

**Consolidated Financial Results for first quarter of the fiscal year
ending March 31, 2009**

Summary of Consolidated Financial Results

1. Summary of consolidated statements of income

	Millions of yen		Millions of U.S. dollars
	1Q FY2007	1Q FY2008	1Q FY2008
Net sales	182,998	171,591	1,619
Operating income	-3,002	-5,632	-53
Ordinary income	-1,860	-4,950	-47
Net income	-469	-6,616	-62
	Yen		U.S. dollars
Net income per share	-0.66	-9.26	-0.09

2. Summary of consolidated financial position

	Millions of yen		Millions of U.S. dollars
	3/31/2008	6/30/2008	6/30/2008
Total assets	1,035,951	1,010,687	9,535
Net assets	263,255	271,464	2,561
Net assets ratio (%)	24.6%	26.2%	-
	Yen		U.S. dollars
Net Assets per share	355.98	370.78	3.50

Note: 1) U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥106=U.S.\$1
2) The company has 66 consolidated subsidiaries and 3 equity-method affiliates.

**3. Forecast of consolidated earnings for the fiscal year ending March 31, 2009
(April 1, 2008 - March 31, 2009)**

	Millions of yen	
	1H FY2008	FY2008
Net sales	384,000	890,000
Operating income	-7,500	22,500
Ordinary income	-8,000	22,500
Net income	-11,500	8,000
	Yen	
	1H FY2008	FY2008
Net income per share	-16.09	11.19

< Cautionary Statements With Respect to Forward-Looking Statement:>

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		<i>Millions of U.S. dollars</i>
	6/30/2008	3/31/2008	6/30/2008
Assets			
Current assets:			
Cash and time deposits	15,523	22,204	146
Trade receivables	212,775	286,568	2,007
Inventories	189,375	166,738	1,787
Other current assets	56,258	55,761	531
Total current assets	473,933	531,273	4,471
Long-term assets:			
Tangible fixed assets	190,249	183,268	1,795
Intangible fixed assets	9,208	10,829	87
Investments and other assets	336,836	310,143	3,178
Total long-term assets	536,294	504,241	5,059
Deferred assets	460	436	4
Total assets	1,010,687	1,035,951	9,535
Liabilities			
Current liabilities:			
Trade payables	153,087	186,686	1,444
Short-term debt	101,524	85,932	958
Other current liabilities	223,668	259,913	2,110
Total current liabilities	478,280	532,532	4,512
Long-term liabilities:			
Bonds	150,000	140,000	1,415
Long-term debt	37,531	34,793	354
Other long-term liabilities	73,411	65,369	693
Total long-term liabilities	260,942	240,163	2,462
Total liabilities	739,223	772,696	6,974
Net Assets			
Shareholders' equity:			
Common stock	47,586	47,586	449
Capital surplus	46,739	46,734	441
Retained earnings	107,425	116,478	1,013
Treasury stock at cost	-7,086	-7,072	-67
Total shareholders' equity	194,664	203,727	1,836
Valuation and translation adjustments:			
Unrealized gain on other securities, net of taxes	70,181	52,032	662
Deferred gain on Hedges	538	820	5
Foreign currency translation adjustments	-378	-2,145	-4
Total valuation and translation adjustments	70,341	50,707	664
Minority interests in consolidated subsidiaries	6,458	8,820	61
Total net assets	271,464	263,255	2,561
Total liabilities and net assets	1,010,687	1,035,951	9,535
Interest-bearing debt	335,055	356,226	3,161

Consolidated Statements of Operations

	Millions of yen	<i>Millions of U.S. dollars</i>	(Reference) Millions of yen
	1Q FY2008	1Q FY2008	1Q FY2007
Net sales	171,591	1,619	182,998
Cost of sales	141,576	1,336	147,020
Gross profit	30,014	283	35,977
Selling, general and administrative expenses	35,647	336	38,979
Operating income (loss)	-5,632	-53	-3,002
Non-operating income	2,939	28	2,649
Interest and dividend income	2,444	23	1,720
Other, net	494	5	928
Non-operating expenses	2,256	21	1,507
Interest expense	1,321	12	1,131
Other, net	935	9	376
Ordinary income (loss)	-4,950	-47	-1,860
Extraordinary income	-	-	427
Extraordinary loss	3,720	35	848
Income (loss) before income taxes and minority interests	-8,670	-82	-2,281
Income taxes	-2,142	-20	-1,605
Minority interests in net income of consolidated subsidiaries	88	1	-206
Net income (loss)	-6,616	-62	-469

Consolidated Statements of Cash Flows

	Millions of yen	<i>Millions of U.S. dollars</i>	(Reference) Millions of yen
	1Q FY2008	1Q FY2008	1Q FY2007
I Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	-8,670	-82	-2,281
Depreciation and amortization	6,026	57	4,674
Interest and dividend income	-2,444	-23	-1,720
Interest expense	1,321	12	1,131
Change in operating assets and liabilities:			
Trade receivables	53,678	506	42,318
Inventories	-24,218	-228	-29,930
Trade payables	-24,250	-229	-18,575
Advances from customers	14,382	136	11,860
Other, net	8,198	77	-10,315
Cash generated from operations	24,023	227	-2,839
Interest and dividends received	2,505	24	1,627
Interest paid	-1,338	-13	-1,162
Income taxes paid	-3,568	-34	-6,508
Net cash used in operating activities	21,622	204	-8,883
II Cash flows from investing activities:			
Payments for purchase of fixed assets and investment securities	-9,128	-86	-11,676
Proceeds from sales of fixed assets and investment securities	2,038	19	3,480
Proceeds from sales of newly consolidated subsidiaries securities	4,309	41	-
Other, net	488	5	-912
Net cash used in investing activities	-2,292	-22	-9,108
Free cash flows (I + II)	19,330	182	-17,991
III Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	14,660	138	4,519
Increase (decrease) in commercial paper, net	-39,500	-373	14,000
Proceeds from long-term debt and bonds	14,325	135	23,700
Repayment of long-term debt and redemption of bonds	-13,360	-126	-16,468
Other, net	-3,015	-28	-3,047
Net cash provided by financing activities	-26,890	-254	22,704
IV Effect of exchange rate changes on cash and cash equivalents	525	5	376
V Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	-7,034	-66	5,089
VI Cash and cash equivalents at beginning of period	22,092	208	19,135
VII Cash and cash equivalents of newly consolidated subsidiaries	355	3	26
VIII Cash and cash equivalents at end of period	15,413	145	24,251

Consolidated Segment Information

1. Net sales by business segment

	<u>Millions of yen</u>	<i>Millions of U.S. dollars</i>	(Reference) <u>Millions of yen</u>
	1Q FY2008	1Q FY2008	1Q FY2007
Energy & Electric Systems	93,303	880	97,697
Electronic Devices	41,389	390	45,754
Retail Systems	37,392	353	41,117
Others	10,382	98	9,977
Subtotal	182,468	1,721	194,547
Elimination	-10,877	-103	-11,548
Total	171,591	1,619	182,998

2. Operating income by business segment

	<u>Millions of yen</u>	<i>Millions of U.S. dollars</i>	(Reference) <u>Millions of yen</u>
	1Q FY2008	1Q FY2008	1Q FY2007
Energy & Electric Systems	-2,741	-26	-6,526
Electronic Devices	-4,313	-41	2,311
Retail Systems	1,067	10	1,235
Others	429	4	266
Subtotal	-5,559	-52	-2,713
Elimination/Corporate	-73	-1	-288
Total	-5,632	-53	-3,002

Consolidated Geographic Segment information

1. Net sales	Millions of yen	Millions of U.S. dollars	(Reference) Millions of yen
	1Q FY2008	1Q FY2008	1Q FY2007
Japan	165,374	1,560	179,116
North America	2,682	25	2,079
Europe	4,016	38	4,164
Asia (except for China)	12,463	118	9,866
China	14,721	139	12,432
Subtotal	199,258	1,880	207,660
Elimination/Corporate	-27,666	-261	-24,661
Total	171,591	1,619	182,998

2. Operating income	Millions of yen	Millions of U.S. dollars	(Reference) Millions of yen
	1Q FY2008	1Q FY2008	1Q FY2007
Japan	-6,928	-65	-4,297
North America	26	0	85
Europe	6	0	112
Asia (except for China)	-484	-5	435
China	1,085	10	851
Subtotal	-6,294	-59	-2,812
Elimination/Corporate	661	6	-189
Total	-5,632	-53	-3,002

3. Net overseas sales	Millions of yen	Millions of U.S. dollars	(Reference) Millions of yen
	1Q FY2008	1Q FY2008	1Q FY2007
North America	2,467	23	3,160
Europe	4,602	43	4,135
Asia (except for China)	21,019	198	25,259
China	12,652	119	11,038
Other	970	9	973
Total	41,713	394	44,567

< Ratio to net sales >

North America	1.4%	1.7%
Europe	2.7%	2.3%
Asia (except for China)	12.3%	13.8%
China	7.4%	6.0%
Other	0.6%	0.5%
Total	24.3%	24.4%

Supplemental Consolidated Financial Materials**1. Financial summary**

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2008		1H FY2008 [Forecast]	
	change(%)		change(%)		change(%)		change(%)	
Net sales	182.9	96.6%	399.6	99.7%	171.5	93.8%	384.0	96.1%
Operating income	-3.0	-	0.5	7.9%	-5.6	-	-7.5	-
Ordinary income	-1.8	-	1.4	19.1%	-4.9	-	-8.0	-
Net income	-0.4	-	-0.9	-	-6.6	-	-11.5	-

2. Number of consolidated subsidiaries

	1Q FY2007	1H FY2007	1Q FY2008	1H FY2008 [Forecast]
Number of consolidated subsidiaries	67	67	66	66
Japan	48	48	45	45
Overseas	19	19	21	21
Number of equity-method affiliates	2	2	3	3

3. Net income per share

	Yen			
	1Q FY2007	1H FY2007	1Q FY2008	1H FY2008 [Forecast]
Net income per share	-0.66	-1.33	-9.26	-13.29

4. Sales exchange rate (US\$)

	Yen			
	1Q FY2007	1H FY2007	1Q FY2008	1H FY2008 [Forecast]
Sales exchange rate	120.79	119.33	104.55	102.28

5. Net sales by business segment

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2008		1H FY2008 [Forecast]	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	97.6	89.4%	236.0	99.2%	93.3	95.5%	223.0	94.5%
Electronic Devices	45.7	99.7%	86.7	94.5%	41.3	90.5%	90.0	103.7%
Retail Systems	41.1	114.5%	80.2	107.9%	37.3	90.9%	73.0	91.0%
Others	9.9	106.2%	23.2	99.6%	10.3	104.1%	22.0	94.8%
Subtotal	194.5	97.1%	426.2	99.7%	182.4	93.8%	408.0	95.7%
Elimination	-11.5	-	-26.6	-	-10.8	-	-24.0	-
Total	182.9	96.6%	399.6	99.7%	171.5	93.8%	384.0	96.1%

Note : Net sales include inter-segment transactions.

6. Operating income by business segment

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2008		1H FY2008 [Forecast]	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	-6.5	-	-3.1	-	-2.7	-	-2.0	-
Electronic Devices	2.3	83.5%	2.5	27.6%	-4.3	-	-6.0	-
Retail Systems	1.2	89.7%	0.8	103.5%	1.0	86.4%	1.0	112.5%
Others	0.2	123.7%	1.0	114.9%	0.4	161.3%	0.5	48.5%
Subtotal	-2.7	-	1.3	18.5%	-5.5	-	-6.5	-
Elimination/Corporate	-0.2	-	-0.8	-	0.0	-	-1.0	-
Total	-3.0	-	0.5	8.0%	-5.6	-	-7.5	-

7. Net overseas sales

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2008		1H FY2008 [Forecast]	
	change(%)		change(%)		change(%)		change(%)	
North America	3.1	95.4%	6.1	95.8%	2.4	78.1%	-	-
Europe	4.1	127.3%	8.2	109.2%	4.6	111.3%	-	-
Asia (except for China)	25.2	87.8%	48.1	84.0%	21.0	83.2%	-	-
China	11.0	154.1%	23.8	115.8%	12.6	114.6%	-	-
Other	0.9	79.1%	2.1	55.1%	0.9	99.7%	-	-
Total	44.5	102.0%	88.6	92.5%	41.7	93.6%	-	-

8. R&D expenditures

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2008		1H FY2008 [Forecast]	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	2.7	112.2%	7.0	114.1%	2.6	96.7%	6.9	98.4%
Electronic Devices	3.2	72.6%	6.6	97.1%	3.8	118.7%	7.6	114.7%
Retail Systems	0.9	98.2%	1.9	101.6%	0.6	67.3%	1.6	83.7%
Others	0.0	-	0.0	-	0.0	-	0.0	-
Corporate (basic research)	0.0	-	0.0	-	0.0	-	0.0	-
Total	6.9	88.2%	15.7	104.7%	7.1	102.6%	16.2	103.4%
Ratio to net sales (%)	3.8%	-	3.9%	-	4.2%	-	4.2%	-

9. Plant and equipment investment (including leases)

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2008		1H FY2008 [Forecast]	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	0.9	76.0%	3.5	69.4%	1.3	139.4%	5.2	147.5%
Electronic Devices	17.3	338.0%	30.8	299.7%	9.4	54.3%	20.8	67.7%
Retail Systems	0.5	66.5%	1.6	77.9%	0.2	45.1%	0.8	52.6%
Others	0.4	121.2%	0.7	97.9%	0.1	24.0%	0.7	95.5%
Corporate	0.1	-	0.2	-	0.1	-	0.2	-
Total	19.3	257.4%	37.0	201.6%	11.2	57.8%	27.9	75.4%
(Leases)	(8.2)	195.8%	(19.6)	184.1%	(2.4)	29.2%	(8.7)	44.4%

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

10. Depreciation, Leases paid

	Billions of yen							
	1Q FY2007		1H FY2007		1Q FY2008		1H FY2008 [Forecast]	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	2.7	116.5%	5.5	115.2%	2.8	106.3%	5.8	106.2%
Electronic Devices	7.2	131.1%	15.1	136.3%	9.2	127.4%	18.4	121.9%
Retail Systems	1.1	126.3%	2.0	114.9%	1.0	94.8%	2.1	104.4%
Others	0.4	81.6%	0.8	78.9%	0.3	79.6%	0.8	97.8%
Corporate	0.0	-	0.0	-	0.0	-	0.0	-
Total	11.5	123.9%	23.6	125.2%	13.6	117.5%	27.3	115.9%
(Leases paid)	(7.4)	126.0%	(15.0)	125.1%	(8.0)	108.6%	(15.9)	105.7%

Note: Leases paid for plant and equipment investment and begun to pay before the end of March, 2008.

11. Number of employees

	6/30/2007	9/30/2007	6/30/2008	9/30/2008 [Forecast]
Energy & Electric Systems	15,314	15,247	13,384	13,838
Electronic Devices	5,668	5,601	6,066	6,311
Retail Systems	2,989	2,944	2,739	2,722
Others	1,829	1,819	1,801	1,798
Corporate	147	141	145	145
Total	25,947	25,752	24,135	24,814
Japan	21,994	21,809	19,693	20,079
Overseas	3,953	3,943	4,442	4,735

Financial performance

1. Qualitative Information Regarding Consolidated Results

In the first quarter of fiscal 2008, the three-month period from April 1 to June 30, 2008, the business environment for the Fuji Electric Holdings Group was marked by strong domestic private-sector demand in such fields as steel and chemicals, and high growth in China and other Asian economies, as well as in developing countries. At the same time, however, the slowdown in the U.S. economy, rising prices for oil and materials, and concerns over inflation centered on developing countries led to a deterioration of the economic climate, heightening a sense of slowdown in domestic production and private-sector capital investment.

Against this backdrop, having entered the final fiscal year of the medium-term management plan launched in fiscal 2006, the Fuji Electric Holdings Group is working to strengthen its business portfolio and make other improvements to the business structure in order to generate new growth. As part of this reform program, we established a joint venture with another company in the water environment business, while we dissolved a joint venture in the information systems business. We also reclassified our business segments, merging the ED&C • Drive Systems Group into the Energy & Electric Systems Group. This restructuring has enabled us to fundamentally strengthen the drives business and the automation business to make them the new business drivers for the Group, while also moving steadily forward with reform of our core businesses. As a result, consolidated results for the first quarter of fiscal 2008 were as follows.

Net sales were down from the same period of the previous fiscal year. By segment, the Energy & Electric Systems Group expanded sales to strong-performing industries in the private sector, but revenue was down year on year due to the removal from the scope of consolidation of subsidiaries in the water environment and information systems businesses. In the Electronic Devices Group, sales were down considerably due to a falloff in shipment volume of industrial semiconductor products, stemming from inventory adjustments among major customers that became evident from the previous quarter and have continued, as well as from model changes for certain products in the magnetic disk field. In the Retail Systems Group, sales declined as demand for renovation of existing tobacco vending machines to incorporate age-identification equipment ended.

In terms of profitability, performance declined as a result of the sales falloff centered on the Electronic Devices Group, a decline in product prices, the impact of yen appreciation, and rising costs for raw materials, along with a revision to valuation standards for inventory assets following a change in accounting standards. Fuji Electric Holdings Co. Ltd. also recorded business restructuring costs and other expenses as extraordinary losses. As a result, the operating loss, ordinary loss and net loss all widened from the same period of the previous fiscal year.

Operating results of Fuji Electric Holdings Co., Ltd. for the first quarter of fiscal 2008 were as follows.

Summary of 1Q Results

(¥ billion)

	FY2007	FY2008	YoY Change
Net sales	182.9	171.5	93.8%
Operating income/loss	-3.0	-5.6	-
Ordinary income/loss	-1.8	-4.9	-
Net income/loss	-0.4	-6.6	-

Results by Segment

[Energy & Electric Systems Group]

YoY change: sales declined 4.5%; operating loss: improved ¥3.7bn

Net sales in this segment declined 4.5% from the same period of the previous fiscal year to ¥93.3 billion. Although results in the industrial plant engineering business were positive, revenue declined as a result of the exclusion from the scope of consolidation of subsidiaries in the water environment and information systems businesses. The operating loss was impacted by revision of the valuation standards for inventory assets, but narrowed due to the real increase in sales (excluding the impact from the change in consolidation) and the fact that the two excluded subsidiaries had tended to make a profit during the second half of the year. The operating loss decreased by ¥3,785 million as a result, with the segment posting an operating loss of ¥2,741 million.

In this segment, sales and earnings are impacted by seasonal demand concentrated in the fourth quarter of the fiscal year, particularly in the plant-related business.

In the drives business, despite declines in demand for general-purpose inverters in Japan, sales remained on a par with the previous fiscal year due to strong sales overseas. Operating income rose year on year as a result of improved productivity in the manufacturing division and other factors.

In the automation business, sales were down year on year despite an increase in large projects for government clients and power companies, due to the removal of an information systems subsidiary from the scope of consolidation. Operating loss, however, declined as a result of the real sales increase excluding the impact of the eliminated company.

In the industrial plant engineering business, sales rose year on year due to a large project involving clean room facilities, and an increase in projects for railway operators. Operating loss was also down with the boost in sales.

In the electric power systems business, net sales were down following a decline in large thermal power plant projects, but operating income was up on improved profitability.

In the plant facility construction business, sales declined due to a drop in the number of projects, but operating loss decreased due to ongoing efforts to reduce costs.

In the ED&C components business, the business environment became harsh as demand from major clients such as machinery and switchboard manufacturers fell below the same period of the previous fiscal year. Both sales and operating income were down year on year despite efforts to focus on winning orders from switchboard manufacturers and other measures.

[Electronic Device Group]

YoY change: sales declined 9.5%; operating income: declined ¥6.6bn

Net sales in this segment declined 9.5% from the same period of the previous fiscal year to ¥41.3 billion, with operating income declining ¥6,624 million, resulting in a ¥4,313 million operating loss. Although sales centered on LCD televisions and laptop computers rose steadily in the strong-performing consumer electronics field, performance was down as a result of a decline in

sales volumes of plasma televisions, falling product prices, the appreciation of the yen and inventory adjustments, along with revision of evaluation standards for inventory assets.

In the semiconductor business, sales of chips for automotive applications rose, centered on hybrid vehicles, but overall sales were down from the same period of the previous fiscal year due to sluggish orders for plasma television driver ICs, along with inventory adjustments for IGBT modules for industrial use among major customers, which became evident from the previous quarter and have continued. Operating income turned to an operating loss compared to the same period of the previous fiscal year as a result of falling prices for power supplies for information devices, the impact of the higher yen, and other factors.

In the magnetic disk business, sales declined year on year due to a falloff in shipment volume stemming from design specification and model changes, along with production and inventory adjustments by certain customers. Operating income deteriorated significantly to an operating loss compared to the same quarter a year earlier as we were unable to achieve production and shipment volume sufficient to offset the increase in depreciation expenses, along with the impact from the appreciation of the yen and other factors.

In the imaging devices business, sales volume was up, but net sales and operating income declined from the previous fiscal year as a result of falling product prices and the appreciation of the yen.

[Retail Systems Group]

YoY change: sales declined 9.1%; operating income: declined 13.6%

Net sales in this segment declined 9.1% from the same period of the previous fiscal year to ¥37.3 billion, with operating income down 13.6% to ¥1,067 million.

In the vending machine and food service equipment business, customers continued to curtail investment in drinks machines and, despite growing demand for environmentally friendly equipment and efforts to promote sales of vending machines with high-value-added functions, sales were down year on year due to the ending of demand for renovation of tobacco vending machines to incorporate age-identification equipment. Operating income was on par with a year earlier due to restructuring implemented during the previous year.

In the currency handling systems business, sales were down year on year due to a decline in large projects for electronic money-related devices, despite strong sales of automatic change dispensers. Operating loss, however, declined as a result of an increase in profitability.

In the cold-chain equipment business, sales were down and operating income deteriorated to an operating loss compared to the same period of the previous fiscal year amid a difficult business climate in the food retail industry. Despite more targeted sales efforts and other ongoing reforms emphasizing earnings, results were down mainly due to a falloff in sales to convenience stores.

[Others]

YoY change: sales rose 4.1%, operating income: rose 61.3%

Net sales in this overall segment rose 4.1% year on year to ¥10.3 billion, with operating income up 61.3% to ¥429 million.

2. Qualitative Information Regarding Consolidated Financial Position

(¥ billion, times)					
	March 31, 2007	Breakdown (%)	June 30, 2008	Breakdown (%)	YoY Change
Total assets	1,035.9	100.0	1,010.6	100.0	-25.2
Interest-bearing debt	356.2	34.4	335.0	33.2	-21.1
Shareholder's equity ^{*1}	254.4	24.6	265.0	26.2	10.5
Debt-equity ratio ^{*2}	1.4		1.3		-0.1

*1 Shareholders' equity = Total net assets — Minority interests

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

Total assets as of June 30, 2008 amounted to ¥1,010.6 billion, a decline of ¥25.2 billion from March 31, 2008, the end of the previous fiscal year. Current assets declined ¥57.3 billion due to a considerable decrease in trade receivables that outweighed an increase in inventories. Long-term assets rose ¥32.0 billion, mainly due to the acquisition of property, plant and equipment stemming from proactive capital investment concentrated in the Electronic Devices Group, and an increase in the market value of other marketable securities.

The balance of interest-bearing debt decreased ¥21.1 billion from the end of the previous fiscal year to ¥335.0 billion, due mainly to ongoing efforts to collect trade receivables.

Net assets at the end of the first quarter amounted to ¥271.4 billion, up ¥8.2 billion from the end of the previous fiscal year, due mainly to a reduction in retained earnings and an increase in the valuation difference on other marketable securities. Shareholders' equity (total net assets less minority interests) increased ¥10.5 billion from the end of the previous fiscal year, to ¥265.0 billion. The debt-equity ratio declined by 0.1 to 1.3 times.

Cash Flows

(¥ billion)			
	1Q FY2007	1Q FY2008	YoY Change (%)
Cash flow from operating activities	-8.8	21.6	30.5
Cash flow from investing activities	-9.1	-2.2	6.8
Free cash flow	-17.9	19.3	37.3
Cash flow from financing activities	22.7	-26.8	-49.5
Cash and cash equivalents	24.2	15.4	-8.8

Free cash flow (the sum of operating and investing cash flows) was a positive ¥19.3 billion on a consolidated basis for the quarter under review (compared to a negative ¥17.9 billion for the same period of the previous fiscal year), a year-on-year improvement of ¥37.3 billion.

Cash flow from operating activities

Net cash provided by operating activities amounted to ¥21.6 billion, compared with net cash used of ¥8.8 billion during the same period of the previous fiscal year. This constituted a year-on-year improvement of ¥30.5 billion, and was due mainly to efforts to promote collection of trade receivables and advances from customers, which offset the recording of a net loss before income taxes and minority interests, and an increase in inventories.

Cash flow from investing activities

Net cash used in investing activities totaled ¥2.2 billion, compared with net cash used of ¥9.1 billion in the same period of the previous fiscal year. This constituted a year-on-year reduction in cash outflow of ¥6.8 billion, with the cash used primarily for capital investment centered on the Electronic Devices Group.

Cash flow from financing activities

Net cash used in financing activities totaled ¥26.8 billion, compared with net cash provided of ¥22.7 billion during the same period of the previous fiscal year. This was due mainly to a decrease in commercial paper.

As a result, cash and cash equivalents on a consolidated basis at June 30, 2008, amounted to ¥15.4 billion, a decrease of ¥6.6 billion from March 31, 2008, the end of the previous fiscal year.

3. Qualitative Information Regarding Consolidated Forecasts

In light of first quarter results, Fuji Electric Holdings has revised its consolidated forecasts for the fiscal 2008 interim and full-year periods from those published with the earnings announcement on April 24, 2008. For more information see “Announcement of Revised Earnings Forecast” dated July 29, 2008.

The assumed U.S. dollar/yen exchange rate is ¥100/US\$1 for the first half of the fiscal year, and ¥95/US\$1 for the second half.

Consolidated Forecasts for Interim Fiscal 2007 (¥ billion)

	Initial forecast	Revised forecast	Change
Net sales	400.0	384.0	-4.0
Operating income/loss	0.5	-7.5	-
Ordinary income/loss	0.5	-8.0	-
Net income/loss	-7.0	-11.5	-

Consolidated Forecasts for Fiscal 2007 (¥ billion)

	Initial forecast	Revised forecast	Change
Net sales	925.0	890.0	-3.8
Operating income	42.0	22.5	-46.4
Ordinary income	42.0	22.5	-46.4
Net income	20.0	8.0	-60.0

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 or special accounting methods for the preparation of consolidated quarterly statements

(a) Simplified accounting methods

Depreciation of property, plant and equipment is calculated on a pro-rata basis for the period based on expected amortization for the year according to the budget for the fiscal year.

(b) Special accounting methods for the preparation of consolidated quarterly statements

Tax expenses have been calculated by rationally estimating the effective tax rate after applying tax effect accounting to consolidated net income before taxes for the current fiscal year, and multiplying this estimated effective tax rate by net income before taxes for the quarter. For certain consolidated subsidiaries where the estimated effective tax rate could not be used, tax expenses have been calculated using the statutory effective tax rate. Income taxes include the value of deferred income taxes.

(3) Changes in accounting principles, methods or presentation related to the preparation of consolidated quarterly statements

Changes in accounting standards

(a) From the fiscal year under review the Company has applied the *Accounting Standard for Quarterly Financial Reporting* (Accounting Standards Board of Japan Statement No. 12, March 14, 2007) and *Guidance on Accounting Standard for Quarterly Financial Reporting* (ASBJ Guidance No. 14, March 14, 2007).

(b) Inventories held for sale in the ordinary course of business have formerly been calculated primarily using the cost method based on the identified cost method or the gross average method. From the quarter under review the Company has applied the *Accounting Standard for Measurement of Inventories* (ASBJ Statement No. 9, July 5, 2006). Accordingly, such inventories are still calculated primarily using the cost method based on the identified cost method or the gross average method, but the value shown on the balance sheets is a rounding down of the book value based on decreased profitability.

As a result, operating loss and ordinary loss have each increased by ¥1,293 million, with the net loss before income taxes and minority interests increased by ¥2,929 million.

(c) From the quarter under review the Company has applied the *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* (ASBJ PITF No. 18, May 17, 2006), and made the necessary revisions on its consolidated financial statements. The impact of this change is minimal.

(d) Financial lease transactions other than ownership transfers have formerly been accounted for according to methods for lease transactions. However, as it is now possible to apply the *Accounting Standard for Lease Transactions* (ASBJ Statement No. 13, (Business Accounting Council Committee No.1, June 17, 1993), revised March 30, 2007), and the *Guidance on Accounting Standard for Lease Transactions* (ASBJ Guidance No.16 (Japanese Institute of Certified Public Accountants, Accounting System Committee, January 18, 1994), revised March 30, 2007), to quarterly financial statements for fiscal years beginning on or after April 1, 2008. Accordingly, the Company has applied these accounting standards from the quarter under review, accounting for such assets as ordinary sale transactions. Depreciation of lease assets related to financial lease transactions other than ownership transfers is calculated by the straight-line method, with the lease period equivalent to the serviceable life of the asset, with no residual value. The impact of this change is minimal.

Financial lease transactions other than ownership transfers where the lease commencement date is prior to the start of the fiscal year in which these standards are adopted will continue to be accounted for according to methods for lease transactions.