

Consolidated Financial Results for first half of the fiscal year ending March 31, 2012

Summary of Consolidated Financial Results

1. Summary of consolidated statements of operations

	Millions of yen		Millions of U.S. dollars
	1H FY2011	1H FY2010	1H FY2011
Net sales	305,335	297,489	3,965
Operating income	-5,563	-11,004	-72
Ordinary income	-9,832	-16,685	-128
Net income	-5,401	1,654	-70
	Yen		U.S. dollars
Net income per share	-7.56	2.31	-0.10

2. Summary of consolidated financial position

	Millions of yen		Millions of U.S. dollars
	9/30/2011	3/31/2011	9/30/2011
Total assets	708,988	805,797	9,208
Net assets	155,981	174,935	2,026
Net assets ratio (%)	19.2%	19.3%	-

Note: U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥77=U.S.\$1

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2012 (April 1, 2011 - March 31, 2012)

	Millions of yen
	FY2011
Net sales	720,000
Operating income	22,000
Ordinary income	20,000
Net income	12,000
	Yen
	FY2011
Net income per share	16.79

<Cautionary Statements With Respect to Forward-Looking Statements>

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

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

Consolidated Balance Sheets

	Millions of yen		Millions of U.S. dollars
	9/30/2011	3/31/2011	9/30/2011
Assets			
Current assets:			
Cash and deposits	28,426	81,883	369
Notes and accounts receivable-trade	148,825	197,350	1,933
Merchandise and finished goods	41,785	37,935	543
Work in process	75,280	41,132	978
Raw materials and supplies	31,837	30,383	413
Other	54,310	54,900	705
Allowance for doubtful accounts	-418	-561	-5
Total Current assets	380,046	443,024	4,936
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures, net	73,042	75,039	949
Other, net	84,165	90,891	1,093
Total Property, plant and equipment	157,207	165,931	2,042
Intangible assets	9,979	10,146	130
Investments and other assets			
Investment securities	109,142	129,333	1,417
Other	53,948	58,672	701
Allowance for doubtful accounts	-1,404	-1,421	-18
Total Investments and other assets	161,687	186,584	2,100
Total Noncurrent assets	328,874	362,662	4,271
Deferred assets	67	109	1
Total assets	708,988	805,797	9,208

Consolidated Balance Sheets

	Millions of yen		Millions of U.S. dollars
	9/30/2011	3/31/2011	9/30/2011
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	116,331	134,686	1,511
Short-term loans payable	100,590	87,850	1,306
Current portion of bonds	40,000	40,000	519
Income taxes payable	1,704	2,416	22
Advances received	44,682	37,539	580
Other	94,953	102,405	1,233
Total current liabilities	398,262	404,898	5,172
Noncurrent liabilities:			
Bonds payable	31,010	71,010	403
Long-term loans payable	59,579	75,158	774
Provision for retirement benefits	9,875	12,647	128
Provision for directors' retirement benefits	333	365	4
Other	53,947	66,782	701
Total Noncurrent liabilities	154,745	225,963	2,010
Total Liabilities	553,007	630,861	7,182
Net Assets			
Shareholders' equity:			
Capital stock	47,586	47,586	618
Capital surplus	46,734	46,734	607
Retained earnings	47,664	54,378	619
Treasury stock	-7,108	-7,106	-92
Total Shareholders' equity	134,875	141,592	1,752
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	9,383	19,895	122
Deferred gains or losses on hedges	-151	4	-2
Foreign currency translation adjustments	-7,869	-6,136	-102
Total Accumulated other comprehensive income	1,362	13,762	18
Minority interests	19,742	19,580	256
Total Net assets	155,981	174,935	2,026
Total Liabilities and Net assets	708,988	805,797	9,208

Consolidated Statements of Operations

For the first Half of FY2011 (April 1 - September 30, 2011)

	Millions of yen		Millions of U.S. dollars
	1H FY2011	1H FY2010	1H FY2011
Net sales	305,335	297,489	3,965
Cost of sales	242,709	241,123	3,152
Gross profit	62,625	56,366	813
Selling, general and administrative expenses	68,189	67,371	886
Operating loss	-5,563	-11,004	-72
Non-operating income			
Interest income	163	129	2
Dividends income	1,160	1,569	15
Other	882	786	11
Total Non-operating income	2,206	2,486	29
Non-operating expenses			
Interest expense	2,520	2,853	33
Interest on commercial papers	-	2	-
Equity in losses of affiliates	1,334	828	17
Foreign exchange losses	2,099	3,932	27
Other	520	550	7
Total Non-operating expenses	6,475	8,168	84
Ordinary loss	-9,832	-16,685	-128
Extraordinary income			
Gain on sales of noncurrent assets	25	5	0
Gain on sales of investment securities	38	30,740	0
Total Extraordinary income	64	30,745	1
Extraordinary loss			
Loss on disposal of noncurrent assets	67	112	1
Loss on devaluation of investment securities	207	2,624	3
Office/Factory Integration Costs	2,511	-	33
Loss on disaster	1,139	-	15
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	2,270	-
Other	832	1,826	11
Total Extraordinary loss	4,759	6,833	62
Income (loss) before income taxes and minority interests	-14,527	7,226	-189
Income taxes	-9,750	5,731	-127
Income (loss) before minority interests	-4,777	1,494	-62
Minority interests in net loss (income) of consolidated subsidiaries	624	-160	8
Net income (loss)	-5,401	1,654	-70

Consolidated Statements of Comprehensive Income
For the first Half of FY2011 (April 1 - September 30, 2011)

	Millions of yen		Millions of U.S. dollars
	1H FY2011	1H FY2010	1H FY2011
Income (loss) before minority interests	-4,777	1,494	-62
Other comprehensive income (loss)			
Valuation difference on available-for-sale securities	-10,570	-27,460	-137
Deferred gains or losses on hedges	-187	-30	-2
Foreign currency translation adjustments	-1,941	-3,426	-25
Share of other comprehensive loss of associates accounted for using equity method	-20	-12	-0
Total other comprehensive income (loss)	-12,719	-30,929	-165
Comprehensive income (loss)	-17,497	-29,435	-227
Comprehensive income (loss) attributable to:			
Shareholders of the Company	-17,801	-28,810	-231
Minority interests	304	-624	4

Consolidated Statements of Cash Flows
For the first Half of FY2011 (April 1 - September 30, 2011)

	Millions of yen		Millions of U.S. dollars
	1H FY2011	1H FY2010	1H FY2011
I Cash flows from operating activities			
Income (loss) before income taxes and minority interests	-14,527	7,226	-189
Depreciation and amortization	14,064	13,696	183
Interest and dividends income	-1,323	-1,699	-17
Interest expenses	2,520	2,853	33
Loss (gain) on sales of investment securities	-38	-30,740	-0
Loss (gain) on sales of noncurrent assets	-25	-5	-0
Loss (gain) on disposal of noncurrent assets	67	112	1
Loss (gain) on devaluation of investment securities	207	2,624	3
Decrease (increase) in notes and accounts receivable-trade	46,509	68,280	604
Decrease (increase) in inventories	-40,601	-27,901	-527
Increase (decrease) in notes and accounts payable-trade	-15,109	-17,767	-196
Increase (decrease) in advances received	7,161	9,023	93
Other, net	13,694	2,435	178
Subtotal	12,599	28,138	164
Interest and dividends income received	1,627	1,692	21
Interest expenses paid	-3,014	-2,703	-39
Income taxes paid	-6,838	-3,065	-89
Net cash provided by operating activities	4,373	24,061	57
II Cash flows from investing activities			
Purchase of property, plant and equipment	-8,404	-6,978	-109
Proceeds from sales of property, plant and equipment	396	299	5
Purchase of investment securities	-123	-199	-2
Proceeds from sales of investment securities	88	94,058	1
Payments of loans receivable	-1,513	-3,084	-20
Collection of loans receivable	1,598	3,942	21
Other, net	-1,208	-1,327	-16
Net cash provided by (used in) investing activities	-9,165	86,710	-119
III Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	6,184	-38,562	80
Increase (decrease) in commercial papers	-	-18,000	-
Proceeds from long-term loans payable	435	-	6
Repayment of long-term loans payable	-7,153	-6,829	-93
Redemption of bonds	-40,000	-10,000	-519
Repayments of lease obligations	-5,742	-3,586	-75
Proceeds from sales of treasury stock	0	0	0
Purchase of treasury stock	-2	-4	-0
Cash dividends paid	-1,429	-1,071	-19
Cash dividends paid to minority shareholders	-191	-362	-2
Net cash used in financing activities	-47,899	-78,417	-622
IV Effect of exchange rate change on cash and cash equivalents	-1,030	-933	-13
V Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	-53,721	31,421	-698
VI Cash and cash equivalents at beginning of period	81,796	37,283	1,062
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	289	990	4
VIII Cash and cash equivalents at end of period	28,364	69,695	368

Consolidated Segment Information (1H FY2011)

For the first Half of FY2011 (April 1 - September 30, 2011)

Information on net sales, and profit or loss by each reporting segment

1H FY2011

Millions of yen

	Energy	Industrial Systems	Social Systems	Power Electronics	Electronic Devices	ED&C Components	Vending Machines	Others	Total	Adjustments	Consolidated
Net Sales											
Sales to third parties	20,237	31,119	51,480	38,979	57,697	32,459	39,745	33,615	305,335	-	305,335
Inter-segment sales and transfers	40	1,607	1,379	2,491	486	2,137	185	16,787	25,115	-25,115	-
Total sales	20,278	32,726	52,860	41,471	58,183	34,596	39,931	50,402	330,451	-25,115	305,335
Segment profits (losses)	2,003	-480	-3,311	-1,833	-671	2,021	-910	228	-2,954	-2,609	-5,563

1H FY2010

Millions of yen

	Energy	Industrial Systems	Social Systems	Power Electronics	Electronic Devices	ED&C Components	Vending Machines	Others	Total	Adjustments	Consolidated
Net Sales											
Sales to third parties	16,690	31,362	48,515	36,210	61,362	29,330	39,478	34,540	297,489	-	297,489
Inter-segment sales and transfers	181	1,975	1,529	2,599	419	2,178	313	16,816	26,014	-26,014	-
Total sales	16,871	33,338	50,045	38,809	61,782	31,509	39,791	51,357	323,504	-26,014	297,489
Segment profits (losses)	294	-1,277	-4,207	-669	-1,880	984	-2,396	-371	-9,523	-1,480	-11,004

1H FY2011

Millions of U.S. dollars

	Energy	Industrial Systems	Social Systems	Power Electronics	Electronic Devices	ED&C Components	Vending Machines	Others	Total	Adjustments	Consolidated
Net Sales											
Sales to third parties	263	404	669	506	749	422	516	437	3,965	-	3,965
transfers	1	21	18	32	6	28	2	218	326	-326	-
Total sales	263	425	686	539	756	449	519	655	4,292	-326	3,965
Segment profits (losses)	26	-6	-43	-24	-9	26	-12	3	-38	-34	-72

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

	Billions of yen			
	1H FY2010	FY2010	1H FY2011	FY2011 [Forecast]
Net sales	297.5	689.1	305.3	720.0
Operating income	-11.0	11.9	-5.6	22.0
Ordinary income	-16.7	7.2	-9.8	20.0
Net income	1.7	15.1	-5.4	12.0

2. Number of consolidated subsidiaries

	1H FY2010	FY2010	1H FY2011	FY2011 [Forecast]
Number of consolidated subsidiaries	51	49	48	48
Japan	28	27	25	25
Overseas	23	22	23	23
Number of equity-method associates	4	4	4	4

3. Net income per share

	Yen			
	1H FY2010	FY2010	1H FY2011	FY2011 [Forecast]
Net income per share	2.31	21.14	-7.56	16.79

4. Sales exchange rate (Yen)

	Yen			
	1H FY2010	FY2010	1H FY2011	FY2011 [Forecast]
US\$	88.95	85.72	79.82	78.41
EURO	113.85	113.12	113.79	109.40

5. Net sales by reporting segment

	Billions of yen			
	1H FY2010	FY2010	1H FY2011	FY2011 [Forecast]
Energy	16.9	49.5	20.3	65.6
Industrial Systems	33.3	81.6	32.7	82.5
Social Systems	50.0	134.2	52.9	141.7
Power Electronics	38.8	88.1	41.5	96.2
Electronic Devices	61.8	125.9	58.2	118.1
ED&C Components	31.5	65.5	34.6	68.6
Vending Machines	39.8	85.8	39.9	81.5
Others	51.4	115.9	50.4	115.9
Subtotal	323.5	746.4	330.5	770.1
Elimination	-26.0	-57.4	-25.1	-50.1
Total	297.5	689.1	305.3	720.0

Note : Net sales include inter-segment transactions.

6. Operating income by reporting segment

	Billions of yen			
	1H FY2010	FY2010	1H FY2011	FY2011 [Forecast]
Energy	0.3	5.6	2.0	8.1
Industrial Systems	-1.3	1.6	-0.5	3.0
Social Systems	-4.2	2.8	-3.3	5.4
Power Electronics	-0.7	2.2	-1.8	3.3
Electronic Devices	-1.9	-2.0	-0.7	0.7
ED&C Components	1.0	2.9	2.0	3.4
Vending Machines	-2.4	0.4	-0.9	1.9
Others	-0.4	2.1	0.2	2.3
Subtotal	-9.5	15.4	-3.0	28.1
Elimination	-1.5	-3.4	-2.6	-6.1
Total	-11.0	11.9	-5.6	22.0

7. Net overseas sales

	Billions of yen			
	1H FY2010	FY2010	1H FY2011	FY2011 [Forecast]
Asia (except for China), Other	44.9	101.4	45.7	100.1
China	24.1	49.0	27.4	57.4
Europe	6.8	15.1	7.5	14.9
North America	4.5	12.7	4.2	10.9
Total	80.3	178.2	84.9	183.3

8. R&D expenditures

	Billions of yen	
	1H FY2010	FY2010
Energy Solutions	1.9	4.8
Environment Solutions	5.3	10.4
Semiconductors	3.3	7.0
ED&C Components	1.2	2.5
Vending Machines	1.7	3.3
Magnetic Disks	2.5	4.5
Others	0.0	0.0
Corporate (basic research)	0.0	0.0
Total	15.8	32.6
Ratio to net sales (%)	5.3%	4.7%

9. Plant and equipment investment (including leases)

	Billions of yen	
	1H FY2010	FY2010
Energy Solutions	0.5	1.1
Environment Solutions	0.9	2.8
Semiconductors	4.0	8.9
ED&C Components	0.4	1.5
Vending Machines	1.0	4.0
Magnetic Disks	6.7	8.1
Others	0.2	0.4
Corporate	0.1	0.4
Total	13.9	27.2
(Leases)	(4.5)	(10.5)

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

10. Depreciation, Leases paid

	Billions of yen	
	1H FY2010	FY2010
Energy Solutions	1.8	3.6
Environment Solutions	2.1	4.4
Semiconductors	6.4	12.9
ED&C Components	1.3	2.5
Vending Machines	1.3	2.8
Magnetic Disks	7.4	13.9
Others	0.4	0.9
Corporate	0.3	0.5
Total	21.0	41.5
(Leases)	(8.5)	(15.8)

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

11. Number of employees

	1H FY2010	FY2010
Energy Solutions	2,361	2,347
Environment Solutions	8,209	8,197
Semiconductors	4,832	5,158
ED&C Components	2,570	2,626
Vending Machines	1,948	1,903
Magnetic Disks	1,477	1,539
Others	2,011	1,973
Corporate	818	819
Total	24,226	24,562
Japan	18,262	18,002
Overseas	5,964	6,560

12. R&D expenditures

	Billions of yen	
	1H FY2011	FY2011 [Forecast]
Energy	1.3	3.0
Industrial Systems	1.6	3.6
Social Systems	1.8	4.4
Power Electronics	2.7	5.7
Electronic Devices	5.5	11.4
ED&C Components	1.5	3.0
Vending Machines	1.0	2.2
Others	0.0	0.0
Total	15.4	33.2
Ratio to net sales (%)	5.0%	4.6%

13. Plant and equipment investment (including leases)

	Billions of yen	
	1H FY2011	FY2011 [Forecast]
Energy	0.4	1.0
Industrial Systems	0.6	1.3
Social Systems	0.2	1.2
Power Electronics	0.4	3.0
Electronic Devices	4.3	17.3
ED&C Components	1.2	3.0
Vending Machines	1.0	2.5
Others	1.0	1.8
Total	9.1	31.0
(Leases)	(4.3)	(13.4)

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

14. Depreciation, Leases paid

	Billions of yen	
	1H FY2011	FY2011 [Forecast]
Energy	0.9	1.9
Industrial Systems	0.6	1.5
Social Systems	0.6	1.2
Power Electronics	1.1	2.3
Electronic Devices	11.4	23.2
ED&C Components	1.1	2.3
Vending Machines	1.4	2.8
Others	0.7	1.6
Total	17.8	36.8
(Leases)	(4.9)	(8.7)

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

15. Number of employees

	1H FY2011	FY2011 [Forecast]
Energy	1,799	1,784
Industrial Systems	2,043	2,042
Social Systems	3,906	3,888
Power Electronics	2,920	3,063
Electronic Devices	7,007	7,184
ED&C Components	2,702	2,754
Vending Machines	1,665	1,624
Others	3,368	3,371
Total	25,409	25,709
Japan	18,155	18,067
Overseas	7,254	7,642

1. Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

In the six-month period ended September 30, 2011, although the Fuji Electric continued to face tough market conditions in Japan as a result of the Great East Japan Earthquake, conditions began bottoming out thanks to the rebuilding of supply chains. Meanwhile, in overseas markets uncertainty strengthened due to a worsening of economic conditions, which the fiscal and financial crisis in Europe triggered, and softening of growth in China's economy.

Amid these conditions, in accordance with its management strategy, the Company focused on two areas: Expand business development with a focus on energy and environment, and Expand our business on a global scale. At the same time, aiming to enable long-term perspectives and quick responses to market changes, the Company advanced reforms that base business management on markets and customers.

Consolidated business results for the period under review were as follows.

Net sales increased ¥7.8 billion year on year, to ¥305.3 billion. By business segment, net sales were up year on year in the Energy, Social Systems, Power Electronics, ED&C Components, and Vending Machines segments, while net sales in the Industrial Systems and Electronic Devices segments decreased year on year.

In operating results, operating loss improved ¥5.4 billion year on year, to ¥5.6 billion, due to higher net sales, reductions in cost and fixed cost stemming from business restructuring. Ordinary loss improved ¥6.9 billion year on year, to ¥9.8 billion.

Further, net loss was ¥5.4 billion, a deterioration of ¥7.1 billion compared to net income for the same period of the previous fiscal year. This reflected gain on sales of investment securities for the same period of the previous fiscal year.

Consolidated business results for the period under review were as follows.

(¥ billion)

	1H Fiscal 2010	1H Fiscal 2011	Change
Net sales	297.5	305.3	7.8
Operating income/loss	-11.0	-5.6	5.4
Ordinary income/loss	-16.7	-9.8	6.9
Net income/loss	1.7	-5.4	-7.1

Results by Segment

[Energy] YoY: Net sales increased 20.2%, operating results improved ¥1.7 billion

Net sales rose 20.2% year on year, to ¥20.3 billion, and operating results improved ¥1.7 billion year on year, to ¥2.0 billion.

In the electric power systems business, net sales and operating results increased significantly year on year thanks to contributions to net sales from orders for new projects received in the previous period and cost reduction. In the nuclear power-related equipment and radiation control systems business, net sales and operating results were up significantly year on year due to a rise in demand for radiation dosimeters.

[Industrial Systems] YoY: Net sales decreased 1.8%, operating results improved ¥0.8 billion

Net sales decreased 1.8% year on year, to ¥32.7 billion, and operating results improved ¥0.8 billion, to an operating loss of ¥0.5 billion.

Net sales edged down because there was approximately no change year on year in the industrial plant engineering business and fewer large-scale orders in the facilities business. Operating results improved year on year thanks to reductions of cost and expenses.

[Social Systems] YoY: Net sales rose 5.6%, operating results improved ¥0.9billion

Net sales were up 5.6% year on year, to ¥52.9 billion, and operating results improved ¥0.9 billion, to an operating loss of ¥3.3 billion.

From the first half of the fiscal year ending March 31, 2012, the Group changed the internal classification and names of businesses in this segment from the smart communities business, the retail systems business, and the social information systems business, to the energy distribution business, the retail stores business, and the social information business.

Net sales rose year on year because the energy distribution business saw higher capital investment in substations, while for the retail stores business store refurbishment increased as a result of power-saving efforts. Operating results were up year on year thanks to both businesses' higher net sales and reductions in cost and expenses. For the social information business, although net sales were lower year on year due to restrained IT investment, operating results remained approximately unchanged year on year.

[Power Electronics] YoY: Net sales increased 6.9%, operating results worsened ¥1.2 billion

Net sales were up 6.9% year on year, to ¥41.5 billion, and operating results deteriorated ¥1.2 billion, to an operating loss of ¥1.8 billion.

In the drive business, net sales rose because of higher demand for inverters due to restoration efforts following the earthquake disaster and from Asia and China. However, operating results

declined year on year as consequence of further yen appreciation and production adjustments in China. In the power supply business, net sales and operating results rose year on year thanks to an increase in demand for uninterruptible power supply systems (UPSs) for data centers.

[Electronic Devices] YoY: Net sales decreased 5.8%, operating results improved ¥1.2 billion

Net sales were down 5.8% year on year, to ¥58.2 billion, and operating results improved ¥1.2 billion, to an operating loss of ¥0.7 billion.

In the semiconductor business, net sales rose year on year, reflecting stronger demand for inverters and industrial equipment in the industrial business in Japan and overseas centered on China and a rapid recovery in demand from the slump in the automotive electronics business that followed the Great East Japan Earthquake. Operating results increased year on year due to higher net sales in the industrial business. In the magnetic disk business, net sales declined year on year due to a decrease in demand because of a slowdown in the PC market and a worsening of exchange rates. However, operating results were up year on year as a result of reductions in cost and fixed cost achieved through business restructuring.

[ED&C Components] YoY: Net sales rose 9.8%, operating results improved ¥1.0 billion

Net sales were up 9.8% year on year, to ¥34.6 billion, and operating results improved ¥1.0 billion, to ¥2.0 billion.

In Japan's market, demand from China and other parts of Asia underpinned the continued strength of demand from manufacturers of machine tools and other machinery. In overseas markets, demand from Asia centered on China's ongoing robust growth continued the favorable demand trend of the previous period. As a result, net sales rose year on year. Operating results were up year on year due to higher earnings accompanying the rise in net sales.

[Vending Machines] YoY: Net sales rose 0.4%, operating results improved ¥1.5 billion

Net sales were up 0.4% year on year, to ¥39.9 billion, and operating results improved ¥1.5 billion, to an operating loss of ¥0.9 billion.

In the vending machine business, net sales were unchanged year on year because higher demand after the earthquake disaster for energy-saving environment-friendly vending machines as part of power-saving efforts as well as for disaster-response vending machines counteracted a decrease in market prices. Operating results improved year on year because of reductions in cost and fixed cost achieved through business restructuring. In the currency-handling equipment business, net sales and operating income were up year on year thanks to stronger demand for automated change dispensers in the retail market.

[Other] YoY: Net sales decreased 1.9%, operating results improved ¥0.6 billion

Net sales declined 1.9% year on year, to ¥50.4 billion, and operating results improved ¥0.6 billion, to ¥0.2 billion.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2011	Breakdown (%)	September 30, 2011	Breakdown (%)	Change
Total assets	805.8	100.0	709.0	100.0	-96.8
Interest-bearing debt	274.0	34.0	231.2	32.6	-42.8
Shareholder's equity*1	155.4	19.3	136.2	19.2	-19.1
Debt-equity ratio*2 (times)	1.8		1.7		-0.1

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

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

Total assets stood at ¥709.0 billion at the end of the second quarter, down ¥96.8 billion from the previous fiscal year-end. Total current assets declined ¥63.0 billion principally because lower cash and deposits accompanying redemption of bonds and a decrease in notes and accounts receivable-trade offset an increase in inventories. Total noncurrent assets were down ¥33.8 billion due to a lower valuation difference on available-for-sale securities.

Interest-bearing debt at the end of the second quarter, amounted to ¥231.2 billion, down ¥42.8 billion from the previous fiscal year-end, which was primarily attributable to redemption of bonds. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—increased ¥10.6 billion from the previous fiscal year-end and amounted to ¥202.8 billion at the end of the second quarter.

Net assets at the end of the second quarter stood at ¥156.0 billion, down ¥19.0 billion from the previous fiscal year-end, which was mainly due to a decrease in retained earnings and a decline in valuation difference on available-for-sale securities. In addition, shareholders' equity—net assets net of minority interests—was down ¥19.1 billion from the previous fiscal year-end, standing at ¥136.2 billion at the end of the second quarter. The debt-equity ratio (interest-bearing debt ÷ shareholders' equity) at the end of the second quarter was up 0.1 times from the previous fiscal year-end, to 1.7 times. The net debt-equity ratio (net interest-bearing debt ÷ shareholders' equity) at the end of the second quarter rose 0.3 times from the previous fiscal year-end, to 1.5 times. In the first half, consolidated free cash flow (cash flows from operating activities + cash flows from investment activities) was negative free cash flow of ¥4.8 billion, a deterioration of ¥115.6 billion compared with positive free cash flow of ¥110.8 billion for the same period of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities during the period under review was ¥4.4 billion, compared with net cash provided by operating activities of ¥24.1 billion for the same period of the previous fiscal year. This was mainly associated with stepped-up efforts to collect notes and accounts receivable-trade, which offset higher inventories.

This was a deterioration of ¥19.7 billion year on year.

Cash flows from investment activities

Net cash used in investment activities was ¥9.2 billion, compared with net cash provided by investment activities of ¥86.7 billion for the same period of the previous fiscal year. This primarily reflected purchase of property, plant and equipment.

This was a deterioration of ¥95.9 billion year on year.

Cash flow from financing activities

Net cash used in investment activities was ¥47.9 billion, compared with net cash used in investment activities of ¥78.4 billion in the previous fiscal year.

This was mainly due to redemption of bonds.

As a result, on a consolidated basis, cash and cash equivalents at the end of the period under review amounted to ¥28.4 billion, down ¥53.4 billion from the end of the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Forecasts

In light of the business result trends of the first half of the fiscal year ending March 31, 2012, the Group has revised its consolidated forecast of business results for the full fiscal year ending March 31, 2012, announced on July 28, 2011. A decrease of ¥10.0 billion compared to the previously announced forecast is expected.

The forecasts for the third quarter assume exchange rates of US\$1 = ¥77 and €1 = ¥105

Consolidated Forecasts for Fiscal 2011

(¥ billion)

	Initial Forecast	Revised forecast	Change
Net sales	730.0	720.0	-10.0
Operating income	22.0	22.0	0
Ordinary income	20.0	20.0	0
Net income	12.0	12.0	0

Consolidated Forecasts for Fiscal 2011 by Segment

(¥ billion)

	Net Sales			Operating Income/Loss		
	Previous Forecasts	Revised Forecasts	Difference	Previous Forecasts	Revised Forecasts	Difference
Energy	63.0	65.6	2.6	6.3	8.1	1.8
Industrial Systems	82.0	82.5	0.5	2.2	3.0	0.8
Social Systems	140.0	141.7	1.7	5.1	5.4	0.3
Power Electronics	100.0	96.2	-3.8	4.1	3.3	-0.8
Electronic Devices	131.8	118.1	-13.7	3.3	0.7	-2.6
ED&C Components	70.0	68.6	-1.4	4.0	3.4	-0.6
Vending Machines	79.0	81.5	2.5	1.4	1.9	0.5
Others	117.5	115.9	-1.6	1.7	2.3	0.6
Elimination and Corporate	-53.3	-50.1	3.2	-6.1	-6.1	0
Total	730.0	720.0	-10.0	22.0	22.0	0

For net sales by segment, the net sales of the Power Electronics and Electronic Devices segments are likely to be below the figures of the previous forecast due to a softening of growth in China's economy, a slowdown in the PC market, and yen appreciation. As a result, overall net sales are likely to be ¥10.0 billion lower than the figure of the previous forecast.

As for operating income by segment, the Power Electronics, Electronic Devices, and ED&C Components segments are expected to record operating income below the figures of the previous forecast as a result lower net sales. However, the Energy, Industrial Systems, Social Systems, and Vending Machines segments are expected the achieve operating income above the figures of the previous forecast due to higher net sales and cost reduction. As a result, overall operating income is likely to be in accordance with the figure of the previous forecast.