of investments accounted for using the equity method		-1,501	-5,157
		-18,650	-37,460
Total other comprehensive income for the period, net of taxes		-17,312	-62,995
Total comprehensive income for the period		-32,574	-48,885
Total comprehensive income attributable to:			
Owners of the parent		-31,652	-47,280
Non-controlling interests		-922	-1,605
Total		-32,574	-48,885

【Second-Quarter Condensed Consolidated Statement of Profit or Loss】 (Millions of yen, except per share data)

	Notes	2Q FY2015 (For the three-month ended September 30, 2015)	2Q FY2016 (For the three-month ended September 30, 2016)
Revenue		1,176,213	1,098,524
Cost of sales		-882,576	-800,392
Gross profit		293,637	298,132
Selling, general and administrative expenses		-276,912	-258,923
Other income (expenses)		-1,844	-2,091
Operating profit		14,881	37,118
Financial income		737	2,048
Financial expenses		-4,279	-1,392
Income from investments accounted for using the equity method, net		2,325	1,474
Profit for the period before income taxes		13,664	39,248
Income tax expenses		-11,326	-9,927
Profit for the period		2,338	29,321
Profit for the period attributable to:			
Owners of the parent		2,947	25,915
Non-controlling interests		-609	3,406
Total		2,338	29,321
Earning per share			
Basic earnings per share (Yen)		1.42	12.53
Diluted earnings per share (Yen)		1.42	12.52

【Second-Quarter Condensed Consolidated Statement of Comprehensive Income】 (Millions of yen)

	Notes	2Q FY2015 (For the three-month ended September 30, 2015)	2Q FY2016 (For the three-month ended September 30, 2016)
Profit for the period		2,338	29,321
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		9,801	25,585
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-14,320	-7,017
Cash flow hedges		-3	-102
Available-for-sale financial assets		-12,763	4,285
Share of other comprehensive income of investments accounted for using the equity method		-1,955	-1,943
		-29,041	-4,777
Total other comprehensive income for the period, net of taxes		-19,240	20,808
Total comprehensive income for the period		-16,902	50,129
Total comprehensive income attributable to:			
Owners of the parent		-13,122	45,717
Non-controlling interests		-3,780	4,412
Total		-16,902	50,129

3. Condensed Consolidated Statement of Changes in Equity

【1H FY2015 (For the six-month period ended September 30, 2015)】

(Millions of yen)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total		
Balance at April 1, 2015	324,625	233,432	-547	130,741	101,838	790,089	144,308	934,397
Profit for the period				-15,956		-15,956	694	-15,262
Other comprehensive income					-15,696	-15,696	-1,616	-17,312
Total comprehensive income for the period	—	—	—	-15,956	-15,696	-31,652	-922	-32,574
Purchase of treasury stock			-48			-48		-48
Disposal of treasury stock			1			1		1
Dividends paid				-8,276		-8,276	-1,883	-10,159
Transfer to retained earnings				1,428	-1,428	—		—
Acquisition (disposal) of non-controlling interests		21				21	82	103
Others				1		1	66	67
Balance at September 30, 2015	324,625	233,453	-594	107,938	84,714	750,136	141,651	891,787

【1H FY2016 (For the six-month period ended September 30, 2016)】

(Millions of yen)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total		
Balance at April 1, 2016	324,625	233,896	-627	155,930	68,958	782,782	143,458	926,240
Profit for the period				11,861		11,861	2,249	14,110
Other comprehensive income					-59,141	-59,141	-3,854	-62,995
Total comprehensive income for the period	—	—	—	11,861	-59,141	-47,280	-1,605	-48,885
Purchase of treasury stock			-13			-13	-2	-15
Disposal of treasury stock			2			2		2
Dividends paid				-8,275		-8,275	-1,798	-10,073
Transfer to retained earnings				-25,072	25,072	—		—
Acquisition (disposal) of non-controlling interests		-1,436				-1,436	-9,424	-10,860
Balance at September 30, 2016	324,625	232,460	-638	134,444	34,889	725,780	130,629	856,409

4. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	1H FY2015	1H FY2016
Notes	(For the first-half ended September 30, 2015)	(For the first-half ended September 30, 2016)
<i>Cash flows from operating activities</i>		
Profit for the period before income taxes	-3,155	26,020
Depreciation, amortization and impairment loss	94,130	86,300
Increase (decrease) in provisions	-5,304	-6,203
Increase (decrease) in net defined benefit liability	-2,254	-1,234
Interest and dividend income	-3,028	-2,806
Interest charges	2,570	2,244
Equity in earnings of affiliates, net	-10,975	-3,515
(Increase) decrease in trade receivables	141,021	112,354
(Increase) decrease in inventories	-47,103	-35,298
Increase (decrease) in trade payables	-67,971	-67,005
Other, net	-47,598	-52,555
Cash generated from operations	<u>50,333</u>	<u>58,302</u>
Interest received	842	832
Dividends received	3,145	3,219
Interest paid	-2,526	-2,272
Income taxes paid	-20,024	-17,985
Net cash provided by operating activities	<u>31,770</u>	<u>42,096</u>
<i>Cash flows from investing activities</i>		
Purchases of property, plant, equipment, and intangible assets	-84,685	-102,231
Proceeds from sale of available-for-sale financial assets	5,951	2,146
Other, net	7,938	4,297
Net cash used in investing activities	<u>-70,796</u>	<u>-95,788</u>
<i>Cash flows from financing activities</i>		
Increase (decrease) in short-term borrowings	23,557	70,410
Proceeds from long-term debt and issuance of bonds	62,881	2,397
Repayment of long-term debt and bonds	-7,856	-30,786
Payment of lease obligation	-7,474	-7,140
Dividends paid to owners of the parent	-8,276	-8,275
Acquisition of non-controlling interests	-228	-11,274
Other, net	-1,804	-1,433
Net cash provided by financing activities	<u>60,800</u>	<u>13,899</u>
Net increase (decrease) in cash and cash equivalents	<u>21,774</u>	<u>-39,793</u>
Cash and cash equivalents at beginning of period	<u>362,028</u>	<u>380,810</u>
Effect of exchange rate changes on cash and cash equivalents	<u>509</u>	<u>-13,196</u>
Cash and cash equivalents at end of period	<u>384,311</u>	<u>327,821</u>

5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

None.