

Consolidated Financial Results for 1Q FY2005

July 28, 2005

Fuji Electric Holdings Co.,Ltd.

***Consolidated Financial Results
for 1Q FY2005***

Changes in Consolidated Subsidiaries in 1Q FY2005 (YoY Comparison)



Effect of newly consolidated subsidiaries <1Q FY2005>			
(¥billion)	Sales	Operating income	Ordinary income
Consolidated companies	0.6	0.2	0.2
Equity-method affiliate	—	—	-0.3
Total	0.6	0.2	-0.1

Number of consolidated subsidiaries: increase from 61 to 66 5 newly consolidated subsidiaries

- **Shanghai Fuji Electric Switchgear Co.,Ltd.**
(consolidated from April 2005 in Energy & Electric Systems Group)
- **Fuji GE Drives(Wuxi)Co., Ltd.**
(consolidated from April 2005 in ED&C·Drive Systems Group)
- **Fuji Electric Device Technology Europe GmbH**
(consolidated from 1Q FY2005 in Electronic Devices Group)
- **Fuji Electric Device Technology Hong Kong Co., Ltd.**
(consolidated from 1Q 2005 in Electronic Devices Group)
- **Mie Fuji Co.,Ltd.** (consolidated from April 2005 in Retail Systems Group)
- **Fuji Brain Trust Co.,Ltd.** (consolidated from April 2005 in Other Group)

Exclusion of 1 consolidated subsidiary

- **Fuji Electric V.C. Altech Co.,Ltd.** (merged by Fuji Electric Retail Systems Co., Ltd.)

■ Number of equity-method affiliates: increase from 1 to 2 1 new equity-method affiliate

- **Japan AE Power Systems Corporation** (made equity-method affiliate from 1H FY2004)

Summary of Consolidated Financial Results for 1Q FY2005 (YoY Comparison)



	OP Margin		(¥ billion)
	1Q FY04	1Q FY05	Change
Sales	158.1	167.6	(+6.0%) +9.4
Operating Income	-4.3% -6.7	-0.7% -1.1	+3.6% +5.6
Ordinary Income	-6.5	-0.6	+5.9
Extraordinary Income	0.0	-1.7	-1.7
Net Income	-2.9	-1.0	+1.9

Energy & Electric Systems +0.7
 ED&C-Drive Systems -2.6
 Electronic Devices +2.7
 Retail Systems +6.4
 Others +1.6
 Elimination +0.5

Effect of Newly Consolidated Subsidiaries +0.2
 Increase in Sales +1.8
 Price Reduction -1.4
 Exchange Rate Effect -0.1
 Reduction in Costs +2.6
 Reduction in Operating Expenses etc. +2.5

	1QFY04	1QFY05	Change
Cost ratio	80.3%	78.3%	-2.0%
SG&A ratio	23.9%	22.4%	-1.5%
OP margin	-4.3%	-0.7%	+3.6%

Net Interest Expense +0.4
 (Dividend Received +0.3)

Gain on Sales of Investment Securities -1.2

Sales Exchange Rate US\$	¥109.77	¥107.69
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Net Sales and Operating Income by Segment for Q1 FY2005 (YoY Comparison)



(¥ billion)

		1Q FY04	1Q FY05	Change
		Results	Results	
Net Sales	Energy & Electric Systems	46.1	46.8	+0.7
	ED&C·Drive Systems	41.6	39.0	-2.6
	Electronic Devices	33.6	36.4	+2.7
	Retail Systems	41.6	48.1	+6.4
	Others	8.4	10.1	+1.6
	Eliminations	-13.5	-12.9	+0.5
	Total	158.1	167.6	+9.4
Operating Income	Energy & Electric Systems	-12.1	-9.7	+2.4
	ED&C·Drive Systems	1.1	1.1	0.0
	Electronic Devices	1.1	1.7	+0.5
	Retail Systems	2.8	5.4	+2.6
	Others	0.0	0.2	+0.1
	Eliminations/Corporate	0.2	0.0	-0.1
	Total	-6.7	-1.1	+5.6

=Factors Impacting on Net Sales=

Energy & Electric Systems

- Increases in industrial & transportation systems
- Decreases in e-solutions, environmental systems (including impact on exclusion of switch board: -0.8 billion yen), electric power systems and plant facility construction business

ED&C·Drive Systems

- Decreases in ED&C (electric distribution & control) components (including impact on exclusion of UPS: -2 billion yen)
- Decreases in control and drive systems

Electronic Devices

- Increases in magnetic disks
- Decrease in semiconductor devices and imaging devices

Retail Systems

- Large increases in vending machines and coin & currency systems
- Decrease in cold-chain equipment

Others

- Increase resulting from a newly consolidated subsidiary

=Factors Impacting on Operating Income=

Energy & Electric Systems

- Improvements in all business fields resulting from reduction of cost & fixed costs and improvement of profitability due to the thorough project management

ED&C·Drive Systems

- Increases in ED&C components
- Decrease in control and drive systems

Electronic Devices

- Decrease in semiconductor devices
- Significant improvement in magnetic disks
- Increase in imaging devices

Retail Systems

- Large increases for vending machines and coin & currency systems
- Decrease in cold chain equipment

Summary of Consolidated Financial Results for 1Q FY2005 (Comparison with Forecast)



	OP Margin		(¥ billion)
	1Q FY05 Forecast	1Q FY05 Results	Change
Sales	163.0	167.6	(+2.8%) +4.6
Operating Income	-3.0% -5.0	-0.7% -1.1	+2.3% +3.8
Ordinary Income	-5.0	-0.6	+4.3
Net Income	-4.0	-1.0	+2.9
Sales Exchange Rate US\$	¥105.00	¥107.69	

Energy & Electric Systems +1.8
ED&C-Drive Systems **-0.9**
Electronic Devices +0.4
Retail Systems +5.1
Others +0.1

Increase in Sales +0.9
Exchange Rate Effect +0.3
Reduction in Costs +0.9
Operating Expenses, etc. +1.7

	1QFY05 Forecast	1QFY05 Results	Change
Cost ratio	79.5%	78.3%	-1.2%
SG&A ratio	23.5%	22.4%	-1.1%
OP margin	-3.0%	-0.7%	+2.3%

Net Interest Expense +0.4
(Dividend Received +0.3)
Foreign Exchange Effect +0.3
Loss on Investment in Equity-method
Affiliates **-0.1**

Net Sales and Operating Income by Segment for 1Q FY2005 (Comparison with Forecast)



(¥ billion)

		1Q FY05	1Q FY05	
		Forecast	Results	Change
Net Sales	Energy & Electric Systems	45.0	46.8	+1.8
	ED&C·Drive Systems	40.0	39.0	-0.9
	Electronic Devices	36.0	36.4	+0.4
	Retail Systems	43.0	48.1	+5.1
	Others	10.0	10.1	+0.1
	Eliminations	-11.0	-12.9	-1.9
	Total	163.0	167.6	+4.6
Operating Income	Energy & Electric Systems	-10.5	-9.7	+0.7
	ED&C·Drive Systems	1.0	1.1	+0.1
	Electronic Devices	1.0	1.7	+0.7
	Retail Systems	3.5	5.4	+1.9
	Others	0.3	0.2	-0.0
	Eliminations/Corporate	-0.3	0.0	+0.3
	Total	-5.0	-1.1	+3.8

=Factors Impacting on Net Sales=

Energy & Electric Systems

- Increases in e-solutions, environmental systems, industrial & transportation systems
- Decreases in electric power systems and plant facility construction business

ED&C·Drive Systems

- Decreases in both of ED&C (electric distribution & control) components and control and drive systems

Electronic Devices

- Decrease in semiconductor devices
- Increases in magnetic disks and imaging devices

Retail Systems

- Large increases in vending machines and coin & currency systems

=Factors Impacting on Operating Income=

Energy & Electric Systems

- Improvements in e-solutions, environmental systems, industrial & transportation systems
- Deterioration in electric power systems

ED&C·Drive Systems

- Increases in ED&C components
- Decrease in control and drive systems

Electronic Devices

- Decrease in semiconductor devices
- Large Increase in magnetic disks
- Improvement in imaging devices

Retail Systems

- Large increases for vending machines and coin & currency systems

Consolidated Balance Sheets for 1Q FY2005



Asset				Liability, Minority Interests and Shareholders' Equity			
	3/31/05	6/30/05	Change		3/31/05	6/30/05	Change
Cash and time deposits	16.3	11.7	-4.5	Notes and accounts payable, trade	176.5	147.5	-29.0
Notes and accounts receivable, trade	241.8	190.0	-51.8	Advances received	32.9	52.1	19.1
Inventories	135.0	161.0	+26.0	Debt Ratio	36.1%	36.2%	
Other current assets	44.4	50.6	+6.2	Debt	318.4	310.0	-8.4
Total current assets	437.6	413.5	-24.1	Other liabilities ★	150.5	146.6	-3.9
Tangible fixed assets	150.9	149.3	-1.5	Total liabilities	678.5	656.3	-22.2
Intangible fixed assets	7.8	8.0	+0.2	Minority interests in consolidated subsidiaries	8.0	8.3	+0.2
Investments and other assets ★	285.9	284.6	-1.3	Common stock	47.5	47.5	-
Total long-term assets	444.6	441.9	-2.7	Capital surplus	46.7	46.7	0.0
Deferred assets	0.0	0.0	0.0	Consolidated retained earnings	74.5	71.3	-3.2
Total assets	882.4	855.5	-26.8	Unrealized gain on other securities	36.9	35.3	-1.6
Unrealized gain on investment securities	62.5	59.7	-2.8	Foreign currency transaction adjustment	-3.2	-3.1	+0.0
				Less shares of common stock held by the Company	-6.7	-6.8	-0.0
				Shareholders' Equity Ratio	22.2%	22.3%	
				Total shareholders' equity	195.7	190.9	-4.8
				interests and shareholders' equity	882.4	855.5	-26.8
				Deferred tax liabilities ★including	25.5	24.4	-1.1
				Unrealized gain on other securities	36.9	35.3	-1.6

★including

Consolidated Cash Flow Statement for 1Q FY2005



(¥ billion)

	1Q FY2004	1Q FY2005
Cash flows from operating activities (i)	3.8	9.1
Cash flows from investing activities (ii)	-0.8	-2.9
Free cash flows (i + ii)	3.0	6.1
Cash flows from financing activities (iii)	-13.6	-11.3
Effect of exchange rate changes on cash and cash equivalents (iv)	0.0	0.1
Cash flows (i + ii + iii + iv)	-10.5	-5.0
Cash and cash equivalents at beginning of year	27.2	16.2
Cash and cash equivalents at end of year	16.6	11.6

***Consolidated Financial Forecasts
for 1H & Full Year of FY2005***

Consolidated Forecasts for 1H FY2005 (Comparison with Initial Forecast)

	OP Margin		(¥ billion)	
	1H FY05 Initial Forecast	1H FY05 Revised Forecast		
Sales	360.0	368.0	+8.0	(+2.2%)
Operating Income	-4.0	1.0	+5.0	+1.4%
Ordinary Income	-5.0	0.5	+5.5	
Net Income	-6.0	-3.0	+3.0	
Sales Exchange Rate US\$	¥105.00	¥106.35		

	1HFY05 Initial	1HFY05 Revised	Change
Cost ratio	79.8%	79.2%	-0.6%
SG&A ratio	21.4%	20.7%	-0.7%
OP margin	-1.1%	0.3%	+1.4%

Energy & Electric Systems	+5.0
Retail Systems	+6.0
Elimination	-3.0

Increase in Sales	+1.5
Exchange Rate Effect	+0.3
Reduction in Costs	+0.9
Operating Expenses, etc.	+2.3

Net Interest Expense	+0.8
Foreign Exchange Effect	-0.2

※Sales Exchange Rate for 2Q FY2005: ¥105 / 1US\$

Net Sales and Operating Income Forecasts by Segment for 1H FY2005(Comparison with Initial Forecast)

(¥ billion)

		1H FY05	1HFY05	Change
		Initial Forecast	Revised Forecast	
Net Sales	Energy & Electric Systems	126.0	131.0	+5.0
	ED&C・Drive Systems	83.0	83.0	0.0
	Electronic Devices	74.0	74.0	0.0
	Retail Systems	80.0	86.0	+6.0
	Others	24.0	24.0	0.0
	Eliminations	-27.0	-30.0	-3.0
	Total	360.0	368.0	+8.0
Operating Income	Energy & Electric Systems	-14.0	-13.0	+1.0
	ED&C・Drive Systems	3.0	3.0	0.0
	Electronic Devices	4.5	5.5	+1.0
	Retail Systems	3.0	5.0	+2.0
	Others	0.5	0.5	0.0
	Eliminations/Corporate	-1.0	0.0	+1.0
	Total	-4.0	1.0	+5.0

=Factors Impacting on Net Sales=

Energy & Electric Systems

- Healthy growth mainly in the industrial and transportation systems field, against a backdrop of rising private-sector capital investment

ED&C・Drive Systems

- No significant change

Electronic Devices

- Decrease in semiconductor devices
- Increases in magnetic disks and imaging devices

Retail Systems

- Increases in vending machines for drink and cigarette, and increase in coin & currenc from demand due to redesign of banknotes

=Factors Impacting on Operating Income=

Energy & Electric Systems

- Sales increase and improved profitability due to tighter project management

ED&C・Drive Systems

- No significant change

Electronic Devices

- Deterioration in semiconductor devices – increase of fixes costs
- Improvement in magnetic disks – active demand of aluminum hard disks
- Improvement in imaging devices – cost competitiveness by transferring manufacturing operations to China

Retail Systems

- Improvement due to higher sales as well as the benefits of cost-cutting and the rationalization of manufacturing.

Consolidated Full Year Forecast for FY2005 (Comparison with Initial Forecast)



OP Margin (¥ billion)				
	FY2004 Results	FY2005 Initial Forecast	FY2005 Revised Forecast	Change
Sales	844.2	875.0	885.0	(+1.1%) +10.0
Operating Income	3.2% 26.8	3.7% 32.0	4.0% 35.0	+3.0
Ordinary Income	22.2	30.0	33.0	+3.0
Net Income	7.7	12.0	14.0	+2.0

	Y2004 Results	Y2005 Initial	Change
Cost ratio	78.9%	78.7%	-0.2%
SG&A ratio	18.0%	17.6%	-0.4%
OP margin	3.2%	3.7%	+0.5%

(¥ billion)					
		FY2004 Results	FY2005 Initial Forecast	FY2005 Revised Forecast	Change
Net Sales	Energy & Electric Systems	374.7	390.0	395.0	+5.0
	ED&C·Drive Systems	178.2	175.0	175.0	0
	Electronic Devices	143.2	165.0	165.0	0
	Retail Systems	168.1	155.0	160.0	+5.0
	Others	45.7	50.0	50.0	0
	Eliminations	-65.9	-60.0	-60.0	0
	Total	844.2	875.0	885.0	+10.0
Operating Income	Energy & Electric Systems	3.2	9.0	9.0	0
	ED&C·Drive Systems	6.6	7.0	7.0	0
	Electronic Devices	9.4	11.0	12.5	+1.5
	Retail Systems	7.4	4.5	6.0	+1.5
	Others	1.7	2.0	2.0	0
	Eliminations/Corporate	-1.7	-1.5	-1.5	0
	Total	26.8	32.0	35.0	+3.0

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