



Consolidated Financial Highlights

Years ended or as of March 31	Millions of yen				Thousands of U.S. dollars (Note 3)	
	2007	2008	2009	2010	2011	2011
Operating Results						
Net sales	¥908,059	¥922,172	¥766,637	¥691,223	¥689,065	\$8,301,989
Operating income (loss)	46,208	35,883	(18,855)	924	11,917	143,580
Net income (loss)	23,142	16,792	(73,306)	6,757	15,104	181,979
Cash Flows						
Cash flows from operating activities	¥ 12,764	¥ (13,195)	¥ 23,101	¥ 11,923	¥ 53,853	\$ 648,833
Cash flows from investing activities	(34,440)	(36,694)	(12,278)	(528)	84,241	1,014,960
Free cash flow	(21,676)	(49,889)	10,823	11,395	138,094	1,663,794
Cash flows from financing activities	18,756	54,211	53,753	(62,575)	(93,468)	(1,126,127)
Cash and cash equivalent	19,135	22,092	85,365	37,283	81,796	985,502
Equipment and R&D Investment						
Plant and equipment investment* ²	¥ 71,450	¥75,260	¥33,457	¥19,124	¥27,223	\$327,999
Depreciation and amortization* ³	17,544	21,528	23,919	26,053	27,945	336,693
R&D expenditures	32,554	31,260	30,394	24,296	32,568	392,394
Financial Position						
Total assets	¥1,024,832	¥1,035,951	¥908,941	¥908,938	¥805,797	\$9,708,398
Total net assets	284,553	263,255	146,113	196,134	174,935	2,107,656
Interest-bearing debt	299,908	356,226	416,083	359,790	274,019	3,301,436
Ratios						
Total net assets ratio (%)	26.8	24.6	14.3	19.7	19.3	–
Debt-equity ratio (times)* ⁴	1.1	1.4	3.2	2.0	1.8	–
Net debt-equity ratio* ⁵	1.0	1.3	2.5	1.8	1.2	–
Return on equity (ROE) (%)	8.4	6.3	(38.1)	4.4	9.0	–
Return on assets (ROA) (%)	2.3	1.6	(7.5)	0.7	1.8	–
Per Share Data						
Net income (loss)	¥ 32.37	¥ 23.49	¥(102.57)	¥ 9.46	¥ 21.14	\$0.255
Cash dividends	8.00	8.00	4.00	1.50	4.00	0.048
Net assets	384.53	355.98	182.37	250.28	217.40	2.619

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥83=U.S.\$1, the approximate exchange rate at March 31, 2011.

*2 Plant and equipment investment is the total of investment in tangible fixed assets and acquisition amounts for lease contracts.

*3 Depreciation and amortization expense is the total of the depreciation of tangible fixed assets and amortization of intangible assets.

*4 Debt-equity ratio: Interest-bearing debt / Net assets

*5 Net debt-equity ratio: Net interest-bearing debt (interest-bearing debt - cash and cash equivalents) / Net assets

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Management's Discussion and Analysis

Overview

In fiscal 2010, ended March 31, 2011, expanding markets in Asia, centered on China, counteracted further appreciation of the yen. As a result, demand trends in Japan's market and overseas markets progressed toward recovery.

Amid these conditions, based on its management strategy Fuji Electric focused efforts on three areas: "Expand Fuji Electric from Japan to the world," "Concentrate efforts on business in the field of energy and environment," and "activating human resources." At the same time, the Company moved forward with business restructuring aimed at strengthening the management positions of the Magnetic Disks segment and the Vending Machines segment in response to changes in market size.

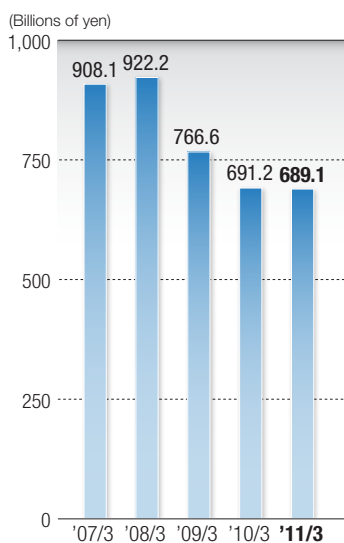
However, as a result of the Great East Japan Earthquake on March 11, 2011, the Company recorded extraordinary loss arising from the negative effect on net sales of postponing projects that had been due for recognition in sales and the suspension of plant operations due to difficulties in procuring components and materials and scheduled power outages.

Financial Performance

Net Sales

In fiscal 2010, net sales edged down 0.3% year on year, to ¥689,065 million. Domestic net sales declined 0.5% year on year, to ¥510,843 million. Meanwhile, overseas net sales were up 0.3% year on year, to ¥178,221 million.

Net Sales



Cost of Sales, Selling, General and Administrative Expenses, Operating Income

Cost of sales decreased 4.5% year on year, to ¥543,557 million. Cost of sales as a percentage of net sales declined 3.4 percentage points, to 78.9%.

Selling, general and administrative expenses rose 10.1% year on year, to ¥133,590 million. Selling, general and administrative expenses as a percentage of net sales were up 1.8 percentage points, to 19.4%.

Operating income was ¥11,917 million, a substantial improvement of ¥10,993 million from the previous fiscal year. This was attributable to the higher net sales of the Semiconductors and ED&C Components segments and the benefits of the previous fiscal year's business restructuring, which absorbed deterioration in currency exchange rates due to yen appreciation.

Non-operating Expenses and Ordinary Income (Loss)

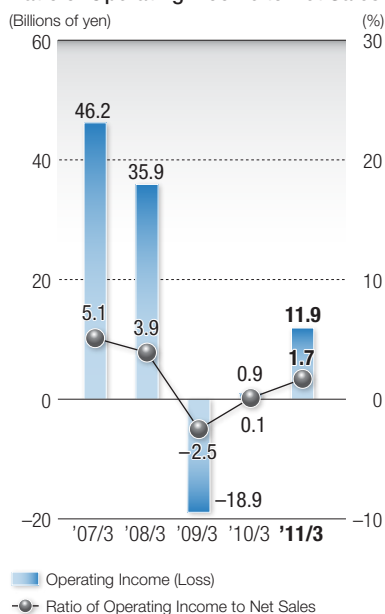
Non-operating expenses (net) were ¥4,691 million, up ¥3,228 million from the previous fiscal year's ¥1,463 million. This reflected foreign exchange losses of ¥4,390 million (compared with the previous fiscal year's foreign exchange gains), which counteracted a ¥1,408 million year-on-year decrease in interest expense.

As a result, ordinary income was ¥7,225 million, an improvement of ¥7,762 million compared with the previous fiscal year's ordinary loss.

Extraordinary Income (Loss), Income (Loss) Before Income Taxes and Minority Interests

Extraordinary income was ¥31,531 million, due to gain on sales of noncurrent assets, gain on sales of investment securities, and gain on sales of subsidiaries' stocks. This increase in extraordinary income of ¥21,290 million from the previous fiscal year was mainly attributable a significant rise in gain on sales of investment securities.

Operating Income (Loss) / Ratio of Operating Income to Net Sales



Extraordinary loss was ¥12,310 million, reflecting loss on disposal of noncurrent assets, loss on devaluation of investment securities, loss on adjustment for changes of accounting standard for asset retirement obligations, office/factory integration cost, and impairment loss. Moreover, extraordinary loss was ¥5,820 million lower than in the previous fiscal year due to the absence of the business restructuring costs recognized for the previous fiscal year.

As a result, income before income taxes and minority interests was ¥26,447 million, a significant improvement of ¥34,874 million compared with the previous fiscal year's loss before income taxes and minority interests.

Net Income

Net income—after deducting tax expenses of ¥10,202 million, mainly arising from the reversal of deferred tax assets, and minority interests in net income of consolidated subsidiaries of ¥1,141 million from income before income taxes and minority interests—was ¥15,104 million. This represented an ¥8,347 million year-on-year improvement in net income compared to the previous fiscal year's net income, which resulted from reflecting a reversal of tax expenses of ¥13,378 million and minority interests in net loss of consolidated subsidiaries of ¥1,806 million in loss before income taxes and minority interests.

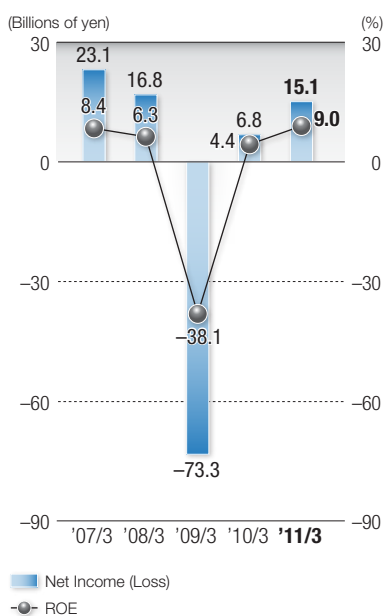
Results by Business Segment

Energy Solutions

Net sales declined 9.1% year on year, to ¥72,907 million, while operating results deteriorated ¥3,611 million year on year, to ¥3,027 million.

Net sales declined year on year due to a significant decrease in orders resulting from the delay or suspension of new projects in the previous fiscal year. Operating results declined year on year because efforts to reduce material costs and other expenses were unable to compensate for lower net sales.

Net Income (Loss) / ROE



Environmental Solutions

Net sales were down 3.7% year on year, to ¥278,271 million, while operating results deteriorated ¥3,796 million year on year, to ¥6,292 million.

In the Industrial Solutions subsegment, orders increased year on year due to a recovery in market conditions. However, the between-season timing of large orders caused net sales to fall year on year. Operating results declined year on year because efforts to reduce material costs and other expenses did not compensate for the effect of foreign exchange rates and lower net sales.

In the Social Solutions subsegment, the benefit of an acquisition in the power supply business did not offset a decline in large orders. As a result, net sales decreased year on year. Operating results were down year on year due to the decrease in net sales and fiercer price competition.

In the Transportation Solutions subsegment, centered on inverter-based systems, the domestic market saw steady trends in the pump and air conditioning markets. In overseas markets, capital investment in Asia's market, centered on China, drove performance, and net sales and operating results were up year on year.

Semiconductors

Net sales rose 21.0% year on year, to ¥85,620 million, while operating results improved ¥9,702 million year on year, to ¥5,953 million, moving into the black.

In power supplies, demand decreased year on year due to a slowdown, centered on China, from the summer onwards and the effect of currency exchange rates. In industrial products, demand was up significantly year on year due to a recovery in the inverters market, expansion of China's market, and expansion of photovoltaic power, wind power, and other new energy. In automotive electronics, demand rose year on year as growth in Europe and Asia absorbed the effect of the ending of subsidies for eco cars in Japan. As a result, net sales increased significantly year on year. Operating results improved substantially year on year because of higher earnings accompanying an increase in net sales and the benefits of the business restructuring in the previous fiscal year.

In photoconductive drums, although sales volume increased, the Company faced declining product prices and the effects of currency exchange rates. As a result, net sales and operating results were down slightly year on year.

ED&C Components

Net sales rose 45.7% year on year, to ¥65,451 million, while operating results improved ¥7,612 million year on year, to ¥2,864 million, moving into the black.

In the Japan's market, demand for machine tools from equipment manufacturers grew significantly, including demand from Asia centered on China. Overseas markets saw a significant increase in demand from Asian markets, centered on China, which continues to grow vigorously. As a result, net sales increased significantly year on year. Operating results improved substantially year on year because of higher earnings accompanying an increase in net sales and the benefits of business restructuring in the previous fiscal year.

Vending Machines

Net sales declined 6.1% year on year, to ¥85,776 million, while operating results improved ¥1,156 million year on year, to ¥398 million, moving into the black.

Net sales declined year on year because a temporary increase in sales volume resulting from unusually warm summer weather did not absorb continuing curbed investment among beverage and food product manufacturers that reflects continued sluggish consumption. Operating results were down year on year as declining prices, lower sales volume, and the effect of the earthquake counteracted cost reduction and reduction in fixed cost.

In currency handling systems, net sales and operating results improved year on year due to an increase in the installation of automatic change dispensers by retail companies, centered on chain stores, and reduction in fixed cost.

Magnetic Disks

Net sales declined 9.2% year on year, to ¥40,359 million, while operating results improved ¥2,218 million year on year, to operating loss of ¥5,224 million.

The HDD market was slightly above the level of the previous fiscal year. The segment shipped mainstay products: 500GB and 667GB 3.5-inch aluminum media and the 320GB 2.5-inch aluminum/glass media. However, this did not offset the effect of currency exchange rates and suspension of operations due to scheduled power outages following the Great East Japan Earthquake. As a result, net sales declined year on year. Although improving year on year thanks to the benefits of restructuring that reduced overall expenses and reduced cost, operating results remained in the red.

Others

Net sales declined 2.9% year on year, to ¥115,955 million, while operating results deteriorated ¥1,083 million year on year, to ¥2,053 million.

Plant and Equipment Investment and R&D Investment

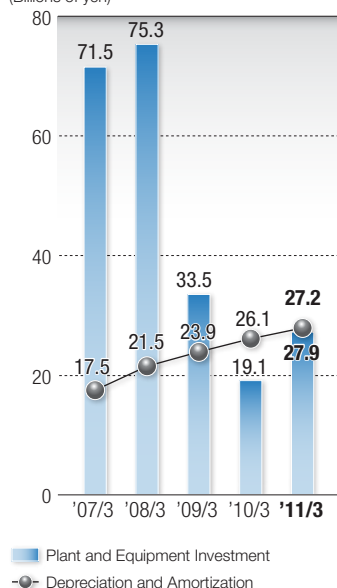
Capital Expenditure

In fiscal 2010, the Company's capital expenditure, including leases, totaled ¥27,200 million, resulting from strategic investment focused on the field of "energy and environment."

In the Environmental Solutions segment, in order to develop and expand overseas manufacturing bases the Company transferred production equipment for electric motors from the Suzuka site of Fuji Electric Systems Co., Ltd., to a manufacturing base in China and extended the scope of production to include medium-capacity systems.

Plant and Equipment Investment / Depreciation and Amortization

(Billions of yen)



In the Semiconductors segment, targeting the expanding market for power semiconductor devices, the Company developed and expanded the industrial insulated gate bipolar transistor (IGBT) module assembly facilities of Fuji Electric Semiconductor (Malaysia) Sdn. Bhd. Also, in response to the growth in environment-friendly vehicles, the Company invested to increase production of vehicle mounted semiconductors and sensors. In the Research and Development Group, the Company introduced equipment for the development of SiC devices, which are next-generation power devices.

In the ED&C Components segment, the Company developed compact magnetic contactors tailored to meet the needs of China's market, which promises significant growth. And, the Company invested in production equipment for Fuji Electric (Changshu) Co., Ltd.

In the Magnetic Disks segment, in response to the increasing capacities of HDDs, the Company advanced overseas production by increasing production equipment for aluminum media at Fuji Electric (Malaysia) Sdn. Bhd.

In the Vending Machines segment, the Company rationalized facilities by constructing a new manufacturing building at the Mie Plant of Fuji Electric Retail Systems Co., Ltd. Further, the Company invested in molds and other production equipment for energy-saving vending machines.

R&D Expenditures

With the field of "energy and environment" and "smart communities" as key themes, Fuji Electric's R&D concentrated on developing components and solutions that will contribute to the creation of a sustainable society. In addition, the Company advanced the globalization of its R&D by conducting R&D in China, the United States, and Europe. Also, Fuji Electric is stepping up open innovation initiatives with universities, research institutes, and other companies.

For fiscal 2010, Fuji Electric's total R&D expenditures amounted to ¥32,568 million.

Financial Position

Total Assets

Total assets stood at ¥805,797 million, as of March 31, 2011, down ¥103,141 million from the previous fiscal year-end.

Current Assets and Current Liabilities

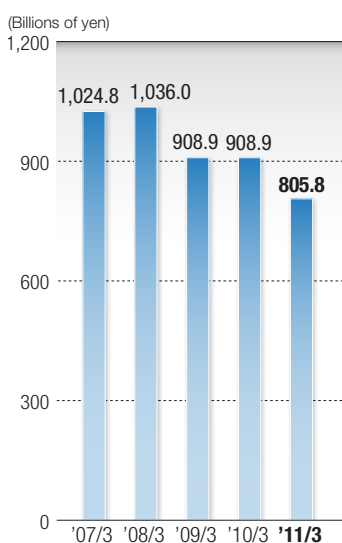
Total current assets amounted to ¥443,024 million as of March 31, 2011, up ¥27,351 million from the previous fiscal year-end. This was attributable to a ¥44,539 million increase in cash and cash equivalents—mainly in order to secure liquidity in hand for bond redemption—and a ¥16,000 million rise in inventories, which offset a ¥25,757 million decrease in notes and accounts receivable-trade from the previous fiscal year-end.

Total current liabilities stood at ¥404,898 million, up ¥23,914 million from the previous fiscal year-end. This stemmed from an increase in the current portion of bonds from ¥10,000 million at the previous fiscal year-end to ¥40,000 million as of March 31, 2011, and a ¥10,532 million rise in advances received, which counteracted a ¥18,000 million decline in commercial paper from the previous fiscal year-end.

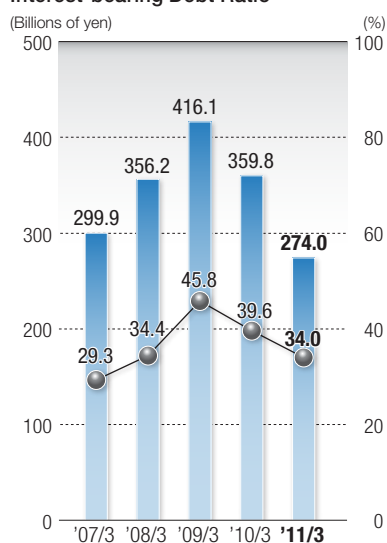
Noncurrent Assets

Total noncurrent assets stood at ¥362,662 million, a decrease of ¥130,386 million from the previous fiscal year-end. Included in this amount, net property, plant and equipment and intangible assets totaled ¥176,077 million, a decline of ¥10,718 million from the previous fiscal year-end. Further, total investments and other assets amounted to ¥186,584 million, down ¥119,667 million from the previous fiscal year-end. This was mainly due to the sale of investment securities.

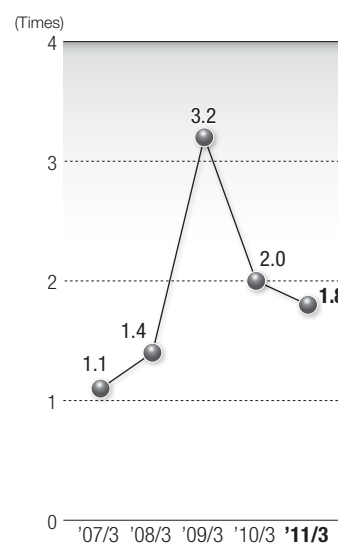
Total Assets



Interest-bearing Debt / Interest-bearing Debt Ratio



Debt-equity Ratio



■ Interest-bearing Debt
● Interest-bearing Debt Ratio

Noncurrent Liabilities

Total noncurrent liabilities were ¥225,963 million, a decline of ¥105,857 million from the previous fiscal year-end. This reflected decreases of ¥51,522 million in long-term debt and ¥40,000 million in bonds payable from the previous fiscal year-end and a ¥21,786 million decrease in deferred tax liabilities, which principally resulted from a decline in the market value of investment securities accompanying the sale of investment securities.

Net Assets

Total net assets as of March 31, 2011, were ¥174,935 million, down ¥21,198 million from the previous fiscal year-end. This was mainly because a ¥33,090 million decrease in unrealized gain on other securities counteracted a ¥12,368 million rise in retained earnings from the previous fiscal year-end. As a result, the total net assets ratio was 19.3%, a decline of 0.4 percentage points from the previous fiscal year-end.

Debt

Interest-bearing debt as of March 31, 2011, was ¥274,019 million, down ¥85,771 million from the previous fiscal year-end. The ratio of interest-bearing debt to total assets was 34.0%, a decrease of 5.6 percentage points from the previous fiscal year-end.

Cash Flows

In fiscal 2010, consolidated free cash flow (net cash provided by operating activities + net cash provided by investment activities) was ¥138,094 million, an improvement of ¥126,699 million compared with free cash flow of ¥11,395 million in the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥53,853 million, compared with ¥11,923 million for the previous fiscal year. This was mainly due to stepped-up efforts to collect notes and accounts receivable-trade and advances.

This was an improvement of ¥41,930 million year on year.

Cash Flows from Investing Activities

Net cash provided by investment activities was ¥84,241 million, compared with net cash used in investment activities of ¥528 million in the previous fiscal year. This was primarily related to sales of investment securities.

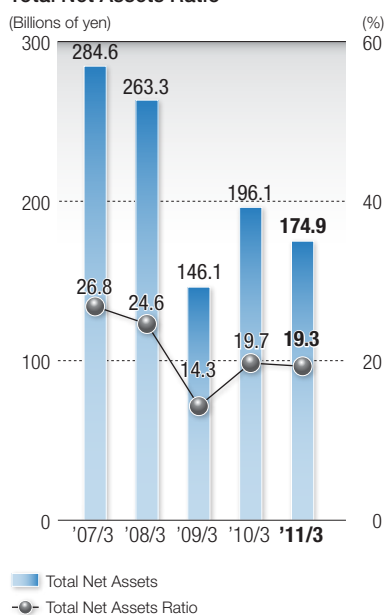
This represented an ¥84,769 million improvement from the same period of the previous fiscal year.

Cash Flows from Financing Activities

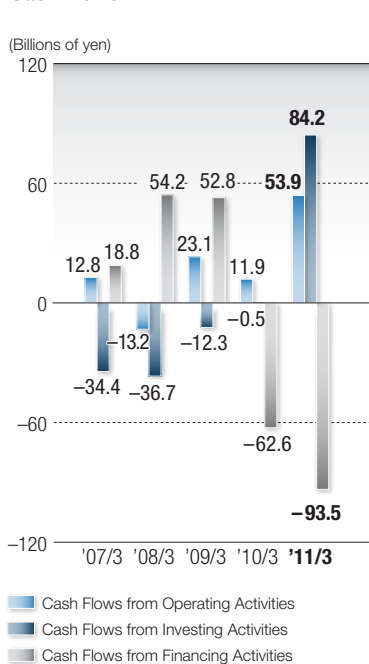
Net cash used in financing activities was ¥93,468 million, compared with net cash used in financing activities of ¥62,578 million in the previous fiscal year. This was principally due to decreases in loans payable and commercial papers.

As a result, consolidated cash and cash equivalents at fiscal year-end amounted to ¥81,796 million, up ¥44,513 million, or 119.4%, from the previous fiscal year-end.

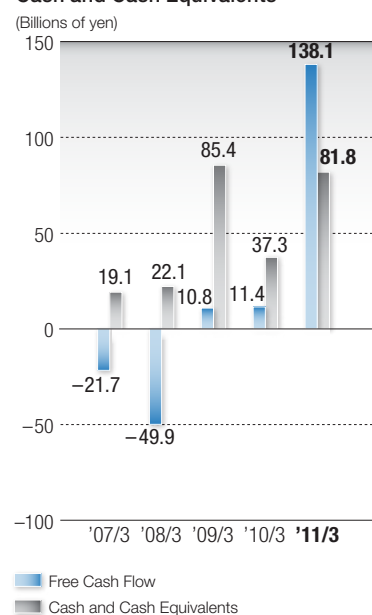
Total Net Assets / Total Net Assets Ratio



Cash Flows



Free Cash Flow / Cash and Cash Equivalents



Risk Factors

Fuji Electric works to mitigate business risk and other risks in a systematic and methodical manner. However, there are various risks, such as those listed below, which could have a negative effect on the operating results and financial position of Fuji Electric.

As of March 31, 2011, the following factors were judged to have a potential future effect on the operations of the Fuji Electric.

(1) Risks Related to Changes in the Operating Environment

- (a) Raw material and component prices are rising due to upwardly trending commodity markets and nonferrous metal prices worldwide. These trends reflect the expansion of Asia's market—particularly in China, which is generating very strong demand for raw materials and thereby tightening supply and demand for them—and protracted geopolitical instability in the Middle East. Fuji Electric hedges risk of raw material price hikes through commodity swap transactions. However, a significant increase in raw material and component prices could affect Fuji Electric's operating results.
- (b) Fuji Electric is developing operations actively in overseas markets, focusing particularly on expanding sales in China and other Asian markets. In addition, economic trends in Japan, such as private sector capital investment and public investment affect the Company significantly. In order to minimize the effect on operating results of overseas and domestic market trends, the Company is implementing overall cost and expense reductions. However, a deterioration of the business climate or a change of economic policy in China, a dramatic change in product supply and demand or intensified competition in the market, or a steep decrease in price levels as a result of such factors could affect Fuji Electric's operating results.
- (c) Based on an established set of management criteria, the Fuji Electric Group systematically employs forward-exchange contracts to minimize the risk of exchange rate fluctuations on its operating results. However, the forward-exchange contract policy is not capable of entirely mitigating exchange rate risk. Consequently, fluctuations in exchange rates, primarily between the yen and the U.S. dollar, could have a negative effect on the operating results and financial position of the Company.
- (d) Fuji Electric's interest-bearing debt totaled ¥274,019 million as of March 31, 2011. A higher-than-anticipated increase in interest rates could lead to a significant additional interest payment burden, which could have a negative effect on the operating results of the Company.

(2) Risks Related to Product Quality

The Fuji Electric Group has put in place a quality assurance system designed to ensure the highest level of quality for all of the products that it manufactures and sells. Although the Company has taken precautions in the form of product liability insurance to provide compensation for product liability claims, in the event that major defects are found in any Fuji Electric Group products due to unforeseen factors, there could be a negative effect on the Company's operating results and financial position.

(3) Risks Related to Investments

The Fuji Electric Group concentrates its management resources on quickly identifying potential business growth areas and conducts investment in facilities and R&D with the objective of expanding and developing Group business. The large-scale investment necessary and short product cycles in the Magnetic Disks and Semiconductors segments, in particular, as well as shifts in product demand and intensifying competition increase the possibility that the Company might not be able to recoup its investments. Such events could thereby have a negative effect on the Company's operating results.

(4) Risks Related to Technology Development

The Fuji Electric Group makes a concerted effort to develop technology that matches the needs of the market. However, there is a possibility that competing companies will gain an advantage through faster development, or that the Company will be unable to bring products to market in a timely manner should development not progress according to plan. Such events could thereby have a negative effect on the Company's operating results.

(5) Risks Related to Overseas Business Activities

The Fuji Electric Group is seeking to expand its overseas presence, with a particular focus on Asia, including China. Consequently, the Company is exposed to the following risks, which could have a negative effect on the Company's operating results and financial position:

- Unforeseen changes in laws and regulations as well as tax systems that could have a detrimental effect on the Company
- Disadvantages arising from political conditions
- Social turmoil related to terrorist incidents, war, and other events

(6) Risks Related to Intellectual Property

The Fuji Electric Group effectively manages its intellectual property rights and develops new products and technologies in a manner that does not infringe on third-party patent rights. However, since the pace of technological innovation is accelerating and the Company's operations are becoming more global, the possibility of disputes over intellectual property rights is increasing. A dispute of this nature could have a negative effect on the Company's operating results and financial position.

(7) Risks Related to Business Alliances

The Fuji Electric Group actively collaborates with third-party entities in mergers, tie-ups, and other forms of alliances with the objective of enhancing competitiveness in each of its fields of business. Cooperative relations are essential to the success of such collaborations. However, differences in business systems, corporate cultures, or other aspects could impede the smooth integration of business strategies, technologies, products, personnel, or other elements necessary for a successful collaboration. Such circumstances could thereby have a negative effect on the Company's operating results.

(8) Risks Related to Human Resources

The business activities of the Fuji Electric Group depend heavily on its human resources. Retaining and training superior personnel in such fields as technology, production, sales, and administration is essential to the growth of the Company. Should the Company be unable to retain and/or train such necessary human resources, this could have a negative effect on the Company's operating results.

(9) Risks Related to the Leakage of Personal Information

As a part of its business activities, the Fuji Electric Group handles personal information about numerous individuals, including customers, suppliers, and employees. The Fuji Electric Group has formulated and strictly enforces thorough internal regulations regarding the gathering, use, and management of personal information. However, the Company cannot entirely rule out the possibility that such information could be leaked due to unforeseen circumstances. Any leak of this kind could damage trust in the Fuji Electric Group and thereby have a negative effect on the Company's operating results.

(10) Risks Related to Major Natural Disasters

Fuji Electric has a network of bases throughout the world. In the event of a major natural disaster, production facilities could be damaged, operations at manufacturing facilities could be halted, shipments of products could be delayed, and other related problems could occur. These events could thereby have a negative effect on the operating results and financial position of the Company.

In addition, in response to the Great East Japan Earthquake on March 11, 2011, the Company established an emergency task force led by its president and representative director, which investigated the level of damage that business partners and Fuji Electric companies had suffered and directed restoration efforts.

As for damage to Fuji Electric, although some production equipment and facilities of the Fukiage plant (Saitama Prefecture) and the Otawara plant (Tochigi Prefecture) of Fuji Electric FA Components & Systems Co., Ltd., suffered damage, all manufacturing bases had resumed operations by 24 March, 2011.

The Company is minimizing the effect of difficulties in procuring components and materials and scheduled power outages by changing the operation times of plants and diversifying procurement routes up to and including the upstream area of its supply chain. However, further future tightening of supply and demand for electricity during summer or prolonged difficulties in procuring components and materials could affect Fuji Electric's operating results and financial position.

(11) Risks Related to Soil Contamination

Based on the international standard for environmental protection systems, the Company works to prevent, measure, and monitor soil contamination at its operating sites. Prior to selling any land, the Company carries out soil surveys and takes other appropriate steps in accordance with relevant laws and regulations. However, as a result of these measurements and surveys, the Company may incur costs for soil remediation measures, which could have a negative effect on the operating results of the Company.

(12) Risks Related to Retirement Benefit Liabilities

The Fuji Electric Group has a lump-sum payment plan and a corporate pension plan for its employees when they retire. Retirement benefit costs and liabilities are calculated on the assumption that they are accepted as reasonable on the basis of actuarial calculations. Fuji Electric and certain domestic consolidated subsidiaries have also entrusted listed marketable securities to employee retirement benefit trusts. Consequently, changes in the discount rate, the expected rate of return on pension assets and stock prices that are used as the basis of computing pension benefit obligations, differences between these expectations and actual performance, changes in the prices of entrusted listed marketable securities, and other items could have a negative effect on the operating results and financial position of the Fuji Electric Group.

(13) Risks Related to Compliance

The Fuji Electric Group conducts business in a variety of fields and regions throughout the world, and as such is subject to the laws and regulations of numerous countries. The Company has put in place an appropriate internal control system to ensure compliance, but the possibility of legal violations cannot be discounted entirely. Should such a violation occur, this could have a negative effect on the Company's social credibility and/or operating results.

(14) Risks Related to Lawsuits and Other Legal Proceedings

The Fuji Electric Group, in the course of its business, could become the subject of a lawsuit or other legal proceeding, and could as a result unexpectedly become liable for the payment of large amounts of compensation. Depending on the content of such a decision, this could have a negative effect on the Company's operating results.

Consolidated Balance Sheets

As of March 31, 2011 and 2010	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Assets			
Current Assets:			
Cash and cash equivalents (Notes 2, 5 and 6)	¥ 81,796	¥ 37,283	\$ 985,502
Short-term investments (Notes 2, 5, 6 and 7)	87	61	1,050
Trade receivables (Notes 2 and 6)	197,350	223,107	2,377,722
Allowance for doubtful accounts (Note 2)	(561)	(617)	(6,765)
Inventories (Notes 2 and 4)	109,451	93,450	1,318,690
Deferred tax assets (Notes 2 and 15)	15,849	22,069	190,957
Other current assets	39,052	40,320	470,490
Total Current Assets	443,024	415,673	5,337,646
Property, Plant and Equipment (Notes 2 and 5):			
Land	27,697	30,532	333,703
Buildings and structures	201,113	197,320	2,423,060
Machinery and equipment	165,222	156,505	1,990,632
Lease assets (Note 17)	37,520	27,872	452,049
Construction in progress	1,273	14,595	15,320
	432,825	426,824	5,214,764
Less accumulated depreciation	(266,894)	(250,631)	(3,215,590)
Net Property, Plant and Equipment	165,931	176,193	1,999,174
Investments and Other Assets:			
Investment securities (Notes 2, 5, 6 and 7):			
Unconsolidated subsidiaries and affiliates	29,079	31,104	350,360
Other	100,253	219,270	1,207,872
Long-term loans receivable	2,037	1,934	24,547
Deferred tax assets (Notes 2 and 15)	4,634	4,754	55,843
Other investments and other assets	62,260	61,385	750,083
Allowance for doubtful accounts (Note 2)	(1,421)	(1,375)	(17,127)
Total Investments and Other Assets	196,842	317,072	2,371,578
Total Assets	¥ 805,797	¥ 908,938	\$ 9,708,398

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Liabilities and Net Assets			
Current Liabilities:			
Short-term debt (Notes 2, 6 and 9)	¥ 37,132	¥ 96,682	\$ 447,374
Current portion of long-term debt (Notes 2, 6 and 9)	90,718	25,417	1,092,995
Trade payables (Notes 2 and 6)	134,686	131,746	1,622,731
Advances received	37,539	27,007	452,278
Income taxes payable (Notes 2 and 15)	2,416	3,686	29,116
Other current liabilities (Note 21)	102,407	96,446	1,233,795
Total Current Liabilities	404,898	380,984	4,878,289
Long-term Liabilities:			
Long-term debt (Notes 2, 6 and 9)	146,168	237,690	1,761,068
Provision for retirement benefits (Notes 2 and 10)	12,647	11,152	152,380
Provision for directors' retirement benefits (Note 2)	365	373	4,399
Deferred tax liabilities (Notes 2 and 15)	38,263	60,049	461,010
Other long-term liabilities (Note 21)	28,521	22,556	343,596
Total Long-term Liabilities	225,964	331,820	2,722,453
Total Liabilities	630,862	712,804	7,600,742
Contingent Liabilities (Note 16):			
Net Assets			
Shareholders' Equity:			
Capital stock (Note 11):			
Authorized— 1,600,000,000 shares			
Issued— 746,484,957 shares as of March 31, 2011	47,586	—	573,326
746,484,957 shares as of March 31, 2010	—	47,586	—
Capital surplus	46,734	46,734	563,063
Retained earnings	54,378	42,010	655,158
Treasury stock, at cost (Note 11):			
31,867,094 shares as of March 31, 2011	(7,106)	—	(85,615)
31,824,451 shares as of March 31, 2010	—	(7,095)	—
Total Shareholders' Equity	141,592	129,235	1,705,932
Accumulated Other Comprehensive Income (Loss)			
Valuation difference on available-for-sale securities	19,895	52,985	239,700
Deferred gains or losses on hedges (Notes 2, 6 and 8)	4	110	55
Foreign currency translation adjustments (Note 2)	(6,136)	(3,463)	(73,939)
Total Accumulated Other Comprehensive Income	13,763	49,632	165,816
Minority Interests in Consolidated Subsidiaries (Note 2)	19,580	17,267	235,908
Total Net Assets	174,935	196,134	2,107,656
Total Liabilities and Net Assets	¥805,797	¥908,938	\$9,708,398

Consolidated Statements of Income

Years ended March 31, 2011 and 2010	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Net Sales (Note 2)	¥689,065	¥691,223	\$8,301,989
Cost of Sales (Notes 2 and 12)	543,558	568,966	6,548,891
Gross Profit	145,507	122,257	1,753,098
Selling, General and Administrative Expenses (Notes 2 and 12)	133,590	121,333	1,609,518
Operating Income	11,917	924	143,580
Non-operating Income (Expenses):			
Interest and dividend income	2,913	2,866	35,102
Interest expense	(5,585)	(6,993)	(67,299)
Other, net	(2,020)	2,666	(24,323)
	(4,692)	(1,461)	(56,520)
Ordinary Income (Loss)	7,225	(537)	87,060
Extraordinary Income (Loss), Net (Notes 13 and 14)	19,222	(7,890)	231,590
Income (Loss) Before Income Taxes and Minority Interests	26,447	(8,427)	318,650
Income Taxes (Notes 2 and 15)	10,202	(13,378)	122,919
Income Before Minority Interests	16,245	4,951	195,731
Minority Interests in Net Loss (Income) of Consolidated Subsidiaries	(1,141)	1,806	(13,752)
Net Income	¥ 15,104	¥ 6,757	\$ 181,979
	Yen		U.S. dollars (Note 3)
	2011	2010	2011
Per Share of Common Stock:			
Basic (Note 2)	¥21.14	¥9.46	\$0.255
Diluted (Note 2)	21.10	9.38	0.254

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Years ended March 31, 2011 and 2010	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Income Before Minority Interests	¥ 16,245	¥ 4,951	\$ 195,731
Other Comprehensive Income (Loss)			
Valuation difference on available-for-sale securities	(33,111)	42,326	(398,929)
Deferred gains or losses on hedges	(108)	180	(1,309)
Foreign currency translation adjustments	(3,004)	(1,150)	(36,205)
Share of other comprehensive loss of associates accounted for using equity method	(10)	(97)	(119)
Total Other Comprehensive Income (Loss)	(36,233)	41,259	(436,562)
Comprehensive Income (Loss)	¥(19,988)	¥46,210	\$(240,831)
Comprehensive Income (Loss) attributable to:			
Shareholders of the Company	¥(20,763)	¥48,129	\$(250,168)
Minority interests	775	(1,919)	9,337

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

	Thousands		Millions of yen								
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Treasury stock	Total	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2009	746,484	¥47,586	¥46,734	¥34,850	¥10,751	¥ (60)	¥(2,431)	¥(7,088)	¥130,342	¥15,771	¥146,113
Net income for the year	-	-	-	6,757	-	-	-	-	6,757	-	6,757
Change of scope of consolidation	-	-	-	49	-	-	-	-	49	-	49
Change of scope of equity method	-	-	-	354	-	-	-	-	354	-	354
Cash dividends	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury stock, net of sales	-	-	(0)	-	-	-	-	(7)	(7)	-	(7)
Net change in the year	-	-	-	-	42,234	170	(1,032)	-	41,372	1,496	42,868
Balance at March 31, 2010	746,484	¥47,586	¥46,734	¥42,010	¥52,985	¥ 110	¥(3,463)	¥(7,095)	¥178,867	¥17,267	¥196,134
Net income for the year	-	-	-	15,104	-	-	-	-	15,104	-	15,104
Change of scope of consolidation	-	-	-	56	-	-	-	-	56	-	56
Change of scope of equity method	-	-	-	(291)	-	-	-	-	(291)	-	(291)
Cash dividends	-	-	-	(2,501)	-	-	-	-	(2,501)	-	(2,501)
Purchase of treasury stock, net of sales	-	-	(0)	-	-	-	-	(11)	(11)	-	(11)
Net change in the year	-	-	-	-	(33,090)	(106)	(2,673)	-	(35,869)	2,313	(33,556)
Balance at March 31, 2011	746,484	¥47,586	¥46,734	¥54,378	¥19,895	¥ 4	¥(6,136)	¥(7,106)	¥155,355	¥19,580	¥174,935

	Thousands of U.S. dollars (Note 3)										
Balance at March 31, 2010	\$573,326	\$563,063	\$506,149	\$ 638,374	\$ 1,333	\$(41,743)	\$(85,487)	\$2,155,015	\$208,046	\$2,363,061	
Net income for the year	-	-	181,979	-	-	-	-	181,979	-	181,979	
Change of scope of consolidation	-	-	683	-	-	-	-	683	-	683	
Change of scope of equity method	-	-	(3,517)	-	-	-	-	(3,517)	-	(3,517)	
Cash dividends	-	-	(30,136)	-	-	-	-	(30,136)	-	(30,136)	
Purchase of treasury stock, net of sales	-	(0)	-	-	-	-	(128)	(128)	-	(128)	
Net change in the year	-	-	-	(398,674)	(1,278)	(32,196)	-	(432,148)	27,862	(404,286)	
Balance at March 31, 2011	\$573,326	\$563,063	\$655,158	\$ 239,700	\$ 55	\$(73,939)	\$(85,615)	\$1,871,748	\$235,908	\$2,107,656	

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2011 and 2010	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	¥ 26,447	¥ (8,427)	\$ 318,650
Depreciation and amortization	27,945	26,053	336,693
Increase (decrease) in allowance for doubtful accounts	(11)	103	(137)
Interest and dividend income	(2,913)	(2,866)	(35,102)
Interest expense	5,585	6,993	67,299
Foreign exchange losses (gains)	748	(321)	9,022
Gain on sales of noncurrent assets	(232)	(4,056)	(2,798)
Gain on sales of investment securities	(30,760)	(295)	(370,611)
Gain on sales of subsidiaries' stocks	(539)	-	(6,495)
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,270	-	27,357
Loss on devaluation of investment securities	2,863	257	34,496
Loss on disposal of noncurrent assets	923	898	11,127
Impairment loss	1,269	-	15,301
Changes in operating assets and liabilities:			
Notes and accounts receivable-trade	24,122	(38,777)	290,631
Inventories	(16,179)	59,002	(194,932)
Notes and accounts payable-trade	5,384	8,581	64,872
Advances received	10,525	(24,402)	126,817
Other, net	3,680	(2,516)	44,291
Cash generated from operations	61,127	20,227	736,481
Interest and dividends received	2,745	2,814	33,078
Interest expenses paid	(5,381)	(6,910)	(64,834)
Income taxes paid	(4,638)	(4,208)	(55,892)
Net cash provided by operating activities	53,853	11,923	648,833
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(12,321)	(10,606)	(148,446)
Proceeds from sales of property, plant and equipment	4,987	12,852	60,087
Purchase of investment securities	(398)	(361)	(4,800)
Proceeds from sales of investment securities	94,153	1,408	1,134,379
Proceeds from sales of investments in subsidiaries	1,450	-	17,470
Payments of loans receivable	(7,439)	(11,844)	(89,634)
Collection of loans receivable	6,622	12,236	79,784
Other, net	(2,813)	(4,213)	(33,880)
Net cash provided by (used in) investing activities	84,241	(528)	1,014,960
Cash Flows from Financing Activities:			
Net decrease in short-term loans payable	(59,835)	(71,701)	(720,912)
Proceeds from long-term loans payable	1,709	60,937	20,594
Repayment of long-term loans payable	(24,692)	(47,105)	(297,499)
Proceeds from sales of treasury stock	1	0	16
Purchase of treasury stock	(11)	(8)	(144)
Cash dividends paid	(2,501)	-	(30,136)
Cash dividends paid to minority shareholders	(362)	(65)	(4,369)
Other, net	(7,777)	(4,633)	(93,676)
Net cash used in financing activities	(93,468)	(62,575)	(1,126,126)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,103)	117	(13,299)
Net Increase (Decrease) in Cash and Cash Equivalents	43,523	(51,063)	524,368
Cash and Cash Equivalents at Beginning of Year	37,283	85,365	449,196
Increase in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	990	321	11,938
Increase in Cash and Cash Equivalents Resulting from Merger of Subsidiaries	-	2,660	-
Cash and Cash Equivalents at End of Year	¥ 81,796	¥ 37,283	\$ 985,502

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Notes to the Consolidated Financial Statements

Note 1. Basis of Preparing Consolidated Financial Statements

The accompanying consolidated financial statements of Fuji Electric Co., Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Effective the year ended March 31, 2011, the Companies have adopted "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standards Board of Japan ("ASBJ") Statement No. 25, issued on June 30, 2010), and the Company is required to present the consolidated statement of comprehensive income. In connection with the adoption, the Company presented the consolidated statement of comprehensive income for the year ended March 31, 2010 to conform to the

presentation of the consolidated statement of comprehensive income for the year ended March 31, 2011. In addition, the amounts of "Accumulated Other Comprehensive Income (Loss)" and "Total Accumulated Other Comprehensive Income" shown in the consolidated balance sheet as of March 31, 2010 had previously been stated as "Valuation and Translation Adjustments" and "Total Valuation and Translation Adjustments," respectively, shown in the consolidated balance sheet as of March 31, 2010.

In preparing these statements, certain reclassifications and rearrangements have been made to the consolidated financial statements prepared domestically in Japan in order to present these statements in a form that is more familiar to readers outside Japan.

In addition, the notes to the consolidated financial statements include additional information which is not required under accounting principles generally accepted in Japan.

Note 2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements for the year ended March 31, 2011 include the accounts of the Company and its 49 significant subsidiaries (53 in 2010) (together, the "Companies").

Under the control or influence concept, the accompanying consolidated financial statements include the accounts of the Company and, with minor exceptions, those of its subsidiaries, whether directly or indirectly controlled, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated. The Company does not consolidate nor apply the equity method to subsidiaries or affiliates whose gross assets, net sales, net income (loss) and retained earnings are not significant to the consolidated financial statements.

Investments in unconsolidated subsidiaries and affiliates are stated at cost.

The balance sheet date of certain consolidated subsidiaries is December 31. The financial statements of such subsidiaries were tentatively prepared in accordance with the fiscal year of the Company, and those were consolidated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Goodwill and negative goodwill (incurred before March 31, 2010) resulting from the difference between the cost and the underlying net assets at the respective dates of acquisition is being amortized over a period of 5 years, except that immaterial amounts are charged to income as incurred.

Effective the year ended March 31, 2011, the Companies have adopted the following accounting standards: "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 issued on December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23 issued on December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ

Statement No.7 issued on December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16 issued on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 issued on December 26, 2008).

b. Cash Equivalents

For the purpose of the statement of cash flows, the Companies consider all short-term, highly liquid instruments with a maturity of three months or less to be cash equivalents.

c. Inventories

Raw materials are mainly stated at cost, determined by the most recent purchase price method. Finished goods and work in process are mainly stated at actual cost determined by accumulated production cost for contract items or average cost for regular production items, except that finished goods of certain consolidated subsidiaries are priced by the most recent purchase price method. In accordance with accounting practices generally accepted in the heavy electric industry, inventories include items with a manufacturing period exceeding one year.

Inventories with lower profitability were written down and the losses on valuation were included in cost of sales. The amount of losses were ¥267 million (\$3,227 thousand) and ¥458 million for the years ended March 31, 2011 and 2010, respectively.

d. Financial Instruments

Effective for the year ended March 31, 2010, the Companies adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, issued on March 10, 2008) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, issued on March 10, 2008).

e. Securities

Marketable securities classified as other securities are stated at fair value. Unrealized gains and losses, net of taxes, are reported in a separate component of net assets.

Nonmarketable securities classified as other securities are stated at cost determined by the moving-average method.

f. Derivatives and Hedging Activities

The Companies enter into derivative financial instruments ("derivatives"), including foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies and interest rate swap agreements as a means of managing its interest rate exposures on certain assets and liabilities. In addition, the Companies enter into commodity swap agreements to hedge the risk of fluctuation of commodity prices for raw materials.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

- a) Except as described in the following paragraph b) and c), all derivatives are recognized as either assets or liabilities and measured at fair value, and forward contracts applied for forecasted transactions are measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed if the forward contracts qualify for hedge accounting.
- b) Trade receivables and trade payables denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting.
- c) The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differentials paid or received under the swap agreements are recognized and included in interest expense or income.

g. Depreciation

1) Tangible fixed assets (excluding leased assets)

Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to the buildings of the Company and domestic subsidiaries acquired after April 1, 1998. The range of useful lives is from 7 to 50 years for buildings and from 5 to 7 years for machinery and equipment.

Effective April 1, 2010, the Companies have adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008).

As a result of the adoption, operating income and ordinary income decreased by ¥119 million (\$1,441 thousand) and income before income taxes and minority interests decreased by ¥2,390 million (\$28,797 thousand), respectively.

The effects on the segment information were immaterial.

2) Leased assets

Depreciation is computed by the straight-line method over the lease period assuming no residual value. Finance leases other than those that were deemed to transfer the ownership of the leased assets to the lessees and contracted before April 1, 2008, are accounted for by the method that is applicable to ordinary operating leases.

h. Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i. Provision for Retirement Benefits

The Company and its domestic consolidated subsidiaries have corporate pension, tax-qualified pension plans and lump-sum payment plans

as defined benefit plans and defined contribution pension plans.

The Companies accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The transitional obligation, determined as of April 1, 2000, is being amortized over 10 years.

The prior service cost is amortized by the straight-line method over the expected remaining working lives of the then-active employee participants.

The actuarial gains and losses are amortized by the straight-line method over the expected remaining working lives of the then-active employee participants from the next period in which they arise, respectively.

Effective for the year ended March 31, 2010, the Companies adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No.19, issued on July 31, 2008). This change had no effect on operating income, ordinary loss and loss before income taxes and minority interests.

j. Provision for Directors' Retirement Benefits

For certain consolidated subsidiaries, the accrued retirement benefits for directors were provided mainly at the amount of their compensation at the time of termination calculated based on its internal regulations.

k. Research and Development Costs

Research and development costs are charged to income as incurred.

l. Recognition for Revenue and Costs

Recognition criteria for completed contract revenue and costs

Until March 31, 2009, the Companies adopted the completed-contract method for revenue from contract construction.

Effective for the year ended March 31, 2010, the Companies adopted "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued on December 27, 2007).

Accordingly, the percentage-of-completion method has been adopted to all of the construction contracts which had been commenced as of April 1, 2009, and for which the outcome of the construction activity is deemed certain. The estimation for the degree of completion of construction is determined by the percentage of the cost incurred to the estimated total cost. When the outcome of performance activity is not deemed certain, the completed-contract method is adopted.

As a result of its adoption, sales increased by ¥7,389 million, operating income increased by ¥631 million, ordinary loss decreased by ¥631 million and loss before income taxes and minority interests decreased by ¥6,485 million for the year ended March 31, 2010.

The effects on the segment information are described in "Note 18. Segment Information."

m. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The Company filed a consolidated tax return, which allows companies to file tax payments on the combined basis of profits or losses of the parent company and its wholly owned domestic subsidiaries. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

n. Foreign Currency Transactions

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

o. Foreign Currency Financial Statements

Assets, liabilities, and revenue and expense accounts of the foreign consolidated subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate.

Differences arising from such translation are included in foreign currency translation adjustments and minority interests in consolidated subsidiaries as a separate component of net assets.

p. Accounting for Consumption Taxes

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying consolidated statements of operations.

q. Net Income per Share

Net income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Note 3. U.S. Dollar Amounts

The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetic results of translating yen into dollars at ¥83=U.S.\$1, the approximate

exchange rate as of March 31, 2011. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4. Inventories

Inventories as of March 31, 2011 and 2010 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Merchandise and finished goods	¥ 37,935	¥36,633	\$ 457,049
Work in process	41,132	35,741	495,569
Raw materials	30,384	21,076	366,072
Inventories	¥109,451	¥93,450	\$1,318,690

Note 5. Pledged Assets and Financial Assets Accepted as Collateral

The amounts of assets pledged as collateral for trade payables, short-term debt and long-term debt as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Time deposits	¥ 60	¥ 60	\$ 723
Investment securities	316	364	3,817
Property, plant and equipment	17,062	17,418	205,565
Total	¥17,438	¥17,842	\$210,105

Note 6. Financial Instruments

1. Status of financial instruments

(1) Policy regarding financial instruments

The Companies limit the scope of its cash and fund management activities to short-term deposits. When raising funds, the Companies have a policy of relying principally on bank borrowings, bonds payable and commercial paper. The Companies mainly raise the operating funds through short-term loans payable and commercial paper, and the fund relating to capital investments through long-term loans payable and bonds payable. The Companies make use of derivatives to reduce risk, as explained below, and have a policy of not engaging in derivative transactions for speculative purposes.

(2) Details of financial instruments and associated risk

In the course of its business activities, trade receivables are exposed to customer credit risk.

In addition, trade receivables denominated in foreign currency arising from international business are exposed to exchange risk. The Companies hedge the exchange risk, by using foreign exchange forward contracts within the range prescribed relating to the net amount of the trade receivables in foreign currency, offset by the amount of its trade payable denominated in the same currency.

Short-term investments and investment securities are comprised primarily of stocks of companies with which the Companies have business relation and are exposed to market price risk.

Trade payables are mostly payable within one year. Some trade payables are denominated in foreign currencies and exposed to exchange risk. The Companies hedge the exchange risk of the trade payables denominated in foreign currencies in principle, except for the amount within that of trade receivables denominated in the same currencies, by using foreign exchange forward contracts.

Short-term loans payable and commercial paper are primarily raised for the purpose of maintaining operating funds. Bonds payable, long-term loans payable and lease obligations on finance lease transactions are primarily raised for the purpose of preparing capital investment. The maturities of these bonds payable and long-term loans payable are up to 12.5 years at the longest after the balance sheet date. Some are exposed to interest rate fluctuation risk and the Companies hedge such risk by interest rate swap transactions. However, the Companies use derivatives (interest rate swap transactions) as a hedging method.

Regarding derivatives, the Companies employ foreign exchange forward contracts to reduce the risk of foreign currency exchange movements that arise from the previously mentioned receivables and payables denominated in foreign currencies. In addition, the Companies use interest rate swap transactions to reduce the interest rate fluctuation risk of loans, and use commodity swap transactions to reduce the risk of fluctuation of commodity prices for raw materials. As hedging instruments under hedge accounting, the Companies enter into these derivative transactions in accordance with the Companies' policies to reduce the corresponding risk to each hedged item. The Companies compare the market change of hedged items and hedging instruments or the cash flow changes.

Assessment of effectiveness for hedging activities depends on the ratio of the amount of change.

(3) Systems for management of financial instruments risk

a) Credit risk management (the risk that transaction partners may default on their obligations to the Companies)

The credit risk in relation to trade receivables from customers, pursuant to criteria for managing credit exposure, is managed by controlling due dates and balances of each customer. In addition, the Companies manage to identify doubtful receivables earlier and mitigate their risk caused by aggravation of the financing position, etc.

Because the counterparties to these derivatives are limited to authentic financial institutions, the Companies do not anticipate any losses arising from credit risk.

b) Market risk management (the risks arising from fluctuations in exchange rates, interest rates and other indicators)

The Companies, in principle, employ foreign exchange forward contracts to reduce the risk of foreign currency exchange movements that arise from the previously mentioned receivables and payables denominated in foreign currencies. In addition, the Companies use interest rate swap transactions to reduce the interest rate fluctuation risk of loans, and use commodity swap transactions to reduce the risk of fluctuation of commodity prices for raw materials.

Regarding investment securities, the Companies periodically review the market value of such financial instruments and the financial position of the issuer (the company having business transactions with the Companies). In addition, other than debt securities to be held until maturity, the Companies review the status of these investments on a continuing basis.

Derivative transactions have been entered into in accordance with the Companies' policies. The execution of derivatives, which is based on the application of each section, is mainly controlled by the Finance Department of each company, or by the Material Section regarding commodity swap transactions. In addition, the Finance Department periodically reports to the management and each section, and strictly performs risk management relating to derivative transactions.

c) Liquidity risk management (the risk that the Companies may not be able to meet its payment obligations on the scheduled date)

The Companies reduce the liquidity risk by having each company review and revise cash management plans monthly or timely.

(4) Supplementary explanation of the estimated fair value of financial instruments and related matters

The estimated fair value of financial instruments is their price based on their market price and other indicators. When there is no market price available, it includes prices which are reasonably computed.

Since variable factors are taken into account in computing the price, this price may fluctuate depending on different assumptions adopted. In addition, the contract (notional) amount of derivatives in "Note 8. Derivatives" is not an indicator of the actual market risk involved in derivative transactions.

2. Estimated fair value and other matters related to financial instruments

Carrying amounts on the consolidated balance sheets as of March 31, 2011 and 2010, estimated fair value and the variance between them are shown in the following table. Financial instruments whose estimated fair value is deemed to be extremely difficult to obtain are not included (Please refer to Note 2).

	Millions of yen		
	2011		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	¥ 81,796	¥ 81,796	¥ -
Trade receivables	197,350	197,344	(6)
Investment securities	94,669	94,669	-
Trade payables	(134,686)	(134,686)	-
Short-term debt	(37,132)	(37,132)	-
Current portion of long-term debt	(90,718)	(90,822)	104
Long-term debt	(146,168)	(148,034)	1,866
Derivatives			
Derivatives not subject to hedging activities	(61)	(61)	-
Derivatives subject to hedging activities	15	15	-

	Millions of yen		
	2010		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	¥ 37,283	¥ 37,283	¥ -
Trade receivables	223,107	223,032	(75)
Investment securities	213,553	212,516	(1,036)
Trade payables	(131,746)	(131,746)	-
Short-term debt	(96,682)	(96,682)	-
Current portion of long-term debt	(25,417)	(25,417)	-
Long-term debt	(237,690)	(235,159)	(2,531)
Derivatives			
Derivatives not subject to hedging activities	29	29	-
Derivatives subject to hedging activities	159	159	-

	Thousands of U.S. dollars (Note 3)		
	2011		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	\$ 985,502	\$ 985,502	\$ -
Trade receivables	2,377,722	2,377,650	(72)
Investment securities	1,140,600	1,140,600	-
Trade payables	(1,622,731)	(1,622,731)	-
Short-term debt	(447,374)	(447,374)	-
Current portion of long-term debt	(1,092,995)	(1,094,248)	1,253
Long-term debt	(1,761,068)	(1,783,553)	22,485
Derivatives			
Derivatives not subject to hedging activities	(746)	(746)	-
Derivatives subject to hedging activities	183	183	-

(*1) Figures shown in parentheses are liability items.

(*2) The value of assets and liabilities arising from derivatives is shown at net value, and a net liability position is shown in parentheses.

Notes: 1. Methods for computing the estimated fair value of financial instruments and securities and derivative transactions

(1) Cash and cash equivalents

Since these items are settled in a short period of time, estimated fair values are virtually the same as the carrying amounts.

(2) Trade receivables

Fair values of trade receivables, classified by each maturity, are based on the present value discounted by the interest rate determined taking into account the term until maturity and the credit risk.

(3) Investment securities

Stocks are valued at the exchange trading price. For information on securities classified by purpose of holding, please refer to "Note 7. Securities."

(4) Trade payables, (5) Short-term debt and (6) Current portion of long-term debt (except bonds)

Since these items are settled in a short period of time, estimated fair values are virtually the same as the carrying amounts.

(6) Current portion of long-term debt (bonds) and (7) Long-term debt

Fair values of long-term debt are based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into. Fair values of bonds issued by the Company are based on each market price.

(8) Derivatives

Please refer to "Note 8. Derivatives."

2. Items for which obtaining an estimated fair value is deemed to be extremely difficult

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
	Carrying amounts	Carrying amounts	Carrying amounts
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	¥34,663	¥36,821	\$417,635

Because the items in the preceding table do not have market price and obtaining the estimated fair values of these items is deemed to be extremely difficult, fair value has not been disclosed in (3) Investment securities.

3. Redemption schedule for monetary assets and securities with maturity dates as of March 31, 2011 and 2010:

	Millions of yen			
	2011			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 81,796	¥ -	¥-	¥-
Trade receivables	196,979	371	-	-
Investment securities				
Debt securities to be held until maturity (Bonds payable)	-	50	-	-
Debt securities with maturity date classified as other securities (Public bonds)	0	0	-	-
Total	¥278,775	¥421	¥-	¥-

	Millions of yen			
	2010			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 37,283	¥ -	¥-	¥-
Trade receivables	222,048	1,059	-	-
Investment securities				
Debt securities to be held until maturity (Bonds payable)	-	50	-	-
Debt securities with maturity date classified as other securities (Public bonds)	0	0	-	-
Total	¥259,331	¥1,109	¥-	¥-

	Thousands of U.S. dollars (Note 3)			
	2011			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	\$ 985,502	\$ -	\$-	\$-
Trade receivables	2,373,243	4,479	-	-
Investment securities				
Debt securities to be held until maturity (Bonds payable)	-	602	-	-
Debt securities with maturity date classified as other securities (Public bonds)	4	4	-	-
Total	\$3,358,749	\$5,085	\$-	\$-

4. Scheduled repayment amounts, following the date of the closing of the consolidated accounts, for bonds and long-term debt
Please refer to "Note 9. Short-term Debt and Long-term Debt."

Note 7. Securities

1. Other securities

March 31, 2011	Millions of yen			
	2011			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥60,198	¥94,619	¥37,370	¥2,949
Debt securities	0	0	-	-
Others	-	-	-	-
Total	¥60,198	¥94,619	¥37,370	¥2,949

March 31, 2010	Millions of yen			
	2010			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥121,598	¥211,126	¥90,254	¥726
Debt securities	0	0	-	-
Others	-	-	-	-
Total	¥121,598	¥211,126	¥90,254	¥726

March 31, 2011	Thousands of U.S. dollars (Note 3)			
	2011			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	\$725,278	\$1,139,990	\$450,251	\$35,539
Debt securities	8	8	-	-
Others	-	-	-	-
Total	\$725,286	\$1,139,998	\$450,251	\$35,539

Note: The following is not included in the preceding tables because it does not have market price and obtaining estimated fair value is deemed to be extremely difficult:
Unlisted stocks (Values in the balance sheets as of March 31, 2011 and 2010 were ¥5,583 million (\$67,275 thousand) and ¥8,093 million, respectively.)

2. Sales of other securities

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Proceed from sales	¥91,352	¥1,325	\$1,100,629
Gain on sales	30,204	295	363,910
Loss on sales	11	1	135

3. Impairment of other securities

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Impairment loss	¥246	¥257	\$2,972

Note 8. Derivatives

The Companies, which operate globally, are exposed to market risk arising from fluctuations in foreign currency exchange rates and enter into derivative financial instruments for the purpose of reducing such risk. The Companies also enter into interest rate swap agreements as a means of managing their interest rate exposure. In addition, the Companies enter into commodity swap agreements to hedge the risk of fluctuation of commodity prices for raw materials. The Companies do not hold or issue derivatives for speculative or dealing purposes.

Because the counterparties to these derivatives are limited to authentic financial institutions, the Companies do not anticipate any losses arising from credit risk.

All derivative transactions are entered into to hedge the market risks described above. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. Derivative transactions entered into by the Companies have been made in accordance with the Companies' policies. The execution of derivatives, based on the application of each section, is controlled by the Finance Department or the Material Section. Each derivative transaction is periodically reported to the management and each section and strictly controlled.

1. Derivative transactions to which hedge accounting is not applied

Millions of yen				
2011				
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	¥2,028	¥-	¥ 23	¥ 23
Euro	1,824	-	(78)	(78)
Won	165	-	(6)	(6)
Total	¥4,017	¥-	¥(61)	¥(61)

Millions of yen				
2010				
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	¥2,260	¥-	¥30	¥30
Euro	129	-	(1)	(1)
Total	¥2,389	¥-	¥29	¥29

Thousands of U.S. dollars (Note 3)				
2011				
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	\$24,434	\$-	\$ 289	\$ 289
Euro	21,980	-	(942)	(942)
Won	1,988	-	(93)	(93)
Total	\$48,402	\$-	\$(746)	\$(746)

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related contracts

Millions of yen						
2011						
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value	
Foreign currency forward contracts:						
Receivables:						
Deferral hedge method	U.S. dollars	Accounts receivable-trade	¥ 117	¥ 24	¥ 1	
	Euro		608	-	33	
	Payables:					
	U.S. dollars	Accounts payable-trade	919	-	10	
Allocation method	Euro		1,248	154	(58)	
	Won		254	-	11	
	Foreign currency forward contracts:					
Receivables:						
Allocation method	U.S. dollars	Accounts receivable-trade	¥1,583	¥ -		
	Euro		173	-	(Note2)	
Payables:						
	U.S. dollars	Accounts payable-trade	104	-		
	Total		¥5,006	¥178	¥ (3)	

Millions of yen					
2010					
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
	Foreign currency forward contracts:				
	Receivables:				
	U.S. dollars	Accounts receivable-trade	¥2,313	¥ 565	¥ 70
Deferral hedge method	Euro		612	-	89
	Payables:				
	U.S. dollars	Accounts payable-trade	1,055	-	40
	Euro		1,212	641	(81)
	Foreign currency forward contracts:				
	Receivables:				
Allocation method	U.S. dollars	Accounts receivable-trade	¥1,887	¥ -	
	Euro		83	-	(Note2)
	Payables:				
	U.S. dollars	Accounts payable-trade	83	-	
	Total		¥7,245	¥1,206	¥118

Thousands of U.S. dollars (Note 3)					
2011					
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
	Foreign currency forward contracts:				
	Receivables:				
	U.S. dollars	Accounts receivable-trade	\$ 1,413	\$ 300	\$ 23
Deferral hedge method	Euro		7,329	-	407
	Payables:				
	U.S. dollars	Accounts payable-trade	11,077	-	123
	Euro		15,037	1,847	(711)
	Won		3,051	-	117
	Foreign currency forward contracts:				
	Receivables:				
Allocation method	U.S. dollars	Accounts receivable-trade	\$19,079	\$ -	
	Euro		2,089	-	(Note2)
	Payables:				
	U.S. dollars	Accounts payable-trade	1,241	-	
	Total		\$60,316	\$2,147	\$ (41)

Notes: 1. The fair value is estimated based on forward exchange rates.

2. Since amounts in foreign currency forward contracts treated by the allocation method are handled together with accounts receivable-trade and accounts payable-trade that are subject to hedging, the estimated fair value of such contracts is included in the fair value of accounts receivable-trade or accounts payable-trade.

(2) Interest-rate-related contracts

Millions of yen					
2011					
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Specific treatment for interest rate swaps	Interest rate swaps Receive floating pay fixed	Long-term loans payable	¥21,000	¥21,000	(Note2)

Millions of yen					
2010					
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Specific treatment for interest rate swaps	Interest rate swaps Receive floating pay fixed	Long-term loans payable	¥21,000	¥21,000	(Note2)

Thousands of U.S. dollars (Note 3)					
2011					
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Specific treatment for interest rate swaps	Interest rate swaps Receive floating pay fixed	Long-term loans payable	\$253,012	\$253,012	(Note2)

Notes: 1. The fair value is principally based on the quotes obtained from the correspondent financial institutions.

2. Since amounts in interest rate swaps which qualify for hedge accounting and meet specific matching criteria are handled together with long-term loans payable that are subject to hedging, the estimated fair value of such interest rate swaps is included in the fair value of the long-term loans payable.

(3) Commodity-related contracts

			Millions of yen		
			2011		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	¥469	¥-	¥18

			Millions of yen		
			2010		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	¥363	¥-	¥40

			Thousands of U.S. dollars (Note 3)		
			2011		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	\$5,652	\$-	\$224

Note: The fair value is principally based on the quotes obtained from the correspondent financial institutions.

Note 9. Short-term Debt and Long-term Debt

Short-term debt as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Loans, principally from banks	¥37,132	¥78,682	\$447,374
Commercial paper	-	18,000	-
Short-term Debt	¥37,132	¥96,682	\$447,374

The weighted average interest rates on short-term debt as of March 31, 2011 and 2010 were 0.79% and 0.65%, respectively.

Long-term debt as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Loans, principally from banks and insurance companies	¥125,876	¥142,097	\$1,516,592
Bonds issued by the Companies:			
1.14% Yen bonds due 2010	-	10,000	-
1.78% Yen bonds due 2011	20,000	20,000	240,964
1.56% Yen bonds due 2011	20,000	20,000	240,964
1.48% Yen bonds due 2012	20,000	20,000	240,964
1.62% Yen bonds due 2012	20,000	20,000	240,964
1.34% Yen bonds due 2013	20,000	20,000	240,964
1.44% Yen bonds due 2013	10,000	10,000	120,482
Zero coupon convertible bonds with stock acquisition rights due 2016	1,010	1,010	12,169
	236,886	263,107	2,854,063
Less: Portion due within one year	90,718	25,417	1,092,995
Long-term Debt	¥146,168	¥237,690	\$1,761,068

The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2011 and 2010 were 1.64% and 1.61%, respectively.

As of March 31, 2011, the aggregate annual maturities of long-term debt were as follows:

Years ended March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2013	¥119,243	\$1,436,666
2014	19,487	234,789
2015	5,717	68,885
2016	377	4,542
2017 thereafter	1,344	16,186
Total	¥146,168	\$1,761,068

Note 10. Retirement Benefits

The Company and its domestic consolidated subsidiaries have corporate pension, tax-qualified pension plans and lump-sum payment plans as defined benefit plans and defined contribution pension plans.

In certain cases, the Companies pay additional retirement benefits other than the above plans.

The liability (asset) for employees' retirement benefits as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Projected benefit obligation	¥(209,583)	¥(194,256)	\$ (2,525,106)
Fair value of plan assets	162,652	162,763	1,959,667
Excess projected benefit obligation over plan assets	(46,931)	(31,493)	(565,439)
Unrecognized actuarial loss	75,941	60,130	914,953
Unrecognized prior service cost	1,786	1,756	21,530
Carrying amount	30,796	30,393	371,044
Prepaid pension expense	43,443	41,545	523,424
Net liability	¥ (12,647)	¥ (11,152)	\$ (152,380)

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Service cost	¥ 4,949	¥ 5,353	\$ 59,628
Interest cost	4,614	4,757	55,601
Expected return on plan assets	(3,078)	(2,495)	(37,090)
Amortization of transitional obligation	-	1,138	-
Recognized actuarial loss	7,570	10,318	91,213
Amortization of prior service cost	(52)	(82)	(639)
Net periodic benefit costs	14,003	18,989	168,713
Gain on end of retirement benefit plans	-	2,866	-
Contributory portion to a defined contribution pension plan	1,144	1,349	13,793
Total	¥15,147	¥23,204	\$182,506

Special additional termination benefits which have not been included in the amounts shown in the preceding table were ¥1,550 million (\$18,684 thousand) and ¥4,301 million for the years ended March 31, 2011 and 2010, respectively, and were charged to income as paid.

Assumptions used for the years ended March 31, 2011 and 2010 were as follows:

	2011	2010
Decrease in projected benefit obligation	mainly 2.5%	mainly 2.5%
Decrease in liability for severance payments	mainly 2.5%	mainly 2.5%

The transitional obligation, determined as of April 1, 2000, is being amortized over 10 years. The prior service cost is amortized by the straight-line method over the expected remaining working lives of the then-active employee participants.

The actuarial gains and losses are amortized by the straight-line method over the expected remaining working lives of the then-active employee participants from the next period in which they arise, respectively.

Note 11. Shareholders' Equity

The Corporation Law of Japan ("the Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Movements in shares outstanding and treasury stock during the years ended March 31, 2011 and 2010 were as follows:

	Thousands of shares			March 31, 2011
	March 31, 2010	Increase in the year	Decrease in the year	
Shares outstanding:				
Common stock	746,484	–	–	746,484
Total	746,484	–	–	746,484
Treasury stock:				
Common stock	31,824	48	5	31,867
Total	31,824	48	5	31,867

	Thousands of shares			March 31, 2010
	March 31, 2009	Increase in the year	Decrease in the year	
Shares outstanding:				
Common stock	746,484	–	–	746,484
Total	746,484	–	–	746,484
Treasury stock:				
Common stock	31,780	49	6	31,824
Total	31,780	49	6	31,824

The increases of treasury stock were due to purchase of shares of less than one voting unit and the decreases of treasury stock were due to sales of shares at requests of shareholders who own less than one voting unit for the years ended March 31, 2011 and 2010.

Note 12. Research and Development Costs

Research and development costs charged to income were ¥32,568 million (\$392,394 thousand) and ¥24,296 million for the years ended March 31, 2011 and 2010, respectively.

Note 13. Extraordinary Income (Loss), Net

Extraordinary income (loss), net, for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Extraordinary income			
Gain on sales of noncurrent assets	¥ 232	¥ 4,056	\$ 2,798
Gain on sales of investment securities	30,760	295	370,611
Gain on sales of subsidiaries' stocks	539	–	6,495
Gain on adoption of new accounting standard for construction contracts	–	5,854	–
Others	–	34	–
Extraordinary loss			
Loss on disposal of noncurrent assets	(923)	(898)	(11,127)
Loss on devaluation of investment securities	(2,863)	(257)	(34,496)
Loss on adjustment for changes of accounting standard for asset retirement obligations	(2,270)	–	(27,357)
Office/Factory integration costs	(1,600)	–	(19,283)
Business restructuring costs	–	(16,474)	–
Impairment loss	(1,269)	–	(15,301)
Others	(3,384)	(500)	(40,750)
Extraordinary Income (Loss), Net	¥19,222	¥ (7,890)	\$231,590

Business restructuring costs for the year ended March 31, 2010 includes the costs of ¥7,367 million relating to downsizing, the costs of ¥4,698 million relating to fixed assets, the costs of ¥632 million relating to inventories and the costs of ¥1,084 million relating to removal of business foothold. An impairment loss of ¥2,658 million incurred in line with business restructuring was included in the business restructuring costs for the year ended March 31, 2010.

Gain on adoption of new accounting standard for construction contracts was the income corresponding to progress of the construction of the past fiscal year.

The accounting standard was adopted to all construction contracts existing as of April 1, 2009, based on Clause 25 of "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007)

The construction profit and cost with progress of the construction of the past fiscal year were the price of ¥35,535 million and ¥29,681 million.

Note 14. Impairment Loss

The Companies determine the asset group by considering the division of management accounting.

For the year ended March 31, 2010, the Companies recognized an impairment loss on the following asset groups:

Description	Location	Classification	Millions of yen
Idle assets	Keda state of Malaysia and others	Machinery and Equipment Other assets	¥2,125
Assets to be disposed	Mie prefecture and others	Buildings and Structures Other assets	533
Total			¥2,658

The Companies recognized an impairment loss up to the recoverable amount of idle assets and assets to be disposed as they are not expected to be used. As described in Note.13, the impairment loss was as accounted for as "Business restructuring costs."

The impairment loss consisted of ¥1,388 million for machinery and equipment, ¥459 million for construction in progress, ¥345 million for leased assets, ¥258 million for buildings and structures and ¥208 million for other assets.

The recoverable amount of the above assets was measured by the net realizable value. The net realizable value was measured nil related to those of which selling or diversion was deemed difficult.

For the year ended March 31, 2011, the Companies recognized an impairment loss on the following asset groups:

Description	Location	Classification	Millions of yen	Thousands of U.S. dollars (Note 3)
Idle assets	Yamanashi prefecture and others	Leased assets Other assets	¥1,269	\$15,301

The Companies recognized an impairment loss up to the recoverable amount of idle assets as they are not expected to be used.

The impairment loss consisted of ¥1,147 million (\$13,823 thousand) for leased assets and ¥122 million (\$1,478 thousand) for other assets.

The recoverable amount of the above assets was measured by the net realizable value. The net realizable value was measured nil related to those of which selling or diversion was deemed difficult.

Note 15. Income Taxes

The components of income taxes for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Current	¥ 3,373	¥ 4,098	\$ 40,639
Deferred	6,829	(17,476)	82,280
Income Taxes	¥10,202	¥(13,378)	\$122,919

The Company and its domestic subsidiaries are subject to corporate income tax, prefectural and municipal inhabitants' taxes and enterprise tax, based on income.

The significant components of deferred tax assets and liabilities as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Deferred tax assets			
Liability for severance payments	¥ 24,465	¥ 24,525	\$ 294,766
The investment deduction of the foreign consolidated subsidiaries	18,273	16,075	220,157
Tax loss carryforwards	17,494	27,390	210,774
Investment securities	17,006	4,228	204,901
Tangible fixed assets	6,561	4,522	79,049
Accrued employee benefits	6,269	5,646	75,539
Inventories	4,114	4,770	49,574
Other	8,491	9,484	102,272
Gross deferred tax assets	102,673	96,640	1,237,032
Less: Valuation allowance	(70,793)	(58,322)	(852,933)
Total deferred tax assets	31,880	38,318	384,099
Deferred tax liabilities			
Gain on securities contribution to employee retirement benefit trust	(26,810)	(27,695)	(323,023)
Unrealized gain on other securities	(14,875)	(36,963)	(179,219)
Investment securities	(6,500)	(6,500)	(78,319)
Retained earning appropriated for tax deductible reserves	-	(389)	-
Other	(1,478)	-	(17,795)
Gross deferred tax liabilities	(49,663)	(71,547)	(598,356)
Net deferred tax assets (liabilities)	¥(17,783)	¥(33,229)	\$ (214,257)

Reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2010 was not disclosed because the Company recorded a loss before income taxes and minority interests. The reconciliation between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2011 was as follows:

	2011	2010
Statutory income tax rate	40.7%	-
Valuation allowance	(8.0)	-
Permanent difference resulting from non-taxable income, including dividends received	(2.5)	-
Permanent difference resulting from expenses not deductible for income tax purposes	6.3	-
Other	2.1	-
Effective income tax rate	38.6%	-

Note 16. Contingent Liabilities

Contingent liabilities as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Notes discounted and endorsed	¥ 55	¥ 46	\$ 672
Guarantees	3,956	4,477	47,671

Note 17. Leases

Pro forma information of those leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, lease expense, depreciation expense, interest expense and impairment loss on an "as if capitalized" basis for the years ended March 31, 2011 and 2010 were as follows:

Acquisition cost, accumulated depreciation and accumulated impairment loss under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition cost	¥58,260	¥91,320	\$701,930
Accumulated depreciation	42,265	60,497	509,223
Accumulated impairment loss	643	1,534	7,740
Net leased property	¥15,352	¥29,289	\$184,967

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Due within one year	¥ 9,153	¥16,167	\$110,282
Due after one year	8,466	17,139	101,999
Total	¥17,619	¥33,306	\$212,281

Lease expense, depreciation expense, interest expense and impairment loss under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Lease expense	¥16,250	¥22,141	\$195,791
Reversal of accumulated impairment loss on leased assets	1,005	1,033	12,112
Depreciation expense	14,831	20,647	178,691
Interest expense	595	993	7,181
Impairment loss	114	250	1,375

The minimum rental commitments under noncancellable operating leases as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Due within one year	¥ 831	¥ 702	\$10,017
Due after one year	2,079	2,459	25,044
Total	¥2,910	¥3,161	\$35,061

Note 18. Segment Information

Effective April 1, 2010, the Companies have adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, issued on March 21, 2008).

1. Segment Information

(1) Outline of reporting segments

The Companies' reporting segments are components for which separate financial information is available and whose operating results are reviewed regularly by the board of directors of the Company in order to make decisions about resource allocation and to assess performance.

In the Fuji Electric Group, each core operating company principally prepares comprehensively global strategies related to products and services, and control business activities of the Companies.

Accordingly, the Companies have six reporting segments based on the business of each core operating companies and similarity of category and nature of products and services: Energy Solutions, Environment Solutions, Semiconductors, ED&C Components, Vending Machines and Magnetic Disks.

Energy Solutions, Environmental Solutions, Semiconductors, ED&C Components, Vending Machines are reporting segments consisted of 2 or more business segments.

Main products and services of each reporting segment consisted of the following:

Reporting segments	Main products and services
Energy Solutions	Geothermal power generation facilities, thermal power generation facilities, hydroelectric power generation facilities, nuclear power-related equipment, photovoltaic power generation systems, power transmission and distribution systems, measurement systems, radiation control systems, watt-hour meters
Environment Solutions	Drive control system, measurement system, information systems, measurement / sensors, industrial power supply, electrical machinery equipment for facilities, power supply systems, cleanroom facilities, retail / logistics systems, water environmental systems, equipment and systems for railcars / automobiles, electrical equipment for transportation infrastructure, inverters, motors
Semiconductors	Power semiconductors, photoconductive drums
ED&C Components	Magnetic contactors, low-voltage circuit breakers, earth-leakage circuit breakers
Vending Machines	Food / beverage vending machines, currency handling systems
Magnetic Disks	Aluminum and glass substrate magnetic disks, aluminum substrates

(2) Calculation method of net sales, profit or loss, assets, liabilities and other items on each reporting segment

The accounting policies applied by each reporting segment are consistent with those described in Note 2. "Summary of Significant

Accounting Policies." Segment profit or loss presented in segment information is calculated based on operating income in the consolidated statements of income. Intersegment sales and transfer are determined by market value.

(3) Information on net sales, profit or loss, assets, liabilities, and other items by each reporting segment

Reporting segment information as of March 31, 2011 and 2010 and for the years then ended were as follows:

Millions of yen										
Year ended March 31, 2011	Energy Solutions	Environment Solutions	Semiconductors	ED&C Components	Vending Machines	Magnetic Disks	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments										
Net Sales										
Sales to third parties	¥ 71,290	¥267,356	¥ 84,316	¥61,174	¥85,200	¥40,359	¥ 79,370	¥689,065	¥ -	¥689,065
Inter-segment sales and transfers	1,617	10,915	1,304	4,277	576	-	36,588	55,277	(55,277)	-
Total sales	72,907	278,271	85,620	65,451	85,776	40,359	115,958	744,342	(55,277)	689,065
Segment profits (losses)	¥ 3,027	¥ 6,292	¥ 5,953	¥ 2,864	¥ 398	¥ (5,224)	¥ 2,054	¥ 15,364	¥ (3,447)	¥ 11,917
Segment assets	¥103,178	¥240,062	¥108,446	¥29,433	¥69,623	¥67,771	¥ 94,528	¥713,041	¥ 92,756	¥805,797
Other items										
Depreciation and amortization	¥ 2,154	¥ 4,401	¥ 7,691	¥ 1,572	¥ 2,106	¥ 8,500	¥ 1,058	¥ 27,482	¥ 463	¥ 27,945
Investments for companies applied equity method	¥ -	¥ 20,897	¥ -	¥ -	¥ -	¥ -	¥ 474	¥ 21,371	¥ -	¥ 21,371
Capital expenditures	¥ 1,126	¥ 3,170	¥ 8,825	¥ 1,544	¥ 4,134	¥ 8,011	¥ 1,003	¥ 27,813	¥ 540	¥ 28,353

Millions of yen										
Year ended March 31, 2010	Energy Solutions	Environment Solutions	Semiconductors	ED&C Components	Vending Machines	Magnetic Disks	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments										
Net Sales										
Sales to third parties	¥79,257	¥279,688	¥ 69,875	¥44,095	¥91,214	¥44,439	¥ 82,655	¥691,223	¥ -	¥691,223
Inter-segment sales and transfers	934	9,130	871	812	146	-	36,819	48,712	(48,712)	-
Total sales	80,191	288,818	70,746	44,907	91,360	44,439	119,474	739,935	(48,712)	691,223
Segment profits (losses)	¥ 6,638	¥ 10,088	¥ (3,749)	¥ (4,748)	¥ (758)	¥ (7,442)	¥ 3,134	¥ 3,163	¥ (2,239)	¥ 924
Segment assets	¥94,569	¥240,625	¥101,280	¥26,710	¥79,622	¥81,193	¥111,548	¥735,547	¥173,391	¥908,938
Other items										
Depreciation and amortization	¥ 1,728	¥ 4,537	¥ 5,024	¥ 1,519	¥ 2,142	¥ 9,648	¥ 1,158	¥ 25,756	¥ 297	¥ 26,053
Investments for companies applied equity method	¥ -	¥ 19,130	¥ -	¥ -	¥ -	¥ -	¥ 2,838	¥ 21,968	¥ -	¥ 21,968
Capital expenditures	¥ 4,132	¥ 3,285	¥ 4,387	¥ 1,064	¥ 1,714	¥ 4,620	¥ 1,061	¥ 20,263	¥ 593	¥ 20,856

Thousands of U.S. dollars (Note 3)										
Year ended March 31, 2011	Energy Solutions	Environment Solutions	Semiconductors	ED&C Components	Vending Machines	Magnetic Disks	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments										
Net Sales										
Sales to third parties	\$ 858,925	\$3,221,159	\$1,015,867	\$737,047	\$1,026,510	\$486,265	\$ 956,216	\$8,301,989	\$ -	\$8,301,989
Inter-segment sales and transfers	19,483	131,505	15,711	51,523	6,940	-	440,838	666,000	(666,000)	-
Total sales	878,408	3,352,664	1,031,578	788,570	1,033,450	486,265	1,397,054	8,967,989	(666,000)	8,301,989
Segment profits (losses)	\$ 36,476	\$ 75,815	\$ 71,726	\$ 34,509	\$ 4,798	\$ (62,943)	\$ 24,738	\$ 185,119	\$ (41,539)	\$ 143,580
Segment assets	\$1,243,120	\$2,892,323	\$1,306,585	\$354,615	\$ 838,843	\$816,523	\$1,138,840	\$8,590,849	\$1,117,550	\$9,708,399
Other items										
Depreciation and amortization	\$ 25,954	\$ 53,032	\$ 92,671	\$ 18,950	\$ 25,379	\$102,412	\$ 12,711	\$ 331,109	\$ 5,584	\$ 336,693
Investments for companies applied equity method	\$ -	\$ 251,783	\$ -	\$ -	\$ -	\$ -	\$ 5,708	\$ 257,491	\$ -	\$ 257,491
Capital expenditures	\$ 13,567	\$ 38,195	\$ 106,327	\$ 18,612	\$ 49,812	\$ 96,527	\$ 12,058	\$ 335,098	\$ 6,515	\$ 341,613

Notes: 1. Others segment consisted of business segments not attributable to reporting segments and included electrical equipment installation work, water supply/drainage installation work, financial services, real estate operations, insurance agency services, travel agency services, printing and information services, and intellectual property services.

2. The adjustments for segment information above were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Corporate expense*	¥(3,702)	¥(2,723)	\$ (44,614)
Elimination of intersegment sales	255	484	3,075
Total	¥(3,447)	¥(2,239)	\$ (41,539)

*Corporate expense mainly consisted of administration cost of the Company

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Corporate assets*	¥ 700,894	¥ 726,015	\$ 8,444,514
Elimination of intersegment transactions	(608,138)	(552,624)	(7,326,964)
Total	¥ 92,756	¥ 173,391	\$ 1,117,550

*Corporate assets mainly consisted of invested cash surpluses (cash and cash equivalents), long-term invested assets (investment securities), assets relating to administration department and assets of financing subsidiary company.

3. Segment profits (losses) were reconciled to operating income (loss) in the consolidated statements of income.

2. Related Information

Related information as of March 31, 2011 and for the year then ended was as follows:

Geographic information

(a) Sales

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2011	2011
Japan	¥510,843	\$6,154,740
North America	12,653	152,446
Europe	15,128	182,268
Asia (except for China)	91,425	1,101,512
China	49,046	590,918
Others	9,970	120,105
Consolidated	¥689,065	\$8,301,989

Note: Net sales information above is based on customer location.

(b) Tangible fixed assets

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2011	2011
Japan	¥114,227	\$1,376,236
North America	103	1,250
Europe	41	495
Asia (except for China)	42,517	512,258
China	9,043	108,935
Others	-	-
Consolidated	¥165,931	\$1,999,174

3. Information on Impairment loss of tangible fixed assets by each reporting segment

Information on impairment loss of tangible fixed assets by each reporting segment for the year ended March 31, 2011 was as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2011	2011
Environment Solutions	¥ 9	\$ 110
Magnetic Disks	1,260	15,191
Consolidated	¥1,269	\$15,301

4. Information on Amortization of goodwill and unamortized balance by each reporting segment

Information on amortization of goodwill and unamortized balance by each reporting segment has not been disclosed because it does not have significant impact on the consolidated financial statements.

5. Information on Amortization of negative goodwill by each reporting segment

None

6. Segment Information for the year ended March 31, 2010 under the previous accounting standard

(1) Business segment information

Year ended March 31, 2010	Millions of yen					Elimination and Corporate	Consolidated Total
	Energy & Electric Systems	Electronic Devices	Retail Systems	Others	Total		
Sales							
Unaffiliated customers	¥438,143	¥128,813	¥115,797	¥ 8,470	¥691,223	¥ -	¥691,223
Intersegment	4,719	1,508	232	30,593	37,052	(37,052)	-
Total sales	442,862	130,321	116,029	39,063	728,275	(37,052)	691,223
Operating costs and expenses	429,760	141,442	117,128	36,696	725,026	(34,727)	690,299
Operating income (loss)	¥ 13,102	¥ (11,121)	¥ (1,099)	¥ 2,367	¥ 3,249	¥ (2,325)	¥ 924
Total assets	¥419,388	¥190,890	¥ 79,622	¥28,684	¥718,584	¥190,354	¥908,938
Depreciation and amortization	¥ 7,973	¥ 14,687	¥ 2,142	¥ 954	¥ 25,756	¥ 297	¥ 26,053
Impairment loss	¥ -	¥ 2,124	¥ 534	¥ -	¥ 2,658	¥ -	¥ 2,658
Capital expenditure	¥ 10,753	¥ 7,286	¥ 1,714	¥ 509	¥ 20,262	¥ 594	¥ 20,856

As stated in "Note 2. Summary of Significant Accounting Policies, I. Recognition for Revenue and Costs," the Companies adopted "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued

on December 27, 2007) for the year ended March 31, 2010.

As a result of its adoption, sales increased by ¥7,389 million in Energy & Electric Systems and operating income increased by ¥631 million in Energy & Electric Systems for the year ended March 31, 2010.

(2) Geographic information

Year ended March 31, 2010	Millions of yen					Total	Elimination and Corporate	Consolidated Total
	Japan	North America	Europe	Asia (except for China)	China			
Sales								
Unaffiliated customers	¥626,429	¥8,409	¥7,858	¥11,078	¥37,449	¥691,223	¥ -	¥691,223
Intersegment	46,840	405	171	39,013	8,548	94,977	(94,977)	-
Total sales	¥673,269	¥8,814	¥8,029	¥50,091	¥45,997	¥786,200	¥(94,977)	¥691,223
Operating costs and expenses	673,371	8,736	8,036	49,678	43,901	783,722	(93,423)	690,299
Operating income (loss)	¥ (102)	¥ 78	¥ (7)	¥ 413	¥ 2,096	¥ 2,478	¥ (1,554)	¥ 924
Total assets	¥716,440	¥4,649	¥3,215	¥69,383	¥31,155	¥824,842	¥ 84,096	¥908,938

Notes: 1. Classification of the geographic segments is determined by geographical location.
2. The principal countries and regions belonging to geographic segments other than Japan:
(1) North America U.S.A., Canada
(2) Europe Germany, France, U.K.
(3) Asia (except for China) Taiwan, Singapore

As stated in "Note 2. Summary of Significant Accounting Policies, I. Recognition for Revenue and Costs," the Companies adopted "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued on December 27, 2007) for the year ended March 31, 2010.

As a result of its adoption, sales increased by ¥7,389 million in Japan and operating loss decreased by ¥631 million in Japan for the year ended March 31, 2010.

(3) Overseas sales

Year ended March 31, 2010	Millions of yen					Total
	North America	Europe	Asia (except for China)	China	Other	
Overseas sales	¥9,892	¥14,332	¥86,989	¥43,201	¥23,193	¥177,607
Consolidated net sales						¥691,223
Overseas sales as a percentage of consolidated net sales	1.4%	2.1%	12.6%	6.2%	3.4%	25.7%

As stated in "Note 2. Summary of Significant Accounting Policies, I. Recognition for Revenue and Costs," the Companies adopted "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued

on December 27, 2007) for the year ended March 31, 2010. As a result of its adoption, overseas sales increased by ¥23 million in North America, and by ¥1,993 million in Others, and decreased by ¥109 million in Europe, ¥2,560 million in Asia (except for China) and ¥3,350 million in China for the year ended March 31, 2010.

Note 19. Information on Transactions with Related Parties

For the year ended March 31, 2010

None

For the year ended March 31, 2011

Note to a significant affiliate

Summarized financial information of a significant affiliate

METAWATER Co., Ltd. was a significant affiliate for the year ended March 31, 2011, and its summarized financial information was as follows:

Total Current Assets	¥63,257 million	(\$762,137 thousand)
Total Fixed Assets	¥9,033 million	(\$108,839 thousand)
Total Current Liabilities	¥41,706 million	(\$502,492 thousand)
Total Long-term Liabilities	¥1,956 million	(\$23,562 thousand)
Total Net Assets	¥28,628 million	(\$344,922 thousand)
Net Sales	¥93,097 million	(\$1,121,654 thousand)
Income Before Income Taxes and Minority Interests	¥7,463 million	(\$89,916 thousand)
Net Income	¥4,588 million	(\$55,280 thousand)

Note 20. Business Combinations

For the year ended March 31, 2010

I. Application of purchase method and transactions under common control

1. Name and business lines of acquired company and absorbed company, primary reasons for business combination, date of business combination, legal form of business combination, and name of company after business combination, and percentage of voting rights acquired

(1) Name and business lines of acquired company

Name: Furukawa Engineering & Construction Inc. (FECON)

Business lines: Electrical equipment work, air-conditioning, plumbing and sanitary equipment work, information and communication equipment work, construction work

(2) Name and business lines of absorbed company

Name: Fuji Denki Sosetsu Co., Ltd. (FDS)

Business lines: Air-conditioning, plumbing and sanitary equipment work, data center equipment work

(3) Primary reasons for business combination

Fuji Electric Engineering & Construction Co., Ltd. (E&C) developed business mainly on the electrical and instrumentation work for plants as a company of the Fuji Electric Group. FECON developed business having strengths in electrical work and information and communication work, etc., as a company of the Furukawa Group. FDS developed business having strengths in industrial process air conditioning work as a company of the Fuji Electric Group. The purposes of the merger were developing business as a comprehensive facility construction company having strengths for conventional engineering that cannot be reached and planning reinforcement of the competitiveness in the facilities construction industry by putting the maintenance technology and the know-how together effectively.

(4) Date of business combination

October 1, 2009

(5) Legal form of business combination and name of company after business combination

Legal form of business combination: This was an absorption merger, whereby E&C was the surviving company, and FECON and FDS was the dissolving company.

Name of company after business combination: Fuji Furukawa Engineering & Construction Co., Ltd.

(6) Percentage of voting rights acquired

46.4%

2. Period for which business results of acquired company included in consolidated financial statements

From October 1, 2009 to March 31, 2010

3. Acquisition cost of the stock of acquired company and absorbed company and breakdown of acquisition cost

Consideration	Common stock of E&C	¥4,945 million
Expenditures directly related to acquisition	Advisory costs, etc.	¥18 million
Acquisition cost		¥4,963 million

4. Acquisition cost of the stock and breakdown of acquisition cost to the additional acquisition of subsidiary's shares

Consideration	Common stock of E&C	¥318 million
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5. The type of shares, merger ratio, the method of merger ratio and the number of shares delivered

(1) The type of shares and merger ratio

The type of shares: Common stock

Merger ratio

Corporate name	Fuji Electric Engineering & Construction Co., Ltd. (Surviving Company)	Furukawa Engineering & Construction Inc. (Dissolving Company)	Fuji Denki Sosetsu Co., Ltd. (Dissolving Company)
Merger ratio	1	1.2	7.4

(2) The method of merger ratio

E&C appointed BVCJ, Co., Ltd. as a third-party body, and FECON appointed GCA Savvian Group Corporation and FDS appointed Shinichiro Sakagami public accounting firm, respectively, and asked for calculation of the merger ratio. Three companies calculated the merger ratio after discussion between the three companies based on the calculation result.

(3) The number of shares delivered

The number of shares delivered Common stock of E&C 25,332,809 shares

6. Negative goodwill amount, reason for occurrence, amortization method and amortization period

(1) Negative goodwill amount

The amount by merger of FECON ¥419 million

The amount by merger of FDS ¥115 million

(2) Reason for occurrence

Because the fair value of the net assets of business combination exceeded acquisition cost, the balance was recognized as negative goodwill.

(3) Amortization method and amortization period

Straight-line method over five years

7. Overall breakdown of assets received and liabilities assumed on date of business combination

	Furukawa Engineering & Construction Inc.	Fuji Denki Sosetsu Co., Ltd.
Current assets	¥8,973 million	¥8,862 million
Fixed assets	¥3,038 million	¥1,393 million
Total assets	¥12,011 million	¥10,255 million
Current liabilities	¥6,464 million	¥7,189 million
Long-term liabilities	¥2,091 million	¥655 million
Total liabilities	¥8,555 million	¥7,844 million

8. Estimated impact on the consolidated statements of income when the date of business combination is retroactively adjusted to the beginning of this fiscal year

No estimate due to calculating difficulties

II. Application of purchase method

1. Name and business lines of acquired company, primary reasons for business combination, date of business combination, legal form of business combination and name of company after business combination

(1) Name and business lines of acquired company

Name: TDK-Lambda Corporation (TLJ)

Business lines: Development, manufacture, sales and services of uninterruptible power supply (UPS)

(2) Primary reasons for business combination

Fuji Electric Systems Co., Ltd. (FES) decided to succeed the UPS business of TLJ that had strengths in small-and middle-capacity UPSs. The merger between FES and TLJ will create share expansion in the power supply business, speed up the development and reinforcement of cost competitiveness by bringing out technological synergy and accelerate development of the power supply solution business.

(3) Date of business combination

January 1, 2010

(4) Legal form of business combination and name of company after business combination

Legal form of business combination: This was an absorption-type corporate split (spin-off-type corporate split), whereby TLJ was the split company and FES was the successor company.

Name of company after business combination: Fuji Electric Systems Co., Ltd.

2. Period for which business results of acquired company included in consolidated financial statements

From January 1, 2010 to March 31, 2010

3. Acquisition cost of the stock of acquired company and breakdown of acquisition cost

Consideration	Cash and deposits	¥2,572 million
Expenditures directly related to acquisition	Advisory costs, etc.	¥76 million
Acquisition cost		¥2,648 million

4. Negative goodwill amount, reason for occurrence, amortization method and amortization period

(1) Negative goodwill amount

¥1,154 million

(2) Reason for occurrence

Because the fair value of the net assets of business combination exceeded acquisition cost, the balance was recognized as a negative goodwill.

(3) Amortization method and amortization period

Straight-line method over five years

5. Overall breakdown of assets received and liabilities assumed on date of business combination

Current assets	¥1,022 million
Fixed assets	¥2,831 million
Total assets	¥3,853 million
Current liabilities	¥49 million
Total liabilities	¥49 million

6. Estimated impact on the consolidated statements of income when the date of business combination is retroactively adjusted to the beginning of this fiscal year

No estimate due to calculating difficulties

III. Transactions under common control

1. Name and nature of combined business, legal form of business combination, name of company after business combination, and outline and purpose of the transaction

(1) Name and nature of combined business

Name of combined business: Semiconductor and photoconductor business units of Fuji Electronic Device Technology Co., Ltd. (FDT), a consolidated subsidiary

Nature of combined business: Development, design, manufacture, sales, others all related to semiconductor and photoconductor.

(2) Legal form of business combination

This was an absorption-type corporate split (split-type corporate split), whereby FDT was the split company and Fuji Electric Systems Co., Ltd. (FES), a consolidated company, was the successor company.

(3) Name of company after business combination

Fuji Electric Systems Co., Ltd.

(4) Outline and purpose of the transaction

The company concentrated the management resources of power electronics core technologies (control, circuit, semiconductor) of FES and FDT. The purposes were business expansion and raising the presence for the market, creating comprehensive systems comprised of semiconductors, motors, control equipment and other components in which the Companies have strengths and strengthening the solution business centering on the field of "Energy and Environment."

2. Accounting method

This merger is treated as a transaction under common control based on "Accounting Standard for Business Combinations" (Accounting Standard Board of Japan; October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Implementation Guidance, ASBJ Guidance No.10; last revised on November 15, 2007).

IV. Transactions under common control

1. Name and business lines of absorbed company, legal form of business combination, name of company after business combination, and outline and purpose of the transaction

(1) Name and business lines of absorbed company

Name: Fuji Electric Advanced Technology Co., Ltd. (FAT)

Business lines: The research and development of a basic technology, a new technology and a new product

(2) Legal form of business combination

This was an absorption merger, whereby Fuji Electric Holdings Co., Ltd. (FHC) was the surviving company and FAT was the dissolving company.

(3) Name of company after business combination

Fuji Electric Holdings Co., Ltd.

(4) Outline and purpose of the transaction

As a change of the recent external environment, energy and an environment-related new market are standing up rapidly for a low-carbon society.

It is becoming a big business opportunity for the Companies, which wrestled with energy saving and a new energy technology conventionally.

The Company utilizes an activity of FAT, the Companies' R&D subsidiary, to catch this opportunity surely and to promote technology development with group strategy. The Company reorganized a function of FAT as new technology development units in the Company.

2. Accounting method

This merger is treated as a transaction under common control based on "Accounting Standard for Business Combinations" (Accounting Standard Board of Japan; October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Implementation Guidance, ASBJ Guidance No.10; last revised on November 15, 2007).

For the year ended March 31, 2011

None

Note 21. Asset Retirement Obligations

For the year ended March 31, 2011

Asset retirement obligations recorded on the consolidated balance sheets

1. Outline of asset retirement obligations

The Companies record asset retirement obligations related to the expenses to remove asbestos from company-owned buildings upon their dismantlement and the obligations to restore head offices, sales offices and other premises to their original condition upon termination of their lease contracts.

Regarding some of obligations to restore head offices, sales offices and other premises to their original condition, the Companies estimate nonrecoverable amounts of deposits for those premises and record the portion attributable to the current year as expenses, instead of recording asset retirement obligations.

2. Calculation method of asset retirement obligations

In calculating the amounts of asset retirement obligations, the Companies estimate a period of use between 2 and 50 years and use a discount rate equivalent to the interest rate of government bonds corresponding to the use period (0.2% to 2.3%).

3. Changes in the total amounts of applicable asset retirement obligations in the year ended March 31, 2011

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2011	2011
Balance at April 1, 2010 (Note)	¥2,331	\$28,090
Increase due to acquisition of property, plant and equipment	27	328
Adjustment due to passage of time	7	93
Decrease due to fulfillment of obligations	(50)	(608)
Balance at March 31, 2011	¥2,315	\$27,903

Note: Effective the year ended March 31, 2011, the Companies have adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, issued on March 31, 2008) and "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, issued on March 31, 2008). The balance above represents the asset retirement obligations at the beginning of the year ended March 31, 2011 as a result of the adoption of these standards.

Note 22. Subsequent Events

For the year ended March 31, 2010

The Board of Directors resolved that the Company sold a portion of its stock in FANUC LTD., with the overall objective of strengthening its financial structure to create a basis for the sustainable growth of the Fuji Electric Group on May 7, 2010. The Company sold the stocks on May 10, 2011.

a) Buyer:	Mizuho Securities Co., Ltd.
b) Company:	FANUC LTD.
c) Number of stocks sold:	9,899,000 stocks
d) Total amount of selling price:	¥91,282 million
e) Gain on sale:	¥30,176 million

For the year ended March 31, 2011

1. The Board of Directors resolved that the Company concluded a merger agreement with wholly owned subsidiary Fuji Electric System Co., Ltd., at its meeting held on December 24, 2010. The Company merged Fuji Electric System Co., Ltd. on April 1, 2011, based on the agreement concluded between the companies concerned on December 24, 2010.

The summaries of the merger are as follows.

(1) Purpose of business combination

One of the principal measures of the Company's medium-term management plan for the period to fiscal 2011 is to "concentrate its business in the field of energy and the environment." To that end, the Company needs to focus its management resources on the field of energy and the environment and to restructure its organization to pursue synergies from the standpoint of overall optimization.

In accordance with this view, it was decided to pursue a merger between Fuji Electric Systems Co., Ltd., which plays a central role in business involving "energy and the environment," and the Company, which handles Group strategic functions.

(2) Legal form of business combination

This is an absorption merger, whereby the Company is the surviving company and Fuji Electric Systems Co., Ltd. is the dissolving company.

(3) Name of company after business combination

Fuji Electric Co., Ltd.

(4) Accounting method

This merger is expected to be treated as a transaction under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

2. The Board of Directors resolved that the Company merged wholly owned subsidiary Fuji Electric Device Technology Co., Ltd., on July 1, 2011, at its meeting held on April 27, 2011. The Company concluded a merger agreement with Fuji Electric Device Technology Co., Ltd.

The summaries of the merger are as follows.

(1) Purpose of business combination

Fuji Electric Device Technology Co., Ltd., specializes in hard disks, which are core components of hard disk drives. Since November 2010, Fuji Electric Device Technology Co., Ltd., has been restructuring business with a view to transferring the sales, development, and production functions of Fuji Electric Device Technology Co., Ltd., (of the Yamanashi Plant) to Fuji Electric (Malaysia) Sdn. Bhd. during fiscal 2011, the year ending March 2012. However, given the dramatic changes in conditions in the hard disk drive market recently, the Company is aiming to restructure within stepped-up rigor. Consequently, the Company has brought forward the timing of the transfer and will transfer all of the operations, organization, and assets of Fuji Electric Device Technology Co., Ltd., to Fuji Electric (Malaysia) Sdn. Bhd. and the Company by the end of June 2011.

Accordingly, Fuji Electric Device Technology Co., Ltd., will merge into the Company on July 1, 2011.

(2) Legal form of business combination

This is an absorption merger, whereby the Company is the surviving company and Fuji Electric Device Technology Co., Ltd. is the dissolving company.

(3) Name of company after business combination

Fuji Electric Co., Ltd.

(4) Accounting method

This merger is expected to be treated as a transaction under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

Report of Independent Auditors

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The Board of Directors
Fuji Electric Co., Ltd.


We have audited the accompanying consolidated balance sheets of Fuji Electric Co., Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fuji Electric Co., Ltd. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

June 24, 2011



Ernst & Young ShinNihon LLC



This mark symbolizes
the commitment of Fuji Electric
to environmental protection.

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