

TRANSLATION



Interim Report  
on  
First-Half FY 2006 Financial Results  
(Six months ended September 30, 2006)

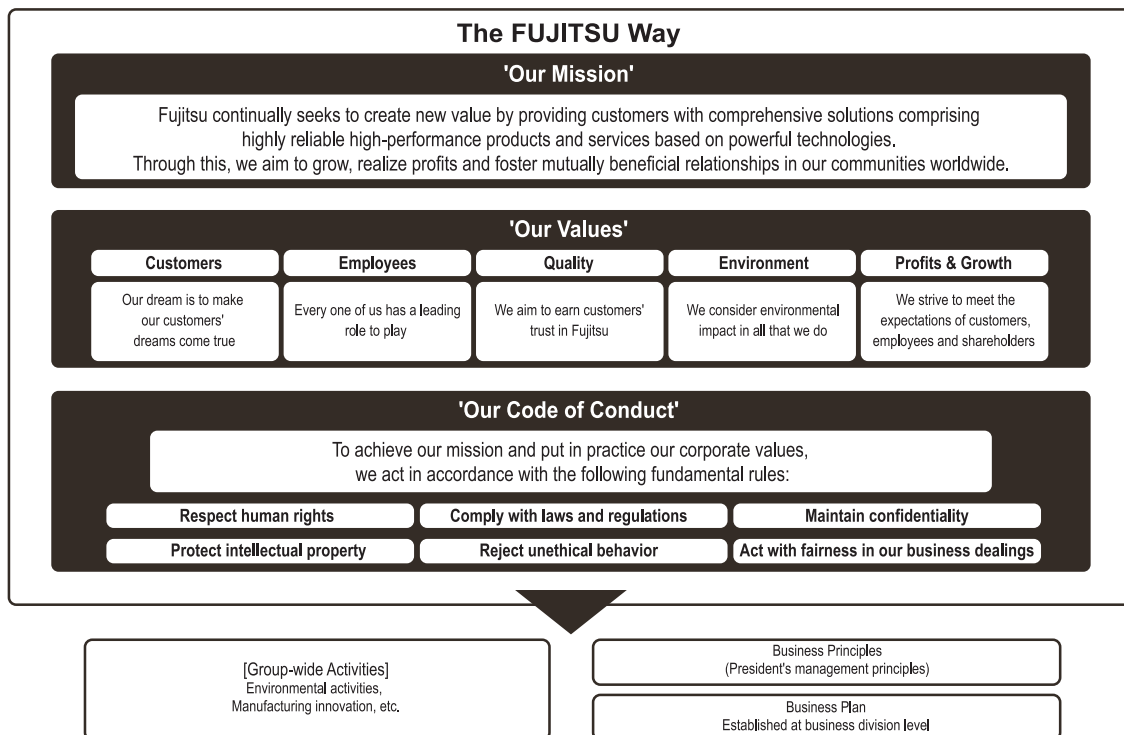
FUJITSU LIMITED

*Note:*

This English translation of the interim report contains minor stylistic differences from the original Japanese version.

## *The FUJITSU Way*

Introduced in 2002, The FUJITSU Way is the core set of principles guiding the corporate and individual actions of the Fujitsu Group and our continuing development as good global corporate citizens. A common understanding of Fujitsu's mission, values and code of conduct serves as the standard governing individual employees' business activities, as well as the driving force behind our socially responsible business strategy and the inspiration for related companywide activities, business policies and plans.



## *To Our Shareholders*

It is with great pleasure that we present this interim report for our 107<sup>th</sup> business period. The report covers financial results for the first half of fiscal 2006, the half-year period ending September 30, 2006.

With the hike in crude oil prices and rising interest rates in the United States settling down, the impact of such factors on the global economy was limited and the business environment in which the Fujitsu Group operates remained stable during this period. In Japan, economic conditions continued to improve, thanks to increased capital investment reflecting improved corporate profits and steady consumer consumption.

Against this backdrop, on a consolidated basis, the Fujitsu Group recorded net sales of ¥2,362.3 billion, operating income of ¥50.6 billion, ordinary profit of ¥37.6 billion and net income of ¥14.8 billion for the half-year period. All of these results exceeded the projections we issued at the start of the fiscal year.

On an unconsolidated basis, we had net sales of ¥1,329.4 billion, an operating loss of ¥18.7 billion, ordinary profit of ¥14.9 billion and net income of ¥12.8 billion.

A dividend in the amount of ¥3 per share will be issued to shareholders on December 4, 2006.

Information technology has come to permeate nearly every aspect of our daily lives, greatly expanding convenience and producing dramatic changes as the era of ubiquitous networking continues to take shape. Along with this trend, IT systems deployed in business and societal infrastructures have become increasingly sophisticated and complex, and the requirement for high system reliability is more important than ever.

The Fujitsu Group continually seeks to create new value by providing customers with comprehensive solutions comprising highly reliable high-performance products and services based on powerful technologies. Through this, we aim to grow, realize profits and foster mutually beneficial relationships in our communities worldwide. Based on a thorough understanding of the environments in which our customers operate, the overall nature of their operations, and their business challenges, we create and deploy IT solutions that contribute to the growth and development of their businesses. In addition, we fully realize that the stable operation of IT systems is critical in supporting businesses and society as a whole, and we are therefore renewing our focus on raising operational quality. In so doing, we seek to grow together with our customers as a valued and trusted business partner.

We ask you, our valued shareholders, for your continued support and guidance in our business going forward.

December 2006

Naoyuki Akikusa, Chairman  
Hiroaki Kurokawa, President

## **Fiscal 2006 Initiatives**

In fiscal 2004, we articulated and began pursuing four key challenges facing the Fujitsu Group as part of our three-year mid-range vision:

- (1) Strengthen our existing businesses
- (2) Create and cultivate new businesses
- (3) Reform our organization and approach
- (4) Reform our management systems

Fiscal 2006 is the final year to fully meet these challenges.

### **Strengthen Our Existing Businesses**

We are working to raise quality, lower costs and increase speed in every aspect of our operations, including design, development, production and sales.

### **Create and Cultivate New Businesses**

We are actively working to grow our business internationally, including aggressive efforts to open up new markets through business alliances with other companies and the opening of hands-on system verification facilities for customers.

Domestically, we are seeking to expand our business through the supply of products and services closely attuned to the needs of medium-sized enterprises.

We are pursuing business expansion by providing IT to address the front lines of customers' operations, where the actual movement of people and goods takes place. More specifically, we are working to provide new products and services to help corporate customers exploit IT in such frontline areas as sales, development, manufacturing, purchasing and logistics, as well as enable individuals to take advantage of IT in a variety of areas, including medical treatment, nursing care, education and entertainment.

For example, we offer world-class biometric security solutions, including a palm vein authentication system that has been installed in banking ATMs in Japan and overseas, as well as for access control systems in offices and condominiums. Moreover, we supply a logistics and traceability system employing RFID\* tags attached to products such as foodstuffs and clothing to track such information as production origin, distribution routes, and inventory status, thereby helping to ensure food safety and shopping convenience.

In this way, we are working to help corporate customers enhance their competitiveness while also contributing to greater convenience, comfort and security for society at large.

\*RFID: Radio frequency identification. RFID tag systems identify and track objects using radio waves to write/read data on IC-embedded tags.

### **Reform Our Organization and Approach / Reform Our Management Systems**

To meet these challenges, we are endeavoring to optimize our internal structures and business management systems. For example, to enhance our overseas business, we have reorganized and appointed a head of regional operations for each major region to obtain detailed information on local market trends and speed our response to those market requirements.

We are also strengthening internal control by simplifying work flows and improving transparency.

## Operating Condition of the Fujitsu Group

### Overall Situation

<b>Comparison of First-Half FY 2006 Results and Initial Plan</b>			(Billion Yen)
[Consolidated]	<i>1H FY06 Projections at Start of Fiscal Year</i>	<i>1H FY06 Results</i>	<i>Divergence</i>
Net Sales	2,350.0	2,362.3	+12.3 [+0.5%]
Operating Income	20.0	50.6	+30.6
Ordinary Profit	0	37.6	+37.6
Net Income	0	14.8	+14.8

Although the overall business environment was stable in Japan and overseas, market competitiveness has been intensifying. Given this operating environment, and based on our fundamental policy of striving to achieve profitable growth, we formulated a plan at the beginning of the fiscal year with the main targets of further reinforcing our overseas business and thoroughly improving Group-wide efficiency.

Actual first-half net sales surpassed our initial projection, reflecting higher than anticipated domestic sales in areas including systems integration and network products, as well as in our services business overseas.

Operating income surpassed our initial projection, principally owing to the effect of enhanced manufacturing innovation efforts and improved cost efficiency, in addition to sales growth. Ordinary profit and net income also surpassed initial projections, in step with the increase in operating income.

<b>Year-on-Year Comparison of First-Half Results</b>			(Billion Yen)
[Consolidated]	<i>1H FY05</i>	<i>1H FY06</i>	<i>Change</i>
Net Sales	2,192.3	2,362.3	+170.0 [+7.8%]
Operating Income	47.5	50.6	+3.0
Ordinary Profit	15.8	37.6	+21.7
Net Income	7.6	14.8	+7.1

Consolidated net sales for the first half were ¥2,362.3 billion, an increase of 7.8% compared to the first half of fiscal 2005. There was a sharp drop in investment in mobile phone base stations compared to the first half of fiscal 2005, and sales of PCs were sluggish as a result of lackluster consumer demand. Nevertheless, our systems integration business showed a recovery, especially in the financial services, manufacturing and retail sectors, and mobile phones, LSI devices and electronic components all posted higher sales. Overseas, our UK and North American services businesses performed well, and optical transmission systems, hard disk drives (HDDs) and electronic components also posted higher sales.

Consolidated operating income was ¥50.6 billion, an increase of ¥3.0 billion over the first half of fiscal 2005. This reflected solid results in our services business, particularly overseas, as well as cost reductions, despite the fact that selling, general and administrative expenses increased over the same period in the previous fiscal year primarily due to the increased scale of overseas operations and aggressive R&D investment.

Consolidated ordinary profit was ¥37.6 billion, a ¥21.7 billion year-over-year increase, reflecting a decline in non-operating expenses from a reduction in the amortization of unrecognized obligation for retirement benefits and improvement in net interest expenses.

As a result, consolidated net income was ¥14.8 billion, a ¥7.1 billion year-over-year increase.

## **Review by Business Segment**

### **Technology Solutions**

The Technology Solutions segment comprises System Platforms, which covers high-performance, high-reliability IT infrastructure products based on state-of-the art technologies, and Services, which covers products and services for corporate and public sector customers, including various services that leverage our competitive system platforms.

In this segment, which is the central business domain of the Group and is based on long-term partnerships with customers, we pursue profits and growth by supplying comprehensive solutions covering the customer's entire IT life cycle, ranging from the construction of IT infrastructure to consulting, systems integration and outsourcing services.

Total first-half net sales in this segment were ¥1,428.6 billion, up 6.3% over the first half of fiscal 2005. Although overall sales in Japan for the segment were almost on par with the first half of fiscal 2005 (a 0.8% year-over-year decrease), overseas sales posted a substantial increase of 23.3% compared to the same period in the previous year.

Operating income for the segment was ¥36.4 billion, down ¥0.6 billion year on year.

#### **(1) System Platforms**

In the System Platforms sub-segment, we continued efforts to reduce costs and improve efficiency at all stages of the overall value chain, including upstream processes such as development and design.

We continued to promote the global rollout of TRIOLE, our strategy for IT infrastructure optimization. Furthermore, we expanded our worldwide network of system verification centers, where we provide customers with comprehensive pre-verification and evaluation services for platform products and system construction support in open-standard system environments, opening centers in Shanghai in April 2006 and in Hong Kong in June 2006. These new facilities complement existing centers in Japan, Europe, the US and elsewhere.

Net sales in the System Platforms sub-segment were ¥338.7 billion, up 1.8% from the first half of fiscal 2005, reflecting favorable sales of optical transmission systems and UNIX servers overseas despite completion of a demand cycle for mobile phone base stations.

System Platforms posted an operating loss for the first half of ¥5.1 billion, representing a deterioration of ¥7.8 billion in comparison to the first half of fiscal 2005. In addition to the effect of lower year-on-year sales of mobile phone base stations, this reflected the impact of intensified global competition and higher expenses associated with continued up-front strategic investments.

#### **(2) Services**

In the Services sub-segment, to improve profitability in our services business in Japan, we took measures to strengthen project management. We also worked to enhance operational services, in order to increase recurring revenue, and packaged services, for which stable profits are expected. Overseas, we strove to implement targeted regional strategies to expand our global business.

Net sales in the Services sub-segment were ¥1,089.8 billion, up 7.8% from the same period a year earlier. In Japan, sales of systems integration rallied, particularly in the financial services, manufacturing and retail sectors. Overseas, Services sales remained strong in the United Kingdom, as well as in North America, where our business expanded as a result of acquisitions.

Operating income was ¥41.6 billion, an improvement of ¥7.1 billion over the same period last year, principally due to cost reductions and increased revenue from overseas outsourcing and other services businesses, despite an increase in strategic investment in business proposal activities and other measures to expand our business.

## **Ubiquitous Product Solutions**

The Ubiquitous Product Solutions segment comprises products such as PCs and mobile phones primarily for individual customers, and HDDs.

During the first half, we continued thorough cost reduction measures in the pursuit of higher profitability. Furthermore, we strove to increase PC sales by launching high-value-added products that boast enhanced security and AV functions. For mobile phones, we pursued product differentiation by introducing original products centering on universal design models. For HDDs, along with achieving further improvements in quality, we stepped up our adoption of new technologies such as perpendicular magnetic recording.

Net sales in the Ubiquitous Product Solutions segment were ¥528.6 billion, an increase of 6.1% over the same period last year. Despite vigorous PC sales overseas, growth in Japan was sluggish due to weak demand in the consumer sector. Sales of mobile phones were firm, while overseas HDD sales increased considerably.

Operating income for Ubiquitous Product Solutions was ¥19.9 billion, an improvement of ¥3.3 billion over the comparable period last year, due to improved quality and cost efficiencies generated by our manufacturing innovation initiatives and despite the impact of severe price competition in our PC and HDD businesses both in Japan and overseas.

## **Device Solutions**

The Device Solutions segment comprises logic LSI devices and related electronic components and other products that are used in customers' digital consumer electronics products, automobiles and mobile phones, as well as in our own servers and other products.

In this segment, focusing our resources on logic LSI devices, we aim to boost earnings capability while striking a balance between our advanced and standard technology logic LSI businesses. During the first half, we expanded manufacturing capacity for advanced technology logic LSI devices at 300mm wafer semiconductor production facility ("Fab No. 1") at our Mie Plant and started construction of Fab No. 2. To strengthen our standard technology logic business, in September 2006 we concluded an agreement with Spansion Japan to purchase semiconductor production facilities in Japan.

Net sales of Device Solutions were ¥376.9 billion, an increase of 12.2% compared to the first half of fiscal 2005. This jump was attributable to steady demand for logic LSI devices, primarily for automotive and digital appliance applications, and the effect of full-scale volume shipment from the Mie Plant's Fab No. 1, which contributed to higher sales in Japan and overseas.

Operating income for Device Solutions was ¥16.0 billion, an increase of ¥3.5 billion over the same half-year period last year. The positive impact of higher revenue from logic LSI devices and other electronic components was partly offset by factors such as increased development costs.

(TRANSLATION FOR REFERENCE ONLY)

## Summary of Consolidated Results

(billions of Yen except per share data and number of employees)

	<i>1<sup>st</sup> Half</i> <i>FY2003</i>	<i>FY2003</i>	<i>1<sup>st</sup> Half</i> <i>FY2004</i>	<i>FY2004</i>	<i>1<sup>st</sup> Half</i> <i>FY2005</i>	<i>FY2005</i>	<i>1<sup>st</sup> Half</i> <i>FY2006</i>
<b>Net Sales</b>	¥2,141.9	¥4,766.8	¥2,220.0	¥4,762.7	¥2,192.3	¥4,791.4	¥2,362.3
<b>Overseas Total (included in Net Sales)</b>	649.4	1,388.6	681.9	1,422.0	722.4	1,591.5	859.0
<b>Operating Income (loss)</b>	(17.9)	150.3	33.2	160.1	47.5	181.4	50.6
<b>Ordinary Profit (loss)</b>	(67.7)	49.7	4.0	89.0	15.8	126.0	37.6
<b>Net Income (loss)</b>	(58.5)	49.7	(8.1)	31.9	7.6	68.5	14.8
<b>Net Income (loss) per Share [Yen]</b>	¥(29.28)	¥24.55	¥(4.08)	¥15.42	¥3.71	¥32.83	¥7.18
<b>Total Assets</b>	3,740.4	3,865.5	3,561.4	3,640.1	3,611.9	3,807.1	3,768.2
<b>Net assets</b>	649.8	827.1	803.0	856.9	819.0	917.0	1,077.1
<b>Owners' equity per share [Yen]</b>	¥324.87	¥413.22	¥401.49	¥414.18	¥396.08	¥443.20	¥435.04
<b>Number of Employees</b>	155,257	156,169	152,859	150,970	152,590	158,491	160,912

*Notes:*

1. Net income (loss) per share is calculated based on the weighted average number of shares of common stock outstanding during each period.
2. Owners' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
3. "Net income (loss) per share" and "Owners' equity per share" are calculated in accordance with the "Accounting Standard for Net Income per Share" (Corporate Accounting Standard No. 2) and the "Corporate Accounting Standard Applicable Guideline for Net Income per Share" (Corporate Accounting Standard Applicable Guideline No. 4).
4. Fujitsu has adopted the "Accounting Standard for Presentation of Net Assets on the Balance Sheet" (Corporate Accounting Standard No. 5; December 9, 2005) and the "Accounting Standard Applicable Guideline for Presentation of Net Income on the Balance Sheet" (Corporate Accounting Standard Applicable Guideline No. 8; December 9, 2005), effective from fiscal 2006 ending March 31, 2007.
5. In the above table, "Net Assets" figures indicate the total amount of "Shareholders' Equity" up to fiscal 2005 and "Net Assets" for fiscal 2006.



## (TRANSLATION FOR REFERENCE ONLY)

(billions of Yen)

	<i>1<sup>st</sup> Half FY2003</i>	<i>FY2003</i>	<i>1<sup>st</sup> Half FY2004</i>	<i>FY2004</i>	<i>1<sup>st</sup> Half FY2005</i>	<i>FY2005</i>	<i>1<sup>st</sup> Half FY2006</i>
<b>Technology Solutions:</b>							
<b>Net sales</b>							
Unaffiliated customers	¥ 1,221.0	2,847.7	1,278.5	2,860.3	1,305.2	2,903.6	1,387.3
Intersegment	47.7	80.5	35.3	74.0	38.8	80.2	41.2
Total	1,268.8	2,928.3	1,313.8	2,934.4	1,344.0	2,983.9	1,428.6
<b>Operating income(loss)</b>	(15.2)	124.6	12.0	130.7	37.1	153.0	36.4
[Operating income margin]	[-1.2%]	[4.3%]	[0.9%]	[4.5%]	[2.8%]	[5.1%]	[2.6%]
<b>Ubiquitous Product Solutions:</b>							
<b>Net sales</b>							
Unaffiliated customers	402.2	834.2	416.6	899.0	434.3	926.4	467.0
Intersegment	47.0	114.2	64.9	132.4	64.0	133.5	61.5
Total	449.2	948.4	481.6	1,031.4	498.4	1,059.9	528.6
<b>Operating income</b>	18.1	33.2	3.8	32.0	16.6	34.8	19.9
[Operating income margin]	[4.0%]	[3.5%]	[0.8%]	[3.1%]	[3.3%]	[3.3%]	[3.8%]
<b>Device Solutions:</b>							
<b>Net sales</b>							
Unaffiliated customers	334.7	734.3	393.5	733.8	311.9	655.1	348.1
Intersegment	33.0	70.3	32.6	60.9	24.0	52.3	28.8
Total	367.7	804.6	426.1	794.7	336.0	707.5	376.9
<b>Operating income(loss)</b>	(3.6)	22.7	32.7	29.0	12.5	29.5	16.0
[Operating income margin]	[-1.0%]	[2.8%]	[7.7%]	[3.7%]	[3.7%]	[4.2%]	[4.3%]
<b>Other Operations:</b>							
<b>Net sales</b>							
Unaffiliated customers	183.8	350.5	131.3	269.5	140.7	306.2	159.7
Intersegment	54.4	115.5	54.2	107.6	70.0	141.1	75.3
Total	238.3	466.1	185.5	377.2	210.8	447.3	235.0
<b>Operating income</b>	4.2	12.2	3.6	8.9	2.0	7.6	4.9
[Operating income margin]	[1.8%]	[2.6%]	[2.0%]	[2.4%]	[1.0%]	[1.7%]	[2.1%]
<b>Elimination:</b>							
<b>Net sales</b>	(182.2)	(380.7)	(187.2)	(375.0)	(197.0)	(407.3)	(206.9)
<b>Operating income</b>	(21.5)	(42.5)	(18.9)	(40.5)	(20.8)	(43.5)	(26.7)
<b>Total:</b>							
<b>Net sales</b>							
Unaffiliated customers	¥ 2,141.9	4,766.8	2,220.0	4,762.7	2,192.3	4,791.4	2,362.3
Intersegment	-	-	-	-	-	-	-
Total	2,141.9	4,766.8	2,220.0	4,762.7	2,192.3	4,791.4	2,362.3
<b>Operating income(loss)</b>	(17.9)	150.3	33.2	160.1	47.5	181.4	50.6
[Operating income margin]	[-0.8%]	[3.2%]	[1.5%]	[3.4%]	[2.2%]	[3.8%]	[2.1%]

## Notes:

1. The Other Operations segment for fiscal years 2003 includes the Financing segment.
2. For purposes of comparison, figures for fiscal years 2003 and 2004 have been restated to reflect composition for respective business segments in 1st half fiscal year 2005.
3. For purposes of comparison, figures for previous fiscal years have been restated with new method of allocating operating expenses, which has been introduced this fiscal year.

(TRANSLATION FOR REFERENCE ONLY)

## Summary of Unconsolidated Results

(billions of Yen except per share data and number of employees)

	<i>1<sup>st</sup> Half FY2003</i>	<i>FY2003</i>	<i>1<sup>st</sup> Half FY2004</i>	<i>FY2004</i>	<i>1<sup>st</sup> Half FY2005</i>	<i>FY2005</i>	<i>1<sup>st</sup> Half FY2006</i>
<b>Net Sales</b>	¥1,207.5	¥2,788.5	¥1,295.7	¥2,846.2	¥1,308.4	¥2,850.2	¥1,329.4
<b>Operating Income (loss)</b>	(44.0)	32.9	(23.6)	30.6	(12.6)	18.8	(18.7)
<b>Ordinary Profit (loss)</b>	(19.2)	38.3	(25.8)	31.6	14.3	55.5	14.9
<b>Net Income (loss)</b>	18.7	17.0	(12.1)	(39.8)	15.1	17.4	12.8
<b>Net Income (loss) per Share[Yen]</b>	¥9.35	¥8.49	¥(6.06)	¥(19.59)	¥7.31	¥8.37	¥6.21
<b>Cash Dividends Per Share [Yen]</b>	-	3.00	3.00	3.00	3.00	3.00	3.00
<b>Total Assets</b>	2,820.0	3,022.9	2,815.7	2,944.2	2,745.1	2,837.0	2,753.7
<b>Net Assets</b>	801.7	934.6	897.5	854.3	905.7	939.5	915.5
<b>Owners' Equity Per Share [Yen]</b>	¥400.81	¥467.18	¥448.76	¥413.15	¥437.97	¥454.35	¥442.85
<b>Number of Employees</b>	34,917	34,836	34,414	33,792	37,006	36,820	36,851

*Notes:*

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3. "Net income (loss) per share" and "Owners' equity per share" are calculated in accordance with the "Accounting Standard for Net Income per Share" (Corporate Accounting Standard No. 2) and the "Corporate Accounting Standard Applicable Guideline for Net Income per Share" (Corporate Accounting Standard Applicable Guideline No. 4).
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5. In the above table, "Net Assets" figures indicate the total amount of "Shareholders' Equity" up to fiscal 2005 and "Net Assets" for fiscal 2006.

**Major Business**

Fujitsu and its subsidiaries are involved in the business of providing comprehensive IT solutions comprising high quality electronic devices and products, and various related services, all based on powerful technologies that are leading-edge and outstanding in terms of both performance and quality. The main products and services in each of our business segments are listed in the table below.

<i>Segment</i>	<i>Main products and services</i>
Technology Solutions	Servers (mainframes, UNIX servers, mission-critical IA servers, PC servers) Storage systems Software(OS, middleware) Network control system Optical transmission systems Mobile phone base stations Consulting Systems integration services(system construction) Outsourcing services(comprehensive management of information systems) Network services(provision of network environment for information systems as well as various network services) System support services(information system and network maintenance and monitoring services) Information systems infrastructure construction and network construction Custom terminal installation(ATMs, POS systems)
Ubiquitous Product Solutions	Personal computers Mobile phones Hard disk drives Magneto-optical drives Optical modules
Device Solutions	LSI Devices (logic LSI, Flash memory) Electronic Components (semiconductor packages, SAW devices, etc.) Relays, Connectors, etc.
Other Operations	Audio and navigation equipment Electronic equipment for automobile control Printed circuit boards

Consolidated Subsidiaries	395 companies
Affiliates (using the equity method)	26 companies

(TRANSLATION FOR REFERENCE ONLY)

**Stock** (As of September 30, 2006)

- Number of Authorized Shares: 5,000,000,000
- Number of Outstanding Shares: 2,070,018,213
- Stated Capital: ¥324,625,075,685
- Shares Issued (from Apr. 1, 2006 to Sept. 30, 2006) : There was no issuance of shares during the current interim period.
- Acquisition, disposition and holdings of treasury stock

Shares acquired	248,749 ordinary shares	Total amount: ¥225,525thousand
Shares disposed	22,076 ordinary shares	Total amount: ¥19,283thousand
Shares held as of Sept. 30, 2006	2,607,411 ordinary shares	

*Notes:*

1. The above treasury stock acquired was done through the repurchase of odd-lot shares.
2. The above treasury stock disposed was sold in response to requests from the shareholders of odd-lot shares.

- Number of Shareholders: 220,491 (7,859 decrease from the end of fiscal 2005)

• **Principal Shareholders**

<i>Name</i>	<i>Number of shares held (thousands)</i>	<i>Percentage of Shares held (%)</i>
The Master Trust Bank of Japan, Ltd. (for trust)	184,021	8.89 %
Japan Trustee Services Bank, Ltd. (for trust)	120,903	5.84
Fuji Electric Holdings Co., Ltd.	94,663	4.57
Fuji Electric Systems Co., Ltd.	64,908	3.14
Asahi Mutual Life Insurance Company	40,299	1.95
Fuji Electric FA Components & Systems Co., Ltd.	36,886	1.78
State Street Bank and Trust Company 505103	35,843	1.73
Mizuho Corporate Bank, Ltd.	32,654	1.58
Mitsubishi UFJ Trust and Banking Corporation(for trust)	22,381	1.08
Trust & Custody Services Bank, Ltd. (for trust B)	22,286	1.08

*Notes*

1. The Shares held by The Master Trust Bank of Japan, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust), Mitsubishi UFJ Trust and Banking Corporation (for trust) and Trust & Custody Services Bank, Ltd. (for trust B) pertain to trust business by these institutions.
2. Of the shares held by Fuji Electric Holdings Co., Ltd., Fuji Electric Systems Co., Ltd., and Fuji Electric FA Components & Systems Co., Ltd., 1,962 thousand shares, 64,487 thousand shares and 36,506 thousand shares, respectively, are trust assets that are trusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of the respective companies. The Company's shares held by the overall Fuji Electric Group, including the shares above explained, in the form of retirement benefit trust assets are 138,242 thousand shares in total (which accounts for 6.68% of the number of outstanding shares).
3. Of the Company's shares held by Mizuho Corporate Bank, Ltd., 212 thousand shares are trust properties that are trusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of Mizuho Corporate Bank, Ltd.

**Board of Directors (As of September 30, 2006)**

Position	Name	Assignment or title
Representative Director	Naoyuki Akikusa	Chairman of the Board
	Hiroaki Kurokawa	
	Masamichi Ogura	
	Toshihiko Ono	
	Chiaki Ito	
	Michiyoshi Mazuka	
Director	Akira Takashima	Vice Chairman of the Board
	Kunihiko Sawa	Advisor, Fuji Electric Holdings Co., Ltd.
	Hiroshi Oura	Director and Senior Executive Advisor, Advantest Corporation
	Ikujiro Nonaka	Emeritus Professor, Hitotsubashi University
Standing Auditor	Takashi Takaya	
	Hirohisa Yabuuchi	
Auditor	Yoshiharu Inaba	President and CEO, Fanuc Ltd.
	Tamiki Ishihara	Chairman, Seiwa Sogo Tatemono Co., Ltd.
	Megumi Yamamuro	Professor , University of Tokyo Graduate Schools for Law and Politics

**Corporate Executive Officers (As of September 30, 2006)**

Section	Name	Position
	Hiroaki Kurokawa	President
	Masamichi Ogura	Corporate Senior Executive Vice President Chief Financial Officer; principal responsibility for administrative divisions
	Toshihiko Ono	Corporate Senior Executive Vice President Principal responsibility for manufacturing innovation and Electronic Devices business
	Chiaki Ito	Corporate Senior Executive Vice President Principal responsibility for global business
	Michiyoshi Mazuka	Corporate Senior Executive Vice President Principal responsibility for Japan business
Overseas Business	Tetsuo Urano	Corporate Senior Vice President Head of Americas Operations
	Chiaki Ito	Corporate Senior Executive Vice President Head of EMEA Operations
	Takashi Igarashi	Corporate First Senior Vice President Head of China Operations
	Yoshifumi Mita	Corporate Vice President Vice Head of China Operations
	Kyung-soo Ahn	Corporate Senior Vice President Head of Asia Pacific Operations
Corporate Center	Kazuhiko Kato	Corporate Senior Vice President Head of Corporate Strategies Office
	Takashi Moriya	Corporate Vice President Head of Corporate Finance Unit
	Masami Fujita	Corporate Vice President Head of Corporate Affairs & Human Resources Unit
	Masanobu Katoh	Corporate Vice President President, Law & Intellectual Property Unit
	Kazuhiko Hanaoka	Corporate Vice President President, Corporate IT Unit
Supply Management Group	Haruki Okada	Corporate First Senior Vice President Head of Supply Management Group

## (TRANSLATION FOR REFERENCE ONLY)

Section	Name	Position
Solution Business Support Group	Kuniaki Nozoe	Corporate Senior Vice President President, Solution Business Support Group
	Takashi Aoki	Corporate Vice President In charge of Next-generation IT/ITS, Solution Business Support Group
	Toshio Morohoshi	Corporate Vice President Executive Vice President, Marketing Unit
	Toshiyuki Kuwahara	Corporate Vice President Executive Vice President, Marketing Unit
	Fujio Ohara	Corporate Vice President President, Medium-Sized Solution Unit
Industries & Distribution Solution Business Group	Takashi Igarashi	Corporate First Senior Vice President President, Industries & Distribution Solutions Business Group
	Makoto Matsubara	Corporate Vice President Executive Vice President, Industries & Distribution Solutions Business Group
Telecom, Utility & Media Industries Business Group	Hideaki Yumiba	Corporate First Senior Vice President President, Telecom, Utility & Media Industries Business Group
	Jirou Sugawara	Corporate Vice President Executive Vice President, Telecom, Utility & Media Industries Business Group
Financial Solution Business Group	Koichi Hironishi	Corporate Senior Vice President President, Financial Solutions Business Group
	Akira Furukawa	Corporate Vice President In charge of Banking Solutions and Farming, Forestry & Fishery Systems, Financial Solutions Business Group
	Masaaki Hamaba	Corporate Vice President In charge of Mizuho Accounts Business, Insurance & Securities Systems Solutions, and Credit & Lease System Solutions, Financial Solutions Business Group
Government & Public Solutions Business Group	Hideaki Yumiba	Corporate First Senior Vice President President, Government & Public Solutions Business Group
	Kiyonobu Ishida	Corporate Vice President Executive Vice President, Government & Public Solutions Business Group
	Hirokazu Uejima	Corporate Vice President In charge of Solutions, Government & Public Solutions Business Group
	Kenji Ikegai	Corporate Vice President In charge of Government & Public Solutions, Science Solutions and Totalizator Solutions, Government & Public Solutions Business Group
Regional Business Group	Takumi Nakamura	Corporate Senior Vice President President, Regional Business Group
	Takashi Harima	Corporate Senior Vice President Executive Vice President, Regional Business Group
	Tsuneaki Ohara	Corporate Vice President Head of Kansai/Tokai Regional Sales, Regional Business Group
	Susumu Ishikawa	Corporate Vice President President, Local Government Solutions Unit
Defense Systems Unit	Seiji Nakagawa	Corporate Vice President President, Defense Systems Unit
Professional Support Business Group	Hikomichi Hirata	Corporate First Senior Vice President President, Professional Support Business Group
	Kazuo Miyata	Corporate Vice President President, Production System Innovation Unit
IT Services Business Group	Kazuo Ishida	Corporate Senior Vice President President, IT Services Business Group

## (TRANSLATION FOR REFERENCE ONLY)

Section	Name	Position
	Tsuneo Kawatsuma	Corporate Vice President President, Network Services Business Unit
	Haruyuki Iida	Corporate Vice President President, System Support Unit
	Masatoshi Kambe	Corporate Vice President President, Ubiquitous Systems Unit
System Products Business Group	Yoshiyuki Tanakura	Corporate First Senior Vice President President, System Products Business Group
	Terumi Chikama	Corporate Senior Vice President Executive Vice President, System Products Business Group (in charge of Networks)
	Makoto Murakami	Corporate Vice President President, Network Solution Unit
	Akira Yamanaka	Corporate Vice President President, Server Systems Unit
Ubiquitous Products Business Group	Kimihisa Ito	Corporate Senior Vice President President, Ubiquitous Products Business Group
	Masami Yamamoto	Corporate Vice President President, Personal Systems Business Unit
	Tatsuo Tomita	Corporate Vice President President, Mobile Phones Unit
Storage Products Unit	Ichiro Komura	Corporate Senior Vice President President, Storage Products Unit
Products Business Operations Group	Junichi Murashima	Corporate Senior Vice President President, Products Business Operations Group
Electronic Devices Business Group	Shigeru Fujii	Corporate Senior Vice President President, Electronic Devices Business Group
	Koichi Ishizaka	Corporate Vice President Head of Operational Management, Electronic Devices Business Group
	Haruyoshi Yagi	Corporate Vice President Executive Vice President, Electronic Devices Business Group (in charge of advanced & common technologies)

(TRANSLATION FOR REFERENCE ONLY)

## Consolidated Interim Financial Statements (Unaudited)

### Consolidated Balance Sheet

	<i>Yen</i> <i>(millions)</i>		<i>Change</i> <i>(Million Yen)</i>
	<i>September 30</i> <i>2006</i>	<i>March 31</i> <i>2006</i>	
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents and short-term investments	¥417,580	¥ 423,263	-5,683
Receivables, trade	791,464	885,300	-93,836
Inventories	466,517	408,710	+57,807
Other current assets	213,379	215,475	-2,096
<b>Total current assets</b>	<b>1,888,940</b>	<b>1,932,748</b>	<b>-43,808</b>
<b>Investments and long-term loans</b>	798,014	861,503	-63,489
<b>Property, plant and equipment less accumulated depreciation</b>	<b>848,699</b>	<b>776,976</b>	<b>+71,723</b>
<b>Intangible assets</b>	<b>232,566</b>	<b>235,904</b>	<b>-3,338</b>
<b>Total assets</b>	<b>¥3,768,219</b>	<b>¥ 3,807,131</b>	<b>-38,912</b>
<b>Liabilities, minority interests and net assets</b>			
<b>Current liabilities:</b>			
Short-term borrowings and current portion of long-term debt	¥215,940	¥ 234,848	-18,908
Payables, trade	749,327	757,006	-7,679
Other current liabilities	653,310	610,651	+42,659
<b>Total current liabilities</b>	<b>1,618,577</b>	<b>1,602,505</b>	<b>+16,072</b>
<b>Long-term liabilities:</b>			
Long-term debt	666,427	693,765	-27,338
Other long-term liabilities	406,029	420,786	-14,757
<b>Total long-term liabilities</b>	<b>1,072,456</b>	<b>1,114,551</b>	<b>-42,095</b>
<b>Total liabilities</b>	<b>2,691,033</b>	<b>2,717,056</b>	<b>-26,023</b>
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Common stock	324,625	324,625	—
Capital surplus	498,024	498,019	+5
Retained earnings (Deficit)	(31,875)	(40,485)	+8,610
Treasury stock	(1,676)	(1,465)	-211
<b>Total shareholders' equity</b>	<b>789,098</b>	<b>780,694</b>	<b>+8,404</b>
<b>Valuation and translation adjustments</b>			
Valuation difference on available-for-sales securities	151,292	182,218	-30,926
Foreign currency translation adjustments	(40,979)	(45,867)	+4,888
<b>Total valuation and translation adjustments</b>	<b>110,313</b>	<b>136,351</b>	<b>-26,038</b>
<b>Minority interests</b>	<b>177,775</b>	<b>173,030</b>	<b>+4,745</b>
<b>Total net assets</b>	<b>¥1,077,186</b>	<b>1,090,075</b>	<b>-12,889</b>
<b>Total liabilities and net assets</b>	<b>¥3,768,219</b>	<b>¥ 3,807,131</b>	<b>-38,912</b>

Note: Figures for Mar.31, 2006 have been restated to match new classifications for comparison purposes.  
Valuation difference on available-or-sales securities at Sep.30, 2006 includes revaluation surplus on land and deferred gain and loss from hedging.



(TRANSLATION FOR REFERENCE ONLY)

## Consolidated Statements of Operations

	<i>Yen</i> <i>(millions)</i>		<i>Change (%)</i>
	<i>1<sup>st</sup> Half</i> <i>FY2006</i>	<i>1<sup>st</sup> Half</i> <i>FY2005</i>	
<b>Net Sales</b>	¥2,362,333	¥2,192,332	+7.8
<b>Operating costs and expenses:</b>			
Cost of sales	1,744,922	1,607,142	+8.6
Selling, general and administrative expenses	566,770	537,615	+5.4
	<u>2,311,692</u>	<u>2,144,757</u>	
<b>Operating income</b>	50,641	47,575	+6.4
<b>Other income (expenses):</b>			
Net interest *	(2,468)	(3,561)	
Equity in earnings of affiliated companies, net	(1,638)	(4,812)	
Amortization of unrecognized obligation for retirement benefits	(1,610)	(18,082)	
Settlement gain	—	15,957	
Gain on business transfer	—	3,455	
Restructuring charges	—	(5,474)	
Other, net	(7,248)	(5,224)	
	<u>(12,964)</u>	<u>(17,741)</u>	—
<b>Income before income taxes and minority interests</b>	37,677	29,834	+26.3
<b>Income taxes</b>	15,871	17,412	
<b>Minority interests</b>	(6,959)	(4,756)	
<b>Net income</b>	<u>¥14,847</u>	<u>¥ 7,666</u>	+93.7

*Note:* \*Net interest consists of interest income, dividend income and interest charges.

(TRANSLATION FOR REFERENCE ONLY)

## Consolidated Statements of Shareholder's Equity

(Millions of Yen)

	Shareholders' Equity				Total Shareholders' equity (A)
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	
Balance at March 31,2006	324,625	498,019	(40,485)	(1,465)	780,694
Increase(decrease) during the term:					
Cash dividends			(6,203)		(6,203)
Bonus to directors			(665)		(665)
Net income			14,847		14,847
Acquisition and sales of treasury stocks		5		(211)	(206)
Others			631		631
Net increase (decrease) during the term, except for items under shareholders' equity					
Total	-	5	8,610	(211)	8,404
Balance at September 30,2006	324,625	498,024	(31,875)	(1,676)	789,098

(Millions of Yen)

	Valuation and Translation Adjustments (B)			Minority Interests (C)	Total Net Assets (A+B+C)
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments			
Balance at March 31,2006	182,218	(45,867)		173,030	1,090,075
Increase(decrease) during the term:					
Cash dividends					(6,203)
Bonus to directors					(665)
Net income					14,847
Acquisition and sales of treasury stocks					(206)
Others					631
Net increase (decrease) during the term, except for items under shareholders' equity	(30,926)	4,888		4,745	(21,293)
Total	(30,926)	4,888		4,745	(12,889)
Balance at September 30,2006	151,292	(40,979)		177,775	1,077,186

**Unconsolidated Interim Financial Statements (Unaudited)****Unconsolidated Balance Sheet**

	<i>Yen</i> <i>(millions)</i>		<i>Change</i> <i>(million Yen)</i>
	<i>September 30</i> <i>2006</i>	<i>March 31</i> <i>2006</i>	
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents and short-term investments	¥263,049	¥188,292	+74,756
Receivables, trade	379,296	495,825	-116,529
Inventories	212,722	182,318	+30,403
Other current assets	175,458	204,487	-29,029
<b>Total current assets</b>	<b>1,030,526</b>	<b>1,070,924</b>	<b>-40,397</b>
<b>Investments and long-term loans</b>	<b>1,242,378</b>	<b>1,309,541</b>	<b>-67,162</b>
<b>Property, plant and equipment less accumulated depreciation</b>	<b>398,940</b>	<b>373,328</b>	<b>+25,612</b>
<b>Intangible assets</b>	<b>81,889</b>	<b>83,281</b>	<b>-1,392</b>
<b>Total assets</b>	<b>¥2,753,735</b>	<b>¥2,837,076</b>	<b>-83,340</b>
<b>Liabilities and minority interests and net assets</b>			
<b>Current liabilities:</b>			
Short-term borrowings and current portion of long-term debt	¥157,599	¥196,228	-38,629
Payables, trade	643,318	649,108	-5,790
Other current liabilities	262,972	224,655	+38,316
<b>Total current liabilities</b>	<b>1,063,889</b>	<b>1,069,992</b>	<b>-6,102</b>
<b>Long-term liabilities:</b>			
Long-term debt	663,207	690,066	-26,859
Other long-term liabilities	111,086	137,431	-26,344
<b>Total long-term liabilities</b>	<b>774,293</b>	<b>827,497</b>	<b>-53,203</b>
<b>Total liabilities</b>	<b>1,838,183</b>	<b>1,897,490</b>	<b>-59,306</b>
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Common stock	324,625	324,625	-
Capital surplus	418,171	418,166	+5
Retained earnings	27,858	21,377	+6,481
Treasury stock	(1,676)	(1,465)	-211
<b>Total shareholders' equity</b>	<b>768,978</b>	<b>762,703</b>	<b>+6,274</b>
<b>Valuation and translation adjustments</b>			
Valuation difference on available-for-sales securities	146,573	176,881	-30,308
<b>Total valuation and translation adjustments</b>	<b>146,573</b>	<b>176,881</b>	<b>-30,308</b>
<b>Total net assets</b>	<b>915,551</b>	<b>939,585</b>	<b>-24,033</b>
<b>Total liabilities and net assets</b>	<b>¥2,753,735</b>	<b>¥2,837,076</b>	<b>-83,340</b>

Note: Figures for Mar.31, 2006 have been restated to match new classifications for comparison purposes.  
Valuation difference on available-for-sales securities at Sep.30, 2006 includes deferred gain and loss from hedging.

(TRANSLATION FOR REFERENCE ONLY)

## Unconsolidated Statements of Operations

	<i>Yen</i> <i>(millions)</i>		<i>Change (%)</i>
	<i>1<sup>st</sup> Half</i> <i>FY2006</i>	<i>1<sup>st</sup> Half</i> <i>FY2005</i>	
<b>Net Sales</b>	¥1,329,452	¥1,308,410	+1.6
<b>Operating costs and expenses:</b>			
Cost of sales	1,025,248	1,011,413	+1.4
Selling, general and administrative expenses	322,939	309,645	+4.3
	<u>1,348,187</u>	<u>1,321,059</u>	
<b>Operating income (loss)</b>	(18,734)	(12,648)	-
<b>Other income (expenses):</b>			
Net interest *	32,646	36,345	
Amortization of unrecognized obligation for retirement benefits	2,255	(7,763)	
Loss on devaluation of subsidiaries' and affiliates' stock **	(9,307)	(17,031)	
Settlement gain	—	15,956	
Other, net	(1,222)	(1,626)	
	<u>24,371</u>	<u>25,880</u>	
<b>Income before income taxes</b>	5,636	13,231	-57.4
<b>Income taxes</b>			
Current	(5,197)	(3,887)	
Deferred	(2,000)	2,000	
	<u>(7,197)</u>	<u>(1,887)</u>	
<b>Net income</b>	<u>¥12,834</u>	<u>¥15,119</u>	-15.1

*Notes:*

\* Net interest consists of interest income, dividend income and interest charges.

\*\* Loss on devaluation of subsidiaries' and affiliates' stock mainly refers to overseas subsidiaries.

**Unconsolidated Statements of Shareholder's Equity***(Millions of Yen)*

	Shareholders' Equity				Total Shareholders' equity (A)
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	
Balance at March 31,2006	324,625	418,166	21,377	(1,465)	762,703
Increase (decrease) during the term:					
Cash dividends			(6,203)		(6,203)
Bonus to directors			(150)		(150)
Net income			12,834		12,834
Acquisition and sales of treasury stocks		5		(211)	(206)
Net increase (decrease) during the term, except for items under shareholders' equity					
Total	-	5	6,481	(211)	6,274
Balance at September 30,2006	324,625	418,171	27,858	(1,676)	768,978

*(Millions of Yen)*

	Valuation and Translation Adjustments		
	Valuation difference on available-for-sale securities	Total Valuation and Translation Adjustments (B)	Total Net Assets (A+B)
Balance at March 31,2006	176,881	176,881	939,585
Increase (decrease) during the term:			
Cash dividends			(6,203)
Bonus to directors			(150)
Net income			12,834
Acquisition and sales of treasury stocks			(206)
Net increase (decrease) during the term, except for items under shareholders' equity	(30,308)	(30,308)	(30,308)
Total	(30,308)	(30,308)	(24,033)
Balance at September 30,2006	146,573	146,573	915,551

*Note:*

Financial information in this report is based on the original Japanese version (*Dai 107-ki Chūkan Hōkokusho*) prepared in accordance with generally accepted Japanese accounting principles. Some of the information in the Japanese version has been summarized here for clearer understanding and not all the information has necessarily been translated. This report may not conform to U.S. or other non-Japanese accounting principles and has not been audited. If you wish to confirm the integrity of the information, please refer to the Japanese version as the definitive document.

(TRANSLATION FOR REFERENCE ONLY)

## **Corporate Data**

Corporate Name: FUJITSU LIMITED  
Registered at: 4-1-1 Kamikodanaka, Nakahara-ku, Kawasaki-shi,  
Kanagawa 211-8588, Japan  
Cooperate Headquarters: Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku,  
Tokyo 105-7123, Japan  
Established and Registered on: June 20, 1935  
Stock Exchange Listings: Tokyo, Osaka, Nagoya, London, Frankfurt, and Swiss  
Home Page Address: [www.fujitsu.com](http://www.fujitsu.com)

Fujitsu's web site offers not only this report but also the latest annual report and financial results.

English <http://www.fujitsu.com/global/about/ir/>  
Japanese <http://pr.fujitsu.com/jp/ir/>