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.

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, 2012 include the accounts of the Company and its 47 significant subsidiaries (49 in 2011) (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 are being amortized over a period of 5 years, except that immaterial amounts are charged to income as incurred.

b. Cash Equivalents

For the purpose of the consolidated statements 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.

d. 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.

e. 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 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.

f. 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 12 years for machinery and equipment.

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.

g. 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.

h. Provision for Retirement Benefits
The Company and its domestic consolidated subsidiaries have a pension fund, contract-type corporate 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 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.

i. Provision for Directors' Retirement Benefits
For certain consolidated subsidiaries, the accrued retirement benefits for directors were provided mainly at an amount to be required at the year-end according to internal regulations.

j. Research and Development Costs
Research and development costs are charged to income as incurred.

k. Recognition for Revenue and Costs
For long-term construction contracts whose outcome can be estimated reliably, the percentage-of-completion method is adopted. The stage of completion of a contract is determined by the percentage of the cost incurred to date to the estimated total cost. When the outcome of the construction contracts can not be estimated reliably, the completed-contract method is adopted.

l. 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.

m. 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.

n. 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.

o. Accounting for Consumption Taxes
The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying consolidated statements of income.

p. 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.

q. Additional Information
Effective the year ended March 31, 2012, the Companies have adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No.24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 issued on December 4, 2009).

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 ¥82=U.S.$1, the approximate exchange rate as of March 31, 2012. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4. Inventories

Inventories as of March 31, 2012 and 2011 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Merchandise and finished goods	**¥ 40,860**	¥ 37,935	**$ 498,305**
Work in process	**62,129**	41,132	**757,681**
Raw materials	**30,325**	30,384	**369,798**
Inventories	**¥133,314**	¥109,451	**$1,625,784**

Losses on valuation of inventories with lower profitability were ¥2,238 million ($27,301 thousand) and ¥267 million for the years ended March 31, 2012 and 2011, respectively. These were included in cost of sales.

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, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Time deposits	**¥ 60**	¥ 60	**$ 732**
Investment securities	**252**	316	**3,077**
Property, plant and equipment	**16,815**	17,062	**205,064**
Total	**¥17,127**	¥17,438	**$208,873**

Note 6. Financial Instruments

1. Status of financial instruments

(1) Policy regarding financial instruments

The Companies limit the scope of their 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 funds 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 currencies 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 denominated in foreign currencies, offset by the amount of the trade payables denominated in the same currencies.

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, long-term loans payable and lease obligations on finance lease transactions are up to 11.5 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.

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 derivative transactions 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, 2012 and 2011, 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		
	2012		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	**¥ 64,261**	**¥ 64,261**	**¥ —**
Trade receivables	**199,677**	**199,677**	**—**
Investment securities	**89,888**	**89,888**	**—**
Trade payables	**(136,466)**	**(136,466)**	**—**
Short-term debt	**(58,423)**	**(58,423)**	**—**
Current portion of long-term debt	**(119,639)**	**(119,887)**	**248**
Lease obligations (Current Liabilities)	**(11,102)**	**(11,102)**	**—**
Long-term debt	**(77,802)**	**(77,856)**	**54**
Lease obligations (Long-term Liabilities)	**(22,521)**	**(22,543)**	**22**
Derivatives			
Derivative transactions to which hedge accounting is not applied	**(62)**	**(62)**	**—**
Derivative transactions to which hedge accounting is applied	**125**	**125**	**—**

	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
Lease obligations (Current Liabilities)	(9,608)	(9,608)	—
Long-term debt	(146,168)	(148,034)	1,866
Lease obligations (Long-term Liabilities)	(23,228)	(23,489)	261
Derivatives			
Derivative transactions to which hedge accounting is not applied	(61)	(61)	—
Derivative transactions to which hedge accounting is applied	15	15	—

	Thousands of U.S. dollars (Note 3)		
	2012		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	**$ 783,682**	**$ 783,682**	**$ —**
Trade receivables	**2,435,089**	**2,435,089**	**—**
Investment securities	**1,096,201**	**1,096,201**	**—**
Trade payables	**(1,664,223)**	**(1,664,223)**	**—**
Short-term debt	**(712,484)**	**(712,484)**	**—**
Current portion of long-term debt	**(1,459,014)**	**(1,462,038)**	**3,024**
Lease obligations (Current Liabilities)	**(135,397)**	**(135,397)**	**—**
Long-term debt	**(948,813)**	**(949,466)**	**653**
Lease obligations (Long-term Liabilities)	**(274,648)**	**(274,922)**	**274**
Derivatives			
Derivative transactions to which hedge accounting is not applied	**(761)**	**(761)**	**—**
Derivative transactions to which hedge accounting is applied	**1,531**	**1,531**	**—**

(*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 and (2) Trade receivables
Since these items are settled in a short period of time, estimated fair values are virtually the same as the carrying amounts.

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

(4) Trade payables, (5) Short-term debt, (6) Current portion of long-term debt (except bonds) and (7) Lease obligations (Current Liabilities) 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 (8) Long-term debt (bonds)
Fair values of bonds issued by the Company are based on each market price.

(8) Long-term debt (except bonds) and (9) Lease obligations (Long-term Liabilities)
Fair values of these items are based on the present value of the total of principal and interest discounted by the interest rate applied if similar new borrowings and new lease transactions were entered into.

(10) 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 (Note3)
	2012	2011	**2012**
	Carrying amounts	Carrying amounts	Carrying amounts
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	**¥35,703**	¥34,663	**$435,414**

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, 2012 and 2011:

	Millions of yen			
	2012			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	**¥ 64,261**	**¥—**	**¥—**	**¥—**
Trade receivables	**199,677**	**—**	**—**	**—**
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	**0**	**—**	**—**	**—**
Total	**¥263,938**	**¥—**	**¥—**	**¥—**

	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 (Corporate bonds)	—	50	—	—
Debt securities with maturity date classified as other securities (Public bonds)	0	0	—	—
Total	¥278,775	¥421	¥—	¥—

	Thousands of U.S. dollars (Note 3)			
	2012			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	**$ 783,682**	**$—**	**$—**	**$—**
Trade receivables	**2,435,089**	**—**	**—**	**—**
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	**4**	**—**	**—**	**—**
Total	**$3,218,775**	**$—**	**$—**	**$—**

4. Repayment schedule for long-term debt and lease obligations:
Please refer to "Note 9. Short-term Debt and Long-term Debt" and "Note 10. Lease Obligations."

Note 7. Securities

1. Other securities

	Millions of yen			
	2012			
March 31, 2012	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	**¥60,121**	**¥89,888**	**¥31,614**	**¥1,847**
Debt securities	**0**	**0**	**—**	**—**
Others	**—**	**—**	**—**	**—**
Total	**¥60,121**	**¥89,888**	**¥31,614**	**¥1,847**

	Millions of yen			
	2011			
March 31, 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

	Thousands of U.S. dollars (Note 3)			
	2012			
March 31, 2012	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	**$733,184**	**$1,096,197**	**$385,540**	**$22,527**
Debt securities	**4**	**4**	**—**	**—**
Others	**—**	**—**	**—**	**—**
Total	**$733,188**	**$1,096,201**	**$385,540**	**$22,527**

Note: The following is not included in the preceding tables because it does not have market price and obtaining an estimated fair value is deemed to be extremely difficult:
Unlisted stocks (Values in the consolidated balance sheets as of March 31, 2012 and 2011 were ¥5,576 million ($68,002 thousand) and ¥5,583 million, respectively.)

2. Sales of other securities

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Proceed from sales	**¥312**	¥91,352	**$3,805**
Gain on sales	**290**	30,204	**3,544**
Loss on sales	**—**	11	**—**

3. Impairment of other securities

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Impairment losses	**¥139**	¥246	**$1,696**

Note 8. Derivatives

1. Derivative transactions to which hedge accounting is not applied

	Millions of yen			
	2012			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	**¥1,877**	**¥—**	**¥(12)**	**¥(12)**
Euro	**1,316**	**—**	**(53)**	**(53)**
Won	**343**	**—**	**3**	**3**
Total	**¥3,536**	**¥—**	**¥(62)**	**¥(62)**

	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)

	Thousands of U.S. dollars (Note 3)			
	2012			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	**$22,896**	**$—**	**$(157)**	**$(157)**
Euro	**16,059**	**—**	**(654)**	**(654)**
Won	**4,172**	**—**	**50**	**50**
Total	**$43,127**	**$—**	**$(761)**	**$(761)**

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

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related contracts

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen 2012 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. dollars		**¥3,227**	**¥1,445**	**¥(150)**
	Euro		**46**	**—**	**0**
	Payables:	Accounts payable–trade			
	U.S. dollars		**197**	**—**	**4**
	Euro		**890**	**328**	**10**
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			**(Note2)**
	U.S. dollars		**¥ 866**	**¥ —**	
	Total		**¥5,226**	**¥1,773**	**¥(136)**

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

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3) 2012 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. dollars		**$39,358**	**$17,622**	**$(1,841)**
	Euro		**568**	**—**	**7**
	Payables:	Accounts payable–trade			
	U.S. dollars		**2,410**	**—**	**53**
	Euro		**10,841**	**4,006**	**112**
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			**(Note2)**
	U.S. dollars		**$10,564**	**$ —**	
	Total		**$63,741**	**$21,628**	**$(1,669)**

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

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen 2012 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	**¥7,500**	**¥7,500**	**(Note2)**

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen 2011 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)

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3) 2012 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	**$91,463**	**$91,463**	**(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

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen 2012 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	**¥443**	**¥—**	**¥11**

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

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3) 2012 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	**$5,413**	**$—**	**$138**

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, 2012 and 2011 consisted of the following:

	Millions of yen 2012	2011	Thousands of U.S. dollars (Note3) 2012
Loans, principally from banks	**¥48,423**	¥37,132	**$590,533**
Commercial paper	**10,000**	–	**121,951**
Short-term Debt	**¥58,423**	¥37,132	**$712,484**

The weighted average interest rates on short-term debt as of March 31, 2012 and 2011 were 0.96% and 0.79%, respectively.

Long-term debt as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Loans, principally from banks and insurance companies	**¥106,431**	¥125,876	**$1,297,951**
Bonds issued by the Companies:			
1.78% Yen bonds due 2011	**—**	20,000	**—**
1.56% Yen bonds due 2011	**—**	20,000	**—**
1.48% Yen bonds due 2012	**20,000**	20,000	**243,902**
1.62% Yen bonds due 2012	**20,000**	20,000	**243,902**
1.34% Yen bonds due 2013	**20,000**	20,000	**243,902**
1.44% Yen bonds due 2013	**10,000**	10,000	**121,951**
0.86% Yen bonds due 2016	**20,000**	—	**243,902**
Zero coupon convertible bonds with stock acquisition rights due 2016	**1,010**	1,010	**12,317**
	197,441	236,886	**2,407,827**
Less: Portion due within one year	**119,639**	90,718	**1,459,014**
Long-term Debt	**¥ 77,802**	¥146,168	**$ 948,813**

The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2012 and 2011 were 1.21% and 1.64%, respectively.

As of March 31, 2012, the aggregate annual maturities of long-term debt were as follows:

Years ended March 31,	Millions of yen	Thousands of U.S. dollars (Note3)
2014	¥19,722	$240,520
2015	20,339	248,037
2016	876	10,683
2017	36,653	446,988
2018 thereafter	212	2,585
Total	¥77,802	$948,813

Note 10. Lease Obligations

Lease obligations as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Short-term	**¥11,102**	¥ 9,608	**$135,397**
Long-term	**22,521**	23,228	**274,648**
Total	**¥33,623**	¥32,836	**$410,045**

The weighted average interest rates on lease obligations as of March 31, 2012 and 2011 were 2.30% and 2.58%, respectively.

As of March 31, 2012, the aggregate annual maturities of lease obligations were as follows:

Years ended March 31,	Millions of yen	Thousands of U.S. dollars (Note3)
2014	¥ 9,258	$112,911
2015	7,272	88,689
2016	4,184	51,031
2017	1,265	15,427
2018 thereafter	542	6,590
Total	¥22,521	$274,648

Note 11. Retirement Benefits

The Company and its domestic consolidated subsidiaries have a pension fund, contract-type corporate 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, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Projected benefit obligation	**¥(203,149)**	¥(209,583)	**$(2,477,433)**
Fair value of plan assets	**150,606**	162,652	**1,836,664**
Excess projected benefit obligation over plan assets	**(52,543)**	(46,931)	**(640,769)**
Unrecognized actuarial loss	**71,241**	75,941	**868,796**
Unrecognized prior service cost	**1,911**	1,786	**23,312**
Carrying amount	**20,609**	30,796	**251,339**
Prepaid pension expense	**31,458**	43,443	**383,652**
Net liability	**¥ (10,849)**	¥ (12,647)	**$ (132,313)**

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Service cost	**¥ 5,264**	¥ 4,949	**$ 64,198**
Interest cost	**5,009**	4,614	**61,089**
Expected return on plan assets	**(3,565)**	(3,078)	**(43,483)**
Recognized actuarial loss	**9,262**	7,570	**112,963**
Amortization of prior service cost	**(37)**	(52)	**(460)**
Net periodic benefit costs	**15,933**	14,003	**194,307**
Loss on disappearance of pension assets	**6,987**	—	**85,211**
Loss on end of retirement benefits plans	**1,426**	—	**17,400**
Contributory portion to a defined contribution pension plan	**1,275**	1,144	**15,541**
Total	**¥25,621**	¥15,147	**$312,459**

Special additional termination benefits which have not been included in the amounts shown in the preceding table were ¥913 million ($11,144 thousand) and ¥1,550 million for the years ended March 31, 2012 and 2011, respectively, and were charged to income as paid.

Assumptions used for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Discount rates	**mainly 2.5%**	mainly 2.5%
Expected rates of return on plan assets	**mainly 2.5%**	mainly 2.5%

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 12. 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, 2012 and 2011 were as follows:

	Thousands of shares			
	March 31, 2011	Increase in the year	Decrease in the year	March 31, 2012
Shares outstanding:				
Common stock	**746,484**	**—**	**—**	**746,484**
Total	**746,484**	**—**	**—**	**746,484**
Treasury stock:				
Common stock	**31,867**	**22**	**1**	**31,888**
Total	**31,867**	**22**	**1**	**31,888**

	Thousands of shares			
	March 31, 2010	Increase in the year	Decrease in the year	March 31, 2011
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

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, 2012 and 2011.

Note 13. Research and Development Costs

Research and development costs charged to income were ¥32,247 million ($393,262 thousand) and ¥32,568 million for the years ended March 31, 2012 and 2011, respectively.

Note 14. Extraordinary Income (Loss), Net

Extraordinary income (loss), net, for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Extraordinary income			
Gain on sales of noncurrent assets	**¥ 2,081**	¥ 232	**$ 25,380**
Gain on sales of investment securities	**290**	30,760	**3,544**
Gain on sales of subsidiaries' stocks	**—**	539	**—**
Extraordinary loss			
Loss on disposal of noncurrent assets	**(459)**	(923)	**(5,602)**
Loss on devaluation of investment securities	**(207)**	(2,863)	**(2,526)**
Loss on disappearance of pension assets	**(6,987)**	—	**(85,211)**
Office / Factory integration costs	**(2,642)**	(1,600)	**(32,222)**
Loss on disaster	**(1,139)**	(850)	**(13,900)**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	(2,270)	**—**
Impairment loss	**—**	(1,269)	**—**
Others	**(4,143)**	(2,534)	**(50,517)**
Extraordinary Income (Loss), Net	**¥(13,206)**	¥19,222	**$(161,054)**

The Companies recognized a loss on disappearance of pension assets mainly as a deduction from the prepaid pension expense at the amount reasonably estimated for the pension funds expected to have been lost and for the unamortized balance of the actuarial difference based on the judgment that the majority of the pension funds related to a particular investment advisory firm had disappeared.

Note 15. Impairment Loss

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

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

Description	Location	Classification	Millions of yen
Idle assets	Yamanashi prefecture and others	Leased assets Other assets	¥1,269

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 for leased assets and ¥122 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.

Note 16. Income Taxes

The components of income taxes for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Current	**¥ 3,950**	¥ 3,373	**$ 48,173**
Deferred	**(11,847)**	6,829	**(144,479)**
Income Taxes	**¥ (7,897)**	¥10,202	**$ (96,306)**

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, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Deferred tax assets			
Employees' retirement benefits	**¥ 24,271**	¥ 24,465	**$ 295,996**
The investment deduction of the foreign consolidated subsidiaries	**17,811**	18,273	**217,210**
Tax loss carryforwards	**15,453**	17,494	**188,460**
Investment securities	**8,390**	17,006	**102,325**
Accrued employees' bonuses	**6,208**	6,269	**75,714**
Inventories	**4,587**	4,114	**55,949**
Tangible fixed assets	**3,795**	6,561	**46,289**
Other	**8,427**	8,491	**102,727**
Gross deferred tax assets	**88,942**	102,673	**1,084,670**
Less: Valuation allowance	**(49,192)**	(70,793)	**(599,909)**
Total deferred tax assets	**39,750**	31,880	**484,761**
Deferred tax liabilities			
Gain on securities contribution to employee retirement benefit trust	**(22,279)**	(26,810)	**(271,707)**
Unrealized gain on other securities	**(11,197)**	(14,875)	**(136,551)**
Investment securities	**(7,385)**	(6,500)	**(90,066)**
Other	**(1,251)**	(1,478)	**(15,253)**
Gross deferred tax liabilities	**(42,112)**	(49,663)	**(513,577)**
Net deferred tax assets (liabilities)	**¥ (2,362)**	¥ (17,783)	**$ (28,816)**

The reconciliation between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2012 and 2011 was as follows:

	2012	2011
Statutory income tax rate	**40.7%**	40.7%
Permanent difference resulting from expenses not deductible for income tax purposes	**19.5**	6.3
Permanent difference resulting from non-taxable income, including dividends received	**(28.3)**	(2.5)
Tax rate difference of overseas consolidated subsidiaries	**(13.8)**	(3.4)
Decrease in deferred tax liabilities due to the revision of statutory tax rate	**(8.7)**	—
Valuation allowance	**(155.2)**	(8.0)
Other	**(1.9)**	5.5
Effective income tax rate	**(147.7)%**	38.6%

Following the promulgation on December 2, 2011 of "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No.114 of 2011) and "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No.117 of 2011), the corporate tax rate will be changed and the Special Reconstruction Corporation Tax will be imposed for the fiscal year beginning on and after April 1, 2012. In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities was changed from 40.7% to 38.0% for temporary differences expected to be eliminated in the fiscal year beginning on or after April 1, 2012, and the rate was changed to 35.6% for temporary differences expected to be eliminated in the fiscal year beginning on or after April 1, 2015. As a result, net deferred tax liabilities (after deducting deferred tax assets) decreased by ¥2,944 million ($35,909 thousand), income tax–deferred decreased by ¥1,483 million ($18,091 thousand) and valuation difference on available-for-sale securities decreased by ¥1,464 million ($17,865 thousand), respectively, while deferred gains or losses on hedges increased by ¥3 million ($46 thousand).

From the fiscal year beginning on and after April 1, 2012, tax loss carryforwards can be utilized up to 80% of each year's taxable income before deduction. As a result, net deferred tax liabilities and income tax–deferred increased by ¥1,017 million ($12,412 thousand), respectively.

Note 17. Consolidated Statements of Comprehensive Income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen	Thousands of U.S. dollars (Note3)
	2012	**2012**
Valuation difference on available-for-sale securities:		
Amount arising during this year	**¥(4,727)**	**$(57,653)**
Reclassification adjustments	**(67)**	**(826)**
Before tax effect	**(4,794)**	**(58,479)**
Tax effect	**3,709**	**45,236**
Valuation difference on available-for-sale securities	**(1,085)**	**(13,243)**
Deferred gains or losses on hedges:		
Amount arising during this year	**(279)**	**(3,408)**
Reclassification adjustments	**(23)**	**(291)**
Asset acquisition cost adjustments	**162**	**1,982**
Before tax effect	**(140)**	**(1,717)**
Tax effect	**54**	**658**
Deferred gains or losses on hedges	**(86)**	**(1,059)**
Foreign currency translation adjustments:		
Amount arising during this year	**320**	**3,903**
Reclassification adjustments	**50**	**618**
Before tax effect	**370**	**4,521**
Tax effect	**—**	**—**
Foreign currency translation adjustments	**370**	**4,521**
Share of other comprehensive income of associates accounted for using equity method:		
Amount arising during this year	**34**	**427**
Total other comprehensive loss	**¥ (767)**	**$ (9,354)**

Note 18. Contingent Liabilities

Contingent liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Notes discounted and endorsed	**¥ —**	¥ 55	**$ —**
Guarantees	**3,445**	3,956	**42,017**

Note 19. Leases

1. 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.

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, 2012 and 2011 were as follows:

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

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	2012
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition cost	¥35,131	¥58,260	$428,433
Accumulated depreciation	26,387	42,265	321,800
Accumulated impairment loss	114	643	1,385
Net leased property	¥ 8,630	¥15,352	$105,248

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	2012
Due within one year	¥4,407	¥ 9,153	$ 53,747
Due after one year	5,008	8,466	61,072
Total	¥9,415	¥17,619	$114,819

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

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	2012
Lease expense	¥8,488	¥16,250	$103,513
Reversal of accumulated impairment loss on leased assets	528	1,005	6,448
Depreciation expense	7,777	14,831	94,849
Interest expense	299	595	3,655
Impairment loss	—	114	—

2. The minimum rental commitments under noncancellable operating leases as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	2012
Due within one year	¥ 831	¥ 831	$10,140
Due after one year	1,247	2,079	15,209
Total	¥2,078	¥2,910	$25,349

Note 20. Segment Information

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. The Company has business headquarters by products and services at its head office. The business headquarters prepare comprehensively global strategies related to their products and services and control their business activities. Accordingly, the Companies have seven reporting segments, principally based on the business headquarters, that take into account the similarity of category and nature of products and services: Energy, Industrial Systems, Social Systems, Power Electronics, Electronic Devices, ED&C Components and Vending Machines. These segments other than the ED&C Components consist of 2 or more business segments. As of April 1, 2011, the Companies reclassified the reporting segments from the existing six reporting segments of Energy Solutions, Environment Solutions, Semiconductors, ED&C Components, Vending Machines and Magnetic Disks to the seven reporting segments described above along with the change of the Companies' organization structure. The reporting segment information for the year ended March 31, 2011 has been reclassified to reflect this change.

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

Reporting segments	Main products and services
Energy	Thermal / geothermal power generation facilities, hydroelectric power generation facilities, nuclear power-related equipment, radiation control systems
Industrial Systems	Industrial drive systems, measurement systems, industrial power supply systems, air conditioning equipment for data centers
Social Systems	Power transmission and distribution systems, power receiving and distribution substation equipment, watt-hour meters, energy monitoring systems, new energy systems
Power Electronics	Inverters, motors, uninterruptible power supply systems (UPSs), electric equipment for railcars, chargers for EVs, powertrains for EVs, power conditioners
Electronic Devices	Power semiconductors, photoconductive drums, solar cells, magnetic disks
ED&C Components	Magnetic contactors, molded-case circuit breakers, earth-leakage circuit breakers, push buttons and indicator lights
Vending Machines	Food / beverage vending machines, currency handling systems

(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, 2012 and 2011 and for the years then ended were as follows:

	Millions of yen										
Year ended March 31, 2012	Energy	Industrial Systems	Social Systems	Power Electronics	Electronic Devices	ED&C Components	Vending Machines	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments											
Net Sales											
Sales to third parties	**¥66,962**	**¥79,094**	**¥136,437**	**¥88,488**	**¥109,799**	**¥65,517**	**¥82,629**	**¥ 74,608**	**¥703,534**	**¥ —**	**¥703,534**
Inter-segment sales and transfers	**175**	**2,919**	**3,284**	**4,538**	**1,074**	**4,409**	**322**	**37,961**	**54,682**	**(54,682)**	**—**
Total sales	**67,137**	**82,013**	**139,721**	**93,026**	**110,873**	**69,926**	**82,951**	**112,569**	**758,216**	**(54,682)**	**703,534**
Segment profits (losses)	**¥10,833**	**¥ 3,326**	**¥ 4,045**	**¥ (962)**	**¥ (207)**	**¥ 3,392**	**¥ 1,815**	**¥ 2,638**	**¥ 24,880**	**¥ (5,628)**	**¥ 19,252**
Segment assets	**¥99,918**	**¥60,005**	**¥114,507**	**¥77,077**	**¥156,425**	**¥54,740**	**¥60,297**	**¥ 60,039**	**¥683,008**	**¥109,840**	**¥792,848**
Other items											
Depreciation and amortization	**¥ 1,261**	**¥ 1,099**	**¥ 1,365**	**¥ 1,816**	**¥ 18,277**	**¥ 1,848**	**¥ 2,343**	**¥ 1,138**	**¥ 29,147**	**¥ 608**	**¥ 29,755**
Investments for companies applied equity method	**¥ —**	**¥ —**	**¥ 22,624**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ 495**	**¥ 23,119**	**¥ —**	**¥ 23,119**
Capital expenditures	**¥ 1,267**	**¥ 1,489**	**¥ 1,673**	**¥ 1,874**	**¥ 13,063**	**¥ 2,874**	**¥ 2,276**	**¥ 843**	**¥ 25,359**	**¥ 1,466**	**¥ 26,825**

	Millions of yen										
Year ended March 31, 2011	Energy	Industrial Systems	Social Systems	Power Electronics	Electronic Devices	ED&C Components	Vending Machines	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments											
Net Sales											
Sales to third parties	¥49,182	¥78,317	¥130,385	¥80,439	¥124,999	¥61,174	¥85,200	¥ 79,369	¥689,065	¥ —	¥689,065
Inter-segment sales and transfers	317	3,254	3,802	7,688	901	4,277	576	36,548	57,363	(57,363)	—
Total sales	49,499	81,571	134,187	88,127	125,900	65,451	85,776	115,917	746,428	(57,363)	689,065
Segment profits (losses)	¥ 5,554	¥ 1,564	¥ 2,761	¥ 2,177	¥ (2,027)	¥ 2,885	¥ 398	¥ 2,054	¥ 15,366	¥ (3,449)	¥ 11,917
Segment assets	¥80,868	¥62,349	¥105,880	¥76,047	¥184,406	¥46,598	¥69,623	¥ 75,667	¥701,438	¥104,359	¥805,797
Other items											
Depreciation and amortization	¥ 1,131	¥ 1,194	¥ 1,400	¥ 1,946	¥ 17,073	¥ 1,572	¥ 2,106	¥ 1,060	¥ 27,482	¥ 463	¥ 27,945
Investments for companies applied equity method	¥ —	¥ —	¥ 20,897	¥ —	¥ —	¥ —	¥ —	¥ 474	¥ 21,371	¥ —	¥ 21,371
Capital expenditures	¥ 837	¥ 829	¥ 969	¥ 1,567	¥ 16,929	¥ 1,544	¥ 4,134	¥ 1,004	¥ 27,813	¥ 540	¥ 28,353

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2012	Energy	Industrial Systems	Social Systems	Power Electronics	Electronic Devices	ED&C Components	Vending Machines	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments											
Net Sales											
Sales to third parties	$ 816,618	$ 964,563	$1,663,871	$1,079,127	$1,339,014	$798,999	$1,007,680	$ 909,812	$8,579,684	$ —	$8,579,684
Inter-segment sales and transfers	2,133	35,604	40,052	55,343	13,107	53,763	3,925	462,939	666,866	(666,866)	—
Total sales	818,751	1,000,167	1,703,923	1,134,470	1,352,121	852,762	1,011,605	1,372,751	9,246,550	(666,866)	8,579,684
Segment profits (losses)	$ 132,117	$ 40,562	$ 49,332	$ (11,740)	$ (2,536)	$ 41,377	$ 22,142	$ 32,181	$ 303,435	$ (68,646)	$ 234,789
Segment assets	$1,218,519	$ 731,771	$1,396,433	$ 939,971	$1,907,634	$667,566	$ 735,332	$ 732,130	$8,329,356	$1,339,523	$9,668,879
Other items											
Depreciation and amortization	$ 15,378	$ 13,414	$ 16,647	$ 22,159	$ 222,902	$ 22,538	$ 28,584	$ 13,833	$ 355,455	$ 7,420	$ 362,875
Investments for companies applied equity method	$ —	$ —	$ 275,909	$ —	$ —	$ —	$ —	$ 6,036	$ 281,945	$ —	$ 281,945
Capital expenditures	$ 15,452	$ 18,168	$ 20,406	$ 22,863	$ 159,307	$ 35,050	$ 27,766	$ 10,248	$ 309,260	$ 17,880	$ 327,140

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 service, printing and information services, and etc.

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

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Corporate expense*	**¥(5,815)**	¥(3,702)	**$(70,917)**
Elimination of intersegment sales	**187**	253	**2,271**
Total	**¥(5,628)**	¥(3,449)	**$(68,646)**

*Corporate expense mainly consisted of administration cost of the Company

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Corporate assets*	**¥ 289,837**	¥ 700,894	**$ 3,534,601**
Elimination of intersegment transactions	**(179,997)**	(596,535)	**(2,195,078)**
Total	**¥ 109,840**	¥ 104,359	**$ 1,339,523**

*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, 2012 and 2011 and for the years then ended were as follows:

Geographic information

(a) Sales

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Japan	**¥525,096**	¥510,843	**$6,403,613**
Asia (except for China), Others	**97,598**	100,890	**1,190,203**
China	**54,807**	49,046	**668,383**
Europe	**14,455**	15,128	**176,281**
America	**11,578**	13,158	**141,204**
Consolidated	**¥703,534**	¥689,065	**$8,579,684**

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

(b) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Japan	**¥113,166**	¥114,227	**$1,380,079**
Asia (except for China), Others	**35,826**	42,517	**436,873**
China	**9,142**	9,043	**111,499**
Europe	**200**	41	**2,444**
America	**105**	103	**1,291**
Consolidated	**¥158,439**	¥165,931	**$1,932,186**

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

Information on loss on impairment of fixed assets by each reporting segment for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Industrial Systems	**¥—**	¥ 9	**$—**
Electronic Devices	**—**	1,260	**—**
Consolidated	**¥—**	¥1,269	**$—**

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 Gain on negative goodwill by each reporting segment

None

Note 21. Information on Transactions with Related Parties

For the year ended March 31, 2012

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, 2012, and its summarized financial information was as follows:

Total Current Assets	¥64,583 million	($787,599 thousand)
Total Fixed Assets	¥9,351 million	($114,039 thousand)
Total Current Liabilities	¥40,477 million	($493,632 thousand)
Total Long-term Liabilities	¥2,025 million	($24,699 thousand)
Total Net Assets	¥31,432 million	($383,307 thousand)
Net Sales	¥92,778 million	($1,131,450 thousand)
Income Before Income Taxes and Minority Interests	¥7,472 million	($91,132 thousand)
Net Income	¥4,256 million	($51,905 thousand)

Note 22. Business Combinations

For the year ended March 31, 2012

I. Transactions under common control

1. Summary of transactions

(1) Name and business lines of absorbed company

Name: Fuji Electric Systems Co., Ltd. (FES)

Business lines: Development, manufacturing, sales and service of various equipment and systems related to social infrastructure in the industrial, public, energy and transportation sectors, as well as of semiconductor devices, photoconductive drums and peripheral imaging devices.

(2) Date of business combination

April 1, 2011

(3) Legal form of business combination

This was an absorption merger, whereby Fuji Electric Co., Ltd. was the surviving company and FES was the dissolving company.

(4) Name of company after business combination

Fuji Electric Co., Ltd.

(5) Other information

One of the principal measures of the Company's medium-term management plan for the period to fiscal 2011 was to "concentrate its business in the field of energy and the environment." To that end, the Company needed 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 FES, which played a central role in business involving "energy and the environment," and the Company, which handles Group strategic functions.

2. Accounting method

This merger was 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).

II. Transactions under common control

1. Summary of transactions

(1) Name and business lines of absorbed company

Name: Fuji Electric Device Technology Co., Ltd. (FDT)

Business lines: Development, manufacturing and sales of storage devices.

(2) Date of business combination

July 1, 2011

(3) Legal form of business combination

This was an absorption merger, whereby Fuji Electric Co., Ltd. was the surviving company and FDT was the dissolving company.

(4) Name of company after business combination

Fuji Electric Co., Ltd.

(5) Other information

FDT specialized in hard disks, which were core components of hard disk drives. Since November 2010, FDT had been restructuring business with a view to transferring the sales, development and production functions of FDT (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 was aiming to restructure within stepped-up rigor. Consequently, the Company had brought forward the timing of the transfer and transferred all of the operations, organization and assets of FDT to Fuji Electric (Malaysia) Sdn. Bhd. and the Company by the end of June 2011.

Accordingly, FDT merged into the Company on July 1, 2011.

2. Accounting method

This merger was 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).

Note 23. Asset Retirement Obligations

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 the 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 7 and 50 years and use a discount rate equivalent to the interest rate of government bonds corresponding to the use period (0.4% to 2.3%).

3. Changes in the total amounts of asset retirement obligations

Changes in the total amounts of asset retirement obligations for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note3)
	2012	2011	**2012**
Balance at beginning of year (Note)	**¥2,315**	¥2,331	**$28,243**
Increase due to acquisition of property, plant and equipment	**13**	27	**167**
Adjustment due to passage of time	**7**	7	**89**
Decrease due to fulfillment of obligations	**(42)**	(50)	**(532)**
Balance at end of year	**¥2,293**	¥2,315	**$27,967**

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

Note 24. Subsequent Events

For the year ended March 31, 2012

1. The Board of Directors resolved that the Company concluded a merger agreement with a wholly owned subsidiary Fuji Electric T&D Succession Co., Ltd., at its meeting held on December 26, 2011. The Company merged Fuji Electric T&D Succession Co., Ltd. on April 1, 2012, based on the agreement concluded between the companies concerned on December 26, 2011.

The summaries of the merger are as follows.

(1) Purpose of business combination

Japan AE Power Systems Corporation ("AE Power"), the joint venture by joint contribution of the Company, Hitachi, Ltd. and Meidensha Corporation was established on July 1, 2001 by the consolidation of the three companies' T&D businesses and has been developing its business globally. In recent years, the market for these T&D systems has seen growing demand, particularly from emerging markets. Going forward, higher growth rate is expected by the progress of the smart energy in social infrastructure and the industrial field, such as the use of the renewable energy resources and the smart grid.

Under such circumstance, the parties had the discussions on the AE Power growth strategy taking into account various factors and they came to reach a same conclusion that there was a need to fundamentally review its growth strategy. The parties recently reached a basic framework agreement that the parties would dissolve AE Power for a better organization and they would rebuild and explore the growth of T&D business in each company level.

On December 26, 2011, the parties reached a final agreement and determined the merger method that Fuji Electric T&D Succession Co., Ltd., a wholly owned subsidiary of the Company, would succeed the part of AE Power's business, then, on the same day, the Company would merge Fuji Electric T&D Succession Co., Ltd.

(2) Legal form of business combination

This is an absorption merger, whereby the Company is the surviving company and Fuji Electric T&D Succession 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).