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 (together, the "Companies") 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.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

Note 2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements for the year ended March 31, 2013 include the accounts of the Company and its 47 significant subsidiaries and its 5 subsidiaries and affiliates are accounted for by the equity method (47 and 4 in 2012).

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 its domestic consolidated 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.

(Changes in accounting policies)
In accordance with an amendment to the Corporation Tax Law effective April 1, 2012, the Company and its domestic consolidated subsidiaries have changed their depreciation method for tangible fixed asset acquired on or after April 1, 2012, to reflect the methods prescribed in the amended Corporation Tax Law.

The effect of this change on the consolidated financial statements and on the Segment Information (Note 22) is minor.

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. Standards Issued But Not Yet Effective

On May 17, 2012, Accounting Standards Board of Japan ("ASBJ") issued "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25), which replaced the Accounting Standard for Retirement Benefits that had been issued by Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, being followed by partial amendments from time to time through 2009. The major changes are as follows:

(1) Actuarial gains and losses and prior service cost that have yet to be recognized in profit or loss shall be recognized within net assets (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) The Accounting Standard allows the choice of the benefit formula basis (the expected benefit attributed to periods of service under the plan's benefit formula would be deemed as arising in each period) in addition to the straight-line basis as a method of attributing the expected benefit to periods.
(3) The discount rate shall be required to reflect the estimated timing of each benefit payment.

This standard and related guidance are effective as of the end of fiscal years beginning on or after April 1, 2013 except amendments in the method of attributing the expected benefit to periods and the discount rate. They are effective in fiscal years beginning on or after April 1, 2014. The Company is currently evaluating the effect these modifications will have on its consolidated results of operations and financial position.

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 ¥94=U.S.$1, the approximate exchange rate as of March 31, 2013. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4. Inventories

Inventories as of March 31, 2013 and 2012 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Merchandise and finished goods	**¥ 42,464**	¥ 40,860	**$ 451,749**
Work in process	**39,294**	62,129	**418,027**
Raw materials	**25,964**	30,325	**276,206**
Inventories	**¥107,722**	¥133,314	**$1,145,982**

Losses (gains) on valuation of inventories with lower profitability were ¥(266) million ($(2,834) thousand) and ¥2,238 million for the years ended March 31, 2013 and 2012, 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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Time deposits	**¥ 60**	¥ 60	**$ 638**
Investment securities	**297**	252	**3,163**
Property, plant and equipment	**16,491**	16,815	**175,443**
Total	**¥16,848**	¥17,127	**$179,244**

Collateralized debt and other as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Notes and trade payables	**¥ 15**	¥ 5	**$ 164**
Short-term debt	**3,900**	4,700	**41,489**
Long-term debt	**7,665**	4,371	**81,543**
Total	**¥11,580**	¥9,076	**$123,196**

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 to10.5 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, 2013 and 2012, 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		
	2013		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	**¥ 39,688**	**¥ 39,688**	**¥ —**
Trade receivables	**216,852**	**216,820**	**(32)**
Investment securities	**90,065**	**90,065**	**—**
Trade payables	**(129,934)**	**(129,934)**	**—**
Short-term debt	**(77,413)**	**(77,413)**	**—**
Current portion of long-term debt	**(23,180)**	**(23,180)**	**—**
Lease obligations (Current Liabilities)	**(11,832)**	**(11,832)**	**—**
Long-term debt	**(126,123)**	**(126,322)**	**199**
Lease obligations (Long-term Liabilities)	**(18,555)**	**(18,665)**	**110**
Derivatives			
Derivative transactions to which hedge accounting is not applied	**(232)**	**(232)**	**—**
Derivative transactions to which hedge accounting is applied	**(129)**	**(129)**	**—**

	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	—

	Thousands of U.S. dollars (Note 3)		
	2013		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	**$ 422,218**	**$ 422,218**	**$ —**
Trade receivables	**2,306,944**	**2,306,601**	**(343)**
Investment securities	**958,145**	**958,145**	**—**
Trade payables	**(1,382,283)**	**(1,382,283)**	**—**
Short-term debt	**(823,548)**	**(823,548)**	**—**
Current portion of long-term debt	**(246,606)**	**(246,606)**	**—**
Lease obligations (Current Liabilities)	**(125,878)**	**(125,878)**	**—**
Long-term debt	**(1,341,739)**	**(1,343,852)**	**2,113**
Lease obligations (Long-term Liabilities)	**(197,395)**	**(198,565)**	**1,170**
Derivatives			
Derivative transactions to which hedge accounting is not applied	**(2,471)**	**(2,471)**	**—**
Derivative transactions to which hedge accounting is applied	**(1,373)**	**(1,373)**	**—**

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

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

(1) Cash and cash equivalents
Since these items are settled in a short period of time, estimated fair values are virtually the same as the carrying amounts.

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

(3) Investment securities
Stocks are valued at the exchange trading price. For information on securities classified by 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 (Note 3)
	Carrying amounts	Carrying amounts	Carrying amounts
	2013	2012	**2013**
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	**¥29,399**	¥35,703	**$312,762**

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, 2013 and 2012:

	Millions of yen			
	2013			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	**¥ 39,688**	**¥ —**	**¥—**	**¥—**
Trade receivables	**213,793**	**3,060**	**—**	**—**
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	**0**	**—**	**—**	**—**
Total	**¥253,481**	**¥3,060**	**¥—**	**¥—**

	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	¥—	¥—	¥—

	Thousands of U.S. dollars (Note 3)			
	2013			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	**$ 422,218**	**$ —**	**$—**	**$—**
Trade receivables	**2,274,387**	**32,557**	**—**	**—**
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	**2**	**—**	**—**	**—**
Total	**$2,696,607**	**$32,557**	**$—**	**$—**

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			
	2013			
March 31, 2013	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	**¥59,364**	**¥90,065**	**¥35,250**	**¥4,549**
Debt securities	**0**	**0**	**—**	**—**
Others	**—**	**—**	**—**	**—**
Total	**¥59,364**	**¥90,065**	**¥35,250**	**¥4,549**

March 31, 2012	Millions of yen 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

March 31, 2013	Thousands of U.S. dollars (Note 3) 2013 Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	$631,531	$958,142	$375,005	$48,394
Debt securities	2	2	—	—
Others	—	—	—	—
Total	$631,533	$958,144	$375,005	$48,394

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, 2013 and 2012 were ¥7,195 million ($76,552 thousand) and ¥5,576 million, respectively.)

2. Sales of other securities

	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 3) 2013
Proceed from sales	¥1,216	¥312	$12,943
Gain on sales	750	290	7,988
Loss on sales	1	—	11

3. Impairment of other securities

	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 3) 2013
Impairment losses	¥511	¥139	$5,436

4. Investments in unconsolidated subsidiaries and affiliates

	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 3) 2013
Investments in the stock of jointly controlled companies included in investments in unconsolidated subsidiaries and affiliates	¥13,087	¥22,624	$139,232

Note 8. Derivatives

1. Derivative transactions to which hedge accounting is not applied

	Millions of yen 2013 Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	¥3,391	¥—	¥(182)	¥(182)
Euro	1,409	—	(47)	(47)
Korean Won	163	—	(2)	(2)
Payables:				
Singapore dollars	92	—	(1)	(1)
Vietnamese Dong	1	—	0	0
Total	¥5,056	¥—	¥(232)	¥(232)

	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)
Korean Won	343	—	3	3
Total	¥3,536	¥—	¥(62)	¥(62)

	Thousands of U.S. dollars (Note 3)			
	2013			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	**$36,056**	**$—**	**$(1,930)**	**$(1,930)**
Euro	**15,000**	**—**	**(504)**	**(504)**
Korean Won	**1,743**	**—**	**(23)**	**(23)**
Payables:				
Singapore dollars	**980**	**—**	**(14)**	**(14)**
Vietnamese Dong	**13**	**—**	**(0)**	**(0)**
Total	**$53,792**	**$—**	**$(2,471)**	**$(2,471)**

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

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related contacts

			Millions of yen		
			2013		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. dollars		**¥ 705**	**¥ —**	**¥ (74)**
	Canadian dollars		**1,157**	**627**	**(112)**
	Payables:	Accounts payable–trade			
	U.S. dollars		**169**	**—**	**3**
	Euro		**726**	**13**	**34**
	Swedish krona		**56**	**—**	**5**
	Pounds sterling		**47**	**—**	**(0)**
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			**(Note 2)**
	U.S. dollars		**¥ 614**	**¥ —**	
	Total		**¥3,474**	**¥640**	**¥(144)**

			Millions of yen		
			2012		
Hedge accounting method	Type of derivative	Principal items hedged	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			(Note 2)
	U.S. dollars		¥ 866	¥ —	
	Total		¥5,226	¥1,773	¥(136)

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3) 2013 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. dollars		$ 7,506	$ —	$ (791)
	Canadian dollars		12,310	6,678	(1,197)
	Payables:	Accounts payable–trade			
	U.S. dollars		1,805	—	34
	Euro		7,728	138	364
	Swedish krona		598	—	56
	Pounds sterling		481	—	(6)
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			(Note 2)
	U.S. dollars		$ 6,534	$ —	
	Total		$36,962	$6,816	$(1,540)

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 2013 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	¥24,500	¥24,500	(Note 2)

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	(Note 2)

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3) 2013 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	$260,638	$260,638	(Note 2)

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 2013 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	¥250	¥—	¥15

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	Thousands of U.S. dollars (Note 3)		
			2013		
			Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	$2,670	$—	$167

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, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Loans, principally from banks	¥49,413	¥48,423	$525,676
Commercial paper	28,000	10,000	297,872
Short-term Debt	¥77,413	¥58,423	$823,548

The weighted average interest rates on short-term debt as of March 31, 2013 and 2012 were 0.73% and 0.96%, respectively.

Long-term debt as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Loans, principally from banks and insurance companies	¥ 98,803	¥106,431	$1,051,111
Bonds issued by the Companies:			
1.48% Yen unsecured straight bonds due 2012	—	20,000	—
1.62% Yen unsecured straight bonds due 2012	—	20,000	—
1.34% Yen unsecured straight bonds due 2013	—	20,000	—
1.44% Yen unsecured straight bonds due 2013	10,000	10,000	106,383
0.79% Yen unsecured straight bonds due 2015	15,000	—	159,574
0.86% Yen unsecured straight bonds due 2016	20,000	20,000	212,766
1.00% Yen unsecured straight bonds due 2017	5,000	—	53,191
Zero coupon convertible bonds with stock acquisition rights due 2016	500	1,010	5,320
	149,303	197,441	1,588,345
Less: Portion due within one year	23,180	119,639	246,606
Long-term Debt	¥126,123	¥ 77,802	$1,341,739

The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2013 and 2012 were 0.93% and 1.21%, respectively.

As of March 31, 2013, the aggregate annual maturities of long-term debt were as follows:

Years ended March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2015	¥ 23,310	$ 247,979
2016	34,526	367,304
2017	36,423	387,486
2018	29,717	316,146
2019 thereafter	2,147	22,824
Total	¥126,123	$1,341,739

Note 10. Lease Obligations

Lease obligations as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Short-term	¥11,832	¥11,102	$125,878
Long-term	18,555	22,521	197,395
Total	¥30,387	¥33,623	$323,273

The weighted average interest rates on lease obligations as of March 31, 2013 and 2012 were 2.24% and 2.30%, respectively.

As of March 31, 2013, the aggregate annual maturities of lease obligations were as follows:

Years ended March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2015	¥ 9,844	$104,733
2016	5,309	56,488
2017	2,185	23,250
2018	855	9,106
2019 thereafter	362	3,818
Total	¥18,555	$197,395

Note 11. Retirement Benefits

The Company and its domestic consolidated subsidiaries have a pension fund, and 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, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Projected benefit obligation	¥(204,703)	¥(203,149)	$(2,177,701)
Fair value of plan assets	156,182	150,606	1,661,518
Excess projected benefit obligation over plan assets	(48,521)	(52,543)	(516,183)
Unrecognized actuarial loss	62,845	71,241	668,574
Unrecognized prior service cost	1,879	1,911	19,984
Carrying amount	16,203	20,609	172,375
Prepaid pension expense	27,884	31,458	296,651
Net liability	¥ (11,681)	¥ (10,849)	$ (124,276)

Note: Certain domestic consolidated subsidiaries adopted a simplified method in the calculation of their retirement benefit obligations.

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Service cost	¥ 5,192	¥ 5,264	$ 55,242
Interest cost	5,056	5,009	53,797
Expected return on plan assets	(3,518)	(3,565)	(37,429)
Recognized actuarial loss	9,386	9,262	99,859
Amortization of prior service cost	35	(37)	352
Net periodic benefit costs	16,151	15,933	171,821
Loss on disappearance of pension assets	—	6,987	—
Loss on end of retirement benefits plans	—	1,426	—
Contributory portion to a defined contribution pension plan	1,443	1,275	15,356
Total	¥17,594	¥25,621	$187,177

Notes: 1. Special additional termination benefits which have not been included in the amounts shown in the preceding table were ¥924 million ($9,831 thousand) and ¥913 million for the years ended March 31, 2013 and 2012, respectively, and were charged to income as paid.
2. Retirement benefit expenses for domestic consolidated subsidiaries adopting the simplified method are included in "Service cost."

Assumptions used for the years ended March 31, 2013 and 2012 were as follows:

	2013	2012
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

1. Shares issued and outstanding / Treasury stock

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, 2013 and 2012 were as follows:

	Thousands of shares			
	March 31, 2012	Increase in the year	Decrease in the year	March 31, 2013
Shares outstanding:				
Common stock	**746,484**	**—**	**—**	**746,484**
Total	**746,484**	**—**	**—**	**746,484**
Treasury stock:				
Common stock	**31,888**	**27**	**3**	**31,912**
Total	**31,888**	**27**	**3**	**31,912**

	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

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, 2013 and 2012.

2. Dividends

(1) Dividends paid

For the year ended March 31, 2013

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars (Note 3))	Dividends per share (yen)	Dividends per share (U.S. dollars (Note 3))	Cut-off date	Effective date
Meeting of the Board of Directors on May 24, 2012	**Common stock**	**1,429**	**15,204**	**2.0**	**0.02**	**March 31, 2012**	**June 5, 2012**
Meeting of the Board of Directors on October 25, 2012	**Common stock**	**1,429**	**15,204**	**2.0**	**0.02**	**September 30, 2012**	**December 3, 2012**

For the year ended March 31, 2012

Resolution	Type of shares	Total Dividends (millions of yen)	Dividends per share (yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 27, 2011	Common stock	1,429	2.0	March 31, 2011	June 7, 2011
Meeting of the Board of Directors on October 27, 2011	Common stock	1,429	2.0	September 30, 2011	December 1, 2011

(2) Dividends with the cut-off date in the year ended March 31, 2013 and effective date in the year ending March 31, 2014

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars (Note 3))	Source of dividends	Dividends per share (yen)	Dividends per share (U.S. dollars (Note 3))	Cut-off date	Effective date
Meeting of the Board of Directors on May 23, 2013	**Common stock**	**2,143**	**22,805**	**Retained Earnings**	**3.0**	**0.03**	**March 31, 2013**	**June 4, 2013**

Dividends with the cut-off date in the year ended March 31, 2012 and effective date in the year ended March 31, 2013

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 24, 2012	Common stock	1,429	Retained Earnings	2.0	March 31, 2012	June 5, 2012

Note 13. Research and Development Costs

Research and development costs charged to income were ¥31,160 million ($331,492 thousand) and ¥32,247 million for the years ended March 31, 2013 and 2012, respectively.

Note 14. Selling, General and Administrative Expenses

Major components of Selling, General and Administrative Expenses for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Salaries and wages	**¥67,657**	¥66,775	**$719,764**
Research and development costs	**25,747**	27,526	**273,913**

Note 15. Extraordinary Loss, Net

Extraordinary loss, net, for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Extraordinary income			
Gain on sales of noncurrent assets	**¥ 29**	¥ 2,081	**$ 310**
Gain on sales of investment securities	**750**	290	**7,988**
Insurance income	**265**	—	**2,821**
Extraordinary loss			
Loss on disposal of noncurrent assets	**(404)**	(459)	**(4,305)**
Loss on devaluation of investment securities	**(520)**	(207)	**(5,540)**
Impairment loss	**(6,446)**	—	**(68,580)**
Loss on liquidation of subsidiaries	**(827)**	—	**(8,805)**
Settlement package	**(700)**	—	**(7,447)**
Loss on disappearance of pension assets	**—**	(6,987)	**—**
Office / Factory integration costs	**—**	(2,642)	**—**
Loss on disaster	**—**	(1,139)	**—**
Others	**(1,244)**	(4,143)	**(13,215)**
Extraordinary Loss, Net	**¥(9,097)**	¥(13,206)	**$(96,773)**

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 16. Impairment Loss

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

For the year ended March 31, 2013, the Companies recognized an impairment loss on the following asset groups:

Description	Location	Classification	Millions of yen	Thousands of U.S. dollars (Note 3)
Business assets (Solar cells business)	Kumamoto prefecture	Leased assets, buildings, land and other assets	**¥6,164**	**$65,582**
Idle assets and assets to be disposed	Yamanashi prefecture and four others	Leased assets and other assets	**282**	**2,998**

The Companies recognized an impairment loss up to the recoverable amount of idle assets and assets to be disposed as they are not expected to be used, and business assets for solar cells business as a result of reconsidering the future plan based on the current business environment.

The impairment loss consisted of ¥3,135 million ($33,350 thousand) for leased assets, ¥1,457 million ($15,500 thousand) for buildings and structures and ¥1,854 million ($19,730 thousand) for other assets.

The recoverable amount of the above assets was measured by the net realizable value or the value in use. The net realizable value was measured nil related to those of which selling or diversion was deemed difficult. The value in use was calculated by discounting future cash flows at a rate of 5.0%.

Note 17. Income Taxes

The components of income taxes for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Current	¥ 5,725	¥ 3,950	$ 60,908
Deferred	(17,152)	(11,847)	(182,468)
Income Taxes	¥(11,427)	¥ (7,897)	$(121,560)

The Company and its domestic consolidated 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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Deferred tax assets			
Employees' retirement benefits	¥ 24,311	¥ 24,271	$ 258,637
The investment deduction of the foreign consolidated subsidiaries	19,414	17,811	206,542
Tax loss carryforwards	9,653	15,453	102,692
Investment securities	8,443	8,390	89,827
Accrued employees' bonuses	6,640	6,208	70,640
Tangible fixed assets	5,850	3,795	62,235
Inventories	4,582	4,587	48,749
Other	7,604	8,427	80,861
Gross deferred tax assets	86,497	88,942	920,183
Less: Valuation allowance	(32,905)	(49,192)	(350,052)
Total deferred tax assets	53,592	39,750	570,131
Deferred tax liabilities			
Gain on securities contribution to employee retirement benefit trust	(20,853)	(22,279)	(221,841)
Unrealized gain on other securities	(11,458)	(11,197)	(121,894)
Investment securities	(5,718)	(7,385)	(60,839)
Other	(761)	(1,251)	(8,095)
Gross deferred tax liabilities	(38,790)	(42,112)	(412,669)
Net deferred tax assets (liabilities)	¥ 14,802	¥ (2,362)	$ 157,462

The reconciliation between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2013 and 2012 was as follows:

	2013	2012
Statutory income tax rate	38.0%	40.7%
Valuation allowance	(97.4)	(155.2)
Permanent difference resulting from non-taxable income, including dividends received	(10.0)	(28.3)
Tax rate difference of overseas consolidated subsidiaries	(3.6)	(13.8)
Tax credits	(3.3)	(0.5)
Decrease in deferred tax liabilities due to the revision of statutory tax rate	—	(8.7)
Permanent difference resulting from expenses not deductible for income tax purposes	5.1	19.5
Foreign taxes	2.2	(0.0)
Other	0.2	(1.4)
Effective income tax rate	(68.8)%	(147.7)%

Note 18. 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 (Note 3)
	2013	2012	**2013**
Valuation difference on available-for-sale securities:			
Amount arising during this year	**¥1,864**	¥(4,727)	**$19,834**
Reclassification adjustments	**42**	(67)	**447**
Before tax effect	**1,906**	(4,794)	**20,281**
Tax effect	**(352)**	3,709	**(3,745)**
Valuation difference on available-for-sale securities	**1,554**	(1,085)	**16,536**
Deferred gains or losses on hedges:			
Amount arising during this year	**(26)**	(200)	**(277)**
Asset acquisition cost adjustments	**23**	60	**240**
Before tax effect	**(3)**	(140)	**(37)**
Tax effect	**1**	54	**14**
Deferred gains or losses on hedges	**(2)**	(86)	**(23)**
Foreign currency translation adjustments:			
Amount arising during this year	**5,762**	320	**61,294**
Reclassification adjustments	**—**	50	**0**
Before tax effect	**5,762**	370	**61,294**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**5,762**	370	**61,294**
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during this year	**35**	34	**373**
Total Other Comprehensive Income (Loss)	**¥7,349**	¥ (767)	**$78,180**

Note 19. Supplementary Cash Flow Information

The summary of assets acquired and liabilities assumed through the acquisition of shares of Fuji Electric Tsugaru Semiconductor Co., Ltd. for the year ended March 31, 2013, related acquisition costs and net disbursement consisted of the following:

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2013	**2013**
Current Assets	**¥ 763**	**$ 8,120**
Fixed Assets	**4,071**	**43,314**
Goodwill	**279**	**2,976**
Current Liabilities	**(9)**	**(97)**
Long-term Liabilities	**(1,280)**	**(13,626)**
Acquisition Value of Shares	**3,824**	**40,687**
Cash and Cash Equivalents	**(1)**	**(11)**
Net Disbursement due to the Share Acquisition	**3,823**	**40,676**

Related to the merger with Fuji Electric T&D Succession Co., Ltd., the summary of assets and liabilities succeeded for the year ended March 31, 2013 consisted of the following:

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2013	**2013**
Current Assets	**¥ 9,585**	**$101,969**
Fixed Assets	**12,286**	**130,704**
Total Assets	**21,871**	**232,673**
Current Liabilities	**13,851**	**147,357**
Long-term Liabilities	**1,846**	**19,636**
Total Liabilities	**15,697**	**166,993**

Note 20. Contingent Liabilities

Contingent liabilities as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Guarantees	**¥3,584**	¥3,445	**$38,132**

Note 21. 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, 2013 and 2012 were as follows:

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition cost	**¥11,598**	¥35,131	**$123,391**
Accumulated depreciation	**8,030**	26,387	**85,426**
Accumulated impairment loss	**1,132**	114	**12,049**
Net leased property	**¥ 2,436**	¥ 8,630	**$ 25,916**

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Due within one year	**¥2,462**	¥4,407	**$26,194**
Due after one year	**1,650**	5,008	**17,554**
Total	**¥4,112**	¥9,415	**$43,748**

Lease expense, reversal of accumulated impairment loss on leased assets, depreciation expense, interest expense and impairment loss under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Lease expense	**¥3,696**	¥8,488	**$39,327**
Reversal of accumulated impairment loss on leased assets	**113**	528	**1,209**
Depreciation expense	**3,518**	7,777	**37,431**
Interest expense	**131**	299	**1,402**
Impairment loss	**1,132**	—	**12,049**

2. The minimum rental commitments under noncancellable operating leases as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Due within one year	**¥ 831**	¥ 831	**$ 8,845**
Due after one year	**416**	1,247	**4,423**
Total	**¥1,247**	¥2,078	**$13,268**

Note 22. 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 five reporting segments, principally based on the business headquarters, that take into account the similarity of category and nature of products and services: Power and Social Infrastructure, Industrial Infrastructure, Power Electronics, Electronic Devices and Food and Beverage Distribution. These segments consist of 2 or more business segments.

As of April 1, 2012, the Companies reclassified the reporting segments from the existing seven reporting segments of Energy, Industrial Systems, Social Systems, Power Electronics, Electronic Devices, ED&C Components and Vending Machines to the five reporting segments described above along with the change of the Companies' organization structure. The reporting segment information for the year ended March 31, 2012 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
Power and Social Infrastructure	Thermal/geothermal/hydroelectric power generation, nuclear power-related equipment, energy management systems, substation equipments, watt-hour meters, radiation monitoring systems, transport systems
Industrial Infrastructure	Industrial drive systems, plant control systems, measurement instruments, industrial power supplies, power receiving and distribution substation equipment for industry
Power Electronics	Inverters/servo systems, motors, EV systems, uninterruptible power supply systems (UPSs), power conditioners (PCSs), power distribution and control equipment
Electronic Devices	Power semiconductors, photoconductive drums, solar cells, magnetic disks
Food and Beverage Distribution	Food and beverage vending machines, retail distribution systems, showcases, currency handling equipment

(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, 2013 and 2012 and for the years then ended were as follows:

	Millions of yen								
Year ended March 31, 2013	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments									
Net Sales									
Sales to third parties	**¥197,488**	**¥112,397**	**¥133,831**	**¥110,584**	**¥111,891**	**¥ 79,590**	**¥745,781**	**¥ —**	**¥745,781**
Inter-segment sales and transfers	**1,372**	**3,232**	**7,818**	**3,007**	**195**	**37,302**	**52,926**	**(52,926)**	**—**
Total sales	**198,860**	**115,629**	**141,649**	**113,591**	**112,086**	**116,892**	**798,707**	**(52,926)**	**745,781**
Segment profits (losses)	**¥ 11,631**	**¥ 5,042**	**¥ 2,601**	**¥ (1,416)**	**¥ 6,423**	**¥ 2,880**	**¥ 27,161**	**¥ (5,169)**	**¥ 21,992**
Segment assets	**¥154,625**	**¥ 90,483**	**¥118,088**	**¥160,771**	**¥ 64,421**	**¥ 62,236**	**¥650,624**	**¥114,939**	**¥765,563**
Other items									
Depreciation and amortization	**¥ 2,602**	**¥ 1,664**	**¥ 3,675**	**¥ 18,661**	**¥ 2,613**	**¥ 1,026**	**¥ 30,241**	**¥ 813**	**¥ 31,054**
Investments for companies applied equity method	**¥ 13,946**	**¥ 70**	**¥ —**	**¥ —**	**¥ —**	**¥ 541**	**¥ 14,558**	**¥ —**	**¥ 14,558**
Capital expenditures	**¥ 3,167**	**¥ 2,812**	**¥ 7,161**	**¥ 8,515**	**¥ 2,750**	**¥ 792**	**¥ 25,197**	**¥ 947**	**¥ 26,144**

Year ended March 31, 2012	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
	Millions of yen								
Sales, profits or losses and assets by reporting segments									
Net Sales									
Sales to third parties	¥154,356	¥106,674	¥142,745	¥109,799	¥115,354	¥ 74,606	¥703,534	¥ —	¥703,534
Inter-segment sales and transfers	2,247	3,820	8,081	2,436	108	37,962	54,654	(54,654)	—
Total sales	156,603	110,494	150,826	112,235	115,462	112,568	758,188	(54,654)	703,534
Segment profits (losses)	¥ 12,019	¥ 4,385	¥ 3,778	¥ (207)	¥ 2,262	¥ 2,639	¥ 24,876	¥ (5,624)	¥ 19,252
Segment assets	¥170,136	¥ 82,410	¥114,334	¥159,191	¥ 73,643	¥ 55,660	¥655,374	¥137,474	¥792,848
Other items									
Depreciation and amortization	¥ 2,493	¥ 1,165	¥ 3,668	¥ 18,274	¥ 2,406	¥ 1,141	¥ 29,147	¥ 608	¥ 29,755
Investments for companies applied equity method	¥ 11,742	¥ 10,881	¥ —	¥ —	¥ —	¥ 496	¥ 23,119	¥ —	¥ 23,119
Capital expenditures	¥ 2,387	¥ 1,971	¥ 4,775	¥ 13,022	¥ 2,339	¥ 865	¥ 25,359	¥ 1,466	¥ 26,825

Year ended March 31, 2013	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
	Thousands of U.S. dollars (Note 3)								
Sales, profits or losses and assets by reporting segments									
Net Sales									
Sales to third parties	**$2,100,938**	**$1,195,722**	**$1,423,737**	**$1,176,426**	**$1,190,335**	**$ 846,683**	**$7,933,841**	**$ —**	**$7,933,841**
Inter-segment sales and transfers	**14,596**	**34,379**	**83,169**	**31,997**	**2,078**	**396,828**	**563,047**	**(563,047)**	**—**
Total sales	**2,115,534**	**1,230,101**	**1,506,906**	**1,208,423**	**1,192,413**	**1,243,511**	**8,496,888**	**(563,047)**	**7,933,841**
Segment profits (losses)	**$ 123,735**	**$ 53,639**	**$ 27,672**	**$ (15,073)**	**$ 68,336**	**$ 30,639**	**$ 288,948**	**$ (54,981)**	**$ 233,967**
Segment assets	**$1,644,951**	**$ 962,588**	**$1,256,262**	**$1,710,340**	**$ 685,333**	**$ 662,067**	**$6,921,541**	**$1,222,755**	**$8,144,296**
Other items									
Depreciation and amortization	**$ 27,689**	**$ 17,710**	**$ 39,101**	**$ 198,524**	**$ 27,799**	**$ 10,898**	**$ 321,721**	**$ 8,649**	**$ 330,370**
Investments for companies applied equity method	**$ 148,366**	**$ 750**	**$ —**	**$ —**	**$ —**	**$ 5,765**	**$ 154,881**	**$ —**	**$ 154,881**
Capital expenditures	**$ 33,695**	**$ 29,917**	**$ 76,181**	**$ 90,592**	**$ 29,263**	**$ 8,407**	**$ 268,055**	**$ 10,073**	**$ 278,128**

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

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Corporate expense*	**¥(5,581)**	¥(5,815)	**$(59,378)**
Elimination of intersegment sales	**412**	191	**4,397**
Total	**¥(5,169)**	¥(5,624)	**$(54,981)**

* Corporate expense mainly consisted of administration costs of the Company

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Corporate assets*	**¥ 230,387**	¥ 289,837	**$ 2,450,934**
Elimination of intersegment transactions	**(115,448)**	(152,363)	**(1,228,179)**
Total	**¥ 114,939**	¥ 137,474	**$ 1,222,755**

* 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, 2013 and 2012 and for the years then ended were as follows:

Geographic information

(a) Sales

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Japan	**¥567,314**	¥525,096	**$6,035,257**
Asia (except for China), Others	**95,782**	97,598	**1,018,928**
China	**54,553**	54,807	**580,361**
Europe	**14,355**	14,455	**152,722**
America	**13,777**	11,578	**146,573**
Consolidated	**¥745,781**	¥703,534	**$7,933,841**

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

(b) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Japan	**¥121,878**	¥113,166	**$1,296,582**
Asia (except for China), Others	**34,742**	35,826	**369,571**
China	**11,394**	9,142	**121,218**
Europe	**299**	200	**3,186**
America	**129**	105	**1,380**
Consolidated	**¥168,442**	¥158,439	**$1,791,937**

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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Industrial Infrastructure	**¥ 0**	¥—	**$ 10**
Power Electronics	**5**	—	**63**
Electronic Devices	**6,408**	—	**68,172**
Others	**33**	—	**335**
Consolidated	**¥6,446**	¥—	**$68,580**

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 23. Information on Transactions with Related Parties

Note to a significant affiliate

Summarized financial information of a significant affiliate

METAWATER Co., Ltd. was a significant affiliate for the years ended March 31, 2013 and 2012, and its summarized financial information were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
METAWATER Co., Ltd.	**2013**	2012	**2013**
Total Current Assets	**¥69,454**	¥64,583	**$ 738,879**
Total Fixed Assets	**10,667**	9,351	**113,482**
Total Current Liabilities	**43,892**	40,477	**466,936**
Total Long-term Liabilities	**1,957**	2,025	**20,829**
Total Net Assets	**34,272**	31,432	**364,596**
Net Sales	**96,733**	92,778	**1,029,085**
Income Before Income Taxes and Minority Interests	**7,696**	7,472	**81,879**
Net Income	**4,737**	4,256	**50,401**

Note 24. Business Combinations

For the year ended March 31, 2013

I. Transactions under common control

1. Summary of transactions

(1) Name and business lines of absorbed company

Name: Fuji Electric T&D Succession Co., Ltd. (“T&D Succession”)

Business lines: Preparation and other relevant activities relating to the acquisition of certain businesses from Japan AE Power Systems Corporation (“AE Power”) by the Company in accordance with the final agreement on the dissolution of their joint venture in the power transmission and distribution (“T&D”) field by the Company, Hitachi, Ltd. (“Hitachi”) and Meidensha Corporation (“Meiden”).

(2) Date of business combination

April 1, 2012

(3) Legal form of business combination

This was an absorption merger, whereby Fuji Electric Co., Ltd. was the surviving company and T&D Succession was the dissolving company.

(4) Name of company after business combination

Fuji Electric Co., Ltd.

(5) Other information

AE Power, the joint venture by joint contribution of the Company, Hitachi and Meiden 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 T&D Succession, 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 T&D Succession.

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 Retail Systems Co., Ltd. ("FRS")

Business lines: Development, manufacturing, sales and services of vending machines.

(2) Date of business combination

October 1, 2012

(3) Legal form of business combination

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

(4) Name of company after business combination

Fuji Electric Co., Ltd.

(5) Other information

The merger was decided with the goal of strengthening systems for expanding energy-related businesses. This would be accomplished by combining the Company's power electronics and other energy-saving equipment with FRS's cooling and heating technologies as well as other basic technologies.

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 25. 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 49 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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Balance at beginning of year	**¥2,293**	¥2,315	**$24,398**
Increase due to change in scope of consolidation	**19**	—	**211**
Increase due to acquisition of property, plant and equipment	**68**	13	**733**
Adjustment due to passage of time	**8**	7	**94**
Decrease due to fulfillment of obligations	**(18)**	(42)	**(213)**
Balance at end of year	**¥2,370**	¥2,293	**$25,223**

Note 26. Subsequent Events

For the year ended March 31, 2013

None