

**Consolidated Financial Report for the fiscal year ended March 31, 2016**  
**(April 1, 2015 – March 31, 2016)**

**Summary of Consolidated Financial Results**

**1. Summary of consolidated statements of operations**

|   | Millions of yen |               | Change(%)<br>(A)/(B) | Millions of U.S.<br>dollars |
|---|-----------------|---------------|----------------------|-----------------------------|
|   | FY2015<br>(A)   | FY2014<br>(B) |                      | FY2015                      |
| Net sales                               | 813,550         | 810,678       | 100.4%               | 7,200                       |
| Operating income                        | 45,006          | 39,316        | 114.5%               | 398                         |
| Ordinary income                         | 45,614          | 43,139        | 105.7%               | 404                         |
| Profit attributable to owners of parent | 30,644          | 27,978        | 109.5%               | 271                         |
|   | Yen             |               |                      | U.S. dollars                |
| Net income per share                    | 42.90           | 39.16         | 109.6%               | 0.38                        |

**2. Summary of consolidated financial position**

|                  | Millions of yen |           | Millions of U.S.<br>dollars |
|------------------|-----------------|-----------|-----------------------------|
|                  | 3/31/2016       | 3/31/2015 | 3/31/2016                   |
| Total assets     | 845,378         | 904,522   | 7,481                       |
| Net assets       | 260,980         | 319,636   | 2,310                       |
| Equity ratio (%) | 27.3%           | 32.1%     | -                           |

Note: U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥113=U.S.\$1

**3. Forecast of consolidated earnings for the fiscal year ending March 31, 2017**  
**(April 1, 2016 - March 31, 2017)**

|   | Millions of yen |
|---|-----------------|
|   | FY2016          |
| Net sales                               | 830,000         |
| Operating income                        | 47,000          |
| Ordinary income                         | 47,000          |
| Profit attributable to owners of parent | 31,000          |
|   | Yen             |
|   | FY2016          |
| Net income per share                    | 43.39           |

< Cautionary Statements With Respect to Forward-Looking Statements >

Statements made in this financial report with respect to Fuji Electric's future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it. Accordingly, actual results could differ from those contained in any forward-looking statements. Potential risks and uncertainties include :

- Sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from changes in trade regulations
- Exchange rate, particularly between the yen and the U.S. dollar and Asian and European currencies
- The ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way
- The rapid pace of technological innovation, especially in the field of electronics
- Sudden changes in the supply and demand balance in the markets Fuji Electric serves
- Problems involving the intellectual property of Fuji Electric and other companies
- Stock market conditions in Japan

**Consolidated Balance Sheets**

|   | Millions of yen  |                  | <i>Millions of<br/>U.S. dollars</i> |
|---|------------------|------------------|-------------------------------------|
|   | <u>3/31/2016</u> | <u>3/31/2015</u> | <u>3/31/2016</u>                    |
| <b>Assets</b>                             |                  |                  |                                     |
| <b>Current assets:</b>                    |                  |                  |                                     |
| Cash and deposits                         | 31,000           | 31,953           | 274                                 |
| Notes and accounts receivable-trade       | 258,378          | 237,631          | 2,287                               |
| Merchandise and finished goods            | 56,290           | 54,495           | 498                                 |
| Work in process                           | 52,410           | 48,787           | 464                                 |
| Raw materials and supplies                | 36,437           | 34,330           | 322                                 |
| Deferred tax assets                       | 17,091           | 17,246           | 151                                 |
| Other                                     | 43,490           | 39,301           | 385                                 |
| Allowance for doubtful accounts           | (1,167)          | (777)            | (10)                                |
| <b>Total Current assets</b>               | <u>493,932</u>   | <u>462,969</u>   | <u>4,371</u>                        |
| <b>Noncurrent assets:</b>                 |                  |                  |                                     |
| Property, plant and equipment             |                  |                  |                                     |
| Buildings and structures, net             | 83,200           | 79,195           | 736                                 |
| Machinery, equipment and vehicles, net    | 18,959           | 20,473           | 168                                 |
| Tools, furniture and fixtures, net        | 5,816            | 5,521            | 51                                  |
| Land                                      | 34,918           | 35,080           | 309                                 |
| Lease assets, net                         | 29,291           | 27,081           | 259                                 |
| Construction in progress                  | 4,290            | 7,601            | 38                                  |
| Property, plant and equipment             | <u>176,476</u>   | <u>174,953</u>   | <u>1,562</u>                        |
| Intangible assets                         | 20,369           | 15,295           | 180                                 |
| Investments and other assets              |                  |                  |                                     |
| Investment securities                     | 125,265          | 195,393          | 1,109                               |
| Long-term loans receivable                | 812              | 1,407            | 7                                   |
| Net defined benefit asset                 | 17,623           | 44,103           | 156                                 |
| Deferred tax assets                       | 2,617            | 2,518            | 23                                  |
| Other                                     | 9,074            | 8,955            | 80                                  |
| Allowance for doubtful accounts           | (911)            | (1,175)          | (8)                                 |
| <b>Total Investments and other assets</b> | <u>154,481</u>   | <u>251,201</u>   | <u>1,367</u>                        |
| <b>Total Noncurrent assets</b>            | <u>351,327</u>   | <u>441,451</u>   | <u>3,109</u>                        |
| <b>Deferred assets</b>                    | <u>117</u>       | <u>102</u>       | <u>1</u>                            |
| <b>Total Assets</b>                       | <u>845,378</u>   | <u>904,522</u>   | <u>7,481</u>                        |

**Consolidated Balance Sheets**

|   | Millions of yen  |                | <i>Millions of<br/>U.S. dollars</i> |
|---|------------------|----------------|-------------------------------------|
|   | <b>3/31/2016</b> | 3/31/2015      | <i>3/31/2016</i>                    |
| <b>Liabilities</b>                                    |                  |                |                                     |
| <b>Current liabilities:</b>                           |                  |                |                                     |
| Notes and accounts payable-trade                      | 160,416          | 150,648        | <i>1,420</i>                        |
| Short-term loans payable                              | 53,795           | 68,095         | <i>476</i>                          |
| Commercial papers                                     | 22,000           | 19,000         | <i>195</i>                          |
| Current portion of bonds                              | 20,500           | 15,000         | <i>181</i>                          |
| Lease obligations                                     | 11,970           | 12,988         | <i>106</i>                          |
| Accrued expenses                                      | 39,285           | 38,309         | <i>348</i>                          |
| Income taxes payable                                  | 6,390            | 5,905          | <i>57</i>                           |
| Advances received                                     | 40,247           | 38,303         | <i>356</i>                          |
| Other   | 63,213           | 56,498         | <i>559</i>                          |
| <b>Total Current liabilities</b>                      | <b>417,819</b>   | <b>404,748</b> | <b><i>3,698</i></b>                 |
| <b>Noncurrent liabilities:</b>                        |                  |                |                                     |
| Bonds payable   | 40,000           | 45,500         | <i>354</i>                          |
| Long-term loans payable                               | 48,449           | 43,629         | <i>429</i>                          |
| Lease obligations                                     | 23,498           | 22,260         | <i>208</i>                          |
| Deferred tax liabilities                              | 797              | 32,576         | <i>7</i>                            |
| Provision for directors' retirement benefits          | 195              | 236            | <i>2</i>                            |
| Net defined benefit liability                         | 50,729           | 32,518         | <i>449</i>                          |
| Other   | 2,908            | 3,416          | <i>26</i>                           |
| <b>Total Noncurrent liabilities</b>                   | <b>166,578</b>   | <b>180,137</b> | <b><i>1,474</i></b>                 |
| <b>Total Liabilities</b>                              | <b>584,397</b>   | <b>584,885</b> | <b><i>5,172</i></b>                 |
| <b>Net Assets</b>                                     |                  |                |                                     |
| <b>Shareholders' equity:</b>                          |                  |                |                                     |
| Capital stock   | 47,586           | 47,586         | <i>421</i>                          |
| Capital surplus                                       | 46,736           | 46,735         | <i>414</i>                          |
| Retained earnings                                     | 132,111          | 109,543        | <i>1,169</i>                        |
| Treasury stock  | (7,212)          | (7,184)        | <i>(64)</i>                         |
| <b>Total Shareholders' equity</b>                     | <b>219,221</b>   | <b>196,680</b> | <b><i>1,940</i></b>                 |
| <b>Accumulated other comprehensive income:</b>        |                  |                |                                     |
| Valuation difference on available-for-sale securities | 30,254           | 69,528         | <i>268</i>                          |
| Deferred gains or losses on hedges                    | (1,132)          | (513)          | <i>(10)</i>                         |
| Foreign currency translation adjustments              | 3,377            | 10,978         | <i>30</i>                           |
| Remeasurements of defined benefit plans               | (21,321)         | 13,665         | <i>(189)</i>                        |
| <b>Total Accumulated other comprehensive income</b>   | <b>11,177</b>    | <b>93,659</b>  | <b><i>99</i></b>                    |
| <b>Non-controlling interests</b>                      | <b>30,581</b>    | <b>29,296</b>  | <b><i>271</i></b>                   |
| <b>Total Net assets</b>                               | <b>260,980</b>   | <b>319,636</b> | <b><i>2,310</i></b>                 |
| <b>Total Liabilities and Net assets</b>               | <b>845,378</b>   | <b>904,522</b> | <b><i>7,481</i></b>                 |

**Consolidated Statements of Income**

|  | Millions of yen |         | Millions of U.S.<br>dollars |
|--|-----------------|---------|-----------------------------|
|  | <b>FY2015</b>   | FY2014  | <i>FY2015</i>               |
| <b>Net sales</b>   | 813,550         | 810,678 | 7,200                       |
| <b>Cost of sales</b>   | 603,235         | 609,376 | 5,338                       |
| <b>Gross profit</b>  | 210,314         | 201,302 | 1,861                       |
| <b>Selling, general and administrative expenses</b>                          | 165,308         | 161,985 | 1,463                       |
| <b>Operating income</b>  | 45,006          | 39,316  | 398                         |
| <b>Non-operating income</b>  |                 |         |                             |
| Interest income  | 251             | 234     | 2                           |
| Dividends income   | 2,786           | 2,291   | 25                          |
| Equity in earnings of affiliates   | 1,279           | 1,031   | 11                          |
| Foreign exchange income  | -               | 3,666   | -                           |
| Other  | 591             | 1,097   | 5                           |
| <b>Total Non-operating income</b>  | 4,908           | 8,321   | 43                          |
| <b>Non-operating expenses</b>  |                 |         |                             |
| Interest expense   | 2,136           | 2,551   | 19                          |
| Foreign exchange losses  | 860             | -       | 8                           |
| Provision of allowance for doubtful accounts for subsidiaries and associates | -               | 530     | -                           |
| Other  | 1,304           | 1,417   | 12                          |
| <b>Total Non-operating expenses</b>  | 4,301           | 4,499   | 38                          |
| <b>Ordinary income</b>   | 45,614          | 43,139  | 404                         |
| <b>Extraordinary income</b>  |                 |         |                             |
| Gain on sales of noncurrent assets   | 989             | 81      | 9                           |
| Gain on sales of investment securities                                       | 2,351           | 2,778   | 21                          |
| Gain on change in equity   | -               | 4,843   | -                           |
| <b>Total Extraordinary income</b>  | 3,340           | 7,703   | 30                          |
| <b>Extraordinary loss</b>  |                 |         |                             |
| Loss on disposal of noncurrent assets  | 775             | 880     | 7                           |
| Loss on valuation of investment securities                                   | 167             | 447     | 1                           |
| Impairment loss  | 282             | 2,830   | 2                           |
| Settlement package   | 640             | 810     | 6                           |
| Loss on liquidation of subsidiaries  | 470             | -       | 4                           |
| Other  | 51              | 154     | 0                           |
| <b>Total Extraordinary loss</b>  | 2,387           | 5,123   | 21                          |
| <b>Income before income taxes</b>  | 46,566          | 45,719  | 412                         |
| <b>Income taxes-current</b>  | 9,600           | 9,612   | 85                          |
| <b>Income taxes-deferred</b>   | 3,096           | 5,305   | 27                          |
| <b>Income taxes</b>  | 12,697          | 14,918  | 112                         |
| <b>Profit</b>  | 33,868          | 30,800  | 300                         |
| <b>Profit attributable to non-controlling interests</b>                      | 3,224           | 2,822   | 29                          |
| <b>Profit attributable to owners of parent</b>                               | 30,644          | 27,978  | 271                         |

**Consolidated Statements of Comprehensive Income**

|  | Millions of yen |        | <i>Millions of U.S.<br/>dollars</i> |
|--|-----------------|--------|-------------------------------------|
|  | FY2015          | FY2014 | FY2015                              |
| <b>Profit</b>  | 33,868          | 30,800 | 300                                 |
| <b>Other comprehensive income</b>  |                 |        |                                     |
| Valuation difference on available-for-sale securities                                  | (39,295)        | 24,731 | (348)                               |
| Deferred gains or losses on hedges   | (622)           | (531)  | (6)                                 |
| Foreign currency translation adjustments   | (8,300)         | 8,785  | (73)                                |
| Remeasurements of defined benefit plans  | (34,914)        | 24,141 | (309)                               |
| Share of other comprehensive income of associates<br>accounted for using equity method | (520)           | 517    | (5)                                 |
| <b>Total other comprehensive Income</b>  | (83,652)        | 57,644 | (740)                               |
| <b>Comprehensive income</b>  | (49,783)        | 88,445 | (441)                               |
| <b>Comprehensive income attributable to:</b>   |                 |        |                                     |
| Comprehensive income attributable to owners of parent                                  | (51,837)        | 84,260 | (459)                               |
| Comprehensive income attributable to non-controlling<br>interests                      | 2,053           | 4,184  | 18                                  |

**Consolidated Statements of Shareholders' Equity (FY2015)**

|  | Millions of yen      |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Shareholders' Equity |                 |                   |                |                            |
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total Shareholders' Equity |
| <b>BALANCE AT APRIL 1, 2015</b>                      | 47,586               | 46,735          | 109,543           | (7,184)        | 196,680                    |
| Cumulative effect of changes in accounting policies  |                      |                 |                   |                | -                          |
| Restated balance                                     | 47,586               | 46,735          | 109,543           | (7,184)        | 196,680                    |
| Changes of items during the period                   |                      |                 |                   |                |                            |
| Dividends from surplus                               |                      |                 | (7,144)           |                | (7,144)                    |
| Profit attributable to owners of parent              |                      |                 | 30,644            |                | 30,644                     |
| Purchase of treasury stock                           |                      |                 |                   | (28)           | (28)                       |
| Disposal of treasury stock                           |                      | 0               |                   | 0              | 1                          |
| Change of scope of consolidation                     |                      |                 | (931)             |                | (931)                      |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the period             | -                    | 0               | 22,568            | (28)           | 22,541                     |
| <b>BALANCE AT MARCH 31, 2016</b>                     | 47,586               | 46,736          | 132,111           | (7,212)        | 219,221                    |

|  | Millions of yen                                       |                                    |  |   |  |                           |            |
|--|---|------------------------------------|--|---|--|---------------------------|------------|
|  | Accumulated other comprehensive income                |                                    |  |   |  | Non-controlling interests | Net assets |
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Remeasurements Of Defined Benefit Plans | Total Accumulated other comprehensive income |                           |            |
| <b>BALANCE AT APRIL 1, 2015</b>                      | 69,528  | (513)                              | 10,978                                   | 13,665                                  | 93,659                                       | 29,296                    | 319,636    |
| Cumulative effect of changes in accounting policies  |   |                                    |  |   |  |                           | -          |
| Restated balance                                     | 69,528  | (513)                              | 10,978                                   | 13,665                                  | 93,659                                       | 29,296                    | 319,636    |
| Changes of items during the period                   |   |                                    |  |   |  |                           |            |
| Dividends from surplus                               |   |                                    |  |   | -  |                           | (7,144)    |
| Profit attributable to owners of parent              |   |                                    |  |   | -  |                           | 30,644     |
| Purchase of treasury stock                           |   |                                    |  |   | -  |                           | (28)       |
| Disposal of treasury stock                           |   |                                    |  |   | -  |                           | 1          |
| Change of scope of consolidation                     |   |                                    |  |   | -  |                           | (931)      |
| Net changes of items other than shareholders' equity | (39,274)  | (618)                              | (7,601)                                  | (34,986)                                | (82,482)                                     | 1,284                     | (81,197)   |
| Total changes of items during the period             | (39,274)  | (618)                              | (7,601)                                  | (34,986)                                | (82,482)                                     | 1,284                     | (58,655)   |
| <b>BALANCE AT MARCH 31, 2016</b>                     | 30,254  | (1,132)                            | 3,377                                    | (21,321)                                | 11,177                                       | 30,581                    | 260,980    |

**Consolidated Statements of Shareholders' Equity (FY2014)**

|  | Millions of yen      |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Shareholders' Equity |                 |                   |                |                            |
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total Shareholders' Equity |
| <b>BALANCE AT APRIL 1, 2014</b>                      | 47,586               | 46,734          | 102,631           | (7,148)        | 189,804                    |
| Cumulative effect of changes in accounting policies  |                      |                 | (16,026)          |                | (16,026)                   |
| Restated balance                                     | 47,586               | 46,734          | 86,605            | (7,148)        | 173,778                    |
| Changes of items during the period                   |                      |                 |                   |                |                            |
| Dividends from surplus                               |                      |                 | (5,715)           |                | (5,715)                    |
| Profit attributable to owners of parent              |                      |                 | 27,978            |                | 27,978                     |
| Purchase of treasury stock                           |                      |                 |                   | (37)           | (37)                       |
| Disposal of treasury stock                           |                      | 0               |                   | 0              | 1                          |
| Change of scope of consolidation                     |                      |                 | 675               |                | 675                        |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the period             | -                    | 0               | 22,938            | (36)           | 22,902                     |
| <b>BALANCE AT MARCH 31, 2015</b>                     | 47,586               | 46,735          | 109,543           | (7,184)        | 196,680                    |

|  | Millions of yen                                       |                                    |  |   |  |                           |            |
|--|---|------------------------------------|--|---|--|---------------------------|------------|
|  | Accumulated other comprehensive income                |                                    |  |   |  | Non-controlling interests | Net assets |
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Remeasurements Of Defined Benefit Plans | Total Accumulated other comprehensive income |                           |            |
| <b>BALANCE AT APRIL 1, 2014</b>                      | 44,768  | 20                                 | 3,202                                    | (10,614)                                | 37,376                                       | 24,043                    | 251,225    |
| Cumulative effect of changes in accounting policies  |   |                                    |  |   |  | (179)                     | (16,206)   |
| Restated balance                                     | 44,768  | 20                                 | 3,202                                    | (10,614)                                | 37,376                                       | 23,864                    | 235,019    |
| Changes of items during the period                   |   |                                    |  |   |  |                           |            |
| Dividends from surplus                               |   |                                    |  |   | -  |                           | (5,715)    |
| Profit attributable to owners of parent              |   |                                    |  |   | -  |                           | 27,978     |
| Purchase of treasury stock                           |   |                                    |  |   | -  |                           | (37)       |
| Disposal of treasury stock                           |   |                                    |  |   | -  |                           | 1          |
| Change of scope of consolidation                     |   |                                    |  |   | -  |                           | 675        |
| Net changes of items other than shareholders' equity | 24,760  | (533)                              | 7,776                                    | 24,280                                  | 56,282                                       | 5,432                     | 61,714     |
| Total changes of items during the period             | 24,760  | (533)                              | 7,776                                    | 24,280                                  | 56,282                                       | 5,432                     | 84,617     |
| <b>BALANCE AT MARCH 31, 2015</b>                     | 69,528  | (513)                              | 10,978                                   | 13,665                                  | 93,659                                       | 29,296                    | 319,636    |

**Consolidated Statements of Cash Flows**

|   | Millions of yen |          | Millions of U.S.<br>dollars |
|---|-----------------|----------|-----------------------------|
|   | FY2015          | FY2014   | FY2015                      |
| <b>I Cash flows from operating activities</b>   |                 |          |                             |
| Income before income taxes and minority interests   | 46,566          | 45,719   | 412                         |
| Depreciation and amortization   | 29,723          | 33,615   | 263                         |
| Increase (decrease) in allowance for doubtful accounts  | (527)           | 657      | (5)                         |
| Interest and dividends income   | (3,037)         | (2,526)  | (27)                        |
| Interest expenses   | 2,136           | 2,551    | 19                          |
| Foreign exchange losses (gains)   | 6               | 610      | 0                           |
| Loss (gain) on sales of noncurrent assets   | (989)           | (81)     | (9)                         |
| Loss (gain) on sales of investment securities   | (2,351)         | (2,778)  | (21)                        |
| Loss (gain) on change in equity   | -               | (4,843)  | -                           |
| Loss (gain) on disposal of noncurrent assets  | 775             | 880      | 7                           |
| Loss (gain) on devaluation of investment securities   | 167             | 447      | 1                           |
| Impairment loss   | 282             | 2,830    | 2                           |
| Loss on liquidation of subsidiaries   | 470             | -        | 4                           |
| Decrease (increase) in notes and accounts receivable-trade  | (22,609)        | (8,646)  | (200)                       |
| Decrease (increase) in inventories  | (7,811)         | (12,572) | (69)                        |
| Increase (decrease) in notes and accounts payable-trade   | 12,513          | 3,410    | 111                         |
| Increase (decrease) in advances received  | 1,750           | 3,958    | 15                          |
| Other, net  | (1,439)         | (4,457)  | (13)                        |
| Subtotal  | 55,627          | 58,775   | 492                         |
| Interest and dividends income received  | 3,035           | 2,572    | 27                          |
| Interest expenses paid  | (2,186)         | (2,536)  | (19)                        |
| Income taxes paid   | (8,026)         | (7,352)  | (71)                        |
| Net cash provided by operating activities   | 48,450          | 51,459   | 429                         |
| <b>II Cash flows from investing activities</b>  |                 |          |                             |
| Purchase of property, plant and equipment   | (17,843)        | (15,248) | (158)                       |
| Proceeds from sales of property, plant and equipment  | 1,994           | 868      | 18                          |
| Purchase of investment securities   | (4,657)         | (10,253) | (41)                        |
| Proceeds from sales of investment securities  | 5,878           | 6,233    | 52                          |
| Payments of loans receivable  | (6,888)         | (6,530)  | (61)                        |
| Collection of loans receivable  | 6,242           | 5,578    | 55                          |
| Other, net  | (4,134)         | (3,397)  | (37)                        |
| Net cash used in investing activities   | (19,410)        | (22,750) | (172)                       |
| <b>III Cash flows from financing activities</b>   |                 |          |                             |
| Net increase (decrease) in short-term loans payable   | (11,245)        | (7,926)  | (100)                       |
| Increase (decrease) in commercial papers  | 3,000           | 19,000   | 27                          |
| Proceeds from long-term loans payable   | 19,520          | 751      | 173                         |
| Repayment of long-term loans payable  | (20,106)        | (24,357) | (178)                       |
| Proceeds from issuance of bonds   | 15,000          | -        | 133                         |
| Redemption of bonds   | (15,000)        | -        | (133)                       |
| Repayments of lease obligations   | (14,490)        | (14,562) | (128)                       |
| Proceeds from sales of treasury stock   | 1               | 1        | 0                           |
| Purchase of treasury stock  | (28)            | (37)     | (0)                         |
| Cash dividends paid   | (7,144)         | (5,715)  | (63)                        |
| Cash dividends paid to minority shareholders  | (1,002)         | (982)    | (9)                         |
| Other, net  | (70)            | -        | (1)                         |
| Net cash used in financing activities   | (31,566)        | (33,828) | (279)                       |
| <b>IV Effect of exchange rate change on cash and cash equivalents</b>                                       | (2,099)         | 1,718    | (19)                        |
| <b>V Net increase (decrease) in cash and cash equivalents ( I + II + III + IV)</b>                          | (4,625)         | (3,401)  | (41)                        |
| <b>VI Cash and cash equivalents at beginning of period</b>  | 31,895          | 33,412   | 282                         |
| <b>VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b> | 3,552           | 1,883    | 31                          |
| <b>VIII Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>    | 17              | -        | 0                           |
| <b>IX Cash and cash equivalents at end of period</b>  | 30,838          | 31,895   | 273                         |



## Consolidated Segment Information

### Information on net sales, and profit or loss by each reporting segment

As of April 1, 2015, reflecting change of organization structure, the reporting segments were reclassified in Power and Social Infrastructure, Industrial Infrastructure and Power Electronics.

The reporting segment information for the fiscal year ended March 31, 2015 has been reclassified to reflect this change.

#### FY2015

|                                   | Millions of yen                 |                           |                   |                    |                                |               |                |                 |                |
|-----------------------------------|---------------------------------|---------------------------|-------------------|--------------------|--------------------------------|---------------|----------------|-----------------|----------------|
|                                   | Power and Social Infrastructure | Industrial Infrastructure | Power Electronics | Electronic Devices | Food and Beverage Distribution | Others        | Total          | Adjustments     | Consolidated   |
| <b>Net Sales</b>                  |                                 |                           |                   |                    |                                |               |                |                 |                |
| Sales to third parties            | 174,007                         | 198,551                   | 175,847           | 116,155            | 114,400                        | 34,587        | 813,550        | -               | 813,550        |
| Inter-segment sales and transfers | 1,480                           | 3,407                     | 27,124            | 3,690              | 586                            | 27,999        | 64,289         | (64,289)        | -              |
| <b>Total sales</b>                | <b>175,488</b>                  | <b>201,959</b>            | <b>202,972</b>    | <b>119,846</b>     | <b>114,987</b>                 | <b>62,586</b> | <b>877,840</b> | <b>(64,289)</b> | <b>813,550</b> |
| <b>Segment profits (losses)</b>   | <b>9,736</b>                    | <b>12,966</b>             | <b>7,755</b>      | <b>9,863</b>       | <b>7,825</b>                   | <b>2,335</b>  | <b>50,481</b>  | <b>(5,475)</b>  | <b>45,006</b>  |

#### FY2014

|                                   | Millions of yen                 |                           |                   |                    |                                |               |                |                 |                |
|-----------------------------------|---------------------------------|---------------------------|-------------------|--------------------|--------------------------------|---------------|----------------|-----------------|----------------|
|                                   | Power and Social Infrastructure | Industrial Infrastructure | Power Electronics | Electronic Devices | Food and Beverage Distribution | Others        | Total          | Adjustments     | Consolidated   |
| <b>Net Sales</b>                  |                                 |                           |                   |                    |                                |               |                |                 |                |
| Sales to third parties            | 167,477                         | 187,264                   | 174,123           | 130,772            | 118,824                        | 32,215        | 810,678        | -               | 810,678        |
| Inter-segment sales and transfers | 1,711                           | 4,094                     | 26,789            | 6,416              | 289                            | 28,988        | 68,289         | (68,289)        | -              |
| <b>Total sales</b>                | <b>169,188</b>                  | <b>191,358</b>            | <b>200,912</b>    | <b>137,189</b>     | <b>119,113</b>                 | <b>61,203</b> | <b>878,967</b> | <b>(68,289)</b> | <b>810,678</b> |
| <b>Segment profits (losses)</b>   | <b>7,786</b>                    | <b>11,142</b>             | <b>7,581</b>      | <b>8,071</b>       | <b>8,527</b>                   | <b>1,882</b>  | <b>44,992</b>  | <b>(5,675)</b>  | <b>39,316</b>  |

#### FY2015

|                                   | Millions of U.S. dollars        |                           |                   |                    |                                |            |              |              |              |
|-----------------------------------|---------------------------------|---------------------------|-------------------|--------------------|--------------------------------|------------|--------------|--------------|--------------|
|                                   | Power and Social Infrastructure | Industrial Infrastructure | Power Electronics | Electronic Devices | Food and Beverage Distribution | Others     | Total        | Adjustments  | Consolidated |
| <b>Net Sales</b>                  |                                 |                           |                   |                    |                                |            |              |              |              |
| Sales to third parties            | 1,540                           | 1,757                     | 1,556             | 1,028              | 1,012                          | 306        | 7,200        | -            | 7,200        |
| Inter-segment sales and transfers | 13                              | 30                        | 240               | 33                 | 5                              | 248        | 569          | (569)        | -            |
| <b>Total sales</b>                | <b>1,553</b>                    | <b>1,787</b>              | <b>1,796</b>      | <b>1,061</b>       | <b>1,018</b>                   | <b>554</b> | <b>7,768</b> | <b>(569)</b> | <b>7,200</b> |
| <b>Segment profits (losses)</b>   | <b>86</b>                       | <b>115</b>                | <b>69</b>         | <b>87</b>          | <b>69</b>                      | <b>21</b>  | <b>447</b>   | <b>(48)</b>  | <b>398</b>   |

## Supplemental Consolidated Financial Materials

### 1. Financial summary

|   | Billions of yen |        | Billions of yen      |
|---|-----------------|--------|----------------------|
|   | FY2015          | FY2014 | FY2016<br>[Forecast] |
| Net sales                               | 813.6           | 810.7  | 830.0                |
| Operating income                        | 45.0            | 39.3   | 47.0                 |
| Ordinary income                         | 45.6            | 43.1   | 47.0                 |
| Profit attributable to owners of parent | 30.6            | 28.0   | 31.0                 |

### 2. Number of consolidated subsidiaries

|                                    | FY2015                              | FY2014 | FY2016<br>[Forecast] |
|------------------------------------|-------------------------------------|--------|----------------------|
|                                    | Number of consolidated subsidiaries | 69     | 48                   |
| Japan                              | 22                                  | 22     | 23                   |
| Overseas                           | 47                                  | 26     | 48                   |
| Number of equity-method associates | 5                                   | 5      | 5                    |

### 3. Net income per share

|                      | Yen    |        | Yen                  |
|----------------------|--------|--------|----------------------|
|                      | FY2015 | FY2014 | FY2016<br>[Forecast] |
| Net income per share | 42.90  | 39.16  | 43.39                |

### 4. Sales exchange rate (Yen)

|      | Yen    |        | Yen                  |
|------|--------|--------|----------------------|
|      | FY2015 | FY2014 | FY2016<br>[Forecast] |
| US\$ | 120.14 | 109.93 | 110.00               |
| EURO | 132.58 | 138.77 | 120.00               |

### 5. Net sales by reporting segment

|                                 | Billions of yen |              | Billions of yen          |                      |
|---------------------------------|-----------------|--------------|--------------------------|----------------------|
|                                 | FY2015          | FY2014       | FY2015<br>[New segments] | FY2016<br>[Forecast] |
| Power and Social Infrastructure | 175.5           | 169.2        | 175.5                    | 177.9                |
| Industrial Infrastructure       | 202.0           | 191.4        | 199.1                    | 214.5                |
| Power Electronics               | 203.0           | 200.9        | 209.0                    | 214.6                |
| Electronic Devices              | 119.8           | 137.2        | 120.2                    | 120.0                |
| Food and Beverage Distribution  | 115.0           | 119.1        | 110.0                    | 116.0                |
| Others                          | 62.6            | 61.2         | 62.6                     | 55.0                 |
| Subtotal                        | 877.8           | 879.0        | 876.5                    | 898.2                |
| Elimination                     | (64.3)          | (68.3)       | (62.9)                   | (68.2)               |
| <b>Total</b>                    | <b>813.6</b>    | <b>810.7</b> | <b>813.6</b>             | <b>830.0</b>         |

Note : Net sales include inter-segment transactions.

### 6. Operating income by reporting segment

|                                 | Billions of yen |             | Billions of yen          |                      |
|---------------------------------|-----------------|-------------|--------------------------|----------------------|
|                                 | FY2015          | FY2014      | FY2015<br>[New segments] | FY2016<br>[Forecast] |
| Power and Social Infrastructure | 9.7             | 7.8         | 9.7                      | 10.5                 |
| Industrial Infrastructure       | 13.0            | 11.1        | 11.2                     | 13.1                 |
| Power Electronics               | 7.8             | 7.6         | 9.4                      | 11.6                 |
| Electronic Devices              | 9.9             | 8.1         | 9.8                      | 7.5                  |
| Food and Beverage Distribution  | 7.8             | 8.5         | 8.0                      | 8.8                  |
| Others                          | 2.3             | 1.9         | 2.3                      | 2.0                  |
| Subtotal                        | 50.5            | 45.0        | 50.5                     | 53.4                 |
| Elimination                     | (5.5)           | (5.7)       | (5.5)                    | (6.4)                |
| <b>Total</b>                    | <b>45.0</b>     | <b>39.3</b> | <b>45.0</b>              | <b>47.0</b>          |

### 7. Net overseas sales

|                         | Billions of yen |              | Billions of yen      |
|-------------------------|-----------------|--------------|----------------------|
|                         | FY2015          | FY2014       | FY2016<br>[Forecast] |
| Asia (except for China) | 103.9           | 85.2         | 110.7                |
| China                   | 82.6            | 87.7         | 72.7                 |
| Europe                  | 16.7            | 16.5         | 17.8                 |
| America                 | 12.6            | 15.5         | 17.9                 |
| <b>Total</b>            | <b>215.8</b>    | <b>204.9</b> | <b>219.0</b>         |

## 8. R&D expenditures

|                                 | Billions of yen |             | Billions of yen          |                      |
|---------------------------------|-----------------|-------------|--------------------------|----------------------|
|                                 | FY2015          | FY2014      | FY2015<br>[New segments] | FY2016<br>[Forecast] |
| Power and Social Infrastructure | 5.7             | 4.6         | 5.7                      | 5.3                  |
| Industrial Infrastructure       | 6.4             | 5.9         | 6.2                      | 6.0                  |
| Power Electronics               | 9.2             | 10.4        | 9.6                      | 10.1                 |
| Electronic Devices              | 9.1             | 9.3         | 9.2                      | 10.9                 |
| Food and Beverage Distribution  | 5.5             | 4.9         | 5.3                      | 4.8                  |
| Others                          | 0.0             | 0.0         | 0.0                      | 0.0                  |
| <b>Total</b>                    | <b>35.9</b>     | <b>35.0</b> | <b>35.9</b>              | <b>37.1</b>          |
| Ratio to net sales (%)          | 4.4%            | 4.3%        | 4.4%                     | 4.5%                 |

## 9. Plant and equipment investment (including leases)

|                                 | Billions of yen |             | Billions of yen          |                      |
|---------------------------------|-----------------|-------------|--------------------------|----------------------|
|                                 | FY2015          | FY2014      | FY2015<br>[New segments] | FY2016<br>[Forecast] |
| Power and Social Infrastructure | 2.2             | 2.4         | 2.2                      | 2.0                  |
| Industrial Infrastructure       | 2.1             | 2.5         | 2.1                      | 2.4                  |
| Power Electronics               | 8.1             | 9.2         | 8.1                      | 11.2                 |
| Electronic Devices              | 7.4             | 10.6        | 7.4                      | 9.3                  |
| Food and Beverage Distribution  | 2.0             | 2.4         | 2.0                      | 6.9                  |
| Others                          | 5.9             | 2.0         | 5.9                      | 1.2                  |
| <b>Total</b>                    | <b>27.7</b>     | <b>29.0</b> | <b>27.7</b>              | <b>33.0</b>          |
| (Leases)                        | 9.2             | 12.2        | 9.2                      | 14.1                 |

Note: Leases are included in total plant and equipment investment.

## 10. Depreciation, Leases paid

|                                 | Billions of yen |             | Billions of yen          |                      |
|---------------------------------|-----------------|-------------|--------------------------|----------------------|
|                                 | FY2015          | FY2014      | FY2015<br>[New segments] | FY2016<br>[Forecast] |
| Power and Social Infrastructure | 1.8             | 1.7         | 1.8                      | 1.9                  |
| Industrial Infrastructure       | 2.2             | 1.9         | 2.1                      | 2.7                  |
| Power Electronics               | 5.5             | 5.4         | 5.7                      | 6.4                  |
| Electronic Devices              | 14.1            | 19.0        | 14.1                     | 13.4                 |
| Food and Beverage Distribution  | 2.3             | 2.4         | 2.3                      | 2.3                  |
| Others                          | 1.4             | 1.3         | 1.4                      | 1.2                  |
| <b>Total</b>                    | <b>27.3</b>     | <b>31.7</b> | <b>27.3</b>              | <b>27.9</b>          |
| (Leases)                        | 1.2             | 1.4         | 1.2                      | 1.3                  |

## 11. Number of employees

|                                 | Billions of yen |               | Billions of yen          |                      |
|---------------------------------|-----------------|---------------|--------------------------|----------------------|
|                                 | FY2015          | FY2014        | FY2015<br>[New segments] | FY2016<br>[Forecast] |
| Power and Social Infrastructure | 2,478           | 2,498         | 2,478                    | 2,536                |
| Industrial Infrastructure       | 5,472           | 5,163         | 5,348                    | 5,375                |
| Power Electronics               | 7,646           | 6,923         | 7,795                    | 8,024                |
| Electronic Devices              | 6,348           | 6,593         | 6,481                    | 6,579                |
| Food and Beverage Distribution  | 2,480           | 2,456         | 2,369                    | 2,676                |
| Others                          | 2,084           | 2,107         | 2,037                    | 2,092                |
| <b>Total</b>                    | <b>26,508</b>   | <b>25,740</b> | <b>26,508</b>            | <b>27,282</b>        |
| Japan                           | 17,635          | 17,814        | 17,635                   | 17,927               |
| Overseas                        | 8,873           | 7,926         | 8,873                    | 9,355                |

## Financial Performance

### (1) Qualitative Information regarding Consolidated Results of Operations

#### Results of Operations in the Fiscal Year Ended March 31, 2016

In the fiscal year ended March 31, 2016, in the Company's operating environment, a recovery trend was seen overseas in the United States and principal European countries, but the economic slowdown in China and other Asian countries became even more pronounced. In Japan, while the growing sense of uncertainty in overseas markets resulted in sluggish conditions in certain sectors during the second half of the fiscal year, the overall trend was that of gradual recovery.

In this environment, the Company defined the basic policies of complete the FY2015 Medium-Term Management Plan, and advanced growth strategies in preparation for the next medium-term management plan. We also pushed forward with measures to expand the power plant business as well as operations in the Industrial Infrastructure and Power Electronics segments and overseas businesses while also pursuing improvements in overall profitability.

Consolidated business results for the fiscal year ended March 31, 2016, were as follows.

Net sales increased ¥2.9 billion year on year, to ¥813.6 billion. By business segment, Power and Social Infrastructure, Industrial Infrastructure, Power Electronics, and Others saw increased net sales, while Electronic Devices and Food and Beverage Distribution saw net sales decline.

Operating income improved ¥5.7 billion year on year, to ¥45.0 billion. This improvement was largely attributable to increased profitability stemming from cost reductions. Ordinary income increased ¥2.5 billion, to ¥45.6 billion. At the same time, profit attributable to owners of parent rose ¥2.7 billion, to a new record-high of ¥30.6 billion.

While we failed to meet the net sales target of ¥850.0 billion described in the FY2015 Medium-Term Management Plan, largely due to expectation-exceeding deterioration in market conditions, we succeeded in meeting our operating income target of ¥45.0 billion.

Consolidated results of operations for the fiscal year ended March 31, 2016, were as follows.

(¥ billion)

|  | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2015 | Change |
|--|-------------------------------------|-------------------------------------|--------|
| Net sales                                  | 810.7                               | 813.6                               | 2.9    |
| Operating income                           | 39.3                                | 45.0                                | 5.7    |
| Ordinary income                            | 43.1                                | 45.6                                | 2.5    |
| Profit attributable to<br>owners of parent | 28.0                                | 30.6                                | 2.7    |

## Results by Segment

### [Power and Social Infrastructure]

**YoY: Net sales increased 4%, operating results improved ¥1.9 billion**

Net sales increased 4% year on year, to ¥175.5 billion, and operating income improved ¥1.9 billion, year on year to ¥9.7 billion.

In the power plant business, net sales were up year on year as the increase in orders for thermal power, geothermal power, and hydropower generation facilities outweighed the decrease in orders for solar power generation systems. In the social engineering systems business, net sales were up year on year due to higher sales centered on smart meters. In the social information business, net sales were relatively unchanged year on year. Overall, the segment saw improved operating results due to higher net sales and the benefits of cost reduction efforts.

### [Industrial Infrastructure]

**YoY: Net sales increased 6%, operating results improved ¥1.8 billion**

Net sales increased 6% year on year, to ¥202.0 billion, and operating income improved ¥1.8 billion year on year, to ¥13.0 billion.

In the transmission and distribution business, net sales were up year on year due to contributions from large-scale overseas orders. Net sales in the industrial plant business were up year on year due to strong energy saving and replacement demand in Japan as well as increased data center-related orders. Despite lower demand resulted from economic slowdown in China, net sales were up year on year in the industrial and instrumentation equipment business due to robust domestic demand. The equipment construction business saw a year-on-year increase in net sales following higher orders for installation of electrical equipment and air-conditioning equipment. Overall, the segment saw improved operating results due to higher net sales and the benefits of cost reduction efforts.

### [Power Electronics]

**YoY: Net sales increased 1%, operating results improved ¥0.2 billion**

Net sales increased 1% year on year, to ¥203.0 billion, and operating income improved ¥0.2 billion year on year, to ¥7.8 billion.

In the drive business, net sales decreased year on year as a result of a decline in demand due to the bearish state of the Chinese market. Operating results, meanwhile, were relatively unchanged year on year, despite the lower sales, due to the benefits of cost reduction efforts. In the power supply business, net sales were up year on year due to higher demand for power supply equipment in Japan as

well as the benefits of the consolidation of Fuji SMBE Pte. Ltd., and its subsidiaries, and operating results improved following the rise in sales. In the ED&C components business, net sales were down year on year as a result of the decline in demand from domestic machinery equipment manufacturers as well as in overseas markets, but operating results were up year on year as the benefits of cost reduction efforts counteracted the lower net sales.

**[Electronic Devices]**

**YoY: Net sales decreased 13%, operating results improved ¥1.8 billion**

Net sales decreased 13% year on year, to ¥119.8 billion, and operating income improved ¥1.8 billion year on year, to ¥9.9 billion.

In the semiconductors business, net sales and operating results worsened year on year due to the impacts of sluggish demand resulted from the bearish state of the Chinese market in the industrial field and the power supply application field, lower demand from major domestic customers centered on machine tools in the industrial field, and reduced sales of certain vehicles equipped with the Company's products in the automotive field. In the magnetic disks business, net sales were down year on year due to the negative impacts of changes in the ratios of sales for specific models, but operating results improved as the benefits of efforts to reduce fixed and other costs outweighed the impact of lower net sales.

**[Food and Beverage Distribution]**

**YoY: Net sales decreased 3%, operating results worsened ¥0.7 billion**

Net sales decreased 3% year on year, to ¥115.0 billion, and operating income worsened ¥0.7 billion year on year, to ¥7.8 billion.

In the vending machine business, net sales and operating results worsened year on year because the impacts of the reduced vending machine demand in Japan stemming from limited investment among domestic beverage manufacturers outweighed the benefits of increased sales following the expansion of operations in the Chinese market. In the store distribution business, net sales and operating results improved year on year as a result of higher sales of freezing and refrigerating facilities for convenience stores.

**[Others]**

**YoY: Net sales increased 2%, operating results improved ¥0.5 billion**

Net sales increased 2% year on year, to ¥62.6 billion, and operating income improved ¥0.5 billion year on year, to ¥2.3 billion.

## Forecasts for the Fiscal Year Ending March 31, 2017

Forecasts for consolidated business results in the fiscal year ending March 31, 2017, are as follows.

Further, forecasts for the fiscal year ending March 31, 2017, assume exchange rates of US\$1 = ¥110 and €1 = ¥120.

### Consolidated Business Results Forecasts

(¥ billion)

|  | Fiscal year ended<br>March 31, 2016<br>Results | Fiscal year ending<br>March 31, 2017<br>Forecasts | Change |
|--|--|---|--------|
| Net sales                                  | 813.6  | 830.0   | 16.4   |
| Operating income                           | 45.0   | 47.0  | 2.0    |
| Ordinary income                            | 45.6   | 47.0  | 1.4    |
| Profit attributable to<br>owners of parent | 30.6   | 31.0  | 0.4    |

### Forecasts by Segment

(¥ billion)

|                                    | Fiscal year ending March 31, 2017<br>Forecasts |                       |
|------------------------------------|--|-----------------------|
|                                    | Net Sales                                      | Operating Income/Loss |
| Power and<br>Social Infrastructure | 177.9  | 10.5                  |
| Industrial Infrastructure          | 214.5  | 13.1                  |
| Power Electronics                  | 214.6  | 11.6                  |
| Electronic Devices                 | 120.0  | 7.5                   |
| Food and Beverage<br>Distribution  | 116.0  | 8.8                   |
| Others                             | 55.0   | 2.0                   |
| Elimination and Corporate          | -68.2  | -6.4                  |
| Total                              | 830.0  | 47.0                  |

In the fiscal year ending March 31, 2017, the Power and Social Infrastructure business segment will work to capture orders for thermal power generation facilities and geothermal power generation facilities, expand service operations, and strengthen fuel cell and other operations in the new energy field. At the same time, this segment will secure a strong share in the domestic smart meter market while addressing the increased production of meters in Japan and will also promote sales of cloud-based supply and demand management systems for PPS (power producer and supplier).

The Industrial Infrastructure business segment will advance integrated service businesses that encompass everything from diagnosis to maintenance and upgrades as it seeks to steadily capture

energy-saving and replacement demand. This segment will also strengthen solutions operations targeting data centers and logistics, plant factories, and other facilities. Overseas, we will integrate the human resources, technologies, and engineering capabilities acquired through mergers, acquisitions, and collaboration in regions centered on Asia in order to grow local operations in these regions.

The Power Electronics business segment will expand systems operations in the motion control and factory automation fields based on automation needs while pursuing increased sales through the quick launch of new products, including those that employ next-generation power semiconductors. In addition, the segment will further promote increased local production and consumption of products overseas and also standardize products and expand manufacturing of products in-house to boost competitiveness.

In the semiconductor business, the Electronic Devices business segment will increase overseas production and further reduce costs on a global scale to enhance competitiveness. In the industrial field, this segment will pursue sales growth while accelerating development of new products for the SiC power semiconductor and automotive field with the aim of creating promising new power electronics.

The Food and Beverage Distribution business segment will expand its vending machine business in China, Asia, and other markets while boosting cost competitiveness by developing high-value-added products and pursuing further cost reductions. In the store distribution business, the segment will strive to increase orders of store equipment for convenience stores and other stores while developing new products.



## (2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

|                             | March 31,<br>2015 | Breakdown<br>(%) | March 31,<br>2016 | Breakdown<br>(%) | Change |
|-----------------------------|-------------------|------------------|-------------------|------------------|--------|
| Total assets                | 904.5             | 100.0            | 845.4             | 100.0            | -59.1  |
| Interest-bearing debt       | 191.2             | 21.1             | 184.7             | 21.9             | -6.5   |
| Shareholder's equity*1      | 290.3             | 32.1             | 230.4             | 27.3             | -59.9  |
| Debt-equity ratio*2 (times) | 0.7               |                  | 0.8               |                  | +0.1   |

\*1 Shareholders' equity = Total net assets - Non-controlling interests

\*2 D/E ratio = Interest-bearing debt / Shareholders' equity

Total assets on March 31, 2016, stood at ¥845.4 billion, a decrease of ¥59.1 billion from the end of the previous fiscal year. Total current assets increased ¥31.0 billion due to increases in notes and accounts receivable-trade and inventories among other factors. Total noncurrent assets were down ¥90.1 billion due to a decrease stemming from valuation difference on available-for-sale securities.

Interest-bearing debt as of March 31, 2016, amounted to ¥184.7 billion, down ¥6.5 billion from the previous fiscal year-end following a decrease in short-term loans payable. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥5.4 billion from the previous fiscal year-end, amounting to ¥153.9 billion on March 31, 2016.

Net assets on March 31, 2016, stood at ¥261.0 billion, down ¥58.7 billion from the previous fiscal year-end. This was because of decreases stemming from valuation difference on available-for-sale securities and remeasurements of defined benefit plans, which offset an increase in retained earnings. In addition, shareholders' equity—total net assets net of non-controlling interests—was down ¥59.9 billion from the previous fiscal year-end, standing at ¥230.4 billion on March 31, 2016. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) was 0.8 times, up 0.1 times from the previous fiscal year-end. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 0.7 times, up 0.2 times.

(¥ billion)

|  | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 | Change |
|--|-------------------------------------|-------------------------------------|--------|
| Net cash provided operating activities         | 51.5                                | 48.5                                | -3.0   |
| Net cash used in investing activities          | -22.8                               | -19.4                               | 3.3    |
| Free cash flow                                 | 28.7                                | 29.0                                | 0.3    |
| Net cash used in financing activities          | -33.8                               | -31.6                               | 2.3    |
| Cash and cash equivalents at the end of period | 31.9                                | 30.8                                | -1.1   |

In the fiscal year ended March 31, 2016, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥29.0 billion, an improvement of ¥28.7 billion compared with positive free cash flow of ¥0.3 billion in the previous fiscal year.

#### **Cash flows from operating activities**

Net cash provided by operating activities was ¥48.5 billion, compared with ¥51.5 billion in the previous fiscal year. Major factors increasing cash included the recording of income before income taxes and an increase in notes and accounts payable-trade. Major factors decreasing cash included an increase in notes and accounts receivable-trade and an increase in inventories.

This was a deterioration of ¥3.0 billion year on year.

#### **Cash flows from investing activities**

Net cash used in investing activities was ¥19.4 billion, compared with ¥22.8 billion in the previous fiscal year. This was primarily related to the purchase of property, plant and equipment.

This was an improvement of ¥3.3 billion year on year.

#### **Cash flows from financing activities**

Net cash used in financing activities was ¥31.6 billion, compared with ¥33.8 billion in the previous fiscal year. This was principally due to repayment of lease obligations and a decrease in short-term loans payable.

As a result, consolidated cash and cash equivalents on March 31, 2016, amounted to ¥30.8 billion, down ¥1.1 billion from the previous fiscal year-end.

**(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2016, and the Fiscal Year Ending March 31, 2017**

We intend to return profit gained through business activities to shareholders. At the same time—while maintaining and strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, development of human resources and other uses reflecting a medium-to-long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium-to-long-term business cycle; our policy of paying stable and continuous dividends; and a comprehensive evaluation of the business results from the relevant fiscal year, research and development and capital investment plans for future growth, and the operating environment.

We regard the acquisition of treasury stock as a flexible mechanism to supplement dividends from retained earnings when warranted by the cash flow position.

Based on a rigorous evaluation of performance during the fiscal year ended March 31, 2016, forecasted performance for the fiscal year ending March 31, 2017, and our financial position, we plan to pay a year-end dividend of ¥5 per share for the fiscal year ended March 31, 2016. Together with the interim dividend, this will make for an annual dividend of ¥10 per share for the fiscal year ended March 31, 2016, to be paid from retained earnings.

We have not yet decided the dividend to be paid for the fiscal year ending March 31, 2017.