

**Consolidated Financial Results for first quarter of the fiscal year  
ending March 31, 2008**

**Summary of Consolidated Financial Results**

**1. Summary of consolidated statements of income**

	Millions of yen		Change(%)	Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	(A) / (B)	1Q FY2007
Net sales	182,998	189,492	96.6%	1,488
Operating income	-3,002	-2,352	-	-24
Ordinary income	-1,860	-1,561	-	-15
Net income	-469	-422	-	-4
	Yen			U.S. dollars
Net income per share	-0.66	-0.59		-0.01

**2. Summary of consolidated financial position**

	Millions of yen		Millions of U.S. dollars
	6/30/2007	3/31/2007	6/30/2007
Total assets	1,065,011	1,024,832	8,659
Net assets	300,974	284,553	2,447
Net assets ratio (%)	27.4%	26.8%	-
	Yen		U.S. dollars
Net Assets per share	408.12	384.53	3.32

**3. Summary of consolidated statements of cash flows**

	Millions of yen		Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	1Q FY2007
Net cash used in operating activities	-8,883	-9,045	-72
Net cash used in investing activities	-9,108	-7,418	-74
Net cash provided by financing activities	22,704	12,374	185
Cash and cash equivalents at end of period	24,251	17,482	197

Note: 1) U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥123=U.S.\$1  
2) The company has 67 consolidated subsidiaries and 2 equity-method affiliates.

#### 4. Forecast of consolidated earnings for the fiscal year ending March 31, 2008

(April 1, 2007 - March 31, 2008)

	Millions of yen	
	1H FY2007	FY2007
Net sales	413,000	960,000
Operating income	3,000	47,500
Ordinary income	3,000	46,000
Net income	500	24,500

  

	Yen	
	1H FY2007	FY2007
Net income per share	0.70	34.27

#### < Cautionary Statements With Respect to Forward-Looking Statements >

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

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

## Consolidated Balance Sheets

	Millions of yen		Change	Millions of U.S. dollars
	6/30/2007(A)	3/31/2007(B)	(A) - (B)	6/30/2007
<b>Assets</b>				
<b>Current assets:</b>				
Cash and time deposits	24,363	19,247	5,116	198
Trade receivables	216,095	259,107	-43,012	1,757
Inventories	181,615	149,716	31,899	1,477
Other current assets	63,797	55,330	8,467	519
<b>Total current assets</b>	<b>485,872</b>	<b>483,401</b>	<b>2,471</b>	<b>3,950</b>
<b>Long-term assets:</b>				
Tangible fixed assets	178,174	169,557	8,617	1,449
Intangible fixed assets	8,779	8,736	43	71
Investments and other assets	391,872	362,905	28,967	3,186
<b>Total long-term assets</b>	<b>578,826</b>	<b>541,198</b>	<b>37,628</b>	<b>4,706</b>
<b>Deferred assets</b>	<b>312</b>	<b>231</b>	<b>81</b>	<b>3</b>
<b>Total assets</b>	<b>1,065,011</b>	<b>1,024,832</b>	<b>40,179</b>	<b>8,659</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Trade payables	178,974	197,361	-18,387	1,455
Short-term debt	87,992	84,528	3,464	715
Other current liabilities	240,960	226,365	14,595	1,959
<b>Total current liabilities</b>	<b>507,927</b>	<b>508,255</b>	<b>-328</b>	<b>4,129</b>
<b>Long-term liabilities:</b>				
Bonds	120,000	110,000	10,000	976
Long-term debt	38,972	37,380	1,592	317
Other long-term liabilities	97,137	84,643	12,494	790
<b>Total long-term liabilities</b>	<b>256,110</b>	<b>232,023</b>	<b>24,087</b>	<b>2,082</b>
<b>Total liabilities</b>	<b>764,037</b>	<b>740,278</b>	<b>23,759</b>	<b>6,212</b>
<b>Net Assets</b>				
<b>Shareholders' equity:</b>				
Common stock	47,586	47,586	-	387
Capital surplus	46,717	46,717	0	380
Retained earnings	101,988	104,959	-2,971	829
Treasury stock at cost	-7,009	-6,985	-24	-57
<b>Total shareholders' equity</b>	<b>189,282</b>	<b>192,277</b>	<b>-2,995</b>	<b>1,539</b>
<b>Valuation and translation adjustments:</b>				
Unrealized gain on other securities, net taxes	101,984	82,563	19,421	829
Deferred gain on hedges instruments	-233	30	-263	-2
Foreign currency translation adjustments	707	21	686	6
<b>Total valuation and translation adjustments</b>	<b>102,459</b>	<b>82,614</b>	<b>19,845</b>	<b>833</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>9,231</b>	<b>9,661</b>	<b>-430</b>	<b>75</b>
<b>Total net assets</b>	<b>300,974</b>	<b>284,553</b>	<b>16,421</b>	<b>2,447</b>
<b>Total liabilities and net assets</b>	<b>1,065,011</b>	<b>1,024,832</b>	<b>40,179</b>	<b>8,659</b>
<b>Interest-bearing debt</b>	<b>326,964</b>	<b>299,908</b>	<b>27,056</b>	<b>2,658</b>

## Consolidated Statements of Operations

	Millions of yen		Change	Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	(A) - (B)	1Q FY2007 (A)
<b>Net sales</b>	182,998	189,492	-6,494	1,488
<b>Cost of sales</b>	147,020	153,605	-6,585	1,195
<b>Gross profit</b>	35,977	35,886	91	292
<b>Selling, general and administrative expenses</b>	38,979	38,239	740	317
<b>Operating income (loss)</b>	-3,002	-2,352	-650	-24
<b>Non-operating income</b>	2,649	2,217	432	22
Interest and dividend income	1,720	1,715	5	14
Other, net	928	501	427	8
<b>Non-operating expenses</b>	1,507	1,426	81	12
Interest expense	1,131	758	373	9
Other, net	376	667	-291	3
<b>Ordinary income (loss)</b>	-1,860	-1,561	-299	-15
<b>Extraordinary income</b>	427	507	-80	3
<b>Extraordinary loss</b>	848	735	113	7
<b>Income (loss) before income taxes and minority interests</b>	-2,281	-1,789	-492	-19
<b>Income taxes</b>	-1,605	-1,045	-560	-13
<b>Minority interests in net income of consolidated subsidiaries</b>	-206	-321	115	-2
<b>Net income (loss)</b>	-469	-422	-47	-4

## Consolidated Statements of Cash Flows

	Millions of yen	Millions of yen	Change	Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	(A) - (B)	1Q FY2007 (A)
<b>Cash flows from operating activities:</b>				
Income (loss) before income taxes and minority interests	-2,281	-1,789	-492	-19
Depreciation and amortization	4,674	3,988	686	38
Interest and dividend income	-1,720	-1,715	-5	-14
Interest expense	1,131	758	373	9
Change in operating assets and liabilities:				
Trade receivables	42,318	34,859	7,459	344
Inventories	-29,930	-11,989	-17,941	-243
Trade payables	-18,575	-20,444	1,869	-151
Advances from customers	11,860	9,720	2,140	96
Other, net	-10,315	-16,677	6,362	-84
Cash generated from operations	-2,839	-3,290	451	-23
Interest and dividends received	1,627	1,684	-57	13
Interest paid	-1,162	-940	-222	-9
Income taxes paid	-6,508	-6,499	-9	-53
Net cash used in operating activities	-8,883	-9,045	162	-72
<b>Cash flows from investing activities:</b>				
Payments for purchase of fixed assets and investment securities	-11,676	-7,710	-3,966	-95
Proceeds from sales of fixed assets and investment securities	3,480	321	3,159	28
Other, net	-912	-28	-884	-7
Net cash used in investing activities	-9,108	-7,418	-1,690	-74
Free cash flows ( + )	-17,991	-16,463	-1,528	-146
<b>Cash flows from financing activities:</b>				
Increase (decrease) in short-term borrowings, net	4,519	22,608	-18,089	37
Increase (decrease) in commercial paper, net	14,000	-36,700	50,700	114
Proceeds from long-term debt and bonds	23,700	50,180	-26,480	193
Repayment of long-term debt and redemption of bonds	-16,468	-20,791	4,323	-134
Other, net	-3,047	-2,923	-124	-25
Net cash provided by financing activities	22,704	12,374	10,330	185
Effect of exchange rate changes on cash and cash equivalents	376	-4	380	3
Net decrease in cash and cash equivalents ( + + + )	5,089	-4,092	9,181	41
Cash and cash equivalents at beginning of period	19,135	21,413	-2,278	156
Increase in cash and cash equivalents resulting from changes of consolidated subsidiaries	26	161	-135	0
Cash and cash equivalents at end of period	24,251	17,482	6,769	197

## Consolidated Segment Information

### 1. Net sales by business segment

	Millions of yen		Change(%)	Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	(A) / (B)	1Q FY2007
Energy & Electric Systems	54,959	66,633	82.5%	447
ED&C·Drive Systems	45,144	45,098	100.1%	367
Electronic Devices	45,754	45,896	99.7%	372
Retail Systems	41,121	35,903	114.5%	334
Others	13,443	10,338	130.0%	109
Subtotal	200,422	203,869	98.3%	1,629
Elimination	-17,424	-14,376	-	-142
<b>Total</b>	<b>182,998</b>	<b>189,492</b>	<b>96.6%</b>	<b>1,488</b>

### 2. Operating income by business segment

	Millions of yen		Change(%)	Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	(A) / (B)	1Q FY2007
Energy & Electric Systems	-8,164	-8,610	-	-66
ED&C·Drive Systems	1,515	2,019	75.0%	12
Electronic Devices	2,311	2,769	83.5%	19
Retail Systems	1,272	1,377	92.4%	10
Others	251	231	108.7%	2
Subtotal	-2,813	-2,211	-	-23
Elimination/Corporate	-188	-140	-	-2
<b>Total</b>	<b>-3,002</b>	<b>-2,352</b>	<b>-</b>	<b>-24</b>

## Consolidated Geographic Segment information

### 1. Net sales

	Millions of yen		Change(%)	Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	(A)/(B)	1Q FY2007
Japan	179,116	185,555	96.5%	1,456
North America	2,079	1,962	106.0%	17
Europe	4,164	3,308	125.9%	34
Asia (except for China)	9,866	10,187	96.8%	80
China	12,432	10,510	118.3%	101
Subtotal	207,660	211,524	98.2%	1,688
Elimination/Corporate	-24,661	-22,031	-	-200
<b>Total</b>	<b>182,998</b>	<b>189,492</b>	<b>96.6%</b>	<b>1,488</b>

### 2. Operating income

	Millions of yen		Change(%)	Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	(A)/(B)	1Q FY2007
Japan	-4,297	-4,153	-	-35
North America	85	138	61.6%	1
Europe	112	123	91.1%	1
Asia (except for China)	435	823	52.9%	4
China	851	436	195.2%	7
Subtotal	-2,812	-2,631	-	-23
Elimination/Corporate	-189	278	-	-2
<b>Total</b>	<b>-3,002</b>	<b>-2,352</b>	<b>-</b>	<b>-24</b>

### 3. Net overseas sales

	Millions of yen		Change(%)	Millions of U.S. dollars
	1Q FY2007 (A)	1Q FY2006 (B)	(A)/(B)	1Q FY2007
North America	3,160	3,313	95.4%	26
Europe	4,135	3,248	127.3%	34
Asia (except for China)	25,259	28,757	87.8%	205
China	11,038	7,164	154.1%	90
Other	973	1,230	79.1%	8
<b>Total</b>	<b>44,567</b>	<b>43,713</b>	<b>102.0%</b>	<b>362</b>

< Ratio to net sales >

North America	1.7%	1.8%
Europe	2.3%	1.7%
Asia (except for China)	13.8%	15.2%
China	6.0%	3.8%
Other	0.5%	0.7%
<b>Total</b>	<b>24.4%</b>	<b>23.1%</b>

## Supplemental Consolidated Financial Materials

### 1. Financial summary

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2006		1H FY2006	
		change(%)		change(%)		change(%)		change(%)
Net sales	182.9	96.6%	413.0	103.0%	189.4	113.0%	400.9	108.6%
Operating income	-3.0	-	3.0	44.3%	-2.3	-	6.7	203.3%
Ordinary income	-1.8	-	3.0	39.2%	-1.5	-	7.6	205.5%
Net income	-0.4	-	0.5	13.7%	-0.4	-	3.6	-

### 2. Number of consolidated subsidiaries

	1Q FY2007	1H FY2007	1Q FY2006	1H FY2006
Number of consolidated subsidiaries	67	67	67	67
Japan	48	48	45	45
Overseas	19	19	22	22
Number of equity-method affiliates	2	2	2	2

### 3. Net income per share

	Yen			
	1Q FY2007	1H FY2007	1Q FY2006	1H FY2006
Net income per share	-0.66	0.70	-0.59	5.12

### 4. Sales exchange rate (US\$)

	Yen			
	1Q FY2007	1H FY2007	1Q FY2006	1H FY2006
Sales exchange rate	120.79	120.00	114.50	115.38

### 5. Net sales by business segment

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2006		1H FY2006	
		change(%)		change(%)		change(%)		change(%)
Energy & Electric Systems	54.9	82.5%	150.0	100.6%	66.6	142.2%	149.0	115.2%
ED&C·Drive Systems	45.1	100.1%	97.0	102.5%	45.0	115.6%	94.6	113.0%
Electronic Devices	45.7	99.7%	95.0	103.4%	45.8	125.8%	91.8	120.9%
Retail Systems	41.1	114.5%	79.0	106.2%	35.9	74.6%	74.3	84.8%
Others	13.4	130.0%	30.0	118.8%	10.3	101.7%	25.2	101.1%
Subtotal	200.4	98.3%	451.0	103.6%	203.8	112.9%	435.2	108.3%
Elimination	-17.4	-	-38.0	-	-14.3	-	-34.2	-
<b>Total</b>	<b>182.9</b>	<b>96.6%</b>	<b>413.0</b>	<b>103.0%</b>	<b>189.4</b>	<b>113.0%</b>	<b>400.9</b>	<b>108.6%</b>

Note : Net sales include inter-segment transactions.

### 6. Operating income by business segment

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2006		1H FY2006	
		change(%)		change(%)		change(%)		change(%)
Energy & Electric Systems	-8.1	-	-7.5	-	-8.6	-	-8.6	-
ED&C·Drive Systems	1.5	75.0%	5.0	104.0%	2.0	172.4%	4.8	147.7%
Electronic Devices	2.3	83.5%	5.0	53.3%	2.7	162.3%	9.3	142.2%
Retail Systems	1.2	92.4%	1.0	116.4%	1.3	25.2%	0.8	16.0%
Others	0.2	108.7%	0.5	52.5%	0.2	107.9%	0.9	99.9%
Subtotal	-2.8	-	4.0	54.5%	-2.2	-	7.3	206.1%
Elimination/Corporate	-0.1	-	-1.0	-	-0.1	-	-0.5	-
<b>Total</b>	<b>-3.0</b>	<b>-</b>	<b>3.0</b>	<b>44.3%</b>	<b>-2.3</b>	<b>-</b>	<b>6.7</b>	<b>203.3%</b>

## 7. R&D expenditures

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2006		1H FY2006	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	1.7	118.6%	4.5	106.7%	1.5	85.1%	4.2	100.4%
ED&C·Drive Systems	0.9	102.0%	2.1	111.6%	0.9	100.8%	1.9	108.0%
Electronic Devices	3.2	72.6%	6.8	99.8%	4.4	142.9%	6.8	121.4%
Retail Systems	0.9	98.2%	2.0	108.2%	0.9	116.0%	1.8	106.9%
Others	0.0	-	0.0	-	0.0	-	0.0	-
Corporate (basic research)	0.0	-	0.0	-	0.0	-	0.0	-
<b>Total</b>	<b>6.9</b>	<b>88.2%</b>	<b>15.6</b>	<b>104.4%</b>	<b>7.9</b>	<b>114.5%</b>	<b>14.9</b>	<b>107.7%</b>
Ratio to net sales (%)	3.8%	-	3.8%	-	4.2%	-	3.7%	-

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

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2006		1H FY2006	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	0.5	74.7%	2.4	97.6%	0.7	158.0%	2.4	142.0%
ED&C·Drive Systems	0.4	77.8%	2.4	93.5%	0.5	119.2%	2.6	137.9%
Electronic Devices	17.3	338.0%	34.6	337.2%	5.1	138.0%	10.2	88.6%
Retail Systems	0.5	66.5%	2.0	92.5%	0.8	213.0%	2.1	169.8%
Others	0.4	121.2%	1.0	137.3%	0.3	142.7%	0.7	131.3%
Corporate	0.1	-	0.2	-	0.0	-	0.0	-
<b>Total</b>	<b>19.3</b>	<b>257.4%</b>	<b>42.8</b>	<b>233.2%</b>	<b>7.5</b>	<b>142.8%</b>	<b>18.3</b>	<b>106.0%</b>
(Leases)	(8.2)	195.8%	25.2	236.3%	(4.2)	145.3%	10.6	108.2%

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

## 9. Depreciation, Leases paid

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2006		1H FY2006	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	1.4	115.4%	3.1	120.0%	1.2	119.8%	2.6	102.1%
ED&C·Drive Systems	1.2	117.8%	2.5	118.6%	1.0	101.5%	2.1	100.5%
Electronic Devices	7.2	131.1%	15.3	138.0%	5.5	129.7%	11.0	140.8%
Retail Systems	1.1	126.3%	2.2	127.7%	0.8	101.4%	1.8	101.6%
Others	0.4	81.6%	0.8	80.4%	0.5	105.8%	1.0	106.7%
Corporate	0.0	-	0.0	-	0.0	-	0.0	-
<b>Total</b>	<b>11.5</b>	<b>123.9%</b>	<b>24.2</b>	<b>128.6%</b>	<b>9.3</b>	<b>119.3%</b>	<b>18.8</b>	<b>121.5%</b>
(Leases paid)	(7.4)	126.0%	(15.5)	129.0%	(5.9)	131.7%	12.0	126.2%

Note: Leases paid for plant and equipment investment

## 10. Number of employees

	6/30/2007	9/30/2007 [Forecast]	6/30/2006	9/30/2006
Energy & Electric Systems	10,021	9,995	10,240	10,111
ED&C·Drive Systems	5,293	5,362	5,213	5,181
Electronic Devices	5,668	5,844	5,430	5,555
Retail Systems	2,989	2,959	3,036	3,004
Others	1,829	1,821	1,823	1,844
Corporate	147	143	138	142
<b>Total</b>	<b>25,947</b>	<b>26,124</b>	<b>25,880</b>	<b>25,837</b>
Japan	21,994	21,942	22,073	21,898
Overseas	3,953	4,182	3,807	3,939

## Qualitative Information

### 1. Qualitative Information Regarding Consolidated Results

In the first quarter of fiscal 2007, the three-month period from April 1 to June 30, 2007, the business environment for the Fuji Electric Holdings Group was positive overall. Despite surging prices for raw materials and a slowdown in demand for production in IT-related fields, the business climate was boosted by strong growth in China and other Asian economies, and higher private-sector capital investment in Japan.

Under such conditions, the Fuji Electric Holdings Group concentrated business resources in priority areas in line with its medium-term management plan, and worked to strengthen competitiveness through Group-wide operational reforms and other measures. As a result, consolidated results for the first quarter of fiscal 2007 were as follows.

Net sales rose year on year in the ED&C • Drive Systems Group, which posted growth in the control & drive field both in Japan and overseas, and in the Retail Systems Group, which despite a decline in the beverage vending machine business captured demand for age-identification equipment for existing tobacco vending machines, and increased sales of e-money transaction settlement terminals. Sales in the Energy & Electric Systems Group were down year on year due to the absence of large-scale power generation plant projects recorded in the previous fiscal year. At the same time, however, small and mid-size projects increased amid the favorable business environment. Sales in the Electronic Devices Group, despite growth in the semiconductor field following rising demand for IGBT modules for industrial use, fell year on year due to a decline in sales to major customers in the disk media field.

In terms of profitability, despite cost reduction benefits and improvement in the gross profit margin resulting from Group-wide business process reengineering, the operating loss, ordinary loss and net loss all widened compared to a year earlier, mainly due to surging raw material prices, changes in the depreciation system following revisions to the tax code, the impact from sales declines, and falling market prices.

By business segment, earnings in the Energy & Electric Systems Group improved, but declined in the ED&C • Drive Systems, Electronic Devices, and Retail Systems groups.

	FY2006	FY2007	YoY Change
Net Sales	189.4	183.0	96.6%
Operating loss	-2.3	-3.0	-
Ordinary loss	-1.5	-1.8	-
Net loss	-0.4	-0.4	-

## Results by Segment

### Energy & Electric Systems **Net Sales: Down 17.5% YoY    Operating Loss: Improved ¥0.4bn**

In the Energy & Electric Systems segment the Fuji Electric Holdings Group continued to pursue such structural reforms as concentrating business resources in fields with private-sector demand. Net sales in this segment were down 17.5% year on year to ¥54,959 million, due mainly to the absence of large-scale projects for thermal electric power generation facilities in the electric power plant field recorded in the same period a year earlier. Although the segment posted an operating loss of ¥8,164 million, this was an improvement of ¥446 million from the previous fiscal year, arising from an improved gross profit ratio in small and mid-size private-sector projects amid a favorable economic environment, along with cuts in management expenses and other cost reductions.

Sales and earnings in this segment are centered on the power plant business, which books the majority of its results in the fourth quarter of the fiscal year.

In the control systems field, sales rose year on year due to positive results from information systems. Operating income, however, deteriorated due to the impact of increased investment to expand the solar power cell business.

In the environmental systems field, sales were down as a result of fewer projects compared to the previous fiscal year, but operating income improved following streamlining of management expenses.

In the industrial plant engineering field, both sales and operating income were on par with the previous fiscal year. Orders were strong, mainly to target industries such as steel and chemicals.

In the electric power systems field, sales were down significantly because of a decline in large-scale projects for thermal power generation facilities, but operating income improved as a result of an upturn in profitability. Orders for geothermal power generation plants and other facilities were up due to robust demand for electric power, particularly in Asia.

In the plant facility construction division, sales were down from the previous fiscal year, and operating income deteriorated slightly.

### ED&C • Drive Systems **Net Sales: Up 0.1% YoY    Operating Income: Down 25.0%**

Net sales in the ED&C • Drive Systems segment rose 0.1% year on year to ¥45,144 million, though operating income declined 25.0% to ¥1,515 million.

In Japan, sales to machine tool manufacturers and other booming sectors rose, as the business environment for this segment was positive amid continued increases in private-sector capital investment. In overseas markets, sales increased for global products, mainly in China, which

continues to grow strongly. The Group also established a new sales office in India. Sales in the ED&C components field declined year on year due to a slowdown in Japan in the switchboard field, while in the control & drive systems field sales increased to major customers in the crane, semiconductor and other booming sectors, covering the drop-off in sales in the ED&C components field. Orders in the control & drive field were favorable in Japan, as well as in China and Europe.

Operating income declined from a year earlier mainly due to the impact of rising raw material prices, an increase in retirement benefit expenses, and higher depreciation expenses following revision to the tax code.

### **Electronic Devices**

<b>Net Sales: Down 0.3% YoY    Operating Income: Down 16.5%</b>
---

In the Electronic Devices segment, although both sales and earnings in the semiconductor and imaging device fields rose significantly, this was insufficient to cover the impact from the drop-off in sales to major customers in the disk media field. Net sales for the segment overall declined 0.3% to ¥45,754 million, while operating income fell 16.5% to ¥2,311 million.

In the semiconductor field, despite a decline in sales of driver ICs and other components for plasma televisions due to a market slowdown, the Group made proactive investments to increase production capacity for IGBT modules for industrial use, demand for which remains strong, leading to an increase in sales.

In the disk media field, the Group pushed ahead with development of perpendicular magnetic recording technology. In new products, the Group began volume production in April of a new 160GB disk, the world's largest capacity on a 2.5-inch glass substrate, and in June, started volume production of a 334GB disk on a 3.5-inch aluminum substrate.

In the imaging device field, the Group increased sales of organic photoconductive drums (OPCs) for color printers, and worked to further increase productivity and streamline operations at Fuji Electric (Shenzhen) Co., Ltd.

### **Retail Systems**

<b>Net Sales: Up 14.5% YoY    Operating Income: Down 7.6%</b>
---

Net sales in the Retail Systems segment rose 14.5% from the same period of the previous fiscal year to ¥41,121 million, while operating income declined 7.6% to ¥1,272 million.

In the vending machine, food service equipment and currency handling system field, although mainstay can vending machines were negatively impacted by lower investment by major customers, sales rose significantly from the previous fiscal year due to bulk purchases of e-money transaction settlement devices for convenience store chains, and demand for age-identification equipment for

existing tobacco vending machines. Operating profit, however, was down year on year due to production adjustments for vending machines.

In cold-chain equipment, amid a slight year-on-year increase in demand in the industry, the Group achieved a significant rise in sales and improvement in operating income through aggressive efforts to capture store refurbishment-related demand, along with orders for facilities in new locations, such as expressway parking areas being built or renovated.

## Others

**Net Sales: Up 30.0% YoY    Operating Income: Up 8.7%**

Net sales in the Others segment rose 30.0% from a year earlier to ¥13,443 million, with operating income up 8.7% to ¥251 million, due mainly to the inclusion of a new printed circuit board manufacturing and sales company in the scope of consolidation.

## 2. Qualitative Information Regarding the Consolidated Financial Position

### 1Q Financial Position

(¥ billions)

	June 30, 2006	Breakdown (%)	June 30, 2007	Breakdown (%)	Change
Total assets	942.2	100.0	1,065.0	100.0	+122.7
Interest-bearing debt	290.2	30.8	326.9	30.7	+36.7
Shareholders' equity	254.4	27.0	291.7	27.4	+37.2

D/E ratio (times)	1.1	1.1	0.0
-------------------	-----	-----	-----

\*1 Shareholders' equity = Total net assets – Minority interests

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

Total assets as of June 30, 2007 stood at ¥1,065.0 billion, ¥122.7 billion more than a year earlier. Current assets rose ¥63.1 billion, mainly due to increases in trade receivables and inventories, while total long-term assets increased ¥59.4 billion, mainly due to the acquisition of property, plant and equipment stemming from proactive capital investment concentrated in the Electronic Devices Group, along with a rise in the market value of other marketable securities.

The balance of interest-bearing debt increased due to issues of commercial paper and other factors, amounting to ¥326.9 billion at the end of the subject first quarter, up ¥36.7 billion from the end of the same period of the previous fiscal year.

Net assets at the end of the first quarter amounted to ¥300.9 billion, up ¥37.1 billion from the end of the same period of the previous fiscal year, due mainly to an increase in retained earnings and

a rise in the valuation difference on available-for-sale securities. Shareholders' equity (total net assets less minority interests) increased ¥37.2 billion year on year, while the debt-equity ratio was 1.1 times, the same as a year earlier.

	(¥ billions)	
	1QFY2006	1QFY2007
Cash flows from operating activities	-9.0	-8.8
Cash flows from investing activities	-7.4	-9.1
<b>Free cash flow</b>	<b>-16.4</b>	<b>-17.9</b>
Cash flows from financing activities	12.3	22.7
Cash and cash equivalents at period end	17.4	24.2

Free cash flow in the period under review was negative ¥17.9 billion, compared to negative ¥16.4 billion a year earlier.

This was due to ¥8.8 billion in net cash used in operating activities, compared to net cash used of ¥9.0 billion in the same period of the previous fiscal year, stemming mainly from income taxes paid and an increase in inventories, along with ¥9.1 billion in net cash used in investing activities, compared to net cash used of ¥7.4 billion in the same period of the previous fiscal year, arising mainly from proactive capital investment concentrated in the Electronic Devices Group.

The shortfall in free cash flow was covered by commercial paper and other financing, resulting in cash and cash equivalents at the end of the first quarter of ¥24.2 billion, compared to ¥17.4 billion at the end of the same period of the previous fiscal year.

### 3. Qualitative Information Regarding Consolidated Results Forecasts

In light of recent business performance and other factors, the Company has revised its consolidated forecasts for the fiscal 2007 interim period announced together with earnings for fiscal 2006 on April 26, 2007.

The main reason for the revision is an expected decline in sales, and an accompanying drop in profitability in the Electronics Devices Group, due mainly to the accelerated shift to equipment to accommodate perpendicular recording technology, which is part of a rapid response to changes in the market for disk media. For more information refer to "Announcement of Revised Financial Results Forecast" released on July 27, 2007.

The U.S. dollar / yen exchange rate assumption for the interim period is ¥120 = US\$1 dollar.

#### **Consolidated Forecasts for Interim Fiscal 2007** (¥ billions)

	Initial forecast	Revised forecast	Change
Net sales	420.0	413.0	-7.0
Operating income	5.5	3.0	-2.5
Ordinary income	5.0	3.0	-2.0
Net income	2.0	0.5	-1.5

### 4. Other Items

**1. Changes in significant subsidiaries during the period under review (movement of particular subsidiaries following changes in the scope of consolidation)**

None

**2. Adoption of simplified accounting methods**

Certain simplified methods have been adopted for the recording of depreciation of property, plant and equipment, along with corporate taxes.

**3. Changes in accounting methods from the most recent consolidated fiscal year**

None