Seven-Year Summary

Years ended or as of March 31	Millions of yen 2003	2002	2001	2000	1999	1998	1997	Thousands of U.S. dollars 2003
Net sales	**¥832,414**	¥ 839,135	¥891,086	¥851,830	¥852,060	¥982,763	¥945,382	**$6,936,790**
Cost of sales	**666,604**	677,033	709,481	692,132	692,309	773,839	733,690	**5,555,040**
[Ratio to net sales (%)]	**80.1**	80.7	79.6	81.3	81.3	78.7	77.6	**–**
Selling, general and administrative expenses	**152,901**	154,613	156,598	155,555	163,878	185,561	186,075	**1,274,170**
[Ratio to net sales (%)]	**18.3**	18.4	17.6	18.2	19.2	18.9	19.7	**–**
Operating income (loss)	**12,909**	7,489	25,007	4,143	(4,127)	23,363	25,616	**107,580**
[Ratio to net sales (%)]	**1.6**	0.9	2.8	0.5	(0.5)	2.4	2.7	**–**
Ordinary income (loss)	**8,984**	5,791	22,522	(948)	(6,044)	18,707	21,480	**74,872**
[Ratio to net sales (%)]	**1.1**	0.7	2.5	(0.1)	(0.7)	1.9	2.3	**–**
Income (loss) before income taxes and minority interests	**7,074**	231	21,319	(4,092)	(11,665)	18,762	21,440	**58,957**
[Ratio to net sales (%)]	**0.8**	0.0	2.4	(0.5)	(1.4)	1.9	2.3	**–**
Net income (loss)	**3,911**	(3,217)	9,711	(7,423)	(17,388)	7,487	8,189	**32,592**
[Ratio to net sales (%)]	**0.5**	(0.4)	1.1	(0.9)	(2.0)	0.8	0.9	**–**

	Yen							U.S. dollars
Net income (loss) per share	**¥ 5.28**	¥ (4.50)	¥ 13.58	¥ (10.38)	¥ (24.31)	¥ 10.47	¥ 11.45	**$ 0.044**
Cash dividends per share	**5.00**	5.00	6.00	0.00	0.00	8.00	8.00	**0.042**
Payout ratio (%)	**94.7**	–	44.2	–	–	76.4	69.8	**–**

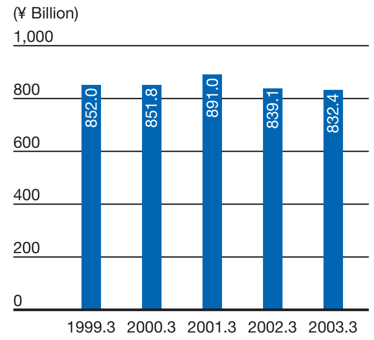
	Millions of yen							Thousands of U.S. dollars
Plant and equipment investment (including leases)	**¥ 33,233**	¥ 35,104	¥ 34,231	¥ 35,851	¥ 48,319	¥ 54,446	¥ 58,703	**$ 276,944**
Depreciation	**27,202**	28,470	31,090	34,393	33,993	31,808	28,467	**226,691**
R&D expenditures	**26,780**	28,064	27,017	28,252	34,776	36,003	35,951	**223,167**
Return on equity (%)	**1.9**	(1.6)	6.2	(4.8)	(10.4)	4.2	4.6	**–**
Total assets	**921,121**	1,104,871	964,211	937,233	994,761	981,332	936,552	**7,676,015**
Asset turnover (times)	**0.82**	0.81	0.94	0.88	0.86	1.02	1.04	**–**
Debt	**438,864**	460,121	443,538	447,697	461,957	390,807	303,339	**3,657,216**
Debt ratio (%)	**47.6**	41.6	46.0	47.8	46.4	39.8	32.4	**–**
Number of employees	**25,822**	24,505	27,103	27,641	28,173	25,939	26,389	**–**

Consolidated Financial Review

Operating Results

Net Sales

Net Sales



In fiscal 2002, the year ended March 31, 2003, consolidated net sales decreased 0.8% to ¥832,414 million (US$6,937 million). In the Energy & Electric Systems Group, net sales were down 7.3% to ¥383,382 million (US$3,195 million) due mainly to lower public works expenditures, lackluster private-sector capital spending and a contraction in demand from electric utilities. In the ED&C•Drive Systems Group, net sales rose 0.5% to ¥159,947 million (US$1,333 million) as continued weakness in Japan was offset by growth in Asia, particularly in China. In the Electronics Group, net sales decreased 3.0% to ¥124,575 million (US$1,038 million). Although sales of electronic devices rose, there was a downturn in sales of magnetic disks. In the Retail Support Equipment & Systems Group, difficult market conditions persisted, but net sales grew 19.2% to ¥154,435 million (US$1,287 million) because of the merger in the vending machines business. In Others, net sales increased 1.2% to ¥76,140 million (US$634 million).

Overseas net sales increased 7.9% to ¥119,143 million (US$993 million), mainly the result of higher sales in North America due to large deliveries of thermal power generation equipment. This growth raised overseas sales by 1.1 percentage point to 14.3% of total sales.

Energy & Electric Systems Group

Net sales decreased 7.3% to ¥383,382 million (US$3,195 million).

In environmental systems, sales fell year on year as results were hit hard by declines in public-sector investment, particularly by local governments in water treatment systems.

Information systems won orders for a number of products, including a document management system, the core building block for e-government and local government IT systems, as well as an information network system for local governments that links offices, schools, libraries and other facilities via a high-speed network. However, this failed to offset weaker orders from the manufacturing and logistics industries for information control systems, resulting in lower sales.

In electric power systems, sales were supported by the delivery of large-scale orders for hydroelectric power plant equipment that employs the world’s first vertical bulb turbine, and electrical equipment and radiation monitoring equipment for nuclear power plants and other facilities. However this performance was insufficient to offset the effect of shrinking domestic and North American markets, and total sales fell as a result.

In industrial and transportation systems, overseas contracts were won for electrical equipment for subway rolling stock and major contracts were completed for railway substations. However, overall orders and sales were held back by the substantial effect of weak private-sector capital investment on the group’s industrial plant systems business.

Due to falling sales in the above areas, subsidiaries responsible for the construction and installation of plant facilities, heating, cooling and ventilation systems, water supply and effluent systems, and sanitary equipment recorded a steep fall in sales.

In other developments, in October 2002, Fuji Electric transferred operations related to the research and development, manufacture and inspection of substation systems, as well as certain sales functions, to Japan AE Power Systems Corporation, a joint venture with Hitachi, Ltd. and Meidensha Corporation.

ED&C·Drive Systems Group

In this group, net sales increased 0.5% to ¥159,947 million (US$1,333 million).

In electric distribution & control (ED&C) and power supplies, a whole host of new products were launched including the SC-E series of small- and medium-capacity magnetic contactors/thermal relays, and command switches. Sales of ED&C products to China and other Asian markets were particularly strong. In the latter half of the year in the domestic market, there were some signs of a recovery in demand for semiconductor manufacturing equipment, injection molding machines and other equipment, but this was outweighed by weak demand for the segment's core products such as machine tools and distribution equipment. Sales of power supply products were also down due to sluggish IT-related investment. As a result, sales in ED&C and power supplies were generally on a par with the previous year.

In control & drive systems, Fuji Electric launched a number of new products, including the FRENIC-Mini series of general-purpose micro inverters and the UG30 series of programmable operational displays (PODs). The company also extended its focus from the traditional marketing of stand-alone standard products to embrace small and medium-sized systems integrating programmable logic controllers, servomotors and inverters. There was significant growth in demand in the Asian market for these products, and particularly China, which helped to boost sales in this field.

Electronics Group

Net sales decreased 3.0% to ¥124,575 million (US$1,038 million).

In the power semiconductor field, sales of power module products were strong, owing to rapidly growing demand for industrial applications, primarily general-purpose inverters and industrial robots. And despite falling demand for discrete devices in information and visual equipment in the second half of the year, sales of these devices exceeded last year's level, buoyed by healthy domestic and overseas demand for discrete devices in automotive electronics.

In IC products, Fuji Electric achieved record orders and sales of power supply ICs on the back of a significant increase in demand for digital cameras. These strong performances combined with healthy sales of hybrid devices and pressure sensors for automotive applications to lift sales in this segment above last year's level. The fiscal year also saw the completion of a new clean room in November 2002 at the Matsumoto factory, allowing the mass production of 8-inch wafers to commence.

Sales of magnetic disks improved in the latter half of the year, but could not offset the damage already done in the first half due to sluggish demand in the personal computer and server markets. Sales consequently fell year on year.

In photoconductive products, despite declining sales of selenium photoconductive drums, sales of photoconductive drums as a whole were up slightly due to increases in sales volumes of organic photoconductive drums (OPCs) for copiers and printers, and rising sales of cartridges and other components used in photoconductive peripheral devices.

Retail Support Equipment & Systems Group

Net sales increased 19.2% to ¥154,435 million (US$1,287 million).

In vending machines, Fuji Electric continued to face a very challenging operating environment as curbs on investment eroded overall demand for core vending machine products and competition based on price intensified. In this climate, the company sought to further strengthen its operating base as the industry leader by acquiring SANYO Electric Vending Machine Co., Ltd. and integrating this company into the group structure as the renamed Fukiage Fuji Vending Machine Co., Ltd. This acquisition meant that both sales and shipments of vending machines units were much higher than in the previous year.

In the cold-chain business, there was a marked improvement in sales due to growth in new store construction and refurbishments of existing stores.

In coin & currency systems, sales of currency handling systems for service stations were healthy and non-contact IC card equipment for use in next generation vending machine products further contributed to sales. However, this growth failed to offset a large decline in demand for amusement equipment, resulting in an overall year-on-year decline in sales.

After converting Fuji Denki Reiki Co., Ltd. into a wholly owned subsidiary on January 1, 2003 through an exchange of shares, this company was merged with an existing division of the Fuji Electric Retail Support Equipment & Systems Company and the previously integrated Fukiage Fuji Vending Machine in April 2003. The resulting company was renamed Fuji Electric Retail Systems Co., Ltd., beginning operations as the industry's strongest specialist focused on vending machine products, and guided by the principle of creating innovative business environments.

Others

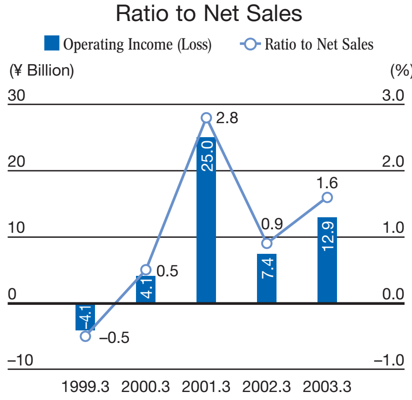
Net sales increased 1.2% to ¥76,140 million (US$634 million) primarily because of growth in new business at a logistics subsidiary.

Income

Cost of sales decreased 1.5% to ¥666,604 million (US$5,555 million), resulting in a cost of sales ratio of 80.1%. Selling, general and administrative expenses decreased 1.1% to ¥152,901 million (US$1,274 million), 18.3% of net sales. Operating income was up 72.4% to ¥12,909 million (US$108 million), largely a reflection of actions to cut fixed costs and other expenses in line with the restructuring of business activities.

Energy & Electric Systems posted an operating loss of ¥180 million (US$2 million), ¥3,415 million less than the previous year's income, as profitability was severely affected by lower sales of environmental systems caused by cuts in public works expenditures. ED&C•Drive Systems had operating income of ¥1,195 million (US$10 million), ¥4,555 million more than the prior year's loss. Restructuring of the low-voltage motors business and the realignment of manufacturing operations in the ED&C business at Fukiage and Otawara factory were the major causes of this improvement. Electronics achieved a 60.4% increase in operating income to ¥7,217 million (US$60 million) as higher earnings from electronic devices outweighed a downturn in magnetic disk results. Retail Support Equipment & Systems reported

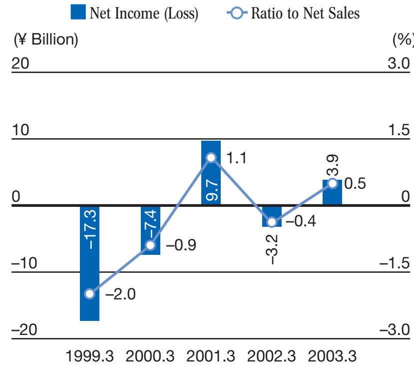
Operating Income (Loss), Ratio to Net Sales



a 3.8% increase in operating income to ¥2,597 million (US$22 million). This mostly reflected streamlining programs, notably the restructuring production system of vending machine at factories in Mie prefecture and Fukiage. In Others, operating income more than tripled to ¥2,087 million (US$17 million) due to improvements in the performance of a logistics subsidiary and other subsidiaries.

Non-operating items resulted in a net expense of ¥3,925 million (US$33 million), ¥2,226 million more than one year earlier. This was mainly attributable to lower dividend income and higher foreign exchange losses. An extraordinary profit of ¥54,625 million (US$455 million) was recorded. The major components were gain on securities contribution to employee retirement benefit trust, gain on approval of exemption of the substitutional portion of the contributory funded defined benefit pension plans and gain on transfer of business by spin-off. The extraordinary loss of ¥56,535 million (US$471 million) mainly consisted of recognized actuarial loss, loss on devaluation of investment securities, extra termination benefits, restructuring production systems and the disposal of fixed assets.

Net Income (Loss), Ratio to Net Sales



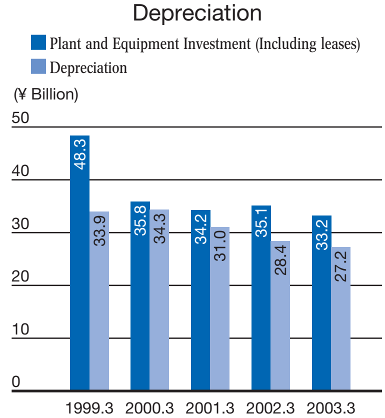
Income before income taxes and minority interests rose from ¥231 million to ¥7,074 million (US$59 million). Income taxes were ¥3,071 million (US$26 million) and minority interests in net income of consolidated subsidiaries were ¥92 million (US$1 million). The result was net income of ¥3,911 million (US$33 million).

Plant and Equipment Investment

Plant and equipment investment decreased 5.3% to ¥33,233 million (US$277 million) and declined 0.2 percentage point to 4.0% of net sales. By group, plant and equipment was ¥4,271 million (US$36 million) in the Energy & Electric Systems Group, ¥4,484 million (US$37 million) in the ED&C•Drive Systems Group, ¥17,804 million (US$148 million) in the Electronics Group, ¥5,516 million (US$46 million) in the Retail Support Equipment & Systems Group and ¥1,158 million (US$10 million) in Others.

Expenditures were channeled into a number of areas. One ongoing major project came to a close with the completion of a new 8-inch wafer clean room at the Matsumoto factory to increase output capacity of power supply ICs and ICs for plasma displays. Investment was also injected into the same factory to raise output capacity of 6-inch IC wafers and upgrade development and manufacturing facilities for trench technology used in the production of IGBT/MOSFET devices. Other significant investments were made to consolidate the number of vending machine models and realign production between the Mie and Fukiage factories, in order to create an optimal vending machine manufacturing framework. A fully integrated and automated low-voltage circuit breaker production line with a single-floor layout was also installed at the Otawara factory.

Plant and Equipment Investment, Depreciation



Depreciation expense in the year under review amounted to ¥27,202 million (US$227 million).

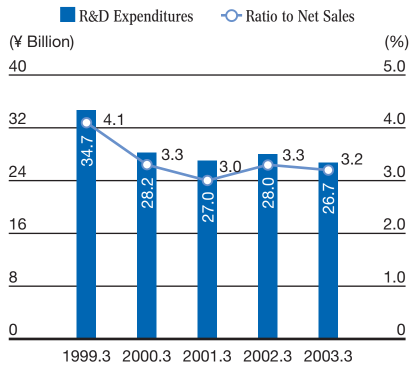
Notes: 1. Plant and equipment investment is the total of investment in tangible fixed assets and acquisition amounts for lease contracts.
2. Depreciation expense does not include amortization of intangible assets.

R&D Expenditures

R&D expenditures decreased 4.6% to ¥26,780 million (US$223 million), declining 0.1 of a percentage point to 3.2% of net sales. By group, these expenditures were ¥9,030 million (US$75 million) in the Energy & Electric Systems Group, ¥2,806 million (US$23 million) in the ED&C•Drive Systems Group, ¥7,796 million (US$65 million) in the Electronics Group and ¥2,637 million (US$22 million) in the Retail Support Equipment & Systems Group. Expenditures in R&D in core technologies for the entire Company amounted to ¥4,511 million (US$38 million).

Major R&D projects included power transmission systems for large-scale factories and buildings; operating control systems that optimize thermal, cogeneration and other energy utility facilities to realize energy savings; compact, general-purpose inverters for a broad range of voltages; CMOS-integrated Meshed Trench Lateral Power MOS technology for power supply control ICs and other applications; 1,200V-class reverse blocking IGBTs used as direct linked-type AC/AC converter key devices; granular perpendicular recording media capable of a real recording density of 150Gbit per square inch; and a quiet vending machine with an operating noise level of 40dB or less.

R&D Expenditures,
Ratio to Net Sales



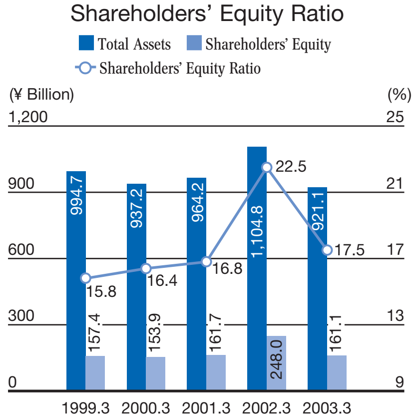
Financial Position

Total assets as of March 31, 2003 were ¥921,121 million (US$7,676 million), ¥183,750 million less than one year earlier. Current assets totaled ¥473,222 million (US$3,944 million), a decrease of ¥38,759 million that was mainly attributable to a ¥26,709 million decline in trade receivables as progress was made in collecting amounts due.

Property, plant and equipment, net, declined ¥14,544 million to ¥190,221 million (US$1,585 million), chiefly reflecting a reorganization of production systems related to the vending machine and other businesses, a shift to the leasing of existing equipment, and the transfer of facilities following the spin off of the transformer business to a joint venture.

Investments and other assets decreased ¥130,447 million to ¥257,678 million (US$2,147 million). This was primarily caused by a decline of ¥153,457 million in investment securities and other as many investments were devalued because of the sharp drop in stock prices.

Total Assets, Shareholders' Equity,
Shareholders' Equity Ratio

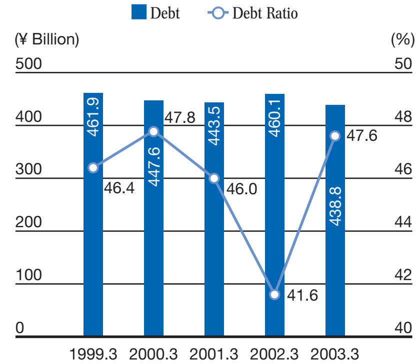


Total liabilities were ¥745,478 million (US$6,212 million), ¥79,296 million less than one year earlier. One major component was a ¥65,696 million decline in long-term deferred income taxes associated with the devaluation of investment securities. Interest-bearing liabilities decreased ¥21,257 million, the net result of a ¥2,907 million increase in long-term loans and bonds and a ¥24,164 million decrease in short-term borrowings. However, since total assets were lower, interest-bearing liabilities rose 6.0 percentage points from 41.6% to 47.6% of total assets.

Minority interests were ¥14,455 million (US$120 million), ¥17,593 million less than one year earlier. The large decline was mainly attributable to the conversion of Fuji Denki Reiki Co., Ltd. (now Fuji Electric Retail Systems Co., Ltd.) into a wholly owned subsidiary through an exchange of stock to strengthen the vending machine business.

Shareholders' equity decreased ¥86,861 million to ¥161,188 million (US$1,343 million). The capital surplus rose ¥8,297 million because of the exchange of stock to acquire Fuji Denki Reiki. However, reductions in the carrying value of investments and other assets caused unrealized gain in other securities, net of taxes, to fall ¥88,571 million. There was also an increase of ¥6,675 million in treasury stock, which is deducted from equity. The result was a 5.0 percentage point decline in the equity ratio to 17.5%.

Debt, Debt Ratio



Cash Flows

Cash and cash equivalents at March 31, 2003 amounted to ¥15,038 million (US$125 million), ¥23,071 million or 60.5% less than one year earlier. This was the net result of free cash flows, the sum of operating and investing cash flows, of ¥24,122 million (US$201 million), compared with negative free cash flows of ¥23,689 million one year earlier, and net cash used in financing activities to reduce interest-bearing liabilities and for other purposes.

Cash Flows From Operating Activities

Operating activities provided net cash of ¥38,576 million (US$321 million), compared with ¥9,730 million in the prior fiscal year. In addition to progress in recovering trade receivables, cash flows benefited from the Company's ability to retain funds from income before income taxes and minority interests and depreciation and amortization.

Cash Flows From Investing Activities

Investing activities used net cash of ¥14,454 million (US$120 million), compared with ¥33,419 million used in the prior fiscal year. The decline was mainly attributable to a decrease of ¥17,074 million in additions to property, plant and equipment due to the adoption of a more focused capital investment program.

Cash Flows From Financing Activities

Financing activities used net cash of ¥47,832 million (US$399 million), compared with ¥9,653 million in the prior fiscal year. Cash was used mainly to reduce short-term borrowings and for the purchase of treasury stock.

Consolidated Balance Sheets

As of March 31, 2003, 2002 and 2001	Millions of yen 2003	2002	2001	Thousands of U.S. dollars (Note 3) 2003
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Note 2)	**¥ 15,038**	¥ 38,109	¥ 51,760	**$ 125,321**
Short-term investments (Notes 2, 4 and 6)	**1,087**	2,386	1,901	**9,060**
Trade receivables	**250,447**	277,156	322,873	**2,087,062**
Allowance for doubtful accounts	**(1,834)**	(1,735)	(2,279)	**(15,286)**
Inventories (Notes 2 and 5)	**152,427**	145,453	159,270	**1,270,227**
Deferred income taxes (Notes 2 and 12)	**16,396**	11,572	9,453	**136,641**
Other current assets	**39,661**	39,040	29,048	**330,497**
TOTAL CURRENT ASSETS	**473,222**	511,981	572,026	**3,943,522**
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 6):				
Land	**39,971**	35,703	36,432	**333,094**
Buildings and structures	**193,055**	193,287	192,310	**1,608,794**
Machinery and equipment	**279,158**	300,497	299,541	**2,326,320**
Construction in progress	**2,533**	8,631	3,728	**21,110**
	514,717	538,118	532,011	**4,289,318**
Less accumulated depreciation	**(324,496)**	(333,353)	(319,054)	**(2,704,140)**
NET PROPERTY, PLANT AND EQUIPMENT	**190,221**	204,765	212,957	**1,585,178**
INVESTMENTS AND OTHER ASSETS:				
Investment securities (Notes 2, 4 and 6):				
Unconsolidated subsidiaries and affiliates	**26,952**	17,534	12,023	**224,601**
Other	**143,775**	315,424	133,923	**1,198,129**
Long-term loans receivable	**3,410**	2,689	2,013	**28,423**
Deferred income taxes (Notes 2 and 12)	**7,924**	6,685	6,142	**66,041**
Other investments and other assets	**76,908**	46,767	26,059	**640,883**
Allowance for doubtful accounts	**(1,291)**	(974)	(932)	**(10,762)**
TOTAL INVESTMENTS AND OTHER ASSETS	**257,678**	388,125	179,228	**2,147,315**
	¥ 921,121	¥1,104,871	¥ 964,211	**$ 7,676,015**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	2003
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Short-term debt (Note 7)	¥252,140	¥ 276,304	¥254,697	$2,101,169
Current portion of long-term debt (Note 7)	52,092	52,661	56,495	434,106
Trade payables	168,629	170,837	190,773	1,405,249
Advances from customers	51,177	51,587	51,971	426,483
Accrued income taxes (Notes 2 and 12)	3,137	1,950	10,003	26,145
Deferred income taxes (Notes 2 and 12)	–	2	3	–
Other current liabilities	61,384	60,290	64,873	511,505
TOTAL CURRENT LIABILITIES	588,559	613,631	628,815	4,904,657
LONG-TERM DEBT (Note 7)	134,632	131,156	132,346	1,121,941
LIABILITY FOR SEVERANCE PAYMENTS (Notes 2 and 8)	6,155	4,906	5,544	51,296
DEFERRED INCOME TAXES (Notes 2 and 12)	7,158	72,855	159	59,657
OTHER LONG-TERM LIABILITIES	8,974	2,226	1,878	74,765
TOTAL LIABILITIES	745,478	824,774	768,742	6,212,316
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	14,455	32,048	33,762	120,462
CONTINGENT LIABILITIES (Note 15):				
SHAREHOLDERS' EQUITY (Notes 9 and 19):				
Common stock:				
Authorized– 1,600,000,000 shares				
Issued– 746,484,957 shares as of March 31, 2003	47,586	–	–	396,551
715,080,369 shares as of March 31, 2002	–	47,586	–	–
715,080,369 shares as of March 31, 2001	–	–	47,586	–
Capital surplus	46,694	38,397	38,397	389,121
Retained earnings	69,275	68,189	77,616	577,296
Unrealized gain on other securities, net of taxes	6,922	95,493	156	57,691
Foreign currency translation adjustments	(2,602)	(1,604)	(2,048)	(21,696)
	167,875	248,061	161,707	1,398,963
Treasury stock–at cost: 30,974,918 shares as of March 31, 2003	(6,687)	–	–	(55,726)
43,678 shares as of March 31, 2002	–	(12)	–	–
2,631 shares as of March 31, 2001	–	–	(0)	–
TOTAL SHAREHOLDERS' EQUITY	161,188	248,049	161,707	1,343,237
	¥921,121	¥1,104,871	¥964,211	$7,676,015

Consolidated Statements of Operations

Years ended March 31, 2003, 2002 and 2001	Millions of yen 2003	2002	2001	Thousands of U.S. dollars (Note 3) 2003
NET SALES (Note 2)	**¥832,414**	¥839,135	¥891,086	**$6,936,790**
COST OF SALES (Note 10)	**666,604**	677,033	709,481	**5,555,040**
GROSS PROFIT	**165,810**	162,102	181,605	**1,381,750**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	**152,901**	154,613	156,598	**1,274,170**
OPERATING INCOME	**12,909**	7,489	25,007	**107,580**
NON-OPERATING INCOME (EXPENSES):				
Interest and dividend income	**2,009**	3,493	4,347	**16,744**
Interest expense	**(4,173)**	(5,007)	(5,887)	**(34,780)**
Other, net	**(1,761)**	(184)	(945)	**(14,672)**
	(3,925)	(1,698)	(2,485)	**(32,708)**
ORDINARY INCOME	**8,984**	5,791	22,522	**74,872**
EXTRAORDINARY LOSS, NET (Note 11)	**(1,910)**	(5,560)	(1,203)	**(15,915)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**7,074**	231	21,319	**58,957**
INCOME TAXES (Notes 2 and 12)	**3,071**	4,440	10,708	**25,597**
INCOME (LOSS) BEFORE MINORITY INTERESTS	**4,003**	(4,209)	10,611	**33,360**
MINORITY INTERESTS IN NET (INCOME) LOSS OF CONSOLIDATED SUBSIDIARIES	**(92)**	992	(900)	**(768)**
NET INCOME (LOSS)	**¥ 3,911**	¥ (3,217)	¥ 9,711	**$ 32,592**

	Yen 2003	2002	2001	U.S. dollars (Note 3) 2003
PER SHARE AMOUNTS:				
Net income (loss) (Note 2)	**¥ 5.28**	¥ (4.50)	¥ 13.58	**$ 0.044**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Shareholders’ Equity

	Thousands	Millions of yen					
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings (Note 8)	Unrealized gain on other securities, net of taxes	Foreign currency translation adjustments	Treasury stock
BALANCE AT MARCH 31, 2000	715,080	¥ 47,586	¥ 38,397	¥ 67,962	¥ –	¥ –	¥ (0)
Net income for the year	–	–	–	9,711	–	–	–
Increase resulting from the merger of a consolidated subsidiary with a non-consolidated subsidiary	–	–	–	8	–	–	–
Bonuses to directors	–	–	–	(65)	–	–	–
Change in the current period of unrealized gain on other securities, net of taxes	–	–	–	–	156	–	–
Change in the current period of foreign currency translation adjustments	–	–	–	–	–	(2,048)	–
Purchase and sale of treasury stock	–	–	–	–	–	–	(0)
BALANCE AT MARCH 31, 2001	715,080	¥ 47,586	¥ 38,397	¥ 77,616	¥ 156	¥ (2,048)	¥ (0)
Net loss for the year	–	–	–	(3,217)	–	–	–
Increase resulting from the merger of a consolidated subsidiary with a non-consolidated subsidiary	–	–	–	25	–	–	–
Cash dividends	–	–	–	(6,078)	–	–	–
Bonuses to directors	–	–	–	(157)	–	–	–
Change in the current period of unrealized gain on other securities, net of taxes	–	–	–	–	95,337	–	–
Change in the current period of foreign currency translation adjustments	–	–	–	–	–	444	–
Purchase and sale of treasury stock	–	–	–	–	–	–	(12)
BALANCE AT MARCH 31, 2002	715,080	¥ 47,586	¥ 38,397	¥ 68,189	¥95,493	¥ (1,604)	¥ (12)
Net income for the year	–	–	–	3,911	–	–	–
Increase resulting from share exchange	31,404	–	8,297	–	–	–	–
Retained earnings of consolidated subsidiaries previously not consolidated at beginning of year	–	–	–	866	–	–	–
Retained earnings of consolidated subsidiaries previously consolidated of beginning of year	–	–	–	(2)	–	–	–
Cash dividends	–	–	–	(3,564)	–	–	–
Bonuses to directors	–	–	–	(125)	–	–	–
Change in the current period of unrealized gain on other securities, net of taxes	–	–	–	–	(88,571)	–	–
Change in the current period of foreign currency translation adjustments	–	–	–	–	–	(998)	–
Purchase and sale of treasury stock	–	–	–	–	–	–	(6,675)
BALANCE AT MARCH 31, 2003	**746,484**	**¥47,586**	**¥46,694**	**¥69,275**	**¥ 6,922**	**¥(2,602)**	**¥(6,687)**

	Thousands of U.S. dollars (Note 3)					
BALANCE AT MARCH 31, 2002	$ 396,551	$ 319,981	$ 568,246	$795,782	$ (13,371)	$ (105)
Net income for the year	–	–	(32,592)	–	–	–
Increase resulting from share exchange	–	69,140	–	–	–	–
Retained earnings of consolidated subsidiaries previously not consolidated at beginning of year	–	–	7,221	–	–	–
Retained earnings of consolidated subsidiaries previously consolidated at beginning of year	–	–	(17)	–	–	–
Cash dividends	–	–	(29,701)	–	–	–
Bonuses to directors	–	–	(1,045)	–	–	–
Change in the current period of unrealized gain on other securities, net of taxes	–	–	–	(738,091)	–	–
Change in the current period of foreign currency translation adjustments	–	–	–	–	(8,325)	–
Purchase and sale of treasury stock	–	–	–	–	–	(55,621)
BALANCE AT MARCH 31, 2003	**$396,551**	**$389,121**	**$577,296**	**$ 57,691**	**$(21,696)**	**$(55,726)**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2003, 2002 and 2001	Millions of yen 2003	2002	2001	Thousands of U.S. dollars (Note 3) 2003
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes and minority interests	**¥ 7,074**	¥ 231	¥ 21,319	**$ 58,957**
Depreciation and amortization	**27,202**	29,826	32,608	**226,691**
Increase (decrease) in allowance for doubtful receivables	**323**	(507)	602	**2,695**
Interest and dividend income	**(2,009)**	(3,493)	(4,347)	**(16,744)**
Interest expense	**4,173**	5,007	5,887	**34,780**
Exchange (gain) loss	**25**	(180)	(152)	**208**
Gain on securities contribution to employee retirement benefit trust	**(21,004)**	(22,088)	(107,983)	**(175,033)**
Gain on transfer of business by spin-off	**(12,687)**	–	–	**(105,729)**
Gain on sales of property, plant and equipment	**(1,064)**	(7,833)	(2,497)	**(8,867)**
Gain on sales of investment securities	**(805)**	(15,521)	(9,885)	**(6,709)**
Recognized actuarial loss	**23,861**	17,909	–	**198,843**
Charge for full amount of transitional obligations for retirement benefits	**–**	–	103,014	**–**
Loss on devaluation of investment securities	**11,996**	5,368	10,442	**99,972**
Extraordinary loss/other	**3,959**	3,921	2,914	**32,993**
Changes in operating assets and liabilities:				
Trade receivables	**40,472**	47,986	(32,821)	**337,272**
Inventories	**1,932**	12,257	(10,932)	**16,104**
Trade payables	**(10,311)**	(24,028)	15,890	**(85,927)**
Advances from customers	**(422)**	(468)	1,161	**(3,521)**
Other, net	**(28,439)**	(25,465)	11,214	**(237,017)**
Cash generated from operations	**44,276**	22,922	36,434	**368,968**
Interest and dividends received	**1,982**	3,598	4,289	**16,529**
Interest paid	**(4,244)**	(5,274)	(5,947)	**(35,370)**
Income taxes paid	**(3,438)**	(11,516)	(4,557)	**(28,654)**
Net cash provided by operating activities	**38,576**	9,730	30,219	**321,473**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments for purchase of marketable securities	**–**	(1,749)	(247)	**–**
Proceeds from sales of marketable securities	**6,748**	1,843	3,307	**56,240**
Additions to property, plant and equipment	**(17,074)**	(23,961)	(23,637)	**(142,286)**
Proceeds from sales of property, plant and equipment	**6,181**	8,910	2,787	**51,510**
Payments for purchase of investment securities	**(9,414)**	(63,526)	(20,044)	**(78,453)**
Payments for purchase of investments in subsidiaries	**(2,497)**	–	–	**(20,815)**
Proceeds from sales of investment securities	**3,361**	49,514	16,836	**28,013**
Disbursements for long-term loans	**(11,155)**	(26,718)	(13,866)	**(92,966)**
Decrease in long-term loans	**12,112**	24,360	15,042	**100,935**
Other, net	**(2,716)**	(2,092)	(1,691)	**(22,629)**
Net cash used in investing activities	**(14,454)**	(33,419)	(21,513)	**(120,451)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in short-term debt	**(40,884)**	22,470	12,396	**(340,708)**
Proceeds from long-term debt	**15,100**	7,550	10,703	**125,833**
Repayment of long-term debt	**(52,098)**	(53,595)	(29,646)	**(434,152)**
Proceeds from issuance of bonds	**41,000**	40,000	–	**341,667**
Purchased of common stock in treasury	**(6,674)**	(12)	(1)	**(55,621)**
Cash dividends paid	**(3,564)**	(6,078)	–	**(29,701)**
Dividends paid to minorities	**(470)**	(470)	(424)	**(3,919)**
Other, net	**(242)**	(212)	–	**(2,001)**
Net cash provided by (used in) financing activities	**(47,832)**	9,653	(6,972)	**(398,602)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(213)**	355	586	**(1,779)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(23,923)**	(13,681)	2,320	**(199,359)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**38,109**	51,760	49,440	**317,576**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES	**852**	–	–	**7,104**
INCREASE RESULTING FROM THE MERGER OF A CONSOLIDATED SUBSIDIARY WITH A NON-CONSOLIDATED SUBSIDIARY	**–**	30	–	**–**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**¥ 15,038**	¥ 38,109	¥ 51,760	**$ 125,321**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Notes to the Consolidated Financial Statements

Note 1

BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the accounts maintained by Fuji Electric Co., Ltd. (the "Company") and its domestic consolidated subsidiaries in accordance with the consolidated financial statements filed with the Prime Minister in Japan and in conformity with accounting principals and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these statements, certain reclassifications and rearrangements have been made to consolidated financial statements prepared domestically in Japan in order to present these statements in a form that is more familiar to readers outside Japan.

In addition, the notes to the consolidated financial statements include additional information which is not required under accounting principles generally accepted in Japan.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The consolidated financial statements as of March 31, 2003 include the accounts of the Company and its 58 significant subsidiaries (60 in 2002 and 63 in 2001) (together, the "Companies").

Under the control or influence concept, the accompanying consolidated financial statements include the accounts of the Company and, with minor exceptions, those of its subsidiaries, whether directly or indirectly controlled. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated. The Company's remaining subsidiaries whose gross assets, net sales, net income (loss) and retained earnings are not significant in the aggregate in relation to the comparable figures in the consolidated financial statements, have not been consolidated.

Investments in unconsolidated subsidiaries and affiliates are accounted for by the cost method. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The balance sheet date of the certain consolidated subsidiaries is December 31. If necessary, the significant transactions that arose during the period from January 1 through March 31 have been adjusted.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

The excess of the Company's equity in the net assets at the respective dates of acquisition over the cost of its investments in consolidated subsidiaries, is being amortized over a period of 5 years. The amount of excess is included in "OTHER LONG-TERM LIABILITIES" of Consolidated Balance Sheets at March 31, 2003.

The amount of excess is ¥6,667 million ($55,559 thousand) at March 31, 2003.

b. Cash Equivalents

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

c. Inventories

Raw materials are stated at cost determined by the most recent purchase price method. Finished goods and work in process are stated at actual cost determined by accumulated production cost for contract items or average cost for regular production items, except that finished goods of certain consolidated subsidiaries are priced by the most recent purchase price method. In accordance with accounting practices generally accepted in the heavy electric industry, inventories include items with a manufacturing period exceeding one year.

d. Securities

Prior to April 1, 2001, all applicable securities are classified as held-to-maturity securities or other securities, depending on management's intent, and accounted for as follows:

i) held-to-maturity debt securities which are expected to be held to maturity with the positive intent and ability to hold to maturity are stated at amortized cost.

ii) other securities not classified as either held-to-maturity debt securities or trading securities are mainly stated at cost determined by the moving-average method.

Effective April 1, 2001, the Companies adopted a new valuation method relating to marketable securities classified as other securities.

Under the new valuation method, marketable securities classified as other securities are carried at fair market value, with the unrealized gain or loss, net of taxes, reported in a separate component of shareholders' equity.

e. Depreciation

Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to the buildings of the Company and domestic subsidiaries acquired after April 1, 1998. The range of useful lives is from 7 to 50 years for buildings and from 5 to 13 years for machinery and equipment.

f. Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

g. Retirement Benefits

The Company and its domestic consolidated subsidiaries have contributory funded pension plans, non-contributory funded pension plans and unfunded retirement benefit plans as defined benefit plans. Certain domestic subsidiaries have defined contribution pension plan.

The Companies accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The transitional obligation, determined as of April 1, 2000, is being amortized over ten years.

The prior service cost is amortized by the straight-line method over the expected remaining working lives of the then-active employee participants.

The actuarial gains and losses are amortized by the straight-line method over the expected remaining working lives of the then-active employee participants from the next period in which they arise, respectively.

The Company contributed certain marketable securities with the carrying amount of ¥7,897 million ($65,812 thousand) to employee retirement benefit trust for the pension plans, and recognized a non-cash gain of ¥21,004 million ($175,033 thousand). The securities held in this trust are qualified as plan assets.

In March 2002, a certain domestic consolidated subsidiary converted its lump-sum payment plan and tax-qualified pension plan into a defined contribution pension plan pursuant to the Defined Contribution Pension Law of Japan and adopted a new accounting standard for transition between pension plans.

h. Research and Development Costs

Research and development costs are charged to income as incurred.

i. Leases

Finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are accounted for by the method that is applicable to ordinary operating leases.

j. Revenue Recognition

Sales of products are generally recognized in the accounts as delivery is made. Sales of installation products are recognized in the accounts when installation is completed.

k. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

l. Foreign Currency Transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of operations to the extent that they are not hedged by forward exchange contracts.

m. Foreign Currency Financial Statements

Assets, liabilities, revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate.

Differences arising from such translation are included in minority interests in consolidated subsidiaries and "Foreign currency translation adjustments" as a separate component of shareholders' equity.

n. Derivatives and Hedging Activities

The Companies enter into derivative financial instruments ("derivatives"), including foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies and interest rate swap agreements as a means of managing its interest rate exposures on certain assets and liabilities.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

a) All derivatives are recognized as either assets or liabilities and measured at fair value, and

b) Forward contracts applied for forecasted transactions are measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed if the forward contracts qualify for hedge accounting.

Trade receivables and trade payables denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting.

c) The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

o. Accounting for Consumption Taxes and Excise Tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying consolidated statements of operations.

p. Accounting for Treasury Stock and Reversal of Legal Reserves

Effective April 1, 2002, the Company adopted Financial Accounting Standard No.1, "Accounting Standard on Treasury Stock and Reversal of Legal Reserves". The effect on net income of adopting of this standard was insignificant.

q. The Amendment of Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements

Due to the amendment of Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements, the Company discloses the shareholders' equity section in the consolidated balance sheet as at March 31, 2003 in accordance with the revised regulations.

r. Net Income (Loss) per Share

Effective April 1, 2002, the Companies adopted a new accounting standard for earnings per share of common stock issued by the Accounting Standards Board of Japan. Under the new standard, basic net income per share is computed by dividing net income available to common shareholders, which is more precisely computed than under previous practices, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Basic net income per share for the years ended March 31, 2003 is computed in accordance with the new standard.

Diluted net income per share is not disclosed because it is anti-dilutive.

Note 3

U.S. DOLLAR AMOUNTS

The U.S. dollar amounts included in accompanying consolidated financial statements and notes thereto represent the arithmetic results of translating yen into dollars at ¥120=U.S.$1, the approximate exchange rate at March 31, 2003. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4

SECURITIES

Information regarding the marketable securities classified as other securities at March 31, 2003, 2002 and 2001 were as follows:

	Millions of yen			
March 31, 2003	Cost	Carrying amounts	Unrealized Gains	Unrealized Losses
Marketable securities classified as other securities				
Equity securities	**¥117,064**	**¥128,426**	**¥ 11,362**	**¥ –**
Debt securities	**257**	**257**	**0**	**–**
Others	**363**	**344**	**–**	**(19)**
	¥117,684	**¥129,027**	**¥ 11,362**	**¥(19)**
March 31, 2002				
Equity securities	¥ 136,993	¥ 301,796	¥164,803	¥ –
Debt securities	1,969	1,971	2	–
Others	1,418	1,413	–	(5)
	¥ 140,380	¥ 305,180	¥164,805	¥ (5)

March 31, 2001				
Equity securities	¥ 4,479	¥ 4,741	¥ 261	¥ –
Debt securities	3,132	3,202	70	–
Others	1,122	1,117	–	(5)
	¥ 8,733	¥ 9,060	¥ 332	¥ (5)

	Thousands of U.S. dollars (Note 3)			
March 31, 2003	Cost	Carrying amounts	Unrealized Gains	Unrealized Losses
Marketable securities classified as other securities				
Equity securities	**$975,538**	**$1,070,217**	**$94,679**	**$ –**
Debt securities	**2,146**	**2,146**	**0**	**–**
Others	**3,021**	**2,861**	**–**	**(160)**
	$980,705	**$1,075,224**	**$94,679**	**$(160)**

Other securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2003, 2002 and 2001 were as follows:

	Carrying amounts			
	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Held-to-maturity				
Bond offered through private placement	**¥ 5,050**	¥50,000	¥ 5,000	**$ 42,083**
Others				
Unquoted securities	**4,620**	4,364	4,590	**38,506**
Preferred shares	**5,500**	3,000	–	**45,833**
Money management fund	**–**	–	5,105	**–**
Unquoted external bonds	**–**	–	200	**–**
Total	**¥15,170**	¥12,364	¥14,895	**$126,422**

Sales of held-to-maturity debt securities:
Proceeds from sales of held-to-maturity debt securities for the years ended March 31, 2002 were ¥1,554 million, with the carrying amount of ¥1,397 million. Gross realized gains were ¥156 million. A certain subsidiary sold these securities for financial requirement.

Sales of other securities:
Proceeds from sales of other securities for the years ended March 31, 2003, 2002 and 2001 were ¥32,139 million ($267,830 thousand), ¥72,084 million and ¥128,295 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥21,804 million ($181,701 thousand) and ¥242 million ($2,024 thousand), respectively, for the year ended March 31, 2003, ¥37,277 million and ¥521 million, respectively, for the year ended March 31, 2002 and ¥117,210 million and ¥1,241 million, respectively, for the year ended March 31, 2001, always excepting the sales of public bond investment trusts and money management funds.

The carrying values of debt securities by contractual maturities for securities classified as other securities and held-to-maturity at March 31, 2003, 2002 and 2001 were as follows:

	Millions of yen						Thousands of U.S. dollars (Note 3)	
	Debt securities	Other securities	Debt securities	Other securities	Debt securities	Other securities	Debt securities	Other securities
	2003		2002		2001		**2003**	
Due in one year or less	**¥250**	**¥ –**	¥ 704	¥ –	¥1,220	¥130	**$2,091**	**$ –**
Due after one year through five years	**8**	**9**	6,268	9	6,320	–	**69**	**75**
Due after five years through ten years	**1**	**3**	1	4	1,066	20	**13**	**26**
Due after ten years	**–**	**–**	0	–	0	–	**–**	**–**
Total	**¥259**	**¥12**	¥6,973	¥13	¥8,606	¥150	**$2,173**	**$101**

The carrying amounts and aggregate fair values of marketable securities classified as other securities at March 31, 2001 were as follows:

	Millions of yen
Carrying amounts	¥116,816
Fair value	480,164
Unrealized gain on marketable securities classified as other securities	209,645
Deferred tax liabilities	152,969
Minority interests	732

Note 5

INVENTORIES

Inventories at March 31, 2003 2002 and 2001 comprised the following:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Finished goods	**¥ 79,767**	¥ 73,178	¥ 78,728	**$ 664,727**
Work in process	**56,374**	58,179	64,653	**469,789**
Raw materials	**16,286**	14,096	15,889	**135,711**
	¥152,427	¥145,453	¥159,270	**$1,270,227**

Note 6

PLEDGED ASSETS AND FINANCIAL ASSETS ACCEPTED AS COLLATERAL

The amounts of assets pledged as collateral for trade payables, short-term debt and long-term debt were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Time deposits	**¥ 540**	¥ 434	¥ 303	**$ 4,500**
Investment securities	**826**	1,677	565	**6,885**
Property, plant and equipment	**31,587**	29,772	21,815	**263,224**
	¥32,953	¥31,883	¥22,710	**$274,609**

Note 7

SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt at March 31, 2003, 2002 and 2001 consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Loans, principally from banks	**¥146,640**	¥170,304	¥193,697	**$1,222,002**
Commercial paper	**105,500**	106,000	61,000	**879,167**
	¥252,140	¥276,304	¥254,697	**$2,101,169**

The weighed average interest rates on short-term debt at March 31, 2003, 2002 and 2001 were 0.32%, 0.40% and 0.63%, respectively.

Long-term debt at March 31, 2003, 2002 and 2001 consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Loans, principally from banks and insurance companies	**¥ 65,724**	¥ 63,817	¥ 68,841	**$ 547,714**
Bonds issued by the Companies:				
2.95% Yen bonds due 2001	**–**	–	20,000	**–**
2.00% Yen bonds due 2002	**–**	–	20,000	**–**
2.05% Yen bonds due 2002	**–**	20,000	20,000	**–**
2.15% Yen bonds due 2003	**–**	20,000	20,000	**–**
2.25% Yen bonds due 2003	**20,000**	20,000	20,000	**166,667**
0.48% Yen bonds due 2004	**100**	–	–	**833**
2.35% Yen bonds due 2004	**20,000**	20,000	20,000	**166,667**
1.02% Yen bonds due 2006	**20,000**	20,000	–	**166,667**
1.06% Yen bonds due 2006	**20,000**	20,000	–	**166,667**
1.07% Yen bonds due 2007	**8,000**	–	–	**66,667**
1.11% Yen bonds due 2007	**12,000**	–	–	**100,000**
1.12% Yen bonds due 2007	**7,000**	–	–	**58,333**
1.15% Yen bonds due 2007	**13,000**	–	–	**108,333**
0.89% Yen bonds due 2008	**500**	–	–	**4,166**
0.48% Yen bonds due 2008	**400**	–	–	**3,333**
	186,724	183,817	188,841	**1,556,047**
Less: Portion due within one year	**52,092**	52,661	56,495	**434,106**
	¥134,632	¥131,156	¥132,346	**$1,121,941**

The weighed average interest rates on loans, principally from banks and insurance companies at March 31, 2003, 2002 and 2001 were 1.91%, 2.11% and 3.00%, respectively.

As of March 31, 2003, the aggregate annual maturities of long-term debt during the next five years are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2004	¥ 52,092	$ 434,106
2005	16,734	139,455
2006	8,753	72,942
2007	45,053	375,447
2008 and thereafter	64,092	534,097
	¥186,724	$1,556,047

Note 8

RETIREMENT BENEFITS

The Company and its domestic consolidated subsidiaries have welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans as defined benefit plans. A certain subsidiary has a defined contribution pension plan.

The contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Company and its certain domestic consolidated subsidiaries on behalf of the government and a corporate portion established at the discretion of the Company. According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Company and its certain domestic consolidated subsidiaries applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government by another subsequent application. The Company and its certain domestic consolidated subsidiaries obtained an approval of exemption from future obligation by the Minister of Health, Labor and Welfare on January 17, 2003.

The Company and its certain domestic consolidated subsidiaries applies the transitional provisions as prescribed in paragraph 47-2 of "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (Accounting Committee Report No.13 issued by the Japanese Institute of Certified Public Accountants) and the settlement of the substitutional portion was recognized at the date of the approval from the Minister of Health, Labor and Welfare.

The liability (asset) for employees' retirement benefits at March 31, 2003, 2002 and 2001 consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Projected benefit obligation	**¥(231,355)**	¥(388,740)	¥(412,893)	**$(1,927,961)**
Fair value of plan assets	**105,245**	273,247	286,103	**877,049**
Excess projected benefit obligation over plan assets	**(126,110)**	(115,493)	(126,790)	**(1,050,912)**
Unrecognized transitional obligation	**12,407**	19,771	25,839	**103,394**
Unrecognized actuarial loss	**161,263**	124,200	96,030	**1,343,864**
Unrecognized prior service cost	**(1,811)**	(10,086)	(599)	**(15,099)**
Carrying amount	**45,749**	18,392	(5,520)	**381,247**
Prepaid pension expense	**51,904**	23,298	24	**432,543**
Net liability	**¥ (6,155)**	¥ (4,906)	¥ (5,544)	**$ (51,296)**

The substitutional portion of the governmental pension program managed by the Company on behalf of the government has been included in the amounts shown in the above table for the year ended March 31, 2002 and 2001.

According to the approbation of exemption of the substitutional portion of the contributory funded benefit, the substitutional portion of the governmental pension program managed by the Company on behalf of the government has been excluded from the above table for the year ended March 31, 2003.

In March 2000, there were revisions of the Japanese Welfare Pension Insurance Law and also the Company and its certain subsidiaries in Japan revised defined benefit pension plan. These amendments reduced the projected benefit obligation of the pension plans for the Company and certain subsidiaries. These effects of the reductions in the projected benefit obligation have been reflected as a prior service cost not yet recognized, for the year ended March 31, 2002.

In computing projected benefit obligation, several simplified methods are permitted to small companies, and certain subsidiaries have adopted such methods.

The effects of the approval of exemption of the substitutional portion of the contributory funded defined benefit pension plan for the year ended March 31, 2003 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2003	**2003**
Decrease in project benefit obligation	**¥ 178,124**	**$1,484,370**
Decrease in fair value plan assets	**(118,797)**	**(989,980)**
Unrecognized transitional obligation	**(5,822)**	**(48,518)**
Unrecognized actuarial gain	**(42,359)**	**(352,996)**
Unrecognized prior service cost	**7,648**	**63,742**
Decrease in liability for severance payments	**¥ 18,794**	**$ 156,618**

The decrease in fair value plan assets were ¥114,880 million ($957,340 thousand) at March 31, 2003.

Certain domestic subsidiaries converted their lump-sum payment plan and tax-qualified pension plan into a defined contribution pension plan pursuant to the Defined Contribution Pension Law of Japan and adopted a new accounting standard for transition between pension plans for the year ended March 31, 2002.

The effects of this transition were as follows:

	Millions of yen
	2002
Decrease in projected benefit obligation	¥ 4,039
Unrecognized transitional obligation	(3,181)
Unrecognized actuarial gain	(380)
Unrecognized prior service cost	–
Decrease in liability for severance payments	¥ 478

The components of net periodic benefit costs for the years ended March 31, 2003, 2002 and 2001 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Service cost	**¥ 9,526**	¥11,740	¥ 11,470	**$ 79,386**
Interest cost	**11,996**	13,140	12,600	**99,973**
Expected return on plan assets	**(6,860)**	(8,279)	(8,947)	**(57,173)**
Amortization of transitional obligation	**2,454**	2,675	105,886	**20,451**
Recognized actuarial (gain) loss	**24,832**	17,709	–	**206,939**
Amortization of prior service cost	**(1,459)**	(722)	(10)	**(12,166)**
Net periodic benefit costs	**40,489**	36,263	120,999	**337,410**
Loss on transition to a defined contribution pension plan	**–**	1,655	–	**–**
Contributory portion to a defined contribution pension plan	**64**	–	–	**537**
Gain on approval of exemption of the substitutional portion of the contributory funded defined benefit pension plan	**(18,794)**	–	–	**(156,618)**
Loss on transition to the basis methods from the simplified methods are permitted to small companies	**292**	–	–	**2,434**
Loss on end of retirement benefits plans	**(145)**	–	–	**(1,211)**
Total	**¥ 21,906**	¥37,918	¥120,999	**$ 182,552**

Special additional termination benefits which has been excluded from the amounts shown in the above table were ¥6,021 million ($50,182 thousand), ¥14,745 million and ¥1,253 million for the years ended March 31, 2003, 2002 and 2001, respectively, and were charged to income as paid.

The employees' contributory portion has been excluded from the components of net periodic pension and severance costs.

Assumptions used for the year ended March 31, 2003, 2002 and 2001 were set forth as follows:

	2003	2002	2001
Discount rate	**mainly 2.5%**	mainly 3.5%	mainly 3.5%
Expected rate of return on plan assets	**mainly 4.0%**	mainly 4.0%	mainly 4.0%

The transitional obligation, determined as of the beginning of year, is being amortized over ten years. The prior service cost is amortized by the straight-line method over the expected remaining working lives of the then-active employee participants. The actuarial gains and losses are amortized by the straight-line method over the expected remaining working lives of the then-active employee participants from the next period in which they arise, respectively.

Note 9

SHAREHOLDERS' EQUITY

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount to cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be an appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total capital surplus and legal reserve equal 25% of stated capital, which cannot be available for dividends.

Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

Note 10

RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥26,780 million ($223,167 thousand), ¥28,064 million and ¥27,017 million for the years ended March 31, 2003, 2002 and 2001, respectively.

Note 11

EXTRAORDINARY LOSS, NET

Extraordinary loss, net, for the years ended March 31 comprised the following:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Extraordinary income				
Gain on securities contribution to employee retirement benefit trust	**¥ 21,004**	¥ 22,088	¥ 107,983	**$ 175,033**
Gain on approval of exemption of the substitutional portion of the contributory funded defined benefit pension plan	**18,794**	–	–	**156,618**
Gain on transfer of business by spin-off	**12,687**	–	–	**105,729**
Gain on sales of property, plant and equipment	**1,064**	7,833	2,497	**8,867**
Gain on sales of investment securities	**805**	15,521	9,885	**6,709**
Others	**271**	–	–	**2,279**
Extraordinary loss				
Recognized actuarial loss	**(23,861)**	(17,909)	–	**(198,843)**
Loss on devaluation of investment securities	**(11,996)**	(5,368)	(10,442)	**(99,972)**
Extra termination benefits	**(5,104)**	(13,461)	–	**(42,538)**
Loss on restructuring production system	**(4,596)**	(2,056)	–	**(38,306)**
Loss on sales of property, plant and equipment	**(3,304)**	(2,540)	–	**(27,539)**
Loss on liquidation of subsidiaries and affiliates	**–**	(2,803)	–	**–**
Charge for full amount of transitional obligations for retirement benefits	**–**	–	(103,014)	**–**
Others	**(7,674)**	(6,865)	(8,112)	**(63,952)**
	¥ (1,910)	¥ (5,560)	¥ (1,203)	**$ (15,915)**

Note 12

INCOME TAXES

The components of income taxes for the years ended March 31, 2003, 2002, and 2001 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Current	**¥4,166**	¥3,457	¥12,098	**$34,720**
Deferred	**(1,095)**	983	(1,390)	**(9,123)**
	¥3,071	¥4,440	¥10,708	**$25,597**

The Company and domestic subsidiaries are subject to corporate income tax, prefectural and municipal inhabitant taxes and enterprise tax, based on income.

The significant components of deferral tax assets and liabilities at March 31, 2003, 2002 and 2001 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Deferred tax assets				
Liability for severance payments	**¥ 31,773**	¥ 52,241	¥ –	**$ 264,775**
Investment securities	**4,704**	2,835	4,922	**39,204**
Inventories	**4,513**	5,477	4,795	**37,612**
Tax loss carryforwards	**10,969**	5,049	2,751	**91,412**
Accrued employee benefits	**6,175**	4,123	4,902	**51,463**
Tangible fixed assets	**4,077**	1,407	2,112	**33,980**
Unrealized gain on other securities	**420**	194	–	**3,502**
Other	**5,808**	4,341	2,954	**48,384**
Gross deferred tax assets	**68,439**	75,667	22,436	**570,332**
Less: Valuation allowance	**(1,113)**	(3,175)	(3,563)	**(9,280)**
Total deferred tax assets	**¥ 67,326**	¥ 72,492	¥18,873	**$ 561,052**
Deferred tax liabilities				
Unrealized gain on other securities	**(4,996)**	(69,557)	–	**(41,637)**
Gain on securities contribution to employee retirement benefit trust	**(44,668)**	(54,696)	–	**(372,239)**
Retained earning appropriated for tax deductible reserves	**(426)**	(2,695)	(2,877)	**(3,555)**
Other	**(74)**	(143)	(563)	**(596)**
Gross deferred tax liabilities	**(50,164)**	(127,091)	(3,440)	**(418,027)**
Net deferred tax assets (liabilities)	**¥ 17,162**	¥ (54,599)	¥15,433	**$ 143,025**

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2003 is not disclosed because it is not material.

The reconciliation for the years ended March 31, 2002 and 2001 were as follows:

	2002	2001
Statutory income tax rate	42.1%	42.1%
Expenses not deductible for income tax purposes	992.3	9.2
Valuation allowance	331.4	–
Taxation on per capita basis	197.6	–
Other	356.7	(1.0)
Effective income tax rate	1,920.1%	50.2%

Japan's Local Tax Law was amended and pro forma standard taxation will be effective from April 1, 2004. The statutory tax rate used for the calculation of deferred tax assets and liabilities, which is based on temporary difference reversing within March 31, 2004, was the rate before the amendment (42.1%). Long-term deferred tax assets and liabilities reversing after April 1, 2004 were based on the rate after the amendment (40.5%).

Due to the change in tax rate, deferred tax liabilities (net of deferred tax assets) decreased by ¥123 million ($1,029 thousand), deferred income tax increased by ¥53 million ($445 thousand) and unrealized gain on other securities, net of taxes, increased by ¥176 million ($1,473 thousand).

Note 13

SUPPLEMENTAL CASH FLOW INFORMATION

a. The Company acquired additional stock of Fukiage Fuji Vending Machine Co., Ltd., which is newly consolidated in 2003.

The breakdown of assets and liabilities of Fukiage Fuji Vending Machine Co., Ltd., as of April 1, 2002 was as follows.

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2003	2003
Current assets	¥ 34,627	$ 288,565
Non-current assets	9,297	77,479
The excess of cost of the Company's investments in Fukiage Fuji Vending Machine Co., Ltd., over its equity in the net assets at the date of acquisition	3,177	26,471
Current liabilities	(37,343)	(311,192)
Long-term liabilities	(388)	(3,240)
Acquisition of stock	9,370	78,083
Cash and cash equivalent of Fukiage Fuji Vending Machine Co., Ltd.	(6,873)	(57,268)
Net cash decrease by acquisition of stock	¥ 2,497	$ 20,815

b. The breakdown of assets and liabilities of Japan AE Power Systems Corporation assumed through spin-off for the year ended March 31, 2003 was as follows.

The acquisition of stock of Japan AE Power Systems Corporation was ¥11,716 million ($97,637 thousand).

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2003	2003
Current assets	¥3,154	$26,285
Non-current assets	5,747	47,891
Total assets	¥8,901	$74,176
Current liabilities	¥4,420	$36,834
Total liabilities	¥4,420	$36,834

Note 14

SIGNIFICANT NON-CASH TRANSACTIONS

a. The Company contributed certain other securities with a carrying amount of ¥7,897 million ($65,812 thousand), ¥2,944 million and ¥4,295 million for the years ended March 31, 2003, 2002 and 2001, respectively, to employees' retirement benefit trusts for the Company's contributory pension plans, and recognized a non-cash gain of ¥21,004 ($175,033 thousand), ¥22,088 million and ¥107,983 million for the years ended March 31, 2003, 2002 and 2001, respectively.

b. The Company implemented a share exchange with the shareholders' of Fuji Denki Reiki Co., Ltd., exclude the Company. As a result of this share exchange, the capital surplus increased by ¥8,297 ($69,140 thousand).

Note 15

CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2003, 2002 and 2001 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Notes discounted and endorsed	**¥ 658**	¥ 990	¥ 1,941	**$ 5,489**
Guarantees	**16,861**	19,618	17,942	**140,509**

Note 16

LEASES

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, lease expense, depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis for the years ended March 31, 2003, 2002 and 2001 was as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
	Machinery and Equipment	Machinery and Equipment	Machinery and Equipment	Machinery and Equipment
Acquisition cost	**¥63,096**	¥54,040	¥46,705	**$525,800**
Accumulated depreciation	**30,449**	29,405	22,494	**253,734**
Net leased property	**¥32,647**	¥24,635	¥24,211	**$272,066**

Obligations under finance leases:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Due within one year	**¥10,475**	¥10,548	¥ 8,889	**$ 87,294**
Due after one year	**22,849**	14,670	15,322	**190,413**
Total	**¥33,324**	¥25,218	¥24,211	**$277,707**

Lease expense and depreciation expense under finance leases:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Lease expense	**¥11,625**	¥12,012	¥9,137	**$96,880**
Depreciation expense	**11,055**	11,334	9,137	**92,129**
Interest expense	**613**	674	–	**5,114**

The minimum rental commitments under noncancellable operating leases at March 31, 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	**2003**
Due within one year	**¥412**	¥ 435	**$3,441**
Due after one year	**485**	897	**4,034**
Total	**¥897**	¥1,332	**$7,475**

Note 17

DERIVATIVES

The Companies, operate globally, are exposed to market risk arising from fluctuations in foreign currency exchange rates and enter into derivative financial instruments for the purpose of reducing such risk. The Companies also enter into interest rate swap agreements as a means of managing their interest rate exposure. The Companies do not hold or issue derivatives for speculative or dealing purposes.

Because the counterparties to these derivatives are limited to authentic financial institutions, the Companies do not anticipate any losses arising from credit risk.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. Derivative transactions entered into by the Companies have been made in accordance with Companies' policies. The execution and control of derivatives, which is based on application of each section are controlled by the Finance Department. Each derivative transaction is periodically reported to the management and each section.

Fair Value of Derivative Financial Instruments:

The fair value of the Companies' derivative financial instruments at March 31, 2003, 2002 and 2001 were as follows:

	(Millions of yen)								
	2003			2002			2001		
	Contract Amount	Fair Value	Unrealized Gain/Loss	Contract Amount	Fair Value	Unrealized Gain/Loss	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:									
Receivables:									
US dollars	**¥1,291**	**¥1,274**	**¥ 17**	¥4,361	¥4,629	¥(268)	¥4,613	¥5,096	¥(482)
Euro	**910**	**951**	**(41)**	922	956	(34)	–	–	–
Canada dollars	**47**	**51**	**(4)**	–	–	–	–	–	–
Deutsche mark	**–**	**–**	**–**	–	–	–	875	862	12
Others	**–**	**–**	**–**	–	–	–	2	2	0
Payables:									
Yen	**47**	**48**	**1**	–	–	–	–	–	–
US dollars	**–**	**–**	**–**	0	0	0	–	–	–
Total	**¥ –**	**¥ –**	**¥(27)**	¥ –	¥ –	¥(302)	¥ –	¥ –	¥(470)

	(Thousands of U.S. dollars) (Note 3)		
	2003		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:			
Receivables:			
US dollars	**$10,758**	**$10,616**	**$ 142**
Euro	**7,583**	**7,925**	**(342)**
Canada dollars	**391**	**425**	**(34)**
Payables:			
Yen	**391**	**400**	**9**
Total	**$ –**	**$ –**	**$(225)**

Foreign currency forward contracts which qualify for hedge accounting for the years ended March 31, 2003, 2002 and 2001 and such amounts which are assigned to the associated assets and liabilities and were recorded on the balance sheets at March 31, 2003, 2002 and 2001, are excluded from disclosure of market value information.

Note 18

SEGMENT INFORMATION

The Companies' primary business activities include (1) Energy & Electric Systems, (2) ED&C•Drive Systems, (3) Electronics, (4) Retail Support Equipment & Systems and (5) Others. A summary of net sales, operating costs and expenses, and operating income (loss) by segment of business activities for the years ended March 31, 2003, 2002 and 2001 were as follows:

	Millions of yen							
2003	Energy & Electric Systems	ED&C•Drive Systems	Electronics	Retail Support Equipment & Systems	Others	Total	Elimination and Corporate	Consolidated Total
Sales								
Unaffiliated customers	¥379,701	¥148,786	¥122,652	¥154,016	¥27,259	¥832,414	¥ –	¥832,414
Intersegment	3,681	11,161	1,923	419	48,881	66,065	(66,065)	–
Total sales	383,382	159,947	124,575	154,435	76,140	898,479	(66,065)	832,414
Operating costs and expenses	383,562	158,752	117,358	151,838	74,053	885,563	(66,058)	819,505
Operating income (loss)	¥ (180)	¥ 1,195	¥ 7,217	¥ 2,597	¥ 2,087	¥ 12,916	¥ (7)	¥ 12,909
Total assets	¥358,409	¥139,922	¥140,269	¥111,732	¥73,577	¥823,909	¥97,212	¥921,121
Depreciation and amortization	¥ 6,361	¥ 4,928	¥ 12,485	¥ 1,622	¥ 1,718	¥ 27,114	¥ 88	¥ 27,202
Capital expenditure	¥ 2,987	¥ 3,530	¥ 7,479	¥ 1,705	¥ 1,142	¥ 16,843	¥ 20	¥ 16,863

	Millions of yen							
2002	Energy & Electric Systems	ED&C•Drive Systems	Electronics	Retail Support Equipment & Systems	Others	Total	Elimination and Corporate	Consolidated Total
Sales								
Unaffiliated customers	¥408,994	¥147,354	¥125,557	¥129,200	¥28,030	¥839,135	¥ –	¥ 839,135
Intersegment	4,560	11,766	2,868	388	47,179	66,761	(66,761)	–
Total sales	413,554	159,120	128,425	129,588	75,209	905,896	(66,761)	839,135
Operating costs and expenses	410,319	162,480	123,925	127,087	74,690	898,501	(66,855)	821,646
Operating income (loss)	¥ 3,235	¥ (3,360)	¥ 4,500	¥ 2,501	¥ 519	¥ 7,395	¥ 94	¥ 7,489
Total assets	¥369,110	¥133,559	¥142,499	¥101,278	¥75,274	¥821,720	¥283,151	¥1,104,871
Depreciation and amortization	¥ 7,043	¥ 4,772	¥ 13,743	¥ 2,420	¥ 1,754	¥ 29,732	¥ 94	¥ 29,826
Capital expenditure	¥ 5,856	¥ 4,971	¥ 11,005	¥ 3,384	¥ 1,500	¥ 26,716	¥ 19	¥ 26,735

2001	Energy & Electric Systems	ED&C•Drive Systems	Electronics	Retail Support Equipment & Systems	Others	Total	Elimination and Corporate	Consolidated Total
	Millions of yen							
Sales								
Unaffiliated customers	¥408,954	¥175,090	¥135,101	¥142,348	¥29,593	¥891,086	¥ –	¥891,086
Intersegment	4,599	21,429	2,841	690	48,808	78,367	(78,367)	–
Total sales	413,553	196,519	137,942	143,038	78,401	969,453	(78,367)	891,086
Operating costs and expenses	406,044	191,180	132,003	139,262	75,972	944,461	(78,382)	866,079
Operating income	¥ 7,509	¥ 5,339	¥ 5,939	¥ 3,776	¥ 2,429	¥ 24,992	¥ 15	¥ 25,007
Total assets	¥381,451	¥153,090	¥148,366	¥113,877	¥74,778	¥871,562	¥ 92,649	¥964,211
Depreciation and amortization	¥ 7,307	¥ 5,041	¥ 15,034	¥ 3,375	¥ 1,753	¥ 32,510	¥ 98	¥ 32,608
Capital expenditure	¥ 6,604	¥ 4,006	¥ 8,050	¥ 5,642	¥ 1,659	¥ 25,961	¥ 41	¥ 26,002

2003	Energy & Electric Systems	ED&C•Drive Systems	Electronics	Retail Support Equipment & Systems	Others	Total	Elimination and Corporate	Consolidated Total
	Thousands of U.S. dollars (Note 3)							
Sales								
Unaffiliated customers	$3,164,180	$1,239,887	$1,022,104	$1,283,470	$227,149	$6,936,790	$ –	$6,936,790
Intersegment	30,673	93,010	16,022	3,494	407,336	550,535	(550,535)	–
Total sales	3,194,853	1,332,897	1,038,126	1,286,964	634,485	7,487,325	(550,535)	6,936,790
Operating costs and expenses	3,196,357	1,322,938	977,980	1,265,320	617,096	7,379,691	(550,481)	6,829,210
Operating income (loss)	$ (1,504)	$ 9,959	$ 60,146	$ 21,644	$ 17,389	$ 107,634	$ (54)	$ 107,580
Total assets	$2,986,741	$1,166,016	$1,168,908	$ 931,100	$613,143	$6,865,908	$ 810,107	$7,676,015
Depreciation and amortization	$ 53,010	$ 41,072	$ 104,046	$ 13,523	$ 14,305	$ 225,956	$ 735	$ 226,691
Capital expenditure	$ 24,896	$ 29,418	$ 62,327	$ 14,216	$ 9,506	$ 140,363	$ 165	$ 140,528

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries, for the years ended March 31, 2003, 2002 and 2001 were summarized as follows:

Year ended March 31, 2003	North America	Europe	Asia	Other	Total
	Millions of yen				
Overseas sales	¥25,747	¥12,580	¥71,437	¥9,379	¥119,143
Consolidated net sales	–	–	–	–	¥832,414
Overseas sales as a percentage of consolidated net sales	3.1%	1.5%	8.6%	1.1%	14.3%

Year ended March 31, 2002	North America	Europe	Asia	Other	Total
	Millions of yen				
Overseas sales	¥16,096	¥11,977	¥73,471	¥8,896	¥110,440
Consolidated net sales	–	–	–	–	839,135
Overseas sales as a percentage of consolidated net sales	1.9%	1.4%	8.8%	1.1%	13.2%

	Millions of yen				
Year ended March 31, 2001	North America	Europe	Asia	Other	Total
Overseas sales	¥17,912	¥10,788	¥85,248	¥3,607	¥117,555
Consolidated net sales	–	–	–	–	891,086
Overseas sales as a percentage of consolidated net sales	2.0%	1.2%	9.6%	0.4%	13.2%

	Thousand of U.S. dollars (Note 3)				
Year ended March 31, 2003	North America	Europe	Asia	Other	Total
Overseas sales	**$214,560**	**$104,841**	**$595,309**	**$78,149**	**$ 992,859**
Consolidated net sales	**–**	**–**	**–**	**–**	**6,936,790**
Overseas sales as a percentage of consolidated net sales	**3.1%**	**1.5%**	**8.6%**	**1.1%**	**14.3%**

GEOGRAPHIC INFORMATION

For the years ended March 31, 2003, 2002 and 2001, sales from operations in Japan represented more than 90% of consolidated net sales. As a result, geographic information is not required to be disclosed in accordance with accounting principles generally accepted in Japan.

Note 19

SUBSEQUENT EVENTS

a. On December 26, 2002, the Company sought application for approval of introducing consolidated tax return.

b. Issuance of Bonds

On June 16, 2003, the Company issued ¥10,000 million ($83,333 thousand) of unsecured 0.83% Japanese Yen Bonds which are due June 16, 2008, and ¥10,000 million ($83,333 thousand) of unsecured 1.14% Japanese Yen Bonds which are due June 16, 2010. The issue prices of these bonds were 100% of the face value of the bonds.

c. Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2003 were approved at the Company's shareholders' meeting held on June 27, 2003:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Year-end cash dividends, ¥2.50 ($0.021) per share	¥1,788	$14,907
Bonuses to directors	50	416

Independent Auditors' Report

Shin Nihon & Co.

Certified Public Accountants
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The Board of Directors
Fuji Electric Co., Ltd.

We have audited the accompanying consolidated balance sheets of Fuji Electric Co., Ltd. and consolidated subsidiaries as of March 31, 2003, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fuji Electric Co., Ltd. and consolidated subsidiaries at March 31, 2003, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

June 27, 2003

Shin Nihon & Co.

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Fuji Electric Co., Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.