

# **Consolidated Financial Results**

## **FY2008 Q2**

**October 31, 2008**

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

(¥billion)

	1H FY2008 Forecasts as of 7/29	1H FY2008 Results	Change
<b>Net Sales</b>	<b>384.0</b>	<b>372.9</b>	<b>-11.1</b>
<b>Operating Income</b>	<b>-7.5</b>	<b>-6.7</b>	<b>+0.8</b>
<b>Ordinary Income</b>	<b>-8.0</b>	<b>-7.4</b>	<b>+0.6</b>
<b>Interim Income</b>	<b>-11.5</b>	<b>-10.7</b>	<b>+0.8</b>
<b>Sales Exchange Rate US\$</b>	<b>¥102.28</b>	<b>¥106.11</b>	

Energy & Electric Systems -9.4  
Electronic Devices -1.3  
Retail Systems -0.9

Exchange Rate Effect +1.3  
Difference in Gross Profit Ratio +0.5  
Decrease in R&D Cost +0.6  
Decrease in Depreciation and Lease Expense +0.4  
Reduction in Sales Volume -2.4  
Reduction in Costs -0.7  
Others +1.1

		1H FY2008 Forecasts as of 7/29	1H FY2008 Results	Change
Net Sales	Energy & Electric Systems	223.0	213.6	-9.4
	Electronic Devices	90.0	88.7	-1.3
	Retail Systems	73.0	72.1	-0.9
	Others	22.0	23.1	+1.1
	Eliminations	-24.0	-24.7	-0.7
	<b>Total</b>	<b>384.0</b>	<b>372.9</b>	<b>-11.1</b>

Operating Income	Energy & Electric Systems	-2.0	-1.2	+0.8
	Electronic Devices	-6.0	-6.5	-0.5
	Retail Systems	1.0	0.5	-0.5
	Others	0.5	1.2	+0.7
	Eliminations/ Corporate	-1.0	-0.6	+0.4
	<b>Total</b>	<b>-7.5</b>	<b>-6.7</b>	<b>+0.8</b>

### **Energy & Electric Systems**

- Sales are lower than projected due to a reduction in component sales and extended due dates for some plant projects.
- Operating loss improved due to an improvement in profitability and a reduction in costs.

### **Electronic Devices**

- Semiconductors: Sales are lower than projected and operating loss is on a par with previous forecast.
- Magnetic Disks: Sales are lower than projected and operating loss deteriorated due to declines in sales and productivity.
- Imaging Devices: Both sales and operating income are on track with previous forecast.

### **Retail Systems**

- Both sales and operating income are lower than projected due to a reduction in vending machine sales.

# Summary of Consolidated Financial Results for 1H FY2008 (YoY Comparison)

(¥ billion)

	1H FY2007	1H FY2008	Changes
Net Sales	399.6	372.9	-26.7
Operating Income	0.5	-6.7	-7.2
Ordinary Income	1.4	-7.4	-8.8
Extraordinary Income	-1.7	-6.1	-4.4
Interim Income	-0.9	-10.7	-9.8

Sales Exchange Rate US\$	¥119.33	¥106.11
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Exchange Rate Effect -3.8  
Effect of Decrease in Consolidated Subsidiaries -19.5

Reduction in Costs +5.9  
Increase in Sales Volume +1.1  
Effect of Decrease in Consolidated Subsidiaries +4.2  
Price Decline -6.4  
Exchange Rate Effect -3.8  
Increase in Depreciation and Lease Expense -3.3  
Increase in Costs -2.1  
Revision to Valuation Standards for Inventories -1.5  
Expenses and Others -1.3

+11.2

-18.4

Net Interest Expense +0.3  
Exchange Rate Effect +0.4  
Loss on Investment in Equity-method Affiliates -1.0  
Others -1.3

Devaluation Loss on Inventories 1.6  
Special Termination Benefits 1.5  
Loss on Disposal of Fixed Assets 1.3

		1H FY2007 Results	1H FY2008 Results	Change
Net Sales	Energy & Electric Systems	236.0	213.6	-22.4
	Electronic Devices	86.7	88.7	+2.0
	Retail Systems	80.2	72.1	-8.1
	Others	23.2	23.1	-0.1
	Eliminations	-26.6	-24.7	+1.9
	<b>Total</b>	<b>399.6</b>	<b>372.9</b>	<b>-26.7</b>
Operating Income	Energy & Electric Systems	-3.1	-1.2	+1.9
	Electronic Devices	2.5	-6.5	-9.0
	Retail Systems	0.8	0.5	-0.3
	Others	1.0	1.2	+0.2
	Eliminations/ Corporate	-0.8	-0.6	+0.2
	<b>Total</b>	<b>0.5</b>	<b>-6.7</b>	<b>-7.2</b>

### Energy & Electric Systems

- Sales are down due to sluggish orders of component products and an effect of exclusion from the scope of consolidation of subsidiaries. Plant products performed steadily.
- Operating loss improved due to an effect of exclusion from the scope of consolidation of subsidiaries.

### Electronic Devices

- Semiconductors: Sales are down due to declines in sales of driver ICs for PDP and IGBT modules for industrial application. Operating loss deteriorated due to a reduction in production volume, a price decline and an exchange rate effect.
- Magnetic Disks: Sales increased due to large orders from customers who were acquired in 4Q of fiscal 2007, in spite of a reduction in shipment along with customers' replacement of existing products with new models. Operating loss deteriorated considerably due to our failure of ensuring sufficient production and shipment volumes to offset an increase in depreciation and amortization costs, a deterioration in productivity and an exchange rate effect.
- Imaging Devices: Both sales and operating income are down due to a price decline and an exchange rate effect, in spite of an increase in sales volume.

### Retail Systems

- Sales are down due to the ending of demand for renovation of tobacco vending machines to incorporate age-identification equipment.
- Operating income deteriorated due to rising costs for raw materials, in spite of some positive effects achieved by the structural reform carried out last year.

# Consolidated Balance Sheet

## Assets

## Liabilities and Net Assets

(¥ billion)

	08/03/31	08/09/30	Changes
Cash and time deposit	22.2	14.4	-7.8
Notes and account receivables, trade receivables	286.5	207.7	-78.8
Inventories	166.7	197.9	+31.2
Other current assets	55.7	56.5	+0.8
<b>Total current assets</b>	<b>531.2</b>	<b>476.7</b>	<b>-54.5</b>
Tangible fixed assets	183.2	189.0	+5.8
Intangible fixed assets	10.8	8.4	-2.4
Investments and other assets	310.1	281.9	-28.2
<b>Total long-term assets</b>	<b>504.2</b>	<b>479.4</b>	<b>-24.8</b>
Deferred assets	0.4	0.4	0.0
<b>Total assets</b>	<b>1,035.9</b>	<b>956.6</b>	<b>-79.3</b>

	08/03/31	08/09/30	Changes
Notes and account payables, trade payables	186.6	147.0	-39.6
Debts	356.2	353.3	-2.9
Other liabilities	229.7	226.2	-3.5
<b>Total liabilities</b>	<b>772.6</b>	<b>726.6</b>	<b>-46.0</b>
Common stock	47.5	47.5	0
Capital surplus	46.7	46.7	0
Retained earnings	116.4	100.2	-16.2
Treasury stock at cost	-7.0	-7.0	0
<b>Shareholders' equity</b>	<b>203.7</b>	<b>187.4</b>	<b>-16.3</b>
Valuation and transaction adjustments	50.7	36.1	-14.6
Minority interests in consolidated subsidiaries	8.8	6.3	-2.5
<b>Total net assets</b>	<b>263.2</b>	<b>230.0</b>	<b>-33.2</b>
<b>Total liabilities and net assets</b>	<b>1,035.9</b>	<b>956.6</b>	<b>-79.3</b>

Shareholders' equity	254.4	223.6	-30.8
Shareholders' equity ratio (%)	24.6	23.4	-1.2
D/E ratio (time)	1.4	1.6	+0.2

# Consolidated Statements of Cash Flow

(¥ billion)

	1H FY2007	1H FY2008
Cash flows from operating activities	-17.7	10.8
Cash flows from investing activities	-11.7	-10.9
Free cash flow	-29.4	-0.1
Cash flow used in financing activities	34.0	-7.4
Effect of exchange rate changes on cash and cash equivalent	-0.1	-0.4
Net increase/decrease in cash and cash equivalents	4.3	-8.1
Cash and cash equivalents at beginning of year	19.1	22.0
Cash and cash equivalents of newly consolidated subsidiaries	0	0.3
Cash and cash equivalents at end of year	23.5	14.3

Full-year forecasts were revised downwardly due mainly to deteriorated performance in Electronic Devices.

(billion yen)

	FY2008 Forecasts as of 7/29	FY2008 Revised forecast	Changes
<b>Net Sales</b>	<b>890.0</b>	<b>850.0</b>	<b>-40.0</b>
<b>Operating Income</b>	<b>22.5</b>	<b>10.0</b>	<b>-12.5</b>
<b>Ordinary Income</b>	<b>22.5</b>	<b>10.0</b>	<b>-12.5</b>
<b>Net Income</b>	<b>8.0</b>	<b>0.0</b>	<b>-8.0</b>
<b>Sales Exchange Rate US\$</b>	<b>¥98.64</b>	<b>¥100.55</b>	

Energy & Electric Systems -11.0  
Electronic Devices -26.0  
Retail Systems -2.0

Energy & Electric Systems 0  
Electronic Devices -14.0  
Retail Systems +0.5

Exchange rate applied for the 2nd half of fiscal 2008 and an exchange rate effect of one yen based on operating income/loss

	US\$	EURO
Exchange Rate (¥)	95	115
One Yen Effect (¥million)	240	40

- Costs for structural reform, loss on disposal of fixed assets and devaluation loss on inventories, etc are posted as extraordinary loss.
- Reversal of deferred income taxes due to a deterioration in loss in Electronic Devices.

( billion yen )

		FY2008 Forecasts as of 7/29	FY2008 Revised forecasts	Changes
Net Sales	Energy & Electric Systems	544.0	533.0	-11.0
	Electronic Devices	202.0	176.0	-26.0
	Retail Systems	148.0	146.0	-2.0
	Others	49.0	49.0	0.0
	Eliminations	-53.0	-54.0	-1.0
	<b>Total</b>	<b>890.0</b>	<b>850.0</b>	<b>-40.0</b>
Operating Income	Energy & Electric Systems	20.0	20.0	0.0
	Electronic Devices	1.0	-13.0	-14.0
	Retail Systems	2.0	2.5	+0.5
	Others	1.5	2.0	+0.5
	Eliminations	-2.0	-1.5	+0.5
	<b>Total</b>	<b>22.5</b>	<b>10.0</b>	<b>-12.5</b>

## Energy & Electric Systems

- Sales are lower than projected due to extended due dates in some plant projects and sluggish sales of component products.
- Operating income is on track with previous forecast due to effects of structural reform in ED&C equipment subsegment, business integration and a company-wide cost reduction.

## Electronic Devices

- Semiconductors: Sales are lower than projected and operating loss is higher than projected due to further deteriorated market condition and our failure of responding quickly enough to demand from the energy-saving and infrastructure markets.
- Magnetic Disks: Sales are considerably lower than projected due to a reduction in demand caused by slowing hard disk drive market and delay in product specification verification and approval by new customers. A significant operating loss is posted due to a reduction in sales and production volume, a price decline and a deterioration in productivity.

- Imaging Devices: Both sales and operating income are on track with previous forecast.

## Retail Systems

- Sales are lower than projected due to slowing market condition.
- Operating income improved due to effects of structural reform and profitability-focused initiatives.

(Yen)

	Interim	Year-end	Full-year
FY2008 Forecasts	<b>4</b>	<b>TBD</b>	<b>TBD</b>
FY2007 Results	<b>4</b>	<b>4</b>	<b>8</b>

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