Consolidated Financial Results for 1H FY2011

October 28, 2011

Fuji Electric Co., Ltd.

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Consolidated Financial Results for 1H FY2011

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Summary of Consolidated Financial Results for 1H FY2011 (YoY Comparison)

Significant improvement in operating results due to increased net sales and lower costs and fixed expenses stemming from business restructuring effects

（Billion yen）

	1H FY2010	1H FY2011	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
Extraordinary Income/Loss	23.9	-4.7	-28.6
Income Taxes	5.7	-9.8	-15.5
Minority Interest in income/loss	-0.2	0.6	0.8
Net Income/Loss	1.7	-5.4	-7.1

Exchange Rate US$	¥ 88.95	¥ 79.82	-¥ 9.13
Exchange Rate EURO	¥ 113.85	¥ 113.79	-¥ 0.06

Operating Income/Loss

Cost Reduction	+7.9	Price Decline	-5.0
Reduction in Fixed Cost	+4.8	Exchange Rate Effect	-2.5
Increase in Sales Quantity and others	+4.0	Material Price Hikes	-2.5
		Effect of Earthquake	-1.3
	+16.7		-11.3

Non-operating Income/Loss

Exchange Rate Effect +1.8 （-3.9→-2.1）
Income/Loss on Investment in Equity-method Affiliate -0.5 （ -0.8→-1.3）

Extraordinary Income/Loss

Gain on Sales of an Investment Security -30.7（+30.7→0）
Loss on Revaluation of Investment Securities +2.4（-2.6→-0.2）
Effect of Applying Asset Retirement Obligations +2.3（-2.3→0）
Production Plant Consolidation Expenses -2.5（0→-2.5）

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Net Sales and Operating Income by Segment for 1H FY2011 (YoY Comparison)①

（Billion yen）

	Net Sales			Operating Income		
	1H FY2010	1H FY2011	Change	1H FY2010	1H FY2011	Change
Energy	16.9	20.3	3.4	0.3	2.0	1.7
Industrial Systems	33.3	32.7	-0.6	-1.3	-0.5	0.8
Social Systems	50.0	52.9	2.8	-4.2	-3.3	0.9
Power Electronics	38.8	41.5	2.7	-0.7	-1.8	-1.2

➢**Energy**

In the power generation sector, new construction projects acquired in the previous fiscal year contributed to sales and there were cost reductions. In the nuclear power and radiation sector, demand for radiation dosimeters increased. As a result of the above, net sales and operating results both showed substantial year-on-year increases.

➢**Industrial Systems**

Net sales were down slightly due to a decrease in large scale orders.
Operating results were up due to cost reductions and general expense decreases.

➢**Social Systems**

Net sales and operating results were up year on year due to increases in capital investment in substations and store renovation orders for electricity saving purposes as well as cost reductions.

➢**Power Electronics**

In the drive sector, net sales were up due to the demand created post-earthquake restoration efforts and increased demand from China and other parts of Asia. However, operating results were down due to the persistence of the strong yen and the effects of production adjustments in China. In the power supply sector, net sales and operating results were up following strong demand for UPSs for data centers.

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Net Sales and Operating Income by Segment for 1H FY2011 (YoY Comparison)②

（Billion yen）

	Net Sales			Operating Income		
	1H FY2010	1H FY2011	Change	1H FY2010	1H FY2011	Change
Electronic Devices	61.8	58.2	-3.6	-1.9	-0.7	1.2
Magnetic Disks	19.8	14.3	-5.5	-2.3	-1.3	1.0
ED&C Components	31.5	34.6	3.1	1.0	2.0	1.0
Vending Machines	39.8	39.9	0.1	-2.4	-0.9	1.5
Others	51.4	50.4	-1.0	-0.4	0.2	0.6
Elimination and Corporate	-26.0	-25.1	0.9	-1.5	-2.6	-1.1
Total (①+②)	297.5	305.3	7.8	-11.0	-5.6	5.4

➢**Electronic Devices**

Power semiconductors: In the industrial field, demand for inverters and industrial machinery increased. Also, demand in the automotive application field recovered from the low levels seen following the Great East Japan Earthquake. As a result of these factors, both net sales and operating results improved.

Magnetic disks: Net sales were down year on year due to reduced demand as well as the unfavorable foreign exchange rates. Operating results increased due to lower costs and fixed expenses stemming from business restructuring effects.

➢**ED&C Components**

Net sales and operating results increased due to higher sales in domestic and overseas markets as a result of greater demand for products for use in China and other parts of Asia.

➢**Vending Machines**

While demand for energy-saving environmentally responsive vending machines and disaster-response vending machines was strong, the selling prices of these machines fell and net sales were relatively unchanged from the previous fiscal year. Operating results increased due to lower costs and fixed expenses stemming from business restructuring effects.

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Summary of Consolidated Financial Results for 1H FY2011 (Comparison with Forecasts)

Net sales were below forecasts,
but operating results improved due to fixed expenses reductions

（Billion yen）

	1H FY2011		
	Forecasts（July 28）	Results	Change
Net Sales	316.0	305.3	-10.7
Operating Income/Loss	-8.5	-5.6	2.9
Ordinary Income/Loss	-12.5	-9.8	2.7
Net Income/Loss	-7.0	-5.4	1.6

Exchange Rate US$	¥ 80.87	¥ 79.82	-¥1.05
Exchange Rate EURO	¥ 111.20	¥ 113.79	¥2.59

Operating Income/Loss

Reduction in Fixed Cost	+4.2	Exchange Rate Effect	-0.3
Cost Reduction	+0.8	Increase in Sales	-2.6
Price Decline	+0.8	Quantity and others	
	+5.8		-2.9

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Net Sales and Operating Income by Segment for 1H FY2011 (Comparison with Forecasts)①

（Billion yen）

	Net Sales			Operating Income		
	Forecasts（July 28）	Results	Change	Forecasts（July 28）	Results	Change
Energy	22.0	20.3	-1.7	1.4	2.0	0.6
Industrial Systems	34.5	32.7	-1.8	-1.0	-0.5	0.5
Social Systems	53.0	52.9	-0.1	-3.4	-3.3	0.1
Power Electronics	45.0	41.5	-3.5	-1.5	-1.8	-0.3

➢**Energy**

Net sales fell below forecasts due to large-scale orders being delayed until the second half of the fiscal year. Operating results exceeded forecasts due to strong demand for radiation dosimeters.

➢**Industrial Systems**

Net sales were lower than forecasts due to decreases in small- to medium-scale orders. Operating results exceeded forecasts due to general expense decreases.

➢**Social Systems**

Both net sales and operating results were in line with forecasts.

➢**Power Electronics**

Demand for drive systems declined following the deceleration of economic growth in China, and both net sales and operating results were lower than forecasted accordingly.

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Net Sales and Operating Income by Segment for 1H FY2011 (Comparison with Forecasts)②

（Billion yen）

	Net Sales			Operating Income		
	Forecasts（July 28）	Results	Change	Forecasts（July 28）	Results	Change
Electronic Devices	61.5	58.2	-3.3	-1.7	-0.7	1.0
Magnetic Disks	16.3	14.3	-2.0	-1.4	-1.3	0.1
ED&C Components	35.5	34.6	-0.9	2.4	2.0	-0.4
Vending Machines	39.0	39.9	0.9	-1.1	-0.9	0.2
Others	49.0	50.4	1.4	-0.3	0.2	0.5
Elimination and Corporate	-23.5	-25.1	-1.6	-3.3	-2.6	0.7
Total (①+②)	316.0	305.3	-10.7	-8.5	-5.6	2.9

➢**Electronic Devices**

Power semiconductors: Demand in the industrial field declined due to the deceleration of economic growth in China and the worsening of economic conditions in the US and Europe, and net sales fell below forecasts as a result. Operating results exceeded forecasts due to general expense decreases.

Magnetic disks: Net sales were lower than forecasted due to decreased demand. Operating results were higher than forecasted due to lower costs and fixed expenses stemming from business restructuring effects.

➢**ED&C Components**

Net sales and operating results both fell below forecasts due to the deceleration of economic growth in China.

➢**Vending Machines**

Net sales exceeded forecasts due to strong demand for energy-saving environmentally responsive vending machines and disaster-response vending machines. Operating results also exceeded forecasts due to higher sales as well as lower costs and fixed expenses stemming from business restructuring effects.

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Consolidated Balance Sheet for 1H FY2011

(Billion yen)

Assets	3/31/11	9/30/11	Change
Cash and time deposit	81.9	28.4	-53.5
Notes and account receivables, trade receivables	197.4	148.8	-48.5
Inventories	109.5	148.9	39.5
Other current assets	54.3	53.9	-0.4
Total current assets	443.0	380.0	-63.0
Tangible fixed assets	165.9	157.2	-8.7
Intangible fixed assets	10.1	10.0	-0.2
Investments and other assets	186.6	161.7	-24.9
Total long-term assets	362.7	328.9	-33.8
Deferred assets	0.1	0.1	-0.0
Total assets	805.8	709.0	-96.8

Liabilities and Net Assets	3/31/11	9/30/11	Change
Notes and account payables, trade payables	134.7	116.3	-18.4
Interest-bearing Debts	274.0	231.2	-42.8
Other liabilities	222.2	205.5	-16.7
Total liabilities	630.9	553.0	-77.9
Common stock	47.6	47.6	—
Capital surplus	46.7	46.7	-0.0
Retained earnings	54.4	47.7	-6.7
Treasury stock at cost	-7.1	-7.1	-0.0
Shareholders' equity	141.6	134.9	-6.7
Accumulated other comprehensive income	13.8	1.4	-12.4
Minority interests in consolidated subsidiaries	19.6	19.7	0.2
Total net assets	174.9	156.0	-19.0
Total liabilities and net assets	805.8	709.0	-96.8

Total Net Assets Ratio (%)*	19.3	19.2	-0.1
Net Debt-Equity Ratio (times)	1.2	1.5	+0.3

*Minority interests in consolidated subsidiaries is not included.

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Consolidated Cash Flow for 1H FY2011

Corporate bonds redeemed using capital reserves

(Billion yen)

	1H FY2010	1H FY2011
Cash Flows from Operating Activities	24.1	4.4
Cash Flows from Investing Activities	86.7	-9.2
Free Cash Flow	110.8	-4.8
Cash Flows from Financing Activities	-78.4	-47.9
Effect of Exchange Rate Change and Others	0.0	-0.7
Increase / Decrease	32.4	-53.4

Redemption of corporate bonds

Cash and Cash Equivalents at Beginning of Year	37.3	81.8
Cash and Cash Equivalents at End of Year	69.7	28.4

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Consolidated Financial Forecasts for FY2011

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Consolidated Forecasts for FY2011

(Billion yen)

	FY2010	FY2011		Change	
	Results	Forecasts (July 28)	Forecasts (October 27)	YoY	vs. Forecasts
Net Sales	689.1	730.0	720.0	30.9	-10.0
Operating Income/Loss	11.9	22.0	22.0	10.1	0.0
Ordinary Income/Loss	7.2	20.0	20.0	12.8	0.0
Net Income/Loss	15.1	12.0	12.0	-3.1	0.0
Exchange Rate US$	¥ 85.72	¥ 80.44	¥ 78.41	¥ -7.31	¥ -2.03
Exchange Rate EURO	¥ 113.12	¥ 108.10	¥ 109.40	¥ -3.72	¥ 1.30

Assumed exchange rate in 2H

	US$	EURO
Sales Exchange Rate (Yen)	¥ 77.00	¥ 105.00
One Yen Effect (Million yen)	170	50

【Reference】 *Operating income basis

Previous assumed exchange rate (Yen)	¥ 80.00	¥ 105.00

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Net Sales and Operating Income by Segment for FY2011 (Comparison with Forecasts)①

(Billion yen)

	Net Sales			Operating Income		
	FY2010 Results (Reference)	FY2011 Forecasts (October 27)	Change	FY2010 Results (Reference)	FY2011 Forecasts (October 27)	Change
Energy	49.5	65.6	16.1	5.6	8.1	2.6
Industrial System	81.6	82.5	0.9	1.6	3.0	1.4
Social System	134.2	141.7	7.5	2.8	5.4	2.6
Power Electronics	88.1	96.2	8.0	2.2	3.3	1.1
Electronic Devices	125.9	118.1	-7.8	-2.0	0.7	2.8
Magnetic Devices	40.4	28.0	-12.3	-5.2	-0.3	4.9
ED&C Components	65.5	68.6	3.2	2.9	3.4	0.5
Vending Machines	85.8	81.5	-4.2	0.4	1.9	1.5
Others	115.9	115.9	0.0	2.1	2.3	0.2
Elimination and Corporate	-57.4	-50.1	7.3	-3.4	-6.1	-2.6
Total	689.1	720.0	30.9	11.9	22.0	10.1

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Net Sales and Operating Income by Segment for FY2011 (Comparison with Forecasts)②

(Billion yen)

	Net Sales			Operating Income		
	Forecasts (July 28)	Forecasts (October 27)	Change	Forecasts (July 28)	Forecasts (October 27)	Change
Energy	63.0	65.6	2.6	6.3	8.1	1.8
Industrial System	82.0	82.5	0.5	2.2	3.0	0.8
Social System	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
Magnetic Devices	35.0	28.0	-7.0	0.0	-0.3	-0.3
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	0.0
Total	730.0	720.0	-10.0	22.0	22.0	0.0

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Dividends

Interim dividends set at ¥2 per share

（Yen）

	Interim	Year-end	Full-year
Dividends Paid for FY2009	0.00	1.50	1.50
Dividends Paid for FY2010	2.00	2.00	4.00
Expected Dividends for FY2011	2.00	TBD	TBD

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