

# **Consolidated Financial Results for 1Q FY2006**

**July 28, 2006**

**Fuji Electric Holdings Co.,Ltd.**

## **Number of consolidated subsidiaries: increase from 66 to 67**

### **3 consolidated subsidiaries added:**

- **Fuji Electric Motor (Dalian) Co.,Ltd.**

(Newly consolidated in ED&C-Drive Systems Group in January 2006)

- **Atai Fuji Electric Co., Ltd.**

(Newly consolidated in ED&C-Drive Systems Group in April 2006)

- **Fuji Techno Survey Co., Ltd.**

(Newly consolidated in Other Group in April 2006 )

### **2 consolidated subsidiaries excluded:**

- **Fuji Electric Storage Device Co., Ltd.**

- **Fuji Electric Imaging Device Co., Ltd.**

(Merged to Fuji Electric Device Technology Co., Ltd. as of April 1, 2006)

(¥billion)

	1Q FY2006 Forecast	1Q FY2006 Results	Change
Net Sales	183.5	189.4	(+3.2%) <b>+5.9</b>
OP Margin	<b>-2.7%</b>	<b>-1.2%</b>	<b>+1.5%</b>
Operating Income	<b>-5.0</b>	<b>-2.3</b>	<b>+2.7</b>
Ordinary Income	<b>-4.0</b>	<b>-1.5</b>	<b>+2.5</b>
Net Income	<b>-3.0</b>	<b>-0.4</b>	<b>+2.6</b>

Increase in Sales +1.2  
 Curb Price Decline + 0.6  
 Reduction in Costs + 0.5  
 Reduction in Operating Expenses, etc. + 1.0  
 Exchange Rate Effect - 0.2  
 Increase in Costs - 0.4

**+3.3**

**- 0.6**

Sales Exchange  
Rate US\$

**¥116.00**

**¥114.50**

# Net Sales and Operating Income by Segment for 1Q FY2006 (Comparison with Forecast)

(¥ billion)

		1Q FY2006 Forecast	1Q FY2006 Results	Change
Net Sales	Energy & Electric Systems	61.0	66.6	+5.6
	ED&C· Drive Systems	43.0	45.0	+2.0
	Electronic Devices	43.5	45.8	+2.3
	Retail Systems	40.0	35.9	-4.1
	Others	10.0	10.3	+0.3
	Eliminations	-14.0	-14.3	-0.3
	<b>Total</b>	<b>183.5</b>	<b>189.4</b>	<b>+5.9</b>
Operating Income	Energy & Electric Systems	-9.5	-8.6	+0.9
	ED&C· Drive Systems	1.0	2.0	+1.0
	Electronic Devices	2.3	2.7	+0.4
	Retail Systems	1.7	1.3	-0.4
	Others	0	0.2	+0.2
	Eliminations/Corporate	-0.5	-0.1	+0.4
	<b>Total</b>	<b>-5.0</b>	<b>-2.3</b>	<b>+2.7</b>

## =Factors Impacting on Net Sales= Energy & Electric Systems

- Increase in e-Solutions, environmental systems, industrial plant systems and power plant systems
- Decrease in plant facility construction

## ED&C· Drive Systems

- Increase in both fields of electric distribution & control and drive component equipment

## Electronic Devices

- Increase in all the fields

## Retail Systems

- Significant decrease in vending machines, food equipment and coin & currency systems
- Decrease in cold-chain equipment

## =Factors Impacting on Operating Income= Energy & Electric Systems

- Increase in all the fields

## ED&C· Drive Systems

- Increase in both fields of electric distribution & control and drive component equipment

## Electronic Devices

- Increase in magnetic disks and imaging devices

## Retail Systems

- Decrease in vending machines, food equipment and coin & currency systems

(¥billion)

	1Q FY2005 Results	1Q FY2006 Results	Change
<b>Net Sales</b>	<b>167.6</b>	<b>189.4</b>	<b>+21.8</b> (+13.0%)
<b>Operating Income</b>	<b>-1.1</b>	<b>-2.3</b>	<b>-1.2</b>
<b>Ordinary Income</b>	<b>-0.6</b>	<b>-1.5</b>	<b>-0.9</b>
<b>Extraordinary Income/Loss</b>	<b>-1.7</b>	<b>-0.2</b>	<b>+1.4</b>
<b>Net Income</b>	<b>-1.0</b>	<b>-0.4</b>	<b>+0.6</b>

<b>Sales Exchange Rate US\$</b>	<b>¥107.69</b>	<b>¥114.50</b>
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Increase in Sales	+1.8
Exchange Rate Effect	+1.1
Reduction in Costs	+2.7
Price Decline	-1.7
Increase in Costs	-0.9
Increase in Depreciation and Lease Expenses	-1.5
Increase in R&D Costs	-1.0
Others	-1.7

**+5.6**

**-6.8**

Exchange Rate Effect	-0.2
Net interest expenses	+0.2
Others	+0.3

Extraordinary Income	+0.2
Extraordinary Loss	+1.2

# Net Sales and Operating Income by Segment for 1Q FY2006 (YoY Comparison)

( ¥ billion)

		1Q FY2005 Results	1Q FY2006 Results	Change
Net Sales	Energy & Electric Systems	46.8	66.6	+19.7
	ED&C· Drive Systems	39.0	45.0	+6.0
	Electronic Devices	36.4	45.8	+9.4
	Retail Systems	48.1	35.9	-12.1
	Others	10.1	10.3	+0.1
	Eliminations	-12.9	-14.3	-1.3
	<b>Total</b>	<b>167.6</b>	<b>189.4</b>	<b>+21.8</b>
Operating Income	Energy & Electric Systems	-9.7	-8.6	+1.1
	ED&C· Drive Systems	1.1	2.0	+0.8
	Electronic Devices	1.7	2.7	+1.0
	Retail Systems	5.4	1.3	-4.0
	Others	0.2	0.2	+0
	Eliminations/Corporate	0	-0.1	-0.1
	<b>Total</b>	<b>-1.1</b>	<b>-2.3</b>	<b>-1.2</b>

## =Factors Impacting on Net Sales=

### Energy & Electric Systems

- Significant increase in industrial plant systems and power plant systems
- Increase in environmental systems and plant facility construction
- Decrease in e-Solutions

### ED&C· Drive Systems

- Increase in both fields of electric distribution & control and drive component equipment

### Electronic Devices

- Significant increase in magnetic disks
- Increase in semiconductors and imaging devices

### Retail Systems

- Significant decrease in vending machines, food equipment and coin & currency systems
- Increase in cold-chain equipment

## =Factors Impacting on Operating Income=

### Energy & Electric Systems

- Increase in environmental systems, industrial plant systems and plant facility construction
- Decrease in e-Solutions and power plant systems

### ED&C· Drive Systems

- Increase in both fields of electric distribution & control and drive component equipment

### Electronic Devices

- Increase in magnetic disks
- Decrease in semiconductors
- Flat in imaging devices

### Retail Systems

- Significant decrease in vending machines, food equipment and coin & currency systems
- Increase in cold-chain equipment

# Consolidated Balance Sheets for 1Q FY2006

## Assets

	06/3/31	06/6/30	Change
Cash and time deposits	21.5	17.5	-3.9
Notes and accounts receivable, trade	240.5	205.6	-34.9
Inventories	137.4	149.5	+12.0
Other current assets	42.4	50.0	+7.5
<b>Total current assets</b>	<b>442.0</b>	<b>422.7</b>	<b>-19.3</b>
Tangible fixed assets	150.3	150.7	+0.4
Intangible fixed assets	8.3	8.2	-0.1
(Unrealized gain on investment securities)	(169.1)	(140.6)	(-28.5)
Investments and other assets	389.3	360.3	-28.9
<b>Total long-term assets</b>	<b>548.0</b>	<b>519.3</b>	<b>-28.6</b>
Deferred assets	0	0.1	+0.1
<b>Total assets</b>	<b>990.0</b>	<b>942.2</b>	<b>-47.8</b>

## Liabilities and Net Assets

	06/3/31	06/6/30	Change
Notes and accounts payable, trade	181.0	160.3	-20.7
Advances received	30.6	40.4	+9.7
Debt	275.0	290.2	+15.1
(Deferred tax liabilities*)	(69.1)	(57.5)	(-11.6)
Other liabilities	218.3	187.4	-30.9
<b>Total liabilities</b>	<b>705.1</b>	<b>678.4</b>	<b>-26.7</b>
Common stock	47.5	47.5	0
Capital surplus	46.7	46.7	0
Retained earnings	88.1	84.8	-3.3
Treasury stock at cost	-6.8	-6.9	-0
<b>Shareholder's equity</b>	<b>175.5</b>	<b>172.2</b>	<b>-3.3</b>
(Unrealized gain on other securities, net taxes)	(100.0)	(83.1)	(-16.8)
Valuation and transaction adjustments	99.4	82.1	-17.2
Minority interests in consolidated subsidiaries	9.8	9.3	-0.4
<b>Total net assets</b>	<b>284.8</b>	<b>263.8</b>	<b>-21.0</b>
<b>Total liabilities and net assets</b>	<b>990.0</b>	<b>942.2</b>	<b>-47.8</b>

\*Deferred tax liabilities associated with unrealized gain on investment securities

# Consolidated Cash Flow Statement for 1Q FY2006

( ¥ billion )

	1Q FY2005 Results	1Q FY2006 Results
Cash flows from operating activities (Change in advances from customers)	9.1 ( 19.1 )	-9.0 ( 9.7 )
Cash flows from investing activities	-2.9	-7.4
Free cash flows	6.1	-16.4
Cash flows from financing activities	-11.3	12.3
Effect of exchange rate changes on cash and cash equivalents	0.1	-0.0
Net decrease in cash and cash equivalents	-5.0	-4.0

Cash and cash equivalents at beginning of period	16.2	21.4
Increase in cash and cash equivalents resulting from changes of consolidated subsidiaries	0.4	0.1
Cash and cash equivalents at at end of period	11.6	17.4

# Consolidated Forecasts for 1H FY2006 (Comparison with initial plan)

(¥ billion)

	Frst Half of FY2005 Results	First Half of FY2006 Initial Plan	First Half of FY2006 forecast at This Time	Comparison with Initial Plan
<b>Net Sales</b>	<b>369.3</b>	<b>393.0</b>	<b>400.0</b>	<b>+7.0</b> (+1.8%)
OP Margin	0.9%	0.9%	1.1%	+0.2%
<b>Operating Income</b>	<b>3.3</b>	<b>3.5</b>	<b>4.5</b>	<b>+1.0</b>
<b>Ordinary Income</b>	<b>3.7</b>	<b>3.5</b>	<b>4.5</b>	<b>+1.0</b>
<b>Net Income</b>	<b>-0.7</b>	<b>0</b>	<b>1.0</b>	<b>+1.0</b>

(¥ billion)

		Frst Half of FY2005 Results	First Half of FY2006 Initial Plan	Frst Half of FY2006 Forecast at This Time	Comparison with Initial Plan
<b>Net Sales</b>	Energy & Electric Systems	129.3	140.0	147.0	+7.0
	ED&C・Drive System	83.8	89.0	92.0	+3.0
	Electronic Devices	75.9	91.0	94.0	+3.0
	Retail Systems	87.6	80.0	75.0	-5.0
	Others	24.9	25.5	25.5	0
	Eliminations	-32.4	-32.5	-33.5	-1.0
	<b>Total</b>	<b>369.3</b>	<b>393.0</b>	<b>400.0</b>	<b>+7.0</b>
<b>Operating Income</b>	Energy & Electric Systems	-12.6	-9.0	-8.5	+0.5
	ED&C・Drive System	3.2	3.5	4.0	+0.5
	Electronic Devices	6.6	7.5	8.5	+1.0
	Retail Systems	5.3	1.5	1.0	-0.5
	Others	0.9	0.5	0.5	0
	Eliminations	-0.2	-0.5	-1.0	-0.5
	<b>Total</b>	<b>3.3</b>	<b>3.5</b>	<b>4.5</b>	<b>+1.0</b>

\*Base exchange rate for first half of year (forecast at this time): ¥114.25 / US\$1 (Initial plan) : ¥115 / US\$1

Exchange rate effect of one yen for 2Q based on operating Income/loss: ¥0.18 billion / US\$

***Forecasts, plans, strategies and opinions of Fuji Electric Holdings Co., Ltd., contained in this material and presented in the meeting are forward-looking statements drafted on the assumptions subject to significant risks and uncertainties. Actual results may differ materially due to various uncertain factors in future.***

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